

DEAR FRIENDS,

Every day, the staff at the Estuary Program advance the protection and restoration of our bay. We teach students how their lives mix with the waters of the estuary. We use scientific inquiry and creative thinking to learn how the bay is functioning. We move earth and plant new habitats to improve the condition of our bay. We collaborate with our partners, neighbors, and community to get things done.

Even during our busiest days, our earliest field calls, and our most engaging events, we are connected to those that came before us on this path to protect and restore the bay. The Estuary Program was built by the love and dedication of our community. Local filmmaker Simo Nylander captured this story of neighbors coming together to protect this beautiful and important bay in his recent award-winning documentary *Of Marshes and Morros*.

Revisiting our past through this film allowed us to look toward the future with fresh perspective. How will we continue to honor the commitment of this dedicated community as we grapple with new challenges and changing science? I believe the key is to keep our connections strong and remember that the passionate people who care for Morro Bay are our biggest assets in the drive to protect and restore it.

Wishing you a year filled with nature and community,

Lexie Bell
Executive Director

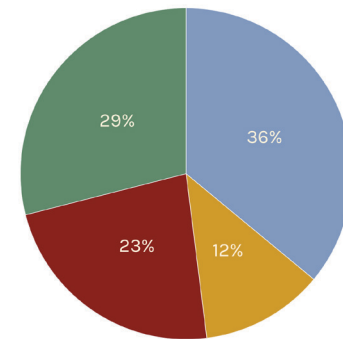


2017 ANNUAL REPORT

FUNDING IN 2017

The Morro Bay National Estuary Program is a local nonprofit that is one of 28 National Estuary Programs across the country. Recognized in the Clean Water Act, each National Estuary Program receives partial financial assistance from the U.S. Environmental Protection Agency. The Estuary Program relies on additional state, local, and private funding sources to accomplish our work. The figures below show income sources and how funds were spent in the 2017 fiscal year (October 1, 2016 –September 30, 2017).

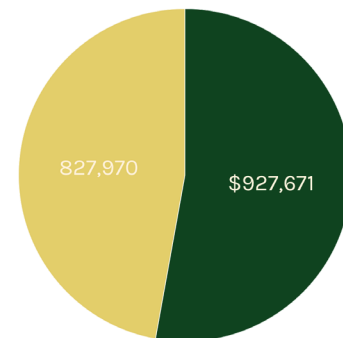
EXPENSES



The portion of funds used in each of four program areas for the 2017 fiscal year.

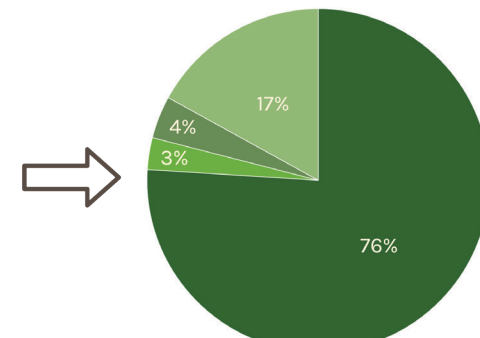
- Habitat and Water Quality Protection and Restoration
- Monitoring and Research
- Education and Outreach
- Program Management and National Partnerships

INCOME



Value of cash and in-kind income from **federal** and **nonfederal** sources for the 2017 fiscal year.

- Federal
- Nonfederal



Percentage of **nonfederal** income from the following sources:

- In-Kind
- Restoration Fund
- State
- Private

PROGRAM FUNDERS LIST

- U.S. Environmental Protection Agency
- Harold J. Miossi Charitable Trust
- California State Coastal Conservancy
- Central Coast Salmon Enhancement
- National Oceanic and Atmospheric Administration
- California Department of Fish and Wildlife
- California State Water Resources Control Board

SUPPORTERS

AMBASSADOR'S CIRCLE
(\$5,000 to \$9,999)
The Sopris Fund

GUARDIAN'S CIRCLE
(\$1,000 to \$4,999)

- John Caldwell, in memory of Jack & Pat Caldwell
- Dwelle Family Foundation
- Rotary Club of Morro Bay Sunset
- Dr. David & Helianthe Stevig
- Tenera Environmental Services

LEADERSHIP CIRCLE
(\$500 to \$999)

- Grassy Bar Oyster Company
- Libertine Brewing Company
- Mike Multari & Denise Fourie
- Santa Lucia Fly Fishers, Inc.
- Yolanda & Jay Waddell
- Reg & Judy Whibley

STEWARDS OF MORRO BAY
(\$250 to \$499)

- Kathleen Baker
- Jinny Cahill
- Dorothy Christie
- James & Elaine Crescenzi
- Dale Kaiser Real Estate, Inc.
- Thomas & Chris Edell
- Linda Fidell & Ahmed Kassem
- Charlotte Kelley, in honor of the Kelley & Beeck Families
- Lemos Feed & Pet Supply
- Julie Loe
- William Luffee
- Morro Bay Active Adults, Senior Center
- Morro Cove Home Owners Association
- Gary & Stephanie Ruggeroni
- Robert & Kathryn Thomas
- Shirley & Paul Vinson
- Richard & Linda Williams
- Steven & Lisa Mia Williams

FRIENDS OF MORRO BAY
(\$100 to \$249)

- Kate & Chris Anderson
- Lexie & Michael Bell
- Karen Biaggini
- Sharon Brown
- Suzanne Carpenter
- Nancy Dickenson
- ESTERO
- Franklin Real Estate & Rentals
- Rickey Gilligan & Karen Robert
- Myron and Sue Hood
- Laurie & Bruce Keogh
- Morro Bay Stand Up Paddleboarding
- Karen O'Grady
- Sandra O'Meara Jennings
- Deanna Richards
- Dominic Roques & Beth Fillerup
- Glenn Silloway
- Stillwater Sciences
- David & Justine Thomas
- Urgent Care of Morro Bay
- James & Christina Van Beveren
- Kris Vardas and PG&E
- Fred & Candi Wickman

SUPPORTERS

Supporters (Up to \$99)

Aloha Windsor & Ron Darbinian
Michael Aubry
Anna Aven
Alyssa Ball
Barbara & Oscar Munoz
Karen & Barton Beckman
Monica Hasling Bischof & Edward Bischof
Edward Boies
Bonnie Baron & Peter Delacorte
Judith Carlson
Cynthia Cecil
Michael Clark & Erika Bocardo
Sarah Cohen
Carol & Paul Courcy
Culligan Central Coast Water
Sue & Greig Cummings
Marla & Bill Decker
Lerri & Leslie Deedon
Jill Denton & Caroline Hall
Kelly Dooly
Forrest & Pamela Doud
Steven Eddy
Susan & Gordon Empey
Jean Fergus
Jan Goldman
Thomas Harrington
Patsy & Herbert Harsch
Walter & Jane Heath
Bonnie Heikes
Carolyn & Marilyn Hodge
Gregg Hoversten
Earle Hoyt
Kristi & Andy Huyck
Bob & Pam Hyland
Caroline C. Israel
Jane Johnson
Heidi Kausch
Elane & Frank Kelley
Arnold & Marguerite Kirkewoog
Catherine & Donald Lockwood
Diane & Roger Ludin
Marti Construction, Inc.
Carole Maurer
Marina Michel
Kyoko & Chris Mitsuoka
Joseph & Laura Montecalvo
Kate Montgomery
James & Gail Morgan
Rhonda Norelius
Adeliza Norton
Joanna Osborn
Jamie Palmer
Randal & Tami Ponder
Gary Ream
Thomas & Susan Richards
Shelby Rinck
Jack & Linda Ritchie
John Sanders
Lynne & Steven Sanoian
Alan Schluter
Stephanie Seay
Holly Sletteland
Cheri & Scott Subler
Harry & Stephanie Thal
Roana Thurnock
Shelly Vimini Moreno

Carol & Robert Walker
Karen & Richard Watts
Mary Whiteford
Norma Wightman

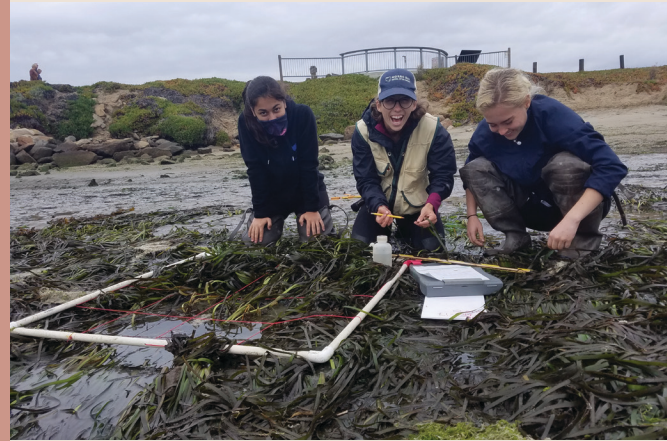
IN-KIND DONORS

Annie Gillespie
Ascendo Coffee
Better Business Financial Services
Black Brant Group
California Polytechnic State University, San Luis Obispo
California Sea Grant
Camp San Luis Obispo
Captain Stew Hamby and Morro Bay Landing
Central Coast Outdoors
City of Morro Bay
Coalesce Bookstore
Cuesta College
Deanna Richards, Edward Jones
Digital West
ESTERO
Morro Bay Rotary Club Sunset
Glenn Burdette
Grassy Bar Oyster Company
Growing Grounds Downtown
Kayak Horizons
Marina Square
Michael L. Baird
Michael Multari
Morro Bay Stand Up Paddleboarding
Morro Bay Oyster Company
Pacific Watershed Associates
Simo & Carol Nylander
Sub Sea Tours
Sullivan and Associates
Sunshine Health Foods & Shine Café
Thomas Wilmer
Windows on the Water

THANK YOU, PROGRAM FUNDERS & SUPPORTERS!

Your generous gifts and in-kind donations, combined with the work of many volunteers, allow the Estuary Program to work effectively for the health of Morro Bay to benefit both people and wildlife.

Keep in touch with us throughout the year at MBNEP.org/blog.



Thank you to all of our volunteers! Whether they are helping to monitor eelgrass, picking up trash around the estuary, or documenting the biodiversity in the salt marsh, volunteers are an essential part of the Estuary Program team. Get involved at MBNEP.org/volunteer.



The Estuary Program has a new webcam! If you need more beautiful bay views in your life, visit MBNEP.org/baycam. A new picture posts every two minutes, so you can check back throughout the day. The Bay Cam page also includes live weather station data from the Morro Bay Yacht Club, so you can even imagine the warmth of the air and the breeze in your hair. The picture above is the Bay Cam's first.

STATE OF THE BAY 2017: EXPLORING OUR ESTUARY THROUGH SCIENCE



Every three years, the Estuary Program gathers data on water quality, bacteria levels, eelgrass health, and more from our monitoring staff, volunteers, and partner organizations. We synthesize that information in our *State of the Bay* report, giving you an overview of the health of Morro Bay and the lands that surround it.

To share the ideas in the report, we offer a series of interactive events, talks, and field trips in concert with our partners. In 2017, our 47 events reached 1,789 people in person and an estimated 4,900 people via TV and radio. If you want to know how Morro Bay is doing, read the report at MBNEP.org/state-of-the-bay.

COMMUNITY PROJECTS

Our Community Projects Program fosters local efforts that address priority issues facing the Morro Bay estuary. In 2017, we supported two projects.

\$5,000 FOR OF MARSHES AND MORROS FILM PRODUCTION BY SIMO NYLANDER



Bill Newman, one of the founders of the Estuary Program, discusses how it all began.

This documentary short tells the story of the community effort to protect and restore Morro Bay. Told by the people who made it happen, the film provides a glimpse into historical efforts and hopes for the future. *Of Marshes and Morros* won awards in both the San Luis Obispo and Los Angeles International Film Festivals. Watch it at MBNEP.org/videos.

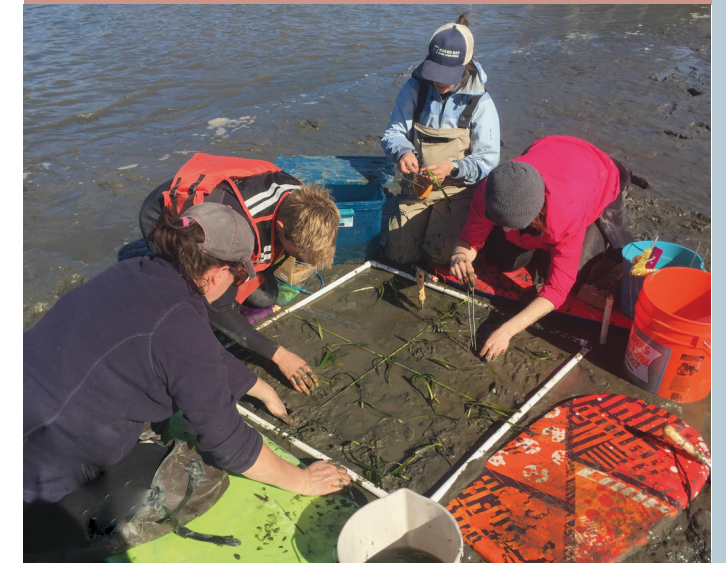
\$3,500 TO CALIFORNIA STATE PARKS FOR SNOWY PLOVER STEWARDSHIP SIGNS



Photo courtesy of Michael "Mike" L. Baird.

Morro Bay's sandspit is a successful breeding site for snowy plovers, a protected shorebird that nests among the dunes. This project funding allows California State Parks to produce new signs to help manage fragile snowy plover nesting areas.

EELGRASS RESTORATION UPDATE



Estuary Program staff, partners, and volunteers collected eelgrass from Coleman Beach, an area where eelgrass beds have continued to do well, and transplanted it in two locations in the bay. Cal Poly conducted detailed monitoring of the transplanted eelgrass to track its progress.

Eelgrass is a flowering plant that puts down roots in shallow bays like the Morro Bay estuary. It serves many important functions like holding sand in place and providing refuge for young fish. Once plentiful in our bay, eelgrass has catastrophically declined over the past decade. Working with agencies, researchers, and volunteers, we have conducted extensive monitoring and research efforts to better understand eelgrass growth and the conditions that might be impacting it.

In 2017, we put this knowledge to work with a small-scale experimental eelgrass transplant effort. Partnering with Cal Poly, Sea Grant, NOAA, and California Department of Fish & Wildlife, we harvested eelgrass from healthy beds. With the help of volunteers, we prepared the eelgrass on shore and then transplanted it at low tide. We planted eelgrass at a forebay site across the channel from Grassy Island and at a midbay site located near the oyster farms. While the eelgrass at the forebay site continues to thrive and expand, the eelgrass at the midbay site did not survive. We also harvested and dispersed eelgrass seeds this fall in order to expand eelgrass growth. These efforts provide valuable information to support future eelgrass restoration work.

CLEAN BOATING ON MORRO BAY



Our Clean Boating program provides boaters with the knowledge and materials they need to help keep our waters clean while enjoying the bay. This summer, our Communications & Outreach Intern paddled back and forth across the bay to reach out to live-aboards and recreational boat owners. He connected 44 boaters with our clean boating kits, which include dye tabs for checking waste holding tanks for leaks, oil absorbents, a map of pump-outs and other clean-boating facilities, and tips for bay-friendly boating. All boaters surveyed about the kits found them helpful and reported completing at least one clean-boating action, like recycling hazardous materials or using a pump-out facility, after receiving the kit.

ESTUARY PROGRAM STAFF

LEXIE BELL, Executive Director
ANN KITAJIMA, Assistant Director
CYNTHIA MILHEM, Office Manager
CAROLYN GERAGHTY, Restoration Projects Manager
KARISSA WILLITS, Monitoring Coordinator
SHANE BENNETT, Monitoring Coordinator
MATT MCKECHNIE, Field Technician
KELLEY BOLAND, Field Technician
RACHEL PASS, Communications & Outreach Coordinator
CATHRYN MICHEL, Communications & Outreach Intern
ANDERS JOHNSON, Communications & Outreach Intern for Clean Boating
EVAN MUNDAHL, Former Field Technician
SARA MARKHAM, Former Design & Communications Specialist

BAY FOUNDATION BOARD

As the nonprofit home for the Estuary Program, the Bay Foundation Board applies for grants, manages funding, and employs staff.

JOEL NEEL, President
GARY RUGGERONE, Vice President
BILL HENRY, Secretary
KRIS VARDAS, Treasurer
JASON CURTIS, joined November 2017
TOM EDELL
REBECCA GERSHOW
DAVE PARADIES, through October 2017
DR. DEANNA RICHARDS
SHAUNNA SULLIVAN

WORKING WITH PARTNERS TO PROTECT AND RESTORE PENNINGTON CREEK

The cold clear waters of Pennington Creek provide a home to many species, including our iconic steelhead. The Estuary Program works with Pennington Creek landowners and other partners to protect and enhance habitat in and around the creek for sensitive species like steelhead.

PENNINGTON CREEK PROJECTS

CONSTRUCTED WETLAND

A constructed wetland treats storm runoff before sending it to the creek, reducing the transport of sediment and other pollutants.



Pennington Creek Road



FISH BARRIER
Barrier removal allows fish to access high quality habitat upstream.



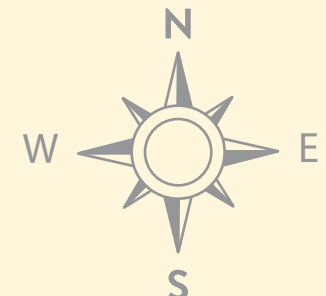
ROAD
Road repairs reduce erosion to keep sediment out of the creek.



Cal Poly Beef Center at Escuela Ranch



RAINWATER HARVESTING
Collecting rain runoff in storms and using it in the dry season reduces the need for creekside wells, leaving more water in the creek for fish.



HELPING THE WATERS RUN CLEAR

At Cal Poly's Escuela Ranch, the university is training the next generation of ranchers to run thriving businesses while protecting the land. Interspersed throughout the landscape are rural roads that allow access to remote pastures and troughs. These roads can be a significant source of sediment to nearby streams, which can bury fish eggs and the bugs that are an important food source for fish. Between 2014 and 2016, the Estuary Program partnered with Cal Poly and other landowners including Camp San Luis Obispo and the U.S. Forest Service to repair road sites on 11.4 miles of road and prevent 1,225 tons of sediment erosion each year over the next decade.



The rocks in this photo provide armoring to prevent rain runoff from causing erosion. This protects both Cal Poly's road and the fish and other wildlife living in nearby creeks.

HELPING THE WATERS RUN CLEAR (CONTINUED)

The Rancho El Chorro Outdoor School, located downstream from Cal Poly's ranchland, provides environmental education for children. Pennington Creek wends its way through the 250-acre campus. Unfortunately, rainwater that falls on the campus can run off the roofs and pavement, carrying sediment and other pollutants into the creek.

The school has partnered with Trout Unlimited, a national nonprofit organization dedicated to protecting coldwater fisheries. A project is underway to construct a wetland nestled in the campus to naturally remove sediment and other contaminants from the runoff before it flows into Pennington Creek. Project construction is expected to begin in the summer of 2018. The Estuary Program's role in the project is creek monitoring and helping teach children about the watershed and this new feature of campus.



Estuary Program volunteers conduct monthly monitoring on Pennington Creek in the Rancho El Chorro Outdoor School campus. The collected data, like water temperature and oxygen, indicate whether the creek would support sensitive fish like steelhead.

KEEPING WATER IN THE CREEK

The quantity of water in our creeks is just as important as its quality. Having adequate water levels is crucial for fish survival. To help keep more water in the creek for the fish, the Estuary Program and partners built a rainwater harvesting system that directs water from the rooftops of Cal Poly's Beef Center into four 70,000-gallon tanks. During the dry summer months, Cal Poly ranchers use the stored water to supply cattle troughs, which reduces the use of creekside wells.



An Estuary Program staff member prepares instruments for installation in Pennington Creek to track creek water levels.

FREE TO ROAM

Good habitat and clean waters benefit fish only if they can access them. Nearly ten years ago, the Estuary Program helped remove a 25-ton concrete slab that had fallen into Pennington Creek, creating a barrier to fish migration. The next project to improve fish passage will replace an aging fish passage structure and improve a water diversion to keep more water in the creek. This is a Trout Unlimited project. The Estuary Program is responsible for monitoring water quality and quantity in the creek. Construction is slated to begin in the summer of 2018.



Construction begins next summer to replace this aging concrete passage structure so that fish can access the high quality habitat located upstream.

LOOKING TO THE FUTURE

We feel fortunate for the efforts of our many partners. With the projects we've already accomplished together, the upcoming work, and the management of responsible landowners, Pennington Creek will be protected for people and for wildlife for generations to come.