

**CONSIDERATION OF A RESOLUTION APPROVING ECOSYSTEM RESTORATION
PROGRAM GRANTS AND AUTHORIZING THE DIRECTOR, OR DESIGNEE TO
PROCESS THE APPROVED GRANTS**

Agenda Item: 9

Meeting Date: 08-14-03

Summary: This resolution would approve nine grants for ecosystem restoration projects, totaling \$14,344,325.

Recommended Action: Adopt Resolution 03-08-05.

Staff Recommendation: Staff recommends that the Authority adopt the attached resolution approving grants for nine projects that further the Ecosystem Restoration Program. The nine projects these grants will support are described in the attachment to this staff report.

Background

The Ecosystem Restoration Program (ERP) implements its annual work plan in large part by assisting implementing agencies in awarding grants to projects that meet ERP priorities. Proposals to address these priorities are solicited through periodic Proposal Solicitation Packages (PSP), which outline program priorities, criteria used to evaluate proposals, and grant application procedures. CALFED Bay-Delta Program staff has historically coordinated this effort on behalf of the Resources Agency and other funding agencies. Each project submitted in response to a PSP is extensively reviewed by independent experts, Authority and implementing agency staff, and panels of regional stakeholders and technical experts. Their advice is forwarded to a Selection Panel of implementing agency leaders, stakeholders, and scientists that develops an initial recommendation for projects for funding. This initial recommendation and all supporting reviews are posted on the Authority website for public comment. Following a broadly announced public comment period, the Selection Panel reconvenes to consider the comments and develop a final recommendation. This final recommendation, any additional reviews conducted in response to public comments, and the public comments, are then all made available to the public and the recommendation is advanced to the funding agency.

In June, 2002, the Selection Panel recommended that 55 of 260 proposals submitted in response to the ERP's 2002 Proposal Solicitation Package be funded. These projects were awarded funds in 2002. The Selection Panel also recommended that another 40 proposals be considered as potential directed actions in the ERP's Year 3 annual work plan. These 40 proposals were for high priority projects that addressed important ERP priorities, but which had shortcomings that prevented the panel from recommending funds for them at that time. These applicants were provided an opportunity to revise and resubmit their proposals for consideration for funding this year.

- These proposals are being resubmitted and reviewed in increments over the year. Each is reviewed by many of the same independent, agency, and regional experts that reviewed the original proposal to assess whether the proposals shortcomings have been overcome. Local governments, regional agencies, and other interested parties are notified of the proposals, which are posted on the Authority's website, and invited to comment on them. The Selection Panel uses these reviews and comments to evaluate the revised proposals and recommend those that are now suitable for funding. Thirteen projects, for which reviews were completed late last fall or early this year, were awarded funds in 2002 or 2003.

This report presents recommendations for nine more projects that the Selection Panel reviewed this spring. The attachment to this staff report describes each project, how it helps achieve the ERP's goals, the reasons for the Selection Panel's funding recommendation, and important issues raised by agency and public comments on the proposal. The full proposals, their reviews, and public and agency comments on them are on-line at:

<http://calwater.ca.gov/Programs/EcosystemRestoration/Ecosystem2002DirectedActions.html>

The Bay-Delta Authority Act specifies that the Authority may disburse funds through grants. (Water Code, § 79420(a)(6).) These grant proposals are being recommended for funding based on the following selection criteria:

- The grant proposal is for an eligible project within the meaning of Proposition 204 (Water Code, § 78684) because it is a project or program, or an element of a project or program, intended to improve and increase aquatic and terrestrial habitats and improve ecological functions in the bay-delta ecosystem.
- The grant proposal meets the goals and objectives of the Bay-Delta Program.
- The grant proposal meets the detailed specifications contained in the 2002 Proposal Solicitation Package and adequately addresses comments made by the Selection Panel.

Recommendations about grants for the remaining proposals will be presented to the Authority later this year.

Fiscal Information

These grants are being presented to the California Bay-Delta Authority for approval of funding. Between 1997 and 2002, the CALFED Bay-Delta Program staff assisted the Resources Agency in its expenditure of Proposition 204 restoration funds for CALFED-related ecosystem projects. With the transition of Program responsibilities out of the Department of Water Resources and into the new California Bay-Delta Authority, the Authority received \$5,074,000 from Proposition 204's Bay-Delta Ecosystem Restoration Account (Water Code, § 78684.6) in its fiscal year 2002/2003 budget. The Authority is expected to receive the remaining funds in the Proposition 204 account in its fiscal year 2003/2004 budget, or approximately \$ 48,531,000. Accordingly, the Authority has approval responsibility for the Proposition 204 Bay-Delta

Agenda Item: 9

Meeting Date: 8-14-03

Page 3

Ecosystem Restoration Account funds within its budget and is being asked to make the final funding decisions for these grants.

Funding Source: Proposition 204

Term of Grant: Grants may extend up to 3 years

Total Amount: \$14,344,325

List of Attachments

Description of nine ecosystem restoration grants

Contact

Name: Dan Castleberry

Phone: (916) 445-0769

CALIFORNIA BAY-DELTA AUTHORITY
RESOLUTION NO. 03-08-05

CONSIDERATION OF A RESOLUTION APPROVING ECOSYSTEM RESTORATION PROGRAM GRANTS AND AUTHORIZING THE DIRECTOR, OR DESIGNEE TO PROCESS THE APPROVED GRANTS

WHEREAS, the Ecosystem Restoration Program presents a comprehensive vision for improving and increasing aquatic and terrestrial habitats and improving ecological functions in the bay-delta ecosystem; and

WHEREAS, those state and federal agencies with Bay-Delta Program restoration funds have coordinated their efforts to solicit for, and select, the best projects to implement the Ecosystem Restoration Program, previously with the assistance of the staff from the CALFED Bay-Delta Program, and now with assistance of the staff from the California Bay-Delta Authority; and

WHEREAS, with the transition of Bay-Delta Program responsibilities into the new Authority, the Authority has received an appropriation of Proposition 204 Bay-Delta Ecosystem Restoration Account funds in its fiscal year 2002/2003 budget, and is expected to receive a further appropriation in its fiscal year 2003/2004 budget; and

WHEREAS, the Authority may distribute funds through grants; and

WHEREAS, the nine proposals listed below constitute eligible projects for purposes of receiving Bay-Delta Ecosystem Restoration Account funds; and

WHEREAS, the nine proposals listed below meet the objectives of the Bay-Delta Program; and

WHEREAS, the nine proposals listed below meet the detailed specifications in the 2002 Proposal Solicitation Package, and have adequately addressed the comments of the 2002 Ecosystem Restoration Program Selection Panel; and

WHEREAS, approval of these nine grant proposals shall be conditioned upon each grantee complying with all applicable laws and regulations;

NOW, THEREFORE, BE IT RESOLVED that the Authority hereby approves grants to the projects listed below, and authorizes the Director or his designee to process the approved grants:

- \$357,146 to the California State Coastal Conservancy for its project *Big Break and Marsh Creek Water Quality and Habitat Restoration Program*.
- \$1,519,200 to the Deer Creek Watershed Conservancy for its project *Lower Deer Creek Restoration and Flood Management: Feasibility Study and Conceptual Design*.

- \$1,563,506 to the Solano Land Trust for its project *Restoring Ecosystem Integrity in the Northwest Delta: PHASE II*.
- \$2,488,003 to Stillwater Sciences for its project *Physical modeling experiments to guide river restoration projects*.
- \$478,395 to the University of California Sea Grant Extension Program for its *West Coast Ballast Outreach Project*.
- \$998,222 to the University of California, Davis for its project *Biological Assessment of Green Sturgeon in the Sacramento-San Joaquin Watershed*.
- \$178,701 to the University of California, Davis for its project *Invasion dynamics of perennial pepperweed, *Lepidium latifolium*, and their consequences for protection of natural and restored wetlands in the San Francisco Estuary*.
- \$6,427,131 to the US Fish and Wildlife Service for its project *Recovery Implementation for Riparian Brush Rabbit and Riparian Woodrat on the Lower Stanislaus River*.
- Up to \$334,021 to the Yolo Basin Foundation for its project *Pacific Flyway Center Initial Planning*.

BE IT FURTHER RESOLVED that this approval is contingent upon the Authority receiving an adequate appropriation of funds in its fiscal year 2003-2004 budget.

CERTIFICATION

The undersigned Assistant to the California Bay-Delta Authority does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the California Bay-Delta Authority held on August 14, 2003.

Dated:

Heidi Rooks
Assistant to the California Bay-Delta Authority

Attachment 1

Ecosystem Restoration Project Descriptions

Agenda Item 9

1. Big Break and Marsh Creek Water Quality and Habitat Restoration Program

Grant Amount: \$357,146

Recipient: California Coastal Conservancy

Background: The proposal seeks \$2.9 million for a project to improve habitat and water quality on Marsh Creek, which flows from Mt Diablo into the Delta's Dutch Slough in eastern Contra Costa County. The Selection Panel recommends \$357,146 for further planning (\$100,000) and public outreach (\$257,146), but not for project implementation. As a condition of funding, the Selection Panel recommends planning should be coordinated with planning for restoration of tidal marsh on adjoining lands along Dutch Slough, which the Resources Agency has already funded.

Restoring Marsh Creek can contribute to the ERP goals of recovering steelhead, rehabilitating natural ecosystem processes, and restoring riparian habitats. If Marsh Creek's restoration can be coordinated with rehabilitation of the adjacent wetlands along Dutch Slough, it may create an especially valuable habitat. Independent experts, however, questioned the proposal's approach for restoring creekside wetlands. In addition, the Selection Panel concluded its approach to evaluating and mitigating the project's potential impacts on methyl mercury levels, a dangerous contaminant was not adequate. More careful planning is needed, the panel concluded, before restoration funds can be recommended.

Comments from the Delta Protection Commission emphasized the importance of coordinating the project with the restoration and interpretation of adjacent conservation lands.

2. Lower Deer Creek Restoration and Flood Management: Feasibility Study and

Conceptual Design

Grant Amount: \$1,519,200

Recipient: Deer Creek Watershed Conservancy

Background: The proposal seeks \$1,519,200 to evaluate the feasibility of setting back levees on Deer Creek, which have failed repeatedly in recent floods. The evaluation would assess whether setting back the creek's levees can improve habitat, especially for fish, while also improving levee reliability. The Selection Panel recommends full funding of the project.

If Deer Creek's levees can be set back and its natural ecosystem processes rehabilitated, it could significantly increase rearing habitat for steelhead and spring-run Chinook salmon. Fall-run Chinook salmon spawning habitat could be improved also. Restoration of this section of creek would complement other ERP investments in protecting the creek's watershed. The Deer Creek Watershed Conservancy, a community-based organization that involves landowners and conservation interests, is an appropriate agency to lead this planning. If the evaluation shows that setting back the levees is feasible, more detailed planning,

including coordination with the US Army Corps of Engineers Sacramento-San Joaquin River Comprehensive Study, would be needed before construction funds would be sought.

Independent experts gave the proposal generally high marks. The only comments on the application came from the Department of Conservation, which pointed out that prime farmlands may be affected if the levees are set back. The Department asked that these impacts be assessed in the environmental impact document that will be prepared during the study.

3. **Restoring Ecosystem Integrity in the Northwest Delta: PHASE II**

Grant Amount: \$1,563,506

Recipient: Solano Land Trust

Background: The proposal seeks \$1,563,506 to acquire conservation easements along Barker and Lindsey Sloughs, north Delta tidal channels located west of the Yolo Bypass. These sloughs harbor Delta smelt, juvenile Chinook salmon and steelhead, and other native animals and plants, which benefit from the tule marsh, riparian habitats, and grazing lands that border the sloughs. The sloughs also anchor the eastern end of a habitat corridor that stretches west through Jepson Prairie towards Suisun Marsh. The project will secure conservation easements from willing sellers to protect these habitats and farmlands from development and to improve their management.

The project will also assess the feasibility of restoring tidal marsh and improving habitat at the Department of Fish and Game's Calhoun Cut Ecological Reserve, which is adjacent to Barker Slough. The study will examine whether tidal influence, which was disrupted when Calhoun Cut was dredged 80 years ago, can be restored or if Calhoun Cut can be connected to its floodplain by removing or setting back levees at the reserve. If feasible, this restoration could further enhance habitats for tidal marsh species and rehabilitate natural ecological processes along the slough.

Revisions incorporated in the proposal address concerns raised by the Delta Protection Commission, a local reclamation district, and landowners, who worried that tidal marsh restoration proposed in an earlier version of the proposal would remove farmland from production and threaten other farms' drainage and flood protection systems. The project now proposed will retain grazing lands in agricultural use, as recommended by the Departments of Conservation and Food and Agriculture, and will not alter drainage or levee systems. The Calhoun Cut Ecological Reserve restoration feasibility study will consider the Solano County Water Agency's concern that improving habitats for smelt and other protected species could affect operations of the North Delta Aqueduct, which diverts water from Barker Slough.

The Selection Panel recommends full funding of the project, with conditions that the land trust coordinate with Solano County and the Department of Conservation if it acquires conservation easements on lands enrolled in the Williamson Act program, and that it coordinate its planning for potential restoration of the Calhoun Cut Ecological with the Solano County Water Agency.

4. **Physical Modeling Experiments to Guide River Restoration Projects**

Grant Amount: \$2,488,003

Recipient: Stillwater Sciences

Background: The proposal seeks \$2,488,003 to support construction of a flume at the University of California's Richmond Field Station. The flume will be used in experiments about the potential effects of river restoration projects, especially spawning gravel augmentation projects, dam removals, and channel reconstruction projects. Information gained from these experiments can be used to test river restoration designs and evaluate their potential effects, helping improve ERP-supported restoration activities on Central Valley rivers and creeks. Stillwater Sciences is a firm of scientists that specializes in developing new scientific approaches and technologies for problem-solving in aquatic and terrestrial systems. It has consulted on the development of several large restoration projects on Central Valley rivers. Dr. William Dietrich, chair of the University of California, Berkeley's Earth and Planetary Science Department, will also collaborate in the project.

The Selection Panel concluded that lessons learned from experiments with the flume would provide benefits to future river restoration projects that would be commensurate with the project's cost, including the expense of building an improved flume. Restoration projects on the Tuolumne, Merced, and Stanislaus Rivers, as well as Clear Creek, have highlighted several significant gaps in scientific understanding that are important in restoration project design. This project can begin to provide more of the information needed to improve future restoration projects, accelerating improvements in restoration success.

No public or agency comments were received on the project.

5. **West Coast Ballast Outreach Project**

Grant Amount: \$478,395

Recipient: University of California Sea Grant Extension Program

Background: The proposal seeks \$478,395 to continue for three more years a program to train merchant marine officers about how to improve management of their ships' ballast water to reduce the risk of introducing new invasive species to the Bay-Delta system. This training includes producing and distributing educational brochures, posters, and a newsletter and maintaining a website that inform merchant marine officers about risks posed by invasive species that infest ballast water, ballast water management practices that reduce the risk of introducing new species to the Bay-Delta system, and state and federal ballast water management regulations. In addition, California Maritime Academy will sponsor a seminar series on ballast management and technology for members of the local maritime community, researchers, affected regulatory agencies, and Academy cadets. The program will also evaluate its impact on participants' knowledge of ballast water issues and application of ballast management practices. The program will operate in partnership with others on the west coast supported by the National Sea Grant College Program.

Improving ballast water management is an important element in preventing the introduction of new invasive species to the Bay-Delta system. Continuing this program will provide merchant marine officers information that they need to help improve ballast water

management. It is coordinated with state and federal agencies to enhance their regulatory activities to prevent new introductions of aquatic nuisance species via ballast water.

The Clean Estuary Project, a partnership of the San Francisco Regional Water Quality Control Board and the regions wastewater and stormwater dischargers, wrote endorsing the project.

6. **Biological Assessment of Green Sturgeon in the Sacramento-San Joaquin Watershed.**

Grant Amount: \$998,222

Recipient: University of California, Davis

Background: The proposal seeks \$998,222 to continue research into the life history and habitat needs of green sturgeon. These scarce fish migrate from spawning areas in the Sacramento-San Joaquin Rivers to the ocean. Little is known of their life history or habitat needs, hindering their protection and management. The project will investigate movements and distribution of these fish in the Bay-Delta system and describe their habitats, especially spawning sites. The research is led by Professor Peter Klimley, a sturgeon expert.

The green sturgeon is among the species the Ecosystem Restoration Program has targeted for recovery. This project will add significantly to the body of knowledge needed to manage sturgeon populations. Earlier phases of this research are already contributing to better understanding of green sturgeon and their needs.

Department of Fish and Game fishery biologists have written to endorse the project.

7. **Invasion Dynamics of Perennial Pepperweed, *Lepidium Latifolium*, and Their Consequences for Protection of Wetlands in the San Francisco Estuary**

Grant Amount: \$178,701

Recipient: University of California, Davis

Background: The proposal seeks \$178,701 for three years of research to improve eradication and control programs for pepperweed. This invasive weed infests marshes and streamsides, where it crowds out native plants, including several scarce species that the Ecosystem Restoration Program is pledged to recover. The research will improve understanding of the plant's life history so that better strategies, such as increasing salinity, extending flooding, or applying herbicides, can be developed to exclude or control the species. The research will be conducted by Dr. Theodore Foin of UC Davis' Department of Agronomy and Range Science.

The project will assist in achieving the ERP's goal of reducing the negative impacts of invasive species that compete with and destroy native species. Experts reviewing the proposal found it generally well designed, but suggested improvements in its design that will be incorporated in the project before the grant is disbursed.

No public or agency comments were received on the project.

8. **Recovery Implementation for Riparian Brush Rabbit and Riparian Woodrat on the Lower Stanislaus River**

Grant Amount: \$6,427,131

Recipient: US Fish and Wildlife Service

Background: The proposal seeks \$6,427,131 to restore riparian habitats along the lower Stanislaus and the San Joaquin Rivers, adjacent to Caswell State Park and the San Joaquin River National Wildlife Refuge. The project will acquire up to 185 acres, using a combination of fee purchases and easements, and rehabilitate it, and 288 acres purchased with a prior CALFED grant. About 100 acres will be replanted as riparian habitats with low mounds to provide refuges for brush rabbits during floods. The remaining land will be kept in agricultural production, probably for pasture, alfalfa, or grazing, to provide an agricultural buffer for the riparian habitat areas. As the revegetation is completed, captive-bred brush rabbits will be reintroduced to the refuge lands, and the rabbits' populations monitored at the refuge and park.

The project helps implement the recovery plan for the endangered riparian brush rabbit. The project's design and its evaluation program are designed by brush rabbit experts at the Fish and Wildlife Service and CSU Stanislaus.

All lands affected by the project will be purchased from willing sellers at prices based on agency-approved appraisals. Their purchase is essential because of the high threat of this species' extinction and the need for release sites for captive-reared animals. Most of the property is inside the area's levees and already repetitively flooded. Only 50 acres will be taken out of farm use. Impacts of this conversion on agriculture will be assessed and appropriate mitigation identified in environmental documents that will be prepared before the restoration occurs. Most of the land to be secured will continue to be farmed. Funding for Safe-Harbor Agreements has been secured through a new federal Section 6 grant proposal. The affected counties have been notified of the project, which is consistent with their general plans and the sites' zoning. They also participated in the planning for the refuge. If the lands come into the refuge system, the counties will be reimbursed annually, to offset lost revenue as a result of fee title acquisition, under the Refuge Revenue Sharing Act.

The Department of Parks and Recreation endorses the project. The project includes tasks and an adequate budget to address the Departments of Conservation's and Food and Agriculture's recommendation that impacts to farmlands be assessed and mitigation identified in the project's environmental documents. The proposal already anticipates using many of the approaches to minimizing impacts to farming that the departments recommend.

9. **Pacific Flyway Center Initial Planning**

Grant Amount: Up to \$334,021

Recipient: Yolo Basin Foundation

Background: The Selection Panel recommended the project with the condition that the applicant coordinate with the Wildlife Conservation Board regarding the overall plans for this 69-acre parcel acquired by the Wildlife Conservation Board in 2001. The applicant will be investigating the potential for development of an educational and interpretive center on

Agenda Item: 9

Meeting Date: 8-14-03

Page 11

this site in close proximity to the Vic Fazio Yolo Wildlife Area and the City of Davis' wetlands. Initial planning will include developing relationships and plans for use of the Pacific Flyway Center by the general public and school groups. This project addresses ERP goal of educating the public about Bay-Delta ecosystem restoration actions.

Comments were received from the California Departments of Food and Agriculture and Conservation outlined approaches they recommend to address the Pacific Flyway Center's potential impacts on agricultural lands. These issues need to be addressed by the Wildlife Conservation Board, which is considering funding for detailed site planning, including impact assessment.