

West Coyote Hills

Acquisition of Parcel 3

Project Justification

Section 5096.501 of Chapter 1.695 of the California Public Resources Code defines a “major acquisition” as one for which one or more state agencies will together spend more than \$15 million to acquire land for specified purposes. The law requires a state agency contributing to a major acquisition to post on a public-facing Website certain documents related to the transaction, including an independent appraisal review, a “project justification”, and other environmental documents as appropriate no later than 30 days before consideration and action to award funding. The following information is intended to comply with these requirements.

Project Justification

The State Coastal Conservancy will consider at its December 2, 2021 meeting an award of grant funding of up to \$10,134,450 to the City of Fullerton (“City”) toward acquisition of a 13.7-acre property in the West Coyote Hills area of north Orange County for open space, habitat protection, watershed management, and future public access. This amount includes (1) up to \$9,846,720 toward fee acquisition, and (2) up to \$287,730 for escrow and closing costs.

The property, identified as “Parcel 3” or “Neighborhood 3” in City planning documents, is located outside of the Coastal Zone. However, protection of the land in perpetuity as open space will protect plants and wildlife and provide water quality benefits in the Coyote Creek sub-watershed of the San Gabriel River with downstream benefits to coastal and marine resources.

The acquisition of Parcel 3 will (1) contribute to meeting the state’s land conservation goals as required by the Governor’s 30 x 30 Executive Order; (2) advance state and regional water quality improvement goals; (3) help protect state and federal endangered, threatened, and sensitive species; (4) help resolve local land use conflicts; and (5) support future public trail recreation.

The City will acquire Parcel 3, and an additional 10.4-acre property, Parcel 1, from Pacific Coast Homes (“PCH”, “Seller”), a wholly owned subsidiary of Chevron USA, pursuant to the terms of residential development entitlements approved in 2015 for the entire 510 acres of the West Coyote Hills. The Master Plan and Vesting Tentative Tract Map (“VTTM”) for the project allow development of up to 760 dwelling units, including 60 on Parcel 3. However, the VTTM provides the City an option to purchase land in the eastern portion of the West Coyote Hills for open space, specifically Parcel 1 and Parcel 3.

The City has chosen to exercise this option and has entered into a single purchase and sale agreement with the seller to acquire both parcels at a fair market value of 18.04 million. State agencies are providing \$16.4 million toward purchase of the parcels, thereby qualifying the purchase of the two parcels as a major acquisition under state law.

The fair market value of Parcel 3 is \$11,330,000 based on an appraisal approved by the Department of General Services (“DGS”) on October 25, 2021. The proposed Conservancy grant and separate grants to the City of \$1,000,000 (California Natural Resources Agency Urban Rivers Grant Program) and \$395,450 (San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy Proposition 1 funding), along with a local foundation grant of \$140,000, will provide the total funding needed to cover fee simple purchase of Parcel 3 and estimated escrow and closing costs. The transaction is expected to close no later than December 31, 2021.

The Wildlife Conservation Board, the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, California State Parks, and the U.S. Fish and Wildlife Service have approved grant funding for purchase of Parcel 1 at a total cost of \$6,170,000. That transaction also is expected to close by the end of this calendar year.

Acquisitions of Parcels 1 and 3 will eliminate all development potential in the eastern West Coyote Hills. In combination with previously acquired undeveloped property and the City owned and managed Robert E. Ward nature preserve, the purchases will result in the City owning and managing 115 acres of permanently protected contiguous open space.

Site Remediation

The West Coyote Hills was a major oil field that ceased operation in the late 1970s. Before the property can be used for intended open space purposes, the seller is required by the Purchase and Sale Agreement (“PSA”) to complete cleanup of remnant oil production infrastructure consistent with a Remedial Action Plan (“RAP”) approved by the Orange County Health Agency in 2020. The PSA allows the seller to take one year after close of escrow to clean up the property.

The RAP proposes excavation and removal activities for locations where soil laboratory data exceeded health screening criteria and background levels of metals and specified other regulated substances. Structures at locations that have a high potential for causing damage to critical habitat are recommended to be left in place. The potential for remediation activities to destroy habitat will be evaluated prior to initiating the scope of work.

CEQA

The proposed Conservancy funding authorization is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations (“CCR”) Section 15313 because this project funds the acquisition of land for fish and wildlife habitat. The proposed project is also exempt under Section 15325 because it is an acquisition to preserve and restore the natural habitat of the area.