



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: Community Development and Infrastructure

Subject: Watsonville Slough Ecosystem Restoration Project

Meeting Date: February 25, 2025

Formal Title: AS THE BOARD OF DIRECTORS FOR THE PAJARO STORM DRAIN MAINTENANCE DISTRICT: Authorize the District Engineer to sign the agreement with California Marine Sanctuary Foundation, and take related actions

Recommended Actions

- 1) Adopt a resolution accepting and appropriating unanticipated revenue to the Pajaro Storm Drain Maintenance District in the total amount of \$5,000,000 from the National Oceanic and Atmospheric Administration under the Climate Resilience Regional Challenge (Opportunity Number NOAA-NOS-OCM-2023-2008068) supplying local match funding for the design and construction phase of the Watsonville Slough Ecosystem Restoration Project, a United States Army Corps of Engineers (USACE) Continuing Authorities Program project;
- 2) Authorize the District Engineer to sign the subaward agreement with California Marine Sanctuary Foundation; and
- 3) Authorize staff to take appropriate advocacy actions, such as attending meetings and preparing written correspondence to elected officials, to support USACE funding availability for the project.

Executive Summary

Pajaro Storm Drain Maintenance District (PSDMD) staff recommend adoption of the attached resolution by the Board accepting grant funds from the National Oceanic and Atmospheric Administration Climate Resilience Regional Challenge to supply local match funding for the design and implementation phase of the Watsonville Slough Ecosystem Restoration Project (Project), a United States Army Corps of Engineers (USACE) Continuing Authorities Program project. Additionally, the PSDMD is required to sign the attached agreement with California Marine Sanctuary Foundation, as the prime applicant and pass-through entity for the Regional Adaptation for Climate Resilience of Monterey Bay Coastal Communities Project (Federal award number: NA24NOSX473C0102-T1-01). To support USACE funding availability for the Project, staff are also requesting authorization to take appropriate advocacy actions, such as attending meetings and preparing written correspondence to elected officials. The Watsonville Slough Ecosystem Restoration Project will restore wetland habitat within lower Watsonville Slough and improve recreational opportunities for local economically disadvantaged residents, while simultaneously reducing current and future flood risk along Beach and Shell Roads.

Discussion

On February 23, 2021, the Board approved a Project Management Plan (PMP) and Feasibility Cost Share Agreement (FCSA) for the Watsonville Slough Ecosystem Restoration Project (Project), a United States Army Corps of Engineers (USACE) Continuing Authorities Program (CAP) project under authority of Section 1135 of the

Water Resources Development Act (WRDA) of 1986 (Public Law 99-662). The objective of this authority is to improve the quality of the environment through modification of the structures or operations of existing water resources projects constructed by USACE, providing modifications that are feasible and consistent with the original project purpose (i.e. the Pajaro Flood Control Project). Improvements in ecosystem structure and function in areas adversely affected by such projects are included in these studies. The Project includes nature-based infrastructure improvements that re-establish and enhance wetland and tidal marsh habitat while providing flood risk reduction, climate change adaptation, and improved recreational opportunities for local economically disadvantaged residents. Phase I of the Project, which includes preparation of 35% design plans, is being conducted by the USACE and is expected to be complete by December 2025. Following completion of Phase 1, the Pajaro Storm Drain Maintenance District (PSDMD) will return to the Board to enter into an agreement with USACE to complete 100% design and construction of the Project; this future agreement will require a 25% cost share by PSDMD.

On January 30, 2024, the Board adopted a resolution authorizing PSDMD staff to apply for grant funding from the National Oceanic and Atmospheric Administration (NOAA) Climate Resilience Regional Challenge to provide local match funding for the design and construction phase of the Project. PSDMD partnered with California Marine Sanctuary Foundation (CMSF) to submit a regional proposal to NOAA titled "Regional Adaptation for Climate Resilience of Monterey Bay Coastal Communities". On September 6, 2024, NOAA issued a Notice of Award to the CMSF for a Cooperative Agreement for this project work in the amount of \$71M, including \$5M for the Watsonville Slough Ecosystem Restoration Project. A subaward agreement between CMSF as the prime recipient and pass-through entity, and PSDMD as the subrecipient, was distributed on November 19, 2024, and will be circulated for signature by the CMSF after it is signed by the PSDMD District Engineer.

The proposed restoration of tidal estuarine marsh and coastal wetlands in the lower Watsonville Slough, combined with improvements to local roadways and drainage facilities, will increase resilience to climate change and sea level rise and benefit future restoration efforts in the surrounding area while improving public safety and emergency access. The Project will include replacement of the Watsonville Slough culverts at Beach Road and elevation of the road surface to reduce the need for mechanical breaching and expand marsh habitat. Upon completion of the Project, approximately 8 acres of tidal estuarine marsh and coastal wetlands will be restored, including replacement of approximately 1.5 acres of non-native vegetation with native plants, enhancing habitat for native and protected species. Benefits of the Project include improvement of water quality in Watsonville Slough, the Pajaro River lagoon, and adjacent surf zone through the additional water quality treatment provided by expanded and enhanced marsh habitat. The Project will also support recreational opportunities, especially for local disadvantaged communities, by providing improved access to Palm Beach State Park parking, trails, and educational opportunities in the expanded coastal wetlands. The Project will also support Land Trust of Santa Cruz County and Pajaro Regional Flood Management Agency projects that would further enhance climate resiliency and disadvantaged community access in the region.

Staff are requesting adoption of a resolution by the Board that accepts and appropriates unanticipated revenue from the NOAA Climate Resilience Regional Challenge, though

partnership with CMSF, to supply local match funding for design and implementation of the Project in the lower Watsonville Slough. Staff are also requesting authorization for the District Engineer to sign the agreement with CMSF. To support USACE funding availability for the Project, staff are requesting authorization to take appropriate advocacy actions, such as attending meetings and preparing written correspondence to elected officials.

Financial Impact

Unanticipated grant revenue in the amount of \$5,000,000 would be accepted under GL Key 622245 and will supply the 25% local-match responsibility of the USACE CAP Watsonville Slough Ecosystem Restoration Project to complete the design, specifications, and construction of the project. Any non-reimbursable costs or costs deemed ineligible for reimbursement will be covered by the PSDMD. PSDMD will pursue funding match for items ineligible for reimbursement through the Santa Cruz County Safe Drinking water, Clean Beaches, Wildfire Risk Reduction, and Wildlife Protection Act (Measure Q) and partnership with the Pajaro Dunes Association. Project costs will be spread over approximately 5 years.

Strategic Initiatives

Equity Framework - County Facilities & Infrastructure
Operational Plan - Sustainable Environment
Climate Action - Natural & Working Lands

Submitted By:

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Recommended By:

Carlos J. Palacios, County Administrative Officer

Artificial Intelligence Acknowledgment:

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.