

COASTAL CONSERVANCY

Staff Recommendation
May 27, 2021

INTEGRATED WATERSHED RESTORATION PROGRAM PHASE 6

Project No. 03-063-05
Project Manager: Hilary Hill

RECOMMENDED ACTION: Authorization to disburse up to \$1,123,000 to the Resource Conservation District of Santa Cruz County for the Integrated Watershed Restoration Program to conduct planning and prepare designs and permit applications for 23 high priority watershed restoration projects in San Mateo, Santa Cruz, and Monterey Counties.

LOCATION: Coastal watersheds in San Mateo, Santa Cruz, and Monterey Counties (Exhibit 1)

EXHIBITS

- Exhibit 1: [Project Location Map](#)
 - Exhibit 2: [Completed IWRP Projects](#)
 - Exhibit 3: [Proposed IWRP Phase 6 Projects](#)
 - Exhibit 4: [Photos](#)
 - Exhibit 5: [Project Letters](#)
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RESOLUTION AND FINDINGS

Staff recommends that the State Coastal Conservancy adopt the following resolution and findings.

Resolution:

The State Coastal Conservancy hereby authorizes a grant of an amount not to exceed one million one hundred twenty-three thousand dollars (\$1,123,000) to the Resource Conservation District of Santa Cruz County (“the grantee”) for the Integrated Watershed Restoration Program to conduct planning and prepare designs and permit applications for 23 priority watershed restoration projects in San Mateo, Santa Cruz, and Monterey Counties.

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.

Findings:

Based on the accompanying staff recommendation 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 integrate coastal and marine resources protection.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.

STAFF RECOMMENDATION

PROJECT SUMMARY:

Staff recommends the Conservancy authorize a \$1,123,000 grant to the Resource Conservation District of Santa Cruz County (RCD-SC) for Phase 6 of the Integrated Watershed Restoration Program (IWRP) in San Mateo, Santa Cruz, and Monterey counties. The RCD-SC will sub-grant to the San Mateo County RCD and Monterey RCDs and together, the three RCDs will plan, design, and prepare permit applications for a minimum of 23 multi-benefit watershed restoration projects to support the recovery of listed species and water quality improvement.

IWRP is a highly successful program that has a proven track record of effective and coordinated watershed restoration on the Central Coast. IWRP's unique model brings staff of federal, state, and local resource agencies and conservation partners together to identify high-priority watershed restoration projects, and to provide technical input on the preparation of designs and environmental compliance documents. By coordinating those involved with permitting, funding, and implementing of watershed restoration projects, IWRP facilitates prioritization of projects with the greatest impact; development of high-quality restoration designs; and reduced project development costs due to the streamlined coordination with funding and permitting entities.

The IWRP program streamlines the planning process for high-quality watershed restoration projects, creating a pipeline of shovel-ready projects that can be leveraged for implementation funding. Planning restoration is often a bottleneck for funding, with construction funding often more readily available than planning funding. Thus, IWRP helps to create and sustain a pipeline of high impact projects that are ready to apply for construction funding, to meet conservation priorities on the Central Coast. Over the past decade, the Conservancy's cumulative investment of \$9.3M in IWRP for the designs and permits of projects (through IWRP Phases 1, 3, 4, and 5) has leveraged over \$41 million in implementation investment to complete over 180 restoration projects (Exhibit 2).

The proposed authorization for IWRP Phase 6 will build on the success of previous phases and enable the RCDs to prepare designs and permit applications for at least 23 priority restoration projects in San Mateo, Santa Cruz, and Monterey counties. Anticipated projects are identified

in Exhibit 3 and include 14 projects in San Mateo County, 5 projects in Santa Cruz County, and 7 projects in Monterey County. CEQA will be completed on a project-by-project basis by the RCDs or local agency.

Legacy land use impacts, historic resource management, on-going urban and agricultural development, and public works infrastructure have significantly altered natural processes on the Central Coast. These factors, combined with a myriad of climate change impacts, such as increased drought, fire, flooding and sea level rise require action to restore ecological health and resilience. IWRP's multi-benefit restoration projects are designed to improve water quality and sustainability and restore critical habitats for federally- and state-listed species such as salmonids and amphibians. Typical IWRP projects include sediment reduction, fish passage improvement, streamflow improvement, and wetland and lagoon restoration.

The following are examples of potential projects in each County for IWRP Phase 6 funding:

- **Lower Pescadero Corridor Restoration Plan Phase II (San Mateo County):** This project will improve habitat conditions on a critical reach of the lower Pescadero Creek, which is a priority watershed for coho salmon recovery. Between Pescadero lagoon and the town of Pescadero, the project will increase habitat complexity on a one-mile reach of lower Pescadero Creek by installing large wood features along the creek and increasing the width of the active channel migration zone.
- **Branciforte Flood Control Channel Fish Passage Project (Santa Cruz County):** This project will improve fish passage for a mile-long concrete flood control channel on Branciforte Creek. This project has been identified as a recurring high priority project by the IWRP TAC since 2004. With the recent completion of the Branciforte Creek Flood Control Channel Fish Passage Study and Improvement Plan and the renewed collaboration between relevant partners, this project will evaluate and refine alternatives to identify a preferred alternative.
- **North Monterey County Amphibian Recovery Project (Monterey County):** The project will restore two high priority wetland habitats, Green Point Pond and Hidden Pond, identified in the Amphibian Conservation Strategy for Northern Monterey County. These wetland ecosystems will improve wildlife habitat and increase stormwater retention which will reduce sediment erosion in Elkhorn Slough and increase percolation opportunities for groundwater recharge.

In addition to the design and permitting work for 23 priority restoration projects such as these, the proposed authorization will also support continued coordination of the IWRP Technical Advisory Committee and facilitate efficient permitting through the Santa Cruz Countywide Partners in Restoration Permit Coordination program and through piloting recommendations from California Natural Resources Agency's Cutting the Green Tape Initiative.

Site Description: The project area for IWRP stretches across three counties: from the northernmost steelhead watershed in San Mateo County, San Pedro Creek watershed, through rural and urban Santa Cruz County, and down the Monterey County coastline to the rugged drainages along the Big Sur coast.

Within San Mateo County, coastal streams descend from the steep, highly erodible Montara and Santa Cruz Mountain ranges, and drain into small coastal lagoons and/or directly into the

Pacific Ocean. Land use along the San Mateo County coast includes urban development in the incorporated towns of Pacifica and Half Moon Bay, irrigated agriculture along the coastal terraces and bluffs, and grazing and forestry in the grasslands and woodlands. Erosion from aging dirt roads and land use, loss of riparian habitat, and fish passage barriers are key issues in these watersheds addressed by IWRP projects. Pescadero-Butano and San Gregorio Watersheds are identified as core watersheds for coho salmon recovery and are focal watersheds for the location of the proposed IWRP Phase 6 projects.

Santa Cruz County consists of seven primary watersheds and a number of smaller, but high priority, watersheds that all drain from the steep Santa Cruz Mountains into the Monterey Bay National Marine Sanctuary. The urban centers of the cities of Santa Cruz, Capitola, and Watsonville are located on the San Lorenzo River, Soquel Creek, and Lower Pajaro River tributaries and Watsonville Sloughs respectively, and have channelized the streams to varying degrees. Other land uses in the watersheds include orchards and row crops, timber harvest, rural residential, extensive road infrastructure, cattle grazing, and parks and recreation. Scotts Creek and Branciforte Creek are high priorities for coho salmon recovery, and are focal watersheds for IWRP Phase 6.

The majority of Monterey County drains through one watershed, the 4,600 square mile Salinas River watershed. Although this watershed drains both San Luis Obispo and Monterey Counties, IWRP will focus on the more northerly and coastal Monterey County portions of the watershed. The Salinas River watershed and the Pajaro River watershed are dominated by agricultural land-uses and private lands, and also support sub-populations of SCCC Steelhead that are a major recovery priority for National Marine Fisheries Service. In the southern portion of the county, the Carmel River watershed has extensive fisheries restoration efforts occurring, and the Big Sur coast has a number of coastal watersheds that drain from the steep and largely undeveloped rocky Santa Lucia Mountains.

The three-county project area is home to a wealth of aquatic and riparian special status species, including federally- and state-listed frogs (California red-legged and foothill yellow-legged), salamanders (Santa Cruz long-toed and California tiger), snakes (San Francisco garter), and birds (marbled murrelet, among others), plus a wide variety of other flora and fauna. The project area supports the state- and federally-endangered Central California Coast Coho Salmon Evolutionarily Significant Unit (ESU), and both the federally threatened Central California Coast (CCC) and South-Central California Coast (SCCC) Steelhead Distinct Population Segments (DPS).

Socio-economically, the three counties contain some of the wealthiest communities in the state, as well as a few of the poorest. While the Monterey Peninsula and Carmel Valley have always featured wealthy enclaves, in more recent years, economic growth in the Silicon Valley has increased land values in San Mateo and Santa Cruz counties. And at other end of the economic spectrum, agricultural communities in and around Pescadero, Watsonville, Castroville, Salinas, as well as smaller communities found in the Salinas River Valley meet the state's definition of "disadvantaged".

Grant Applicant Qualifications: RCD-SC has successfully managed a number of Conservancy grants, including the grants for the IWRP Phases 1, 3, 4, and 5. RCD-SC has effectively demonstrated the capacity to successfully and efficiently administer regional programs across

multiple partners, managing subawards to San Mateo RCD and Monterey RCD since 2008. Beyond IWRP, the RCD-SC manages approximately \$2 million of grant funds each year, many through bond-funded grant awards from State agencies. The RCDs of San Mateo County and Monterey County have successfully managed IWRP subawards as well as other large grants from NOAA Coastal Resilience for the Butano Channel Restoration and Resiliency Project and from Wildlife Conservation Board grants for *Arundo* eradication on the Salinas River in Monterey County. Recently, the Conservancy awarded the RCD-SC a \$1.3M “Regional Forest and Fire Capacity Program” (RFFCP) grant, administratively modelled after IWRP, whereby the RCD-SC serves as the central administrator and coordinator of four central coast RCDs (San Mateo, Monterey County, and Upper-Salinas Las Tablas) to deliver a regionally-coordinated forest health capacity building program.

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 below.
2. **Consistency with purposes of the funding source:** See the “Project Financing” section below.
3. **Promotion and implementation of state plans and policies:**
 - **California Water Action Plan:** The proposed project will support the goals of restoration for important species and habitat; resilience, such as activities that safeguard water supply, water quality, flood protection, and the environment; and of reliability, including implementing integrated water management across all levels of government and supporting actions outlined in multiple Integrated Watershed Management Plans (see “Consistency with Local Watershed Management Plan” Section).
 - **California Nonpoint Source Pollution Control Program:** IWRP projects will advance numerous goals including erosion and sediment control, agricultural education and outreach, instream and riparian habitat restoration, and actions to address eroding streambanks and restoration of wetlands and riparian areas.
 - **California Wildlife Action Plan:** The proposed project will support goals for the Central Coast region including protecting sensitive species and important wildlife habitat and restoring anadromous fish populations.
 - **California @ 50 Million:** IWRP projects meet the goals of this plan by building a resilient and sustainable water system and stewarding and protecting natural and working landscapes.

- CA Climate Adaptation Strategy/Safeguarding California: The proposed project will protect water supplies and improving habitat for at-risk aquatic species will increase the region's resilience to the anticipated impacts of climate change, such as hotter temperatures, intensified droughts, and saltwater intrusion into aquifers.
 - Fishery Recovery Plans including the Recovery Strategy for California Coho Salmon, Recovery Plan for Central California Coast Coho Salmon Evolutionarily Significant Unit, South-Central California Coast Steelhead Recovery Plan, and Steelhead Restoration and Management Plan. The IWRP project results in projects that implement many of the recommendations contained within these plans, which include restoration of in-stream habitat.
 - Amphibian Recovery Plans including the Recovery Plan for the Santa Cruz Long-Toed Salamander, California Red-Legged Frog Recovery Plan, and the Recovery Plan for the Central California Distinct Population Segment of the California Tiger Salamander. The IWRP project results in projects that implement recommendations contained within these plans including restoration of relevant wetland habitats for breeding and dispersal.
4. **Support of the public:** IWRP is supported by State Senator John Laird, State Assembly members Mark Stone, Marc Berman, Kevin Mullin, Robert Rivas; San Mateo County Supervisor Don Horsley, Santa Cruz County Supervisor Ryan Coonerty, Monterey County Supervisor Wendy Root Askew, City of Santa Cruz, County of Santa Cruz, Trout Unlimited, and Elkhorn Slough Foundation (Exhibit 5).
 5. **Location:** See the "Project Summary".
 6. **Need:** Several special status species, including coho and steelhead salmon and the Santa Cruz Long Toed Salamander, are very near extirpation within the IWRP project area and require an interagency approach to advance the pace and scale of restoration to remove barriers and restore habitat quality. IWRP is a proven vehicle for achieving that goal and creating a pipeline of critical high-quality multi-benefit restoration projects.
 7. **Greater-than-local interest:** The project will serve to protect and enhance aquatic species throughout the three counties, the Monterey Bay National Marine Sanctuary, and numerous coastal lagoons, as well as contributing to state and federal goals of restoring listed salmonids, amphibians, and other wildlife species.
 8. **Sea level rise vulnerability:** Many IWRP projects are situated well above sea-level in the watersheds of coastal creeks and therefore not likely to be directly impacted by sea level rise. However, the program may support a few projects located in coastal lagoons and sloughs and in those cases designs will be developed that address projected sea level rise.

Additional Criteria

9. **Resolution of more than one issue:** IWRP watershed restoration projects are designed to resolve multiple resource issues and provide multiple benefits including resolving fish passage, habitat improvement, erosion control, and water quality improvements.

10. **Leverage:** See the “Project Financing” section below. To date in the IWRP program, every design dollar contributed by the Conservancy has resulted in over four dollars of implementation funding contributed by federal, state and local agencies and private parties.
11. **Conflict resolution:** IWRP has a proven track record for establishing a process for resolving protracted resource conflicts and developing innovative solutions. The project’s approach of working voluntarily with landowners, local agencies, and state and federal resources agencies to resolve watershed resource issues provides an alternative to regulatory action.
12. **Innovation:** IWRP is a unique approach to providing comprehensive, coordinated watershed restoration and can be used as a model throughout the state.
13. **Readiness:** The RCDs have a number of potential projects (Exhibit 3) that are ready to proceed immediately to take advantage of upcoming implementation grant program solicitations.
14. **Cooperation:** The fundamental principle behind IWRP is the cooperation of local, state, and federal partners with overlapping jurisdictions and resource issues for a coordinated and collaborative approach watershed restoration. This cooperative program has proven to be an efficient and cost-effective model to create high quality projects and advance the pace and scale of restoration.
15. **Vulnerability from climate change impacts other than sea level rise:** IWRP projects will be designed not only to be resilient to climate change impacts such as flashier storm and runoff events and periods of increased drought and temperatures, but to actually lessen the severity of those impacts on the special status species and ecological health for which the projects are designed.

PROJECT FINANCING

Coastal Conservancy	\$1,123,000
County of Santa Cruz	\$10,923
City of Santa Cruz	\$15,000
Resources Legacy Fund	\$2,200
Private Landowner	\$43,694
Project Total	\$1,194,817

Unless specifically labelled “Required Match” the other sources of funding listed above are provided as estimates. The Coastal Conservancy does not typically require matching funds nor does it require documentation of expenditures from other funders. Typical grant conditions require Grantees to provide any funds needed to complete the project.

The anticipated source of funding for this project is an 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 of Proposition 1 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, several of which will be furthered by the proposed project:

- Implement watershed adaptation projects in order to reduce the impacts of climate change on California’s communities and ecosystems (Section 79732(a)(2));
- Protect and restore aquatic, wetland, and migratory bird ecosystems, including fish and wildlife corridors and the acquisition of water rights for instream flow (Section 79732(a)(4));
- Remove barriers to fish passage (Section 79732(a)(6));
- Protect and restore coastal watersheds, including, but not limited to, bays, marine estuaries, and nearshore ecosystems (Section 79732(a) (10));
- Reduce pollution or contamination of streams and coastal waters, and protect or restore natural system functions that contribute to water supply, water quality, or flood management (Section 79732(a)(11)); and
- Assist in water-related agricultural sustainability projects (Section 79732(a)(13)).

Consistent with these provisions, the proposed project consists of preparation of designs and permit applications for, and/or technical assistance in the development of, projects that will assist in water-related agricultural sustainability, restore wetland and stream corridor habitat, remove fish passage barriers, reduce sediment delivery to coastal streams, improve fish spawning and rearing habitat, and implement watershed adaptation measures that address the critical need for water along the central coast.

The 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 Water Code § 79706(a)). The proposed project meets each of the evaluation criteria in the Prop 1 Guidelines as described in further detail in this “Project Financing” section, the “Project Summary” section and in the “Consistency with Conservancy’s Project Selection Criteria & Guidelines” section of this report.

Section 79707(b), which requires agencies to prioritize “projects that leverage private, federal, or local funding or produce the greatest public benefit”. As shown above, this project will leverage \$71,817 in funding from the County of Santa Cruz, City of Santa Cruz, Resource Legacy Fund, and a private landowner, and has additional in-kind funding provided by the City of Santa Cruz (\$10,133) and the Elkhorn Slough Foundation (\$3,939). In addition, it is anticipated that the project will leverage private, federal, and local funding in the implementation of the designed projects. To date in the IWRP program, every design dollar contributed by the Conservancy has resulted in over four dollars of implementation funding contributed by federal, state and local agencies and private parties.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

This project will be undertaken pursuant to Chapter 5.5 (Section 31220) of the Conservancy's enabling legislation, Division 21 of the Public Resources Code, regarding Integrated Coastal and Marine Resources Protection. Section 31220(a) authorizes the Conservancy to undertake projects that improve and protect coastal marine water quality and habitats, and Section 31220(b) authorizes the Conservancy to award grants to projects that meet one or more of the criteria with that section. Consistent with Section 31220(b)(2),(3),(4), and (6), the project will facilitate restoration of fish habitat within coastal watersheds, reduction of the threats to coastal anadromous fish, reduction of unnatural erosion, and restoration of riparian areas and other sensitive watershed lands by identifying and designing projects that will modify fish passage barriers, reduce excessive sedimentation from poorly maintained rural roads, and restore riparian, wetland, and aquatic habitats.

Consistent with Section 31220(a), staff has consulted with State Water Resources Control Board (SWRCB) in the development of the project to ensure consistency with the Clean Beaches Program, Chapter 3 (commencing with Section 30915) of Division 20.4 of the Public Resources Code.

Consistent with Section 31220(c), the project is consistent with local watershed management plans. (See "Consistency With Local Watershed Management Plan/State Water Quality Control Plan," section below). The project does not include a monitoring component as defined in Section 31220(c) because the project does not include funds for construction.

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

Consistent with **Goal 6, Objective A** of the Conservancy's 2018-2022 Strategic Plan, the proposed project will complete 23 plans to restore coastal habitats in San Mateo, Santa Cruz, and Monterey counties.

Consistent with **Goal 6, Objective C** of the Conservancy's 2018-2022 Strategic Plan, the proposed project will complete 8 plans to enhance coastal watersheds and floodplains in San Mateo, Santa Cruz, and Monterey counties.

Consistent with **Goal 6, Objective F** of the Conservancy's 2018-2022 Strategic Plan, the proposed project will complete 11 plans to improve coastal water quality to benefit coastal and ocean resources in San Mateo, Santa Cruz, and Monterey counties.

Consistent with **Goal 7, Objective A** of the Conservancy's 2018-2022 Strategic Plan, the proposed project will develop 4 plans for projects that foster the long-term viability of coastal working lands, including projects to assist farmers, ranchers, and timber producers in reducing impacts of their operations on wildlife habitat and water quality.

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

The proposed IWRP projects are located in areas with Integrated Regional Watershed Management (IRWM) Plans for the following regions: 1) Bay Area; 2) Santa Cruz; and 3) Greater Monterey County. The goals with which IWRP projects will be consistent within each respective IRWM region are as follows:

- Bay Area IRWM (includes San Mateo County) goals to Promote Environmental, Economic and Social Sustainability; Improve water supply reliability and quality; Protect and improve watershed health and function; Improve Regional Flood Management; and Create, protect, enhance and maintain environmental resources and habitats.
- Santa Cruz IRWM goals to Maintain and improve regional surface and groundwater quality to protect beneficial uses; Improve the condition of riparian and aquatic ecosystems to support the native species, watershed functions, and regional water needs; and Reduce flood hazards and manage stormwater runoff through economical policies and projects that enhance natural hydrologic function and protect communities.
- Greater Monterey County IRWM goals to Protect and improve surface, groundwater, estuarine, and coastal water quality; Protect, enhance, and restore the ecological resources while respecting the rights of private property owners; Promote regional communication, cooperation, and education regarding water resource management; and Adapt the region's water management approach to deal with impacts of climate change using science-based approaches, and minimize the regional causal effects.

The proposed project is also consistent with the Water Quality Control Plan for the Central Coast Basin (Santa Cruz and Monterey Counties) and San Francisco Bay Basin (San Mateo County). The proposed project will help assist in the Central Coast Water Boards' vision for Healthy Aquatic Habitats and sustainable land management that achieve healthy watershed functions and the San Francisco Bay Water Board's watershed management approach to water quality protection.

CEQA COMPLIANCE:

The proposed project is statutorily exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Section 15262, because it involves only feasibility and planning studies for possible future actions not yet funded by the Conservancy, and categorically exempt pursuant to Section 15306 because it involves data collection and resource evaluation activities that do not result in a serious or major disturbance to an environmental resource. Consistent with Section 15262, the project will consider environmental factors in the plan development and permit applications.

Upon approval of the project, Conservancy staff will file a Notice of Exemption.