

COASTAL CONSERVANCY

Staff Recommendation
September 29, 2016

ORMOND BEACH ACQUISITION – SOUTHLAND SOD FARM

Project No. 90-048-06
Project Manager: Christopher Kroll

RECOMMENDED ACTION: Authorization to disburse up to \$5,000,000 to the Nature Conservancy for acquisition of the 561-acre Southland Sod Farm property.

LOCATION: City of Oxnard, Ventura County

PROGRAM CATEGORY: Resource Enhancement

EXHIBITS

- Exhibit 1: [Project Location Map](#)
 - Exhibit 2: [Ormond Beach Project Area](#)
 - Exhibit 3: [Photos](#)
 - Exhibit 4: [Project Letters](#)
-

RESOLUTION AND FINDINGS:

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

“The State Coastal Conservancy (Conservancy) hereby authorizes disbursement of an amount not to exceed five million dollars (\$5,000,000) to The Nature Conservancy (TNC) to acquire the approximately 561-acre property commonly known as the Southland Sod Farm (consisting of Ventura Count Parcel Nos. 231-0-020-270; 231-0-020-300; 231-0-020-280; 231-0-020-290; 231-0-020-315; 231-0-040-415; 231-0-040-405; 231-0-040-420; 231-0-040-135), as shown in Exhibit 2 to the accompanying staff recommendation. This authorization is subject to the following conditions:

1. Prior to the disbursement of funds for the acquisition, TNC shall submit for the review and approval of the Executive Officer of the Conservancy (Executive Officer) all relevant acquisition documents for the acquisition including, without limitation, the appraisals, purchase agreement, title encumbrances, escrow instructions, environmental or hazardous material assessment and title report.
 2. TNC shall pay no more than fair market value for the property, based on an appraisal of the property approved by the Conservancy.
-

3. TNC shall permanently dedicate the property for flood protection, wildlife habitat, wetland restoration, open space protection, public access and limited agricultural uses through an irrevocable offer to dedicate the property or other instrument approved by the Executive Officer.
4. Conservancy funding shall be acknowledged by erecting and maintaining a sign on the property or in a nearby public staging area, the design and location of which is to be approved by the Executive Officer.”

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 authorization is consistent with Chapter 6 of Division 21 of the Public Resources Code, regarding enhancement of coastal resources.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.
3. The Nature Conservancy is a nonprofit organization formed under section 501(c)(3) of the U.S. Internal Revenue Code, and its purposes are consistent with Division 21 of the Public Resources Code.”

PROJECT SUMMARY:

Staff recommends that the Conservancy authorize disbursement of \$5,000,000 for the acquisition of the 561.54-acre Southland Sod Farm Property (“property”) which forms a part of the over 1,500 acre historic Ormond Beach wetlands complex in Ventura County. (Exhibit 2)

The property is the largest and most critical acquisition remaining to be secured before efforts can begin to restore one of the largest coastal wetland complexes in southern California. Historically, the Ormond Beach area contained a diverse set of habitats including sandy beaches, coastal lagoons and estuaries, fore- and back-dune areas, brackish and seasonal freshwater marshes, freshwater drainages, grasslands, transitional uplands, and over two miles of beach. While the wetlands and other habitats found in the coastal area have undergone substantial alteration as a result of industrial, agricultural, and urban development, the existing natural communities are a significant resource for several plant and animal species.

The Conservancy targeted the area as state priority in the early 1980s and recognized Ormond Beach as an area of biological significance and high habitat restoration potential. Through a state-wide planning process, The Nature Conservancy (TNC) also identified Ormond Beach as a conservation priority for southern California and partnered with the Conservancy in 1999 to protect and restore the area. To date, 627 acres of land have been acquired in Ormond Beach by the Conservancy, TNC and the City of Oxnard.

Ormond Beach is considered by many wetland experts to be the most important wetland restoration opportunity in southern California and is one of the highest priority projects for the Southern California Wetlands Recovery Project. Initial restoration plans for the 1,000-acre Ormond Beach wetland (which contains the property) include reestablishing the historic

hydrologic linkage with the adjoining 1,200-acre Mugu Lagoon wetlands. This combined 2,200-acre wetland complex would constitute the largest coastal wetlands in southern California.

Ormond Beach provides the following unique conservation opportunities:

- Upland connection – Ormond Beach is one of the few remaining coastal areas in California that is not bisected by Pacific Coast Highway or railroad lines.
- Restoration potential – the land that now makes up Ormond Beach is agricultural or degraded open space and can be converted back to wetland habitat, as opposed to other coastal areas that are enclosed by development.
- Urban refuge – the property, and Ormond Beach as a whole, provides refugia for five federally-listed and eight state-listed species; over 200 species of birds; and is an important stopover along the Pacific Flyway in the second largest metropolitan area in United States.
- Climate Resilience – the property, and Ormond Beach as a whole, provides a buffer to sea level rise and other impacts of climate change for adjacent natural and human communities.

This project is the continuation of a long-term effort to preserve, restore and secure permanent conservation status for the Ormond Beach wetlands. TNC, intends to preserve and restore the natural conditions, including plant and animal habitats, in some areas of the property and allow limited coastal agricultural use in some areas of the property consistent with the Ormond Beach restoration plan currently under development by the Conservancy, TNC and the City of Oxnard.

The acquisition of the property will prevent the nine parcels that make up the property from being subdivided and developed in the future. Housing and commercial developments that occur near the coast not only preclude the future restoration of these lands, they sever wildlife linkages, and result in the building of structural flood control measures that negatively impact the habitats upon which many species depend. Acquisition of the property will prevent this development from happening, which will help maintain a less altered hydrological condition along this section of the coast. As the sea level rises and flooding and coastal erosion become more of an issue for structures along the coast, the Southland Sod Farm property provides an excellent opportunity for nature-based solutions to prevent coastal armoring, protect surrounding properties and allow for the restoration and maintenance of a full suite of natural communities in and along this stretch of coastline.

TNC is a nationwide 501(c)(3) organization that has successfully participated in large restoration projects in California (e.g., Suisun Marsh) and nationwide (e.g., Chesapeake Bay). It has both the resources and expertise to assemble funding and carry out this acquisition.

Site Description: Ormond Beach is located along the southern coast of Ventura County. It is situated within the City of Oxnard, and is located between the City of Port Hueneme and Naval Base Ventura County Point Mugu. Ormond Beach is a 1,500-acre area composed of agriculture, industry, and wetlands. The two-mile-long beach extends from Port Hueneme to the northwestern boundary of Point Mugu Naval Air Station. Ormond Beach is surrounded by a mix of agricultural, industrial, military, open space, and public and private duck club properties.

The Ventura County coast was originally a vast complex of dunes, lakes, lagoons, and salt and freshwater marshes. From the Santa Clara River estuary to Mugu Lagoon, there were seven lagoons along the coast. Most of the lagoons have disappeared, been severely degraded or been converted to marinas or ports. Even though the historic habitat has been seriously impacted by dredging and filling for agriculture and industrial development, Ormond Beach is one of the few areas in southern California with an intact dune-transition zone-marsh system with surrounding upland habitat. Unlike most areas along the California coast, interstate highways and railroads do not cross the coastline in the Ormond Beach area. This provides a rare uninterrupted transition from the ocean to sandy beach to sand dunes to wetlands to upland areas.

The area hosts over 200 migratory bird species, including more shorebird species than are known to use any other site in Ventura County. Ormond Beach is located on the Pacific Flyway and the state- and federally-listed endangered California least tern and the federally-listed threatened western snowy plover both nest and raise their young at Ormond Beach. State- and federally-listed endangered light-footed Ridgeway rail and the state-listed endangered Belding's savannah sparrow are also found at Ormond Beach. The state- and federally-listed endangered salt-marsh bird's beak occurs in the area. A total of 25 federally protected fish, wildlife, and plant species are found at Ormond Beach.

Ormond Beach with its two miles of sandy beach also provides coastal access for the economically-disadvantaged community of South Oxnard and attracts beach users from the surrounding area. In 2015, more than 22,000 visitors were counted at the Arnold Road entrance to the Conservancy's property at Ormond Beach. People come to walk and sit on the beach, fish, bird watch and swim.

A large power plant constructed in the 1970s is located on approximately 50 acres adjacent to the Conservancy-owned property. This facility is one of 19 powers plants in California which are subject to the State Water Resources Control Board's once-through cooling (OTC) policy. The Ormond Beach plant must comply with the policy by December 31, 2020. The highly contaminated, privately-owned Halaco properties are located on the western border of the TNC property. The 36-acre former metal smelting facility was closed in 2004 and includes a very large toxic waste pile. These properties are part of a U.S. Environmental Protection Agency-designated Superfund site for which the EPA is presently developing a remediation plan. At this point in time it is uncertain what will happen with either facility but these facilities do not impede the ability to restore the Ormond Beach wetland complex.

The 561.54-acre Southland Sod Farm Property is bordered to the north by E. Hueneme Road, to the west by Edison Drive, to the east by Arnold Road and by the Conservancy's property to the south (see Exhibit 2). The nine parcels that make up the Property are privately owned by local farmers. Presently, the whole Property is in agricultural production (row crops, berries, and sod).

Project History: The Ormond Beach wetlands have been drained, filled, and degraded to accommodate agriculture, energy plants and industrial uses. For several decades, there have been numerous proposals for marinas, resorts, and housing in and adjacent to the remnant wetlands. The proposed project is the continuation of a long-term effort to preserve and restore the Ormond Beach wetlands. The Conservancy targeted the Ormond Beach area for habitat

restoration and enhancement in the early 1980s. During the 1990s, the Conservancy worked with the City, the environmental community, and the landowners at Ormond Beach to extinguish paper lots on the beach.

In 2002, the Conservancy acquired 260 acres of land at Ormond Beach. In 2005, the Conservancy provided a grant to TNC to aid in the purchase of an additional 277 acres of land adjacent to the Conservancy's property. The City controls 80 acres and the successor agency to the City's Redevelopment Agency owns an additional 13 acres.

In 2009, the Ormond Beach Wetland Restoration Feasibility Study, funded by the Conservancy and the U.S. Environmental Protection Agency, was completed. The study outlines existing conditions, including habitat distributions, opportunities and constraints related to potential restoration, and regulatory requirements for any restoration proposed at Ormond Beach. The study identified seven possible restoration alternatives and a series of short and long-term planning, design, and regulatory approval recommendations as possible next steps.

In February 2016, the U.S. Fish and Wildlife Service approved funding to the Conservancy for the acquisition of a 13-acre parcel at Ormond Beach. TNC is currently negotiating the purchase of this property and will hold and manage it until a final management entity is identified.

In May 2016, the Conservancy approved \$350,000 for environmental services to prepare a restoration and public access plan for the Ormond Beach wetlands complex.

In July 2016, the Conservancy, TNC and the City of Oxnard entered into a Memorandum of Understanding (MOU) that will provide a unified management of the properties and lay the groundwork for establishing a long-term management entity for the restored wetlands complex.

TNC has been in negotiations with the property owners for several years, and it has completed an appraisal of the property for purposes of negotiating a transfer of ownership. TNC is seeking initial funding from the Conservancy to garner additional institutional support for the acquisition.

PROJECT FINANCING

Coastal Conservancy	\$5,000,000
The Nature Conservancy (cash, in-kind)	\$65,300
State*	\$48,800,000
Federal REPI Program	<u>9,000,000</u>
Project Total	\$62,800,000

*Potential State funding estimates, not including this grant request, include other pending requests to other State agencies (Wildlife Conservation Board and State Water Resources Control Board).

There are two anticipated sources of Conservancy funds for this project. The first is an appropriation from the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1, Water Code §§ 79700 *et seq.*). Funds appropriated to the Conservancy derive from Chapter 6 (commencing with § 79730 of the Water Code) and may be used “for multi-

benefit water quality, water supply, and watershed protection and restoration projects for the watersheds of the state” (§ 79731). Section 79732 identifies specific purposes of Chapter 6, which include: protecting and restoring coastal watersheds, including, but not limited to bays, marine estuaries, and near shore ecosystems; and assisting in the recovery of endangered, threatened or migratory species by improving watershed health, instream flows, fish passage and coastal or inland wetland restoration. Because the proposed project consists of acquisition of land to protect and restore a coastal watershed, it is an appropriate use of Proposition 1 funds.

As required by Proposition 1, the proposed project provides multiple environmental benefits. The acquisition also will protect wetland ecosystems and facilitate the restoration of the property to wetlands and other habitats. Additionally, the acquisition will enable an eventual change in land use to restore natural systems and functions that contribute to water quality and flood management.

In accordance with § 79707(b), which requires agencies to prioritize “projects that leverage private, federal, or local funding or produce the greatest public benefit,” this project anticipates non-state funding will come from federal agencies, nonprofit organizations and other sources, as noted above.

The project was selected through a competitive grant process under the Conservancy’s *Proposition 1 Grant Program Guidelines* adopted in June 2015 (“Prop 1 Guidelines”) (See Water Code § 79706(a)). The proposed project meets each of the evaluation criteria in the Prop 1 Guidelines as described in further detail in this section, the “Project Summary” section and in the “Consistency with Conservancy’s Project Selection Criteria & Guidelines” section of this report.

The other anticipated source of Conservancy funds is the 2012-2013 fiscal year appropriation to the Conservancy from the Habitat Conservation Fund (“HCF”) established by the California Wildlife Protection Act of 1990 (Proposition 117), Fish and Game Code §§ 2780 *et seq.* Pursuant to Fish and Wildlife Code § 2786(d) & (f), HCF funds may be used for acquisition, restoration or enhancement of wetlands and riparian habitats. The proposed project will acquire land that will be added to the Ormond Beach restoration project. Thus, the proposed project is an appropriate use of HCF funds.

The appropriation of HCF funds used for this acquisition come from the sale of bonds from the Disaster Preparedness and Flood Protection Bond Act of 2006 (Proposition 1E). Proposition 1E authorizes the use of these funds for the purposes of carrying out disaster preparedness and flood prevention projects (§ 5096 of the Public Resources Code). Section 5096.825(d) of Prop. 1E states that these funds may be spent for the protection, creation, and enhancement of flood protection corridors. Consistent with this provision, the project will reduce the threat from flooding to the Ormond Beach area of the City of Oxnard by acquiring areas that will provide flood attenuation in this area. The restored wetlands and other habitats will absorb wave energy, reducing the threat of storm damage and flooding to adjacent infrastructure.

Public Resources Code § 5096.820(b) stipulates that Proposition 1E funds should be expended on projects that secure the maximum feasible amounts of federal and local matching funds. Consistent with this requirement, significant federal matching funds are anticipated and will be sought for this acquisition.

TNC will provide significant in-kind contributions of staff time as the acquisition lead. TNC will negotiate the purchase and take title to the Property. TNC will also complete all necessary due diligence on the Property, including appraisals and environmental assessment reports (Phase I, Phase II if necessary). Approximately \$9 million has been committed to the acquisition through the Navy's Readiness and Environmental Protection and Integration (REPI) program and \$5,300 has been spent by TNC in September 2015 on the appraisal.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

Pursuant to Public Resources Code § 31251, the Conservancy may award grants to nonprofit organizations for the purpose of enhancement of coastal resources which, because of human-induced events, or incompatible land uses, have suffered loss of natural and scenic values. Consistent with this section, the project will enhance and restore wildlife habitat and aid in the recovery of threatened and endangered populations that have been degraded by agricultural land use practices. Thus, this grant will be used to acquire the property as a first step toward enhancement of the natural character of the area.

Section 31251.2 of Chapter 6 of Division 21 authorizes the Conservancy to undertake projects to enhance the natural character of coastal resources and to enhance a watershed resource that is partly outside of the coastal zone. The Ormond Beach wetlands complex is partly inside and outside of the coastal zone. The Conservancy may only undertake a project affecting an area straddling the coastal zone if requested by a local public agency or agencies with jurisdiction over the entire project area. The City of Oxnard, which has jurisdiction over the entire project area, has a policy in its certified Land Use Plan that expressly states that the City will work with the Conservancy to protect and enhance coastal resources, and has repeatedly expressed an interest in the restoration of the Ormond Beach wetland complex. See "Consistency with Local Coastal Program Policies" section and Exhibit 4.

The project is also consistent with Section 31252, as the project area targeted for restoration is identified in the certified City of Oxnard Local Coastal Program (LCP) as requiring action to protect and enhance coastal resources. The proposed project is consistent with the City of Oxnard Local Coastal Program as described in the "Consistency with Local Coastal Program Policies" section below.

The project is consistent with Section 31253, which authorizes the Conservancy to provide up to the total cost of any coastal project. In determining the amount of Conservancy funding for this project, the factors identified in § 31253 have been considered and applied, as described in the "Consistency with Conservancy's Project Selection Criteria & Guidelines."

CONSISTENCY WITH CONSERVANCY'S 2013 STRATEGIC PLAN GOAL(S) & OBJECTIVE(S), AS REVISED JUNE 25, 2015:

Consistent with **Goal 4, Objective A** of the Conservancy's 2013-2018 Strategic Plan, the proposed project will protect a significant portion of the historic Ormond Beach wetlands complex, much of which will be restored as part of the Ormond Beach Coastal Habitat Restoration Project.

Consistent with **Goal 5, Objective D** of the Conservancy’s 2013-2018 Strategic Plan, the proposed project will preserve and allow for enhancement of an important portion of the historic Ormond Beach wetlands complex.

The Strategic Plan specifically identifies major efforts that should occur between 2013 and 2018 for all four Conservancy regions. For the South Coast area, commencement of the restoration of the Ormond Beach wetlands is identified as an important effort to be pursued. In May 2016, the Conservancy approved funding for the preparation of a restoration and public access plan for Ormond Beach.

CONSISTENCY WITH CONSERVANCY’S PROJECT SELECTION CRITERIA & GUIDELINES:

The proposed project is consistent with the Conservancy’s Project Selection Criteria and Guidelines, last updated on October 2, 2014, 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. **Promotion and implementation of state plans and policies:**

By acquiring historic Ormond Beach wetlands and related habitats that, once restored, will provide valuable fish and wildlife habitat, the proposed project serves to promote and implement several state plans, including:

- Priority Action 4, 6 and 8 identified in the 2014 *California Water Action Plan*, prepared by CalEPA, the California Natural Resources Agency, and the California Department of Food and Agriculture). This project will advance Goal #4, “Protect and Restore Important Ecosystems” as the project seeks to acquire floodplain lands to protect and restore degraded wetlands and other related habitats; Goal #6, Expand water storage capacity and improve groundwater management - the project seeks to enhance soil water holding capacity and groundwater recharge; and Goal #8, Increase flood protection. The project seeks to restore wetland and related habitats that can reduce impacts of storm events and flooding.
- A Management Measure identified in the *California Nonpoint Source Pollution Control Program* prepared by the State Water Resources Control Board in 2000: MM6B- Restoration of Wetlands and Riparian Areas, which provides for the recovery of a range of wetland and riparian functions that existed previously by reestablishing hydrology, vegetation, and structure characteristics.
- *California Wildlife Action Plan*, prepared by the California Department of Fish and Wildlife (CDFW) in 2007 states that Federal, State, and local agencies, nongovernmental conservation organizations, and private landowners should protect and restore under-protected and sensitive habitat types.

- **California @ 50 Million: The Environmental Goals and Policy Report**, prepared by the Governor’s Office of Planning and Research in 2013, directs agencies to preserve and steward State lands and natural resources, build resilience into natural systems and prioritize natural and green infrastructure solutions.
 - **California Essential Habitat Connectivity Strategy for Conserving a Connected California** (2010) directs State efforts to protect large remaining blocks of intact habitat or natural landscape and model linkages between them that need to be maintained, particularly as corridors for wildlife.
4. **Support of the public:** Supporters of the project include State Senator Hannah-Beth Jackson, Congresswomen Julia Brownley, Assembly member Jacqui Irwin, Assembly member Das Williams, Point Mugu Naval Base, Ventura County Supervisor Kathy Long, the City of Oxnard, Ventura Audubon Society, and Surfrider Foundation, Ventura Chapter. (See Project Letters, Exhibit 4)
 5. **Location:** Restoration of the wetland and related habitats of the Ormond Beach wetlands complex will greatly benefit coastal resources. This project is of great significance for coastal southern California due to the size of the wetland area proposed for restoration and the possibility of linking Ormond Beach with neighboring Mugu Lagoon. The Ormond Beach wetlands complex is located in South Oxnard, an area designated by the State of California as a severely disadvantaged community.
 6. **Need:** If funding were not available from the State Coastal Conservancy for this acquisition, TNC would likely not be able to complete the acquisition of the property. TNC faces a major funding gap and providing funds for this acquisition will assist TNC in encouraging other funding agencies to fund this acquisition. The grant from the Conservancy will prove that there is institutional support for this project and instill confidence in other potential funders. And, as stated previously, this property must be acquired if the wetlands complex is to be restored to the benefit of the wildlife and the adjoining South Oxnard community.
 7. **Greater-than-local interest:** Ormond Beach is considered by wetland experts to be the most important wetland restoration opportunity in southern California. It is a resource of great regional, if not statewide, significance. It is one of the few coastal areas in southern California with an intact dune-transition zone-marsh system. More shorebird species are known to use Ormond Beach than any other site in Ventura County; it is an e-bird International Hot Spot. Ormond Beach is within an hour’s drive of 16 million people in Los Angeles, Ventura, and Santa Barbara counties. More than 22,000 visitors were counted at the entrance to the Conservancy’s property in 2015.
 8. **Sea level rise vulnerability:** The Ormond Beach area is predicted to have increased flooding with future sea level rise. TNC has developed a climate hazards model, Coastal Resilience Ventura, which supports the need to buffer coastal wetlands to allow for future habitat migration and supports the role coastal wetlands play as a natural defense for protecting property from storms and floods. The Property, and Ormond Beach as a whole, provides a buffer to sea level rise and other impacts of climate change for the surrounding community.

Additional Criteria

9. **Urgency:** TNC has negotiated an option to secure this very important property and has a limited time frame to secure the necessary funding to complete the purchase.

10. **Realization of prior Conservancy goals:** “See “Project History” above.”

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

The City of Oxnard’s Land Use Plan was certified by the Coastal Commission in 1982. The implementing ordinances were certified by the Commission in 1986.

Local Coastal Policy 91 provides that:

The LCP represents the commitment of the City of Oxnard to provide continuous protection and enhancement of coastal resources. Certain areas of the coastal zone may require further public action to ensure their protection and enhancement. The City will work with the California Coastal Conservancy to meet these needs.

The proposed acquisition will aid in the protection and enhancement of the sensitive coastal resources in the Ormond Beach portion of the City of Oxnard’s coastline.

The City’s 2030 General Plan, adopted in 2011, contains the following policies relevant to Ormond Beach:

- Goal CD-21 – an updated Local Coastal Program that includes the restoration of the Ormond Beach wetlands and consideration of climate change.
- Goal CD-22 – Environmentally sound Ormond Beach wetlands with appropriate public access.

The City is currently updating its Local Coastal Program.

COMPLIANCE WITH CEQA:

The proposed acquisition of the Southland Sod Farm property is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to 14 Cal. Code of Regs. § 15325 as a transfer of ownership of interests in land in order to preserve open space and existing natural conditions, including habitat. The exemption explicitly includes acquisitions to allow continued agricultural use, to allow restoration of natural conditions, to prevent encroachment of development into flood plains, and to preserve open space or lands for park purposes (Section 15325, subsections (b), (c), (d) and (f)). The Conservancy’s grantee, TNC, intends to preserve and restore the natural conditions, including plant and animal habitats, in some areas of the property and allow the continued agricultural use in some areas of the property for a substantial period of time, and the open space and flood plain will be protected from development.

Upon approval, staff will file a Notice of Exemption for the proposed project.