COASTAL CONSERVANCY

Staff Recommendation
November 30, 2017

SLEEPY HOLLOW STEELHEAD REARING FACILITY IMPROVEMENTS,
CONSTRUCTION

Project No. 13-027-02
Project Manager: Trish Chapman

RECOMMENDED ACTION: Authorization to disburse up to $1,800,000 of Carmel River Settlement Funds to the Monterey Peninsula Water Management District to construct improvements to the Sleepy Hollow Steelhead Rearing Facility located on the Carmel River, Monterey County.

LOCATION: Carmel River Watershed, Monterey County

PROGRAM CATEGORY: Integrated Marine and Coastal Resources

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EXHIBITS

Exhibit 1: Project Location Map
Exhibit 2: Conceptual Design and Site Photos
Exhibit 3: Sleepy Hollow Steelhead Rearing Facility Raw Water Intake Water Supply System Upgrade Initial Study/Mitigated Negative Declaration
Exhibit 4: Addendum to the Initial Study/Mitigated Negative Declaration
Exhibit 5: Addendum No. 2 to the Initial Study/Mitigated Negative Declaration and Revised Mitigation, Monitoring and Reporting Program
Exhibit 6: Project Letters

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RESOLUTION AND FINDINGS:
Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Section 31220 of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of an amount not to exceed one million eight hundred thousand dollars ($1,800,000) of Carmel River Settlement Funds to the Monterey Peninsula Water Management District (MPWMD) to construct improvements to the Sleepy Hollow Steelhead Rearing Facility on the Carmel River in Monterey County; and adopts Addendum No. 2 to the Initial Study/Mitigated Negative Declaration – Sleepy Hollow
Steelhead Rearing Facility Raw Water Intake and Water Supply System Upgrade (MND) as set forth in Exhibit 5 to the accompanying staff recommendation. Prior to disbursement of funds, MPWMD shall submit for Executive Officer review and approval the following:

1. A work program including a schedule and budget for the project.
2. The names and qualifications of all contractors MPWMD intends to retain for the project.
3. A plan for acknowledging Conservancy funding.
4. Evidence that all permits and approvals required to implement the project have been obtained.
5. An agreement with the owner of the property on which the project will be carried out sufficient to accomplish the purposes of the project and to protect the public interest in 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 authorization is consistent with Chapter 5.5 of Division 21 of the Public Resources Code, regarding Integrated Marine and Coastal Resources.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.
3. The Conservancy has independently reviewed and considered the Initial Study/Mitigated Negative Declaration – Sleepy Hollow Steelhead Rearing Facility Raw Water Intake and Water Supply System Upgrade (MND) adopted by the MPWMD on November 14, 2016, the Addendum to the MND adopted by the MPWMD on January 25, 2017, and Addendum No. 2 to the MND, pursuant to the California Environmental Quality Act and attached to the accompanying staff recommendation as Exhibits 3, 4, and 5, respectively. The Conservancy finds that the proposed project as mitigated avoids, reduces or mitigates the possible significant environmental effects to a less-than-significant level, and that there is no substantial evidence based on the record as a whole that the proposed project will have a significant effect on the environment.”

**PROJECT SUMMARY:**

Staff recommends that the Conservancy disburse $1.8 million to the Monterey Peninsula Water Management District (MPWMD) to construct improvements to the intake structure and associated facilities of the Sleepy Hollow Steelhead Rearing Facility (SHSRF) on the Carmel River. The funds will derive from the Carmel River Settlement Account of the Conservancy’s Coastal Trust Fund, which is reserved for projects that aid in the recovery of South-Central California Coast (SCCC) steelhead (see “Project Financing” section for more details). SCCC steelhead are listed as a threatened species under the federal Endangered Species Act.
MPWMD began operating the SHSRF in 1996 to raise juvenile steelhead rescued from portions of the Carmel River that dry up nearly every year as a result of stream diversions for municipal and private water supply. MPWMD rescues an average of about 16,000 fish each year, a portion of which are placed into the SHSRF. The juvenile fish are then released back into the river in the fall or early winter after wet season rains begin and the downstream channel is re-watered. To operate the facility, MPWMD diverts water from the Carmel River, runs it through several holding tanks and an 800-foot long simulated natural rearing channel, and then discharges it back to the river near the point of diversion.

The facility’s original intake structure and pump system were designed based on the assumption that the intake structure would be drawing in clear water (i.e., water free of sediment and debris). As a result, the system cannot be operated during higher flows when sediment transport rates are higher. This problem may be exacerbated now that more sediment will be transported past the site of the San Clemente Dam. Furthermore, the California Department of Fish and Wildlife (CDFW) and National Marine Fisheries Service (NMFS) have requested that MPWMD release juvenile fish later in the rainy season in order to provide more time for downstream reaches to be re-watered and more fully recover. Under current conditions, operating further into the winter storm season would increase the possibility of system failure due to a clogged intake structure or pump failure.

Improvements to the water supply intake are needed for several reasons, including: 1) to address existing maintenance issues, operational constraints, and increases in sandy bed load in the Carmel River due to removal of the San Clemente Dam; 2) to allow for easier water supply intake pump access; and 3) to provide greater in-stream intake screen reliability and ease of maintenance. The addition of an intake water reuse system will allow the facility to operate during very low flows and when sediment load is extraordinarily high during storm events. The proposed project will also improve the facility’s efficiency by optimizing the use of gravity to reduce pumping.

To address these issues, the proposed project consists of relocation and replacement of the facility’s water intake system and installation of a water recirculation (or reuse) system (See conceptual design in Exhibit 2). The water intake will be relocated to a deeper pool area that will enable it to continue functioning at lower flows. A new intake structure will be installed that includes a self-cleaning brush system to reduce the risk of the intake clogging. The new structure will be installed on a concrete base placed in the bottom of the pool. The old intake and its base will be removed from the river. A new pump station/wet well will also be installed. This pump station will be placed higher on the floodplain to ensure that it is accessible during most higher flows. The old pump station will be removed. A settlement basin will also be constructed to help remove sediment from the river water. Pipes will be installed to connect all of the new features with the existing structures and to create an option to recirculate water within the facility. Finally upgrades to the water treatment systems will be made to ensure that recirculated water meets water quality needs for the juvenile fish.

MPWMD designed and built the SHSRF and has operated it for over 15 years. In addition, the District has designed and implemented multiple restoration projects on the Carmel River. MPWMD is well qualified to undertake the proposed project.

**Site Description:** The SHSRF is located on the Carmel River in Monterey County approximately 18 river miles from the Pacific Ocean. It is in a remote location on property
owned by California American Water Company (CAW) approximately 3000 feet downstream of former site of San Clemente Dam. Carmel River streamflow at the site is perennial, and augmented during the dry months by releases from Los Padres Reservoir.

The SHSRF occupies a broad floodplain terrace bench above the river at 401 feet above sea level, covering approximately seven acres. SHSRF features cover approximately 9,300 square feet (sf) of land, including 480 sf for the storage/office building, 2,400 sf for rearing pools, and 6,400 sf for a rearing channel. In 2000, the facility was upgraded with a cooling system and pump improvements. A single-story office, lab, and storage building is located adjacent to the tanks and rearing channel. A mature canopy of coast live oak, several large California sycamores, and other riparian trees shade the site, along with local topography (i.e., adjacent hillsides). A broad floodplain exists between the SHSRF buildings and the Carmel River.

Project History: Problems with clogging of the SHSRF intake structure were first identified in a technical report in 2003, and since then several approaches to improving the intake have been analyzed. Improvements to the intake structure were identified as a high priority by both CDFW and NMFS in 2009 for use of the CAW-NMFS settlement funds. Now that San Clemente Dam has been removed, the need for the retrofit has become even more urgent. In 2013, the Conservancy provided a $450,000 grant of Carmel River Settlement funds to MPWMD to design and permit the facility improvements. Conservancy staff participated in discussions of the design options and ways to minimize costs and environmental impacts.

PROJECT FINANCING

Coastal Conservancy (CAW-NMFS Carmel River Settlement Funds) $1,800,000

Project Total $1,800,000

The anticipated source of funds for the project is the Carmel River Settlement Account (“Account”) within the Conservancy’s Coastal Trust Fund. The Account consists of funds paid by (CAW pursuant to a settlement agreement with the National Marine Fisheries Service concerning alleged Endangered Species Act violations. The settlement requires CAW to pay $11.2 million over a seven-year period. Originally these funds were managed by the CDFW, but were subsequently transferred to the Conservancy for disbursement. The settlement funds can only be used to improve habitat conditions for, and production of, South-Central California Coast (SCCC) steelhead, or otherwise aid in the recovery of SCCC steelhead in the Carmel River watershed. In addition, these funds can only be expended for mitigation of impacts from well-pumping and water withdrawals by CAW. The SHSRF is operated specifically to mitigate the impacts of downstream water withdrawals and thus improvements to the facility will aid in the recovery of SCCC steelhead. Accordingly, use of the funds for the proposed improvements is consistent with the terms of the settlement agreement. MPWMD will also provide approximately $76,000 of in-kind staff support for the project.
CONSISTENCY WITH CONSERVANCY’S ENABLING LEGISLATION:

The proposed project will be undertaken pursuant to the Conservancy’s enabling legislation, Division 21 of the Public Resources Code (PRC); in particular Chapter 5.5, PRC Section 31220, regarding integrated coastal and marine resources protection.

PRC Section 31220(a) authorizes the Conservancy to award grants for coastal watershed and living marine resources protection and restoration projects that meet one or more criteria of Section 31220(b). As set forth in Section 31220(b)(7), this includes projects that will reduce the impact of population and economic pressures on coastal and marine resources. By rearing rescued SCCC steelhead, the SHSRF reduces the impacts to SCCC steelhead of over-pumping water from the Carmel River basin to supply the population of the Monterey Peninsula. Thus, improving the functioning of the SHSRF will protect SCCC steelhead, a coastal and living marine resource, from the impacts of populations pressures consistent with PRC 31220(b)(7).

As Section 31220(c) requires, the proposed project is consistent with local and state watershed plans. This is discussed in detail below under “Consistency With Local Watershed Management Plan/State Water Quality Control Plan.” Section 31220(c) also requires that projects include a monitoring and evaluation component. MPWMD has developed a monitoring and assessment plan for the facilities that will evaluate the effectiveness of the intake structure, as well as erosion control and revegetation measures required to mitigate project impacts.

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

Consistent with Goal 5, Objective D of the Conservancy’s 2013-2018 Strategic Plan, the proposed project will enhance the Carmel River watershed, a coastal watershed, by helping ensure the survival of the river’s steelhead run.

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 proposed project is consistent with the following plans and policies:
The project implements the California Water Action Plan (California Natural Resources Agency, California Environmental Protection Agency, and California Department of Food and Agriculture, 2014), which includes goal number 4: protect and restore important ecosystems by facilitating the recovery of SCCC steelhead.

The project is consistent with CDFW’s 2005 California Wildlife Action Plan, which sets forth goals for the Central Coast region that include restoring biologically significant regional river systems.

The NMFS’ 2013 SCCC S Recovery Plan discusses the Sleepy Hollow Steelhead Rearing Facility and the important role it plays in sustaining SCCC steelhead populations.

4. Support of the public: The SHSRF is strongly supported by NMFS and CDFW. See also Exhibit 6 Project Letters.

5. Location: The project area is located on the Carmel River approximately 18 river-miles from the ocean. The proposed project will benefit coastal resources by helping ensure the survival of SCCC steelhead until over-pumping of the river has stopped. Steelhead are an anadromous fish that spend part of their life in the ocean.

6. Need: MPWMD does not have funding to undertake this project on its own. Without the Carmel River Settlement funds the project would not occur.

7. Greater-than-local interest: The proposed project will aide in the survival and recovery of the federally-threatened South-Central California Coast steelhead population.

8. Sea level rise vulnerability: The project area is not located in an area vulnerable to sea level rise.

Additional Criteria

9. Urgency: Now that San Clemente Dam has been removed, increased sediment may be transported downstream and increase the operational problems at the rearing facility. Therefore, it is important that the facility improvements be implemented as quickly as possible.

10. Readiness: MPWMD is ready to proceed with the project immediately.

11. Vulnerability from climate change impacts other than sea level rise: The proposed facility improvements are not vulnerable to other impacts of climate change. However, improved operation of the facility may mitigate the impacts of climate change on the recovery of SCCC steelhead by allowing the facility to operate in a wider range of river flows and thus provide more support to juvenile steelhead.

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

Projects undertaken pursuant to PRC Section 31220 must be consistent with the following, if available and relevant: Integrated Watershed Resource Management Programs (IWRMP); local watershed management plans; and water quality control plans adopted by the state and regional
water boards. The proposed project is consistent with the *Monterey Peninsula, Carmel Bay, and South Monterey Bay IWRMP Update*, June 2014 (Monterey IRWMP), the scope of which includes the Carmel River. In particular, the proposed project is consistent with the following objectives within the Environment Protection and Enhancement Goal: “protect and enhance sensitive species and their habitats in the regional watersheds; promote steelhead run,” and “minimize adverse effects on biological and cultural resources when implementing strategies and projects.”

The *Water Quality Control Plan for the Central Coastal Basin*, June 2011 (Water Quality Plan), adopted by the Regional Water Quality Control Board, designates several beneficial use objectives for the Carmel River, including cold fresh water habitat and habitat for rare, threatened or endangered species. The proposed project will help to ensure survival of SCCC steelhead, a threatened species that require cold fresh water habitat, and is thus consistent with the Basin Plan’s identified beneficial uses. The proposed project does not require an NPDES permit. Thus, the proposed project is consistent with the Water Quality Plan.

**COMPLIANCE WITH CEQA:**

MPWMD, as the lead agency for purposes of the California Environmental Quality Act (CEQA), prepared an Initial Study/ Mitigated Negative Declaration (IS/MND) for the proposed project (Exhibit 3). MPWMD adopted the IS/MND on November 16, 2016, determining that potential impacts to Biological Resources and Cultural Resources could be mitigated to a less than significant level. On November 18, 2016, MPWMD filed a Notice of Determination with the State Clearinghouse. The project’s potentially significant effects and mitigation measures are summarized below and are detailed in the attached IS/MND. The adopted Mitigation Monitoring and Reporting Plan (MMRP) can be found in Appendix D to the IS/MND (Exhibit 3). On January 25, 2017, MPWMD adopted an Addendum to the IS/MND and filed a second Notice of Determination (Exhibit 4). The Addendum corrected a mistake in the identification of the distinct population segment of steelhead found in the Carmel River watershed and did not alter the impact analysis or mitigation in anyway. Finally, MPWMD has informed the Conservancy that after consultation with regulatory agencies, mitigation measure BIO-MM-1 identified in the IS/MND has been revised. For this reason, the staff recommends that the Conservancy adopt the Addendum No. 2 attached as Exhibit 5 to this staff recommendation to clarify the revised mitigation measure. MPWMD has also revised the MMRP accordingly and it is Attachment 2 to the Addendum (Exhibit 5).

**Biological Resources**

Aquatic and Riparian Habitat: The proposed project will remove the existing intake structure from the bottom of the river channel and install a slightly larger structure in a downstream pool. In order to mitigate for the net loss of 34 square feet of aquatic channel habitat, pursuant to the revised BIO-MM-1, MPWMD will remove a dilapidated concrete pier from the middle of the channel and dilapidated concrete bridge deck on the bank of the channel, both located further downstream. Project components and construction activities will require removal of some riparian vegetation. This loss will be mitigated by replanting riparian species after project construction at a replacement ratio determined by the regulatory agencies (County of Monterey...
and California Department of Fish and Wildlife). With these mitigation measures, impacts to aquatic and riparian habitat will be less than significant.

Terrestrial Habitat: Upland improvements such as water holding structures, sediment basin, and reuse pump station will permanently displace 3,000 square feet of grassland and 200 square feet of coast live oak forest habitats and has the potential to affect special status species associated with these habitats. This impact will be mitigated through avoidance of oak tree removal when possible and compliance with the Monterey County ordinance regarding oak tree removal (which requires 1:1 replacement of oaks with a diameter over 6 inches).

Sensitive Species: The river channel provides habitat for SCCC steelhead. The site also contains habitat for several other sensitive species including California Red-Legged Frog, Western Pond Turtle, Two-Stripe Garter Snake, Coast Horned Lizard, Monterey Dusky-footed Woodrat, migratory birds, and a variety of bat species. Several mitigation measures will be implemented to ensure that impacts to sensitive species are less than significant. These include: impact minimization; erosion control measures; seasonal avoidance; wildlife exclusion fencing; pre-construction surveys; training of construction personnel to recognize sensitive species; and relocation of steelhead and woodrats.

Cultural Resources

Two cultural resources surveys have been conducted in the proposed project area; neither located archaeological or historic resources except for the remains of a cabin built in 1931 and demolished in the 1950s. While no cultural resources are known to occur at the site, excavation activities could uncover resources. For this reason, an archaeological monitor will be onsite when excavation into native sediments occurs and will implement steps to avoid or minimize impacts to any prehistoric or historic resources that are uncovered. Implementation of these measures will reduce the project’s cultural resource impacts to less than significant levels.

Conservancy staff has independently reviewed and considered the IS/MND as well as, the addenda to the IS/MND, and recommends the Conservancy find that the proposed project as mitigated avoids, reduces or mitigates the possible significant environmental effects to a less-than-significant level, and that there is no substantial evidence that the proposed project will have a significant effect on the environment. If the proposed authorization is approved, Conservancy staff will file a Notice of Determination.