

COASTAL CONSERVANCY

Staff Recommendation
December 19, 2019

LOS OSOS CREEK RESTORATION PLANNING

Project No. 14-041-02
Project Manager: Timothy Duff

RECOMMENDED ACTION: Authorization to disburse up to \$185,000 to the Coastal San Luis Resource Conservation District to prepare plans, permit applications, and environmental review documents for restoration of their Los Osos Creek property in the lower Morro Bay watershed in San Luis Obispo County.

LOCATION: Coastal Zone, along Los Osos Creek, Morro Bay Watershed, unincorporated San Luis Obispo County

PROGRAM CATEGORY: Resource Enhancement

EXHIBITS

- Exhibit 1: [Project Location Map](#)
 - Exhibit 2: [Morro Bay Watershed and Site Maps](#)
 - Exhibit 3: [Project Letters](#)
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RESOLUTION AND FINDINGS:

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

“The State Coastal Conservancy hereby authorizes the disbursement of an amount not to exceed one hundred eighty five dollars (\$185,000) to Coastal San Luis Resource Conservation District (“the grantee”) to prepare plans, permit applications and environmental review documents for restoration of their Los Osos Creek property in the lower Morro Bay watershed in San Luis Obispo County.

Prior to commencement of the project, the grantee shall submit for the review and written approval of the Executive Officer of the Conservancy (Executive Officer) the following:

1. A detailed work program, schedule, and budget.
 2. Names and qualifications of any contractors to be retained in carrying out the project.
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3. A plan for acknowledgement of Conservancy funding.”

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 6 of Division 21 of the Public Resources Code, regarding Resource Enhancement.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.”

PROJECT SUMMARY:

Conservancy staff recommends disbursing up to \$185,000 to the Coastal San Luis Resource Conservation District (RCD) to prepare plans, permit applications and environmental review documents for restoration of their 82-acre Los Osos Creek property in the lower Morro Bay watershed in San Luis Obispo County (Exhibit 2). Acquiring and enhancing wetlands along the historic floodplains of Los Osos and Chorro Creeks and thereby reducing sediment flows to the Morro Bay National Estuary is a high priority identified in the Conservancy's Morro Bay Watershed Enhancement Program.

In 2014, the Conservancy approved a grant to the RCD to acquire the Los Osos Creek property and prepare a conceptual plan to restore the property's creek and riparian habitat. Modifications to the property in the past led to degradation of the habitats and increased sediment flows into Los Osos Creek. Earlier this year, the RCD completed the conceptual plan for the property. The primary objective of the plan is to restore hydrologic and ecosystem function at the site by facilitating the reestablishment of historic channels and floodplains along the creek and an adjacent tributary (Exhibit 2).

The conceptual plan recommends removal of three culverts located along a dirt road that provides access to an abandoned home site on the property and to an agricultural well on an adjacent property. The culverts will be replaced with a seasonal, rocked ford crossing to improve fish passage while allowing continued access to the irrigation well and pump supporting farming operations on the adjacent property. The section of the road leading to the abandoned homestead on the property will be removed once the structures are demolished and removed, and the associated septic tank and domestic well are decommissioned. The removed road area will then be seeded with native vegetation. In addition, approximately 755 feet of levee will be removed allowing the creek and tributary to flow onto the adjacent floodplain. Finally, existing utility poles will be realigned or removed from the floodplain and three abandoned cars will be removed.

Once the restoration is completed, it will serve to reduce the volume of sediment entering the estuary by facilitating sediment deposition on the site's historic floodplain. Increasing wetlands and associated vegetation filtration systems will improve water quality at the site and downstream by reducing nitrates and other pollutants entering the estuary. Rearing habitat

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and stream passage for the federally threatened south-central California coast steelhead trout will be restored and enhanced as will foraging, breeding and high flow refuge habitat for the federally endangered tidewater goby and federally threatened California red-legged frog. Upland coastal dune scrub habitats and the species that depend on them, including habitat for the federally endangered Morro shoulderband snail and Morro Manzanita, will also be restored.

The proposed project consists of furthering the conceptual plan, completing environmental review of the recommendations in the plans and preparing the necessary permit applications for implementation. These tasks will be undertaken concurrently so that mitigation measures identified during the environmental review and permitting processes can be incorporated into the restoration plans during this planning phase.

Site Description: The 82-acre site is located in the coastal zone on lower Los Osos Creek in the Morro Bay watershed in San Luis Obispo County (Exhibit 2). The parcel is zoned agriculture and identified by County resource maps as an area with sensitive resources, wetlands, flood hazards, and sensitive riparian vegetation. The property is a relatively flat, irregularly-shaped parcel with three creeks, Los Osos Creek, Warden Creek, and Turri Road Creek, crossing the site. The property is approximately one mile east of Morro Bay, and adjacent to property owned by the Department of Parks and Recreation. Accessed from a county road, the property abuts the Morro Bay National Estuary and includes 65 acres of palustrine wetlands, including a half-mile of designated critical habitat for the federally threatened south-central California coast steelhead trout and nine acres of critical habitat for the federally endangered tidewater goby. The remaining 17 acres is comprised of upland coastal dune scrub habitat suitable for the federally endangered Morro shoulderband snail and Morro Manzanita.

The Natural Resource Conservation Service holds a conservation easement over 70 acres of the 82-acre site under their Wetland Reserve Program. The remaining 12 acres includes an abandoned farmstead located outside this easement area. A dirt road bisecting the creek and riparian corridor provides access to the farmstead and a nearby agricultural well.

Grantee Qualifications: The Conservancy has had a 30-plus year partnership with the RCD working on land acquisition and restoration projects in the Morro Bay watershed and elsewhere in San Luis Obispo County. RCD staff and its board have maintained a consistent presence in the region and have a long record of success completing projects, managing property interests, and ensuring maintenance of improvements funded by the Conservancy. Their staff and board continue to demonstrate the capacity to effectively develop and implement high priority projects and to administer grants from the Conservancy and other agencies.

Project History: In December 2014 the Conservancy awarded \$647,000, including \$510,000 in U.S. Fish and Wildlife Service (USFWS) funds, to the RCD to acquire the site and to prepare a conceptual restoration plan. The RCD acquired the property in May 2015 and in March 2019 completed the plan. In the summer of 2019 Conservancy and RCD staff prepared a grant application to the USFWS for funds to construct the project. The proposed

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Conservancy grant would provide the required funding match to that grant if awarded.

PROJECT FINANCING

Coastal Conservancy	<u>\$185,000</u>
Project Total	<u>\$185,000</u>

The anticipated source of Conservancy funds for this project is an appropriation from the Habitat Conservation Fund (HCF), which was created by the California Wildlife Protection Act of 1990 (Proposition 117, Fish and Game Code Sections 2780-2799.6). Pursuant to Fish and Game Code Section 2786, HCF funds may be used for the acquisition, restoration, or enhancement of aquatic habitat for spawning and rearing of anadromous salmonids (subsection e) or riparian habitat (subsection f). Restoration of the subject property will serve to protect sensitive habitat for the federally threatened south-central California coast steelhead trout, which is an anadromous salmonid, and it will restore riparian habitat for the California red-legged frog and the federally endangered tidewater goby.

The Conservancy has applied to the USFWS National Coastal Wetland Conservation grant program for all of the funds needed to construct the project. Awards are to be announced in early 2020. The Conservancy funding for the proposed authorization would serve as matching funds for that grant.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

This project would be undertaken pursuant to Chapter 6 of the Conservancy's enabling legislation (Public Resources Code Sections 31251-31270). Pursuant to Section 31251, the Conservancy may award grants to public agencies for the purpose of relocation of improperly located or designed improvements, and for other corrective measures that will enhance the natural and scenic character of the areas. The project will plan the restoration of the creek and riparian habitat that is needed to address degradation caused by prior uses of the property.

Consistent with Section 31252, the project area is identified in the County's certified local coastal program as requiring public action to protect the natural and scenic resources of the Morro Bay Estuary. See "Consistency with Local Coastal Program Policies" section, below.

Pursuant to Section 31253, the Conservancy may provide up to the total cost of any coastal resource enhancement project. In determining the amount of Conservancy funding for this project, the factors identified in section 31253 have been considered and applied, as described in detail below, under the heading "Consistency With Conservancy's Project Selection Criteria & Guidelines."

Pursuant to Section 31111, the Conservancy may fund plans and feasibility studies.

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CONSISTENCY WITH CONSERVANCY'S [2018-2022 STRATEGIC PLAN](#)

GOAL(S) & OBJECTIVE(S):

Consistent with **Goal 6, Objective A**, the project will develop a plan to restore and enhance coastal habitats, including coastal wetlands, stream corridors, coastal sage scrub, and forests.

Consistent with **Goal 6, Objective C**, the project will develop a plan to preserve a coastal watershed and improve fish passage.

Consistent with **Goal 6, Objective F**, project entails completion of a restoration plan to improve water quality to benefit coastal and ocean resources.

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:** Restoring the historic floodplain of the subject property serves to promote and implement several state plans including:
 - 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 calls out the need for well-maintained watersheds and floodplains.
 - CA Climate Adaptation Strategy/Safeguarding California: Reducing Climate Risk Plan (July 2014). The plan identifies "Actions Needed To Safeguard Biodiversity And Habitats" including #1: Improve habitat connectivity and protect climate refugia. The restoration project will add to the effort to preserve natural resource habitats in the watersheds draining to Morro Bay.
 - California Water Action Plan (2014). Goal #4, "Protect and Restore Important Ecosystems", identifies restoration of coastal watersheds as a priority action. In addition, Goal #8, "Increase Flood Protection", calls for flood protection projects that achieve multiple benefits including through floodplain restoration.
 - CA Wildlife Action Plan (2005). The project will further the following statewide recommended actions: g) Federal, state, and local agencies and nongovernmental conservation organizations, working with private landowners and public land managers, should expand efforts to restore and conserve riparian communities. In addition, recommended actions for the marine region include d) the state

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should increase efforts to restore coastal watersheds.

- South-Central/Southern California Coast Steelhead Recovery Plan (2013). Specific recovery actions identified for Los Osos Creek include: 1.2 - Restore riparian zones and 11.2 - Manage roadways and adjacent riparian corridors and restore abandoned roadways.
4. **Support of the public:** The project has support of the public and elected officials as demonstrated by the letters attached as Exhibit 3.
 5. **Location:** The proposed project would be located within the coastal zone of San Luis Obispo County.
 6. **Need:** The RCD will not be able to complete the restoration planning project without Conservancy funds.
 7. **Greater-than-local interest:** The property contains habitat for species listed under the State and federal Endangered Species Acts. Reducing sediment flows to the Morro Bay National Estuary will serve to improve the estuary's nationally recognized significant habitat for a wide array of fish, bird and plant species and marine life.
 8. **Sea level rise vulnerability:** The property is 25 feet to 30 feet above sea level and approximately one mile away from the shoreline. The planned restoration of the site's historic floodplain will serve to reduce any vulnerability to sea level rise.

Additional Criteria

9. **Leverage:** The Conservancy has applied to the USFWS National Coastal Wetland Conservation grant program for \$408,000 needed to construct the project. The proposed Conservancy funds would be leveraged by these funds if awarded.
10. **Readiness:** The grantee is ready to start and complete the project in a timely fashion.
11. **Realization of prior Conservancy goals:** See "Project History" above.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

The project is consistent with the San Luis Obispo County Estero Area Local Coastal Plan (certified in 2009), Water Quality Policy V.A.1 for the Morro Bay Estuary and Watershed to "slow the process of Bay sedimentation by keeping Los Osos Creek free of excessive sedimentation and other pollutants to maintain fresh water flow into the estuary, nurture steelhead and support other plant and animal species."

CEQA COMPLIANCE:

The proposed preparation of environmental review documents, permit applications and plans for the Los Osos Creek Restoration Planning Project is statutorily exempt from review under the California Environmental Quality Act pursuant to 14 California Code of

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Regulations, section 15262, in that it would involve only planning studies and feasibility analyses for possible future actions that have not yet been approved or funded. The project is also categorically exempt under Section 15306, which exempts basic data collection and resource evaluation activities that will not result in disturbance to an environmental resource. Environmental factors will be considered in the studies undertaken pursuant to this authorization.