

COASTAL CONSERVANCY

Staff Recommendation
October 18, 2012

LAGUNA COAST ACQUISITION: MCGEHEE PROPERTY

Project No. 12-039
Project Manager: Deborah Ruddock

RECOMMENDED ACTION: Authorization to disburse up to \$1,506,000 to the City of Laguna Beach for acquisition of the 56-acre McGehee property adjacent to the Aliso and Wood Canyons Wilderness Park for open space, public access, and habitat preservation.

LOCATION: Laguna Beach, Orange County

PROGRAM CATEGORY: Public Access

EXHIBITS

Exhibit 1: [Project Location and Site Maps](#)

Exhibit 2: [Project Photos](#)

Exhibit 3: [Project Letters](#)

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31400-31410 of the Public Resources Code, regarding public access to the coast:

“The State Coastal Conservancy hereby authorizes the disbursement of one million five-hundred thousand dollars (\$1,500,000) to the City of Laguna Beach (“City”) for acquisition in fee of the 56-acre McGehee property, County of Orange Assessor’s Parcel Nos. 641-152-07, 641-152-08 and 641-163-41; and up to \$6,000 for estimated closing costs for the transaction, for the purposes of open space, public access, and habitat preservation, subject to the following conditions:

1. Prior to the disbursement of any Conservancy funds for the acquisition of the property, the City shall submit for the review and approval of the Executive Officer of the Conservancy (“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 property for public access and wildlife habitat as part of the Aliso and Wood Canyons Wilderness Park.

2. The City shall pay no more than fair market value for the property, as established in an appraisal approved by the Executive Officer.
3. The City shall permanently dedicate the 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 signs on the property, 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 the current Project Selection Criteria and Guidelines.
2. The proposed authorization is consistent with the purposes and objectives of Chapter 9 of Division 21 of the Public Resources Code (Sections 31400-31410) with respect to public access. The proposed acquisition will preserve a link in a trail network providing public access along the Laguna Coast and to the coast from inland areas, as well as provide scenic coastal views.
3. The proposed project serves a greater-than-local need.”

PROJECT SUMMARY:

The proposed authorization will permit the City of Laguna Beach (“City”) to purchase an additional 56 acres of land for open space, public access, and habitat preservation in the South Coast Wilderness system of coastal canyons, parks and preserves (Exhibit 1). Visited by more than half a million residents and tourists annually, this 20,000-acre urban oasis includes Crystal Cove State Park, Laguna Coast Wilderness Park, Aliso and Wood Canyons Wilderness Park, and preserves in the cities of Irvine, Newport Beach, Laguna Beach, and Laguna Woods.

The McGehee property is located in the coastal zone within the City of Laguna Beach, on a Laguna canyon hillside with outstanding views of the shoreline, ocean and the adjacent Aliso and Wood Canyons Wilderness Park (Exhibit 2). It features a hiking trail that connects with the wilderness park and city-owned open space, as well as the larger South Coast Wilderness regional trail network. This regional trail system serves more than 600,000 residents as well as tourists, providing access along the coast from Newport Beach to Dana Point and to the coast from inland communities including Irvine, Laguna Hills, Laguna Woods, Aliso Viejo, and Laguna Niguel. The property also features high quality coastal sage scrub habitat (See “Site Description” for more detail).

Although development of the McGehee property is challenging due to its sensitive environmental resources and open space viewshed qualities, the property owner has been working with the City and private developers to potentially develop the property as an 8-lot subdivision. If not acquired for conservation it is likely the property would eventually be developed as an estate residential subdivision.

A Conservancy-approved appraisal of the property estimates the Fair Market Value (FMV) of the property at \$1,500,000. The proposed authorization of \$1,506,000 of Proposition 12 funds includes \$1.5 million for fee acquisition and up to \$6,000 to cover the City's estimated closing costs.

Relying on funds from a Conservancy acquisition-support grant, the non-profit Laguna Canyon Foundation (Foundation) will, as with previous Laguna Coast acquisitions, secure all property documents, including appraisal, title and phase 1 environmental reports, and purchase contract, and coordinate close of escrow. Prior to close, escrow will be assigned to the City, who will accept fee title to the property. The City and County of Orange ("County") intend to amend an existing lease agreement between the two parties to include lease of the McGehee property for a one-time charge of \$1 to the County, who will manage the property as part of the Aliso and Wood Canyons Wilderness Park (see County letter in Exhibit 3). Under the existing agreement, the City leases to the County properties previously acquired with Conservancy Proposition 12 funds for inclusion in the Laguna Coast Wilderness Park. This arrangement between the City and County will provide the maximum amount of habitat protection, adaptive management and patrolled public access to ensure that public access and habitat goals are properly met.

Approximately \$800,000 of Proposition 12 funds allocated to the Conservancy for South Coast Wilderness parks will be available for future projects following completion of the McGehee acquisition.

Project support letters have been received from Laguna Greenbelt, Inc., the Laguna Canyon Conservancy, Village Laguna, and the City and County (Exhibit 3).

Site Description: The McGehee property lies within the coastal zone of Laguna Beach, approximately two miles from the ocean (Exhibits 1 and 2).

Access: Lavender Lane and Bluebird Canyon Drive provide access to the property from Pacific Coast Highway. A trail on the property connects to the Aliso and Wood Canyons Wilderness Park trail system and city-owned open space, as well as the larger regional trail network of the South Coast Wilderness.

Viewshed: From its location 640 feet above sea level, the property offers hikers sweeping views of the San Juan hills and the Orange County coastline.

Habitat and wildlife: The McGehee property forms the majority of the canyon rim and valley of Rim Rock Canyon, a largely undisturbed area noted for its substantial coastal sage scrub and other sensitive habitat and wildlife. The City has designated and mapped its habitat in its Local Coastal Program/General Plan as "very high value" and "high value." These are the highest and second highest classifications habitat can receive in Laguna Beach. "Very High Value Habitat" signifies the presence of highly sensitive, regionally crucial or endangered species. "High Value Habitat" signifies sensitive and diverse indigenous species with a high priority for conservation. The California Natural Diversity Database and the City of Laguna Beach's Biological Resources Inventory note the following sensitive, threatened or endangered species as endemic to the Rim Rock/McGehee area:

Flora

Orange County Turkish rugging
Many stemmed dudleya
Western dichondra
California adder's tongue fern
Catalina mariposa lily
Bush rue
Little-leaved redberry
Cleveland shooting star

Fauna

California coastal gnatcatcher
Cactus wren
Orange throated whiptail
Coast horned lizard
Numerous bat species
Bobcat
Bushtit
Red tailed hawk
California pocket mouse
Sharp shinned hawk
White throated swift
Violet green swallow

Watershed: According to the City's Environmental GIS Inventory, the McGehee property features six "Significant Drainages" supporting sensitive riparian habitat and draining into the ocean at Bluebird Beach, home to a vital kelp forest and marine ecosystem within the Laguna Beach State Marine Reserve. The Reserve is subject to new Marine Protected Area (MPA) regulations that went into effect January 1, 2012 off the Southern California coast from Point Conception to the CA/Mexico border.

Project History: The Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000 ("Proposition 12") allocates \$12,500,000 to the Coastal Conservancy to "acquire land needed to connect important coastal watershed and scenic areas in the Laguna Coast Wilderness Park". (Public Resources Code § 5096.352(g).) A 2004 re-appropriation

permitted the Conservancy to use these funds, subject to Division 21 of the Public Resources Code, “to undertake projects for the South Coast Wilderness System of coastal canyons and watersheds in South Orange County, including, but not limited to, properties in Laguna Coast Wilderness Park and Aliso and Wood Canyons Wilderness Park”.

Since the passage of Proposition 12, the Foundation, the City, and the County have been working together and with the Conservancy, the public, and other major conservation organizations to identify, prioritize and complete these projects. To date, grant funds totaling approximately \$10 million have been used to document, negotiate, and purchase 255 acres of open space for expansion of the Laguna Coast Wilderness Park, to create an interpretive program for the James and Rosemary Nix Nature Center, and to design and implement a signage program for the Aliso and Wood Canyons Wilderness Park.

In addition to these Proposition 12 acquisitions, the City has expended more than 35 million dollars in the past thirty years to acquire 2,970 acres of open space for parks within the South Coast Wilderness. The State and County have contributed another 30 million dollars to the creation and stewardship of this regional system of parks and preserves.

PROJECT FINANCING

Coastal Conservancy	
Fee title acquisition	1,500,000
Estimated closing costs	<u>6,000</u>
Total Project Costs	1,506,000

The expected source of Conservancy funds for the proposed project is a FY 2010/2011 re-appropriation to the Conservancy of funds appropriated in accordance with the Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection Bond Act of 2000 (Proposition 12, Public Resources Code § 5096.300 et. seq.). These funds are available for acquisition of real property in coastal areas and watersheds for parks and natural resources improvements. Public Resources Code § 5096.352(g) specifically authorizes funds for acquisition of land needed to connect important coastal watershed and scenic areas in the Laguna Coast Wilderness Park. Pursuant to Public Resources Code § 5096.3075, in the FY 2004/2005 Budget Act, the legislature reallocated these funds for projects in the South Coast Wilderness system of coastal canyons and watersheds in South Orange County, including the Aliso and Wood Canyons Wilderness Park and the Laguna Coast Wilderness Park. The proposed project would fund acquisition of a property that will become part of the Aliso and Wood Canyons Wilderness Park and will connect important coastal watershed and scenic areas in the South Coast Wilderness. Thus, the proposed project is an appropriate use of Proposition 12 funds.

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 accessways to and along the coast. The Conservancy’s funding of the McGehee acquisition 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, purchase and permanent protection of the McGehee property 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, and to the many tourists who visit the region.

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 McGehee property acquisition has been determined with an understanding of the estimated costs of acquiring additional properties for inclusion in the Laguna Coast and Aliso and Wood Canyons Wilderness Parks, the balance of Proposition 12 funds available to the Conservancy for South Coast Wilderness projects, 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 and the Foundation will use authorized funds to acquire a property necessary for the protection and enhancement of key trail links in a coastal wilderness park system.

Consistent with §31409, the proposed authorization will help the City protect a segment of an inland trail system that will link to the California Coastal Trail.

**CONSISTENCY WITH CONSERVANCY'S 2007
STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):**

Consistent with **Goal 1, Objective 1G** of the Conservancy's 2007 Strategic Plan, the proposed authorization will enable the City to secure a real property interest that will assist in expanding an inland trail system that will link to the California Coastal Trail.

Consistent with **Goal 4, Objective 4A**, the proposed authorization will enable the City to protect a significant coastal and watershed resource property. The property connects to existing protected open space areas, features numerous watercourses that drain to the ocean within a South Coast Marine Protected Area, and supports relatively large areas of sensitive habitat (See "Site Description" above).

**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 November 10, 2011, 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 project is supported by the Laguna Canyon Conservancy, Laguna Greenbelt, Inc., the City, and the County (Exhibit 3).
4. **Location:** The proposed project is located within the coastal zone of Laguna Beach in Orange County.
5. **Need:** The proposed project will not occur without Conservancy assistance, as neither the City nor the County has funds available to purchase the property. Absent the proposed acquisition, the current property owner could pursue limited residential development consistent with the zoning.
6. **Greater-than-local interest:** As discussed in various sections above, acquisition of the McGehee property will facilitate links to the broader South Coast Wilderness regional system of parks, preserves and trails serving multiple communities from south of Newport Beach to Dana Point.
7. **Sea level rise vulnerability:** The project site's vulnerability to sea level rise is low given its distance from the shoreline (two miles) and elevation (640 feet).

Additional Criteria

13. **Realization of prior Conservancy goals:** See "Project History" above."
17. **Minimization of greenhouse gas emissions:** Acquisition in fee will eliminate the potential for residential development on the site and its associated emissions generated by site preparation, construction and use.

CONSISTENCY WITH THE COASTAL ACT:

The proposed project is consistent with the Coastal Act. The McGehee property is located in the coastal zone. The Coastal Act 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 Resources Code §30210. Public acquisition of the McGehee property and management as part of the Aliso and Wood Canyons Wilderness Park will provide a coastal recreational experience by preserving an existing trail that offers views of the ocean and by linking coastal access trails to inland trails.

Section 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 acquisition is consistent with this program as discussed in the next section.

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. Acquisition of the McGehee property will permit preservation of the property for open space and will preserve an existing trail used for passive recreational opportunities.

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. City ownership of the McGehee property and management of the property according to the County’s General Development Plan for Orange County wilderness parks will preserve an existing pedestrian trail and allow for future regional trail connections and passive recreational opportunities in a manner consistent with the Plan’s intent to keep the Aliso and Wood Canyons Wilderness Park in a natural condition.

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. The McGehee property features scenic rock outcroppings and caves as well as expansive views of the neighboring Aliso and Wood Canyons Wilderness Park.

Topic 8, Vegetation and Wildlife Resources, Policy 8A calls for preservation of coastal canyon wilderness throughout the City. The McGehee property is part of a coastal canyons system with high-value coastal sage scrub habitat.

COMPLIANCE WITH CEQA:

Acquisition of the McGehee Property is exempt from the California Environmental Quality Act (CEQA) under 14 Cal. Code of Regulations §15325 in that the acquisition constitutes 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 either the management plan has not been prepared or it calls for retaining the land in a natural condition. Here, the acquisition is intended as part of the Aliso and Wood Canyons Wilderness Park. The County's General Development Plan, i.e., its management plan, for the Aliso and Wood Canyons Wilderness Park provides for the land to be kept in its natural condition. Staff will file a Notice of Exemption upon approval of the project.