
EXHIBIT 2

COASTAL CONSERVANCY

Staff Recommendation
October 23, 2003

**NCCP PROGRAM IMPLEMENTATION:
SAN DIEGO RIVER AND OTAY RIVER WATERSHED PROPERTIES**

File No. 03-137
Project Manager: Marc Beyeler

RECOMMENDED ACTION: Authorization to disburse up to \$7,200,000 to the San Diego River Park-Lakeside Conservancy and to disburse \$7,420,000 to the State Department of Fish and Game to acquire properties within the San Diego River and the Otay River watersheds in order to implement the San Diego Multiple Species Conservation Plan (MSCP), approved by the Conservancy on June 25, 1998, as part of the state's Natural Communities Conservation Planning (NCCP) Program, and to implement the San Diego River Park: Lakeside NCCP Program, adopted by the Conservancy on June 25, 2001.

LOCATION: Southwestern San Diego County; San Diego River and Otay River watersheds (Exhibit 1)

PROGRAM CATEGORY: Resource Enhancement

EXHIBITS

- Exhibit 1: Location Maps
 - Exhibit 2: Property Maps
 - Exhibit 3: MSCP Preserve
 - Exhibit 4: June 25, 1998 Staff Recommendation
 - Exhibit 5: June 25, 2001 Staff Recommendation
 - Exhibit 6: Letters of Support
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RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following Resolution pursuant to Sections 31251-31270 of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of an amount not to exceed seven million two hundred thousand dollars (\$7,200,000) to the San Diego River Park-Lakeside Conservancy for acquisition of property described in Exhibit 2A of the accompanying staff recommendation to implement the SDRP: Lakeside NCCP Enhancement Plan approved by the Con-

EXHIBIT 2: October 23, 2003 Staff Recommendation

servancy on June 25, 2001; and further authorizes the disbursement of an amount not to exceed seven million four hundred twenty thousand dollars (\$7,420,000) to the Department of Fish and Game, for the acquisition of property described in Exhibit 2B of the accompanying staff recommendation to implement the Multiple Species Conservation Program (MSCP), approved by the Conservancy on June 25, 1998, subject to the following conditions:

1. Prior to the disbursement of any funds for the acquisition of each property, the Executive Officer of the Conservancy ("Executive Officer") shall review and approve all relevant acquisition documents, including but not limited to an appraisal, agreement of purchase and sale and documents of title; and all other funds necessary to carry out the acquisition shall be provided.
2. The acquiring entity shall pay no more than fair market value for the property as established in an appraisal approved by the California Department of General Services.
3. The acquiring entity shall dedicate the property for natural resource protection, open space preservation and public access in an appropriate instrument approved by the Executive Officer.
4. Conservancy funding shall be acknowledged by erecting and maintaining a sign on the property, the design and location of which has been reviewed and approved by the Executive Officer.

The Conservancy further authorizes the acceptance and disbursement of funding from the Wildlife Conservation Board and the Resources Agency to defray or reimburse the Conservancy for the costs of acquisition."

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 acquisitions are consistent with and will help to carry out resource enhancement plans adopted by the Conservancy on June 25, 2001 and June 25, 1998 respectively, pursuant to its authority under Public Resources Code Sections 31251-31270 regarding enhancement of coastal resources.
2. The proposed projects are consistent with the Project Selection Criteria and Guidelines adopted by the Conservancy on January 24, 2001.
3. The San Diego River Park-Lakeside Conservancy is a nonprofit organization existing under Section 501(c)(3) of the U.S. Internal Revenue Code, and whose purposes are consistent with Division 21 of the California Public Resources Code."

PROJECT SUMMARY:

Conservancy staff is recommending Conservancy authorization to disburse up to \$14,620,000 to acquire habitat properties in the San Diego and Otay River watersheds to implement the State's NCCP Program and to implement the San Diego River Park Program. Conservancy staff has worked closely with the Wildlife Conservation Board, the California Department of Fish and Game, the Resources Agency, the County of San Diego, various local Cities, and the San Diego

EXHIBIT 2: October 23, 2003 Staff Recommendation

River Park-Lakeside Conservancy, a local nonprofit organization, to identify key properties for acquisition and to assemble appropriate funds to implement these programs.

Two projects are recommended for funding in this authorization: (1) acquisition of up to 100 acres within the San Diego River in Lakeside, known as the Calmat property; and (2) acquisition of approximately 2,000 acres in the upper watershed of the Otay River Valley in Hollenbeck Canyon, known as Honey Springs Ranch.

CalMat Property: The Calmat property is to be acquired by the Lakeside Conservancy and restored as riparian habitat. The Lakeside river district is an important riparian habitat linkage in the MSCP. In addition, the CalMat acquisition will be the first in a county-wide effort to create a San Diego River Park extending the length of the river designed to restore habitat and provide public access to the river. The 100-acre CalMat property will be acquired as part of a 250-acre San Diego River Park in Lakeside. The Lakeside Conservancy intends to restore the site to its former riverine and riparian habitats to benefit several threatened and endangered species and to restore the historic floodplain offering the community flood protect and water quality benefits. This effort is more fully described in the Lakeside NCCP Enhancement Plan approved by the Conservancy in June 2001 (Exhibit 5).

Honey Springs Ranch Property: The Honey Springs Ranch is to be acquired by the California Department of Fish and Game, to be managed as habitat preserve. Acquisition of the Honey Springs Ranch within Hollenbeck Canyon will preserve a large portion of the southern end of Hollenbeck Canyon and Jamul Creek and will also preserve a larger portion of the established north-south wildlife corridor along the entirety of Hollenbeck Canyon. In addition, acquisition of the subject property will provide a large habitat area linking with Otay Mountain to the southwest and the Jamul Mountains to the north; preserve an essential north-south habitat linkage between coastal watersheds from the Tijuana River watershed to the San Diego and San Dieguito River watersheds in the north; and preserve essential east-west habitat linkages between the Cleveland National Forest and habitat preserves in the western portion of the Otay River valley, including the coastal resources of South San Diego Bay. These areas/linkages are identified in the San Dieguito River Valley/Multiple Species Conservation Plan (MSCP) Enhancement Plan adopted by the Conservancy in June 1998 (Exhibit 4). Maintaining and preserving these habitat core areas and linkages is essential to the sustainability of various threatened and endangered plant and animal species within the coastal draining watersheds, including important threatened coastal resources, such as riparian and coastal sage scrub habitats.

The City of San Diego's MSCP is one of the most important regional plans which make up the State of California's NCCP Program. Since 1998 the Conservancy has been an active partner in implementing the NCCP program in the coastal areas of San Diego and Orange Counties, including the MSCP.

The NCCP program is a cooperative effort to protect habitats and species. The program, begun in 1991 under the state's Natural Communities Conservation Planning Act, is intended to conserve natural communities at the ecosystem scale while accommodating compatible land uses. The Conservancy adopted the Multiple Species Conservation Plan (MSCP) on June 25, 1998 (Exhibit 4), providing for the acquisition of properties within the core biological resource areas and associated habitat linkages identified in the MSCP.

EXHIBIT 2: October 23, 2003 Staff Recommendation

In June 2003, the Coastal Conservancy and the Wildlife Conservation Board (WCB) entered into an Interagency Agreement (IAA) in a cooperative effort to facilitate the acquisition of real properties as part of the state's Natural Communities Conservation Planning (NCCP) Program, whereby the WCB granted approximately \$36 million to the Coastal Conservancy.

The Conservancy also will be receiving funds from the California Resources Agency from the River Parkway program to implement the San Diego River Park program. Since 2000 the Conservancy has been working with the local public agencies and local citizens to protect and restore the San Diego River.

All property acquired pursuant to the IAAs and this authorization will be acquired, held, used, and managed for the purposes of wildlife habitat preservation, restoration and management, wildlife-oriented education and research, and compatible public uses, consistent with wildlife habitat preservation, in order to enhance the natural and scenic character of coastal watersheds and their resources.

Site Description: The Multiple Species Conservation Planning area of southwestern San Diego county includes the most ecologically significant watersheds in San Diego county, including both the San Diego River and the Otay River watersheds. The City of San Diego is the lead agency in establishing the 172,000-acre MSCP preserve in southwestern San Diego County (Exhibit 3).

Both the San Diego River and the Otay River watersheds are important parts of the region's MSCP. The portion of both river watersheds which contain the subject properties to be acquired as part of this staff recommendation are within the Core Biological Areas and Corridors of the MSCP. Both the San Diego River and Otay River have been designed as River Parkways and have active planning and implementation efforts currently ongoing for open space and habitat preservation as well as public access and public recreation.

The Lakeside portion of the San Diego River includes significant riparian, creek, and related stream habitats which can be restored and enhanced. A conceptual restoration plan has been completed and detailed habitat and riparian restoration plans will be developed for the Calmat property upon completing the acquisition.

Acquisition of lands in Hollenbeck Canyon in the Otay River watershed, including the Honey Springs Ranch property, is important because it preserves area of high and very high quality habitat. Hollenbeck Canyon and Jamul Creek are tributaries of Dulzura Creek, both of which are important watershed components of the Otay Lakes Reservoir and the Otay River Parkway.

Project History: Since 1998 the Conservancy has been assisting local, regional, state, and federal agencies in the implementation of the MSCP, as part of the state's NCCP program. Between 1998 and 2000, the Conservancy received \$10 million to implement the MSCP. Using these and other funds granted to it, including River Parkway monies, the Conservancy has approved the expenditure of funds for property acquisition within both the San Diego and Otay River watersheds. Since 1990 the Conservancy has been a partner and funder in establishing a River Parkway in the Otay River watershed. Since 2000 the Conservancy has been a partner and funder in establishing a River Parkway in the San Diego River watershed.

Currently, the Coastal Conservancy is a project partner, and/or project funder, in several important coastal resource protection projects in the subject watersheds, including the eradication of non-native invasive plant species, the restoration and enhancement of coastal wetlands, riparian habitat restoration, and the provision of public access and recreational facilities.

PROJECT FINANCING:

<u>\$14.62 Million</u>	<u>Recommended Authorization</u>
\$7.42 Million	WCB/NCCP-Honey Springs Ranch
\$3.0 Million	WCB/NCCP-Calmat
\$4.2 Million	CRA/River Parkways-Calmat

No new Conservancy funds are being requested as part of the proposed authorization. The Honey Springs Ranch acquisition will be funded under WCB's NCCP grant to the Conservancy from the "Safe Neighborhood, Clean Water, Clean Air and Coastal Protection Bond Act of 2000" (Proposition 12). The CalMat acquisition will utilize funds granted to the Lakeside Conservancy as part of the Conservancy's June 2001 authorization to implement the Lakeside NCCP Enhancement together with \$3,000,000 granted to the Conservancy by the WCB for NCCP implementation projects; and \$4,200,000 from a Resources Agency grant of River Parkway funds from the "California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Bond Act of 2000" (Proposition 40). Acquisition of coastal draining watershed lands in San Diego and Otay River watersheds to protect coastal natural resources and implement the state's NCCP is consistent with the anticipated funding sources. Additional funds from the General Fund and Proposition 50 will be used to complete the Calmat acquisition. All grant funds have been approved.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

Chapter 6 of Division 21 of the Public Resources Code (Sections 31251-31270) provides for the Conservancy's participation in a program of coastal resource enhancement. The proposed authorization would facilitate the preservation of significant coastal natural resources. Protecting the headwaters of the Otay River watershed is of critical importance in ensuring the sustainability of riparian ecosystems and the downstream areas of this watershed. Protecting riparian resources along the San Diego River is essential to ensuring the sustainability of the riparian ecosystem of the San Diego River. Loss of upstream habitat in both watersheds will adversely affect water quality and aquatic ecosystem health within coastal areas of the larger watersheds.

In June 2001 the Conservancy approved the SDRP NCCP Enhancement Plan pursuant to its authority under Chapter 6 of Division 21 (Exhibit 5). The Plan calls for the acquisition of key properties along the San Diego River containing riparian resources in order to protect larger watershed natural resources and open space and to provide managed public access. Acquisition of the CalMat property will help to implement the plan and accomplish these purposes and is consistent with Chapter 6.

In June 1998 the Conservancy approved the MSCP Enhancement Plan pursuant to its authority under Chapter 6 of Division 21 (Exhibit 4). The Plan calls for the acquisition of key properties within the MSCP containing important coastal resources, including riparian resources in order to protect larger watershed natural resources and open space and to provide managed public access. Acquisition of the Honey Springs property will help to implement the plan and accomplish these purposes and is consistent with Chapter 6.

**CONSISTENCY WITH CONSERVANCY'S
STRATEGIC PLAN GOALS & OBJECTIVES:**

Consistent with **Goal 5 Objective A**, the proposed projects will increase Coastal Resource Conservation by the acquisition of coastal-draining watershed lands that will protect, restore and enhance biological diversity in coastal areas. Objective A directs staff to preserve, restore and enhance important coastal habitats including coastal stream corridors, coastal sage scrub, and oak woodlands. The proposed project contains significant natural resources.

Consistent with **Goal 5 Objective B**, the proposed project will increase Coastal Resource Conservation by the acquisition of coastal-draining watershed lands that will protect, restore and enhance habitat corridors both between core habitat areas along the coast and from coastal habitats to inland habitat areas. The proposed project provides essential habitat lands linking habitat corridors within the larger MSCP area.

Consistent with **Goal 6 Objective A**, proposed project will improve water quality, habitat and related coastal habitats within priority coastal watersheds, developing projects that preserve and restore coastal watersheds and create river parkways.

**CONSISTENCY WITH CONSERVANCY'S
PROJECT SELECTION CRITERIA & GUIDELINES:**

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines adopted January 24, 2001, 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:** The proposed projects have widespread community and agency support. The River Parkway and NCCP programs have multiple agency involvement, including federal, state, regional, and local. In addition, the projects involve community nonprofit organizations and members of the general public. Copies of support letters are included in Exhibit 6.
4. **Location:** Located in the upper portions of two priority coastal watersheds, acquisition of these properties for purposes of open space and natural resource protection is essential to contribute to the restoration and enhancement of significant coastal resources, including riparian and watershed resources. Both project locations are in the Core Biological Areas and Core Linkage Areas of the MSCP.
6. **Greater-than-local interest:** The location of the properties at the headwaters of the watersheds is significant both locally and statewide. Significant public land holdings are either adjacent to, or nearby, the proposed acquisitions.

Additional Criteria

8. **Resolution of more than one issue:** The project will address coastal resource protection, habitat quality and species protection, water quality and watershed resource protection, as well as public recreation.
9. **Leverage:** See the “Project Financing” section above.
13. **Realization of prior Conservancy goals:** See the “Project History” section above.
15. **Cooperation:** The proposed projects involve the cooperation of state, local, regional and federal agencies, as well as interested stakeholders and members of the general public.

COMPLIANCE WITH CEQA:

The project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) under 14 Cal. Code of Regulations Sections 15325 and 15313, which apply to transfers of ownership of interests in land to preserve open space or plant and animal habitat and to preserve public access. Staff will file a Notice of Exemption upon approval of the project.