

COASTAL CONSERVANCY

Staff Recommendation

March 8, 2007

**LAGUNA COAST ACQUISITIONS
Chao and Stonefield Properties**

File No. 07-007

Project Manager: Deborah Ruddock

RECOMMENDED ACTION: Authorization to disburse up to \$2,458,000 to the City of Laguna Beach for acquisition of the 58.40-acre Chao and the 50.37-acre Stonefield properties adjacent to the Laguna Coast Wilderness Park (LCWP) for open space, public access, and habitat preservation.

LOCATION: City of Laguna Beach, County of Orange (Exhibit 1)

PROGRAM CATEGORY: Public Access

EXHIBITS

Exhibit 1: Project Location and Site Maps

Exhibit 2: Regional Park Map

Exhibit 3: Map of LCWP Acquisitions

Exhibit 4: Letter from Orange County

Exhibit 5: Letters of Support

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31400-31409 of the Public Resources Code, regarding public access to the coast:

“The State Coastal Conservancy hereby authorizes the disbursement of funds to the City of Laguna Beach (“City”) for acquisition of two properties adjacent to the Laguna Coast Wilderness Park (“LCWP”), as follows: (1) up to one million five-hundred thousand dollars (\$1,500,000) for the approximately 50-acre Chao property, County of Orange Assessors Parcels No. 632-081-04; (2) up to nine hundred fifty thousand dollars (\$950,000) for the approximately 58-acre Stonefield property, County of Orange Assessors Parcels Nos. 629-031-11, -12, -13, -14, -15, -16, 632-041-04 and -05, and 632-051-01; and (3) up to eight thousand dollars (\$8,000) to cover estimated closing costs for the two transactions.

1. Prior to the disbursement of any Conservancy funds for the acquisition of each of the respective properties, the City shall submit for the review and approval of the Executive Officer of the Conservancy (“the Executive Officer”):
 - a. All relevant acquisition documents, including without limitation, an appraisal, purchase agreement, escrow instructions, environmental assessment, and title report.
 - b. Evidence that sufficient funds are available to complete the acquisition.
 - c. Evidence of commitment by the County of Orange to manage the properties as part of the Laguna Coast Wilderness Park for public access and for wildlife habitat.
2. The City shall pay no more than fair market value for each property, as established in appraisals approved by the Executive Officer.
3. The City shall permanently dedicate each property for open space, public access and habitat preservation, through an appropriate instrument approved by the Executive Officer.
4. The City shall acknowledge Conservancy and Proposition 12 funding by erecting and maintaining on each property signs, the design and location of which have been 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 project is consistent with Chapter 9 of Division 21 of the Public Resources Code (Sections 31400-31409) with respect to public access. The proposed acquisitions will connect important coastal watershed and scenic areas in the Laguna Coast Wilderness Park area.
2. The proposed project is consistent with the Project Selection Criteria and Guidelines adopted by the Conservancy on January 21, 2001.
3. The proposed project will serve a greater-than-local need.”

PROJECT SUMMARY:

Proposition 12 (the “Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000”) allocated \$12,500,000 to the Conservancy to undertake projects that expand the Laguna Coast Wilderness Park (LCWP) in Orange County (Exhibit 1). Under the proposed authorizations, funds totaling \$2,458,000 would be granted to the City of Laguna Beach to acquire the 58.4 acre Chao Property and the 50.37 Stonefield Property located adjacent to the LCWP (Exhibit 2).

The Chao and Stonefield properties have direct links to the properties previously acquired with Proposition 12 funding from the Conservancy (Exhibit 3). These properties will complete trail access to and along the coast as part of the broader regional trail network that provides recreational access for more than 600,000 residents of inland cities such as Laguna Hills, Newport Beach, Irvine, Laguna Woods, Aliso Viejo and Laguna Niguel. The 20,000-acre South Coast Wilderness (SCW) is a coastal urban oasis that includes LCWP, the Aliso and Wood Canyons Wilderness Park (AWCP), and Crystal Cove State Park. The regional system of coastal canyons,

parks and open space preserves stretches along the Orange County coastline from Newport Beach to Dana Point and from inland communities located west of Interstate 5 and the Orange County Toll Road to the coast.

Transaction Details

Project proponents Laguna Canyon Foundation (LCF) and The Conservation Fund (TCF) have negotiated a purchase price of \$1,500,000 for the Chao Property and of \$950,000 for the Stonefield Property. Negotiations with the sellers resulted in the purchase prices of the two properties significantly lower than the appraised fair market values of \$1,750,000 (Chao) and \$1,260,000 (Stonefield). Title to the properties will vest in the City of Laguna Beach, which will purchase the properties and pay closing costs using funds authorized for this purpose by the Conservancy. Following acquisition, the City intends to lease the properties for a nominal amount to the County of Orange for management as part of LCWP. The County manages the 6,500-acre LCWP and has expressed its willingness to manage the additional property (Exhibit 4).

As discussed below (“Realization of Prior Conservancy Goals”), the Conservancy to date has authorized a total of \$5,296,300 in grants to the City to purchase several properties adjacent to LCWP totaling 128 acres. In addition, the Conservancy has authorized Proposition 12 funding to the Laguna Canyon Foundation for two projects including \$295,440 for the Nix Nature Center interpretive exhibit program and \$100,000 for pre-project expenses associated with Proposition 12 transactions. Approval of the proposed authorization of \$2,458,000 will enable the City to purchase an additional 109 acres adjacent to LCWP.

Consistent with the appropriation of Proposition 12 funds to the Conservancy, which authorizes the agency to undertake projects in the South Coast Wilderness that includes the Aliso and Wood Canyons Park (AWCP) as well as LCWP, and as no additional properties adjacent to LCWP are currently available for acquisition, the City intends to seek additional Conservancy assistance under Proposition 12 in mid-2007 for acquisition of a property in the southwestern area of the City adjacent to AWCP.

Letters of support have been received from the County of Orange (Exhibit 4) and Laguna Greenbelt, Inc. (Exhibit 5).

Site Description: The Chao and Stonefield properties are located in the coastal zone in the Laguna Canyon Creek watershed, a coastal watershed, and are situated adjacent to the Laguna Coast Wilderness Park (LCWP) (Exhibit 2). Numerous mapped watercourses crisscross the properties.

The Chao and Stonefield properties are irregularly shaped, steeply sloped, and feature largely undisturbed chaparral and coastal sage scrub habitat. They offer trail connections to properties previously acquired with Conservancy assistance (Trinity, Wainwright, Decker and Haun properties) and to the broader regional trail network that provides recreational access for more than 600,000 residents of inland cities such as Laguna Hills, Newport Beach, Irvine, Laguna Woods, Aliso Viejo and Laguna Niguel. Unique among properties previously acquired with Proposition 12 funding, the Chao Property possesses a complex of several large caves and has some of the most spectacular ocean and wilderness views in the whole park system.

These properties provide essential trail connectivity, linking Trinity, Wainwright and the major trail crossroads of Alta Laguna Park, which offers trails to the entire 20,000 park and ample parking. The Canyon Acres Trail, which runs directly through the center of the Chao property, features expansive coastal and wilderness views (Exhibit 2(b)). The West Ridge Trail, which runs along the eastern ridgeline border of the Stonefield property, is a backbone trail in the SCW trail network.

Project History: The process of assembling a greenbelt for habitat and public access up and down the coast and inland from the City of Laguna Beach began more than 40 years ago. Most of the greenbelt, known broadly as the South Coast Wilderness, was once part of the Irvine Ranch. A number of tenacious citizen groups formed to prevent development, raise funds for acquisition, pass local initiatives and tax measures, and assist with management of property acquired. These groups include the Citizens’ Town Planning Association, Laguna Greenbelt Inc., Laguna Canyon Foundation, The Conservation Fund, Laguna Canyon Conservancy, Village Laguna, and the Coastal Greenbelt Authority. Over the years, through development and purchase agreements, city, county, and state agencies have purchased other properties.

Proposition 12 (the “Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000”) allocated \$12,500,000 to the Coastal Conservancy to undertake projects for the South Coast Wilderness System of coastal canyons and watersheds in south Orange County, including, but not limited to, properties adjacent to Laguna Coast Wilderness Park (LCWP). Since bond passage, the Laguna Canyon Foundation, the City of Laguna Beach, and the County of Orange have been working together and with the Conservancy, the public, and other major conservation organizations to identify and prioritize acquisition opportunities. The 2001 City of Laguna Beach Open Space Report identified fee acquisition of the Chao and Stonefield properties top priorities because of their location adjacent to LCWP and their value for public access, habitat, and visual resources.

PROJECT FINANCING:

Chao acquisition:

Coastal Conservancy:	
Chao Property	\$1,500,000
Closing Costs	<u>4,000</u>
Subtotal	\$1,504,000

Stonefield acquisition

Coastal Conservancy:	
Stonefield Property	\$950,000
Closing Costs	<u>4,000</u>
Subtotal	\$954,000

Total Project Cost	\$2,458,000
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The expected source of Conservancy funds for the proposed project is an FY 2006/2007 appropriation to the Conservancy of funds allocated for Laguna Coast Wilderness Park acquisitions in the Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection Bond Act of 2000 (Proposition 12).

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

This project is consistent with the Conservancy's enabling legislation, Division 21 of the Public Resources Code, specifically with Chapter 9 pertaining to public coastal access.

Under §31400, the Conservancy has a principal role in the implementation of a system of public access ways to and along the coast. The Conservancy's funding of the Chao and Stonefield acquisitions is consistent with Chapter 9 because of the opportunities for trail connectivity to the coastline and to the thousands of acres of wilderness in the South Coast Wilderness regional system of parks and preserves.

Under §31400.1, the Conservancy may award grants to any public agency to acquire land for public access purposes to and along the coast if the Conservancy has determined that the access way will serve more than local public needs. As discussed in the project summary and site description, the Chao and Stonefield properties will not only provide coastal and wilderness access to local residents of Laguna Beach, but also to the more than 600,000 residents in the surrounding cities, which are connected to the properties through the South Coast Wilderness regional trail system.

Under §31400.2, the Conservancy may provide up to the total cost of the acquisition of interests in land by a public agency, with the amount of funding determined by the total amount available for coastal access projects, the fiscal resources of the applicant, and the urgency of the project relative to other eligible projects. Consistent with this section, the amount of proposed Conservancy funding for the Chao and Stonefield acquisitions has been determined with an understanding of the estimated costs of acquiring additional properties for inclusion in the LCWP; the total amount available (approximately \$6.1 million) from the Proposition 12 allocation for park acquisitions, the readiness of the seller relative to owners of other priority properties, and the financial limitations of the grantee.

Under §31400.3, the Conservancy may provide such assistance as is required to aid public agencies and nonprofit organizations in establishing a system of public coastal access ways, and related functions necessary to meet the objectives of Division 21. Consistent with this section, the City of Laguna Beach, The Conservation Fund and Laguna Canyon Foundation will use authorized funds to acquire two properties necessary for the protection and enhancement of key trail links in a coastal wilderness park system.

Consistent with §31409, the proposed authorization for land acquisition will assist the City of Laguna Beach in expanding an inland trail system that will link to the California Coastal Trail.

CONSISTENCY WITH CONSERVANCY'S STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):

Consistent with **Goal 2, Objective A** of the Conservancy's Strategic Plan, the proposed acquisitions in fee will protect open space, outstanding visual resources, and existing access ways. The

Chao and Stonefield properties features accessways that link to the broader South Coast Wilderness regional system of parks and preserves trail system serving multiple communities from Newport Beach to Dana Point.

Consistent with **Goal 4, Objective A**, acquisition of the Chao and Stonefield properties will help protect a significant wildlife corridor and will preserve scenic vistas and open space in an urban county with a population of more than 3 million.

Consistent with **Goal 5, Objective A**, the proposed project will result in the acquisition in fee of approximately 28 acres of high quality coastal sage scrub, chaparral, toyon, and rare riparian habitat.

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:** Laguna Greenbelt, Inc., Laguna Canyon Conservancy, Laguna Canyon Foundation, the City of Laguna Beach, and the County of Orange support the project. See letters of support from the County of Orange and Laguna Greenbelt, Inc. (Exhibits 4 and 5).
4. **Location:** The proposed project would be located within the coastal zone of the City of Laguna Beach.
5. **Need:** The City of Laguna Beach is unable to acquire the properties without funds provided by the Conservancy. Absent the proposed acquisitions, the current property owners could pursue limited residential development consistent with the zoning. The development would then fragment the surrounding wilderness parkland.
6. **Greater-than-local interest:** As discussed in various sections above, the Chao and Stonefield properties features links to the broader South Coast Wilderness regional system of parks and preserves trail system serving multiple communities from south of Newport Beach to Dana Point.

Additional Criteria

13. **Realization of prior Conservancy goals:** The Coastal Conservancy has long assisted with planning and restoration in the area of southern Orange County known as the South Coast Wilderness (Exhibit 1(b)). In the late 1970s, the Conservancy helped design the Aliso Greenbelt. Later, the Conservancy provided funding for restoration of habitat in the Laguna Lakes, Orange County's only natural freshwater lakes in what is now known as the Laguna Coast

Wilderness Park (LCWP). In 2002, the Coastal Conservancy worked with State Parks on disposition of the cottages at Crystal Cove. Along the Laguna coast, the Conservancy has assisted with many beach access projects.

Proposition 12, passed by the voters in 2000, allocated \$12.5 million to the Conservancy to acquire property in this region. In May 2002, the Conservancy provided \$2,435,000 to the City of Laguna Woods to acquire the 10.6-acre Rossmoor parcel adjacent to the Laguna Coast Wilderness Park north of Laguna Canyon Road; the City acquired the property in 2003 for inclusion in the LCWP. Other acquisitions completed by the City of Laguna Beach with Proposition 12 funds appropriated to the Conservancy include:

- Trinity and Wainwright Properties (70 acres total): Completed in December 2004 with grant funds totaling \$800,000.
- Decker/Bossard Property (11.42 acres): Completed in September 2006 with grant funds of \$171,300.
- Haun Property (9.4 acres): Completed in December 2006 at a cost of \$590,000.

In January 2007 the Conservancy authorized funding of \$1,302,000 to the City for the Jaysu Property acquisition (27.92 acres). The project is expected to be completed by the end of March 2007.

In addition, the Conservancy has authorized Proposition 12 funding to the Laguna Canyon Foundation for two projects including \$295,440 for the interpretive exhibit program at the Nix Nature Center in Laguna Coast Wilderness Park and \$100,000 for pre-project expenses associated with Proposition 12 transactions.

CONSISTENCY WITH THE COASTAL ACT:

The proposed project is consistent with the following specific policy of the Coastal Act, Public Resources Code Sections 30000 *et seq.*:

The Chao and Stonefield properties are located in the coastal zone. Section 30210 states that “maximum access, which shall be conspicuously posted, and recreational opportunities shall be provided for all the people consistent with the public safety needs and the need to protect public rights, rights of private property owners, and natural resource areas from overuse.” Public acquisition of the Chao and Stonefield properties and management according to the County’s General Development Plan for the Laguna Coast Wilderness Park will preserve existing regional trail connections and passive recreational opportunities in a manner with the Plan’s intent to keep the LCWP in a natural condition. Also, the proposed authorization requires the City of Laguna Beach to install signage directing the public to the properties.

§30500(a) mandates that “[e]ach local government lying, in whole or in part, within the coastal zone shall prepare a local coastal program for that portion of the coastal zone within its jurisdiction.” Consistent with this section, the City of Laguna Beach has a certified Local Coastal Program (LCP), and the proposed acquisitions are consistent with this program (City of Laguna

Beach Municipal Code Title 25, Section 25.07/002), in that the purchase of the properties will provide permanent protection for natural and scenic coastal resources.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES

The proposed project is consistent with the City of Laguna Beach’s General Plan/Local Coastal Program (“GP/LCP”).

Topic 5 Parks, Policy 5B of the GP/LCP Open Space/Conservation (OS/C) Element calls for the City to support recreational use of open space lands, where environmentally feasible, with recreational access limited to passive activities such as nature trails and wildlife observation areas.

Topic 6 Trails of the OS/C Element discusses the need to establish a network of trails throughout the City interconnecting with proposed and existing trails within the regional wilderness park system. Policy 6C calls for the City to pursue funding for the acquisition, development, operation and maintenance of a local trail system. Policy 6L calls for the City to provide public pedestrian access to Open Space/Recreation areas, except where it is inconsistent with public safety or protection of fragile coastal resources. Policy 6M calls for the trail network in hillside areas to be oriented to hiking or passive pedestrian recreational use.

Topic 7 Visual Resources discusses preservation of the City’s natural open space on the basis of its scenic quality as an issue of special importance to the community. Policy 7I calls for public acquisition and management of notable geologic features and vista sites.

Topic 8 Vegetation and Wildlife Resources Policy 8A calls for preservation of coastal canyon wilderness throughout the City; the Chao and Stonefield properties are part of a coastal canyons system. Policy 8M calls for preservation of a continuous open space corridor within the hillsides in order to maintain animal migration opportunities.

COMPLIANCE WITH CEQA:

The proposed project is exempt from the California Environmental Quality Act (CEQA) under 14 Cal. Code of Regulations §15325 in that the acquisitions constitute a transfer of ownership to preserve open space and habitat. The project also is exempt under §15316, which exempts conveyances to establish a park where the land is in a natural condition and the management plan has not been prepared, or calls for retaining the land in a natural condition. Here, the acquisitions are intended as part of the Laguna Coast Wilderness Park, and the County’s General Development Plan for the Park proposes to keep the area in a natural condition. Staff will file a Notice of Exemption upon approval of the action.