

COASTAL CONSERVANCY

Staff Recommendation
May 26, 2016

SAN LUIS REY RIVER ACQUISITION

Project No. 16-004-01
Project Manager: Julia Elkin

RECOMMENDED ACTION: Authorization to disburse up to \$476,800 to the Trust for Public Land, of which \$374,300 will be reimbursed by the United States Fish and Wildlife Service National Coastal Wetland Conservation (NCWC) grant program, to acquire fee title on 35.52 acres of open space adjacent to the San Luis Rey River for purpose of protecting, restoring, and enhancing habitat.

LOCATION: San Luis Rey River Corridor, City of Oceanside, San Diego County

PROGRAM CATEGORY: Integrated Coastal and Marine Resources Protection

EXHIBITS

- Exhibit 1: [Project Location Map](#)
 - Exhibit 2: [Site Photographs](#)
 - Exhibit 3: [USFWS National Coastal Wetland Conservation grant award letter](#)
 - Exhibit 4: [Project Letters](#)
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RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Section 31251 *et seq.* of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of up to four hundred seventy six thousand eight hundred dollars (\$476,800) to the Trust For Public Land, of which three hundred seventy four thousand three hundred dollars (\$374,300) will be reimbursed by a grant from the United States Fish and Wildlife Service National Coastal Wetland Conservation program, to acquire fee title on 35.52 acres of open space adjacent to the San Luis Rey River (APNs 144-060-12, 145-010-08, 145-010-09, 145-010-23) for the purpose of protecting, restoring, and enhancing habitat. This authorization is subject to the following conditions:

1. Prior to the disbursement of funds, TPL shall submit for review and approval of the Executive Officer of the Conservancy (“the Executive Officer”) all relevant documents,

including, without limitation, the appraisal, purchase agreement, escrow instructions, environmental assessment and title report.

2. TPL shall pay no more than fair market value for the property, as approved by the Conservancy, based on an appraisal of the property.
3. TPL and subsequent land owner Fallbrook Land Conservancy shall permanently dedicate the property for wildlife habitat, environmental restoration, open space protection, and compatible public access 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 are 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:

5. The proposed authorization is consistent with Chapter 5.5 of Division 21 of the Public Resources Code, regarding acquisition of land for Integrated Coastal and Marine Resources Protection.
6. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.
7. The Trust for Public Land is a nonprofit organization existing under section 501(c)(3) of the U.S. Internal Revenue Code, and whose purposes are consistent with Division 21 of the Public Resources Code.”

PROJECT SUMMARY:

The proposed authorization will provide a \$476,800 grant to the Trust for Public Land (TPL) to purchase and preserve the 35.52 acre San Luis Rey River property located in City of Oceanside, San Diego County (Exhibit 1). Purchase of this property will allow for the property to be protected in perpetuity as undeveloped open space and ensure stewardship of the property’s significant and rare coastal resources, including both wetland and upland habitats inhabited by endangered species. The purchase will preserve part of a regionally important wildlife corridor of approximately 5,000 acres that runs south from Camp Pendleton beyond the San Luis Rey River to Buena Vista Creek in southern California. This corridor supports multiple sensitive species within the City of Oceanside and ensures a habitat link between the coastal zone, river corridor, and inland areas.

Protection and restoration of native habitats and functioning wetlands within the San Luis Rey River watershed is crucial to the restoration and maintenance of regional ecosystem health, quality, and flood control. The project will provide flood protection; improve water quality; allow for species migration in response to predicted climate change impacts; permit continued atmospheric carbon sequestration above- and below-ground through permanent sequestration in

vegetation and soils; enhance wildlife values; and protect and enhance native habitat connectivity. By preserving the property in its natural state and avoiding development, the project will prevent significant input of contaminants to the San Luis Rey River and decrease sedimentation and runoff to the estuary and Pacific Ocean. The project will prevent loss and fragmentation of wetland, riparian, and coastal sage scrub habitat while buffering the river corridor and allowing for natural water filtration and purification.

TPL has secured an option to purchase the property from the current landowner, commissioned the appraisal and biological studies, and is conducting its due diligence in anticipation of the acquisition. Upon acquisition of the property, TPL will convey the fee title to the Fallbrook Land Conservancy (FLC). The FLC will own and manage the property in perpetuity. FLC is a private, nonprofit organization formed in 1988 with the mission of preserving and enhancing the rural lifestyle and natural beauty of the North San Diego County area. FLC has over 800 members, and more than 100 active volunteers. Over the course of 27 years of operation, the FLC has acquired 2,025 acres of conservation land in fee title and 660 acres of conservation easements.

The acquisition includes the conveyance of an easement to the Department of the Navy upon acquisition, ensuring open space preservation and restoration compatible with the mission of Camp Pendleton which sits adjacent to the property. A condition of the Navy's easement includes that the property may be considered for accrual of "recovery credits" under a program currently being developed between Camp Pendleton and the United States Fish and Wildlife Service. This recovery credit program allows for Department of the Navy-Camp Pendleton actions that benefit federally endangered species on non-federal lands to be accrued as credits for on-base impacts to the same species during Camp Pendleton training exercises. The program emphasizes ensuring a net benefit to federally listed species and does not allow for recovery credits to be used toward construction activities or traded or sold to other federal agencies or outside organizations. Conservancy staff intend to seek Conservancy involvement to the greatest extent feasible in the ongoing discussions regarding the use of credits deriving from this acquisition.

The acquisition of the property and transfer to the FLC is expected to occur by December 2016. Following acquisition, FLC and Camp Pendleton will develop a management and restoration plan for the property to include the removal of invasive plant species such as giant reed, tamarisk, and pampas grass. Camp Pendleton, through the Department of Defense's Readiness and Environmental Protection Integration program, has allocated \$419,760 toward a stewardship fund to ensure management and maintenance of the entire 35.52-acre property by FLC in perpetuity. As part of ongoing site management, FLC will provide site-appropriate education activities on the property, geared mainly toward habitat protection, bird watching, and restoration.

The Trust for Public Land is the party leading this acquisition. TPL staff has significant experience partnering with the Coastal Conservancy on acquisitions across coastal California including partnering on the Walker Property Acquisition in San Diego County in 2010. They have a proven track record of working with agency and nonprofit partners and members of the public identifying acquisition priorities, conducting negotiations with landowners, and coordinating all activities leading to successful escrow closures and conveyances of properties to the appropriate stewards.

The FLC will own and manage the property in perpetuity. FLC is a private, nonprofit organization formed in 1988 with the mission of preserving and enhancing the rural lifestyle and natural beauty of the North San Diego County area. FLC has over 800 members, and more than 100 active volunteers. Over the course of 27 years of operation, the FLC has acquired 2,025 acres of conservation land in fee title and 660 acres of conservation easements.

Site Description:

The San Luis Rey River property is located on the northern side of the San Luis Rey River watershed one mile upstream from the Pacific Ocean. The property is bounded by single-family residential development to the north, northwest, and west, and abuts the boundary of Camp Pendleton to the north. A large complex of automotive recycling buildings and open storage yards is located to the east. To the south, the project is adjacent to a stretch of conserved land encompassing the San Luis Rey River owned by the City that extends uninterrupted from the Pacific Ocean to roughly eight miles upstream. The City-owned corridor connects to 460 acres of open space acquired by San Diego County for what will become the San Luis Rey River Park, a combination of recreational and conservation lands. This project would preserve east-west connectivity with existing conserved lands and provides the closest substantial open space to the river mouth and the coast. The San Luis Rey River Trail, a Class 1 bicycle trail, is within the City's ownership and provides access to the river on the south bank, across the river from the project site.

Currently, the presence of several major transportation corridors, including Interstate 5 and State Routes 78 and 76, along with associated commercial, industrial, and residential development, contribute to the fragmentation and constraint of existing and potential north-south habitat linkages across the City of Oceanside. Protection of the property, partially located in the City of Oceanside's 5,000-acre north-south Wildlife Corridor Planning Zone, would keep coastal land in the lower reaches of the San Luis Rey River watershed in open space. These existing habitat linkages are considered essential for maintaining natural genetic exchange and regional meta-population connectivity between core coastal California gnatcatcher populations on Camp Pendleton and those in northern Carlsbad (City of Oceanside 2010). The proposed acquisition will prohibit development, thereby maintaining line-of-sight connectivity between habitat patches.

The property includes Diegan coastal sage scrub, maritime succulent scrub, and mulefat scrub habitats as well as wetland habitats considered "Tier I" (highest level of impact) under the North San Diego County Multiple Habitat Conservation Program (MHCP). These regionally rare plant communities are within designated USFWS Critical Habitat boundaries for the wetland and riparian dependent, federally listed least Bell's vireo (*Vireo bellii pusillus*) and southwestern willow flycatcher (*Empidonax traillii extimus*) (Exhibit 1).

Diegan coastal sage scrub and high-quality maritime succulent scrub have disappeared largely due to development and provide forage and refuge to wildlife and buffer adjacent wetlands from soil erosion and contaminants. The coastal sage scrub habitat is occupied by the federally threatened coastal California gnatcatcher (*Polioptila californica*) and occurs within Critical

Habitat for this bird. Sensitive plant species found within the maritime sage scrub habitat include sticky dudleya (*Dudleya viscida*) and San Diego barrel cactus (*Ferocactus viridescens*), both sensitive plants. Lemonadeberry (*Rhus integrifolia*), Indian fig (*Opuntia ficus-indica*), ladies finger (*Dudleya edulis*), tarweed (*Hemizonia* sp.), California sagebrush (*Artemisia californica*) and snake cholla (*Cylindropuntia californica*).

Three biological assessments of the project area were conducted in 2001, 2013, and 2015. The most recent assessment found that 13 sensitive (listed or receiving some other designation) wildlife species and 6 plant species were either present or had a high likelihood of occurrence. Additionally, neighboring Camp Pendleton has a core population of the federally threatened coastal California gnatcatcher which is dependent on coastal sage scrub habitat. Coastal sage scrub habitat has been reduced by 70-90% of its historic extent, and thus protection of existing habitat is critical.

Project History:

The San Luis Rey River property is adjacent to single family residential developments and is itself zoned for residential use. While the current landowners have been working with TPL on the acquisition since 2012, they will sell the property on the open market if the acquisition does not close soon, thus increasing the project's urgency.

In Fall of 2014, TPL began involving members of the Eastside Neighborhood Association in site visits and discussions about the acquisition as these residents have an interest in acquiring and protecting adjacent sensitive properties in the area. The Neighborhood Association expressed support and helped to raise awareness about the need for conservation along this stretch of the San Luis Rey River, particularly with the City of Oceanside.

In summer 2015, the Coastal Conservancy became involved through serving as the state agency sponsor for the project's application to United States Fish and Wildlife Service for a National Coastal Wetlands Conservation Grant, which was successfully awarded in April 2016.

Upon acquisition, FLC will involve the Eastside community in post-acquisition management and restoration activities, providing opportunities for input and volunteer opportunities. Where appropriate, restoration will include involvement from neighborhood schools. The public will also be encouraged to take on a stewardship role, advising FLC and Camp Pendleton on safety issues and monitoring whether unauthorized activities such as dirt biking or dumping are occurring in the project area.

PROJECT FINANCING

Coastal Conservancy	\$102,500
USFWS National Coastal Wetland Conservation Grant	\$374,300*
California Natural Resources Agency	\$500,000
Department of Defense	\$976,800
Project Total	\$1,953,600

*Of the \$394,300 in USFWS grant funds, \$374,300 will be disbursed to TPL for completion of the acquisition and \$20,000 will be retained to cover SCC project management costs.

The expected source of Conservancy funds for this project is the fiscal year 2015-16 appropriation to the Conservancy pursuant to 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) and may be used “for multi-benefit water quality, water supply, and watershed protection and restoration projects for the watersheds of the state” (Water Code § 79731). Consistent with Water Code Section 79732, the project will “protect and restore aquatic, wetland, and migratory bird ecosystems, including fish and wildlife corridors” and “assist in the recovery of endangered, threatened, or migratory species by improving watershed health, instream flows, fish passage, coastal or inland wetland restoration, or other means, such as natural community conservation plan and habitat conservation plan implementation.”

The proposed project is an appropriate use of Proposition 1 funds because it has multiple benefits and will restore part of a coastal watershed. The benefits of the project are: restored coastal wetland and associated upland habitat and habitat corridor connectivity for wildlife, improved water quality of water draining from the open space; and increased climate change resiliency through future site restoration planting of fire resistant native plants. The coastal watershed that will be partly restored is the San Luis Rey River watershed which flows directly into the Pacific Ocean less than a mile from the project site.

Trust for Public Land is contributing in-kind funds totaling \$51,811.09 for the proposed project as well as having obtained the above listed matching funds from California Natural Resources Agency (\$500,000) and Department of Defense (\$976,800).

The proposed 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 § 79706(a)). The proposed project meets each of the evaluation criteria in the Prop 1 Guidelines as described in further detail in this Project Financing section and in the “Project Summary” and “Consistency with Conservancy’s Project Selection Criteria & Guidelines” sections of this staff recommendation.

CONSISTENCY WITH CONSERVANCY’S ENABLING LEGISLATION:

The proposed project will be undertaken pursuant to Chapter 5.5, Integrated Coastal and Marine Resources Protection (§ 31220), of the Conservancy’s enabling legislation, Division 21 of the Public Resources Code. In accordance with Section 31220(a), the Conservancy has consulted with the Regional Water Quality Control Board on development of this grant.

In accordance with Section 31220(b), the Conservancy may make the award for this acquisition project as it: protects fish and wildlife habitat within coastal waters and the San Luis Rey River coastal watershed; reduces threats to coastal fish and wildlife; and acquires and protects coastal wetlands, riparian areas, floodplains, and other sensitive watershed lands.

In accordance with Section 31220(c), the proposed project will include a monitoring and evaluation component consisting of property monitoring reports submitted every five years by the Fallbrook Land Conservancy to the Coastal Conservancy.

The proposed project is consistent with the City of Oceanside Local Coastal Program as described in the *Consistency with Local Coastal Program Policies* below.

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

Consistent with **Goal 4, Objective 4A** of the Conservancy's 2013-2018 Strategic Plan, the proposed project will protect 35.52 acres of significant coastal watershed resource property, including both wetlands and uplands.

Consistent with **Goal 4, Objective 4C** of the Conservancy's 2013-2018 Strategic Plan, the proposed project will preserve wildlife corridors between core habitat areas from coast to inland habitat areas.

**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:** TPL's acquisition of the San Luis Rey River property would serve to promote and implement several state plans including:
 - *California Water Action Plan*. Goal #4, "Protect and Restore Important Ecosystems," identifies protection and restoration of coastal watersheds as a priority action.
 - *California @ 50 Million: The Environmental Goals and Policy Report*. Key Action #3 of the "Preserve and Steward State Lands and Natural Resources" calls for building resilience in natural systems and specifically calls out the need for well-maintained watersheds and floodplains.
 - *CA Climate Adaptation Strategy/Safeguarding California: Reducing Climate Risk Plan* (CA Natural Resources Agency, July 2014) identifies "Actions Needed to Safeguard Biodiversity and Habitats" including #1: Improve habitat connectivity and protect climate refugia. This acquisition will preserve a wildlife corridor leading from the coastal zone inland along the San Luis Rey River corridor. Additionally, the strategy recommends

coastal open space and lowlands be managed for inland migration of wetlands expected to occur with sea level rise.

- *Draft Southern California Steelhead Recovery Plan* (NOAA National Marine Fisheries Service 2009) designates the San Luis Rey River as a high priority for southern California steelhead recovery.
 - *Draft State Wildlife Action Plan* (CA Department of Fish and Wildlife 2015) California South Coast Conservation Strategy 1 (Land Acquisition/Easement/Lease): Acquire and conserve high-functioning riparian areas that have the greatest ecological potential (e.g., Santa Clara, San Luis Rey, and Ventura River watersheds).
4. **Support of the public:** The project has support of federal agencies, local officials, and local non-profit organizations. Mayor Jim Wood of the City of Oceanside, Councilmember Esther Sanchez, and members of the Eastside Neighborhood Association have also expressed support for the project (Exhibit 4).
 5. **Location:** The proposed project is located almost entirely within the coastal zone of the City of Oceanside, with the eastern reaches of the property extending outside of the Coastal Zone Boundary.
 6. **Need:** With the Option to Purchase expiring in December 2016, the Conservancy's financial support of this acquisition at this time is vital to ensure that sufficient project funds exist to complete the acquisition.
 7. **Greater-than-local interest:** The San Luis Rey River property acquisition will preserve a key link in a regionally important wildlife corridor of approximately 5,000 acres that supports multiple sensitive species and runs south from Camp Pendleton beyond the San Luis Rey River to Buena Vista Creek in southern California. Protection and restoration of the property and its coastal wetland components will provide flood protection, improve water quality, allow adaptation to climate change, enhance wildlife values, and protect and enhance native habitat connectivity. The project also protects a groundwater basin that supplies 13% of the City of Oceanside's drinking water.
 8. **Sea level rise vulnerability:** Given the property's location nearly a mile inland from the Coast and its hilly topography, the site is not vulnerable to sea level rise. Wetlands contained within the project area will be resilient to sea level rise and have ample room for habitat migration upslope.

Additional Criteria

9. **Urgency:** The property identified for acquisition is currently zoned for residential development. Should this acquisition not occur, the site would likely be developed into residential units with associated harmful impacts to sensitive upland and wetland habitats on the property, erosion of hillside features and increased runoff into the San Luis Rey River.
11. **Leverage:** See the "Project Financing" section above.
14. **Readiness:** The grantee is ready to move forward on the transaction.
15. **Realization of prior Conservancy goals:** See "Project History" above.
16. **Return to Conservancy:** See the "Project Financing" section above.

17. **Cooperation:** This project is a collaborative effort between federal, state, and local partners.

18. **Vulnerability from climate change impacts other than sea level rise:** This project, as a fee acquisition, is intended to protect this property in perpetuity. Its vulnerability to non-sea-level rise climate change includes possible precipitation and temperature shifts that may alter native plant community composition on site. Nonetheless, this property would continue to provide habitat for species moving inland and upslope in response to climate change, as well as preventing erosion and degradation to the site's habitats.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

The proposed project is consistent with the City of Oceanside's certified Local Coastal Program as follows:

The western portion of the project falls within the coastal zone boundary and is subject to Coastal Act and LCP policies. The project would support LCP policies to protect against degradation of habitat values in environmentally sensitive habitats. The San Luis Rey River Specific Plan emphasizes the significance of this major river system through the City. The project helps to meet the Specific Plan's objective of protecting, maintaining, and enhancing the river's existing sensitive habitats by removing the development potential of the property and enabling restoration of important habitats. It would also retain the visual resource of the river corridor.

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

The proposed project is consistent with the Water Quality Control Plan for the San Diego Basin ("Basin Plan") (August 2012). The Basin Plan designates beneficial uses for water bodies in the San Diego Region, including the San Luis Rey River Hydrologic Unit, and establishes water quality objectives and implementation plans to protect those beneficial uses.

Specifically, the proposed project supports the Basin Plan's policy to uphold the California Wetlands Conservation Policy, with the goal to "ensure no overall net loss and achieve a long-term gain in the quantity, quality, and permanence of wetlands acreage and values in California."

COMPLIANCE WITH CEQA:

The proposed acquisition of the San Luis Rey River property is categorically exempt from the California Environmental Quality Act (CEQA) under 14 Cal. Code of Regulations Section 15325 in that the acquisition constitutes a transfer of ownership primarily to preserve open space and habitat.

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