



**Consideration of Award of Nature Based Solutions: Wetland Restoration Grant Funds for Wetland Mosaic Landscape on Webb Tract Project
Staff Recommendation**

This agenda item presents for Board consideration a recommendation to award Nature Based Solutions: Wetland Restoration Grant Program funding for the Wetland Mosaic Landscape on Webb Tract Project (Project).

PROJECT OVERVIEW

Applicant	Metropolitan Water District of Southern California
Project Number	NBS01
Project Type	Planning and Implementation
County	Contra Costa
Funding Request	\$20,907,371
Total Project Cost	\$24,407,365
Funding Recommendation	\$20,907,371

RECOMMENDATION

Conservancy staff recommends the Board approve up to \$20,907,371 in grant funding for the Wetland Mosaic Landscape on Webb Tract Project (NBS01) proposed by the Metropolitan Water District of Southern California (Metropolitan). Conservancy staff prepared the text below based on staff’s best understanding of the information provided in the application and meetings with staff of Metropolitan’s Bay Delta Program. Conservancy staff followed the General Grant Guidelines, approved by the Conservancy Board in November 2022, in working with the applicant and assessing this proposal.

DESCRIPTION

Metropolitan proposes a two-phase project, planning and implementation, to design and construct up to 3,000 acres of managed, flooded wetlands and up to 1,500 acres of rice fields on Webb Tract. The acreages and precise locations within the Tract will be determined through the planning process. The main objectives of the Project are to stop ongoing organic soil subsidence, reduce greenhouse gas (GHG) emissions generated through increased carbon sequestration opportunities, develop sustainable agriculture opportunities, investigate sustainable water management practices, and study how managed wetlands may augment the Delta pelagic food web in line with goals of Metropolitan’s Climate Action Plan and the Delta Plan. Metropolitan’s Project aims to develop a mosaic of land use opportunities that may include grassland/upland habitat, willow riparian scrub, and other habitat types in addition to managed wetlands and rice. Metropolitan will work with local interested parties, farmers, and a design firm to develop the mosaic of expected land uses that are consistent with the existing topography.

The Project area is an entire island in the central Delta called Webb Tract. Webb Tract is in the north-eastern portion of Contra Costa County, north of Bethel Island and southwest of Bouldin Island. Webb Tract is situated entirely within the Primary Zone of the Sacramento-San Joaquin Delta. Metropolitan purchased Webb Tract in 2016 along with three other islands (Bouldin, Bacon, and Holland). Historically, Webb Tract was used to farm corn and is now leased for cattle grazing.

Staff recommends approval of a two-phased funding approach. The first phase of funding, \$3,221,199, would support the planning including initial design plans, environmental compliance and permitting, pre-construction monitoring, and public outreach. The second phase of funding, \$17,686,172, would be available to the project team only upon the Board's consideration and adoption of either California Environmental Quality Act (CEQA) responsible agency findings or Metropolitan's posting of a Notice of Exemption. The second phase of funding would be used for project implementation, including final design plans, any remaining required permitting, construction, and post-construction monitoring. The implementation phase of the Project will only proceed if the planning phase results in a satisfactory project for implementation and the Conservancy Board approves the release of implementation funds for the Project.

Phase One (Planning)

The planning phase will include design, environmental documentation, pre-construction monitoring, permitting, and public outreach (Tasks one through four and six). As the lead agency for CEQA, Metropolitan will explore possible exemptions that may apply to the Project or prepare a CEQA environmental document (initial study or environmental impact report) as it deems appropriate. As a responsible agency, the Delta Conservancy will be required to consider and make its own findings on any environmental document Metropolitan prepares prior to any further action on the implementation phase of the Project. The Delta Conservancy retains full discretion to approve or deny the implementation phase and to adopt any further mitigation measures or alternatives identified through the environmental review process.

Phase Two (Implementation)

Only upon certification of environmental documentation by Metropolitan's Board, receipt of permits, determination of consistency with the Delta Plan, and authorization to proceed by the Delta Conservancy, Metropolitan will award construction agreements and begin Phase two, which will include construction, post-construction monitoring, and a final report (Tasks five through eight).

To quantify benefits of this island-wide restoration, ample monitoring and modeling will be conducted during the funding term and on a continuous basis for the entire grant term. Specific monitoring protocols will be developed after planning and environmental review is completed but will likely include both baseline and after restoration measurements of GHG emissions using Eddy Covariance towers. Aquatic monitoring will also be conducted including, at a minimum, water quality parameters and food web metrics at various sites in the wetlands and at the outfall pipes. The aquatic monitoring will add to the general body of knowledge on wetland impacts, specifically non-tidal wetlands, on the surrounding aquatic ecosystem. If the project proceeds as expected, monitoring data would be used to model net GHG emissions from Webb Tract, prepare a cost/benefit analysis on California Delta wetland restoration, and register the project with the American Carbon Registry. Finally, the project would monitor and analyze changes to levee stability and risk of failure as a result of the project.

Funding Table¹

Grant Application Tasks	Phase 1	Phase 2
Task 1: Grant Management	\$190,375	\$285,563
Task 2: Design	\$731,255	
Task 3: Environmental Compliance and Permitting	\$1,852,721	
Task 4: Outreach	\$164,807	\$41,202
Task 5: Construction		\$15,736,958
Task 6: Monitoring and Maintenance	\$282,041	\$1,128,164
Task 7: Carbon Credit Registry		\$420,634
Task 8: Levee Analysis		\$73,651
Funding Request	\$3,221,199	\$17,686,172

ENVIRONMENTAL COMPLIANCE

The planning phase of this Project (Phase one) is not considered a project under the California Environmental Quality Act (CEQA). The proposed Project does include the completion of the CEQA process and securing necessary permits for the implementation phase of the Project (Phase two). Metropolitan will act as the CEQA lead agency and will determine what level of environmental analysis is required after technical studies currently being prepared as part of the planning process are complete. Funding for Phase two of the project would only be available upon consideration of the CEQA environmental analysis and any necessary adoption of findings by the Conservancy Board as a responsible agency.

COST SHARE

Metropolitan will contribute \$3,500,000, mostly for the planning phase, as in-kind services through staff time during the funding term. Metropolitan voluntarily purchased the island, has received grants, and partnered with other state agencies and universities for preliminary design plans, public outreach, and levee improvements.

CONSISTENCY WITH STATE AND LOCAL PRIORITIES

The Project is consistent with, and links to, multiple actions and priorities outlined in the Conservancy's governing statute, the Conservancy's Strategic Plan, the Delta Plan, and the Delta Protection Commission's Economic Sustainability Plan. Additionally, the project furthers the California Natural Resources Agency's initiatives of building climate resilience, protecting biodiversity, and expanding nature-based solutions.

LONG TERM VIABILITY

The proposal describes how the Project, if implemented, will contribute to a specific on-the-ground project. The proposal describes long-term management and addresses the intent to maintain for the required 15-year duration using voluntary carbon market credits and specific carbon protocols designed for the Delta. Accessing carbon credits will require a 40-year commitment to ensure

¹ The funding data for implementation are best estimates at this stage and may be modified based on further planning and the completion of the CEQA process.

permanence. Metropolitan is investing time, staff, and resources to develop the Project site, as well as maintain the Project in perpetuity.

LOCAL AND INSTITUTIONAL SUPPORT

Metropolitan received a CDFW grant to conduct initial outreach and gather public input on prioritization and use of their four islands, a project titled “Delta Island Adaptations.” The project team includes 38 experts from state agencies, consultants, and academia plus any interested public. Meeting notes and reports of findings are located on Metropolitan’s website (<https://deltaislandadaptations-ucdavis.hub.arcgis.com>). Bouldin Island was chosen for phase two of the CDFW funded project, but there was enough public and expert support to initiate a separate project on Webb Tract (leading to this proposal). In addition to the extensive outreach of the Delta Island Adaptations project, Metropolitan has received two letters of support and is seeking additional letters of support. Metropolitan will work with local interested parties, farmers, and a design firm to develop the mosaic of proposed land uses that are consistent with the existing topography.

SCIENTIFIC MERIT

The proposal describes the scientific basis of the project and incorporates the best available science that has been developed through 20 years of Delta specific research. The proposal describes efforts to develop an adaptive management approach consistent with the Delta Plan’s adaptive management framework. The proposal describes climate impacts and benefits and includes a mechanism for incorporating climate change considerations into the project.

ADDITIONAL CONSIDERATIONS

The property was conveyed to Metropolitan with a 139-acre duck hunting life estate. This life estate is on a small southern portion of the property and Delta Conservancy staff do not expect this to affect the long-term goals and objectives of this project, nor will the life estate change the projected benefits from this project.

Metropolitan’s Board of Directors is in disagreement about long-term ownership of the four Delta islands and is considering the sale of one or more islands, including Webb Tract. If the award is granted and the project is implemented, Metropolitan is agreeing to the terms of the grant and will ensure viability of the project for the full 15-year grant term by filing a Notice of Unrecorded Grant Agreement against the Deed.

This proposed Project aims to use an interdisciplinary approach to understand, measure, and model the net subsidence reversal, GHG and biological benefits, and estimate the reduction in the relative probability of levee failure resulting from the conversion of existing land use to flooded wetlands and rice. If awarded, Metropolitan will submit any additional information about the proposed Project prior to or during the development of the grant agreement, upon request from the Delta Conservancy.

BACKGROUND

Chaptered on September 5, 2022, the Amended Budget Act of 2022 (Assembly Bill 179, Item 3875-101-0001 of Section 111) provided the Conservancy with \$36,000,000 for projects that support Nature Based Solutions: Wetland Restoration (NBS: WR). Of the total up to \$34,200,00 is available

for projects. The goals of the Nature Based Solutions: Wetland Restoration funding are to support restoration, conservation, and climate resilience for wetlands in the Sacramento-San Joaquin Delta. The Delta region includes over 150,000 acres of highly organic peat soils that are significantly subsided to depths of 20 to 30 feet below sea level. This subsidence threatens the State and Federal water projects, Delta communities, and the region's rich agricultural production. Subsidence is the result of oxidation of the peat soils and results in over 1.5 million tons of CO2 emissions annually. Decades of data suggest that re-wetting the peat soils by restoring wetlands or implementing wet agriculture (paludiculture) stops subsidence and the resulting carbon emissions.

SUGGESTED MOTION LANGUAGE

Move to award funding up to \$3,221,199 for the planning phase and move to conditionally award \$17,686,172 for the implementation phase, subject to further review and approval by the Conservancy Board, to the Metropolitan Water District of Southern California from the Nature Based Solutions: Wetland Restoration Grant Program for the Wetland Mosaic Landscape on Webb Tract Project.

CONTACT

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FIGURE 1: WETLAND MOSAIC LANDSCAPE ON WEBB TRACT PROJECT AREA

