

COASTAL CONSERVANCY

Staff Recommendation  
June 1, 2023

**CASTROVILLE TO THE COAST ACQUISITION AND PLANNING**

Project No. 23-011-01  
Project Manager: Rachel Couch

**RECOMMENDED ACTION:** Authorization to disburse up to \$1,090,000, including \$970,000 of grant funds from the U.S. Fish and Wildlife Service, to the California Marine Sanctuary Foundation to conduct pre-acquisition activities, coordinate with landowners and key stakeholders, acquire a conservation easement over 24 acres of agricultural land, and prepare conceptual designs for floodplain restoration and coastal access along Tembladero Slough, between Castroville and Salinas River State Beach.

**LOCATION:** Monterey County, California

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EXHIBITS

Exhibit 1: [Project Location Map](#)

Exhibit 2: [Figures and Photos](#)

Exhibit 3: [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 ninety thousand dollars (\$1,090,000), including \$970,000 of grant funds from the U.S. Fish and Wildlife Service, to the California Marine Sanctuary Foundation to: a) coordinate with landowners and key stakeholders and undertake other pre-acquisition activities for acquisition of a conservation easement over 24 acres of agricultural land along Tembladero Slough, between Castroville and Salinas River State Beach (“conservation easement”), b) direct the funds to a public entity or nonprofit corporation organized under section 501(c)(3) of the US Internal Revenue Code to acquire the conservation easement, and c) prepare conceptual designs for floodplain restoration and coastal access to be undertaken in the conservation easement area; subject to the following conditions:

1. Prior to the disbursement of funds for the acquisition of the conservation easement, the grantee shall submit for the review and approval of the Executive Officer of the Conservancy (Executive Officer):
  - a. The name and qualifications of the public agency or nonprofit organization organized under section 501(c)(3) of the U.S. Internal Revenue Code that will be the holder of the easements;
  - b. All relevant acquisition documents for the acquisition including, without limitation, the appraisal, purchase and sale agreement, conservation easements, escrow instructions, environmental or hazardous materials assessment, and title report;
  - c. A baseline conditions report; and
  - d. Evidence that sufficient funds are available to complete the acquisition.
2. The public entity or nonprofit organization selected to acquire the conservation easement shall enter into a grant agreement with the Conservancy prior to disbursement of funds for the acquisition.
3. The conservation easement shall be purchased for no more than fair market value as established in an appraisal approved by the Executive Officer.
4. The conservation easement shall be managed and operated for floodplain protection, wetland and natural resource restoration and conservation, and public access. The conservation easement shall be permanently dedicated to those purposes by appropriate terms approved by the Executive Officer.
5. Conservancy funding shall be acknowledged by erecting and maintaining a sign on the conservation easement property or in a nearby publicly viewable area, the design and location of which are to be approved by the Executive Officer.
6. Prior to commencement of the pre-acquisition and conceptual design components of the project, the grantee shall submit for the review and written approval of the Executive Officer the following:
  - a. A detailed work program, schedule, and budget.
  - b. Names and qualifications of any contractors to be retained in carrying out the project.
6. To the extent appropriate, the plans shall conform to the guidelines of the Conservancy's 'Coastal Access Project Standards.'

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 Integrated Marine and Coastal Resources.
2. The proposed project is consistent with applicable local watershed management plans and water quality plans.

3. The proposed project is consistent with the current Conservancy Project Selection Criteria.
  4. The California Marine Sanctuary Foundation is a nonprofit organization organized under section 501(c)(3) of the U.S. Internal Revenue Code.
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## **STAFF RECOMMENDATION**

### **PROJECT SUMMARY:**

Staff recommends the Conservancy authorize \$1,090,000, including \$970,000 of grant funds from the U.S. Fish and Wildlife Service (USFWS), to the California Marine Sanctuary Foundation (CMSF), the fiscal sponsor for the Central Coast Wetlands Group (CCWG) to: a) coordinate with landowners and key stakeholders and undertake other pre-acquisition activities for acquisition of a conservation easement over 24 acres of agricultural land along Tembladero Slough, between Castroville and Salinas River State Beach (“conservation easement”), b) direct the funds to a public entity or nonprofit corporation organized under section 501(c)(3) of the US Internal Revenue Code to acquire the conservation easement, and c) prepare conceptual designs for floodplain restoration and coastal access to be undertaken in the conservation easement area. (Exhibit 1). The project is the first phase of the Castroville to the Coast Project, which has a goal of restoring approximately 40 acres of coastal wetland habitat on agricultural land owned by three separate landowners.

The Salinas Reclamation Ditch (Tembladero Slough), constructed in 1906, is undersized for both the current dry season and the stormwater discharge from urban and agricultural lands in the Gabilan Creek watershed. Tembladero Slough connects to the Old Salinas River channel before discharging to the ocean. Storm discharges in the slough can reach 700 cubic feet per second, which, when exacerbated by king tides, can cause flooding leading to millions of dollars in crop losses. The 2017 *Moss Landing Community Coastal Climate Change Vulnerability Report* found that with the additional effect of sea level rise, flooding is expected to worsen in the adjacent community of Castroville and in neighboring agricultural lands (Figure 2).

Due in part to the surrounding agriculture, the water that flows adjacent to Castroville in Tembladero Slough and other drainage ditches is some of the most polluted water in the state. Tembladero Slough is the second most impaired waterbody on the Central Coast with 14 pollutant impairments listed on the State Water Board’s Section 303(d) List, eight of which, including pesticides, nutrients, sediment, metals, and toxicity, are currently subject to Total Maximum Daily Loads. Additionally, the community of Castroville is rated as a severely disadvantaged community (based on income) and is in the middle of a predominantly agricultural landscape that lacks access to recreational open space. Residents do not have safe non-motorized recreational access to Salinas River State Beach, which is less than 2 miles away. High traffic volumes and speeds along Highway 1 require that residents travel by car from Castroville.

Several species of concern have been documented in the Salinas River Lagoon and other waters hydrologically connected to Tembladero Slough, including tidewater goby and steelhead trout. Artificial breaching on the Salinas River Lagoon can be harmful to these species, flushing

tidewater gobies and juvenile steelhead out to the Monterey Bay, but it is often necessary due to the limited flood capacity of upstream waterways such as Tembladero Slough. Additionally, coastal wetland habitat that supports species of concern including the California red-legged frog and California tiger salamander has been reduced in size and connectivity in the Lower Salinas Valley due to the encroachment of irrigated agriculture.

The vision for the Castroville to the Coast Project is to restore approximately 40 acres of wetland habitat within a floodplain buffer of up to 30-meters on both sides of the channel on portions of seven agricultural parcels, owned by three landowners (Exhibit 2). The project also envisions creating a multiuse path within the buffer area that would connect Castroville to Salinas River State Beach. The floodplain restoration will include off channel water quality treatment systems to improve water quality of agricultural runoff from adjacent fields prior to entering Tembladero. Expanding the floodplain will increase the capacity of Tembladero Slough to mitigate flooding in the community of Castroville and adjacent farm fields and reduce the need for artificial breaching of the hydrologically connected Salinas River Lagoon. The Project will enhance habitat for the tidewater goby by reducing lagoon breaching and providing refugia during natural or artificial lagoon breaches. Finally, the multiuse path will provide a new recreation amenity and improved coastal access.

The proposed project, which is the first phase of the Castroville to the Coast Project involves: 1) coordinating with landowners, land management and regulatory agencies and other stakeholders regarding terms for the conservation easement, obtaining land appraisals, and preparing conceptual designs for floodplain restoration and public access along a two-mile stretch of Tembladero Slough between Castroville and Salinas River State Beach; 2) entering into cooperative agreements with landowners; and 3) acquiring the conservation easement over 24 acres of land owned by Ocean Mist Farms, located in the eastern-most portion of the Castroville to the Coast Project area (Exhibit 2). Acquisition of the conservation easement, which will be the first of two to three easements needed for the Castroville to the Coast Project, will be funded through a 2023 USFWS National Coastal Wetlands Conservation Program grant to the Conservancy which is included in the funding for authorization. The conservation easement will: establish the floodplain buffer between agricultural activities and the channel; allow the easement holder to carry out restoration and water quality improvements within the floodplain buffer; and allow installation and public use of a multi-use trail. While all three landowners are interested in proceeding with acquisition and project design discussions, ultimately only two of the three landowners need to grant conservation easements for the Castroville to the Coast Project to successfully achieve the flood attenuation goals through restoration of one bank of the channel.

The project will address landowners' concerns and uncertainties related to land values, flooding, food safety issues related to public access, and regulatory benefits. To address land values, CCWG will contract for preparation of an appraisal of the buffer area lands. CCWG will also work with landowners to evaluate options for incorporating food safety measures into the design of the multiuse path. CCWG will then update the design plans to include the preferred options. To assist with the project, CCWG is convening a land trust advisory team that includes the Elkhorn Slough Foundation, Amah Mutsun Land Trust, Big Sur Land Trust, and AG Land Trust. This team will assist CCWG to negotiate the easement terms with the landowner.

Although it hasn't been determined which entity will ultimately hold the conservation easement, it will be one of these four entities: Elkhorn Slough Foundation, Amah Mutsun Land Trust, Big Sur Land Trust, and Ag Land Trust. Each of these entities has significant land management experience, and each has received and appropriately managed Conservancy grants in the past.

CCWG will also coordinate with the other project stakeholders to help ready the project for future phases. This includes discussing long-term management of trail and floodplain restoration areas with potential management organizations and agencies, and meeting with regulatory agencies to discuss and develop an alternative compliance pathway relying on the restored wetlands for farmers to meet agricultural surface water runoff requirements.

Future phases of the Castroville to the Coast project not funded by this grant will engage the community to maximize the anticipated community and environmental benefits in the restoration and access design. Future phases will also include acquiring the additional conservation easement(s) needed to complete the project and advancing the project design, technical studies, environmental compliance, and permitting.

**Site Description:** The Castroville to the Coast Project ("Project") planning area is an approximately two-mile-long floodplain along Tembladero Slough located between the community of Castroville and Salinas River State Beach at the lower end of the Gabilan Watershed which drains portions of the City of Salinas and the rich agricultural "Salad Bowl" of the Salinas Valley. The Gabilan Creek Watershed discharges through Tembladero Slough into the Old Salinas River, Moss Landing Harbor and Elkhorn Slough, and into Monterey Bay, a designated National Marine Sanctuary. The Project area is located immediately upstream of the confluence of Tembladero Slough with the Old Salinas River channel and is hydrologically connected to the Salinas River Lagoon to the south. The current condition of the floodplain is a mix of row-crop agriculture and low-lying bare areas disced by the adjacent growers for weed management.

Many species of concern have been observed in the area surrounding the Project, including tidewater goby and steelhead in the Old Salinas River channel, and California red-legged frog and California tiger salamander in the adjacent Moro-Cojo Slough watershed.

The community of Castroville, located at the upstream end of the Project area, is an unincorporated community in northern Monterey County with a population just under 6,500 and a population density of 6,100 people per square mile, of which approximately 90% are Hispanic. In 2017, a State-approved income survey performed for Castroville by the Rural Community Assistance Corporation demonstrated the community is "severely disadvantaged" with an MHI of just \$35,000.

**Grant Applicant Qualifications:** California Marine Sanctuary Foundation will serve as fiscal sponsor for CCWG for this project. Since 1995 CMSF has worked with partners to protect the state's coastal and terrestrial ecosystems. CMSF's Board of Directors, Executive Director and Director of Operations oversee five environmental programs including outreach and fiscal sponsorships. CMSF maintains and follows generally accepted financial management and accounting systems and procedures. CMSF has a long history of administering and managing

funds for partner organizations including the Monterey Bay and Channel Islands National Marine Sanctuaries, the Ocean Protection Council, the Central Coast Wetlands Group, and university researchers. Currently, CMSF manages the independent biological monitoring and technical oversight of the mitigation projects associated with decommissioning the San Onofre Nuclear Generating Station for the California Coastal Commission, and the Multi-Benefit Agricultural Land Repurposing Project for the Central Coast Wetlands Group.

CCWG is an affiliate research group at Moss Landing Marine Laboratories focused on the study, preservation, and restoration of Central Coast wetlands and will oversee project activities. CCWG has experience completing numerous multiple benefit projects near Castroville since 2006. As of 2022, CCWG has restored more than 286 acres of estuarine and freshwater wetlands in the Moro Cojo and adjacent watersheds. CCWG has received and successfully completed \$25 million in state and federal grants over 20 years. CCWG has established landowner agreements for five previous wetland projects and has established a good working relationship with these landowners based on mutual trust and respect. For acquisition of the conservation easement, CCWG will benefit from the extensive expertise of its land trust advisory team.

#### **CONSISTENCY WITH CONSERVANCY'S PROJECT SELECTION CRITERIA:**

The proposed project is consistent with the Conservancy's Project Selection Criteria, last updated on September 23, 2021, in the following respects:

##### **Selection Criteria**

#### **1. Extent to which the project helps the Conservancy accomplish the objectives in the Strategic Plan.**

See the "Consistency with Conservancy's Strategic Plan" section below.

#### **2. Project is a good investment of state resources.**

The proposed project, when fully implemented in the future, will enhance significant coastal wetland habitat, enhance water quality, mitigate flooding, and provide improved coastal access for a severely disadvantaged community. State funding for the proposed project will be significantly leveraged by the USFWS National Coastal Wetland Conservation Program grant. The project will support the Salinas River Lagoon Habitat Conservation Plan by increasing the flood capacity of the floodplain and benefiting steelhead and tidewater goby. When fully implemented, the restored coastal habitat will also support other threatened and endangered species, including the California red-legged frog and California tiger salamander, and bird species of conservation concern, including the snowy egret and black-crowned night-heron.

Finally, the project has demonstration value and serves as a model to be used in other areas of the State because it will forge a unique landowner-agency partnership to develop an alternative pathway for landowner compliance with agricultural surface water runoff requirements and minimize need for downstream coastal lagoon breaching to reduce flooding of agricultural lands.

**3. Project includes a serious effort to engage tribes. Examples of tribal engagement include good faith, documented efforts to work with tribes traditionally and culturally affiliated to the project area.**

CCWG will engage with the Amah Mutsun Land Trust during the planning and design of the Castroville to the Coast Project. The Department of Conservation recently awarded a Multi-benefit Land Repurposing Program (MLRP) grant to CMSF, which will be managed under an interagency watershed partnership for a larger regional effort to work with landowners to repurpose flood prone lands for other uses (See Project Finance section). As part of this grant, a land acquisition team will be convened, consisting of four local land trusts including the Amah Mutsun Land Trust. This team will engage in drafting the Castroville to the Coast Project easement language and negotiations with landowners, and the tribe's involvement will ensure that the project will incorporate respect for tribal knowledge and concerns in the project.

**4. Project benefits will be sustainable or resilient over the project lifespan.**

This project, when fully implemented, will increase the resiliency of the lower Salinas River watershed to periodic flooding exacerbated by sea level rise and changing winter rain conditions. A later phase of the project includes modeling the flood mitigation benefits of the larger project under current conditions and 2060 sea-level-rise hazards, and results of this modeling will be incorporated into the project design to ensure it is resilient to predicted climate change impacts. Responsibilities for long-term maintenance activities of this redesigned floodway will be negotiated and established as part of the project planning. Conservation easements will be held in perpetuity by the organization chosen by the land acquisition team to best be able to support the multi-benefit goals of this project. This project will also be an example of a strategic and purposeful effort to mitigate documented flooding risks that can be replicated in other areas.

**5. Project delivers multiple benefits and significant positive impact.**

As described above, the proposed project will conduct the planning needed to increase coastal wetland habitat, mitigate flood impacts, improve water quality, provide assistance to local landowners in meeting surface runoff requirements, and provide public access to the coast for a severely disadvantaged community.

**6. Project planned with meaningful community engagement and broad community support.**

The concept for the Castroville to the Coast Project is the result of a community outreach effort conducted by CCWG between 2014 and 2017 and funded through IRWM implementation grant funds. The community outreach effort included meetings with Castroville community leaders, two public meetings with Castroville residents, and a public opinion survey to develop a list of priority project sites and identify what components of a watershed restoration program were most important to the community. During this process the community identified the lack of coastal access and accessible open space, poor water quality, and flooding as their top concerns. This first project phase is focused on coordinating with landowners and stakeholders to appraise and acquire land and update the conceptual design plans. Future project phases not funded by this grant will include robust planning and design.

**PROJECT FINANCING**

Coastal Conservancy	\$120,000
U.S. Fish and Wildlife Service (via a grant to the Conservancy)	\$970,000
Department of Conservation MLRP grant	\$267,000
<b>Project Total</b>	<b>\$1,257,000</b>

Conservancy funds are anticipated to come from a Fiscal Year 2022/23 appropriation from the General Fund to the Conservancy for the purpose of climate resilience (The Budget Act of 2022, SB 154). These funds are available as described in Section 52 of Chapter 258 of the Statutes of 2021 (SB 155, 2021), which sets forth a detailed description of the purposes of the climate resilience funds. The proposed project is consistent with this funding source because it will acquire, and plan the restoration of, coastal floodplain for purposes of restoring wetland habitat, which will reduce flooding, enhance habitat for several species of concern, and improve fish passage. In addition, the proposed project will ensure that the broader floodplain and coastal access project is constructed in a way that provides resilient habitat and infrastructure with respect to future climate change. The Department of Conservation MLRP grant application and program are managed as a partnership among the Greater Monterey County Integrated Regional Water Management Program (IRWMP), the Salinas Valley Groundwater Sustainability Agency, California Marine Sanctuary Foundation and CCWG. CMSF is the applicant and fiscal agent for the \$10,000,000 grant. A portion of those funds is being subcontracted to CCWG for program implementation (drafting easements, negotiating with landowners) with acquisition funds remaining at CMSF. \$267,000 in funds from CMSF/MLRP serve as match for the USFWS grant and will support pre-acquisition activities.

**CONSISTENCY WITH CONSERVANCY’S ENABLING LEGISLATION:**

The proposed project will be undertaken pursuant to Chapter 5.5 of the Conservancy's enabling legislation, Division 21 of the Public Resources Code (Section 31220), regarding integrated coastal and marine resources protection. Section 31220(a) authorizes the Conservancy to undertake a project or award a grant for coastal watershed projects that meet one or more of the criteria of Section 31220(b). The proposed project will help achieve the objectives of the following Section 31220(b) subsections: (b)(2) protect and restore fish and wildlife habitat within a coastal watershed; (b)(6) restore sensitive watershed lands; and (b)(8) provide for coastal access compatible with resource protection and restoration objectives. The proposed project will help achieve these objectives by acquiring a conservation easement and planning for future restoration of floodplain habitat that will benefit steelhead and other aquatic species and for future construction of a pedestrian and bicycle path to the local beach.

Consistent with Section 31220(a), staff has consulted with the State Water Resources Control Board and the Central Coast Regional Water Quality Control Board in the development of the project to ensure consistency with Chapter 3 (commencing with Section 30915) of Division 20.4 of the Public Resources Code concerning protection and restoration of water quality of coastal waters.



As Section 31220(c) directs, the proposed project is consistent with the Water Quality Control Plan (Basin Plan) prepared by the regional water quality control board as discussed in detail below under "Consistency with Local Watershed Management Plan/State Water Quality Control Plan." The project will include coordination with regional board staff during the design process in preparation for a permit or water quality certification from the Regional Water Board.

**CONSISTENCY WITH CONSERVANCY'S [2023-2027 STRATEGIC PLAN](#) GOAL(S) & OBJECTIVE(S):**

Consistent with **Goal 3.1** the proposed project will conserve 24 acres of coastal lands for future wetland restoration and a public access path.

Consistent with **Goal 3.2**, the project will develop a conceptual design plan the floodplain restoration and public access path.

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

Projects undertaken pursuant to Section 31220 of the Public Resources Code must be consistent with the following, if available and relevant: Integrated Watershed Management Programs; local watershed management plans; and water quality control plans, adopted by the state and regional water boards. The proposed project is consistent with the 2018 Greater Monterey County IRWMP. The IRWMP identifies Tembladero Slough downstream of Castroville (the Castroville to the Coast project area) as a priority area for implementing restoration and water quality enhancement projects. The proposed project is also consistent with several IRWMP objectives including the Water Quality Objective to "Promote practices necessary to meet, or where practicable, exceed all applicable water quality regulatory standards..." and the Flood Protection Objective to "Implement flood management projects that provide multiple benefits..."

The proposed project is also consistent with the Water Quality Control Plan for the Central Coast Basin (2019), and specifically addresses the following beneficial use objectives for Tembladero Slough: habitat for migration of aquatic species, spawning and rearing habitat, and habitat for rare, threatened, or endangered species.

**CEQA COMPLIANCE:**

The proposed acquisition of a conservation easement over the Ocean Mist property is categorically exempt from the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations, Section 15325 as a transfer of ownership of interests in land in order to allow restoration of natural conditions, to prevent encroachment of development into floodplains, and to preserve open space or lands for park purposes, while enabling agriculture to continue (Section 15325, subsections (c), (d) and (f)).

The planning component of 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. The proposed project is also 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.

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