

COASTAL CONSERVANCY

Staff Recommendation  
September 3, 2020

**HUNTINGTON BEACH WETLANDS  
NEWLAND MARSH ACQUISITION**

Project No. 15-020-02  
Project Manager: Christopher Kroll

**RECOMMENDED ACTION:** Authorization to disburse up to \$2,460,000 to acquire the 44-acre Newland Marsh property in Huntington Beach from the California Department of Transportation, and to transfer the property to the Huntington Beach Wetlands Conservancy.

**LOCATION:** City of Huntington Beach, Orange County

**PROGRAM CATEGORY:** Reservation of Significant Coastal Resource Areas

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EXHIBITS

- Exhibit 1: [Project Location Maps](#)
- Exhibit 2: [Site Photos](#)
- Exhibit 3: [Project Letters](#)

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**RESOLUTION AND FINDINGS:**

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31350 *et seq.* of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of an amount not to exceed two million four hundred and sixty thousand dollars (\$2,460,000) to acquire the approximately 44.3-acre Newland Marsh property (Orange County Assessor Parcel Nos. 114-150-58, -59, -87, -90, -91, -92, 148-131-26, -27, -29) from the California Department of Transportation (“Caltrans”) for the purpose of protection of open space, coastal wetlands resources and public access consistent with these purposes; and to transfer the property to the Huntington Beach Wetlands Conservancy. The authorization is subject to the following conditions:

1. Prior to transfer of the property to Huntington Beach Wetlands Conservancy, the Executive Officer of the Conservancy (Executive Officer) shall approve:
  - a. All relevant acquisition documents for the acquisition including, without limitation, the appraisal, purchase and sale agreement, deed, escrow instructions, environmental or hazardous materials assessment, and title report; and
  - b. A baseline conditions report
2. The Conservancy shall pay no more than fair market value for the property, as established in an appraisal approved by the Executive Officer.
3. The property acquired under this authorization shall be managed and operated for the purpose of protection of open space, coastal wetlands resources and public access consistent with these purposes. The property shall be permanently dedicated to those purposes by an appropriate instrument approved by the Executive Officer.
4. Conservancy, U.S. Fish and Wildlife Service, and Wildlife Conservation Board 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 8 of Division 21 of the Public Resources Code, regarding enhancement of coastal resources.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.
3. The Huntington Beach Wetlands Conservancy is a nonprofit organization organized under section 501(c)(3) of the U.S. Internal Revenue Code.”

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**PROJECT SUMMARY:**

Staff recommends that the Conservancy authorize the disbursement of an amount not to exceed \$2,460,000 for the Conservancy to acquire the approximately 44.3-acre Newland Marsh property from the California Department of Transportation (“Caltrans”), and authorize transfer of the Newland Marsh property to the Huntington Beach Wetlands Conservancy.

Newland Marsh is a degraded salt marsh and is an important part of the Huntington Beach Wetlands Complex, a 191-acre wetlands complex located on the north side of the Santa Ana River. The complex consists of four areas: Talbert Marsh, Brookhurst Marsh, Magnolia Marsh and Newland Marsh (Exhibit 1). The complex is all that is left of an almost 3,000-acre wetland

that once existed at the mouth of the Santa Ana River. All the other marshes except Newland Marsh have been acquired and restored by the Huntington Beach Wetlands Conservancy (HBWC). Acquisition of Newland Marsh will complete the protection of the Huntington Beach Wetlands Complex.

Newland Marsh contains sensitive wetland habitats that have degraded over time due to isolation from tides, historic diking and filling, neglect, encroachment from development, freshwater input, and oil exploration. HBWC has already completed full tidal restoration at Talbert, Brookhurst, and Magnolia Marshes and in 2019 completed a conceptual restoration plan for Newland Marsh. The restoration plan includes a public access plan for the property which includes a trail connection to Magnolia Marsh.

The property has some remnant contamination from oil production on the property. Two site investigations have been undertaken to identify the nature and extent of the contamination. The contamination, found around former oil sumps and oil production areas, is not extensive (approximately 5,000 square feet in area and extending to a depth of approximately 2.5 feet). The restoration plan recommends sequestering the contaminated areas which will be buried under fill and left on site as was successfully done at Magnolia and Brookhurst Marshes and the nearby Bolsa Chica Wetland Restoration Project.

Acquisition and restoration of Newland Marsh will be the culmination of more than 30 years of efforts by the HBWC in partnership with the Conservancy to secure the Huntington Beach Wetlands, restore the marshes, and provide public access and interpretation. Since 1987, the three other marsh areas have been purchased and restored and an interpretive center and wildlife care center constructed and opened to the public.

Conservancy staff have secured two major grants for the purchase of the Newland Marsh property: a U.S. Fish & Wildlife Service National Coastal Wetlands Conservation grant and a grant from the Wildlife Conservation Board. In addition, the Conservancy has received funding from the State Water Resources Board to fund projects on the Southern California Wetlands Recovery Project work plan such as the Newland Marsh acquisition. This funding comes from Once-through-Cooling mitigation funds, as described below.

**Site Description:**

The Huntington Beach Wetlands are part of the coastal wetland system originally formed by the meandering Santa Ana River. This wetland system covered 2,950 acres prior to the introduction of agricultural and urban development into the area. Most of this vast wetland has been destroyed through draining and filling for urban growth. Much of the remaining wetland has been isolated through the construction of the Pacific Coast Highway, channelization of the Santa Ana River, and construction of flood control channels. Today, only a fraction of the Santa Ana River coastal wetland system remains, and much of this is highly degraded due to isolation from tides, neglect, encroachment, unauthorized access, and oil extraction.

The Huntington Beach Wetlands Complex is located on the northern side of the Santa Ana River channel. The 191 acres of tidal salt marsh consist of four distinct wetland areas: Talbert Marsh, Brookhurst Marsh, Magnolia Marsh and Newland Marsh. All but the 44-acre Newland Marsh have been restored and reconnected to tidal influence. The restored wetlands consist of a mix of pickleweed salt marsh, mudflat, subtidal zones, and a small amount of coastal dune habitat. The Huntington Beach Wetlands are part of the Orange Coast River Park, 1000-plus acres of open space wildlife habitat at the mouth of the Santa Ana River.

The Huntington Beach wetlands provide habitat for more than 80 species of birds, including several rare or endangered species. These rare and endangered species include Belding's savannah sparrow (state endangered), California least tern (state and federal endangered), and Western snowy plover (federal threatened). The wetlands also are home to the coast woolly-head plant species, which is designated as endangered by the California Native Plant Society (California Rare Plant Rank 1B.2).

The Huntington Beach Channel is located at the center of the property and bisects the wetland. Both sides of the channel have a flood wall/retaining wall that keeps water from entering the wetlands. The property was historically a salt marsh. Existing habitats include open water, salt marsh, salt panne, alkali marsh, freshwater marsh, southern willow scrub, unvegetated salt flat, coastal scrub, and disturbed/ruderal habitat. It currently supports degraded seasonal wetlands during the rainy season from runoff from a neighboring property. The property is known to be habitat for Belding's Savannah Sparrows and California Least Terns. The property is already at elevations suitable for salt marsh restoration with only minor modifications needed to create tidal connections and internal channel networks.

**Grantee Qualifications:**

The Huntington Beach Wetlands Conservancy is a 501(c)(3) nonprofit corporation that was established in 1985 and is uniquely qualified and appropriate for this project. The Conservancy has worked with HBWC since 1987 to acquire and restore the Huntington Beach Wetlands for the purposes of improving coastal habitat and providing educational and recreational opportunities along the coast. Through the years, HBWC has taken on increasingly complex projects and demonstrated a leadership role in the restoration, preservation, and educational interpretation of the Huntington Beach coastal wetlands complex.

**Project History:**

The project site is within a wetland area that had been the subject of controversy for approximately 30 years. Conservancy involvement began when the City of Huntington Beach sought the Conservancy's assistance in resolving a wetland conservation conflict that had consistently prevented approval of the City's Local Coastal Plan (LCP). Although the Talbert

Marsh restoration was successfully completed with Conservancy funding in 1989, disputes over broader land use issues on adjacent parcels continued until 1996, when the LCP for the area was finally approved.

Subsequently, the Conservancy assisted the HBWC in its acquisition of several properties in the former marsh, in the development of the Conceptual Restoration Plan, in the construction of the Wetland and Wildlife Care Center at Magnolia Marsh, and the development of interpretive exhibits and public access improvements at the interpretive center and Magnolia Marsh. The Conservancy has provided over \$3.7 million in grants for these projects over the years.

From 2000 to 2005 the Conservancy worked with HBWC to acquire approximately 65 acres of the Huntington Beach wetlands. The area had been one of the few coastal wetlands in Southern California remaining in private ownership and was identified as a high priority for acquisition by the Southern California Wetlands Recovery Project.

In 2006, with funding from the Conservancy, HBWC completed a Conceptual Restoration Plan for the Huntington Beach Wetlands from Beach Boulevard to the Santa Ana River. The Plan evaluated the engineering, ecological and economic feasibility of wetland restoration alternatives within the Huntington Beach Wetlands and developed a framework for a coordinated restoration program. The supporting studies characterized the existing conditions; identified potential restoration alternatives based on the opportunities and constraints; and then identified preferred alternatives for further planning. These alternatives included restoration and public access components. Development of the plan was overseen by a multi-agency team of federal, state, and local partners.

Also, in 2006 the Conservancy provided grant funds to HBWC to complete construction of the Wetlands and Wildlife Care Center. The 4,200-square-foot building, completed in 2008, contains a fully equipped veterinary hospital and space for educational exhibits, programs, and meetings. The center is located adjacent to Magnolia Marsh.

In the following years, HBWC secured funds to complete the engineering and environmental compliance to prepare for restoration. In November 2007, the Conservancy authorized funds to acquire the 16.6-acre University of California, Riverside property at Brookhurst Marsh for the purposes of coastal resource enhancement and public access. The acquisition was completed in spring 2008 and provided the final piece needed to begin implementing the restoration of Brookhurst Marsh and Magnolia Marsh and some needed enhancements at Talbert Marsh.

HBWC secured initial funding for the multi-million-dollar restoration from the California Energy Commission. Following completion of the Brookhurst Marsh restoration and channel dredging projects in 2009, HBWC turned its attention to the 41-acre long-degraded Magnolia Marsh. They applied for and received a \$3.44 million NOAA federal stimulus grant to fund the Magnolia Marsh restoration in July 2009.

Public access and environmental education about the value of coastal wetlands also were important elements in the Magnolia Marsh project. A raised observation deck was constructed that extends out over a tidal pond, and a boat dock was installed for on-the-water tours of the

marsh. In 2011, the Conservancy provided funding for the construction of interpretive exhibits for the Huntington Beach Wetlands and Wildlife Care Center and design of an access trail and interpretive elements at Magnolia Marsh.

Caltrans declared the Newland Marsh property surplus in 2011. The Conservancy, responding to the surplus property notice, indicated an interest in acquiring the property. Caltrans regulations require the department recover the fair market value of properties surplus to other governmental entities.<sup>1</sup> In 2017, the Conservancy was awarded a \$1 million National Coastal Wetlands Conservation Grant from the U.S. Fish & Wildlife Service for the acquisition of the Newland Marsh property. In 2020, the Wildlife Conservation Board approved a grant request from the Conservancy for this acquisition.

### PROJECT FINANCING

<b>Coastal Conservancy</b>	<b>\$396,871</b>
Wildlife Conservation Board	\$1,083,129
US Fish & Wildlife Service	\$980,000
<b>Project Total</b>	<b>\$2,460,000</b>

The anticipated source of Conservancy funds for the proposed project is a FY 2004 non-reverting appropriation to the Conservancy of mitigation funds pursuant to the State Water Resources Control Board’s (SWRCB) Once-Through Cooling Policy adopted on May 4, 2010, under Resolution Number 2010-0020. Under the Memorandum of Understanding (MOU) between the SWRCB, Conservancy and California Ocean Protection Council, mitigation funds paid under the Once-Through Cooling Policy may be used by the Conservancy to fund wetland restoration. Under Section 2.d of the MOU, the Conservancy must consult with the State Water Resources Control Board about the proposed use of the funds. Consistent with this requirement, the Conservancy and SWRCB staff agreed that these funds should be used for priority projects recommended by the Wetlands Managers Group of the Southern California Wetlands Recovery Project from its current Work Plan. The proposed project is one of three priority projects recommended for these funds.

The Conservancy was awarded \$1,000,000 by the US Fish and Wildlife Service through a National Coastal Wetlands Conservation grant for acquisition of the Newland Marsh property.

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<sup>1</sup> California Transportation Commission Resolution G-98-22, Procedure for Sale of Excess Property.

Nine hundred and eighty thousand dollars of the USFWS grant will directly fund the acquisition of the property, while the remaining \$20,000 will pay for Conservancy staff costs for the acquisition. At its August 2020 meeting, WCB approved a grant of \$1,083,129 from Proposition 50 to the Conservancy for the acquisition.

**CONSISTENCY WITH CONSERVANCY’S ENABLING LEGISLATION:**

The proposed project is undertaken pursuant to Section 31350 *et seq.* of the Public Resources Code (Chapter 8 of Division 21), as described below.

Pursuant to Section 31350, the Conservancy may acquire, hold, protect, and use interests in key coastal resource lands that would otherwise be lost to public use. Acquisition of the subject property will complete the final acquisition needed for the Huntington Beach Wetlands Complex at the mouth of the Santa Ana River. These important coastal resource lands have been acquired, restored, and opened for public access consistent with this Section.

Section 31351(a) directs the Conservancy to cooperate with public agencies and nonprofit organizations to ensure the reservation of lands for fish and wildlife habitat, historical preservation, or scientific study required to meet the policies and objectives of Division 21 and/or the Coastal Act. Cooperating with the Wildlife Conservation Board and HBWC on the acquisition of the subject property for protection of the sites’ sensitive habitat areas is consistent with this Section.

Section 31352 states that, if a public agency is unable to acquire, hold, protect, or use an interest in real property for fish and wildlife habitat, historical preservation, or scientific study, the Conservancy may acquire and hold the interest for subsequent conveyance to an appropriate nonprofit organization. Consistent with this section, the Conservancy is acquiring the Newland Marsh property from Caltrans, which is unable to restore and manage it for fish and wildlife habitat. The Conservancy is providing a necessary link in the surplus sale and subsequent transfer to the HBWC as contemplated by this chapter.

Section 31354 states that a nonprofit organization may acquire the fee interest in a property acquired under Chapter 8 if the relevant city or county where the lands are located approves the acquisition. The marsh is located within the City of Huntington Beach. Consistent with this section, the City of Huntington Beach has approved the acquisition of Newland Marsh by the HBWC (see Project Letters).

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

Consistent with **Goal 5, Objective A** of the Conservancy’s 2018-2022 Strategic Plan, the proposed project will protect 44 acres of significant coastal and watershed resource property to add to a larger publicly accessible open space.

**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:** By acquiring and eventually restoring the historic wetlands of the subject property the project serves to promote and implement several state plans including:
  - "California @ 50 Million: The Environmental Goals and Policy Report (Governor's Office of Planning and Research, 2013 Draft). 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). The plan identifies "Actions Needed to Safeguard Biodiversity and Habitats" including #1: Improve habitat connectivity and protect climate refugia. The acquisition will add to the effort to preserve natural resource habitats in the watersheds draining to the Pacific Ocean.
  - "California Water Action Plan" (California Natural Resources Agency, 2014). Goal #4, "Protect and Restore Important Ecosystems", identifies protection of coastal watersheds as a priority action.
4. **Support of the public:** The project is supported by Congressman Harley Rouda, Assembly member Cottie Petrie-Norris, Orange County Supervisor Michelle Steel, Huntington Beach Mayor Lyn Semeta, Friends of Harbors, Beaches and Parks, Orange Coast River Park Conservancy, Shopoff Realty (adjacent property owner), and AES Huntington Beach (adjacent property owner).
5. **Location:** The proposed project is located within the coastal zone in the City of Huntington Beach.
6. **Need:** Conservancy funds are needed to complete the acquisition and will substantially leverage other fund sources.



7. **Greater-than-local interest:** Huntington Beach is host to more than 8 million annual visitors. The Huntington Beach Wetlands area is accessible to these visitors and the residents of the greater Los Angeles metropolitan region.
8. **Sea level rise vulnerability:** The project site is vulnerable to sea-level rise. However, the conceptual restoration plan for Newland Marsh accounts for projected sea-level rise and plans for adaptive management to maintain tidal wetlands at the site for as long as possible.

#### **Additional Criteria**

9. **Urgency:** Grant funds have been secured and must be used by December 2020 to complete the purchase.
10. **Leverage:** See the “Project Financing” section, above.
11. **Realization of prior Conservancy goals:** See “Project History” above.
12. **Vulnerability from climate change impacts other than sea level rise:** Climate change impacts other than sea-level rise, such as ocean acidification and increased temperatures, pose a threat to the sensitive wildlife species present on the property. The wetlands restoration facilitated by this acquisition will increase the resilience of sensitive wildlife to climate-change related threats.
13. **Minimization of greenhouse gas emissions:** The property will be purchased, protected, and ultimately restored. Coastal wetlands are extremely efficient at sequestering and storing carbon. Wetland plants regularly remove CO<sub>2</sub> from the atmosphere and sequester it in the form of soil carbon, where it can remain for centuries.

#### **CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:**

The City of Huntington Beach Local Coastal Program (LCP) contains goals, objectives, and policies consistent with the acquisition and restoration of Newland Marsh. These include: Goal C7 “Preserve, enhance and restore, where feasible, environmentally sensitive habitat areas (ESHAs) in the City’s Coastal Zone ...”; Objective C 7.2 “Promote the improvement of the biological productivity and appearance of wetland and environmentally sensitive habitats”; Policy C 7.1.2 “Environmentally sensitive habitat areas shall be protected against any significant disruption of habitat values, and only uses dependent on those resources shall be allowed within those areas...”; Policy C 7.2.1 “Promote the re-establishment of tidal flushing in wetland areas”; and Policy C 7.2.2 “Promote the participation of County, State and federal agencies in the enhancement and maintenance of environmentally sensitive habitats by actively pursuing funding from the California Coastal Conservancy and other State and federal agencies...”

The proposed acquisition is consistent with these policies in that the purchase of the Newland Marsh property will preserve, protect, and, promote the restoration of this important environmentally sensitive habitat area.

**CEQA COMPLIANCE:**

The proposed acquisition of the Newland Marsh property is categorically exempt from the California Environmental Quality Act pursuant to 14 Cal. Code of Regulations Section 15325 as a transfer of ownership of interests in land in order to preserve open space and existing natural conditions, including habitat. The exemption explicitly includes acquisitions to allow protection and restoration of natural conditions, to prevent encroachment of development into flood plains, and to preserve open space or lands for park purposes (Section 15325, subsections (a),(c), (d) and (f)). The proposed project will preserve the Newland Marsh property wildlife habitat.

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