COASTAL CONSERVANCY

Staff Recommendation
May 26, 2016

SOUTH BAY SALT POND RESTORATION PROJECT:
PHASE 2 IMPLEMENTATION

Project No.: 02-070-05
Project Manager: Brenda Buxton

RECOMMENDED ACTION: Consideration and certification of the Final Environmental Impact Statement/Report, South Bay Salt Pond Restoration Project – Phase 2 (Final Phase 2 EIS/R); and approval of the Preferred Alternative as defined in that Final Phase 2 EIS/R; and adoption of Findings, a Statement of Overriding Considerations, and a Mitigation Monitoring and Reporting Program; and authorization to: (1) disburse up to $13,727,170 to Ducks Unlimited, Inc. for implementation of two Phase 2 projects of the South Bay Salt Pond (SBSP) Restoration Project which includes $11,521,873 in reimbursable grant funds awarded to the Conservancy as follows: $956,260 from the U.S. Fish and Wildlife Service National Coastal Wetlands Conservation Grant Program, $4,900,000 from the California Department of Fish and Wildlife, $4,681,318 from the California Department of Water Resources, $956,755 from the U.S. Environmental Protection Agency, and $32,541 in mitigation funds from The Pacific Gas and Electric Company; (2) disburse up to $100,000 to the Aquatic Science Center to maintain and manage www.southbayrestoration.org and the associated project data and information on this site for approximately two additional years; (3) disburse up to $967,500 for engineering and environmental services, project management, and related activities to support the SBSP Restoration Project, $67,500 of which is reimbursable by California Department of Fish and Wildlife; and (4) enter into a Design Agreement with U.S. Army Corps of Engineers for design of the project elements recommended in the South San Francisco Bay Shoreline Study.

LOCATION: San Francisco Bay, South of the San Mateo Bridge in Alameda, San Mateo, and Santa Clara Counties (Exhibit 1)

PROGRAM CATEGORY: San Francisco Bay Area Conservancy

EXHIBITS

Exhibit 7: Final EIS/R (provided to Conservancy members as a separate CD and otherwise available for review at www.southbayrestoration.org), Summary Table of Impacts, Mitigation Monitoring and Reporting Program, and comment letters.

Exhibit 8: Project Letters

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31160 – 31165 of the Public Resources Code:

"The State Coastal Conservancy hereby certifies the *Final Environmental Impact Statement/Report, Phase 2 -- South Bay Salt Pond Restoration Project, April 2016* (Final Phase 2 EIS/R), approves Phase 2 of the South Bay Salt Pond Restoration Project as described in the Preferred Alternative identified in that Final Phase 2 EIS/R, adopts the Statement of Overriding Considerations included in this staff recommendation, and adopts the Mitigation Monitoring and Reporting Program (MMRP) (Final Phase 2 EIS/R and MMRP are attached to this staff recommendation as Exhibit 7). The Conservancy further authorizes the disbursement of up to $13,727,170 (thirteen million seven hundred twenty-seven thousand one hundred seventy dollars) to Ducks Unlimited, Inc. (DU) to construct Phase 2, as identified in the Preferred Alternative, at Mountain View Ponds and Ravenswood Ponds (Exhibits 2 and 3, respectively), subject to the following conditions:

1. Prior to the disbursement of any Conservancy funds for any one of the Phase 2 project sites, DU shall submit for the review and approval of the Conservancy's Executive Officer: 1) a work program for that project site including schedule and budget, and the names of any contractors it intends to use to complete the improvements at that site, 2) a sign plan, and 3) evidence that all necessary permits and approvals have been obtained.
2. Prior to commencing the project, DU shall enter into and record an agreement pursuant to Public Resources Code 31116(c) sufficient to protect the public interest in the improvements.
3. In carrying out the project, DU shall comply with all applicable mitigation and monitoring measures that are identified in the Final Phase 2 EIS/R and in the *2007 South Bay Salt Pond Restoration Project Final Environmental Impact Statement/Environmental Impact Report* (2007 EIS/R) or that are required by any permit or approval.
4. DU shall comply with all applicable terms and conditions imposed by any federal or state grant.

The Conservancy further authorizes for support of the overall SBSP Restoration Project:

1. The disbursement of up to $100,000 (one hundred thousand dollars) to Aquatic Science Center (ASC) for management of data generated by the SBSP Restoration Project including scientific data and reports and management of the web site www.southbayrestoration.org for approximately two additional years, subject to the

condition that prior to the disbursement of Conservancy funds ASC shall submit for the review and approval of the Conservancy's Executive Officer a work program including schedule and budget, and the names of any contractors it intends to use.

2. The disbursement of up to $967,500 (nine hundred sixty-seven thousand five hundred dollars) for engineering and environmental services, project management, public outreach, and related activities.

The Conservancy further authorizes the execution of a Design Agreement with the U.S. Army Corps of Engineers for design of the project elements recommended in the South San Francisco Bay Shoreline Study."

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 Chapter 4.5 of Division 21 of the Public Resources Code, regarding the Conservancy's mandate to address the resource and recreational goals of the San Francisco Bay area.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.
3. The Conservancy independently reviewed and considered the *2007 South Bay Salt Pond Restoration Project Final Environmental Impact Statement/Environmental Impact Report* (2007 EIS/R) and made findings pursuant to its duties as a responsible agency under the California Environmental Quality Act (CEQA) when taking actions to fund Phase 1 projects. Phase 2 remains consistent with those earlier findings and authorizations, including those made on November 6, 2008 and June 4, 2009.
4. The Conservancy has independently reviewed and considered the information contained in the Final Phase 2 EIS/R pursuant to its responsibilities as the lead agency for Phase 2 under the California Environmental Quality Act (CEQA). The Final Phase 2 EIS/R has been completed in compliance with CEQA under the direction and supervision of the Conservancy and reflects the Conservancy's independent judgment and analysis.
5. The Final Phase 2 EIS/R identifies a "potentially significant" effect from the implementation of the Preferred Alternative with respect to Traffic. With regard to this impact, as modified by incorporation of the mitigation measure identified in the Final Phase 2 EIS/R, the project has been changed to avoid, reduce or mitigate the possible significant environmental effect of the project on Traffic. The Final Phase 2 EIS/R identifies a "potentially significant" effect and a "significant and unavoidable" effect in the area of Recreational Resources. Specific environmental and other benefits of the project described in the Statement of Overriding Considerations in the accompanying staff recommendation and detailed in the Final Phase 2 EIS/R outweigh and render acceptable these unavoidable adverse environmental effects, as well as the unavoidable adverse effects identified in the 2007 EIS/R, because the Preferred Alternative will result in long-term environmental benefits including restoring native habitat for threatened and endangered salt marsh species as well as other plant and animal species that otherwise would be threatened by loss of critical habitat. In addition, the Preferred Alternative will

improve the existing level flood protection which will benefit adjacent residences and businesses. Finally, although there are impacts to recreational resources, the Preferred Alternative will also construct new trails, overlooks, interpretive signs and other public amenities which will result in increased wildlife-oriented recreation and public access opportunities.

6. Alternatives analyzed in the Final Phase 2 EIS/R that have fewer significant effects than the Preferred Alternative are infeasible in that they do not achieve the SBSP Restoration Project objectives of habitat restoration, wildlife oriented public access, and flood protection or will not produce the same environmental benefit as the Preferred Alternative.
7. Ducks Unlimited, Inc. is a nonprofit organization existing under section 501(c)(3) of the U.S. Internal Revenue Code, and whose purposes are consistent with Division 21 of the Public Resources Code."

PROJECT SUMMARY:

Conservancy approval of the recommended funding and certification of the Final Phase 2 EIS/R will launch Phase 2 of the South Bay Salt Pond Restoration Project (Phase 2). The South Bay Salt Pond (SBSP) Restoration Project is a multiagency effort to restore 15,100 acres of former salt evaporation ponds in South San Francisco Bay in phases over a 50 year period.

The culmination of five years of planning, Phase 2 builds on the goals established by the programmatic 2007 EIS/R by identifying the next set of actions in each of the three pond complexes of the SBSP Restoration Project. The construction funding portion of this authorization focuses on just two Phase 2 components by providing Ducks Unlimited, Inc. (DU) with up to $13,727,170 for construction at the Mountain View and Ravenswood Ponds. In addition, to support the management of the SBSP Restoration Project as a whole, this authorization includes a grant of $100,000 to Aquatic Science Center for website and data management that are an integral part of project planning and implementation, and $967,500 to be used for engineering and environmental services, project management, including funding for Executive Project Manager and Lead Scientist services, and public outreach. The recommended action includes authorization to disburse grant funds received by the Conservancy for Phase 2 construction. The two construction projects are more specifically described below:

Mountain View Ponds (Ponds A1 and A2W) (Exhibit 2). Called the "Mountain View Ponds" to distinguish from other projects in the Alviso pond complex, this Phase 2 project will create 670 acres of restored tidal wetland habitat and 20 acres of upland transition zone as well as create over 1.1 miles of a new Bay Trail spur out to the open bay along the eastern levee of Pond A2W and a short 0.2 mile spur to an overlook. The project will also include interpretive platforms and signage. Wetlands will be restored by breaching levees, installing ditch blocks in low areas, dredging pilot channels through fringing marsh, and constructing 20 acres of gently sloping upland transition zone by placing fill along the edge of an existing landfill. This will create habitat for marsh species such as the Ridgway's Rail, Salt Marsh Harvest Mouse, and Steelhead Trout. The upland transition zone will provide increased cover and high tide refugia for marsh species, helping them better withstand the impacts of sea level rise. The Conservancy received $1 million from the USFWS, $4.4 million from CDFW, and

$4.68 million from DWR, in addition to $32,541 in mitigation funds from The Pacific Gas and Electric Company (PG&E), to construct the Mountain View Ponds project.

Ravenswood Ponds (Ponds R3, R4, R5, and S5) (Exhibit 3). In the Ravenswood pond complex, Phase 2 will create a 355-acre mosaic of tidal wetlands, upland transition zone, and managed pond habitats. In the 295-acre Pond R4, the project will breach levees, install ditch blocks, dredge pilot channels, and construct 15 acres of gently sloping upland transition zone along the edge of an existing landfill. This will create habitat for the same suite of marsh species described above for the Mountain View Ponds project. The levee between R3 and R4 will be raised and widened to reduce flooding risks. In addition, the project will install water control structures to improve circulation in a remnant channel in R3 in order to enhance Snowy Plover habitat. Water control structures also will be installed to create managed pond habitat in Ponds R5 and S5 for migratory shorebirds and waterfowl. A half mile of trail will be constructed with interpretive platforms and signage. The Conservancy received a $1 million grant from the US EPA and $500,000 from CDFW to construct the Ravenswood project.

The Phase 2 actions analyzed in the Final Phase 2 EIS/R that are not proposed for Conservancy funding at this time are within the Alviso pond complex and focus on additional enhancements to ponds that were opened to tidal flows in earlier SBSP Restoration Project construction phases. In Pond A19, additional levee breaches and levee lowering are proposed in order to improve tidal circulation in a pond that was breached in 2006. In Pond A8, the creation of habitat transition zones along the southern edge of Pond A8 is proposed in order to provide refugia for salt marsh species from storms and sea level rise and to create a buffer for the adjacent landfill in a pond that was opened to muted tidal in 2010.

Although there are Phase 2 actions planned for the Eden Landing complex (which is owned by CDFW), this staff recommendation and the Final Phase 2 EIS/R proposed for certification do not include any projects in Eden Landing. Due to the complexity of the flood management issues, Phase 2 planning and environmental review for Eden Landing has been on a separate schedule and a Phase 2 EIS/R for Eden Landing is anticipated to be completed this year.

The construction funds in this authorization would go to Ducks Unlimited, Inc. (DU) a nonprofit organization with extensive experience restoring habitat for waterfowl and other species. In addition to successfully constructing three SBSP Restoration Project Phase I projects, DU constructed all three phases of the Bair Island Restoration project, as well as numerous other Bay Area wetland restoration projects. DU also has an extensive track record of successfully complying with federal and state grant conditions.

Engineering/Environmental Services, Project Management, Outreach and Website & Data Management

This recommendation would provide funds to continue to support the SBSP Restoration Project. In particular, this authorization would provide the Aquatic Science Center (ASC), a joint powers authority, with up to $100,000 to maintain and manage www.southbayrestoration.org and the associated project data and information on this site for approximately two additional years. The website is where the project participants (scientists, landowners, funders, etc.) share and archive data, science reports, project photos, monitoring reports, and permits. The website also serves an important public information and outreach function. After this period, the Conservancy will

either have to provide additional funding or assume responsibility for a more scaled-back website. For the last 10 years, the nonprofit organization, San Francisco Estuary Institute (SFEI), has been managing the website. Since SFEI is a non-signatory member of ASC's Board and SFEI's staff of wetlands scientists and information specialists overlaps with ASC's, providing funding to ASC will ensure the continued successful management of the database and web site. The data and information sharing that the website has allowed has greatly benefited the SBSP Restoration Project as well as other wetlands restoration projects in the Bay.

$967,500 would be used for engineering and environmental services, project management, and associated project outreach activities. Specifically, these funds would support executive project management services and lead scientist services. In addition, the Conservancy may need to contract for services to complete technical analysis by engineers, planners, or landscape architects. Finally, these funds would be used by the Conservancy to continue the public outreach program which includes holding public meetings, coordinating with key stakeholders, and providing public information such as brochures and reports. A robust program of stakeholder involvement and public outreach was described as part of the ongoing management of the SBSP Restoration Project in the 2007 EIS/R and is critical to the success of the project.

South Bay Salt Ponds Restoration Project Background

In March 2003, 15,100 acres of South Bay salt ponds, along with 1,400 acres of crystallizer ponds along the Napa River, were acquired from Cargill with $72 million from the Wildlife Conservation Board, $8 million from the U.S. Fish and Wildlife Service (USFWS), and $20 million from the Goldman Fund, Hewlett Foundation, Moore Foundation, and Packard Foundation.

Immediately after acquisition, the landowners, California Department of Fish and Wildlife (CDFW), and the USFWS implemented the Initial Stewardship Plan which was designed to maintain open, unvegetated pond habitats with enough water circulation to prevent salt production and provide some habitat values. A Project Management Team (PMT) made up of landowning agencies, the Conservancy, funding agencies, an executive project manager and a lead scientist was created as well to oversee planning, implementation, funding, and the adaptive management program. The PMT continues to meet monthly.

From 2003 to 2008, the Conservancy worked in cooperation with USFWS and CDFW and numerous project stakeholders to complete the South Bay Salt Pond Restoration Project Programmatic Environmental Impact Statement/Environmental Impact Report (2007 EIS/R) that outlined a 50-year plan to restore and enhance wetland habitats while providing for flood management and wildlife-oriented public access and recreation in the 15,100 acres of salt manufacturing ponds acquired from Cargill Inc. in 2003. The programmatic plan proposed creating a mix of *managed ponds* (open water and seasonal ponds contained by levees and managed for a variety of water depths and salinities) and *tidal wetlands*. Managed ponds would provide habitat for waterfowl, small shorebirds (including the threatened snowy plover) and high salinity specialists, such as phalaropes and grebes. Tidal wetland creation would restore hydrologic and ecological conditions closer to the past conditions in South San Francisco Bay by increasing tidal scour, muting storm energy, improving water quality, and creating habitat for the California Ridgway's Rail, Salt Marsh Harvest Mouse, and Steelhead Trout. Due to its large

scale and cost, the programmatic plan for the South Bay Salt Pond Restoration Project can only be implemented in phases.

The 2007 EIS/R identified a preferred alternative (Alternative C) of up to 90% of the project area to be restored to tidal wetlands with 10% remaining as managed ponds. (The other alternative, Alternative B, proposed only up to 50% of the project area to be restored to tidal wetlands.) However, the programmatic plan also states that the final mix of managed ponds and tidal wetlands will be guided by the project's Adaptive Management Plan (AMP). If the results of monitoring and applied studies do not meet the targets described in the AMP, it is possible that tidal wetland restoration activities will stop before reaching the 90% tidal wetland acreage benchmark.

The programmatic plan also proposes a variety of public access improvements as well, including trails, viewing platforms, cultural and environmental resource interpretive stations, waterfowl hunting, non-motorized boat launches, and associated staging and parking areas. To manage flood risks, the plan proposes wetland restoration which can buffer storms as well as construction of engineered levees in critical locations to reduce the risk to areas from coastal flooding.

Completion of SBSP Restoration Project Phase 1

The 2007 EIS/R also included project-level analysis for a suite of wetland restoration, managed pond enhancement, public recreation, and flood improvement projects referred to as Phase 1. As of May 2016, Phase 1 is complete and the SBSP Restoration Project has restored 1,600 acres to tidal marsh, created 1,440 acres of muted tidal habitat, and enhanced 710 acres of managed pond habitat for wildlife, for a total of 3,750 acres of habitat restoration within 12 years of the property acquisition. The project has also created approximately 7 miles of new trails, and other public access features including overlooks and a new kayak launch. The projects, landowner, and completion date are described in Exhibit 4 and costs of acquisition, planning, construction, and science for the SBSP Restoration Project to date are described in Exhibit 5. The ponds that were not part of Phase 1, nor planned to be part of Phase 2, will continue to be actively managed according to the goals set forth in the Initial Stewardship Plan until further implementation planning and the appropriate adaptive management studies are completed.

Adaptive Management Results

In addition to planning, engineering, and constructing projects, the SBSP Restoration Project has worked to better understand the significant scientific uncertainties associated with a project of this scale and to avoid undesirable environmental impacts. (For more information on the project's adaptive management program, see Exhibit 6). The project's AMP describes a program that carefully implements projects in phases and learns from the results so as to improve future design and avoid undesired impacts. In order to implement this AMP, the Conservancy and other funding partners have funded a comprehensive program of applied studies, monitoring, and research. While for some questions we do not yet have answers, for others, the science program has already generated results that are guiding project planning and management. Highlights of the scientific results to date include:

- Restored salt ponds are rapidly evolving towards vegetated tidal marsh. New restoration sites at the Island Ponds, E8A, A6 and A17 are accumulating sediment more rapidly than expected and the Island Ponds along Coyote Creek are showing significant marsh vegetation establishment. Federally endangered species have already been documented using these

restored marshes.

- Studies are showing that opening the Pond A8 complex, a site with extensive mercury deposited in the sediments, to tidal flows has not increased the amount of mercury entering the food web.
- Native fish are using the restored salt ponds. Monitoring shows an increase in the presence of native fish inside newly restored areas and in adjacent creeks and sloughs (97% of the fish caught to date are native).
- Shorebirds are nesting in the enhanced ponds. Newly created habitat and nesting islands in Ponds SF2 and A16 supported nesting birds such as Avocets and Snowy Plovers immediately upon completion. Recent "social attraction" efforts have led to successful new colonies of Caspian Terns.
- Satellite imagery is being successfully used to track large-scale habitat shifts.
- Pond management changes are improving water quality as well as dramatically increasing the numbers of dabbling ducks and shorebirds in the project area.

South San Francisco Bay Shoreline Project

The authorization would allow the Conservancy's Executive Officer to sign a Design Agreement (Agreement) with the U.S. Army Corps of Engineers (Corps) and the Santa Clara Valley Water District (SCVWD) for design of the South San Francisco Bay Shoreline Project (Shoreline Project). The Agreement will be subject to the review and approval of the Department of General Services. This Agreement will facilitate a contribution of federal funds to design of the Shoreline Project, which is located in the community of Alviso, San Jose, Santa Clara County. The Agreement would require the Non-Federal Sponsors, in this case SCVWD and the Conservancy, to provide cash or in-kind work for 35% of the design costs for the Shoreline Project, with the remaining 65% to be provided by Corps. The design is expected to cost $5,384,615, with the Non-Federal Sponsors' share projected to be $1,884,615.

This Agreement will govern the preparation of designs of the specific flood protection, habitat restoration and public access improvements in the Alviso area identified in the South San Francisco Bay Shoreline Study, a federal feasibility study. The Shoreline Study was approved at the Corps' Civil Works Review Board on September 11, 2015. The *Final Integrated Interim Feasibility Study and Environmental Impact Study/Environmental Impact Report* (Integrated Document) was certified by the SCVWD on March 22, 2016 (posted at www.southbayshoreline.org). The Conservancy has been a Non-Federal Sponsor, along with the SCVWD, because the Shoreline Project will restore 3,000 acres of tidal wetlands including Ponds A9-A15, which are in the SBSP Restoration Project area, construct new Bay Trail connections, and provide tidal flood protection to a community that is currently below sea-level and at great risk for tidal flooding. Tidal restoration cannot proceed in Ponds A9-A15 area of the SBSP Restoration Project without the flood protection measures proposed by the Shoreline Project because the adjacent community of Alviso is so vulnerable to tidal flooding. The Shoreline Project is the means by which the SBSP Restoration Project will achieve its restoration, flood protection, and public recreation goals in this area.

SBSP Restoration Project Site Description: In the late nineteenth and early twentieth centuries much of the tidal marshes that surrounded San Francisco Bay south of the San Mateo Bridge (Exhibit 1) were converted to salt evaporation ponds, contributing to the total estimated 85 percent loss of the historic tidal marshes in the San Francisco Bay-Delta Estuary. Although dramatically different from 150 years ago, the South Bay's wetland habitats, including the salt ponds, tidal marshes, sloughs, mudflats, and open bay, are used by large populations of waterfowl and shorebirds, harbor seals, numerous fish species, and by a number of threatened and endangered species, including the California Ridgway's Rail, California Black Rail, California Brown Pelican, California Least Tern, Western Snowy Plover, Salt Marsh Harvest Mouse, and Steelhead Trout. The 2003 acquisition of 15,100 acres of salt evaporation ponds created the South Bay Salt Pond Restoration Project and allows for the opportunity to restore tidal marsh and enhance the remaining pond habitats for the benefit of these species.

PROJECT FINANCING

Ravenswood Ponds Phase 2

Coastal Conservancy Prop. 1	$1,025,296
Coastal Conservancy Prop. 50 Interpretive	$180,000
US Environmental Protection Agency	$956,755
CA Department of Fish and Wildlife Prop. 1	$500,000
US Fish and Wildlife Service appropriation	*$600,000*
Total Costs	$3,262,051

Alviso Mt. View Ponds Phase 2

Coastal Conservancy Prop. 1	$1,000,000
US Fish and Wildlife Service	$951,260
CA Department of Fish and Wildlife Prop. 1	$4,400,000
CA Department of Water Resources Prop. 84	$4,681,318
Pacific Gas and Electric	$32,541
City of Mt. View/Santa Clara Valley Water District	*$7,000,000*
Total Costs	$18,065,118

Engineering/Environmental Services, Outreach, and Project Management

Coastal Conservancy	$1,000,000
CA Department of Fish and Wildlife Prop. 1	$67,500
Total Costs	$1,067,500
This Authorization Total	**$22,394,669**
Total Conservancy Costs	**$3,205,296**
Total State of California Costs	**$12,854,114**

Phase 2 Construction Funds

The proposed construction funds include an award of $2,025,296 to DU from the Conservancy's FY 15/16 appropriations from the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1, Water Code § 79700 et seq.). Funds appropriated to the Conservancy derive from Chapter 6 (commencing with § 79730) and may be used "for multi-benefit water quality, water supply, and watershed protection and restoration projects for the watersheds of the state" (Section 79731). Section 79732 identifies specific purposes of Chapter 6 and includes: protect and restore aquatic, wetland and migratory bird ecosystems, including fish and wildlife corridors; protect and restore coastal watersheds, including, but not limited to bays, marine estuaries, and nearshore ecosystems; and assist in the recovery of endangered, threatened or migratory species by improving watershed health, instream flows, fish passage and coastal or inland wetland restoration.

As required by Proposition 1, the proposed project provides multiple benefits. By working to restore the salt marsh and enhance pond habitat, the project will significantly improve ecological and hydraulic function of the South Bay's wetlands while also alleviating long-term flooding of adjacent communities and providing public access improvements and environmental interpretation. The proposed project will help achieve the three Chapter 6 purposes identified above by restoring wetland ecosystems for fish and other wildlife, protecting and restoring the San Francisco Bay estuary, and assisting in recovery of endangered, threatened, and migratory species.

In accordance with Section 79707(b), which requires agencies to prioritize "projects that leverage private, federal, or local funding or produce the greatest public benefit," this project leverages federal funding as noted above.

DU's proposal for construction of the Phase 2 Mountain View and Ravenswood Ponds improvements was selected through a competitive grant process under the Conservancy's *Proposition 1 Grant Program Guidelines* adopted in June 2015 ("Prop 1 Guidelines"). (See § 79706(a)). The proposed grant meets each of the evaluation criteria in the Prop 1 Guidelines as described in further detail in this "Project Financing" section, and in the "Promotion and implementation of state plans and policies" discussion under the "Consistency with Conservancy's Project Selection Criteria & Guidelines" section of this report.

$11,489,333 in reimbursable grant funds comes from the following programs: $951,260 from the U.S. Fish and Wildlife Service National Coastal Wetlands Conservation Grant Program, $4,967,500 from the California Department of Fish and Wildlife's Proposition 1 Grant Program, $4,681,318 from the California Department of Water Resources' Integrated Regional Water Management Program and $956,755 from the U.S. Environmental Protection Agency's San Francisco Bay Water Quality Improvement Fund. These grants also include an additional $181,165 for Conservancy staff costs that is not included in this authorization amount.

The Pacific Gas and Electric Company (PG&E) deposited $31,200 in May 2013 with the Conservancy specifically for the SBSP Restoration Project in order to compensate for temporary impacts associated with PG&E's Bay Tower Repair Project. With accumulated interest the amount is now $32,451.

$180,000 of construction funding for interpretive features (the overlook platform and interpretive signs) that are part of the Ravenswood Ponds improvements is anticipated to come from the Conservancy's 2014 appropriation of the "Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002" (Proposition 50, Water Code Section 79500, et seq.). This is consistent with Proposition 50 which authorizes the use of funds for development of facilities to promote public access and participation in the conservation of land, water and wildlife. Eligible projects under Proposition 50 include interpretive facilities that are in or adjacent to watersheds and wetlands and provide wildlife viewing, outdoor experiences, and conservation education programs (Water Code, Section 79571).

The funds in italic have not yet been secured. The SBSP Restoration Project is working with the project partners to help secure these funds. If the SBSP Restoration Project is not successful the project will be implemented in phases until sufficient funding is secured.

Engineering/Environmental Services, Outreach, and Project Management

The proposed $1 million for the grant to ASC and the funding for environmental services, outreach and project management are anticipated to come from the Conservancy's FY 15/16 allocation to the San Francisco Bay Area Conservancy Program from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Proposition 40, Public Resources Code Section 5096.610). These funds can be used for acquisition, development, restoration and protection of land and water resources pursuant to Chapter 4.5 of Division 21 of the Public Resources Code (Public Resources Code Section 5096.650(b)). The proposed services, outreach, and project management are essential to the successful implementation of the SBSP Restoration Project, as described in the 2007 EIS/R.

An additional $67,500 is available on a reimbursable basis from the CDFW grant for Phase 2 construction oversight and project coordination by the SBSP Restoration Project's Executive Project Manager.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

This project will be undertaken pursuant to Chapter 4.5 of the Conservancy's enabling legislation, Public Resources Code Sections 31160-31165, to address resource goals in the San Francisco Bay Area.

The SBSP Restoration Project is within the nine-county Bay Area as required under Section 31162 of the Public Resources Code.

Under Section 31162(a), the Conservancy may undertake projects to improve public access to and around the Bay, without having a significant adverse impact on environmentally sensitive areas and wildlife, such as wetlands, through completion of regional trails, local trails connecting to population centers and public facilities and which are part of a regional trail system, and through the provision of related facilities. The proposed project includes construction of 1.8 miles of Bay Trail segments and connecting trails as well as related public facilities, while enhancing wildlife habitat.

Under Section 31162(b), the Conservancy may act to protect, restore, and enhance natural habitats and connecting corridors, watersheds, scenic areas, and other open-space resources of

regional significance. This authorization would specifically provide for the restoration of 970 acres of tidal wetlands, the creation of 35 acres of upland transition zone, 70 acres of managed pond habitat, and nearly 2 miles of new trail in the former salt-evaporation ponds in the South Bay, completing significant components of a wetland restoration project of national significance.

Under Section 31162(d), the Conservancy may act to promote, assist, and enhance projects that provide open space and natural areas that are accessible to urban populations for recreational and educational purposes. The implementation of Phase 2, which includes trails and other opportunities for recreation, will provide an important recreational open space area to residents of the South Bay, as well as to residents of the entire Bay Area.

The project is consistent with Sections 31163(a) and (b), directing the Conservancy to participate in and support interagency actions and public/private partnerships in the San Francisco Bay Area to implement long-term resources and outdoor recreational goals.

Consistent with Section 31163(c), the project meets the following criteria: (1) is supported by adopted regional plans (*San Francisco Bay Plan, Baylands Ecosystem Habitat Goals Report (1999)* pp. 97, 126-139, *Baylands Goals Update (2015)* pp. 198, 203, and the *San Francisco Basin (Region 2) Water Quality Control Plan (June 29, 2013)* pp. 2-2 and 4-92), (2) is multijurisdictional (involves multiple agencies) and serves a regional constituency (the restoration component will facilitate nationally and regionally significant wetland restoration efforts and will complete regional trail connections), (3) can be implemented in a timely way, (4) provides opportunities for habitat, flood protection, and public access benefits that could be lost if the project is not quickly implemented, and (5) includes matching funds from other sources of funding as described above in the "Project Financing" section.

CONSISTENCY WITH CONSERVANCY'S 2013 STRATEGIC PLAN GOAL(S) & OBJECTIVE(S), AS REVISED JUNE 25, 2015:

Consistent with **Goal 11, Objective D** of the Conservancy's 2013-2018 Strategic Plan, the proposed project will enhance tidal and managed wetlands and associated upland habitat by creating 970 acres of tidal wetlands, enhancing 70 acres of managed pond habitat, and creating 35 acres of uplands.

Consistent with **Goal 12, Objective E**, the project will construct 1.8 miles of Bay Trail segments and connecting trails.

CONSISTENCY WITH CONSERVANCY'S PROJECT SELECTION CRITERIA & GUIDELINES:

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines, last updated on October 2, 2014, 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. **Promotion and implementation of state plans and policies:** The restoration, flood protection and adaptive management actions of the SBSP Restoration Project will promote and implement several state plans including:

   • *California State Wildlife Action Plan 2015 Update (SWAP 2015 Update).* The restoration of 970 acres of tidal wetlands, creation of 70 acres of managed pond habitat, and construction of 35 acres of habitat transition zones as proposed in Phase 2 will significantly contribute to the SWAP 2015 Update goals for the Bay-Delta and Central Coast region by 2025 to increase by 5% from 2015 levels the following: miles with desired level water quality, acres of salt-marsh habitat, acres with desired genetic connectivity, acres with desired structural diversity, areas connected, and acres of habitat providing high-tide refugia. This project will do this by improving water quality in the Bay, increasing carbon sequestration, increasing the amount of salt-marsh habitat, targeting restoration sites that are physically adjacent to facilitate species movement and genetic connectivity, and increasing the structural (topographic and botanical) diversity by creating ecotone and islands that will provide high-tide refugia and areas for salt-marsh migration with rising seas. The proposed Phase 2 actions are consistent with the plan's objective to provide support for the Coastal Conservancy and others to implement established priorities and conservation goals for San Francisco Bay and with the conservation action to "develop, fund, and implement…the South San Francisco Bay Salt Pond Restoration Project" (p.5.3-48).

   • *CA Climate Adaptation Strategy/Safeguarding California: Reducing Climate Risk Plan (July 2014).* The plan identifies Actions Needed to Safeguard Biodiversity and Habitats including #2 "Implement adaptive management studies to refine approaches for conserving biodiversity, especially for species and communities vulnerable to climate change" such as coastal wetlands.

   • *California Water Action Plan (2014)*. The project helps achieve Goal #4, Protect and Restore Important Ecosystems as it is one of the 10 "large-scale habitat projects along the California coast in strategic coastal estuaries to restore ecological health and natural system connectivity, which will … help defend against sea level rise." In addition, the project supports Goal #8, Increase Flood Protection, which calls for flood protection projects that achieve multiple benefits including through floodplain restoration.

   • *California @ 50 Million: The Environmental Goals and Policy Report (2013 Draft)*. Key Action #3 of the "Preserve and Steward State Lands and Natural Resources" calls for building resilience in natural systems and specifically points out that wetlands "provide important carbon sequestration opportunities for the state."

3. **Support of the public:** The South Bay Salt Pond Restoration Project is supported by Senator Dianne Feinstein, the Richard and Rhoda Goldman Fund, the William and Flora Hewlett Foundation, the Gordon E. and Betty I. Moore Foundation, the David and Lucile Packard Foundation, Resources Legacy Fund, the California Natural Resources Agency, California Department of Fish and Wildlife, U.S. Fish and Wildlife Service, Santa Clara Valley Water District, Alameda County Flood Control District, the San Francisco Bay Joint Venture, Save

The Bay, The Bay Institute, National Audubon Society, Citizen's Committee to Complete the Refuge, Cargill, and many other agencies, organizations, and individuals.

4. **Location:** The proposed project is located in the southern San Francisco Bay Area, within San Mateo and Santa Clara Counties, consistent with Section 31162 of the Public Resources Code.

5. **Need:** Approximately 85 percent of the tidal marsh in San Francisco Bay has been lost since the Gold Rush, leading to dramatic losses of fish and wildlife, decreased water quality and increased turbidity in the Bay, and changes to physical processes as the size of the Estuary shrank, increasing the need for dredging and the local hazards of flooding. The need for restoration of tidal marsh in San Francisco Bay in order to aid in the recovery of at-risk species, and improve water quality and the physical health of the Bay, is well recognized among scientists and resource managers. Conservancy funding is needed to provide missing funds to complete the project and to provide match to federal grant funds.

6. **Greater-than-local interest:** Restoration of this area is of national significance and will result in nearly 1,000 acres in tidal wetland restoration which will provide benefits to a large number of species, including migratory waterfowl and shorebirds, and aid in the recovery of several threatened or endangered species, including the California Ridgway's Rail and Salt Marsh Harvest Mouse. In addition, the project will improve flood protection for several adjacent communities and provide regional trail connections.

7. **Sea level rise vulnerability:** Due to their location, all tidal wetland restoration projects can be vulnerable to sea-level rise impacts. However, once the marsh plain of a restored wetland is colonized by vegetation, marshes become efficient sediment traps. Hydrological modeling done as part of the SBSP Restoration Project's geomorphological analysis indicates that the South Bay's wetlands are likely to keep up with an accelerated pace of sea-level rise. If sea-level rise rates are higher than modeled, it could take longer for marsh vegetation to develop or, in more extreme scenarios, may mean that the restoration sites do not evolve past the intertidal mudflat or shallow open water stage. However, much of the project area is likely to withstand the impacts from sea-level rise for several reasons. The Alviso and Ravenswood Ponds are located in the sediment-rich South Bay and past wetland restoration projects have shown much more rapid than predicted sedimentation and colonization by vegetation. The earlier sites are restored, the better they will fare against rising sea levels, especially once vegetated. The flood protection elements of the project would increase the flood protection for the adjacent communities and make them more resilient to sea level rise impacts.

Additional Criteria

8. **Urgency:** The grant funds that the Conservancy has received have expiration dates and it is urgent that construction begin soon in order to meet these deadlines.

9. **Resolution of more than one issue**: The restoration of the former salt-evaporation ponds will provide for habitat restoration for fish and wildlife, improved water quality and flood control, and enhanced recreational opportunities.

10. **Leverage**: See the "Project Financing" section above.

11. **Innovation**: The SBSP Restoration Project is a national model of how to coordinate a scientifically sound, publicly-supported, multi-objective, multi-agency project, on scale with the Everglades and Chesapeake Bay. The successful use of adaptive management to guide

planning and implementation has made the project a model for other projects around the nation.

13. **Realization of prior Conservancy goals**: This project builds on the Conservancy's participation in the development of the *San Francisco Baylands Habitat Goals Report* and its 2015 *Baylands Goals Update* which has goals, objectives, and recommendations for restoration in San Francisco Bay, and the Conservancy's participation in wetland acquisition and restoration projects in San Francisco Bay, including Napa Marsh, Bair Island, and Hamilton/Bel Marin Keys and others. This authorization builds upon numerous previous authorizations by the Conservancy awarding over $20 million funds to support and implement the SBSP Restoration Project.

15. **Cooperation**: The Conservancy is facilitating the long-term restoration planning, working closely with CDFW and USFWS. The Conservancy, along with other state and local agencies are cooperatively funding the restoration planning. In addition, an extensive group of stakeholders, including local, state, and federal agencies, nongovernmental organizations, special districts, utilities, and the general public, have participated in planning of both phases of this restoration project.

CONSISTENCY WITH SAN FRANCISCO BAY PLAN:

The project is consistent with the following policies of BCDC's San Francisco Bay Plan (Reprinted March 2012):

Part III: The Bay as a Resource

Fish, Other Aquatic Organisms and Wildlife (p. 16)

- To assure the benefits of fish, other aquatic organisms and wildlife for future generations, to the greatest extent feasible, the Bay's tidal marshes, tidal flats, and subtidal habitat should be conserved, restored and increased.

Water Quality (p.19)

- The Bay's tidal marshes, tidal flats, and water surface area and volume should be conserved and, whenever possible, restored and increased to protect and improve water quality.

Water Surface Area and Volume (p. 20)

- Water circulation in the Bay should be maintained, and improved as much as possible.

Tidal Marshes and Mudflats (p. 23-24)

- Where a transition zone does not exist and it is feasible and ecologically appropriate, shoreline projects should be designed to provide a transition zone between tidal and upland habitats.
- Where feasible, former tidal marshes and tidal flats that have been diked from the Bay should be restored to tidal action in order to replace lost historic wetlands or should be managed to provide important Bay habitat functions, such as resting, foraging and breeding habitat for fish, other aquatic organisms and wildlife.
- Any ecosystem restoration project should include clear and specific long-term and short-term

biological and physical goals, and success criteria, and a monitoring program to assess the sustainability of the project.

Part IV: Development of the Bay and Shoreline

Public Access (pp. 67-68)

In addition to the public access to the Bay provided by waterfront parks, beaches, marinas, and fishing piers, maximum feasible access to and along the waterfront and on any permitted fills should be provided in and through every new development in the Bay or on the shoreline, whether it be for housing, industry, port, airport, public facility, wildlife area, or other use, except in cases where public access would be clearly inconsistent with the project because of public safety considerations or significant use conflicts, including unavoidable, significant adverse effects on Bay natural resources. In these cases, in lieu access at another location preferably near the project should be provided.

Public access to some natural areas should be provided to permit study and enjoyment of these areas. However, some wildlife is sensitive to human intrusion. For this reason, projects in such areas should be carefully evaluated in consultation with appropriate agencies to determine the appropriate location and type of access to be provided.

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

Phase 2 supports the San Francisco Estuary Project's Comprehensive Conservation and Management Plan (June 1994) recommendation for large-scale restoration of salt ponds and other former wetlands in order to support sustainable populations of fish and wildlife as well as other benefits associated with wetlands. Furthermore, the Phase 2 projects are consistent with the San Francisco Basin (Region 2) Water Quality Control Plan (Basin Plan) for the San Francisco Bay since this plan calls for uses of water that support estuarine ecosystems, including, but not limited to, preservation or enhancement of estuarine habitats, vegetation, fish, shellfish, or wildlife (p. 2-2) and recognizes the multiple benefits of wetland restoration for water quality and beneficial uses (p. 4-92). Finally, the proposed actions are consistent with the recommendations in the *Baylands Ecosystem Habitat Goals Science Update 2015*. The Science Update documents the progress made toward achieving the 1999 Baylands Ecosystem Habitat Goals Report and outlines strategies for continuing restoration progress in face of climate change and sea-level rise. The projects in this staff recommendation are consistent with the Science Update's recommendations to restore complete ecosystems, accelerate restoration, plan for a dynamic future, and increase regional coordination. All the projects have incorporated gently sloping upland transition areas (or ecotones) to allow for high tide refugia from higher seas and increased storms. The implementation of these projects represent an unprecedented level of cooperation between the wildlife management agencies, funders, scientists, and nonprofit organizations – it is only through such cooperative efforts that the Bay Area has been able to accelerate the pace and amount of restoration. And finally, all the projects seek opportunities to create the missing upland habitats, integrate adjacent streams, and support subtidal restoration efforts (i.e. oyster reef and eel grass experiments) in adjacent waters as much as is feasible.

COMPLIANCE WITH CEQA:

In order to comply with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA), USFWS and the Conservancy prepared the *South Bay Salt Pond Restoration Project, Final Environmental Impact Statement/Report, Phase 2, April 2016* (Final Phase 2 EIS/R) to evaluate the potential environmental impacts of Phase 2. The Final Phase 2 EIS/R, Summary Impact Table, and Mitigation Monitoring and Reporting Plan are attached as Exhibit 7.

This environmental document is a project-level environmental impact assessment addressing the specific components and implementation of Phase 2 but tiers off of the *2007 South Bay Salt Pond (SBSP) Restoration Project Programmatic Environmental Impact Statement/Environmental Impact Report* (2007 EIS/R). The Department of Fish and Wildlife was the CEQA lead for the 2007 EIS/R. In 2008-2009, the Conservancy, as a responsible agency under CEQA, used the 2007 EIR/S as its environmental document to approve funding for construction of Phase I of the SBSP Restoration Project.

The Programmatic Context of the Phase 2 Alternatives

Phase 2 tiers from the analysis conducted for the 2007 EIS/R by advancing the restoration, public access, and flood protection goals of the SBSP Restoration Project. The 2007 EIS/R assessed the environmental consequences associated with two long-term restoration alternatives. In consideration of the environmental consequences discussed in the 2007 EIS/R, the USFWS Record of Decision (ROD) and the CDFW Notice of Determination (NOD) state that the USFWS and CDFW will implement Programmatic Alternative C, the Tidal Emphasis Alternative, which would eventually convert 90 percent of the former salt ponds to tidal marsh, while 10 percent would remain as enhanced managed ponds. The USFWS and CDFW will retain the option of stopping tidal marsh restoration prior to restoring 90 percent of total acreage as tidal marsh if, for example, monitoring shows that pond-dependent species appear to be adversely affected by the losses of pond habitats. In this case, the SBSP Restoration Project may shift future project phases toward enhanced managed pond habitat and achieve an end result somewhere between Programmatic Alternative B (50% tidal restoration) and Programmatic Alternative C (90% tidal restoration).

Phase 2, as the second project component of this long-term restoration project, would incrementally advance the project toward these end goals. Although Phase 2 is a significant increment, at the end of all the Phase 2 projects proposed in the Final Phase 2 EIS/R only a total of 31% of the project area will have been enhanced or restored. The long-term restoration project will still need additional phases of implementation to reach Programmatic Alternative B (50% tidal restoration) which was the minimum tidal restoration alternative proposed by the project. It is only when combined with the tidal restoration proposed by the Shoreline Study project combined with the Phase 2 actions that are likely to be proposed in the Phase 2 EIS/R for Eden Landing that over 50% of the project area will have been restored to tidal wetlands and the SBSP Restoration project will have met its minimum goals.

Adaptive Management's Role in Preventing Significant Impacts

The 2007 EIS/R identified adaptive management as having a significant role in preventing impacts. While many of the impacts identified in the 2007 EIS/R were beneficial, (e.g. increased tidal wetlands), to achieve those benefits some negative impacts to the environment could occur (e.g. loss of pond habitat). By incorporating the adaptive management process into the design of the Phase 1, those potentially significant negative impacts were avoided. A similar approach was used for the design of Phase 2. Using information from monitoring and applied studies, the SBSP Restoration Project Management Team (PMT) has continually assessed progress towards project objectives and restoration targets. The PMT has been largely successful in using adaptive management as it was intended: not as a series of remedial actions to make up for negative impacts, but rather, as a method to detect problems early and take action to avoid impacts before they reach a threshold of significance. (See Adaptive Management Results in the "Project Summary" section above and discussion of the project's adaptive management program in Exhibit 5).

Phase 2 Project Analysis

In order to create a reasonable range of alternatives as required under CEQA, a No Action Alternative (referred to as Alternative A for each project area in the Final Phase 2 EIS/R) as well as separate sets of Action Alternatives were developed for each Phase 2 project area. This discussion focuses only on the action alternatives. At the Island Ponds, alternatives were described with Alternative B featuring less construction activity to improve tidal circulation and Alternative C featuring more. For the Alviso Mt. View ponds, Alternative B evaluated restoring Ponds A1 and A2W but did not include adding Charleston Slough to the tidal wetland restoration project. Alternative C did include Charleston Slough as well as more extensive public access and recreation features. For the Ravenswood Ponds, three action alternatives were developed. The main differences were Alternative B managed R5/S5 as shallow ponds and had the least amount of public access, Alternative C managed R5/S5 as intertidal mud flats with a medium amount of public access, and Alternative D proposed creating deeper managed ponds in R5/S5, analyzed connecting the Bayfront Canal flood protection project with R5/S5, and featured the most public access. For Pond A8, only one action alternative was considered because the site was already opened to tidal flows as part of Phase 1 and the only action proposed was the placement of additional fill along the toe of an existing landfill to increase the amount of habitat transition zone and prevent erosion along the landfill. The alternatives are discussed in greater detail in Chapter 2 of the Final Phase 2 EIS/R.

The PMT worked with project stakeholders in developing alternatives. Through this outreach to the community and stakeholders, several new project elements not initially considered in the 2007 EIS/R were developed for consideration. This included working with the City of Redwood City to improve protection from the fluvial flooding associated with outflows into Flood Slough and adding fill along the southeastern side of the levee in Pond A8S to enhance the habitat transition between the pond bottom and the adjacent upland levee. These project elements were analyzed in the Draft and then Final Phase 2 EIS/R because they were consistent with the goals and objectives of the SBSP Restoration Project. The PMT also decided to include the City of Mountain View-owned Charleston Slough in the alternatives development process. Although Charleston Slough is not part of USFWS's lands, it was identified in the 2007 EIS/R as an area for possible future incorporation into the SBSP Restoration Project.

To create the Preferred Alternative, the PMT considered comments on the Draft Phase 2 EIS/R from regulatory agencies as well as other stakeholders, input from scientists conducting applied studies for the project, and judgment of other technical experts, including USFWS staff, in order to select a Preferred Alternative that would best accomplish the goals of the SBSP Restoration Project. The Preferred Alternative as proposed for a particular Phase 2 project area is usually the same as one of the action alternatives presented in the Draft Phase 2 EIS/R but, in some cases, combines individual components from action alternatives or makes minor modifications in order to create the best project for that Phase 2 project area. Tables 6-1, 6-2, and 6-7 in Chapter 6 of the EIS/R compare each component of the draft action alternatives with those of the Preferred Alternative for all Phase 2 project areas (except for Pond A8 which only had one action alternative). Because the other alternatives analyzed in the Final Phase 2 EIS/R will result in the same or greater environmental impact and will not produce the same environmental benefit as the Preferred Alternative, staff recommends that the Conservancy find that these alternatives are infeasible.

CEQA Process

In addition to the outreach described above, the Conservancy and the USFWS have complied with CEQA and NEPA noticing requirements. A Notice of Intent to prepare an EIS/R for Phase 2 of the SBSP Restoration Project was published in the Federal Register and a Notice of Preparation was distributed to responsible agencies and the public on September 9, 2013. A public scoping meeting was held on September 24, 2013, to solicit comments on environmental issues to be addressed in the Draft Phase 2 EIS/R. The scoping comments received during the comment period (which extended beyond the minimum 30-day period to account for the federal government shutdown in November 2013) and additional comments received after the comment period are presented in Appendix A of the Final Phase 2 EIS/R. In August 2015, the Draft Phase 2 EIS/R was released, and the public review and comment period was extended beyond its initial 60 days to October 30, 2015. The Conservancy received 35 letters from individuals and organizations with 312 separate comments. The Final Phase 2 EIS/R provides responses to all comments in Appendix R and changes to the document as appropriate to respond to comments. Copies of the Final Phase 2 EIS/R including the responses to comments have been provided to state and local trustee and responsible agencies as well as parties who commented or requested copies. In addition, copies have been sent to 15 local libraries and posted on southbayrestoration.org, and email notices of availability have been sent to the SBSP Restoration Project stakeholders.

Significant Effects Reduced To Less Than Significant Levels by Mitigation

The 2007 EIS/R developed program-wide comprehensive mitigation measures that were adopted as part of Phase 1 and could be incorporated into future phases. These programmatic mitigation measures are identified in Section 2.3 of Chapter 2 of the Final Phase 2 EIS/R. The Final Phase 2 EIS/R incorporates these general mitigation measures into the project designs; therefore they are part of Phase 2 projects. These project features include actions to manage illegal dumping and urban runoff, protocols for the discovery of unknown resources, management of construction and emissions from construction equipment as well as requirements for health and safety plans from construction contractors.

The only mitigation measure identified in the 2007 EIS/R to reduce, avoid or eliminate a possible significant effect of the comprehensive restoration project that was not incorporated into the Phase 2 project designs is **SBSP Mitigation Measures 3.12-1: Timing of Construction-Related Truck Trips**. This mitigation measure requires that the landowner of the project site include in its construction plans and specifications a requirement that construction-related truck trips, specifically deliveries of fill and equipment, occur outside weekday commute hours. This mitigation measure is not feasible to implement in Phase 2 because of the large amount of upland material that will need to be imported by truck to construct habitat transition zones and other features of Phase 2.

Finding sources with sufficient upland fill material is difficult. The material must be available when the project site is ready to accept it because stockpiling the material and moving it again is cost prohibitive and would increase environmental impacts. In addition, the material must pass a rigorous screening to prove that is free of contamination and suitable for use at a restoration site. Furthermore, the source of this material needs to be close enough that there are fewer environmental impacts and lower costs than taking the material elsewhere. These constraints already limit the number of available sources for Phase 2. Further constraining the sources of fill by limiting the hours of material delivery to the nonpeak commute hours would raise project costs by an estimated 30% at a minimum.

Other than the SBSP Restoration Project, the nearest likely disposal site for upland fill material generated in San Mateo and Santa Clara Counties is at a former quarry in Fremont, just north of the eastern landing of the Dumbarton Bridge. The likely haul route for transporting material would go past one or more of the Phase 2 project sites. Thus if material is not allowed to be delivered to the Phase 2 project sites due to delivery hour restrictions, the traffic, air quality, and noise impacts are expected to be equal to or worse than the impacts of bringing the material to the Phase 2 project sites during commute hours.

For these reasons the Final Phase 2 EIS/R does not incorporate this mitigation measure and instead, provides a full analysis of the number of truck trips and impacts associated with them in *Traffic Impact Study for South Bay Salt Ponds Restoration - Phase 2 Project* (URS 2014). This analysis concluded that Ravenswood Ponds work would result in an increase in delay greater than 0.8 seconds at the intersection of U.S. 101 SB off-ramp/Marsh Road (SR 84), which is a highly congested intersection; therefore, project construction-related impacts would be potentially significant. To reduce impacts to less than significant the Final Phase 2 EIS/R identifies **SBSP Phase 2 Mitigation Measure 3.11-1** which requires the USFWS to coordinate with Caltrans and/or the City of Menlo Park to modify the intersection signal timing in the morning to reduce project-related delay to a level that the City does not deem significant. The Final Phase 2 EIS/R found that intersection delay increase does not result in an impact under the mitigated project condition; therefore identified impacts are reduced to a less-than-significant level.

Mitigation Monitoring and Reporting Program

Under CEQA whenever measures are required and adopted in order to mitigate or avoid the significant effects on the environment of an approved project, the agency must also prepare and adopt a mitigation monitoring or reporting program designed to ensure compliance with the required mitigation during project implementation (Public Resources Code Section 21081.6).

Staff has prepared a Mitigation Monitoring and Reporting Program, attached as part of Exhibit 7. The proposed Conservancy resolution for this project serves to adopt the program.

Significant Impacts

The Final Phase 2 EIS/R found only two impacts that cannot be reduced to less-than-significant (see Summary Impact Table in Exhibit 7). **Phase 2 Impact 3.6-1 Provision of new public access and recreation facilities, including the opening of new areas for recreational purposes and the completion of the Bay Trail spine** was found to be "potentially significant." The thresholds of significance for this impact used the standard of providing "maximum feasible public access, consistent with the proposed project." While the Phase 2 actions would add a several new public access and recreation features, not ***all*** the proposed trails in the Preferred Alternative are constructed to the maximum extent possible. This is due to concerns over recreation-based impact on sensitive wildlife species. It is possible, however, that additional trails and public recreation features could have been implemented without disturbing wildlife, in which case the decision not to add them would have failed to achieve maximum feasible access. It is also possible that the decision to construct fewer trails was correct, and that constructing a greater amount of public access features (e.g. longer trails, more overlooks) would not have been consistent with the project goals of "wildlife-oriented recreation." Therefore, the Final Phase 2 EIS/R takes the conservative approach and identifies this as a a potentially significant effect for which there is no feasible mitigation. See Statement of Overriding Considerations, below. Monitoring under the AMP will be used to measure wildlife responses to public access features and consider their addition in future project phases, if consistent with the project's wildlife-oriented recreation goal.

Phase 2 Impact 3.6-5 Result in the temporary construction-related closure of adjacent public parks or other recreational facilities, making such facilities unavailable for public use was found to be "significant and unavoidable" for the work proposed at the Mountain View and Ravenswood Ponds. Public safety and the need to maneuver construction materials and equipment through adjacent areas make temporary closure of some parking areas, park entryways, and trails unavoidable. Although this is an impact of the project, such closures will be temporary and are necessary for Phase 2 to achieve its long-term benefits. See Statement of Overriding Considerations, below.

Cumulative Impacts

The Final Phase 2 EIS/R also evaluates the potential environmental impacts of Phase 2 when considered together with other projects. The analysis addresses impacts that could occur as a result of project construction and operation, based on the significance criteria provided for each resource. The analysis of cumulative impacts follows these steps: First, the "Cumulative Impacts" section of the 2007 EIS/R was reviewed based on an updated list of relevant cumulative impact projects to determine if these findings needed to be updated or changed. Then Phase 2 was evaluated as to whether it, in combination with impacts from other projects, would create a significant new cumulative impact. In cases where a significant cumulative impact already existed, even without the SBSP Restoration Project, Phase 2 was examined to determine if it would make a considerable contribution to that impact. If it was determined that Phase 2 would not make a considerable contribution to a significant cumulative impact, the impacts were

determined to be less than significant. This analysis found no new cumulative impacts; therefore, for the purposes of the Final Phase 2 EIS/R, all cumulative impacts are determined to be less than significant.

Project Benefits

Phase 2 of the South Bay Salt Pond Restoration Project (Mountain View Ponds, Ravenswood Ponds, Island Ponds and Pond A8S) includes the following benefits:

- Construction and/or raising of levees and habitat transition zones to ensure flood protection and reduce the potential effects on people and property from liquefaction, lateral spreading, settlement and subsequent flooding.
- Providing habitat for threatened and endangered salt marsh species such as California Ridgway's Rail, Salt Marsh Harvest Mouse, and Steelhead Trout.
- Providing increased cover and escape from storm-run up and sea-level rise for marsh-dependent species by creating and planting habitat transition zones.
- Creating suitable habitat for special-status plant species in habitat transition zones.
- Providing habitat for resident and migrating shorebirds and waterfowl by providing more extensive shallow water habitats and nesting islands than would occur in marshes that develop in ponds that breach unintentionally.
- Increasing the amount and quality of public access and recreation.
- Increasing opportunities for wildlife viewing and environmental interpretation.

Statement of Overriding Considerations

In the event a project has unavoidable significant effects, the CEQA Guidelines require the decision-making agency to balance, as applicable, the economic, legal, social, technological, or other benefits of a proposed project against its unavoidable environmental risks when determining whether to approve the project (14 Cal. Code of Regulations, Section 15093). If the specific project benefits outweigh the unavoidable adverse environmental effects of the project, a Statement of Overriding Considerations may be adopted and the project approved, despite its adverse environmental effects.

The overall environmental benefits of the proposed projects as detailed above and in the Final Phase 2 EIS/R recommend that the Conservancy approve the project even though not all of the potentially significant environmental effects of the project are mitigated. As discussed above, the potentially significant impact to recreational resources is that the project may not be providing the maximum feasible public access as part of Phase 2. In order to protect wildlife and sensitive marsh habitat, not all of the newly-constructed trails will provide access along an entire length of levee (the maximum extent physically possible). While the Final Phase 2 EIS/R could have selected alternatives with longer public access trails (e.g. trails that extend the entire length of the levee), such alternatives would generate a finding of "potentially significant" in terms of impacts to wildlife resources. This would not be compatible with the projects' wildlife habitat goals. Future adaptive management monitoring and applied studies may find that this more conservative approach to public access was too cautious. On the other hand, future studies may

find the recommended actions were appropriately protective of the environmental resources. This impact is analyzed as "potentially significant" due to this uncertainty.

The "significant and unavoidable" impact is due to temporary closures to public access facilities (i.e. parking lots, trailheads) during construction. In the absence of the proposed Mountain View and Ravenswood pond projects, these impacts could still happen from other construction projects in the area (i.e. flood protection projects), but without the habitat and other benefits described above. The inconvenience of closed facilities is of short-term duration but the benefits of habitat restoration, improve flood protection, and new recreational facilities will be long-term.

For these reasons, the Conservancy staff recommends that Conservancy find that the specific environmental, resource, flood protection and public access enhancement benefits of the Preferred Alternative proposed in the Final Phase 2 EIS/R, as described in the Project Benefits section above, outweigh the unmitigated or unavoidable environmental effects of the project, thereby warranting its approval.

Upon Conservancy certification of the Final Phase 2 EIS/R and approval of the proposed project, Conservancy staff will file a Notice of Determination.