

COASTAL CONSERVANCY

Staff Recommendation
May 27, 2010

WATSONVILLE SLOUGH ACQUISITIONS AUGMENTATION

File No. 08-101-02
Project Manager: Laura Engeman

RECOMMENDED ACTION: Authorization to augment the Conservancy's November 6, 2008 authorization to the Land Trust of Santa Cruz County to include an additional acquisition parcel and restoration planning in Watsonville Slough.

LOCATION: Coastal Zone, west of Highway One, southern Santa Cruz County near the city of Watsonville (Exhibit 1)

PROGRAM CATEGORY: Resource Enhancement and Integrated Coastal and Marine Resources Protection

EXHIBITS

Exhibit 1: [November 6, 2008 Conservancy authorization](#)

Exhibit 2: [Project Maps and Photos](#)

Exhibit 3: [Project Letters](#)

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31118, 31220 and 31251-31270 of the Public Resources Code:

“The State Coastal Conservancy hereby augments its November 6, 2008 authorization to the Land Trust of Santa Cruz County to include the acquisition of approximately 3.9 acres ”the Wait Trust property”, (Santa Cruz County Assessor’s Parcel Nos. 05-221-04 and 05) and restoration planning in middle Watsonville Slough. This authorization remains subject to the conditions of the Conservancy’s November 6, 2008 authorization and the U.S. Fish and Wildlife National Coastal Wetland Conservation grant.”

Staff further recommends that the Conservancy adopt the following findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed authorization remains consistent with the findings made in the Conservancy's November 6, 2008 authorization.
 2. The proposed authorization is consistent with the Conservancy's revised Project Selection Criteria and Guidelines."
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PROJECT SUMMARY:

At its November 6, 2008 meeting, the Conservancy granted to the Land Trust of Santa Cruz County (Land Trust) funds not to exceed \$7,180,000 (seven million one hundred eighty thousand dollars) for the acquisition of four contiguous parcels in the Watsonville Slough system for the purpose of protecting and enhancing freshwater coastal wetlands, improving floodplain function in Watsonville Slough, preserving agricultural lands and providing compatible public access (See Exhibit 1). This grant included authorization to acquire property commonly known as the "Bryant-Habert" parcel and authorization to disburse an expected U.S. Fish and Wildlife National Coastal Wetland Conservation (NCWC) grant of \$680,000 (six hundred eighty thousand dollars). The NCWC grant is for permanent protection and enhancement of the sensitive coastal wetlands in Middle Watsonville Slough.

Since the November 2008 authorization, the Land Trust acquired three of the four parcels (commonly known as the "Cheung" and two "Tai" parcels). Additionally, in January 2010, the NCWC grant program awarded the Conservancy \$860,000 (\$180,000 more than the November 2008 NCWC grant estimate) for the acquisition of the fourth parcel, the Bryant-Habert property. However, during this time period from 2008 until now, the Bryant-Habert property significantly decreased in its fair market value due to a federal Natural Resources Conservation Service (NRCS) purchase of a floodplain easement on the Bryant-Habert property and an overall decrease in land values in the area. The Bryant-Habert property is currently appraised at approximately \$554,000.

With approximately \$306,000 remaining in the NCWC grant, staff recommends that the Conservancy expand the grant purposes to include the acquisition of the Wait Trust property and restoration of the middle Watsonville Slough by the Land Trust of Santa Cruz County.

The Wait Trust property acquisition would acquire approximately 3.9 acres of property directly adjacent to the Bryant-Habert property which would offer a significantly enhanced opportunity for restoring this region of Middle Watsonville Slough. Consequently, after the Wait Trust acquisition by the Land Trust, the remaining grant funds would be used for restoration planning and design in Middle Watsonville Slough. This restoration planning was the next phase for the Watsonville Slough project.

Site Description: The Wait Trust property is located in Middle Watsonville Slough in southern Santa Cruz County. The property is split by the Union Pacific Railroad tracks. The approximately 3.9 acres of the Wait Property proposed for acquisition in this grant lie north of the railroad tracks and have historically been managed and farmed in conjunction with the Bryant-Habert property (see Exhibit 2). In 2009, the family that has historically farmed both of

these properties did not renew its agricultural lease and the lands are now fallow. The Land Trust has been working with the Resources Conservation District and other technical experts to discuss initial restoration plans for the Bryant-Habert property that would enhance this area of Watsonville Slough's coastal wetlands and upland habitat. Acquisition of the approximately 3.9 acre Wait Trust property will provide significant opportunity for designing a project that is based on this area's hydrology and environment, and eliminate restoration constraints of the Wait Trust property boundary. See additional site description information on the Watsonville Sloughs in Exhibit 1.

Project History: See Exhibit 1.

PROJECT FINANCING:

Conservancy grant funds (approved Nov. 2008*)	\$ 6,500,000
Wildlife Conservation Board funds	\$ 5,500,000
The Nature Conservancy	\$ 1,500,000
<u>U.S. Fish and Wildlife Service National Coastal Wetland Conservation Grant to the Conservancy</u>	<u>\$ 860,000</u>
Total Project Cost	<u>\$14,360,000</u>

*For additional project financing information, see Exhibit 1.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

The proposed authorization remains consistent with the enabling legislation section of the Conservancy's November 6, 2008 authorization. (See Exhibit 1).

CONSISTENCY WITH CONSERVANCY'S 2007 STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):

The proposed project remains consistent with the Conservancy's November 6, 2008 authorization for its 2007 Strategic Plan goals. (See Exhibit 1).

CONSISTENCY WITH CONSERVANCY'S PROJECT SELECTION CRITERIA & GUIDELINES:

The proposed project remains consistent with the Project Selection Criteria and Guidelines section of the Conservancy's November 6, 2008 authorization. In addition, the proposed authorization is consistent with the revised guidelines in the following respects:

Required Criteria:

1. **Need:** The Wait Trust property is of significant interest to conservation groups and resource agencies working to enhance the wetland resources in Middle Watsonville Slough. The

opportunity to restore and significantly enhance the Middle Watsonville Slough wetlands and slough drainage in this area of the Watsonville Slough is greatly improved with the acquisition of the Wait Trust acreage.

2. **Sea level rise vulnerability:** Sea level rise may impact wetland habitats critical for many migratory and coastal seabirds that frequent California's central coast. The Watsonville Sloughs are located further inland, and are, therefore, considered critical for sustaining wetland habitats for these bird species in the future. Consistent with Executive Order S-13-08, the Watsonville Slough Acquisition project shall, to the extent feasible, reduce expected risks and increase resiliency to sea level rise.

Additional Criteria

3. **Urgency:** The Wait Trust landowners are willing sellers and the U.S. Fish and Wildlife National Coastal Wetland Conservation grant funds need to be spent by 2012. The Land Trust is ready to commence acquisition of the Wait Trust and close escrow by summer of 2010 to allow sufficient time for expending the remaining NCWC grant funds on restoration planning and design before the NCWC grant expiration.
4. **Realization of prior Conservancy goals:** The proposed acquisition will realize numerous goals and recommendations outlined in the Conservancy's November 6, 2008 authorization. (See Exhibit 1). Inclusion of the acquisition of the Wait Trust property contributes to the project's goals of a multi-parcel acquisition to permanently protect and restore the Watsonville Slough. Applying the remaining NCWC grant funds to restoration planning and design will provide opportunity for further advancing the goals of habitat protection and enhancement for this area.
5. **Minimization of Greenhouse Gas Emissions:** The Watsonville Slough Acquisition project will improve the coastal wetlands of Watsonville Slough. Coastal wetlands can provide carbon sequestration services and therefore, provide an additional value as a critical coastal habitat.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES: The proposed augmentation remains consistent with the Conservancy's November 6, 2008 authorization. (See Exhibit 1).

COMPLIANCE WITH CEQA: Acquisition of the Wait Trust Property acreage is statutorily exempt (14 California Code of Regulations Section 15313) and restoration planning and design is categorically exempt (14 Cal. Code of Regulations Section 15325) from review under the California Environmental Quality Act (CEQA). Section 15313 exempts the acquisition of land for fish and wildlife conservation purposes. Section 15325 exempts the acquisition of land to preserve existing natural conditions and open space. Upon approval, staff will file a Notice of Exemption for the project.