

COASTAL CONSERVANCY

Staff Recommendation
June 5, 2008

**LOS CERRITOS WETLANDS:
HELLMAN PROPERTY ACQUISITION**

File No. 98-015
Project Manager: Bob Thiel

RECOMMENDED ACTION: Authorization to the Conservancy's Executive Officer to support the acquisition by the Los Cerritos Wetlands Authority of the Hellman Ranch lowlands property in the City of Seal Beach, Orange County.

LOCATION: Los Cerritos Wetlands complex, City of Seal Beach, Orange County (Exhibits 1, 2 and 3).

PROGRAM CATEGORY: Reservation of Significant Coastal Resource Areas

EXHIBITS

- Exhibit 1: [Regional location map](#)
- Exhibit 2: [Map of LCWA and Hellman Property project area](#)
- Exhibit 3: [Hellman Property location and parcel boundaries](#)
- Exhibit 4: [Properties in the Los Cerritos Wetlands Complex](#)
- Exhibit 5: [Site photos](#)
- Exhibit 6: [Letter from the Santa Ana RWQCB \(dated September 13, 2006\)](#)
- Exhibit 7: [Letters of support](#)

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution, pursuant to Sections 31350-31356 of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes its Executive Officer (or his designee), as a member of the board of the Los Cerritos Wetlands Authority, to vote to approve the acquisition of the approximately 100-acre Hellman Ranch lowlands property (as more particularly described in the accompanying staff recommendation) by the Los Cerritos Wetlands Authority.”

PROJECT SUMMARY:

Conservancy staff recommends that the Conservancy authorize its Executive Officer (or his designee), as a member of the board of the Los Cerritos Wetlands Authority, to vote to approve the acquisition of the Hellman Ranch lowlands property by the Los Cerritos Wetlands Authority (“LCWA”).

The proposed acquisition consists of approximately 100 acres of wetlands and lowlands owned by Hellman Properties LLC (“the Hellman Property”). It is the southwestern portion of the larger 175-acre Hellman Ranch in the City of Seal Beach, in Orange County. The site is located at the southeast quadrant of the intersection of Pacific Coast Highway and the Los Angeles-Orange County line and consists of portions of Assessor Parcel Nos. 043-160-31, -32, -54 and -58 and portions of 095-010-25 and 095-010-59. (See Exhibits 3 and 4; on Exhibit 3 the Hellman Property is designated as the “100 Acre Lowland Area Reserve for Wetland Restoration.”)

For several decades, agencies and environmental organizations sought to acquire the Hellman Property and adjacent parcels as part of an effort to protect and restore the Los Cerritos Wetlands. The Hellman Property is located within the footprint of salt marsh and tidal channels that once comprised the Alamitos Bay wetlands, which like many others in Southern California, have been reduced in area, fragmented by development, or converted to commercial ports and harbors that lack the functional complexity of historical tidal wetlands. The site was once a part of the larger historic Los Cerritos Wetlands complex of salt marsh, brackish marsh and estuarine habitats that was centered along Alamitos Bay, the lower San Gabriel River and estuary, and the Los Angeles-Orange County line. Because of extensive urban development, only 490 acres of that complex remain out of the 1,500 acres of wetlands that existed as late as the 1920’s. The property includes degraded wetlands, liquefiable soils, hydraulic fill and organic silt and clay. Wetland delineations on the Hellman Property show about 27.0 acres of wetlands according to State of California criteria (or 23.2 acres according to Corps of Engineers criteria).

The Hellman Property is deed restricted by the terms of a Coastal Development Permit (“CDP”) issued by the California Coastal Commission in 2000 as a condition to the Commission’s approval of a 70-unit residential development on adjoining property to the east of the Hellman Property [CDP 5-97-367-A1]. The CDP and associated deed restriction (recorded on May 24, 2002) specify that:

- For a period of 25 years the Hellman interests agree to sell the Hellman Property “to any public agency or non-profit association acceptable to the Executive Director [of the Coastal Commission] that requests in writing to purchase the property;”
- “The sale shall be at fair market value as established by an appraisal paid for the buyer and prepared by an appraiser mutually acceptable to the buyer and applicant. . .;” and

- “The uses shall be restricted to wetlands restoration, open space and environmental education purposes, with reversion rights to the State Coastal Conservancy.”

The Hellman Property is also deed restricted for use as raptor habitat. Under a 2002 deed restriction imposed by the Coastal Commission, 9.2 acres within the 100-acre Hellman Property must be managed for raptor habitat. The adjacent 50 acres north of the Hellman Property will be retained by the Hellman interests for continuing oil production; that acreage has been similarly restricted by the above CDP to a possible eventual sale to a public agency, although its 25-year period will not commence until oil production ceases on that property.

Oil was discovered on Hellman Ranch in the 1920's, and the Hellman Property and the adjoining parcel north of it have been used for oil production since 1922. The Hellman Property has been the subject of various wetlands delineations, biological assessments, hydraulic and soil surveys, and several environmental site investigations. The Conservancy and the Hellman owners co-funded an environmental assessment and supplemental environmental assessment in 2003 and 2004. These studies reviewed all previous site evaluations and conducted additional sampling of the Hellman Property.

There is evidence of hydrocarbon (crude oil)-impacted soil in discrete areas of the property. Twelve sumps (or empoundments) of drilling muds from oil exploration activity conducted many years ago are present on the site and contain hydrocarbon-impacted soil. Groundwater contaminated with crude oil was also detected in the northwest corner of the property. Crude oil is not identified as a hazardous waste in the California Health and Safety Code. Subsequently, the property owner has worked with the Regional Water Quality Control Board (“RWQCB”) to conduct additional monitoring of the extent and movement of that contamination. The RWQCB has issued a “no further action” letter with regard to the groundwater plume (See Exhibit 6). Additionally, site investigations disclosed the existence of an informal disposal site or landfill of construction debris on the Hellman Property. Testing of the landfill revealed no evidence of hazardous waste. All of the above impacts are below regulatory thresholds, and the current owners are under no regulatory obligation to remediate any of these conditions.

Staff and counsel for the Conservancy, the Los Angeles and San Gabriel Rivers and Mountains Conservancy (“RMC”), and the LCWA are negotiating with the owners of the Hellman Property to acquire the site by the LCWA, a joint powers agency, which would hold and manage the Hellman Property. Subject to the approval of the LCWA board---of which the Conservancy is a member---the LCWA hopes to purchase the Hellman Property by the end of 2008. The LCWA intends to use Wildlife Conservation Board funds to acquire the Hellman Property.

In 2006, the LCWA and the sellers commissioned a conceptual feasibility study to establish the feasibility and probable costs of soil remediation that would likely be required for restoration of the wetlands on the Hellman Property. The results of that 2007 study informed the current negotiations between the LCWA and the sellers regarding the terms of the proposed sale. Negotiations are still pending.

Site Description:

The Hellman Property includes approximately 27 acres of delineated, but severely degraded wetlands. The site contains 3.2 acres of tidal channels; about 14.9 acres of salt marsh habitat; 2.0 acres of seasonal ponds; and about 7 acres of alkaline flats. The wetlands contain subtidal areas as well as intertidal habitat that include mudflat and pickleweed areas. On the degraded tidal salt marsh, elevations are low enough to be influenced by the regular inundation of seawater.

The Hellman Property was significantly altered from its original condition by oil drilling that began in the 1920s and by infilling of the wetlands and reduction of their habitat area. One of the most significant alterations to the site was a major dredging project along the San Gabriel River by the Los Angeles County Flood Control District and the resultant removal of tidal influence over much of the lower-lying portions of the Hellman Property. Between 1967 and 1970, the dredging project deposited about 470,000 cubic yards of fill on the Hellman Property site; as a result, portions of the Hellman Property are higher in elevation than adjacent sites. Although the Hellman Property is undeveloped, a key hydrologic feature is a shallow channel from the Haynes Cooling Channel and the San Gabriel River into the western portion of the Hellman Property. Originally this channel was intended to drain the property into the river channel, but the one-way flap gate into the river channel has ceased functioning and it now allows salt and brackish water to flow onto the Hellman Property. Additional disturbance to the site has been caused by years of off-road vehicle use, soil disking and other forms of human impact.

The Hellman Ranch lowlands property is part of the Los Cerritos Wetlands complex, located along both sides of the lower reach of the San Gabriel River in Los Angeles and Orange Counties. Before the river was channelized, the complex included freshwater and brackish wetlands whose size and configuration fluctuated in response to the migration of the river channel across the coastal plain. An aerial photo taken in 1927 depicts more than 1,500 acres of wetlands bordering Los Alamitos Bay. Because of subsequent development, only 400 acres of degraded wetlands and adjacent open space remain out of the original complex. Surrounding land uses include oil production in several locations, a power plant to the north, and a mix of commercial, residential and industrial uses on each side of the complex.

Most of the historic wetlands were filled and degraded, primarily because of oil production activity, channelization of the San Gabriel River, and construction of a cooling channel for a nearby power plant. Despite the fact that the complex has been dramatically altered and is surrounded by urban development, it provides valuable wildlife habitat. As many as 89 bird species have been recorded using the area, including 48 different species of water birds, and a number of salt marsh fish species can be found in tidally-influenced, channelized drainages at Los Cerritos. Special status species include Belding's savannah sparrow, California least tern, loggerhead shrike, western snowy plover, California gull, Cooper's hawk, northern harrier, osprey, and yellow warbler.

Project History:

For nearly thirty years, public agencies and environmental organizations worked to protect and recover the Los Cerritos wetlands.

In February 2006, the Conservancy approved entering into a Joint Exercise of Powers Agreement (“JPA”) with the RMC, and the Cities of Seal Beach and Long Beach to create the LCWA. The purpose of the LCWA is to provide for a comprehensive program of acquisition, protection, conservation, restoration, maintenance, operation and environmental enhancement of the Los Cerritos Wetlands area in a manner consistent with the goals of flood protection, habitat protection, restoration, and improved water supply, water quality, groundwater recharge and water conservation. The LCWA was created in March 2006 pursuant to the state’s Joint Exercise of Powers Act (California Government Code §§6500 *et seq.*)

Since that time, the LCWA acquired approximately 66 acres of wetlands property known as the “Bryant Property” (portions of Los Angeles County Assessor Parcel Numbers 7237-020-006 and -007). The acquisition was financed by a \$7 million Coastal Conservancy grant to The Trust for Public Land (approved in April 2006) and \$3 million in additional funding from Signal Hill Petroleum, which acquired the mineral rights. The LCWA has also acquired title from Southern California Edison to a 5.11-acre parcel within the Los Cerritos wetlands area that is the subject of an offer to dedicate fee title (“OTD”) to the Conservancy. The OTD was created as part of a 2001 consent decree in settlement of litigation over the impacts of Edison’s San Onofre Generating Station. In January 2007, the Conservancy designated the LCWA to accept the OTD. In connection with this authorization, the Conservancy granted funds to the LCWA to prepare a feasibility analysis of the use of that parcel for natural resource restoration purposes at Los Cerritos Wetlands.

During the past 10 years, the Conservancy worked with other project partners in an effort to acquire the remaining acreage in the Los Cerritos Wetlands complex. The LCWA and its member agencies are continuing this effort, with a focus on the 181 acres of the Bixby Ranch property as well as other adjacent parcels of smaller, privately owned property.

PROJECT FINANCING:

No Conservancy funds are contemplated for this acquisition. The LCWA is currently working with staff from the Wildlife Conservation Board to secure the necessary grant to fund the proposed acquisition.

CONSISTENCY WITH CONSERVANCY’S ENABLING LEGISLATION:

According to Section 31350 of the Public Resources Code, it is the policy of the Legislature that significant coastal resource sites be reserved for public use and enjoyment. Section 31351 in turn directs the Conservancy to “cooperate with. . . other public agencies. . .in ensuring the reservation of interests in real property for purposes [outlined in the Conservancy’s enabling legislation] as well as for park, recreation, fish and wildlife habitat, historical preservation, or scientific study required to meet the

policies and objectives of the . . .Coastal Act. . .” Authorization to approve the proposed acquisition of the Hellman Property by the LCWA would be consistent with the Conservancy’s responsibilities to cooperate with other public agencies to protect significant coastal resources for wildlife habitat and public use and enjoyment.

Consistent with Section 31109, the proposed authorization was approved by the Coastal Commission. The LCWA, a public agency, would acquire the Hellman Property for the purposes provided in the deed restriction contained in the Coastal Commission’s Coastal Development Permit.

CONSISTENCY WITH CONSERVANCY’S STRATEGIC PLAN GOALS & OBJECTIVES:

Consistent with **Goal 4, Objective 4A** of the Conservancy’s Strategic Plan, the authorization would assist in protecting a significant coastal resource property by enabling the LCWA to act as the appropriate entity to acquire and manage the Hellman Property.

CONSISTENCY WITH CONSERVANCY’S PROJECT SELECTION CRITERIA & GUIDELINES:

The proposed authorization is consistent with the Conservancy's current Project Selection Criteria and Guidelines (dated September 20, 2007) as follows:

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 from the public:** Acquisition of the Hellman Property has been a priority of community-based organizations and the public for decades. Letters of support for this project are attached as Exhibit 7
4. **Location:** The proposed project is located within the coastal zone in the City of Seal Beach, Orange County.
5. **Need:** Acquisition of the Hellman Property will provide the LCWA with critical acreage for the eventual restoration of the Los Cerritos Wetlands complex.
6. **Greater-than-local interest:** Southern California has lost over 90 percent of its historic coastal wetlands, and acquisition of the Hellman Property is a key component in the protection and eventual restoration of the Los Cerritos Wetlands complex. Those wetlands provide critical habitat for state- and federally-listed threatened and endangered species.

Additional Criteria

7. **Urgency:** The Los Cerritos Wetlands complex represents one of the last and best remaining opportunities for coastal wetland restoration in Southern California. After years of negotiations with the owners of the Hellman Property, the LCWA has both a proposed agreement to sell the property under mutually acceptable terms and potential funding from the Wildlife Conservation Board that would allow the LCWA to acquire the property before the end of this calendar year.
8. **Readiness:** Subject to the approval of its four member agencies, the LCWA is prepared to purchase the Hellman Property before the end of 2008.
9. **Realization of prior Conservancy goals:** The Conservancy has been involved in efforts to acquire and protect the resources of the Los Cerritos Wetlands for more than a decade. Acquisition of the Hellman Property would add a critical component to the matrix of parcels that could be conserved and restored there; it would also help realize a long-term regional goal of the Southern California Wetlands Recovery Project.
10. **Cooperation:** The LCWA is a joint powers authority among the Coastal Conservancy, Los Angeles and San Gabriel Rivers and Mountains Conservancy, and the Cities of Long Beach and Seal Beach. The LCWA's acquisition and protection of wetlands habitat at the Los Cerritos Wetlands complex is supported by a number of community groups, including the Los Cerritos Wetlands Trust and the Los Cerritos Wetlands Stewards.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

The City of Seal Beach does not have a certified Local Coastal Program. Acquisition of the Hellman Property would be consistent with the mandate in Section 30140 of the Coastal Act to protect environmentally sensitive habitat areas. As noted above, the Hellman Property has been deed-restricted by the terms and conditions of an approved Coastal Development Permit issued by the Coastal Commission, which restricts the sale of that property to a public agency for wetlands restoration, open space and environmental education purposes. This project is being implemented in accordance with the terms of the CDP.

In the Land Use Element of its most recent General Plan (dated December 2003) the City of Seal Beach adopted a series of policies regarding the protection of the Hellman Property wetlands. They include ones (a) to maintain significant acreage for the restoration or creation of wetlands and retention of viable wetland habitat and biodiversity; (b) to restore the wetlands ecosystem so that it makes a significant contribution to the regional system along the Pacific Flyway; and (c) to preserve and enhance open space and create public access opportunities. The City has submitted this General Plan update to the Coastal Commission for review and approval as the Land Use Plan component of its Local Coastal Program.

**CONSISTENCY WITH LOCAL WATERSHED MANAGEMENT PLAN/
STATE WATER QUALITY CONTROL PLAN:**

Acquisition of the Hellman Ranch Wetlands is listed as a priority Master Plan Project (number R7.10) in the *San Gabriel River Corridor Master Plan* (June 2006 at 3-37). The proposed project is also consistent with the Los Angeles Regional Water Quality Control Board's *Basin Plan for the Coastal Watersheds of Los Angeles and Ventura Counties* (1994), which calls for the protection of existing wetland habitats and associated populations of wetlands fauna and flora. In addition, the Hellman Property acquisition is a priority for the Southern California Wetlands Recovery Project ("WRP"), which has identified the project as a regional priority since the inception of the WRP's Work Plan.

COMPLIANCE WITH CEQA:

The proposed authorization to the Executive Officer is not a project within the meaning of the California Environmental Quality Act ("CEQA"). Section 15378(a) of the CEQA Guidelines [14 Cal. Code of Regulations §15378(a)] defines a project as the "whole of an action which has the potential for resulting in a physical change in the environment, directly or ultimately." It excludes each separate government approval of a "project" as well as administrative activities of governments that will not result in direct or indirect physical changes in the environment.

Alternatively, if this authorization is deemed a "project" within the meaning of CEQA, and subject to the provisions of CEQA, acquisition of the Hellman Property is categorically exempt from review under Sections 15313 and 15325 [14 Cal. Code of Regulations §§15313 and 15325]. Section 15313 exempts acquisition of lands for fish and wildlife conservation purposes and for preserving access to public lands and waters where the purpose of the acquisition is to preserve the land in its natural condition. The acquisition may be similarly exempt pursuant to Section 15325 because it would involve a transfer of ownership to preserve existing natural conditions and open space.