



Santa Clara Valley Water District

File No.: 21-0235

Agenda Date: 4/27/2021

Item No.: *6.3.

BOARD AGENDA MEMORANDUM

SUBJECT:

Receive Update on Feasibility Study Findings for the Calabazas and San Tomas Aquino Creek Realignment Project, a Part of Salt Ponds A5-11 Restoration Project, Project No. 20444001, Approve Proceeding with a Formal Planning Study to Identify a Preferred Realignment Project Alternative, and Approve Preliminary Budget and Schedule for Proceeding with Planning Phase.

RECOMMENDATION:

- A. Approve Proceeding with a formal Planning Study for the Calabazas and San Tomas Aquino Creek Realignment Project (Realignment Project), to Identify a Preferred Realignment Project Alternative; and
- B. Approve the recommended preliminary budget and schedule for proceeding with the Realignment Project.

SUMMARY:

Background

Prior to human modification, Calabazas Creek dissipated into freshwater wetlands and San Tomas Aquino (STA) Creek flowed to tidal marshes along the edge of the Bay. Over the past decades, the two creeks have been directed through artificial channels that make 90-degree turns before discharging to the Guadalupe Slough, bypassing tidal marsh. With funding from the Environmental Protection Agency's (EPA) Healthy Wetlands, Resilient Baylands Project, Valley Water and the San Francisco Estuary Institute (SFEI) developed a landscape vision to realign Calabazas and STA Creeks and directly connect them to A8 Ponds, where tidal marsh is being restored as part of the separate South Bay Salt Pond Restoration Project (SBSPRP). EPA's Regional Sediment Strategy Report highlights the Realignment Project, as the first creek-bayland connection along the lower South Bay shoreline.

Feasibility Study

Valley Water staff conducted a study evaluating the feasibility of realigning the two creeks to flow directly into the A8 Ponds, consisting of former salt ponds A5, A7, A8, and A8S (See Attachment 1, Project Map), SBSPRP is in the process of restoring the A8 Ponds to tidal marsh. The Realignment Project would support establishment of tidal marsh at the A8 Ponds and seeks to achieve the following objectives:

1. Ecological Restoration. Enhance/create about 1,500 acres of habitat, ranging from tidal

marshes at the A8 Ponds to freshwater wetlands and adjoining riparian habitat along the lower creek channels;

2. Resilient Flood Protection. Sediment supplied by the creeks to the A8 Ponds will support tidal marsh establishment which will provide resilient flood protection against future sea level rise; and
3. Reduced creek maintenance. Improve creek hydrodynamics to reduce the need for sediment removal and bank repair maintenance and associated costs.

The Feasibility Study carefully considered historical and current conditions to evaluate the feasibility of restoring habitat for endangered species, such as the salt marsh harvest mouse and Ridgway's rail, and to reduce local flood risks by lowering water levels in both creeks during high flow events. The study also analyzed possible constraints, including potential conflicts with transmission towers and underground gas lines owned by Pacific Gas & Electric, the potential to disturb mercury-contamination sediment, and the need for coordination with state and federal landholders. The Study identified a range of options for implementing the project. The options differ in scope and complexity and include enhancement of freshwater wetlands at the Harvey Marsh, restoration of the A8 Ponds to full tidal action, and improvement and extension of the Bay and Collishaw Trails at the study area.

Feasibility Report Findings

The study finds that the options are all technically feasible with implementation costs including construction costs ranging from \$6 to \$25 million. The most expensive option involves combining the Realignment Project with SBSPRP's planned tidal marsh restoration work at the A8 Ponds. Staff recommends the Realignment Project proceed with preparation of a planning study to develop project alternatives and select a staff-recommended alternative.

Staff Recommendation

Staff recommends Board approval to proceed with a formal planning study to identify a preferred Realignment Project alternative. Staff will return to the Board with the Planning Study Report providing a staff-recommended alternative with associated refined costs and schedule.

The revised schedule and budget are outlined in the following table. For potential inclusion in the Five-Year FY2023-27 Capital Improvement Program (CIP), staff recommends Board approval of \$6 million, the upper end of the planning through design costs estimated in the Feasibility study be used.

Phase	Start and End Dates	Estimated Cost
Planning, Baseline Monitoring, and Development of Adaptive Management Strategy	7/1/21 to 6/30/24	\$3.2 M
CEQA/NEPA and Permitting	7/1/23 to 6/30/25	\$1.4 M
Design	7/1/23 to 6/30/25	\$0.1 M - \$1.4 M
Total estimated cost prior to construction phase		Up to \$6M

Grant Applications

Staff identified an opportunity to combine the Realignment Project with SBSPRP planned tidal marsh restoration project to maximize outcome and efficiency for both projects. Staff, in cooperation with State Coastal Conservancy (SCC) and other SBSPRP partner agencies, applied for Proposition 1 (CDFW) and Measure AA (SF Bay Restoration Authority) grants to conduct robust planning and design to further evaluate the options from the feasibility study including the combined project option.

The grant applications contained letters of support from partner agencies, local municipalities, and the environmental community, whose overwhelming support was demonstrated in letters from the Sierra Club, Audubon Society, Save the Bay, and Citizens Committee to Complete the Refuge. On February 26, 2021, the San Francisco Bay Restoration Authority staff notified Valley Water that they are recommending Measure AA grant funding of \$3.37M for the Realignment Project, subject to approval by the Authority's Governing Board at an upcoming public meeting. The recommended award is \$3.37M which represents 87% of the amount Valley Water applied for, \$3.87M.

In addition to the Measure AA grant, Valley Water also applied to the California Department of Fish and Wildlife for a Proposition 1 grant in the amount of \$3.87M to provide additional external funding for the Project's planning and design phases. The Proposition 1 application is currently under review.

FINANCIAL IMPACT:

The Salt Ponds A5-11 Restoration Project No. 20444001 is included in the Draft FY 2022-26 Five-Year CIP and the Board-adopted FY 2020-21 Budget. The project is currently funded by the Watershed and Stream Stewardship Fund (Fund 12). With Board direction to proceed with preparation of a planning study, the updated planning and design planned expenditures of approximately \$6 million would be an increase to the current total Project costs, not reflected in the Draft FY 2022-26 Five-Year CIP. These added costs would be recommended by staff to the Board for inclusion in the following year's Five-Year CIP (FY 2023-27).

Staff plans to return to the Board to authorize the Chief Executive Officer to execute the Measure AA Grant Agreement, if the grant award is confirmed, at which time staff will also recommend the Board approve a budget adjustment to the current FY22 budget accordingly.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have the potential to result in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

- Attachment 1: Project Map
- Attachment 2: Final Feasibility Report
- Attachment 3: PowerPoint
- *Handout 6.3-A: Sierra Club
- *Handout 6.3-B: J. Lucas

*Handout 6.3-C: CCCR

*Handout 6.3-D: Kleinhaus

UNCLASSIFIED MANAGER:

John Bourgeois, 408-314-8859