



Staff Recommendation
February 26, 2020

Consideration of Authorization To Disburse Funds for Proposition 1 Project

Marina Cazorla, Program Manager

RECOMMENDED ACTION: Staff recommends that the Ocean Protection Council (OPC) approve the disbursement of \$850,000 to the Pajaro Storm Drain Maintenance District of Santa Cruz County for the Coastal Ecosystem Resiliency Planning Project for Lower Watsonville Slough

LOCATION: Santa Cruz County

OPC STRATEGIC PLAN OBJECTIVE(S):

- Goal 1 Safeguard Coastal and Marine Ecosystems and Communities in the Face of Climate Change
- Goal 2 Advance Equity Across Ocean and Coastal Policies and Actions
- Goal 3 Enhance Coastal and Marine Biodiversity

EXHIBITS: 8A Project Location Map and Project Area Map
 8B Letters of Support

FINDINGS AND RESOLUTION

Staff recommends that OPC adopt the following findings: “Based on the accompanying staff report and attached exhibits, the Ocean Protection Council hereby finds that:

- 1) The proposed project is consistent with the purposes of Division 26.5 of the Public Resources Code, the Ocean Protection Act.
- 2) The proposed project is consistent with the Ocean Protection Council's Proposition 1 Grant Guidelines, adopted November 2017.
- 3) The Ocean Protection Council has determined that this project does not trigger CEQA.”

Staff further recommends that OPC adopt the following resolution pursuant to Sections 35500 *et seq.* of the Public Resources Code:

“The California Ocean Protection Council hereby approves the disbursement of up to \$850,000 to the Pajaro Storm Drain Maintenance District of Santa Cruz County for the Coastal Ecosystem Resiliency Planning Project for Lower Watsonville Slough.

This authorization is subject to the condition that prior to disbursement of funds, the above-referenced grantee shall submit for the review and approval of the Executive Director of the OPC a detailed work plan, schedule, staff requirements, budget, and the names of any contractors intended to be used to complete the projects, as well as discrete deliverables that can be produced in intervals to ensure the project is on target for successful completion. The project will be developed under a shared understanding of process, management and delivery.”

PROJECT SUMMARY

Project Description and Benefits

This planning project is a Feasibility Analysis and Initial Project Design (35%) for coastal ecosystem resiliency in the Pajaro River Lagoon and Lower Watsonville Slough. The purpose of the project is to design a mostly nature-based infrastructure project that re-establishes and enhances wetland and tidal marsh habitat while providing flood risk reduction, climate change adaptation, and recreational opportunities to economically-disadvantaged local community residents. Planning will identify the plan that reasonably maximizes ecosystem restoration benefits, is technically feasible, and preserves environmental values at Watsonville Slough. Project benefits include habitat restoration and creation, flood risk reduction, water quality improvement, groundwater sustainability, and recreational access for disadvantaged communities.

When constructed, the project will provide significant benefits to flood risk reduction. In most years, due to a decrease in flows from the Pajaro River and natural coastal processes, a sandbar forms at its mouth, where the Pajaro River discharges to the Pacific Ocean. The sandbar closes the mouth of the river, preventing outflow to the ocean, and forms a lagoon. When the sandbar is in place, water levels can rise in the lagoon and its associated sloughs and marshes. High water levels in the lagoon can cause localized flooding in the agricultural and residential areas that surround the lagoon and adjacent sloughs. To prevent this localized flooding, in the 1950s Santa Cruz County initiated a mechanical breaching program in which earth-moving equipment is used to artificially drain the Pajaro River lagoon through trenching a tie-channel between the open ocean and the lagoon. Flooding also threatens farmlands, County roads, emergency access to the Pajaro Dunes community, sewage collection and delivery for Pajaro Dunes, electrical infrastructure and property, as well as the City of Watsonville wastewater treatment facility. Mechanical breaching is done under the current operational paradigm to reduce the frequency and severity of flooding in the project area.

The project will provide flood risk reduction through increasing hydraulic accommodation space in the lower slough/lagoon system, thereby reducing inundation depths of tidal and riverine pulses. Infrastructure improvements accompanying the nature-based strategies of the project may include:

- raising roadbed elevations for several hundred feet of County roads;
- improving culverts beneath slough overcrossings;
- improving agricultural drainage ditches that intersect with the slough;
- improving the Shell Road pump station; and
- installing high water signage and emergency real-time slough gauges.

All of these strategies will reduce roadway flooding problems that hamper emergency ingress and egress, and that make travel dangerous for visitors to the slough, local beaches, and Palm Beach State Park and Zmudowski State Beach.

Project features will be designed to provide sustainable coastal wetland and marsh habitat creation and flood resilience while simultaneously adapting to expected sea-level rise. The intent is to design project elements and features that will provide benefits for 30-50 years. Coastal change research on tidal marsh sustainability suggests that under modest sea-level rise conditions, tidal range, and sediment delivery can allow for mineral and organic matter accretion that limit inundation and flooding for approximately 50 years of sea-level rise acceleration.¹

The project, following implementation, would also reduce the amount of nutrients, toxics, and contaminants of emerging concern from entering the Monterey Bay National Marine Sanctuary and the Soquel Canyon marine protected area (MPA) by reducing or eliminating the need to mechanically breach the Pajaro River lagoon. Tidal marsh habitat restoration will also improve natural water quality treatment from the Watsonville Slough and Pajaro River, which are 303(d) listed impaired waterbodies.

Site Description and Project Location

The project area is in the City of Watsonville of unincorporated areas of Santa Cruz County, in the far southern end of the County. The area is adjacent to Monterey Bay (See Exhibit 8A). Watsonville Slough is an 800-acre wetland complex that supports over 250 resident and migratory bird species and 23 different native plants and animals that are State and federally listed as threatened, endangered, or species of special concern. The project will enhance tidal marsh and wetland habitat, benefiting the federally endangered tidewater goby, steelhead, California red-legged frog, and other slough-system fish and sensitive species. Nesting habitat of the federally threatened snowy plover will be protected through reduction of mechanical breaching of the Pajaro River lagoon.

The lower Pajaro Valley is a valuable agricultural area accounting for an important part of the local and regional economy. Specialty crops (strawberries and artichoke) and truck crops (lettuce, celery, broccoli, brussels sprouts) are commonly grown on the valley floor and adjacent foothills. Agricultural uses occur along the sloughs and marshes of the Pajaro River and Watsonville Slough.

¹ Kirwan and Megonigal, 2016.

The project is located within and will directly benefit the Disadvantaged and Severely Disadvantaged Communities of Watsonville and Pajaro. The project will include a trail system, low impact development (LID) parking, and educational signage that will provide recreational access for residents of Watsonville and Pajaro. The project is just two miles from downtown Watsonville and less than half a mile from Highway 1, making it easily accessible by school bus, car, bicycle or walking from the population center or surrounding areas. Visitors by car will access the Project site from Beach Road and can park at the proposed low-impact development parking, which will be the only free coastal parking area in the near vicinity. Walking visitors can access the project area from the trail system that will connect to the existing/proposed Watsonville trail system as identified in the City of Watsonville's Urban Greening Plan. The goal of the interpretive signage will be to educate the community about the value of the coastal water and wildlife habitat and the threat to these resources caused by climate change and seawater rise; instill a sense of coastal stewardship in the community; change behaviors through positive messages and solutions; and demonstrate how the County responsibly manages its resources and helps protect the Monterey Bay coastline and coastal resources.

Grantee

The Pajaro Storm Drain Maintenance District of Santa Cruz County is a public agency and a special district. The District is supported by annual drainage fees coming from local disadvantaged communities, and there is insufficient funding at the District to support the proposed project with or without other funding sources. Without external funding, the Pajaro Storm Drain Maintenance District could only afford to continue to drain the lagoon annually through mechanical means.

Partners

There is a strong collaboration between local, state, and federal agencies, nonprofit organizations, and special districts to advance complex environmental projects within the Watsonville Slough System and the greater Pajaro Valley watershed. Project partners that will serve in a technical advisory capacity include the City of Watsonville, Resource Conservation District of Santa Cruz County, Pajaro Valley Water Management Agency, Watsonville Wetlands Watch, Land Trust of Santa Cruz County, U.S. Fish and Wildlife Service, and the California Department of Fish and Wildlife. Project planning and design will incorporate lessons learned by these partners in the past, and will also take advantage of other technical support from researchers and experts within the region, including the Elkhorn Slough National Estuarine Research Reserve, Monterey Bay Aquarium Research Institution, and Moss Landing Marine Laboratories.

There is strong interest in public coastal access for the Watsonville community and the greater region. Both Watsonville's Urban Greening Plan and the Monterey Bay Sanctuary Scenic Trails include bicycle and pedestrian trails located within the project area, including the Pajaro River levee, West Beach Street, and Shell Road. The project will leverage these

past planning efforts by identifying ways to advance the implementation of existing coastal access plans and/or enhance public access to complement them.

Project Timeline

Beginning mid-2020, plan formulation and alternatives analysis will lead to development of an integrated project report and environmental assessment by early 2022. CEQA analysis and reporting will occur concurrently with these tasks. Civil design of 35% plans and specs is expected to begin in early 2021 and to be completed in early 2022, and includes a Vegetation and Re-vegetation Plan. A Monitoring and Adaptive Management Plan will also be developed alongside 35% designs. Completion of feasibility work and initial project design is expected by early to mid-2022.

Project support from the United States Army Corps of Engineers (USACE) begins with completion of a Federal Interest Determination (FID) and Federal Cost Share Agreement (FCSA). The USACE is completing the FID now and will develop the FCSA over the next several months. Additionally, USACE and the Pajaro Storm Drain Maintenance District will jointly develop a Project Management Plan following adoption of the FCSA.

Project Financing

Staff recommends that OPC authorize an encumbrance of up to \$850,000 to the Pajaro Storm Drain Maintenance District of Santa Cruz County for the Coastal Ecosystem Resiliency Planning Project for Lower Watsonville Slough. The proposed project may not require expenditure of the full \$850,000. If planning project is approved, OPC staff will work with grantee to identify future potential sources of funding for implementation.

The project will also be supported by USACE’s Continuing Authority Program (CAP) under authority of Section 1135 of the Water Resources Development Act WRDA of 1986 (Public Law 99-662). Section 1135’s goal is to improve the environment through modification of existing USACE infrastructure, providing modifications that are feasible and consistent with the original project purpose (i.e. the Pajaro Flood Control Project). Improvements in ecosystem structure and function in areas adversely affected by such projects are included in these studies. Section 1135 CAP Projects require a partnering non-federal sponsor to contribute 50% of the total feasibility study costs in the form of cash or in-kind contributions under a feasibility cost sharing agreement (FCSA). The federal cost share of 50% will be confirmed through a FID, which is expected to be completed in early 2020, and will be included as a condition of the FCSA to be signed by USACE and the Pajaro Storm Drain Maintenance District in the first half of calendar year 2020.

Ocean Protection Council Prop 1	\$850,000
U.S. Army Corps of Engineers	\$850,000
TOTAL	\$1,700,000

CONSISTENCY WITH GRANT GUIDELINES FOR PROPOSITION 1

The funding for this project is the Ocean Protection Council's appropriation pursuant to the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1, Water Code §79700 et. seq.). Funds appropriated to the Ocean Protection Council derive from Chapter 6 (commencing with §79730) and may be used "for multibenefit water quality, water supply, and watershed protection and restoration efforts for the watersheds of the state" (Water Code §79731). Section 79732 identifies specific purposes for Chapter 6, which include protecting and restoring coastal watersheds, including, but not limited to, bays, estuaries, and nearshore ecosystems. The proposed project is an appropriate use of Proposition 1 funds because it will provide multi-benefits and will improve resiliency and adaptation to climate change, provide healthier marine or estuarine ecosystems, and restore watershed and coastal habitat.

CONSISTENCY WITH THE CALIFORNIA OCEAN PROTECTION ACT (COPA)

The proposed projects are all consistent with the Ocean Protection Act, Division 26.5 of the Public Resources Code, because they are consistent with trust-fund allowable projects, defined in Public Resources Code Section 35650(b)(2) as projects that achieve the objectives listed in the statute.

CONSISTENCY WITH THE OPC'S STRATEGIC PLAN

This project addresses three of the goals in OPC's new Strategic Plan. It addresses Goal 1 (Safeguard Coastal and Marine Ecosystems and Communities in the Face of Climate Change) because planning will incorporate sea-level rise guidelines and project design will provide mechanisms to keep up with sea-level rise. It addresses Goal 2 (Advance Equity Across Ocean and Coastal Policies and Actions) because it will improve coastal access for the underserved communities of Watsonville. It will promote Goal 3 (Enhance Coastal and Marine Biodiversity) because project plans will lead to a habitat restoration project that improves coastal wetland habitats and associated water quality and improve nearshore water quality for nearby marine protected areas.

COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

This planning-only project does not trigger CEQA, but will include preparation of CEQA and other environmental review documents.

Following completion of planning, the subsequent construction project would require California Environmental Quality Act (CEQA) environmental review and would likely require a Mitigated Negative Declaration (MND). The CEQA Lead Agency would be the Santa Cruz County Pajaro Storm Drain Maintenance District. Given the participation and funding from the United States Army Corps of Engineers, a parallel National Environmental Policy Act environmental review would also be required in the form of an Environmental Assessment and Finding of No Significant Impact (EA/FONSI). The MND and EA/FONSI are tentatively scheduled to be completed by January 2022.