

COASTAL CONSERVANCY

Staff Recommendation
December 19, 2019

Aliso Creek Estuary Restoration Plan – Phase II

Project No. 14-022-02
Project Manager: Eryan Sloane & Alexis Barrera

RECOMMENDED ACTION: Authorization to disburse up to \$460,000 to The Laguna Ocean Foundation to prepare a 30% restoration design plan, complete the CEQA environmental review process, and conduct necessary studies for future permitting for the Aliso Creek Estuary in Laguna Beach, Orange County, California.

LOCATION: Aliso Creek and Aliso Beach, in the City of Laguna Beach, County of Orange

PROGRAM CATEGORY: Resource Enhancement

EXHIBITS

- Exhibit 1: [Project Location Maps](#)
- Exhibit 2: [October 2, 2014 Staff Recommendation](#)
- Exhibit 3: [Project Photos](#)
- Exhibit 4: [Conceptual Restoration Plan \(ESA, 2018\)](#)
- Exhibit 5: [Project Letters](#)

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31111 and 31251-31270 of the Public Resources Code:

"The State Coastal Conservancy hereby authorizes the disbursement of an amount not to exceed four hundred sixty thousand dollars (\$460,000) to The Laguna Ocean Foundation ("the grantee") to develop a 30% design, complete CEQA review, and implement necessary studies for future permitting in the Aliso Creek Estuary in the City of Laguna Beach."

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.
3. A plan for acknowledgement of Conservancy funding and Proposition 1 as the source of that 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 coastal resource enhancement projects.
 2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.
 3. The Laguna Ocean Foundation is a nonprofit organization organized 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:

Staff recommends the Conservancy authorize a grant of up to \$460,000 to The Laguna Ocean Foundation to support development of a 30% restoration design, CEQA document, and necessary environmental studies for future project permitting to restore and enhance coastal wetland habitat and function at the Aliso Creek Estuary (Exhibit 1).

Aliso Creek drains a 30-square-mile, mostly urbanized watershed in south Orange County. The watershed suffers from a number of problems related to the impact of human activities and demands on water resources. Aliso Creek’s estuarine habitat has suffered degradation through modification of its hydrologic regime (from urbanization of the watershed) and physical modification of the mouth of the creek and its banks. In its current condition, the mouth of Aliso Creek is a degraded lagoon that suffers from seasonal fluctuations in water level, obstructed discharge to the ocean, and frequent episodes of poor water quality including eutrophication.

Despite its degraded condition, the Aliso Creek estuary possesses high restoration value due to its key geographic location between two regionally significant ecosystems: the approximately 15,000 acres of natural, terrestrial habitats in the San Joaquin Hills and the coastal and offshore Laguna State Marine Reserve established through the Marine Life Protection Act. A restored Aliso Creek estuary will provide multiple services and benefits of coastal wetlands, including resilience to sea level rise and climate change, improved water quality in the lagoon and ocean, and enhanced public access to a healthy, visually appealing public resource with rich educational and interpretive opportunities. With the massive loss of Southern California’s wetlands due to urbanization, and the current threat of rising sea levels, there is very little space for coastal wetlands to survive. Climate resilience strategies will be integrated into the

restoration project in order to prevent further loss and protect the wetlands that currently exist.

On October 2, 2014 the Coastal Conservancy authorized a grant to the grantee to prepare a conceptual restoration plan and conduct a feasibility study for the Aliso Creek estuary (Exhibit 2). This project was completed in 2017 and enabled the grantee to determine that the conceptual restoration approach will be feasible at Aliso Creek estuary. The grantee is now ready to move the project forward in developing the 30% design, completing the CEQA environmental review process, and conducting any necessary studies to get the project permit-ready.

Specifically, the grantee will develop all necessary project information to perform an environmental impact assessment, including an infrastructure relocation plan and a refined grading plan. The grantee will also develop technical information necessary to support the CEQA analysis and future permitting process such as a flooding and sea level rise analysis. The project will complete preliminary engineering to the 30% design stage.

The grantee will also convene science advisory and stakeholder meetings. The stakeholder meetings will focus specifically to resolve desires and multiple objectives of landowners within the project area, particularly in the north side of the lagoon which is owned by three different parties: County of Orange, South Coast Water District, and The Ranch at Laguna (private landowner). The grantee will also work with the City, the County, and the Water District to determine which public agency should serve as lead during the construction phase of the project.

Site Description: The Aliso Creek estuary and its immediate surroundings encompass approximately six acres. The banks of the estuary are vegetated primarily by invasive and ornamental species including giant reed, *Arundo donax* (Exhibit 3). Upland areas on nearby slopes are occupied by high quality coastal sage scrub. The estuary is bounded on the east by the Aliso Creek Beach Park with landscaped areas, turf, and a parking lot (owned by the County of Orange); to the south by Pacific Coast Highway, with its single span bridge (owned and by CalTrans), and Aliso Beach (owned by the County of Orange); and to the west by a paved access road to the privately owned golf course, inn and restaurant known as ‘the Ranch at Laguna’, and storage sheds and unimproved staging areas consisting of bare earth and invasive vegetation on property owned by South Coast Water District. Aliso Creek flows through Aliso and Wood Canyons Regional Park before reaching the golf course of the Ranch at Laguna and the estuary. The estuary is identified as Critical Habitat for the Tidewater Goby, which historically occupied the site (Swift, et al. 1989). Western Pond Turtles are known to occupy upstream reaches and may also occupy the estuary. Once restored, the site has the potential to provide habitat for Least Bell’s Vireo, as well as Yellow-breasted Chat and Yellow Warbler (both California Species of Special Concern).

Grantee Qualifications: The Laguna Ocean Foundation has been a successful grantee on several previously authorized Coastal Conservancy grants. The grantee sufficiently completed the conceptual design and feasibility studies for the Aliso Creek estuary authorized by the Coastal

Conservancy on October 2, 2014 (Exhibit 2). The grantee has the technical and scientific expertise and relationships to continue to manage the development of the restoration plan.

Project History: The Aliso Creek Estuary Restoration Project was approved in November 2013 for inclusion in the Southern California Wetlands Recovery Project (WRP) Work Plan. The first stage of the project, creation of a Conceptual Restoration Plan (Exhibit 4), was funded by the Coastal Conservancy from 2014 through 2017 (Exhibit 2). The work completed under the previous grant enabled Laguna Ocean Foundation to determine that restoration of the estuary is feasible in accordance with restoration objectives of the 2018 WRP Regional Strategy. The 30% design phase of the project is expected to be added to the 2019 WRP Work Plan on December 4, 2019.

PROJECT FINANCING

Coastal Conservancy	\$460,000
USFWS Coastal Program Grant	\$25,000
City of Laguna Beach (pending)	\$100,000
Project Total	\$600,000

The anticipated source of Coastal Conservancy funding for the project is the fiscal year 2017 appropriation 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 Section 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(a) identifies specific purposes of Chapter 6 including “protect and restore coastal watersheds, including, but not limited to, bays, marine estuaries, and nearshore ecosystems” (79732(a)(10)) and to “protect or restore natural system functions that contribute to water supply, water quality, or flood management” (79732(a)(11)). Consistent with these provisions, the proposed project will develop a 30% design plan for the restoration of the Aliso Creek estuary. The plan, if implemented will re-establish seasonal dynamics to improve water quality and provide flood management.

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”, the proposed project leverages local in-kind and cash contributions as discussed in this section, below.

The proposed project was reviewed and subsequently recommended for funding 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 project meets each of the evaluation criteria in the Prop 1 Guidelines as described in further detail in the following sections of this staff recommendation: “Project Financing” and “Project Summary” (sections above) and “Consistency with Conservancy’s Project Selection Criteria & Guidelines” (section below).

The grantee has received a grant from the U.S. Fish and Wildlife Service’s Coastal Program for twenty-five thousand dollars (\$25,000) as cash match. Additionally, the grantee is working with the City of Laguna Beach to get an additional one hundred thousand dollars (\$100,000) as cash match. The City has verbally agreed to this grant and intends to add the amount to their 2020 annual budget for approval by City Council early 2020. The Laguna Ocean Foundation will also be contributing \$24,920 of in-kind services based on \$100/hour reduced billing rate (from \$175/hour to \$75/hour).

CONSISTENCY WITH CONSERVANCY’S ENABLING LEGISLATION:

The Conservancy is authorized under Section 31111 of the Public Resources Code to fund and undertake plans and feasibility studies in order to implement Division 21. Section 31251 of Chapter 6 of Division 21 authorizes the Conservancy to award grants to non-profit organizations for the purpose of enhancement of coastal resources that, because of natural or human-induced events, or incompatible land uses, have suffered loss of natural and scenic values. The Aliso Creek estuary has suffered losses in its natural resources as a result of human-induced urbanization.

The project is also consistent with Section 31252 of Chapter 6, as the project area targeted for restoration is identified in the certified City of Laguna Beach Local Coastal Program (LCP) as requiring action to resolve resource protection problems. The proposed project is consistent with the City of Laguna Beach Local Coastal Program as described in the “Consistency with Local Coastal Program Policies” section below.

The project is consistent with Section 31253, which authorizes the Conservancy to provide up to the total cost of any coastal 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 the “Consistency with Conservancy’s Project Selection Criteria & Guidelines.”

Consistent with Section 31113, the proposed project will address impacts of climate change that threaten coastal natural resources such as extreme weather events, sea level rise, and flooding through technical studies.

**CONSISTENCY WITH CONSERVANCY’S [2018-2022 STRATEGIC PLAN](#)
GOAL(S) & OBJECTIVE(S):**

Consistent with **Goal 6, Objective 6A**, the project will result in a 30% design plan for the restoration and enhancement of coastal habitats including coastal wetlands, intertidal areas and a riparian corridor.

This project is also consistent with **Goal 8, Objective 8B**, as it includes increasing resiliency to sea level rise within the estuary as a goal of the 30% design plan.

**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 state plans and policies promoting global climate change resilience and adaptation:
 - a. The proposed project implements two goals of the *California Water Action Plan*: restoration of important species and habitats, and creation of more resilient, sustainably managed water resources systems: water quality, flood protection and environment.
 - b. The proposed project implements *California @ 50 Million: The Environmental Goals and Policy Report* by building resilience into natural systems and incorporating climate adaptation into all planning and investment.
 - c. The proposed project implements several actions in the *California Climate Adaptation Strategy/Safeguarding California: Reducing Climate Risk Plan* by restoring and enhancing wetland habitat through naturally adaptive management and by conducting research on wetland processes.
 - d. The proposed restoration contributes to the three major goals in the *California Wildlife Action Plan* by enhancing wetland habitat for native species and improving natural ecosystem functions.
 - e. The proposed project advances the *California Aquatic Invasive Species Management Plan*, by restoring aquatic habitat and instituting long-term management against aquatic invasive species invasions.
 - f. The proposed project site is identified as a potential "reintroduction site" for the Tidewater Goby in the *Tidewater Goby Recovery Plan*.
 - g. The proposed project site will help to complete the California Coastal Trail by providing a visitor-oriented destination for future users of a trail and featuring signage identifying the California Coastal Trail.

4. **Support of the public:** The proposed project is supported by a number of elected officials and community organizations. See Exhibit 5 for support letters.
5. **Location:** The proposed project would be located within the coastal zone of Laguna Beach in Orange County.
6. **Need:** Although the local support for this project is strong, there are very few sources of funding for planning and design projects. Without Conservancy assistance, the future of the Aliso Creek estuary restoration would be uncertain and the conditions within the estuary would continue to worsen.
7. **Greater-than-local interest:** This project will link two regionally important ecosystem reserves: the Laguna Coast Marine Reserve (part of the State MPA system) and the 15,000-acre greenbelt of the San Joaquin Hills, a component of the Central Orange County NCCP. The area serves several communities totaling approximately 600,000 residents plus a large year-round tourist population. The estuary is within a regional park (Aliso Beach Park) and downstream of another regional park (Aliso & Wood Canyons Wilderness Park), both owned by the County of Orange, and is the site of a designated terminus for a regional trail to link inland recreational areas to the coast. At the regional scale, the Aliso Creek estuary restoration project was selected by the Southern California Wetlands Recovery Project's Wetland Managers Group to be on the Work Plan, a list of priority coastal and wetland restoration projects that are vetted by staff members from 18 federal and state partner agencies. These projects will accomplish goals and objectives identified in the Regional Strategy 2018. This project will accomplish Goal 1 of the Regional Strategy 2018: Preserve and restore resilient coastal tidal wetlands and associated marine and terrestrial habitats. The project also implements the goal to "Protect Natural Resources and Improve Water Quality" identified in the 2018 Integrated Regional Water Management Plan (IRWMP) for the South Orange County Water Management Area.
8. **Sea level rise vulnerability:** A sea level rise assessment was completed for the Conceptual Restoration Plan and showed that sea level rise was not expected to change frequency of closure for the tidal inlet. The planned restoration would allow for the estuary to naturally adapt to sea level rise in perpetuity using physical processes. This project will incorporate the findings from the Conceptual Restoration Plan's quantified conceptual model (QCM) into the project's design plan. The effects of coastal flooding, coastal erosion, and a range of sea level rise scenarios were included in the assessment of future mouth morphology and estuary hydrology.

Additional Criteria

9. **Urgency:** The proposed project is urgent as threats of sea level rise continue to increase in California's coastal zones. Continued degradation of the Aliso Creek watershed due to urbanization continues to accelerate, thereby increasing the need and urgency to complete the planning process for restoration.

10. **Resolution of more than one issue:** The proposed project will develop plans for a multi-benefit restoration that will incorporate resilience to sea level rise, improve water quality, enhance habitat, and improve public access.
11. **Leverage:** See the “Project Financing” section above.
12. **Innovation:** The restoration plan will use an innovative quantified conceptual model (QCM) to analyze conditions of the estuary which will inform the planning, design, and management of the restored estuary and other similar estuary restoration projects.
13. **Readiness:** The previously funded Conceptual Restoration Plan for Aliso Creek estuary restoration was completed in March 2018 (Exhibit 2). For this proposed project, Laguna Ocean Foundation is prepared to initiate the project immediately upon funding.
14. **Realization of prior Conservancy goals:** “See “Project History” above.
15. **Cooperation:** The project will identify a qualified institutional body to assume responsibility for securing and managing funds for construction, overseeing restoration and monitoring & management of the estuary. The landowners for the project area include the County of Orange, South Coast Water District, and The Ranch at Laguna (a private landowner). The landowners have shown their support for the project since the early planning stages, and the County of Orange will act as the Lead Agency for the Environmental Impact Report (EIR) as part of this project.
16. **Vulnerability from climate change impacts other than sea level rise:** The proposed project will include plans for a dynamic estuary that will respond naturally to future extreme weather events such as increased rainfall and drought.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

The proposed project to create a restoration plan for the Aliso Creek estuary is consistent with several policies in the City of Laguna Beach’s General Plan/Local Coastal Program, certified by the Coastal Commission in November 2011, as follows:

Topic 4, Policy 4I (Water Quality – Watershed Protection and Restoration) of the City’s Open Space and Conservation Element declares that the City will “promote the protection and restoration of offshore, coastal, lake, stream, or wetland waters and habitats and preserve them to the maximum extent practicable in their natural state, oppose activities that may degrade the quality of these waters, and promote the rehabilitation of impaired waters and habitat.”

Topic 9 Watersheds and Watercourses identifies Aliso Creek as an environmentally sensitive watercourse. Policy 9A declares the City will promote the preservation and restoration of the City’s natural drainage channels, freshwater streams, lakes and marshes to protect wildlife habitat and to maintain watershed, groundwater and scenic open space. Policy 9F states that, where possible, the City shall require restoration of deteriorated significant natural drainage courses that have been disturbed by development, but which retain potential for natural function. Policy 9K declares the City will promote the preservation and enhancement of the

natural drainage of the City. Policy 9T states that the City will restore and retain Aliso Creek in a natural state.

Goal 1 of the Land Use Element is to create a community that is sustainable and resilient. Policy 1/Action 1.1.1 calls for the city to protect natural resources and open space areas to maintain their role as carbon sinks.

CEQA COMPLIANCE:

The proposed project is exempt from the California Environmental Quality Act (CEQA) pursuant to the following sections of 14 Cal. Code of Regulations: (1) Section 15262 in that it involves only feasibility or planning studies for possible future actions which the Conservancy has not approved, adopted, or funded; and (2) Section 15306 in that it involves basic data collection, research, and resource evaluation activities which will not result in any disturbance to an environmental resource, and which will be undertaken as part of a study leading to an action which the Conservancy has not yet approved, adopted, or funded. Upon approval of the project, Conservancy staff will file a Notice of Exemption.