

COASTAL CONSERVANCY

Staff Recommendation  
May 27, 2010

**SOUTH SAN FRANCISCO BAY SALT PONDS RESTORATION:  
PHASE I IMPLEMENTATION**

File No. 02-070-02  
Project Manager: Brenda Buxton

**RECOMMENDED ACTION:** Modify the June 4, 2009 authorization to accept and disburse funds from the National Oceanic and Atmospheric Administration for implementation of projects under the South Bay Salt Ponds Restoration Project as follows: 1) redirect up to \$300,000 in previously awarded funds, and 2) accept and disburse up to \$300,000 in additional funds, for fish studies to be undertaken as part of the applied studies program of the South Bay Salt Ponds Restoration Project.

**LOCATION:** San Francisco Bay, South of the San Mateo Bridge, in Alameda, San Mateo, and Santa Clara Counties.

**PROGRAM CATEGORY:** San Francisco Bay Area Conservancy

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**EXHIBITS**

- Exhibit 1: [November 6, 2008 South Bay Salt Ponds Restoration: Phase I Implementation staff recommendation.](#)
- Exhibit 2: [June 4, 2009 South Bay Salt Ponds Restoration: Phase I Implementation staff recommendation.](#)
- Exhibit 3: [September 24, 2009 South Bay Salt Ponds Restoration: Phase I Implementation staff recommendation.](#)

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**RESOLUTION AND FINDINGS:**

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31160-31165 of the Public Resources Code:

“The Conservancy hereby modifies its June 4, 2009 authorization to accept and disburse funds from the National Oceanic and Atmospheric Administration for implementation of projects under the South Bay Salt Ponds Restoration Project by redirecting \$300,000 (three hundred thousand dollars) of American Recovery and Reinvestment Act of 2009 funds (“ARRA grant funds”) and by authorizing the acceptance and disbursement of up to \$300,000 (three hundred thousand dollars) in additional ARRA grant funds or other NOAA funds to be disbursed to the Resources Legacy Fund (RLF), both for fish-related applied studies under the South Bay Salt Ponds Restoration Project. Prior to the

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disbursement by the Conservancy of any funds, RLF shall submit for the review and approval of the Conservancy's Executive Officer a work program for the project, including schedule and budget, and the names of any contractors it intends to use to complete the project."

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 project is consistent with the current Project Selection Criteria and Guidelines, last updated by the Conservancy on June 4, 2009.
2. The proposed authorization is consistent with the purposes and objectives of Chapter 4.5 of Division 21 of the Public Resources Code, regarding the Conservancy's mandate to address the resource and recreational goals of San Francisco Bay Area.
3. Resources Legacy Fund is a nonprofit organization existing under Section 501(c)(3) of the U.S. Internal Revenue Code, whose purposes are consistent with Division 21 of the Public Resources Code."

**PROJECT SUMMARY:**

This authorization would enable the Conservancy to fund fish studies identified as a high-priority for the South Bay Salt Pond Restoration Project's applied studies program by accepting additional federal funds and re-directing previously awarded federal funds not needed for construction of one of the three Phase I South Bay Salt Ponds Restoration projects.

On November 6, 2008, the Conservancy authorized construction of two of the Phase I projects, the Pond SF2 and Bayfront Park overlook projects. The November 6, 2008 staff recommendation, attached as Exhibit 1, also describes the SBSP Restoration Project's planning effort, all Phase I projects, the role of the Adaptive Management Program, including the applied studies program, in project implementation and in CEQA compliance, and the project's EIS/R. On June 4, 2009, the Conservancy authorized acceptance and disbursement of \$5,898,862 in ARRA funding through NOAA's Coastal and Marine Restoration Grants Program for three of the Phase I projects: Ponds A6 (330 acres), A8 (550 acres), and E8A/9/8X (630 acres). The June 4, 2009 staff recommendation is attached as Exhibit 2. On September 24, 2009, the Conservancy authorized the Phase I construction funds awarded in November 2008 for Pond SF2 to be re-directed to Eden Landing Ponds E8A/9/8X in order to provide the required matching funds for the ARRA funding. The September 24, 2009 staff recommendation is attached as Exhibit 3.

Pond A8's actual construction costs have turned out to be lower than expected. This staff recommendation recommends authorization to re-direct up to \$300,000 in cost savings from the Pond A8 project and accept an additional \$300,000 in ARRA or other funding from NOAA. This \$600,000 in federal funding will be used to undertake fish studies which will assess the effects of wetland restoration actions on fish species and communities within the SBSP Restoration Project area. These studies will support the

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SBSP Restoration Project's Adaptive Management Program by documenting the fish communities populating newly restored ponds and adjacent salt marsh habitat. These studies will also assess the health of a representative fish species in the project area. This information will help SBSP program managers assess to what extent tidal habitats increase survival, growth, and reproduction of fish populations which is a key uncertainty identified in the Applied Study Questions table in the Adaptive Management Plan (Applied Study No. 10 in the Adaptive Management Plan, pp.75-80 of Appendix D of the EIS/R).

**Site Description:** A general description of the SBSP Restoration Project area is contained in the attached November 6, 2008 staff recommendation (Exhibit 1).

**Project History:** See attached November 6, 2008 staff recommendation (Exhibit 1) for a general project history.

**PROJECT FINANCING:**

**Existing Conservancy NOAA**

<b>Coastal Restoration Grant Funds</b>	<b>\$5,753,214</b>
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**Additional NOAA Coastal**

<b>Restoration Grant Funds</b>	<b><u>\$ 300,000</u></b>
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<b>Total NOAA Coastal Restoration Grant Funds</b>	<b>\$ 6,053,214</b>
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The anticipated source of the funds for fish studies will be the federal American Recovery and Reinvestment Act of 2009 funds that have been made available through NOAA's Coastal and Marine Restoration Grant Program. Through this grant program NOAA may provide funds for projects to restore coastal and bay habitats that have strong on-the-ground habitat restoration components with long-term ecological habitat improvements and provide social and economic benefits for people and their communities.

**CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION, 2007 STRATEGIC PLAN GOAL(S) & OBJECTIVE(S), AND PROJECT SELECTION CRITERIA & GUIDELINES, AND WITH THE SAN FRANCISCO BAY PLAN:**

The proposed authorization does not alter the project descriptions and other aspects of the project detailed in the November 6, 2008, June 4, 2009 and September 24, 2009 staff recommendations (Exhibits 1, 2, and 3 respectively). This authorization would redirect unneeded funds for one project and increase the amount of the ARRA award to fund studies supporting the project's Adaptive Management goals. For the same reasons specified in the attached staff recommendations, the proposed authorization remains consistent with the Conservancy's enabling legislation, 2007 Strategic Plan Goal(s) & Objective(s), and Project Selection Criteria & Guidelines and with the San Francisco Bay Conservation and Development Commission San Francisco Bay Plan.

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Additionally, the proposed authorization is consistent with the Conservancy's new Project Selection Criteria & Guidelines, adopted by the Board on June 4, 2009, in the following respects:

**Required Criteria**

**Sea-level Rise Vulnerability:** The project has been designed to accommodate a variety of levels of sea level rise. The consequences of accelerated sea level rise on habitat evolution were evaluated for the project. See EIS/R at page ES-5. A number of features can be built into the future project phases to accommodate accelerated sea level rise, such as constructing a gradually sloping marsh/upland transition zone surface that provides an elevation gradient over which tidal marsh could shift upslope as sea level rises. The adaptive management approach provides response flexibility.

**COMPLIANCE WITH CEQA:**

As noted above, the proposed authorization does not alter the physical descriptions of the South Bay Salt Pond Restoration Phase I projects described in the attached staff recommendations. This funding change will not change the manner in which the project will be undertaken; the environmental effects of the project or of all the Phase implementation projects; or any project changes or feasible mitigations measures or alternatives that might avoid or reduce those effects. These fish studies are consistent with Adaptive Management strategy to undertake applied studies that will enable the project to avoid what could be potentially significant impacts. The information gained from these fish studies will better quantify the benefits of restoration, help prevent and manage potential impacts, advance the science of wetland restoration, and help better design future phases.

Under the November 6, 2008 and June 4, 2009 staff recommendations, the project impacts, mitigation measures and environmental documentation, including the Environmental Impact Statement/Environmental Impact Report for Phase I of the South Bay Salt Pond Restoration Project, were fully presented and discussed. Based on its review of that information, the Conservancy adopted all findings required under CEQA for the funded South Bay Salt Pond Phase I projects. Since the proposed authorization does not alter the project in any way that would change the environmental effects or any required mitigation, no further findings are required under CEQA.

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Staff Recommendation  
November 6, 2008

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File No. 02-070-02  
Project Manager: Brenda Buxton

**RECOMMENDED ACTION:** Authorization to: (1) disburse up to \$4,250,000 for implementation of Phase I of the South Bay Salt Ponds Restoration Project; and (2) disburse up to an additional \$300,000 towards the South San Francisco Bay Shoreline Study.

**LOCATION:** San Francisco Bay, South of the San Mateo Bridge, in Alameda, San Mateo, and Santa Clara Counties (Exhibit 1).

**PROGRAM CATEGORY:** San Francisco Bay Area Conservancy

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**EXHIBITS**

- Exhibit 1: Project Location and Phase I Sites
- Exhibit 2: Restoration Plan (attached to Conservancy member's copy of staff recommendation and otherwise available for review at [www.southbayrestoration.org](http://www.southbayrestoration.org))
- Exhibit 3: EIS/R (provided to Conservancy members as a separate CD and otherwise available for review at [www.southbayrestoration.org](http://www.southbayrestoration.org)), and EIS/R Table of Impacts, Table of Cumulative Impacts, and Mitigation Monitoring and Reporting Program
- Exhibit 4: Ravenswood Pond Complex
- Exhibit 5: Project Letters

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**RESOLUTION AND FINDINGS:**

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31160-31165 of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes:

1. The disbursement of up to \$4,250,000 (four million two hundred fifty thousand dollars) for construction, adaptive management activities and applied scientific studies, engineering and environmental services, and project management and related

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activities associated with implementation of Phase I of the South San Francisco Bay Salt Pond (SBSP) Restoration as follows:

- a. Disbursement of up to two million dollars (\$2,050,000) to the U.S. Fish and Wildlife Service (FWS) for construction of the Pond SF2 and Bayfront Park projects, subject to the following conditions:
    - i. Prior to the disbursement of any Conservancy funds for any one of the projects, the FWS shall submit for the review and approval of the Conservancy's Executive Officer a work program for that project, including schedule and budget, and the names of any contractors it intends to use to complete the project.
    - ii. In carrying out the project, FWS shall comply with all applicable mitigation and monitoring measures that are identified in the South Bay Salt Pond Restoration Project Environmental Impact Statement and Environmental Impact Report (EIS/R) that was certified with findings by the California Department of Fish and Game on March 11, 2008.
  - b. Disbursement of up to \$1,500,000 (one million five hundred thousand dollars) to the Resources Legacy Fund (RLF) for adaptive management and applied studies, including, without limitation, applied studies of whether and how island density and shape, vegetation types, density, and distribution, and human activities significantly affect birds or other target species on short or long timescales, subject to the condition that prior to the disbursement of any Conservancy funds for any study, RLF shall submit for the review and approval of the Conservancy's Executive Officer a work program for that study, including schedule and budget, and the names of any contractors it intends to use to complete the study.
  - c. Disbursement of up to \$700,000 (seven hundred thousand dollars) for engineering and environmental services and project management and related activities to support implementation of Phase 1 of the SBSP Restoration.
2. The disbursement of up to an additional \$300,000 (three hundred thousand dollars), as in-kind services or cash as the Conservancy's share of increased costs under the Feasibility Cost Share Agreement with the U.S. Army Corps of Engineers and Santa Clara Valley Water District for the South San Francisco Bay Shoreline Study, authorized by the Conservancy on December 2, 2004."

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 project is consistent with the current Project Selection Criteria and Guidelines.
2. The proposed authorization is consistent with the purposes and objectives of Chapter 4.5 of Division 21 of the Public Resources Code, regarding the Conservancy's mandate to address the resource and recreational goals of San Francisco Bay Area.

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3. The Conservancy has independently reviewed and considered the information contained in the South Bay Salt Pond Restoration Project Environmental Impact Statement and Environmental Impact Report (EIS/R) that was certified with findings by the California Department of Fish and Game on March 11, 2008 in order to comply with the California Environmental Quality Act (“CEQA”).
4. The EIS/R identifies potential significant effects from implementation of Phase I projects of the South Bay Salt Pond Restoration Project, including the projects proposed in this authorization. Based on the design and approach of the Phase I projects, no potential significant effects are identified with the implementation of the Bayfront Park overlook project in the Ravenswood Pond Complex. However, the EIS/R identifies potential significant effects from implementation of the Pond SF2 project in the areas of Water Quality, Air Quality, Traffic, Noise, Cultural Resources, Utilities and Cumulative Impacts. With regard to these impacts, the Conservancy finds that the Pond SF2 project, as modified by incorporation of the mitigation measures identified in the EIS/R, avoids, reduces or mitigates all of the possible significant environmental effects of the project except for the Cumulative Impacts identified in finding 5, below.
5. Construction of the Pond SF2 project may result in “significant and unavoidable” Cumulative Impacts in the areas of Hydrology (flooding risk) and Water Quality (potential for discharge of water with low dissolved oxygen). Specific environmental and other benefits of the project described in the accompanying staff recommendation and detailed in the EIS/R outweigh and render acceptable these unavoidable adverse environmental effects because the project will result in the long-term environmental benefits of restoring native habitat for the threatened snowy plover, migratory shorebirds, and for other plant and animal species that otherwise would be threatened by loss of critical habitat.
6. Alternatives to the Pond SF2 project analyzed in the EIS/R are infeasible in that they do not achieve the project objectives of habitat restoration, wildlife-oriented public access, and flood protection and will result in the same or greater environmental impact and will not produce the same environmental benefit as the proposed project.
7. The Resources Legacy Fund is a nonprofit organization existing under Section 501(c)(3) of the U.S. Internal Revenue Code, whose purposes are consistent with Division 21 of the Public Resources Code.”

**PROJECT SUMMARY:**

This authorization would enable the Conservancy to fund the first implementation phase of the restoration project for 15,100 acres of former Cargill salt production ponds in South San Francisco Bay. This is the first major implementation action of the South Bay Salt Ponds Restoration project (aside from the April 2008 Conservancy authorization of \$63,250 for improvements to the Moffett Field Bay Trail) and includes \$2.05 million in funding of habitat and public access construction as well as \$1.5 million for applied studies required by the Adaptive Management Plan. In order to successfully implement the construction projects and Adaptive Management Plan as well as plan for future

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project phases, this authorization also includes \$700,000 in funding for engineering and environmental services and project management.

The authorization would also allow the Conservancy to provide additional funding for the South Bay Shoreline Study (the “Shoreline Study”), a feasibility study that is being jointly funded by the Santa Clara Valley Water District, the Conservancy, and the U.S. Army Corps of Engineers under a federal Feasibility Cost Share Agreement for the South San Francisco Bay Shoreline Study between the parties (“Cost Share Agreement”). On completion, the Shoreline Study will identify specific flood control, habitat restoration and public access improvements projects in the South Bay. The Shoreline Study encompasses a much larger area of the South Bay than the Salt Pond Restoration Project, including areas adjacent to the salt ponds in Santa Clara Counties. The Shoreline Study will facilitate the restoration of the South Bay Salt Ponds because it will complete the required analysis that will enable the U.S. Army Corps of Engineers to cost-share significant portions of future environmental restoration, public access and tidal and creek flood protection projects likely to be similar to those identified in the South Bay Salt Pond Restoration Plan.

At its meeting of December 2, 2004, the Conservancy authorized the Executive Officer to enter the Cost Share Agreement on behalf of the Conservancy. At its meeting of September 8, 2005, the Conservancy authorized the disbursement of up to \$1,000,000 as the Conservancy share of costs under the Cost Share Agreement.

Due to unanticipated data gaps and the need for additional technical analyses, as well as delays caused by less-than-requested federal funding, the Shoreline Study’s costs have increased. To partially cover these increased costs, pursuant to the authority delegated to him by the Conservancy, the Executive Officer in October 2007 approved the disbursement of \$150,000, a 15% augmentation of the original \$1 million previously authorized by the Conservancy for disbursement under the Cost Share Agreement. In November 2007, the Santa Clara Valley Water District also provided additional funding making its total cash contribution \$4,570,345. However, these funds are not sufficient to cover the cost increases.

In order to provide needed additional funding and prevent further delays, this authorization proposes to increase the Conservancy’s contribution of in-kind services or cash under the Cost Share Agreement by \$300,000, to a total of \$1,450,000 (which includes the Conservancy’s original authorization, the Executive Officer’s augmentation of \$150,000 and the proposed additional authorization of \$300,000). Since the costs for the study are shared 50-50 between the federal and non-federal parties, the U.S. Army Corps of Engineers will match funds provided by the Conservancy and the Santa Clara Valley Water District.

### **South Bay Salt Ponds Restoration Plan**

From 2003 to 2007, the Conservancy worked in cooperation with the US Fish and Wildlife Service (FWS) and the California Department of Fish and Game (DFG) and numerous project stakeholders to complete a plan that restores and enhances wetland habitats while providing for flood management and wildlife-oriented public access and recreation in the 15,100 acres of salt manufacturing ponds acquired from Cargill Inc. in

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2003. A summary of the plan is described in a brochure outlining the restoration project (Exhibit 2) and the Executive Summary of the EIS/R (Exhibit 3).

In terms of wetland habitat creation, the project plan proposes creating a mix of *managed ponds* (open water and seasonal ponds contained by levees and managed for a variety of water depths and salinities) and *tidal wetlands*. Managed ponds would provide habitat for waterfowl, small shorebirds (including the threatened snowy plover) and high salinity specialists, such as phalaropes and grebes. Tidal wetland creation would restore hydrologic and ecological conditions closer to the past conditions in South San Francisco Bay by increasing tidal scour, muting storm energy, improving water quality, and creating habitat for the California clapper rail, salt marsh harvest mouse, and steelhead trout.

During project planning, participants acknowledged that there was significant uncertainty about the long-term impacts of large landscape-scale restoration proposed by the project. Because of this uncertainty, the plan does not specify an exact amount of managed ponds or tidal wetlands to be restored. Rather, the plan proposes a progression of habitat creation over the next 50 years with two different possible end-states. One end-state, identified as Alternative B in the EIS/R, emphasizes creating a balance of managed ponds and tidal wetlands (approximately 7,500 acres of each). The other end-state, Alternative C in the EIS/R, emphasizes the creation of tidal wetlands and proposes to keep approximately 10% (1,600 acres) of managed ponds. As required by the National Environmental Policy Act, the EIS/R identifies a preferred alternative, Alternative C, tidal wetland emphasis, which was selected since this alternative would create conditions closer to the historic landscape of San Francisco Bay and would require less infrastructure and operations in the long-term. However, the EIS/R also states that the final mix of managed ponds and tidal wetlands will be guided by the Adaptive Management Plan (Appendix D of the EIS/R) and it is possible that tidal wetland restoration activities will stop before reaching the tidal wetland acreage called for in Alternative C.

The Plan proposes a variety of public access improvements as well, including trails, viewing platforms, cultural and environmental resource interpretive stations, waterfowl hunting, non-motorized boat launches, and associated staging and parking areas. At the 50-year end point for the project, the ultimate number and variety of public access features will be determined by the Adaptive Management Plan which describes a process (similar to the process for habitat creation described above) to determine how to satisfy public demand for access and recreation improvements in the project while avoiding possible impacts to wildlife.

To manage flood risks, the Plan proposes actions that could maintain and enhance flood protection for the South Bay. In addition to the flood control benefits that result from wetland restoration (e.g. slough scour and storm buffer), the project proposes construction of engineered levees on the landward edge of the former salt ponds. Creation of additional tidal wetlands or managed ponds, beyond those identified in Phase I, depends on the eventual construction of these engineered structures. In order to facilitate the construction of flood control structures, the Conservancy is partnering with the U.S. Army Corps of Engineers and the Santa Clara Valley Water District on a

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separate planning effort, the South San Francisco Bay Shoreline Study, described above, to address south bay flood protection and habitat restoration needs.

Due to the costs and large scale, the South Bay Salt Pond Restoration Project will be implemented in phases. Five public access and six wetland construction projects at five sites are proposed as Phase I (and analyzed at a project level in the EIS/R). The Phase I project-level actions and their anticipated primary funders are:

Moffett Field Bay Trail	Approved by the Conservancy in April 2008
Pond SF2 managed pond and public access facilities	Proposed in this authorization
Bayfront Park overlook	
Ponds E12, 13, and 9 public access facilities	Proposed for Conservancy and other project partners approval in Spring 2009
Pond A6 tidal restoration	
Pond A16 managed pond and public access improvements	
Ponds E12 and 13 managed ponds	Proposed for funding by other project partners including Wildlife Conservation Board, Alameda County Public Work Agency, or Santa Clara Valley Water District in late 2008 or early 2009
Ponds E9, 8, 8x tidal restoration	
Pond A8 muted tidal action	

The projects proposed for funding in this authorization include construction and the applied studies required by the Adaptive Management Plan as well as activities such as engineering and environmental services and project management that will be critical for successful implementation.

**Construction Projects**

Construction activities proposed in this authorization are 1) the Pond SF2 project and 2) the Bayfront Park overlook project in the Ravenswood Pond Complex (see map in Exhibit 4).

In the South Bay Salt Pond (“SBSP”) Restoration project planning process, the 240-acre Pond SF2 was identified as the appropriate site for creation of a managed pond because it is possible to create shallow water habitat and nesting islands for shorebirds and dry, salt panne-like conditions for snowy plovers. In addition, a managed pond at this site also would provide better flood protection. To construct this project, the bay front levee will be resurfaced and raised to improve a 0.7 mile public access trail that will allow views of

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the pond at two interpretive platforms at different locations on the east side of the pond. Restrooms will also be constructed at the trailhead. The pond interior will be graded to create three distinct areas or “cells” divided by low berms. Islands will be formed out of on-site material and water control structures installed. The shallow water and nesting islands in the eastern and central areas would provide habitat for shorebirds and the drier, salt panne-like conditions in the western area would be habitat for snowy plovers. Finally, the northwest perimeter of the pond will be revegetated with high marsh plant species.

Construction of the Pond SF2 improvements will be undertaken by the FWS and is expected to cost a total of \$11,000,000. The Conservancy will provide \$2,000,000 to FWS for construction which will be matched by: \$7,300,000 from the FWS; \$1,195,000 from CalTrans that is being provided to mitigate closure of the Dumbarton Bridge Fishing Pier and directed to Pond SF2 public access improvements in fulfillment of a BCDC permit condition; and \$488,000 from a mitigation fund established by the City of Menlo Park in 1982 as a BCDC mitigation requirement for the expansion of the Marsh Road Landfill. Associated with this construction effort are applied studies that will test how island density and shape, vegetation types, density, and distribution, and human activities effect bird nesting use and reproductive success.

The other Phase I construction proposed by this authorization is construction of an on-grade viewing platform at Bayfront Park, in the City of Menlo Park (see Exhibit 4). The overlook would be at a high spot that provides dramatic views of the former salt ponds and existing salt marsh areas. This overlook would provide views and interpretation of marsh ecology and the restoration project. FWS will work cooperatively with the City of Menlo Park to construct this overlook which is expected to cost approximately \$50,000. There is no applied study associated with this project since this will be minor construction in an already heavily-used public park. Although the site provides views of wetlands, there are no sensitive resource areas adjacent to the overlook.

As outlined in the table above, Conservancy staff anticipates bringing a proposal for funding the remaining Phase I projects in the spring of 2009 once final design and cost estimates for the remaining projects are complete. The remaining Phase I projects will be funded by other project partners.

### **Adaptive Management Approach**

The South Bay Salt Ponds Restoration Project is one of the largest restoration efforts in the United States. Although much is known about the project area (such as salt marsh ecology, public access and wildlife interactions, public outdoor recreation demands, and flooding potential) significant uncertainties remain with a project of this geographic and temporal scale. In fact, project managers have concluded that the best way to tackle these uncertainties is to carefully implement the project in phases and learn from the results. How this will be done is described in the Adaptive Management Plan. The Adaptive Management Plan describes a comprehensive program to generate information (applied studies, monitoring, and research) that will be used by project managers to make decisions about both current management of the project area and future restoration actions in order to meet project objectives and avoid harmful impacts to the environment.

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Not only is adaptive management essential to keeping the project on track towards its objectives, it is the primary tool identified in the EIS/R for avoiding significant impacts to the environment. Without adaptive management (and its associated information collection), the project managers would not understand the restored system nor would they be able to explain their management actions to the public. Furthermore, responses to unanticipated changes would be based on guess work and could exacerbate problems. For these reasons, adaptive management is integral to the project and construction cannot proceed without funding for the applied studies and science support required by the Adaptive Management Plan.

### **Applied Studies**

As outlined in the Adaptive Management Plan, several applied studies are linked to restoration and management actions in Phase I projects so that project managers can learn from project implementation. The uncertainties these studies seek to address were identified in the planning process by members of the science team in addition to project managers, stakeholder forum members, regulatory agencies, and public participants.

Applied Studies that are part of Phase I actions are expected to total \$3-4 million.

Conservancy staff recommends authorization of \$1,500,000 towards funding of all of the highest priority Phase I applied studies at this time so the proposal solicitation process can be completed by the time construction is completed, or earlier if required. These Phase I studies are largely focused on wildlife use of changing habitats, mercury issues, and public access-wildlife interactions. The results of these studies will enable project managers to answer critical questions about future project implementation including but not limited to:

- Will sediment accretion in restored tidal areas be adequate?
- Will pond and panne habitats in restored tidal habitats provide habitat shorebirds and waterfowl?
- Will tidal habitat restoration increase methylmercury levels in sentinel species?
- Will creating islands in reconfigured ponds maintain nesting birds populations in the South Bay?
- Will landside public access significantly affect birds or other target species on short or long timescales?

The Resources Legacy Fund, a 501(c)(3) non profit organization, whose purposes include conservation of the environment and natural resources, will provide a match of \$800,000 for these efforts and will administer these studies as directed by the South Bay Salt Pond Restoration Project Management Team and the South Bay Salt Pond Restoration Project Lead Scientist. The Resources Legacy Fund is a grant-making organization with extensive experience administering grants for environmental restoration and protection purposes.

Most of the studies associated with Phase I are expected to be conducted over a 5 year period. The list of Phase I actions and the associated applied studies are described further

in the Phase I Applied Studies table in the Adaptive Management Plan (pp. 39- 41 of Appendix D in Exhibit 3).

### **Engineering and Environmental Services and Project Management**

The implementation project construction phases and the Adaptive Management Plan will be overseen by a governing structure similar to that used for project planning. This structure will be memorialized in a multi-agency Memorandum of Understanding that is close to completion. Under this structure, the Project Management Team, composed of landowners (FWS, DFG), local flood control agencies, funding partners and the Conservancy, will make decisions about on-the-ground management and future project phases. In addition, a Science Program, under the direction of the Lead Scientist, will manage the applied studies and make recommendations to the Project Management Team based on results of applied studies, monitoring, and research. Public outreach will also continue as part of the overall project management to include the interactive GIS map, website, Science Symposium, stakeholder forums, and local working groups.

Conservancy staff recommends that \$700,000 be provided for the needed engineering and environmental services and project management and associated public outreach activities. The majority of the positions on the Project Management Team will be public agency staff and will not require funding. Additional project management services, specifically an executive project manager that will oversee and coordinate all the agencies involved in the project, will need to be contracted for. The lead scientist position will be cost shared by the Conservancy, U.S. Geological Survey, and U.S. Fish and Wildlife Service. In addition, the Conservancy may need to contract for services to complete technical analysis by engineers, planners, or landscape architects.

Finally, these funds also would be used by the Conservancy to continue the public outreach program which includes conducting public outreach, convening public meetings, identifying key stakeholders, and providing public information. These activities are required under the EIS/R as part of effective project management. It is anticipated that as the project moves into the implementation phase, project management and public outreach costs will decrease but that they will not altogether cease. Successful project implementation depends on a sound management structure and active public participation.

**Site Description:** Salt ponds surround nearly the entire Bay south of the San Mateo Bridge (Exhibit 1), on lands that were formerly tidal marsh. An estimated 85 percent of the historic tidal marshes in the San Francisco Bay-Delta Estuary have been filled or significantly altered over the past two centuries for urban development, agriculture, and salt production. Although dramatically different than 150 years ago, the South Bay's wetland habitats, including the salt ponds, tidal marshes, sloughs, mudflats, and open bay, are used by large populations of waterfowl and shorebirds, by harbor seals, and by a number of threatened and endangered species, including the California clapper rail, California black rail, California brown pelican, California least tern, western snowy plover, salt marsh harvest mouse, and steelhead trout.

Pond SF2 is 240 acres of former salt pond immediately south of the Dumbarton Bridge in the City of Menlo Park. At the present time there is no tidal connection and the pond fills

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with water during the rainy season and becomes a dry, white, salt flat in the dry season.

Bayfront Park is a former landfill on the edge of the Bay that has been converted into a park. The overlook would be located at the park's high point, approximately a quarter mile walk from the parking area. Dramatic views of the surrounding open bay, salt ponds, and remaining marshes and sloughs provide an excellent back drop for interpretation of the South Bay Salt Pond Restoration project.

**Project History:** In March 2003, 15,100 acres of South Bay salt ponds, along with 1,400 acres of crystallizer ponds along the Napa River were acquired with \$72 million from the Wildlife Conservation Board, \$8 million from the FWS, and \$20 million from the Goldman Fund, Hewlett Foundation, Moore Foundation, and Packard Foundation.

FWS and DFG have taken ownership of the properties and are actively managing the ponds according to the management goals set forth in the Initial Stewardship Plan. Cargill continues to manage a small number of ponds while phasing out its salt-making operations.

While the ponds were being managed under the Initial Stewardship Plan, the Conservancy, FWS, and DFG undertook a long-term restoration plan. To date the Conservancy has provide \$12,700,000 in funding for technical analyses, science support, data management, project management, and public participation and outreach between 2002 and 2006 to complete the planning process. On August 2002, the Conservancy approved \$500,000; January 2003, \$2 million; October 2003, \$200,000; September 2005, \$3 million (which included \$1 million for the Shoreline Study), and finally, on November 2006, \$2 million. In addition, the Conservancy Board authorized the acceptance and expenditure of \$3 million in March 2004 and \$2 million in December 2004 from WCB for the SBSP Restoration project planning process.

The results of the planning process are discussed in the project description section of this staff recommendation.

**PROJECT FINANCING:**

**Pond SF2**

Coastal Conservancy	\$ 2,000,000
US Fish and Wildlife Service	\$ 7,300,000
CalTrans	\$ 1,950,000
Menlo Park Bay Account	\$ 488,000
<b>Total Project Cost</b>	<b>\$11,738,000</b>

**Bayfront Park Overlook**

Coastal Conservancy	\$ 50,000
<b>Total Project Cost</b>	<b>\$ 50,000</b>

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**Adaptive Management Applied Studies**

Coastal Conservancy	\$ 1,500,000
Resources Legacy Fund	\$ 800,000
FWS, USGS, and others	\$ 1,700,000

**Total Costs** **\$ 4,000,000**

**Engineering and Environmental Services and Project Management**

Coastal Conservancy	\$ 700,000
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**Total Cost** **\$ 700,000**

**South San Francisco Bay Shoreline Study**

Coastal Conservancy	\$300,000
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**Total Cost (this authorization)** **\$ 300,000**

**Total Conservancy Costs** **\$ 4,550,000**

There are two expected sources of funds for this authorization. One source will be the fiscal year 2006-07 appropriation of the “Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002” (Proposition 50). Proposition 50 authorizes the use of these funds for the purpose of protecting coastal watersheds through projects that restore land and water resources. Funds may be used for planning and permitting associated with restoration, as well as the restoration activities. (Water Code Section 79570). The proposed project will accomplish these purposes by constructing tidal wetland and shallow water habitats as part of Phase I well as developing the design plans, permits, and public input for the next phase of South Bay Salt Pond Restoration projects.

In addition, under Proposition 50, any watershed protection activities financed with Proposition 50 funds must be “consistent with the applicable adopted local watershed management plan and the applicable regional water quality control plan adopted by the regional water quality control board” (Water Code Section 79507). The proposed project is consistent with such plans, as described in detail in the “Consistency with Local Watershed Management Plan/State Water Quality Control Plan” section, below.

Funding of the interpretive features (the overlook platforms and interpretive signs that are part of the Pond SF2 and Bayfront Park projects) is also consistent with Proposition 50 which authorizes the use of funds for development of facilities to promote public access and participation in the conservation of land, water and wildlife. Eligible projects under Proposition 50 include interpretive facilities that are in or adjacent to watersheds and wetlands and provide wildlife viewing, outdoor experiences, and conservation education programs (California Water Code, Section 79571).

The other expected source of Conservancy funds for this project is the fiscal year 2007-08 appropriation from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84). This funding

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source may be used for the protection bays and coastal waters, including projects to prevent contamination and degradation of coastal waters and watersheds, projects to protect and restore the natural habitat values of coastal waters and lands, and projects and expenditures to promote access to and enjoyment of the coastal resources of the state pursuant to the Conservancy's enabling legislation, Division 21 of the Public Resources Code. The proposed project protects coastal waters and restores natural habitat values by constructing tidal wetlands and shallow water ponds that will provide habitat for numerous species as well as improve water quality. In addition, the projects feature trails, interpretive signs, viewing platforms and other amenities that will promote access to and enjoyment of the restored natural resources. Finally, as discussed below, the project is consistent with Chapter 4.5 of Division 21.

Consistent with Proposition 84 requirements, the proposed project also includes funding for monitoring and reporting necessary to ensure successful implementation of the project objectives.

Another requirement of Proposition 84 is that for projects that restore natural resources, the Conservancy give priority to projects that meet one or more of the criteria specified in Section 75071. The proposed restoration project satisfies the following specified criteria: (a) Landscape/Habitat Linkages – one of the largest wetland restoration projects on the west coast of North America, the project will facilitate wildlife movement, botanical transfer, and sustain large acreage of habitat over time, (b) Watershed Protection – the project will contribute to long-term protection of and improvement to the water and biological quality of the San Francisco Bay; and (e) Non-State Matching Funds –as discussed in the Project Description Section the U.S. Fish and Wildlife and private foundations will provide matching funds from several non-state sources.

Matching funding for the Phase I South Bay Salt Ponds implementation projects are derived from a variety of sources. The CalTrans funding is mitigation under a BCDC permit for closure of the Dumbarton Bridge Fishing Pier. The Menlo Park Bay Account funds are mitigation for the 1982 expansion of the Marsh Road Landfill. The FWS funding will come from 2007, 2008, and 2009 federal appropriations.

The matching cost-share funding for the South San Francisco Bay Shoreline Study is summarized in the Project Description Section.

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

This project would be undertaken pursuant to Chapter 4.5 of the Conservancy's enabling legislation, Public Resources Code Sections 31160-31165, to address resource goals in the San Francisco Bay Area.

The South Bay salt ponds are within the nine-county Bay Area as required under Section 31162 of the Public Resources Code.

Under Section 31162(a), the Conservancy may undertake projects to improve public access to and around the Bay, without having a significant adverse impact on environmentally sensitive areas and wildlife, such as wetlands, through completion of regional trails, local trails connecting to population centers and public facilities

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and which are part of a regional trail system, and through the provision of related facilities. The proposed projects will include public access improvements and recreational components.

Under Section 31162(b), the Conservancy may act to protect, restore, and enhance natural habitats and connecting corridors, watersheds, scenic areas, and other open-space resources of regional significance. The restoration of the South Bay salt ponds would restore and enhance nearly 16,000 acres of wetlands, and would be a habitat restoration project of regional and national significance. This authorization specifically would provide for creation of 240 acres of shorebird and waterfowl habitat.

Consistent with Section 31163(c), the South Bay salt pond restoration project would implement the policies and programs of the *San Francisco Bay Plan*, as described in the “Consistency with the San Francisco Bay Plan” section of this staff recommendation.

Under Section 31162(d), the Conservancy may act to promote, assist, and enhance projects that provide open space and natural areas that are accessible to urban populations for recreational and educational purposes. The South Bay salt ponds will provide an important open space resource for recreational purposes. This authorization will create a scenic overlook of the project site.

Consistent with Section 31163(c), restoration of the South Bay salt ponds meets the following criteria: (1) is supported by adopted regional plans (*San Francisco Bay Plan*, *San Francisco Baylands Ecosystem Habitat Goals Report*, and the *Water Quality Control Plan* for the San Francisco Bay Basin), (2) is multijurisdictional (spanning three counties) and serves a regional constituency (the restoration project is of national significance and will provide a regional recreational resource), (3) can be implemented in a timely way (restoration planning is expected to take five years, at which point restoration will begin and will be implemented in a phased manner), (4) provides opportunities for benefits that could be lost if the project is not quickly implemented (the private foundations providing funds has specified that planning needs to be completed and implementation start within five years – by the end of 2008) and (5) includes matching funds (described under Project Financing).

The project is also consistent with Sections 31163(a) and (c), directing the Conservancy to participate in and support interagency actions and public/private partnerships in the San Francisco Bay Area to implement long-term resources and outdoor recreational goals.

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

Consistent with **Goal 10, Objective C** of the Conservancy’s 2007 Strategic Plan, the proposed project will restore 240 acres of managed wetland habitat.

Consistent with **Goal 11, Objective B**, the proposed project will feature a scenic overlook and interpretive signs.

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Consistent with **Goal 11, Objective L**, the public access trails and interpretive facilities at SF2 will be ADA-compliant.

**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 September 20, 2007, 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 above.
2. **Consistency with purposes of the funding source:** See the "Project Financing" section above.
3. **Support of the public:** This project is supported by Senator Dianne Feinstein, the Richard and Rhoda Goldman Fund, the William and Flora Hewlett Foundation, the Gordon E. and Betty I. Moore Foundation, the David and Lucile Packard Foundation, Resources Legacy Fund, the California Resources Agency, California Department of Fish and Game, U.S. Fish and Wildlife Service, Santa Clara Valley Water District, Alameda County Flood Control District, the San Francisco Bay Joint Venture, Save The Bay, The Bay Institute, National Audubon Society, Citizen's Committee to Complete the Refuge, Cargill, and many other agencies, organizations, and individuals.
4. **Location:** The South Bay salt ponds are in the nine-county San Francisco Bay Area consistent with Section 31162 of the Public Resources Code.
5. **Need:** Approximately 85 percent of the tidal marsh in San Francisco Bay has been lost since the Gold Rush, leading to dramatic losses of fish and wildlife, decreased water quality and increased turbidity in the Bay, and changes to physical processes as the size of the Estuary shrank, increasing the need for dredging and the local hazards of flooding. The need for restoration of tidal marsh in San Francisco Bay in order to aid in the recovery of at-risk species, and improve water quality and the physical health of the Bay, is well recognized among scientists and resource managers. Without the addition of Conservancy funding, these important objectives, which underlie the South Bay Salt Pond implementation projects and the Shoreline Study, would not be met.
6. **Greater-than-local interest:** Restoration of this area is of national significance and will result in the largest tidal wetland restoration project on the west coast of the United States. When combined with other restoration projects underway in San Francisco Bay, including Napa-Sonoma Marsh, Hamilton/Bel Marin Keys, Bair Island, Eden Landing, and Sonoma Baylands, the project is on scale with other national restoration efforts, such as the Everglades and Chesapeake Bay. Restoration of the South Bay salt ponds to a mix of tidal marsh and managed ponds will provide benefits to a large number of species, including migratory waterfowl and shorebirds, and aid in the recovery of several

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threatened or endangered species, including the California clapper rail and salt marsh harvest mouse.

**Additional Criteria**

7. **Urgency:** There is a strong desire among the foundations, agencies, and by Senator Feinstein for restoration planning to be completed and project implementation to begin within five years of the date of acquisition March 2003. This authorization will enable the Conservancy to make this deadline.
8. **Resolution of more than one issue:** The restoration of the South Bay salt ponds will provide for habitat restoration for fish and wildlife, improved water quality and flood control, and enhanced recreational opportunities.
9. **Leverage:** See the “Project Financing” section above.
10. **Innovation:** Restoration of the South Bay salt ponds will be a national model for how to coordinate a scientifically sound, publicly-supported, multi-objective, multi-agency project, on scale with the Everglades and Chesapeake Bay. The Conservancy is drawing upon its experience with Napa Marsh, Hamilton/Bel Marin Keys, and other restoration projects in San Francisco Bay and along the California Coast, as well as learning from other efforts around the nation.
11. **Realization of prior Conservancy goals:** This project builds on the Conservancy’s participation in the development of the *San Francisco Baylands Habitat Goals Report*, which has goals, objectives, and recommendations for restoration in San Francisco Bay, and the Conservancy’s participation in wetland acquisition and restoration projects in San Francisco Bay, including Napa Marsh, Bair Island, and Hamilton/Bel Marin Keys. This authorization builds upon previous authorizations by the Conservancy on August 2002, January and October 2003, and March and December 2004, September 2005, and November 2006 to disburse a total of up to \$12,700,000 of Conservancy and WCB funds towards the South Bay Salt Pond Restoration Project.
12. **Cooperation:** The Conservancy is facilitating the long-term restoration planning, working closely with DFG and FWS. The Conservancy, WCB, and private foundations are cooperatively funding the restoration planning. In addition, over 50 entities have been identified as stakeholders in this restoration project, including local, state, and federal agencies, nongovernmental organizations, special districts, utilities, and the general public.

**CONSISTENCY WITH SAN FRANCISCO BAY PLAN:**

The South Bay salt ponds are within the permit jurisdiction of the San Francisco Bay Conservation and Development Commission (“BCDC”).

The project is consistent with the following policies of BCDC's San Francisco Bay Plan:

**Part III: The Bay as a Resource**

Water Quality

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- To the greatest extent feasible, the Bay marshes, mudflats, and water surface area and volume should be maintained and, whenever possible, increased.

Water Surface Area and Volume

- Water circulation in the Bay should be maintained, and improved as much as possible.

Marshes and Mudflats

- To offset possible additional losses of marshes due to necessary filling and to augment the present marshes: (a) former marshes should be restored when possible through removal of existing dikes; (b) in areas selected on the basis of competent ecological study, some new marshes should be created through carefully placed lifts of dredged spoils; and (c) the quality of existing marshes should be improved by appropriate measures whenever possible.

**Part IV: Development of the Bay and Shoreline**

Public Access

- In addition to the public access to the Bay provided by waterfront parks, beaches, marinas, and fishing piers, maximum feasible access to and along the waterfront and on any permitted fills should be provided in and through every new development in the Bay or on the shoreline, whether it be for housing, industry, port, airport, public facility, wildlife area, or other use, except in cases where public access would be clearly inconsistent with the project because of public safety considerations or significant use conflicts, including unavoidable, significant adverse effects on Bay natural resources. In these cases, in lieu access at another location preferably near the project should be provided.
- Public access to some natural areas should be provided to permit study and enjoyment of these areas. However, some wildlife is sensitive to human intrusion. For this reason, projects in such areas should be carefully evaluated in consultation with appropriate agencies to determine the appropriate location and type of access to be provided.

Salt Ponds and Other Managed Wetlands Around the Bay

- As long as is economically feasible, the salt ponds should be maintained in salt production and the wetlands should be maintained in their present use. Property tax policy should assure that rising property taxes do not force conversion of the ponds and other wetlands to urban development. In addition, the integrity of the salt production system should be respected (i.e., public agencies should not take for other projects any pond or portion of a pond that is a vital part of the production system).
- If, despite these provisions, the owner of the salt ponds or the owner of any managed wetland desires to withdraw any of the ponds or marshes from their present uses, the public should make every effort to buy these lands, breach the existing dikes, and reopen these areas to the Bay. This type of purchase should have a high priority for any public funds available, because opening ponds and managed wetlands to the Bay represents man's last substantial opportunity to enlarge the Bay rather than shrink it.

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(In some cases, if salt ponds are opened to the Bay, new dikes will have to be built on the landward side of the ponds to provide the flood protection now being provided by the salt pond dikes.)

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

As required by Proposition 50, the proposed project is consistent with local and regional plans (Water Code Section 79507) The *Baylands Ecosystem Habitat Goals Report (Report)* is a multi-jurisdictional local planning document providing guidance for watershed protection activities for the San Francisco Bay. Proposition 50 recognizes the *Report* as appropriate to guide the selection of restoration projects within the Bay region. Water Code Section 79572. The *Report* concludes that “the overall goal in the South Bay subregion is to restore large areas of tidal marsh connected by wide corridors of similar habitat along the perimeter of the Bay. Several large complexes of salt ponds, managed to optimize shorebird and waterfowl habitat functions, should be interspersed through the subregion...”. (*Report*, p. S-5). Implementation of the Phase I of the South Bay Salt Pond Restoration Project will meet these goals.

The project is also consistent with the San Francisco Bay Regional Water Quality Control Board’s goal to protect beneficial uses of waters of the State, as described in the Water Quality Control Plan (Basin Plan) for the San Francisco Bay Basin (1995). The Water Board made the following finding in its regulatory approval of the project:

“Restoring tidal wetland functions to former salt ponds will improve water quality in the South San Francisco Bay Estuary on a spatially significant scale with large contiguous habitat to maximize ecotonal or edge habitat, and minimize non-native vegetation (if appropriate management efforts are taken to control non-native species). Marsh systems that are tidally connected to the estuary improve water quality by filtering and fixing pollutants, in addition to protecting beneficial uses by providing the following: nursery habitat and protection from predation for native fish species, significant biological productivity to the estuarine system, and habitat for rare and endangered species such as the salt marsh harvest mouse (*Reithrodontomys raviventris*) and the California clapper rail (*Rallus longirostris obsoletus*).”

**COMPLIANCE WITH CEQA:**

In order to comply with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA), FWS and DFG, in consultation with the Conservancy, the Santa Clara Valley Water District, and the Alameda County Flood Control and Water Conservation District, prepared a joint Environmental Impact Statement/Environmental Impact Report (EIS/R) for Phase I of the South Bay Salt Pond Restoration Project to evaluate the potential environmental impacts of the proposed project. The EIS/R (Exhibit 3) was certified by the DFG on March 11, 2008 pursuant to CEQA.

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This environmental document is both a programmatic environmental impact assessment covering the 50-year long-term South Bay Salt Pond Restoration Plan as well as a project-level environmental impact assessment addressing the specific components and implementation of Phase I. The EIS/R evaluates three program-level, long-term restoration alternatives as well as project-level Phase I actions. The three long-term restoration scenarios include the following: 1) Alternative A, the No Action Alternative; 2) Alternative B, the Managed Pond Emphasis Alternative (50:50 tidal habitat: managed ponds); and 3) Alternative C, the Tidal Emphasis Alternative (90:10 tidal habitat: managed ponds). These long-term restoration alternatives include habitat, flood management and recreation and public access components, and represent potential “end states” at Year 50 of the SBSP Restoration Project.

The applied studies conducted pursuant to the Adaptive Management Plan, technical services, data and project management, and public outreach proposed in this authorization are intended to provide information needed to avoid, reduce or mitigate the effects of the implementation projects and do not constitute a project as defined by CEQA (14 Cal Code of Regulations Sections 15061(b)(3) and 15378) and were not analyzed for environmental impacts in the EIS/R.

The EIS/R identified numerous significant and potentially significant environmental impacts both for the Alternatives A, B, and C as well as projects proposed in Phase I. The EIS/R also noted potentially significant cumulative impacts for Alternatives A, B, and C and the Phase I projects. The project’s significant effects and mitigation measures are set forth in the EIS/R and summarized in the tables, “Table of Impacts, Mitigation Measures, and CEQA Findings of Fact for Alternatives B and C Including Phase I Actions” and “Table of Cumulative Impacts, Mitigation measures, and CEQA Findings of Fact (Cumulative Impact Findings Table)” which are included in the attached Exhibit 3.

This discussion, however, addresses only those significant and potentially significant project impacts and cumulative impacts for the projects proposed for funding in this staff recommendation: Pond SF2 and Bayfront Park overlook.

**Adaptive Management’s role in preventing significant impacts**

While many of the impacts identified in the EIS/R are beneficial, (e.g. increased tidal scour of sloughs to increase flood conveyance), to achieve those benefits some negative impacts to environment could occur (e.g. mobilization of contaminated sediments due to increased tidal scour). By incorporating the Adaptive Management process into the design of the project, the project will be able to avoid what could be potentially significant impacts if there was no such program in place. In the Project Description section above, there is a discussion of how Adaptive Management is central to project design and implementation. This CEQA section discusses how incorporation of Adaptive Management into the specific projects proposed for Conservancy funding avoids what could otherwise be significant impacts. Several critical monitoring results (“management triggers”) have been identified in the Adaptive Management Plan as indications of

where undesired environmental impacts may be starting to occur (see Adaptive Management Summary Table, pp. 2-15 to 2-26 of EIS/R). Using information from monitoring and applied studies, Project Managers will periodically assess progress towards project objectives and restoration targets and if results indicate problems are developing, management action will be “triggered”. The EIS/R lists potential actions managers could take to correct current operations and avoid undesired impacts. Furthermore, project managers will be able to revise the conceptual models and restoration plans based on what has been learned, and use this new knowledge for designing future implementation phases.

Adaptive Management differs from mitigation in that it is not a series of remedial actions that make up for negative impacts. Rather Adaptive Management tries to detect potential problems early on and take actions to avoid or reverse the impacts while also informing future project decisions.

How the project manages potential mercury impacts is an example of how the incorporation of Adaptive Management into the project prevents a potentially significant impact from occurring. The project is designed to be adaptively managed to ensure that mercury levels due to project activities remain at a less-than-significant level (mercury related impacts are discussed in pp. 3.4-71 to 3.4-82 of the EIS/R). The EIS/R identifies sentinel species that will be monitored and has identified monitoring results (“triggers”) that would indicate methylation of mercury has increased in response to project activities. If this occurs, project managers will need to consider the appropriate course of action which could include possibly capping sediments, changing habitat restoration designs, or, at a minimum, holding off on future projects until better solutions can be found in order to avoid significant and cumulative impacts.

For the Pond SF 2 Reconfiguration, the Adaptive Management Plan identifies two applied studies associated with Pond SF2 that would test 1) bird use of different island configurations and vegetation, and 2) effects of human activities on island use and nesting success. (Applied Study Nos. 5 and 17 in the Adaptive Management Plan, pp. 72- 98 of Appendix D of the EIS/R, Exhibit 3).

**Significant Effects Reduced To Less Than Significant Levels By Mitigation**  
**Reconfiguration of Pond SF2**

Conversion of Pond SF2 to shallow water habitat is expected to have many beneficial impacts, particularly to shorebird species. However, this project also could have numerous significant impacts but these potential impacts are reduced to a less-than-significant level with the mitigation measures described below and summarized in the Mitigation Monitoring and Reporting Program (MMRP), attached as Exhibit 3.

**Water Quality.** Two potentially significant impacts from reconfiguration of Pond SF2 were identified in the EIS/R: 1) impacts to water quality from contaminants other than mercury (Impact 3.4-5 in Table A1) and 2) seawater intrusion of regional groundwater sources (Impact 3.4-6 in Table A1). The potential contamination impacts are reduced to a less-than-significant level by

the construction contractors' adherence to Best Management Practices, a Stormwater Pollution Prevention Plan, and RWQCB Waste Discharge Requirements (Mitigation Measures 3.4-5 a,b,c,d,e,f in the MMRP). In addition, the landowner actions to minimize illegal dumping and litter and inform the public if there are any threats to public health due to bacterial growth will serve to also reduce or avoid these potential impacts. In regards to seawater intrusion, the potential impacts are reduced to a less-than-significant level by properly destroying any abandoned wells in consultation with the local groundwater management agency. (Mitigation Measure 3.4-6 in the MMRP.)

**Cultural Resources.** Two potentially significant impacts to cultural resources were identified in the EIS/R: 1) disturbance of known or unknown cultural resources (Impact 3.8-1 in Table A1), and 2) disturbance of historic salt ponds which may be considered a significant cultural landscape (Impact 3.8 -2). The potential impact of disturbing cultural resources is reduced to a less-than-significant level by pre-construction surveys and records search and appropriate protocols established for contractors if any resources are found (Mitigation Measures 3.8-1 in the MMRP). To reduce disturbance of historic resources to a less-than-significant level, if the site is evaluated and found to be a significant cultural landscape, then appropriate documentation and public outreach and interpretation will be incorporated into the project. (Mitigation Measure 3.8-2 in MMRP.)

**Traffic.** Several potentially significant impacts related to traffic are identified in the EIS/R. Short-term impacts from construction traffic would be reduced to a less-than-significant level by scheduling truck trips outside of am and pm peak commute hours (Mitigation Measures 3.12-1 in the MMRP). Potential increased wear and tear on local roads from construction will be reduced to a less-than-significant level by before and after documentation of road conditions and a pre-construction agreement between the project landowners and the local public works entity that details repair requirements. (Mitigation Measures 3.12-4 in the MMRP)

**Noise.** The EIS/R identified three potentially significant impacts from construction. Short-term construction noise (Impact 3.13-1) will be reduced to a less-than-significant level by restrictions on the selection, placement and operation of construction equipment (Mitigation Measures 3.13-1 in the MMRP). Traffic-related noise impacts (Impact 3.13-2) will be reduced to a less-than-significant level by restrictions on hauling (Mitigation Measures 3.13-2 in the MMRP). Pump operation noise impacts (Impact 3.13-4) will be reduced to a less-than-significant level by enclosing pump that exceeds noise standards. (Mitigation Measures 3.13-4 in the MMRP.)

**Air Quality.** Several potentially significant impacts to air quality were identified in the EIS/R. Short-term construction-generated air pollutant emissions (Impact 3.14-1) would be reduced to a less-than-significant level by implementation of Basic Control Measures (Mitigation Measures 3.14-1 in the

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MMRP). Exposure of sensitive receptors to toxic air contaminant emissions (Impact 3.14-3) would be reduced to a less-than-significant level by restrictions on size and use of construction equipment and creation of a Health and Safety Plan. (Mitigation Measures 3.14-3a and b in MMRP).

**Utilities.** The one potentially significant impact to the railroad line from construction activities only applies to Pond A16, not proposed for funding in this authorization.

Although public access impacts to wildlife is an area of some concern to many of the project stakeholders, the EIS/R identified potential recreation-oriented impacts to sensitive species and their habitats as less-than-significant for all Phase I projects including Pond SF2. The reasons the public access trail and viewing platforms proposed as part of the Pond SF2 improvements are considered less-than-significant are due to design of the trails and habitat features, e.g. the nesting islands are sited at least 600 feet away from the trail, and management actions, e.g. ability to seasonally close a trail if impacts to nesting species occur. However, there is uncertainty as to the amount of use of this trail, the degree to which wildlife would habituate to recreation use, and the behavior of trail users. To address this uncertainty the potential effects of human disturbance will be monitored through an applied study, and if impacts that are approaching a significant level are found, then the various management actions discussed in the Adaptive Management Plan would be implemented to prevent impacts from reaching a significant level. The applied study that will monitor public access impacts at Pond SF2, as well as other Phase I sites, would be funded by this authorization.

#### Bayfront Park Overlook

An at-grade viewing platform and interpretive station would provide historical and ecological information about the surrounding landscape and the South Bay Salt Pond Restoration project at a high point in an existing park in the City of Menlo Park.

None of the potentially significant impacts identified in the EIS/R are applicable to the construction of an at-grade viewing area and installation of interpretive signs at Bayfront Park. The potentially significant impact from an increase in parking demand due to the construction of recreational facilities does not apply to the Bayfront Park project since it is in an existing park and not likely to noticeably increase use of the facility. Impacts to wildlife are unlikely since this viewing area is not close enough to wetland areas to create potential wildlife-human conflicts.

#### Cumulative Impacts

Finally, the EIS/R also identifies cumulative impacts for all of the project alternatives (including no action) and Phase I projects that have unavoidable potentially significant impacts to the environment. The impacts of the Phase I projects are not considerable, but become potentially significant when combined with those from numerous other wetland, flood control,

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recreational, residential, commercial, and industrial projects completed or planned for in South San Francisco Bay in the near term (see Section 4.2.2 in EIS/R for a discussion of other projects).

However, for the two projects in this staff recommendation, cumulative impacts apply only to the proposed Pond SF2 project. Furthermore, only two of the cumulative impacts identified in the EIS/R apply to the Pond SF2 project. These impacts are an increased potential for coastal flood risk landward of the SBSP Restoration Project Area (Cumulative Impact 3.3-1) and an increased potential to cause localized, seasonally low dissolved oxygen (“DO”) levels as a result of algal blooms, increased microbial activity, or increased residence time of water (Cumulative Impact 3.4-2).

In the case of **Cumulative Impact 3.3-1 Coastal Flood Risk**, all alternatives, including no action, are potentially significant due to impacts from sea level rise and climate change. However, Alternatives B and C include construction of a flood protection levee or other measures to reduce the impacts of coastal flooding to a less-than-significant level. However, no Phase I projects, including the Pond SF2 project, include construction of flood protection measures. If the project stops at Phase I, and does not include a future phase with flood protection measures, the combination of Phase I projects, sea level rise, and other projects could be potentially significant with no feasible mitigation.

In order to address this potential for flood risks in the project area, the Conservancy, the Santa Clara Valley Water District and the U.S. Corps of Engineers have undertaken the South San Francisco Shoreline Study in order to assess flood risks and analyze potential solutions in the Santa Clara County portion of the project. It is anticipated that this Study will eventually lead to implementation of flood protection measures in the future. However, since the Shoreline Study is not complete and implementation funding is not secured, this Study cannot be considered mitigation for potentially significant cumulative impacts.

In regards to **Cumulative Impact 3.4-2 Water Quality**, the managed ponds have the potential to increase oxygen demand and can lead to discharges of water with low dissolved oxygen into the Bay. Under Alternative B, the SBSP Restoration project’s Adaptive Management Plan would establish triggers and management actions to avoid significant impacts from discharges into the Bay and under Alternative C more tidal restoration would decrease the causes of low DO levels resulting in less-than-significant impacts. However if the project stops after implementing the Phase I projects, the combination of Phase I projects and other projects without adaptive management measures to manage low DO, could have potentially significant impacts with no feasible mitigation.

### **Project Benefits**

As DFG concluded in their CEQA findings, there are significant project benefits to the South Bay Salt Pond Restoration project in general as well as for Phase I projects. Conservancy staff has independently reviewed the EIS/R and its accompanying appendices, and the MMRP and concurs with this assessment. Among the numerous

Exhibit 1: November 6, 2008 Staff Recommendation  
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benefits provided by the South Bay Salt Pond Restoration Project, those that specifically apply to the projects in this authorization, Pond SF2 Reconfiguration and the Bayfront Park overlook, include:

- Provide levee maintenance to ensure flood protection and reduce the potential effects on people and property from liquefaction, lateral spreading, settlement and subsequent flooding.
- Provide habitat for resident and migrating shorebirds and waterfowl by providing more extensive shallow water habitats and nesting islands than would occur in marshes that develop in ponds breached unintentionally.
- Provide suitable habitat for special-status plant species by revegetating upland transition zones.
- Increase public access and recreation opportunities within the Project Area.
- Increase viewing opportunities in the Project Area.

**Statement Of Overriding Considerations**

In the event a project has unavoidable significant potential effect, the CEQA Guidelines require the decision-making agency to balance, as applicable, the economic, legal, social, technological, or other benefits of a proposed project against its unavoidable environmental risks when determining whether to approve the project (14 Cal. Code of Regulations, Section 15093). If the specific project benefits outweigh the unavoidable adverse environmental effects of the project, a Statement of Overriding Consideration may be adopted and the project approved, despite its adverse environmental effects. DFG adopted a Statement of Overriding Consideration as part of its Finding of Facts on March 11, 2008.

The overall environmental benefits of the proposed projects as detailed in the EIS/R, warrant the Conservancy's decision to approve the project even though not all of the environmental effects of the project are fully mitigated. As discussed above, the unavoidable cumulative significant impacts to coastal flooding and water quality are only when considering the Reconfiguration of Pond SF2 in combination with all Phase I projects and with all other near term projects in the South San Francisco Bay. In the absence of the proposed project, these impacts could still happen but without the habitat and other benefits (described in detail above) generated by reconfiguring Pond SF2.

For these reasons, the Conservancy staff recommends that Conservancy find that the project, as mitigated, avoids or reduces to less than significant all potentially significant environmental effects, except for cumulative effects related to Flooding and Water Quality. With respect to these potential unavoidable effects, Conservancy staff likewise recommends that the Conservancy find that the specific environmental, resource, flood protection and public access enhancement benefits of the South Bay Salt Restoration Project Phase I projects proposed in this authorization, reconfiguration of Pond SF 2 and construction of the Bayfront Park overlook, outweigh the unmitigated or unavoidable environmental effects of the project, thereby warranting its approval.

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Upon Conservancy approval of the proposed projects, Conservancy staff will prepare and file a Notice of Determination.

COASTAL CONSERVANCY

Staff Recommendation  
June 4, 2009

**SOUTH SAN FRANCISCO BAY SALT PONDS RESTORATION:  
PHASE I IMPLEMENTATION**

File No. 02-070-02  
Project Manager: Brenda Buxton

**RECOMMENDED ACTION:** If the Conservancy is awarded up to \$5,898,862 from the National Oceanic and Atmospheric Administration under the American Recovery and Reinvestment Act of 2009, authorization to accept and disburse the funds for implementation of up to three Phase I projects under the South Bay Salt Ponds Restoration Project.

**LOCATION:** San Francisco Bay, South of the San Mateo Bridge, in Alameda, San Mateo, and Santa Clara Counties (Exhibit 1).

**PROGRAM CATEGORY:** San Francisco Bay Area Conservancy

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**EXHIBITS**

Exhibit 1: Project Location

Exhibit 2: November 6, 2008 South Bay Salt Ponds Restoration:  
Phase I Implementation staff recommendation

Exhibit 3: Site Plans for three projects

Exhibit 4: EIS/R (provided to Conservancy members as a separate CD and otherwise available for review at [www.southbayrestoration.org](http://www.southbayrestoration.org)), and EIS/R Table of Impacts, Table of Cumulative Impacts, and Mitigation Monitoring and Reporting Program.

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**RESOLUTION AND FINDINGS:**

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31160-31165 of the Public Resources Code:

“If the State Coastal Conservancy is awarded grant funds by the National Oceanic and Atmospheric Administration (NOAA) under the American Recovery and Reinvestment Act of 2009 (the “ARRA grant funds”), the Conservancy hereby authorizes the acceptance of up to \$5,898,862 (five million eight hundred ninety eight thousand eight hundred sixty two dollars) in ARRA grant funds and the disbursement of up to \$5,825,214 (five million eight hundred twenty five thousand two hundred fourteen

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dollars) of those funds for the project management and construction of one or more (depending on the amount of the ARRA grant funds) of the following three Phase I projects under the South Bay Salt Ponds Restoration Project, as follows:

1. Disbursement of up to \$1,611,350 (one million, six hundred eleven thousand three hundred fifty dollars) to Ducks Unlimited for construction of the Pond A6 tidal restoration project in the Alviso Pond Complex.
2. Disbursement of up to \$976,000 (nine hundred seventy six thousand dollars) to the Santa Clara Valley Water District for the construction of a notch at Pond A8 to allow controlled tidal restoration in the Alviso Pond Complex.
3. Disbursement of up to \$3,165,864 (three million one hundred sixty five thousand eight hundred sixty four dollars) to Alameda County for the construction of the Ponds E8A, E9, and E8X tidal restoration project in the Eden Landing Complex.
4. Disbursement of up to \$72,000 (seventy two thousand dollars) for project management services to oversee and coordinate implementation of these construction projects.

If the ARRA grant funds awarded by NOAA are less than \$5,898,862 (five million eight hundred ninety eight thousand eight hundred sixty two dollars), the Conservancy delegates to the Executive Officer the authority to determine the allocation of the ARRA grant funds to one or more of the three projects, consistent with the terms of the ARRA grant and applicable law.

The disbursement of the funds shall be subject to the following conditions:

1. Prior to the disbursement of any Conservancy funds for each project, the grantee for that project shall submit for the review and approval of the Conservancy's Executive Officer a work program for the project, including schedule and budget, and the names of any contractors it intends to use to complete the project.
2. In carrying out the project, each grantee shall:
  - a. Comply with all applicable mitigation and monitoring measures that are identified in the South Bay Salt Pond Restoration Project Environmental Impact Statement and Environmental Impact Report (EIS/R) that was certified with findings by the California Department of Fish and Game on March 11, 2008.
  - b. Comply with all applicable terms and conditions that may be required by the NOAA grant to the Conservancy, that may be imposed under the ARRA or that may be necessary to enable the Conservancy to comply with terms and conditions of the ARRA grant.
3. Prior to commencing its project, Ducks Unlimited shall enter into and record an agreement pursuant to Public Resources Code Section 31116(c) sufficient to protect the public interest and provide for maintenance of the project.

Staff further recommends that the Conservancy adopt the following findings:

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

1. The proposed project is consistent with the current Project Selection Criteria and Guidelines, last updated by the Conservancy on September 20, 2007.
2. The proposed authorization is consistent with the purposes and objectives of Chapter 4.5 of Division 21 of the Public Resources Code, regarding the Conservancy’s mandate to address the resource and recreational goals of San Francisco Bay Area.
3. The Conservancy has independently reviewed and considered the information contained in the South Bay Salt Pond Restoration Project Environmental Impact Statement and Environmental Impact Report (EIS/R) that was certified with findings by the California Department of Fish and Game on March 11, 2008 in order to comply with the California Environmental Quality Act (“CEQA”).
4. The EIS/R identifies potential significant effects from implementation of Phase I projects of the South Bay Salt Pond Restoration Project, including the projects proposed in this authorization, in the areas of Water Quality, Cultural, Traffic, Noise, Air Quality and Cumulative Impacts. With regard to these impacts, the Conservancy finds that the Ponds A6, A8, E8A/9/8X projects, as modified by incorporation of the mitigation measures identified in the EIS/R, avoids, reduces or mitigates all of the possible significant environmental effects of the project, except for the Cumulative Impacts identified in finding 5, below.
5. Construction of the Ponds A6, A8, E8A/9/8X projects may result in “significant and unavoidable” Cumulative Impacts in the areas of Water Quality, Biological Resources, Cultural Resources, Socioeconomics and Environmental Justice, Traffic, Noise, and Air Quality. Specific environmental and other benefits of the project described in the accompanying staff recommendation and detailed in the EIS/R outweigh and render acceptable these unavoidable adverse environmental effects because the project will result in the long-term environmental benefits of restoring native habitat for the endangered salt marsh harvest mouse and California clapper rail, threatened steelhead trout and for other plant and animal species that otherwise would be threatened by loss of critical habitat in addition to the other benefits of tidal restoration.
6. Alternatives to the Ponds A6, A8, E8A/9/8X projects analyzed in the EIS/R are infeasible in that they do not achieve the project objectives of habitat restoration, wildlife-oriented public access, and flood protection and will result in the same or greater environmental impact and will not produce the same environmental benefit as the proposed project.
7. Ducks Unlimited is a nonprofit organization existing under Section 501(c)(3) of the U.S. Internal Revenue Code, whose purposes are consistent with Division 21 of the Public Resources Code.”

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**PROJECT SUMMARY:**

This authorization would enable the Conservancy to accept federal funds in order to construct three of the Phase I South Bay Salt Ponds Restoration projects and cover staff time and contractor costs associated with implementing these projects. On November 6, 2008, the Conservancy authorized construction of two of the Phase I projects, the Pond SF2 and Bayfront Park overlook projects. That staff recommendation, attached as Exhibit 2, also describes the SBSP Restoration Project's planning effort, Phase I projects, the role of the Adaptive Management Program in project implementation, and the project's EIS/R.

This staff recommendation proposes the acceptance and disbursement of federal funds if awarded to the Conservancy through NOAA's Coastal and Marine Restoration Grants Program (CMRGP) (with the federal funding provided under the ARRA) for three of the Phase I projects: Ponds A6 (330 acres), A8 (550 acres), and E8A/9/8X (630 acres). Conservancy staff has proposed these Phase I projects for funding because they were the most appropriate under the CMRGP emphasis on tidal restoration.

Proposed Tidal Restoration Projects

*Pond A6 (Alviso Pond Complex)*

The Phase 1 tidal restoration of the 330-acre Pond A6 will be accomplished primarily through four breaches in outboard levees into Alviso Slough and Guadalupe Slough, constructing ditch blocks in the perimeter borrow ditch, and excavation of pilot channels to facilitate tidal exchange. Although the site has subsided approximately 5 feet, the return of tidal action is expected to lead to rapid sedimentation and reestablishment of tidal marsh. Other South Bay tidal restoration projects (such as the SBSP Island Ponds, Cooley Landing,) have demonstrated that natural sedimentation and vegetation establishment will occur within a few years.

The levees surrounding this pond are in poor condition which could lead to uncontrolled breaching during storms. This could create many undesired environmental impacts (tides flowing through borrow ditches instead of historic channels). Timely implementation of this tidal restoration project will prevent these impacts. Ducks Unlimited, a nonprofit organization with extensive experience restoring habitat for waterfowl and other species, will be the construction lead and has matching funds available from a North American Waterfowl Conservation Act grant they received for the SBSP. Construction of A6 is expected to start in 2010 after an additional year of treatment of the invasive *Spartina* which will improve the likelihood of project success. The plan for the proposed restoration is attached as Exhibit 3.

*Pond A8 (Alviso Pond Complex)*

The restoration of the 550-acre Pond A8 calls for the construction of an armored 40-foot wide notch in an existing levee comprised of five 8-foot wide bays with adjustable weirs to control tidal flow into and out of Pond A8 as well as modification of existing tide gate structures at Ponds A5 and A7. Since Pond A8 sediments have large amounts of mercury as a legacy of upstream mercury mines, the tidal opening at this site is designed to be closed or adapted in case unacceptable ecological impacts occur from opening this pond

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to the tides. This project will incorporate an applied study that will test the effects of tidal restoration on the uptake of mercury into the food web (See Applied Studies discussion in the Compliance with CEQA Section). A 475-foot-long pilot channel will be excavated between the Pond A8 notch and Alviso Slough to facilitate tidal exchange. The project is expected to create a stronger tidal regime in Alviso Slough, improving small watercraft navigation and water circulation. During the winter months, the notch will be closed to protect threatened steelhead trout migrating through Alviso Slough. See Exhibit 3 for the restoration design plan.

*Ponds E8A/9/8X (Eden Landing Complex)*

To restore tidal action to Ponds E8A/9/8X (630 acres), external pond levees will be breached in three locations to Mt. Eden Creek and Old Alameda Creek and water control structures removed, allowing the bay water to reoccupy old slough channels within the ponds. Additional levee breaching and lowering will occur on internal levees within the site to limit the flood risk of restoration. Pilot channels will be excavated through existing marsh in order to facilitate tidal exchange and ditch blocks will be constructed to force tidal flows into old channels and out of borrow ditches. In addition, portions of the existing layer of gypsum in Pond 8A will be mechanically broken up in order to determine if this treatment facilitates the establishment of vegetation. The tidal exchange that will occur between the creeks and the breached pond areas is expected to result in the scouring of channels, deposition of bay sediment, and establishment of vegetation. Exhibit 3 shows the proposed restoration plan.

These projects were selected and designed through the SBSP Restoration Project planning process described in the November 6, 2008 staff recommendation. These projects are consistent with the approach and general project description in that staff recommendation. The Applied Studies discussed above have been funded by previous Conservancy actions or by matching funds from the Resources Legacy Fund (see Applied Studies discussing in November 6, 2008 staff recommendation, attached as Exhibit 2). However, the NOAA program awarding these funds to the Conservancy was not anticipated last year and so the Phase I project participants, timing and funding will change if these funds are awarded. The November 2008 staff recommendation anticipated and stated that the Ponds A6, A8, E8A/9/8X projects would be largely funded by other parties. The award of funds through NOAA's CMRGP would mean a greater federal contribution to restoration construction with the Conservancy as the grant administrator.

Staff and Contractor Costs

If received from the CMRGP, up to \$73,648 of the funding would go to fund a portion of the Conservancy staff labor, benefits, and overhead and up to \$72,000 would fund a portion of the Executive Project Director contractor costs associated with implementation of these tidal restoration projects.

**Site Description:** A general description of the SBSP Restoration Project area is contained in the attached November 6, 2008 staff recommendation (Exhibit 2). The three sites proposed for tidal restoration in this staff recommendation are described below.

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Located in the Alviso Pond Complex and owned by the US Fish and Wildlife Service (FWS), Pond A6 and A8 were historically part of a large marsh bounded by Alviso and Guadalupe Sloughs. This marsh was surrounded with levees to create salt ponds in the early part of the 20<sup>th</sup> Century. **Pond A6** has subsided approximately five feet and currently functions as a seasonal pond with no direct hydraulic connection to the Bay. The pond is bisected by Pacific Gas and Electric electrical transmission towers which have recently been upgraded; this infrastructure will continue to be operated after breaching.

**Pond A8** also operates as a seasonal or high salinity pond depending on rain fall and tides. The 550-acre pond currently serves as flood overflow storage during high flow events from the Guadalupe River, a function that will continue unchanged by this project. The adjacent slough channels have shrunk from their historical size since they have filled with sediment due in part to the decrease of tidal prism resulting from the creation of salt ponds.

**Ponds E8A/9/8X** are 630 acres of the Eden Landing Complex in the area bounded by Mt. Eden Creek and Old Alameda Creek. Owned by the California Department of Fish and Game, these ponds currently operate as open-water managed ponds with salinities that vary depending on flows from adjacent creeks, rainfall, and evaporation. The Eden Landing ponds are the least subsided of all the salt ponds.

**Project History:** See attached November 6, 2008 staff recommendation (Exhibit 2).

**PROJECT FINANCING:**

**Pond A6**

Coastal Conservancy's NOAA CMRGP grant	\$1,611,350
Ducks Unlimited's North American Waterfowl Conservation Act (NAWCA) grant	\$ 99,526
<b>Total Project Cost</b>	<b>\$1,710,876</b>

**Pond A8**

Coastal Conservancy's NOAA CMRGP grant	\$ 976,000
Regional Water Quality Control Board Prop. 40 grant (SCVWD)	\$1,100,000
Santa Clara Valley Water District	\$ 356,914
<b>Total Project Cost</b>	<b>\$2,432,914</b>

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**Ponds E8A/9/8X**

Coastal Conservancy's NOAA	
CMRGP grant	\$3,165,864
Alameda County	\$ 761,000
National Fish and Wildlife Foundation	\$ 600,000
National Coastal Wetlands Conservation	
Program grant	\$1,000,000
Wildlife Conservation Board	\$1,600,000
<b>Total Project Cost</b>	<b>\$ 7,126,864</b>

**Total Conservancy NOAA**

<b>Coastal Restoration Grant Funds (if awarded)</b>	<b>\$5,753,214</b>
<b>Total Matching Funds</b>	<b>\$5,517,440</b>

The project costs above are for construction only and do not include the \$73,647 requested for Conservancy staff costs or the \$72,000 requested for consultant costs related to implementation of the project. If awarded, the source of the funds for the three implementation projects described above will be the federal American Recovery and Reinvestment Act of 2009 funds that have been made available through the NOAA's Coastal and Marine Restoration Grant Program. Through this grant program NOAA may provide funds for projects to restore coastal and bay habitats that have strong on-the-ground habitat restoration components with long-term ecological habitat improvements and provide social and economic benefits for people and their communities. The three selected projects achieve exactly those objectives.

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

This project would be undertaken pursuant to Chapter 4.5 of the Conservancy's enabling legislation, Public Resources Code Sections 31160-31165, to address resource goals in the San Francisco Bay Area.

The South Bay Salt Ponds are within the nine-county Bay Area as required under Section 31162 of the Public Resources Code.

Under Section 31162(b), the Conservancy may act to protect, restore, and enhance natural habitats and connecting corridors, watersheds, scenic areas, and other open-space resources of regional significance. The restoration of the South Bay Salt Ponds would restore and enhance nearly 16,000 acres of wetlands, and would be a habitat restoration project of regional and national significance. This authorization specifically would provide for creation of 1510 acres of tidal habitat.

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Consistent with Section 31163(c), the South Bay Salt Pond Restoration Project would implement the policies and programs of the *San Francisco Bay Plan*, as described in the “Consistency with the San Francisco Bay Plan” section of this staff recommendation.

Consistent with Section 31163(c), restoration of the South Bay Salt Ponds meets the following criteria: (1) is supported by adopted regional plans (*San Francisco Bay Plan*, *San Francisco Baylands Ecosystem Habitat Goals Report*, and the *Water Quality Control Plan* for the San Francisco Bay Basin), (2) is multijurisdictional (spanning three counties) and serves a regional constituency (the restoration project is of national significance and will provide a regional recreational resource), (3) can be implemented in a timely way ((construction of the proposed projects will start fall 2009), (4) provides opportunities for benefits that could be lost if the project is not quickly implemented (the private foundations providing funds have specified project deadlines for completion of planning and starting construction) and (5) includes matching funds (described under Project Financing).

The project is also consistent with Sections 31163(a) and (c), directing the Conservancy to participate in and support interagency actions and public/private partnerships in the San Francisco Bay Area to implement long-term resources and outdoor recreational goals.

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

Consistent with **Goal 10, Objective C** of the Conservancy’s 2007 Strategic Plan, the proposed project will restore 1510 acres of tidal wetland habitat.

**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 September 20, 2007, 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 above.
2. **Consistency with purposes of the funding source:** See the “Project Financing” section above.
3. **Support of the public:** This project is supported by Senator Dianne Feinstein, the Richard and Rhoda Goldman Fund, the William and Flora Hewlett Foundation, the Gordon E. and Betty I. Moore Foundation, the David and Lucile Packard Foundation, Resources Legacy Fund, the California Resources Agency, California Department of Fish and Game, U.S. Fish and Wildlife Service, Santa Clara Valley Water District, Alameda County Flood Control District, the San Francisco Bay Joint Venture, Save The Bay, The Bay Institute, National Audubon Society, Citizen’s Committee to

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Complete the Refuge, Cargill, and many other agencies, organizations, and individuals.

4. **Location:** The South Bay Salt Ponds are in the nine-county San Francisco Bay Area consistent with Section 31162 of the Public Resources Code.
5. **Need:** Approximately 85 percent of the tidal marsh in San Francisco Bay has been lost since the Gold Rush, leading to dramatic losses of fish and wildlife, decreased water quality and increased turbidity in the Bay, and changes to physical processes as the size of the Estuary shrank, increasing the need for dredging and the local hazards of flooding. The need for restoration of tidal marsh in San Francisco Bay in order to aid in the recovery of at-risk species, and improve water quality and the physical health of the Bay, is well recognized among scientists and resource managers. Without the addition of NOAA funding, these important objectives, which underlie the South Bay Salt Pond implementation projects.
6. **Greater-than-local interest:** Restoration of this area is of national significance and will result in the largest tidal wetland restoration project on the west coast of the United States. When combined with other restoration projects underway in San Francisco Bay, including Napa-Sonoma Marsh, Hamilton/Bel Marin Keys, Bair Island, Eden Landing, and Sonoma Baylands, the project is on scale with other national restoration efforts, such as the Everglades and Chesapeake Bay. Restoration of the South Bay Salt Ponds to a mix of tidal marsh and managed ponds will provide benefits to a large number of species, including migratory waterfowl and shorebirds, and aid in the recovery of several threatened or endangered species, including the California clapper rail and salt marsh harvest mouse.

**Additional Criteria**

7. **Urgency:** There is a strong desire among the foundations, agencies, and by Senator Feinstein for restoration planning to be completed and project implementation to begin within five years of the date of acquisition March 2003 and to move forward as promptly as possible. This authorization will enable the Conservancy to make this deadline
8. **Resolution of more than one issue:** The restoration of the South Bay Salt Ponds will provide for habitat restoration for fish and wildlife, improved water quality and flood control, and enhanced recreational opportunities.
9. **Leverage:** See the “Project Financing” section above.
10. **Innovation:** Restoration of the South Bay Salt Ponds will be a national model for how to coordinate a scientifically sound, publicly-supported, multi-objective, multi-agency project, on scale with the Everglades and Chesapeake Bay. The Conservancy is drawing upon its experience with Napa Marsh, Hamilton/Bel Marin Keys, and other restoration projects in San Francisco Bay and along the California Coast, as well as learning from other efforts around the nation.
11. **Realization of prior Conservancy goals:** This project builds on the Conservancy’s participation in the development of the *San Francisco Ecosystem Baylands Habitat Goals Report*, which has goals, objectives, and recommendations for restoration in

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San Francisco Bay, and the Conservancy's participation in wetland acquisition and restoration projects in San Francisco Bay, including Napa Marsh, Bair Island, and Hamilton/Bel Marin Keys. This authorization builds upon previous authorizations by the Conservancy on August 2002, January and October 2003, and March and December 2004, September 2005, and November 2006 to disburse a total of up to \$12,700,000 of Conservancy and WCB funds towards the South Bay Salt Pond Restoration Project planning as well as the April 2008 and November 6, 2008 approval of a total of \$5,018,250 for implementation.

12. **Cooperation:** The Conservancy is facilitating the long-term restoration planning, working closely with DFG and FWS. The Conservancy, WCB, and private foundations are cooperatively funding the restoration planning. In addition, over 50 entities have been identified as stakeholders in this restoration project, including local, state, and federal agencies, nongovernmental organizations, special districts, utilities, and the general public.

### **CONSISTENCY WITH SAN FRANCISCO BAY PLAN:**

The South Bay Salt Ponds are within the permit jurisdiction of the San Francisco Bay Conservation and Development Commission ("BCDC").

The project is consistent with the following policies of BCDC's San Francisco Bay Plan:

#### **Part III: The Bay as a Resource**

##### Water Quality

- To the greatest extent feasible, the Bay marshes, mudflats, and water surface area and volume should be maintained and, whenever possible, increased.

##### Water Surface Area and Volume

- Water circulation in the Bay should be maintained, and improved as much as possible.

##### Marshes and Mudflats

- To offset possible additional losses of marshes due to necessary filling and to augment the present marshes: (a) former marshes should be restored when possible through removal of existing dikes; (b) in areas selected on the basis of competent ecological study, some new marshes should be created through carefully placed lifts of dredged spoils; and (c) the quality of existing marshes should be improved by appropriate measures whenever possible.

#### **Part IV: Development of the Bay and Shoreline**

##### Public Access

- In addition to the public access to the Bay provided by waterfront parks, beaches, marinas, and fishing piers, maximum feasible access to and along the waterfront and on any permitted fills should be provided in and through every new development in the Bay or on the shoreline, whether it be for housing, industry, port, airport, public

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facility, wildlife area, or other use, except in cases where public access would be clearly inconsistent with the project because of public safety considerations or significant use conflicts, including unavoidable, significant adverse effects on Bay natural resources. In these cases, in lieu access at another location preferably near the project should be provided.

- Public access to some natural areas should be provided to permit study and enjoyment of these areas. However, some wildlife is sensitive to human intrusion. For this reason, projects in such areas should be carefully evaluated in consultation with appropriate agencies to determine the appropriate location and type of access to be provided.

#### Salt Ponds and Other Managed Wetlands Around the Bay

- As long as is economically feasible, the salt ponds should be maintained in salt production and the wetlands should be maintained in their present use. Property tax policy should assure that rising property taxes do not force conversion of the ponds and other wetlands to urban development. In addition, the integrity of the salt production system should be respected (i.e., public agencies should not take for other projects any pond or portion of a pond that is a vital part of the production system).
- If, despite these provisions, the owner of the salt ponds or the owner of any managed wetland desires to withdraw any of the ponds or marshes from their present uses, the public should make every effort to buy these lands, breach the existing dikes, and reopen these areas to the Bay. This type of purchase should have a high priority for any public funds available, because opening ponds and managed wetlands to the Bay represents man's last substantial opportunity to enlarge the Bay rather than shrink it. (In some cases, if salt ponds are opened to the Bay, new dikes will have to be built on the landward side of the ponds to provide the flood protection now being provided by the salt pond dikes.)

#### **COMPLIANCE WITH CEQA:**

In order to comply with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA), FWS and DFG, in consultation with the Conservancy, the Santa Clara Valley Water District, and the Alameda County Flood Control and Water Conservation District, prepared a joint Environmental Impact Statement/Environmental Impact Report (EIS/R) for Phase I of the South Bay Salt Pond Restoration Project to evaluate the potential environmental impacts of the proposed project. The EIS/R (Exhibit 4) was certified by the DFG on March 11, 2008 pursuant to CEQA. The Record of Decision was adopted by FWS on January 27, 2009 pursuant to NEPA.

A general discussion of this environmental document was included in the November 6, 2008 staff recommendation for this project (Exhibit 2). This staff recommendation addresses only those significant and potentially significant project impacts and cumulative impacts for the projects proposed for funding in this staff recommendation: Pond A6, Pond A8, and Ponds E8A/9/8X.

**Adaptive Management's role in preventing significant impacts**

The Project Description and CEQA sections of the attached November 6, 2008 staff recommendation (Exhibit 2) discuss how incorporating the Adaptive Management process into the design of the project enables the project to avoid what could be potentially significant impacts. Below is a description of the applied studies identified in the EIS/R are part of the strategy to prevent and manage potential impacts as associated with the tidal restoration projects of Phase I. Other applied studies are discussed in the Adaptive Management Plan and the EIS/R but the purpose of those studies is to advance the science of wetland restoration and help better design future phases, not prevent known potential impacts.

Pond A6 currently is home to a large colony of California gulls. A possible negative impact of bringing back the tides to Pond A6 is that the gulls could seek alternative sites, including those nesting islands created by the SBSP project to benefit shorebirds. Studies are currently underway to document the current impacts of the gulls on other nesting species, investigate the increase in gull populations, and understand the likely gull response to the loss of Pond A6 nesting sites. This information will enable managers to respond in order to reduce the potential impacts from displaced gulls. (Applied Study No. 15 in the Adaptive Management Plan, pp. 87-90 of Appendix D of the EIS/R, Exhibit 4)

The Pond A8 project is being designed to test wildlife response to increased exposure to mercury, an impact identified as potentially significant. Significant scientific uncertainty remains about the uptake of mercury into food webs and the resulting effect on wildlife. The EIS/R identifies sentinel species that will be monitored and has identified monitoring results ("triggers") that would indicate methylation of mercury has increased in response to project activities. The first phase of the mercury studies were funded by the Conservancy and the Santa Clara Valley Water District in 2006 and are currently underway. If these studies and project monitoring show that the project is unsuccessful keeping mercury at a less-than-significant level, project managers will need to consider the appropriate course of action which could include closing Pond A8 to tidal circulation. The structures at Pond A8 have been designed to be reversible in order to keep the ability to respond appropriately and prevent unwanted impacts to the environment. (Applied Study Nos. 11 and 12 in Adaptive Management Plan, pp. 81-87 of Appendix D of the EIS/R, Exhibit 4)

Another applies study would be required at Pond A8 if the project managers desired to change the operation of the notch and keep the tidal connection open all year (in order to improve channel scour). In this case, an applied study would examine the potential for fish entrainment in the pond. By tracking radio-tagged fish in the slough, it can be determined if fish enter the pond and whether they are able to move through in and out of the notch. Depending on the results of this study, the management of the notch would be modified or fish screens installed in order to keep the notch were opened year round. (Applied Study No. in Adaptive Management Plan, pp. 75-80 of Appendix D of the EIS/R, Exhibit 4.)

**Significant Effects Reduced To Less Than Significant Levels By Mitigation**

Creation of tidal habitats at Ponds A6, A8, and E8A/9/8X is expected to have many beneficial impacts by creating habitat for the endangered salt marsh harvest mouse and California clapper rail, as well as provide nursery areas for estuarine and anadromous fishes, including the threatened steelhead trout. In addition, these tidal restoration projects will improve conditions for harbor seals, bay shrimp, estuarine fish and dabbling ducks, and special-status plant species that depend on mature marsh features and upland transition zones. Furthermore, the project will increase tidal circulation which will improve small watercraft navigation and decrease fluvial flooding as sloughs enlarge. The proposed projects also could have numerous significant impacts. However, these potential impacts are reduced to a less-than-significant level with the mitigation measures described below and summarized in the Mitigation Monitoring and Reporting Program (MMRP), attached as Exhibit 4. The potentially significant impacts and the associated mitigation measures that are applicable to the tidal restoration projects proposed in this staff recommendation, Ponds A6, A8, and E8A/9/8X, are summarized below.

**Water Quality.** Two potentially significant impacts from these projects were identified in the EIS/R: 1) impacts to water quality from contaminants other than mercury (Impact 3.4-5 in Table A1) and 2) seawater intrusion of regional groundwater sources (Impact 3.4-6 in Table A1). The potential contamination impacts are reduced to a less-than-significant level by the construction contractors' adherence to Best Management Practices, a Stormwater Pollution Prevention Plan, and RWQCB Waste Discharge Requirements (Mitigation Measures 3.4-5 a,b,c,d,e,f in the MMRP). In addition, the landowner actions to minimize illegal dumping and litter and inform the public if there are any threats to public health due to bacterial growth will serve to also reduce or avoid these potential impacts. In regards to seawater intrusion, the potential impacts are reduced to a less-than-significant level by properly destroying any abandoned wells in consultation with the local groundwater management agency. (Mitigation Measure 3.4-6 in the MMRP.)

**Cultural Resources.** Two potentially significant impacts to cultural resources were identified in the EIS/R: 1) disturbance of known or unknown cultural resources (Impact 3.8-1 in Table A1), and 2) disturbance of historic salt ponds which may be considered a significant cultural landscape (Impact 3.8 -2). The potential impact of disturbing cultural resources is reduced to a less-than-significant level by pre-construction surveys and records search and appropriate protocols established for contractors if any resources are found (Mitigation Measures 3.8-1 in the MMRP). To reduce disturbance of historic resources to a less-than-significant level, if the site is evaluated and found to be a significant cultural landscape, then appropriate documentation and public outreach and interpretation will be incorporated into the project. (Mitigation Measure 3.8-2 in MMRP.)

**Traffic.** Several potentially significant impacts related to traffic are identified in the EIS/R. Short-term impacts from construction traffic would be reduced to a less-than-significant level by scheduling truck trips outside of morning and evening peak commute hours (Mitigation Measures 3.12-1 in the MMRP). Potential increased wear and tear on local roads from construction will be reduced to a less-than-significant level by before and after documentation of road conditions and a pre-construction agreement between the project landowners and the local public works entity that details repair requirements. (Mitigation Measures 3.12-4 in the MMRP)

**Noise.** The EIS/R identified three potentially significant impacts from construction. Short-term construction noise (Impact 3.13-1) will be reduced to a less-than-significant level by restrictions on the selection, placement and operation of construction equipment (Mitigation Measures 3.13-1 in the MMRP). Traffic-related noise impacts (Impact 3.13-2) will be reduced to a less-than-significant level by restrictions on hauling (Mitigation Measures 3.13-2 in the MMRP). Pump operation noise impacts (Impact 3.13-4) will be reduced to a less-than-significant level by enclosing pump that exceeds noise standards. (Mitigation Measures 3.13-4 in the MMRP.)

**Air Quality.** Several potentially significant impacts to air quality were identified in the EIS/R. Short-term construction-generated air pollutant emissions (Impact 3.14-1) would be reduced to a less-than-significant level by implementation of Basic Control Measures (Mitigation Measures 3.14-1 in the MMRP). Exposure of sensitive receptors to toxic air contaminant emissions (Impact 3.14-3) would be reduced to a less-than-significant level by restrictions on size and use of construction equipment and creation of a Health and Safety Plan. (Mitigation Measures 3.14-3a and b in MMRP).

**Utilities.** The one potentially significant impact to the railroad line from construction activities only applies to Pond A16, not proposed for funding in this authorization.

Since this authorization does not include any public access improvements, this staff recommendation does not discuss the potential recreation-oriented impacts to sensitive species and their habitats and their proposed mitigations as identified in the EIS/R.

### **Cumulative Impacts**

Finally, the EIS/R also identifies cumulative impacts for all of the project alternatives (including no action) and Phase I projects that are unavoidable potentially significant impacts to the environment. All of the impacts of the Phase I projects are not considerable, and only become potentially significant when combined with impacts from sea level rise, future SBSP Restoration project phases, and numerous other wetland, flood control, recreational, residential, commercial, and industrial projects completed or planned for in South San Francisco Bay in the near term (see Section 4.2.2 in EIS/R for a discussion of other projects).

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*SOUTH SAN FRANCISCO BAY SALT PONDS RESTORATION:  
PHASE I IMPLEMENTATION*

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For the tidal restoration projects proposed in this staff recommendation the following cumulative impacts apply when considering future changes such as sea level rise and other projects:

**Hydrology, Flood Management and Infrastructure.** In the case of coastal flood risk (Cumulative Impact 3.3-1), all alternatives, including no action, are potentially significant due to impacts from sea level rise and climate change. However, Alternatives B and C include construction of a flood protection levee or other measures to reduce the impacts of coastal flooding to a less-than-significant level. Since no Phase I projects, including those proposed in this authorization, include construction of flood protection measures, if the project does not include a future phase with flood protection measures, the combination of Phase I projects, sea level rise, and other projects could be potentially significant with no feasible mitigation. In addition, the EIS/R identified sea level rise as a potentially significant impact (Cumulative Impact 3.3-2) despite the flood protection benefits provided by tidal restoration.

**Surface Water, Sediment, and Groundwater Quality.** The presence of mercury in the Bay's sediments creates additional potential cumulative impacts. Although the SBSP Restoration Project's combination of monitoring and implementation of the Adaptive Management Plan would reduce impacts from the proposed tidal restoration projects to less-than-significant, when combined with other projects in the area, there are the potentially significant impacts from mercury in Bay sediments (Cumulative Impacts 3.4-3 and 3.4-4). In regards to water quality from other contaminants (Cumulative Impact 3.4-5), the Phase I actions include mitigation measures for all contaminants considered so the project only becomes potentially significant when considering other proposed projects in the South Bay

**Biological Resources.** Shorebird habitat is being created as part of the Phase I in Ponds SF2, E12 and 13, and A16, but the conversion of salt ponds into tidal habitats could result in the loss of shorebird foraging habitat. When combined with sea level rise and other projects, this could have potentially significant cumulative impact (Cumulative Impact 3.6-1). In addition, the cumulative impacts of Phase I when considered with the impacts of the 2,500 acres of other proposed projects in the South Bay and sea level rise could result in a potentially significant loss of mudflats (Cumulative Impact 3.6-2).

**Cultural Resources.** Phase I activities including the proposed projects involve excavation activities that have the potential to encounter cultural resources. Although the EIS/R identified mitigation measures to decrease this impact to a less-than-significant level, when combined with other proposed project there is the potential for significant cumulative impacts (Cumulative Impact 3.8-2).

**Socioeconomics and Environmental Justice.** Most of the cumulative impacts of Phase I are expect to benefit local business. However, when considering other projects, there could be a cumulatively significant impact to the brine shrimp harvesting business (Cumulative Impact 3.11-1).

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**Traffic.** All project alternatives, including no action, will have cumulative short and long-term traffic impacts when considered with the potential impacts from other cumulative projects as identified in Cumulative Impacts 3.12-1, 3.12-2, 3.12-4.

**Noise.** Noise impacts generated during Phase I construction will be mitigated to a less-than-significant level. However, the cumulative impacts of the Phase I projects and other cumulative project would be potentially significant (Cumulative Impact 3.13). In terms of vibrations, the impacts of Phase I actions becomes significant when considered with other cumulative projects (Cumulative Impact 3.13-5).

**Air Quality.** While all project alternatives including Phase I would be less-than-significant, when considered with other projects, there could be potentially significant cumulative impacts (Cumulative Impact 3.14-3).

### **Project Benefits**

As DFG concluded in their CEQA findings, there are significant project benefits to the South Bay Salt Pond Restoration project in general as well as for Phase I projects. Conservancy staff has independently reviewed the EIS/R and its accompanying appendices, and the MMRP and concurs with this assessment. Among the numerous benefits provided by the South Bay Salt Pond Restoration Project, those that specifically apply to the projects in this authorization, full or partial tidal restoration of Pond A6, A8, and E8A/9/8X, include:

- Provide an increase in tidal marsh habitat in the project area.
- Provide levee maintenance to ensure flood protection and reduce the potential effects on people and property from liquefaction, lateral spreading, settlement and subsequent flooding.
- Provide habitat for estuarine fish and dabbling ducks by providing a greater extent and diversity of tidal habitats than would occur in marshes that develop in ponds breached unintentionally.
- Improve conditions for harbor seals by increasing fish abundance and haul-out habitat.
- Provide habitat for special-status species including the salt marsh harvest mouse, the California clapper rail, and steelhead trout.
- Provide suitable habitat for special-status plant species by creating upland transition zones and mature marsh features (e.g. shell ridges, salt panne, etc.).
- Improve bay shrimp habitat by increasing the salinities in some freshwater sloughs in the South Bay.
- Increase tidal prism resulting in improved water quality and circulation.
- Provide improvements to fluvial flooding and small watercraft navigation due to channel enlargement.

### **Global Climate Change**

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The Final EIS/R (p. 4-6) included the following discussion regarding cumulative impacts regarding global climate change:

“On August 30, 2006, the Governor of California signed Assembly Bill (AB) 32 (Health and Safety Code section 38501, subdivision (a)), legislation intended to combat global climate change. AB 32 recognizes the threat of global climate change to the economic well-being, public health, natural resources, and the environment of California and identifies potential adverse impacts of global climate change that range from air quality problems to impacts on California’s industries (*e.g.*, agriculture, wine, and tourism). Although global climate change is an international issue, the intent of AB 32 is for California to exercise its authority to reduce greenhouse gas emissions and encourage other states, the federal government, and other countries to act. AB 32 gives the California Air Resources Board the authority to coordinate with stakeholders to implement this division, which includes developing emissions reduction measures with the California Public Utilities Commission.

“Currently, there are no regulatory standards issued by the state on how global climate change should be addressed and evaluated in its environmental review process. It is anticipated that CARB will develop and enforce mitigation strategies in accordance with AB 32. As these strategies are developed, the SBSP Restoration Project will be analyzed for consistency with CARB measures in subsequent project-level environmental documentation. As it currently stands, it would be speculative to make conclusions about the effects of global climate change resulting from the Project without clear quantitative baseline data about the existing pollutants that contribute to global climate change and established thresholds against which to analyze such changes. However, it is likely that the Project would sequester extensive carbon due to the increase in marsh vegetation associated with restoration activities. Tidal marshes of the bay are incredibly productive habitats. Atwater and others (1979) summarized existing studies and note that “the vascular plants of the estuaries tidal marshes average between 500 and 1500 g/m<sup>2</sup>/year. Selecting 800 g/m<sup>2</sup>/year as a typical value, and multiplying by the present area of tidal marsh yields an estimated aboveground primary productivity of 10<sup>11</sup> g/yr.” They further note that carbon constitutes about 40% of the dry organic matter of this productivity. Using this same average productivity, and the potential ~13,000 acres (~5200 ha) of tidal restoration would yield about 5.2 x 10<sup>7</sup> g/yr of above ground productivity, or 2.1 x 10<sup>7</sup> g of carbon sequestered per year. The effects of climate change and sea level rise on the Project over the 50-year planning period were taken into account by including these factors in the modeling efforts conducted for the design of the restoration activities. The proposed improvements, including new levees that provide flood protection, would be sized to account for the change in sea level that is expected to occur over the 50-year planning period.”

To establish additional context in which to consider the order of magnitude of project-generated construction Greenhouse Gas (GHG) emissions, it may be noted that the California Air Resources Board has proposed a threshold of 7,000 metric tons of CO<sub>2</sub>/year, below which the effects of a project would be deemed “not significant”, for industrial projects that result in stationary, continuous sources of GHG emissions. Likewise, the South Coast Air Quality Management District has adopted a threshold of 10,000 tons of CO<sub>2</sub> per year for similar industrial projects. Further, the South Coast Air

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Quality Management District has proposed for consideration, but not adopted, a threshold of 3,000 metric tons per year for residential and commercial projects. It should be noted that each of these thresholds are based on the annual emission each year of the project's useful life.

As shown in Appendix N to the SBSP EIS/R, estimated GHG emissions associated with construction of the all Phase 1 projects (five public access and six habitat construction projects at five sites, including the three under this proposed authorization) would be approximately 4,200 metric tons of CO<sub>2</sub> per year during the construction phase which is limited to three years. Construction-related emissions would be temporary and finite in nature.

When considering impacts of the project's GHG, it is important to also consider the carbon sequestration that will result from the proposed tidal restoration projects. Using updated estimates of carbon sequestration potential from "Carbon Sequestration in Tidal Wetlands – White Paper" (Crooks, 2009), Conservancy staff estimate that the 960 acres of tidal marsh restoration in Phase 1 (not counting the muted tidal system of Pond A8) will result in a potential sequestration of CO<sub>2</sub> ranging from 710 to 3,552 metric tons per year. In the short term, the construction effects (a total of approximately 12,600 metric tons) will be completely offset after less than 18 years using the more conservative sequestration figure and in less than approximately 4 years using the higher figure.

Also of note is that the project will have few indirect sources of CO<sub>2</sub> emissions during the post-construction life of the project. Over the fifty year planning period used in the EIS/R, the tidal restoration projects are likely to sequester far more than the CO<sub>2</sub> produced during Phase I project construction, operations and maintenance. Of course the actual amount of carbon sequestered will depend on a variety of factors including sea level rise.

In short, based on current information and the nature of the projects, the three projects proposed for funding under this staff recommendation have little potential to create direct or cumulatively considerable environmental effects related to greenhouse gas emissions or climate change.

### **Statement Of Overriding Considerations**

In the event a project has unavoidable significant potential effect, the CEQA Guidelines require the decision-making agency to balance, as applicable, the economic, legal, social, technological, or other benefits of a proposed project against its unavoidable environmental risks when determining whether to approve the project (14 Cal. Code of Regulations, Section 15093). If the specific project benefits outweigh the unavoidable adverse environmental effects of the project, a Statement of Overriding Consideration may be adopted and the project approved, despite its adverse environmental effects. DFG adopted a Statement of Overriding Consideration as part of its Finding of Facts on March 11, 2008.

The overall environmental benefits of the proposed projects as detailed in the EIS/R, warrant the Conservancy's decision to approve the project even though not all of the

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environmental effects of the project are fully mitigated. As discussed above, the unavoidable cumulative significant impacts are only when considering the tidal restoration of A6, A8, and E8A/9/8X in combination with all Phase I projects and with all other near term projects in the South San Francisco Bay and other changes such as sea level rise. In the absence of the proposed project, these impacts could still happen but without the habitat and other benefits (described in detail above) generated by the proposed tidal restoration projects.

For these reasons, the Conservancy staff recommends that Conservancy find that the project, as mitigated, avoids or reduces to less than significant all potentially significant environmental effects, except for cumulative effects related to Surface Water, Sediment, and Groundwater Quality, Biological Resources, Cultural Resources, Socioeconomics and Environmental Justice, Traffic, Noise, and Air Quality. With respect to these potential unavoidable effects, Conservancy staff likewise recommends that the Conservancy find that the specific environmental, resource, and flood protection benefits of the South Bay Salt Restoration Project Phase I projects proposed in this authorization, tidal restoration of Ponds A6, A8, and E8A/9/8X, outweigh the unmitigated or unavoidable environmental effects of the project, thereby warranting its approval. Upon Conservancy approval of the proposed projects, Conservancy staff will prepare and file a Notice of Determination.

COASTAL CONSERVANCY

Staff Recommendation  
September 24, 2009

**SOUTH SAN FRANCISCO BAY SALT POND RESTORATION:  
PHASE I IMPLEMENTATION**

File No. 02-070-02  
Project Managers: Brenda Buxton and Ann Buell

**RECOMMENDED ACTION:** Modify previous Conservancy authorizations relating to the implementation of Phase I of the South San Francisco Bay Salt Pond Restoration Project by redirecting \$1,550,000 of funds from the Pond SF2 managed pond habitat construction project to the Eden Landing tidal wetland construction project at Ponds E8A/9/8X and by authorizing the acceptance and disbursement of up to \$1,000,000 in U.S. Fish and Wildlife Service National Coastal Wetlands Conservation Grant Program funds for the Eden Landing E8A/9/8X project.

**LOCATION:** San Francisco Bay, South of the San Mateo Bridge, in Alameda, San Mateo, and Santa Clara Counties (Exhibit 1 of attached November 6, 2008 Staff Recommendation).

**PROGRAM CATEGORY:** San Francisco Bay Area Conservancy

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**EXHIBITS**

Exhibit 1: November 6, 2008 Staff Recommendation

Exhibit 2: June 4, 2009 Staff Recommendation

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**RESOLUTION AND FINDINGS:**

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31160-31165 of the Public Resources Code:

“The State Coastal Conservancy hereby modifies its authorization of November 6, 2008 so that the disbursement of up to \$1,550,000 (one million five hundred fifty thousand dollars) to the U.S. Fish and Wildlife Service for construction of habitat and public access facilities at Pond SF2 and Bedwell Bayfront Park in San Mateo County is re-directed to Ducks Unlimited, Inc. for the construction of a tidal wetland restoration project at Eden Landing Ponds E8A/9/8X in Alameda County, as part of the implementation of Phase I of the South San Francisco Bay Salt Pond Restoration Project. The Conservancy also hereby modifies its authorization of June 4, 2009 by authorizing the acceptance of a grant in the amount of up to \$1,000,000 (one million dollars) from the U. S. Fish and Wildlife Service, under its National Coastal Wetlands Conservation Grant Program, and the disbursement of up to the total amount of that grant to the County of Alameda for the

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tidal wetland restoration project at Eden Landing Ponds E8A/9/8X. The disbursement of funds under these modified authorizations shall be subject to the following conditions:

1. Prior to the disbursement of any funds for the project, the grantee shall submit for the review and approval of the Conservancy's Executive Officer a work program, including schedule and budget, and the names of any contractors it intends to use to complete the project.
2. In carrying out the project, the grantee shall comply with all applicable mitigation and monitoring measures that are identified in the South Bay Salt Pond Restoration Project Environmental Impact Statement and Environmental Impact Report (EIS/R) that was certified with findings by the California Department of Fish and Game on March 11, 2008.
3. The grantee shall comply with all terms and conditions imposed by any federal grant that is the source of funding for the grantee, which may, as applicable, include terms and conditions of:
  - a. The American Recovery and Reinvestment Act (ARRA) or that may be necessary to enable the Conservancy to comply with terms and conditions of the ARRA grant.
  - b. The U. S. Fish and Wildlife Service National Coastal Wetlands Conservation Grant Program or that may be necessary to enable the Conservancy to comply with terms and conditions of the National Coastal Wetlands Conservation Grant Program grant.
4. Prior to commencing project work, the grantee shall enter into and record an agreement, approved by the Conservancy's Executive Officer, that allows for access to undertake the project work and that is sufficient to protect the public interest and provide for maintenance of the project.”

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 project remains consistent with the current Project Selection Criteria and Guidelines, last updated by the Conservancy on September 20, 2007.
2. The proposed authorization remains consistent with the purposes and objectives of Chapter 4.5 of Division 21 of the Public Resources Code, regarding the Conservancy's mandate to address the resource and recreational goals of San Francisco Bay Area.
3. Ducks Unlimited, Inc. is a nonprofit organization existing under Section 501(c)(3) of the U.S. Internal Revenue Code, whose purposes are consistent with Division 21 of the Public Resources Code.”

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**PROJECT SUMMARY:**

The proposed authorization modifies two previous Conservancy authorizations, both related to construction of Phase 1 implementation projects under the South Bay Salt Pond authorizations. The two modifications will enable the Conservancy to fully fund the construction of the Eden Landing tidal wetland restoration project at Ponds E8A/9/8X using Conservancy, federal and local resources, by providing State matching funds needed under one federal grant and by authorizing the acceptance and disbursement of another federal grant for the project.

*Modification of the November 6, 2008 Authorization - To Provide ARRA Matching Funds*

On November 6, 2008, the Conservancy authorized \$2.05 million in funding of habitat and public access construction in order to implement the first phase of restoration of 15,100 acres of former Cargill salt production ponds in South San Francisco Bay as part of the South Bay Salt Pond (SBSP) Restoration Project (Exhibit 1). At that meeting, the Conservancy also authorized funding for other aspects of the SBSP Restoration Project including the applied studies as part of the Adaptive Management Program, funding for project management, public outreach and technical support services, and additional funding for the South Bay Shoreline Study.

Subsequent to this November 2008 authorization, the Conservancy applied for and was awarded \$5,898,862 in America Recovery and Reinvestment Act (ARRA) grant funds through NOAA's Coastal and Marine Restoration Grant Program for three tidal restoration projects that were also part of Phase I implementation of the South Bay Salt Pond Restoration Project. The Conservancy authorized acceptance and disbursement of these funds on June 4, 2009 and the attached staff recommendation (Exhibit 2) describes the three projects proposed in the application, project partners, and matching funds.

At the time of the grant application for ARRA-NOAA funds, in order to make the application as competitive as possible, the Conservancy included state matching funds for one of the three tidal restoration projects: Eden Landing Ponds E8A/9/8X. Conservancy staff originally anticipated that the match would come from the Wildlife Conservation Board (WCB). However, due to the State bond funding freeze, which still continues for new projects, these funds are unavailable. Once the bond freeze for new projects is removed, Conservancy staff will continue to work with WCB staff to fund other SBSP Restoration Project Phase I projects. Until that time, projects need to be funded within existing constraints.

In order to provide the state match for the Eden Landing project, Conservancy staff recommends that the Conservancy substitute its own funds, which had been originally authorized for the managed pond habitat construction project at Pond SF2 and a project overlook at Bedwell Bayfront Park in San Mateo County on November 6, 2008. Redirecting these funds will enable the Conservancy to meet the conditions of the ARRA-NOAA grant award.

The U.S. Fish and Wildlife Service (FWS) currently anticipates that it will be able to complete the habitat portion of the Pond SF2 and the Bedwell Bayfront Park overlook project without the \$1.55 million from the Conservancy for several reasons. Construction costs at Pond SF2 have turned out to be lower than estimated and federal appropriations

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to the FWS have been higher than expected. Also, the FWS will still be able to use the \$500,000 in Conservancy funding remaining from the November 2008 authorization for the public access improvements at Pond SF2.

*Modification of the June 4, 2009 Authorization - To Accept and Disburse FWS National Coastal Wetlands Conservation Grant Program Grant*

On June 4, 2009, the Conservancy authorized the acceptance of the ARRA-NOAA grant funds for the tidal wetland restoration project at Eden Landing Ponds E8A/9/8X. The “Project Financing” section of the staff recommendation (Exhibit 2) identified a number of different sources of additional funding for the project, including a “National Coastal Wetlands Conservation Program Grant” in the amount of \$1,000,000. As of June 4, 2009, the FWS had notified the Conservancy that its proposal for funding for the Eden Landing E8A/9/8X project was successful, but the Conservancy was not yet able to meet the matching funds requirement of the grant at that time, due to the state bond funding freeze. After finding alternative sources of matching funds for this FWS grant program, including the ARRA-NOAA funds, Conservancy staff submitted a revised budget to the FWS and was notified in August 2009 that the revised proposal was acceptable and still qualified for the full award. An obligation letter for \$1,000,000 will be issued in the fall of 2009.

Now that the FWS National Coastal Wetlands Conservation Grant Program grant is expected to soon be fully secured, this staff recommendation proposes that the Conservancy specifically authorize the acceptance and disbursement of that grant for the Eden Landing tidal wetland restoration project.

With these re-directed Conservancy funds, matching funds from our project partners, and the nearly \$6 million under the ARRA-NOAA Coastal Restoration Grant, three out of the five public access projects and four out of the six habitat projects planned as Phase I implementation for SBSP Restoration Project will be underway in the next twelve months.

**PROJECT FINANCING:**

Under the proposed authorization the overall funding for the tidal wetland restoration project at Eden Landing Ponds E8A/9/8X remains largely the same as identified in the June 4, 2009 staff recommendation. As proposed in this staff recommendation, \$1.6 million of anticipated WCB funding would be replaced by \$1.55 million of previously-authorized SCC funding for SBSP Phase I implementation. In addition, the project total costs have decreased from \$7,126,845 to \$7,057,464:

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**Eden Landing Ponds E8A/9/8X**

Conservancy funds	\$1,550,000
NOAA-ARRA CMRGP grant	\$3,165,864
FWS National Coastal Wetlands Conservation Grant Program grant	\$1,000,000
Alameda County	\$ 761,600
National Fish and Wildlife Foundation	\$ 580,000
 <b>Total Project Cost</b>	 <b>\$7,057,464</b>

The expected source of funding for the Conservancy funds is the fiscal year 2006-07 appropriation from the “Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002” (Proposition 50). The Eden Landing tidal wetland restoration construction project has the same general purpose and characteristics as the Pond SF2 enhancement project, both of which serve to carry out the objectives of the South Bay Salt Pond Restoration Project. Thus, the use of Proposition 50 funds for the former project is consistent with these funding sources for the same reasons that the latter project was considered consistent, as detailed in the November 6, 2008 staff recommendation (Exhibit 1). There are additional matching funds for this project: \$300,000 from the Resources Legacy Fund for applied studies and \$704,764 from Alameda County for project design and engineering.

The goal of the FWS National Coastal Wetlands Conservation Grant Program is the long-term conservation of coastal wetland ecosystems. Funding from the FWS grant program may be applied toward restoration, enhancement, or management activities. Restoration of 630 acres of former salt ponds at Eden Landing Ecological Reserve to fully tidal wetlands as part of Phase I of the South Bay Salt Pond Restoration Project is consistent with this goal.

**CONSISTENCY WITH CONSERVANCY’S ENABLING LEGISLATION, 2007 STRATEGIC PLAN GOAL(S) & OBJECTIVE(S), AND PROJECT SELECTION CRITERIA & GUIDELINES AND WITH THE SAN FRANCISCO BAY PLAN:**

The proposed authorization does not alter the Eden Landing E8A/9/8X tidal wetland restoration project from the description and other aspects of the project detailed in the June 4, 2009 staff recommendation (Exhibit 2). It simply modifies the manner in which that project is funded. Accordingly, for the same reasons specified in the June 4, 2009 staff recommendation, the Eden Landing E8A/9/8X project, as modified by the proposed authorization, remains consistent with the Conservancy’s enabling legislation, 2007 Strategic Plan Goal(s) & Objective(s), and Project Selection Criteria & Guidelines and with the San Francisco Bay Conservation and Development Commission San Francisco Bay Plan.

Exhibit 3: September 24, 2009 Staff Recommendation  
*SOUTH SAN FRANCISCO BAY SALT POND RESTORATION:  
PHASE I IMPLEMENTATION*

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**COMPLIANCE WITH CEQA:**

As noted immediately above, the proposed authorization does not alter the physical nature of the Eden Landing E8A/9/8X tidal wetland restoration project. The modification in the form of funding likewise does not change: the manner in which the project will be undertaken; the environmental effects of the project or of all of the Phase I implementation projects; or any project changes or feasible mitigation measures or alternatives that might avoid or reduce those effects. Under the June 4, 2009, staff recommendation, the project impacts, mitigation measures and environmental documentation, including the Environmental Impact Statement/Environmental Impact Report for Phase I of the South Bay Salt Pond Restoration Project, were fully presented and discussed. Based on its review of that information, the Conservancy adopted all findings required under CEQA for the Eden Landing E8A/9/8X project. Since the proposed authorization does not alter the project in any way that would change the environmental effects or any required mitigation, no further findings are required under CEQA.