

COASTAL CONSERVANCY

Staff Recommendation
September 6, 2018

SANTA MARGARITA RIVER TRAIL PRESERVE ACQUISITION

Project No. 18-015-01
Project Manager: Greg Gauthier

RECOMMENDED ACTION: Authorization to disburse up to \$9,750,000 to The Wildlands Conservancy for acquisition of approximately 1,390 acres along the Santa Margarita River for conservation and recreation purposes.

LOCATION: Santa Margarita River, County of San Diego

PROGRAM CATEGORY: Integrated Coastal and Marine Resource Protection

EXHIBITS

Exhibit 1: [Project Location, Site Map, and APN Numbers](#)

Exhibit 2: [Santa Margarita River Trail Preserve Photographs](#)

Exhibit 3: [Project Letters](#)

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Chapter 5.5 of Division 21 of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes disbursement of an amount not to exceed nine million seven hundred fifty thousand dollars (\$9,750,000) to The Wildlands Conservancy for acquisition of approximately 1,390 acres along the Santa Margarita River, as shown in Exhibit 1, for conservation and recreation purposes. This authorization is subject to the following conditions:

1. Prior to disbursement of any funds for acquisition of the property, The Wildlands Conservancy shall submit for the review and approval of the Executive Officer of the Conservancy: a) all relevant acquisition documents, including the appraisal, agreement of purchase and sale, escrow instructions, deeds, and documents of title; b) a baseline conditions report; c) a monitoring and reporting plan; and d) evidence that sufficient funds are available to complete the acquisition.
2. The Wildlands Conservancy shall not pay more than fair market value for the property acquired pursuant to this authorization, as established in an appraisal approved by the Executive Officer.

3. The property shall be managed and operated for the purposes of watershed protection, habitat conservation, and public access. The property shall be permanently dedicated to those purposes by an appropriate instrument approved by the Executive Officer and recorded, in accordance with Public Resources Code Section 31116(b).
4. Conservancy funding shall be acknowledged by erecting and maintaining a sign on the property or in a nearby publicly-viewable 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:

1. The proposed authorization is consistent with Chapter 5.5 of Division 21 of the Public Resources Code, regarding integrated coastal and marine resources protection.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.
3. The Wildlands Conservancy 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 \$9,750,000 grant to The Wildlands Conservancy (TWC) to purchase approximately 1,390 acres along the Santa Margarita River from the Fallbrook Public Utilities District to establish the Santa Margarita River Trail Preserve. The property is located adjacent to the City of Fallbrook, immediately downstream of the 4,344-acre Santa Margarita Ecological Reserve owned by San Diego State University, and immediately upstream of the 221-acre Santa Margarita County Preserve owned by the County of San Diego.

The Wildlands Conservancy is acquiring the Santa Margarita River property in order to protect the natural environment for conservation and recreational purposes in perpetuity. The property will be protected from development and the trails will remain open and accessible for the general public as they have been used for decades. TWC will conduct land-based conservation through a variety of long-term stewardship efforts that aim to preserve and enhance the natural resources and protect the cultural resources of the property.

Additionally, the Santa Margarita River property will continue to provide the public with access to a natural open space for low-intensity, passive, non-motorized recreational opportunities. The Fallbrook Trails Council is a primarily volunteer-based organization that has managed the trail system on the property since 1999. Prior to close of escrow, The Wildlands Conservancy will convey a trail easement in favor of the Live Oak Park Coalition, a nonprofit 501(c)(3) corporation of which the Fallbrook Trails Council is a part, that ensures public access to the 18 miles of existing trails while providing flexibility to maintain the trail network and to protect the unique natural resources on the property.

Site Description: The property is situated within the middle reaches of the Santa Margarita River watershed, which encompasses 738 square miles and includes 949 miles of stream between the river and its tributaries. At 27 miles in length, the Santa Margarita River is the longest free flowing river on the Southern California coast. Of the total watershed area, approximately 27 percent is within San Diego County and the remainder is in Riverside County. The Santa Margarita River watershed provides one of the greatest remaining expanses of largely undisturbed riparian corridor in coastal Southern California. (See Exhibit 2: Santa Margarita River Trail Preserve Photographs.)

The riparian habitats found along this reach of the Santa Margarita River are important to the survival of a number of wildlife species and provide critical habitat for sensitive and endangered species. The greater watershed serves as valuable habitat, providing a diversity of terrestrial and aquatic habitats that support numerous plants and animals, including 500 plant species, 236 bird species, 52 mammal species, 43 reptile species, 26 fish species and 24 species of aquatic invertebrates. With seven federal or state listed endangered or threatened species, and more than 60 other species listed by the state and other groups as having special concern, the Santa Margarita River watershed is considered to be of high ecological importance. The property supports federally designated Critical Habitat for the coastal California gnatcatcher (*Polioptila californica californica*), least Bell's vireo (*Vireo pusillus bellii*), southwestern willow flycatcher (*Empidonax traillii extimus*), arroyo toad (*Anaxyrus californicus*), and habitat for California species of special concern, including the arroyo chub (*Gila orcutti*) and southwestern pond turtle (*Actinemys marmorata pallida*), as well as potential habitat for the yellow-billed cuckoo (*Coccyzus americanus occidentalis*) and steelhead trout (*Oncorhynchus mykiss*).

The Santa Margarita River offers one of the best opportunities to re-establish a steelhead trout population in coastal Southern California. The Santa Margarita River is designated a high priority in the National Marine Fisheries Service Southern California Steelhead Recovery Plan (2012), and is unique in coastal Southern California for its undeveloped state and perennial flow. It is relatively lightly impacted by urbanization throughout its length, has perennial flow greater than 5 cubic feet per second, and has a spring-fed character in the upper watershed protected in the Santa Margarita Ecological Reserve. The Santa Margarita River historically supported steelhead and still has natural channel characteristics for migration and propagation of steelhead. The presence of fish passage barriers in the form of water diversion structures, fords and bridges has prevented steelhead from accessing upper reaches of the river that contain good spawning and rearing habitat. The primary fish passage barriers are being addressed in another project with funding from the Conservancy and California Department of Fish and Wildlife.

Further, by securing conservation of the property, this preserve will provide natural resource protection and wildlife connectivity between the adjacent open space properties as well as contributing to the larger landscape level efforts to conserve an ecologically important wildlife corridor known as the Palomar Mountain to Santa Ana Mountain Connection (South Coast Wildlands, 2008). Preserving the Santa Margarita River Valley as a wildlife corridor is essential to protecting the ecological integrity of a significant portion of the California South Coast Ecoregion. Providing wildlife with refuge from anthropogenic pressures such as habitat loss, habitat fragmentation, pollution and other prominent disturbances and threats allows those

species to avoid being harmed, and in some cases from going extinct. Wildlife corridors allow for the free movement of plant and animal species over space and time, enabling species to be more resilient when responding to human activities, climate change, disease outbreaks and competition.

The approximately 1,390-acre property is composed of 34 parcels (see Exhibit 1). The property is located in Section 36 of Township 8 South, Range 4 West; Sections 4, 5, 6, 7, 8, 9 and 17 of Township 9 South, Range 3 West; and Sections 1 and 12 of Township 9 South, Range 4 West of the U. S. Geologic Survey (USGS) 7.5 minute Fallbrook and Temecula quadrangle maps.

The Santa Margarita River Valley was historically used by the people of the Luiseño tribe to travel between coastal village sites and inland village sites near Temecula. To this day there are signs of their presence within the river valley. A railroad was built in 1880 that connected Fallbrook to Temecula through the Santa Margarita River Valley. This railroad was used to transport visitors and goods. The railroad tracks were washed out several times by flood waters, although there are remnants of the rails that can be seen in several locations. The Wildlands Conservancy intends to further study and learn about the array of cultural histories rooted in the Santa Margarita River Valley and share those with visitors.

Grantee Qualifications: The Wildlands Conservancy is a California private nonprofit public benefit corporation that provides opportunities for passive recreation and education, free to the general public. Over the past twenty-two years, TWC has established the largest nonprofit nature preserve system in California, comprised of fifteen preserves encompassing 143,000 acres of diverse mountain, valley, desert, river, and oceanfront landscapes. These preserves are open to the public free of charge for passive recreation, including camping, hiking, horseback riding, picnicking, birding, and more. In addition, TWC has preserved more than 800,000 acres of land with private funds. TWC was instrumental in the designation of Southern California's largest National Monument: Mojave Trails National Monument. TWC provides the largest free outdoor education program in Southern California serving more than 60,000 children per year.

Project History: Fallbrook Public Utility District (FPUD) has owned the Santa Margarita River property since the 1950s. Throughout that time, FPUD has allowed public access to the property, subject to certain restrictions. The property contains a trail system dating to the 1950s or earlier that is used by birders, equestrian riders, hikers, mountain bikers, naturalists and the general public alike. Forecasts based on recent trail count data indicate expected visitors of more than 60,000 trail users per year. Having recently determined that the property is not required for utility purposes, FPUD is seeking to divest ownership.

The Conservancy previously authorized the Santa Margarita Fish Passage Design project in February 2017. That project is developing design and construction specifications for removal of the major fish passage barrier preventing access to upper Santa Margarita River spawning and rearing habitat for the endangered Southern California steelhead trout. Preservation of the property acquired through this proposed project will help to ensure that the river remains open to fish passage to aid in the recovery of this fish species.

PROJECT FINANCING:

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|---------------------------|---------------------|
| Coastal Conservancy | \$9,750,000 |
| The Wildlands Conservancy | \$650,000 |
| Total Project Cost | \$10,400,000 |

Conservancy funds for this project are expected to come from an appropriation to the Conservancy from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 (Proposition 68, California Public Resources Code Sections 80000 – 80173), and from the California Wildlife Protection Act of 1990 (Proposition 117, Fish and Game Code Sections 2780—2799.6), known as the Habitat Conservation Fund.

Chapter 7 of Division 45 of the Public Resources Code allocates funds to various agencies for river recreation and improvement projects (Sections 80100 – 80101). Section 80100(a)(6) states that “ten million dollars shall be available to the State Coastal Conservancy for river parkway projects along the Santa Margarita River in San Diego County.” In accordance with section 80100(a)(6), the proposed acquisition project is located along the Santa Margarita River in San Diego County.

Section 80100 references the California River Parkways Act of 2004 (Public Resources Code Section 5750 et seq.), which authorizes grants for acquisition of land for river parkways. Public Resources Code Section 5753(c). The proposed acquisition would be eligible for a grant under the California River Parkways Act of 2004 because the proposed project will acquire and protect lands for a river parkway along the Santa Margarita River. Section 5753(e) states that “all acquisitions shall be from a willing seller.” The landowner, Fallbrook Public Utilities District, is a willing seller. Pursuant to Section 5753(f), the proposed project will provide public access and will “(1) Provide compatible recreational opportunities including trails for strolling, hiking, bicycling, and equestrian uses along rivers and streams,” and will further “(2) Protect, improve, or restore riverine or riparian habitat, including benefits to wildlife habitat and water quality.” Thus, as a project that would be eligible for a river parkway grant under the California River Parkways Act of 2004, the proposed project is a “river parkway” project along the Santa Margarita River and thus is eligible for Proposition 68 funds under section 80100(a)(6).

Section 80100(b) requires that a project under this chapter must either serve a disadvantaged community or provide a match of 20 percent. This project serves a disadvantaged community. Prop 68 defines the term “disadvantaged community” (“DAC”) as: “a community with a median household income less than 80 percent of the statewide average.” (PRC § 80002(e).) The State of California Department of Water Resources Disadvantaged Communities Mapping Tool identifies the lands adjacent to the proposed project area as both a “disadvantaged” and “severely disadvantaged” community, as those terms are defined in Proposition 68.

Priority must be given to projects that leverage private, federal, or local funding or produce the greatest public benefit (PRC § 80001(b)(2)). The Wildlands Conservancy is contributing funds for preparation of the Integrated Resource Management Plan, property appraisal, Phase 1 site assessment, Preserve ranger staff and all other associated costs, beyond the Coastal Conservancy's contribution, of acquiring and establishing the Santa Margarita River Trail Preserve.

Consistent with the Habitat Conservation Fund, under State Fish and Game Code Section 2786(e), funds for this project will be used for the acquisition of aquatic habitat for trout resources, and consistent with Section 2786(f), funds for this project will be used for the acquisition of riparian habitat.

The sources of the Habitat Conservation Fund to be used are the Cigarette and Tobacco Products Surtax Fund (Proposition 99, Revenue & Taxation Code Sections 30121-30130) and the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50, Water Code Section 79500 et seq). The Cigarette and Tobacco Products Surtax Fund may be used for wildlife habitat and recreation purposes (Revenue & Taxation Code Section 30122). Proposition 50 authorizes the use of funds for the purpose of protecting coastal watersheds through projects to acquire, protect and restore land and water resources. The proposed project is consistent with Proposition 50 as it acquires land protecting the Santa Margarita River coastal watershed land and water resources.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

The proposed authorization is consistent with the purposes and objectives of Chapter 5.5 of Division 21 of the Public Resources Code, regarding improving and protecting coastal and marine water quality and habitats (Section 31220). Section 31220(a) permits the Conservancy to provide grants for coastal watershed and coastal water quality, sediment management, and resources protection projects, if the projects meet one or more of the objectives detailed in Section 31220(b). Pursuant to Section 31220(b)(8), the Conservancy is authorized to undertake a project or award a grant for a project that provides for public access compatible with resource protection. The Santa Margarita River Trail project will acquire and protect 1,389.69 acres of riparian habitat while providing compatible public access to more than 18 miles of trails. As required by Section 31220(c), the project includes a monitoring and evaluation component. Monitoring will include: documenting the presence of wildlife and special status animal and plant species that utilize and occupy the property; surveys for invasive plants and animals; monitoring of culturally significant sites and artifacts; and monitoring of damage or the threat of damage to natural resources, dangerous trail conditions, fallen trees, damaged property, graffiti, poaching, or any other observations of the preserve rules being breached or any unsafe situations.

As required by Section 31220(c), the project is consistent with the local watershed management plan. See "Consistency with Local Watershed Management Plan" section, below.

CONSISTENCY WITH CONSERVANCY’S 2018-2022 STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):

Consistent with **Goal 5, Objective 5A** of the Conservancy’s 2018-2022 Strategic Plan, the proposed project will add to the Conservancy goal to protect significant coastal and watershed resource properties. The Santa Margarita River Trail Preserve project will acquire and preserve 1,389.69 acres as open space for recreation, fish and wildlife habitat, and cultural and historical preservation.

Consistent with **Goal 5, Objective 5C**, the proposed project will preserve a critical fish and wildlife corridor from coastal to inland habitat areas. By securing conservation of the property, this preserve will provide natural resource protection and wildlife connectivity between the adjacent open space properties as well as contribute to the larger landscape level efforts to conserve an ecologically important wildlife corridor known as the Palomar Mountain to Santa Ana Mountain Connection (South Coast Wildlands, 2008).

Finally, the proposed project will help support **Goal 6, Objective 6D** by implementing a project that will help preserve coastal watersheds and floodplains.

CONSISTENCY WITH CONSERVANCY’S PROJECT SELECTION CRITERIA & GUIDELINES:

The proposed project is consistent with the Conservancy’s current Project Selection Criteria and Guidelines 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 funding the acquisition of the Santa Margarita River Trail Preserve, the proposed project will implement or support elements of the following plans:

South Coast Missing Linkages (San Diego State University Field Station Programs, 2008): This plan includes a sub-plan for completing the Santa Ana – Palomar Mountains Linkage which includes the property to be acquired in this project.

California Water Action Plan, 2016 Update (California Natural Resources Agency, California Department of Agriculture, California Environmental Protection Agency): Action 4 of this plan is to “protect and restore important ecosystems (restore coastal watersheds and strategic coastal estuaries to restore ecological health and nature system connectivity to benefit local water systems and help defend against sea level rise, eliminate

barriers to fish migration).” The proposed project protects the Santa Margarita River ecosystem from future degradation.

California State Wildlife Action Plan, 2015 (SWAP) (California Department of Fish and Wildlife): Section 5.5.1 identifies The South Coast Missing Linkages project’s action plan of conserving critical habitat linkages as the best hope for maintaining what remains of Southern California’s wildlife legacy. The Wildlands Conservancy is one of the plan partners and the proposed project supports the conservation of a critical habitat corridor. The SWAP further identifies acquisition and conservation of high-functioning riparian areas as one of the key conservation strategies.

California Essential Habitat Connectivity Strategy for Conserving a Connected California (2010): The Palomar Mountains - Camp Pendleton/Santa Rosa region and the Santa Margarita River are identified in this plan as one of the essential connectivity areas in Southern California.

Southern California Steelhead Recovery Plan (2012): The Santa Margarita River is identified as a high priority system for steelhead recovery. This project will conserve the middle reaches of this river and associated steelhead habitat.

4. **Support of the public:** The project is supported by the Fallbrook Trails Council, City of Fallbrook, Trout Unlimited, CalTrout, Live Oak Park Coalition, and San Diego State University Field Stations Program. (See Exhibit 3.)
5. **Location:** The project is located in the County of San Diego adjacent to the City of Fallbrook within the coastal draining Santa Margarita River watershed.
6. **Need:** The subject property of this project is a critical link in the Palomar Mountain to Santa Ana Mountain wildlife corridor. The property also serves as a recreation and wildlife habitat resource. If not acquired to preserve these functions and services, the property faces threat of development or conversion to other uses. This project will not occur without Conservancy support.
7. **Greater-than-local interest:** The project area provides more than 18 miles of hiking, biking, and equestrian trails and is visited by people from throughout Southern California and beyond. Recent trail counts project more than 60,000 visitors per year.
8. **Sea level rise vulnerability:** The project area is located inland from the coast and is not vulnerable to sea level rise.

Additional Criteria

9. **Urgency:** The purchase and preservation of this property is urgently needed to preclude sale for alternative uses. The Wildlands Conservancy’s option on the property expires in April, 2019.
10. **Resolution of more than one issue:** The project will ensure the preservation of a critical wildlife corridor, maintain continued low-intensity non-motorized recreation that is compatible with resource values, and help support the recovery of Southern California steelhead trout, as well as preserve potential habitat for 62 sensitive species, by precluding development.

11. **Leverage:** See the “Project Financing” section above.
14. **Readiness:** The grantee is prepared to complete the acquisition and has completed an Integrated Resource Management Plan to ensure effective stewardship of the property once acquired.
15. **Realization of prior Conservancy goals:** See “Project History” above.
17. **Cooperation:** This project can move forward because of the cooperative relationship that exists at the present time between The Wildlands Conservancy, Fallbrook Trails Council and the Fallbrook Public Utilities District.

CONSISTENCY WITH LOCAL WATERSHED MANAGEMENT PLAN

Santa Margarita River Watershed Management Plan, March 2005: Section 3.3, Biological Resources specifically underscores the importance of habitat corridors and linkages as well as habitat protection for threatened and endangered species. Section 3.3.3: Corridors and Linkages further recognizes the regional importance of linkages between fragmented habitats for floral and faunal species. Section 3.3.4: Habitat Protection and Restoration states that “protection of habitat along the riparian corridor is essential to maintaining the viability of the drainage system for many aquatic resources.” Section 4.5.2: Corridors and Linkages states that “In the absence of corridors, habitats become isolated islands; connections between areas of biological open space are essential to maintaining biological diversity, population viability, and resilience in response to natural disasters.” Acquisitions such as the proposed project are one of the key actions identified in the plan for preserving and expanding key corridors and linkages.

COMPLIANCE WITH CEQA:

The project consists of the acquisition of lands for fish and wildlife conservation purposes including preservation of fish and wildlife habitat, and preserving access to public lands and waters where the purpose of the acquisition is to preserve the land in its natural condition. The project includes protection of existing public access through grant of a public access easement to more than 18 miles of existing trails for passive, low-impact recreation. Such purchases are exempt from the California Environmental Quality Act (CEQA) under State CEQA Guidelines, Class 13 (Acquisitions of Lands for Wildlife Conservation Purposes), 14 Cal. Code Regs. § 15313. The project further consists of the purchase of land in order to preserve open space, habitat, and cultural resources. Such purchases are exempt from CEQA under State CEQA Guidelines, Class 25 (Transfers of Ownership in Land to Preserve Existing Natural Conditions and Historical Resources), 14 Cal. Code Regs. § 15325. Staff will file a Notice of Exemption upon Conservancy approval.