

DATE: January 25, 2016

TO: RMC Governing Board

FROM: Mark Stanley, Executive Officer

SUBJECT: Item 11: Consideration of a resolution approving a grant to the Watershed Conservation Authority to fund pre-acquisition and due diligence expenses for the acquisition of real property within the foothills above Azusa, Assessor Parcel No. 8684-024-036 (RMC15111).

PROGRAM AREA: Mountains and Foothills

PROJECT TYPE: Acquisition

JURISDICTION: County of Los Angeles First District

PROJECT MANAGER: Luz Quinnell

RECOMMENDATION: That the RMC authorize a grant to the Watershed Conservation Authority (WCA) in the amount of \$53,225 for pre-acquisition and due diligence expenses for the acquisition of real property within the foothills above Azusa, Assessor Parcel No. 8684-024-036 (RMC15111).

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|--|--|------------------------------|
| Project: | Pre-acquisition and due diligence expenses for APN 8684-024-036 (RMC15111) | |
| Applicant: | Watershed Conservation Authority | |
| Program area: | Mountains and Foothills | |
| Amount requested: | \$53,225 | |
| Amount recommended for funding: | \$53,225 | |
| PROJECT EVALUATION CRITERIA SUMMARY | Project Score | Total Possible Points |
| 1. Access Value | 8 | 10 |
| 2. Cultural or Historic Resource Value | 0 | 3 |
| 3. Educational / Interpretive Value | 3 | 5 |
| 4. Habitat Value | 31 | 37 |
| 5. Matching Funds | 0 | 10 |
| 6. Public Health Value | 4 | 6 |
| 7. Recreational Resource Value | 4 | 9 |
| 8. Restoration Resource Value | 2 | 6 |
| 9. Scenic Resource Value | 2 | 2 |
| 10. Stakeholders / Partners Resource Value | 3 | 4 |
| 11. Stewardship and Management Plan Value | 3 | 5 |
| 12. Sustainability Value | 1 | 6 |
| 13. Trails / Multi-use Trails | 4 | 5 |

| | | |
|--------------------------------------|------------------|-------------------|
| 14. Urban Land Value | 8 | 14 |
| 15. Water Resource and Quality Value | 9 | 25 |
| <u>TOTAL POINTS</u> | <u>82</u> | <u>147</u> |

PROJECT DESCRIPTION: The WCA proposes to complete pre-acquisition activities, including due diligence review, and the acquisition of approximately 40 acres of foothill open space, referred to herein as Assessor Parcel No. 8684-024-036. The parcel is approximately 40 acres of undeveloped open space located within the unincorporated Los Angeles County in the San Gabriel Mountains above the northern portion of the City of Azusa, please see the vicinity map included as Exhibits A, B and C. The proposed acquisition of APN 8684-024-036 preserves one of the last remaining undeveloped private property along the foothill's urban-wildlife interface between the San Gabriel Valley and the San Gabriel Mountains National Monument, which includes the protection and preservation of existing natural habitat and native floral and faunal biodiversity. The acquisition of this parcel would fulfill the WCA's goals for the purpose of watershed restoration, community-driven stewardship, and suitable low-impact recreation. Transfer of this property to the public would also provide for conservation ownership that would protect significant natural and scenic resources, and help to preserve critical landscape connections to close-by conservation lands, including the WCA River Wilderness Park.

BACKGROUND: In January of 2014, APN 8684-024-036 comprised mostly of natural undisturbed slopes, was scorched and severely denuded of vegetation because of the Colby Fire. Although, a biological reconnaissance completed prior to the human-caused wildfire indicated that over 75% of the property was formally dominated by coastal sage scrub and other native plant communities. In addition, a healthy plant community of southern California black walnut occurred within the canyons and moist slopes. The biologist identified high native flora diversity which was uncompressed by invasive plants and typified less disturbed portions of the local foothills. And, thou, no restoration activities have commenced on the site since the Colby Fire, the parcel has recovered with mostly native flora and fauna. Other notable features of the site include an abandoned fluorite mine with possible cultural and interpretive value, and a vista point overlooking the San Gabriel Valley.

The San Gabriel Mountains Regional Conservancy (SGMRC), a non-profit conservation organization has focused on the acquisition and watershed restoration of the subject property for over a decade. Their efforts have included a grant proposal submission to the RMC Proposition 84 Grant Program in 2008 to acquire APN 8684-024-036. The SGMRC original grant application proposed a purchase price of \$4 million dollars, and the RMC staff evaluated the proposal as a Tier 2 project with a recommendation for funding if matching funds were secured. Although no grant funds for the acquisition were awarded by the RMC, the SGMRC negotiated a reduction in the purchase price from \$4 million dollars to approximately \$1.4 million dollars and acquired the property in 2014 with a mortgage note held by the former owner.

SGMRC has informed RMC and WCA staff that the majority of the funding originally slated to pay off the mortgage note is no longer available for this intended use, resulting in the organizations inability to make regular payments toward the mortgage note. As such, there is an urgency and an immediate risk of foreclosure as SGMRC has previously missed scheduled mortgage payments.

Payments against the mortgage note were previously supported by revenue from the organization's federally approved third party compensatory In-Lieu Fee Mitigation Program (ILF). However, recent changes in federal policy has disallowed further use of this revenue. An amount of approximately \$750,000 has been invested by SGMRC into the purchase, with a majority of these contributions from the ILF Program. The use of funds from the ILF Program were justified and approved by SGMRC based on anticipated community-supported watershed restoration of the property. If foreclosure proceeding commence the SGMRC has indicated the subject property would be available for purchase at a significant discount through foreclosure auction proceedings. If, foreclosure of the property occurs, then it is highly likely the foreclosure sale would interest developers and possible development of the property. Furthermore, SGMRC will be responsible for repayment of the ILF Program funds which would burden the organization from accomplishing its conservation activities.

A cooperative partnership through the RMC and WCA has the opportunity to secure APN 8684-024-036 into public ownership and prevent foreclosure and possible development. Furthermore, acquisition by the WCA can be negotiated for a purchase price not less than the outstanding remainder on the note, where SGMRC would consider any loss of their investment as a gift. In recognition that SGMRC has expertise in advancing watershed restoration and stewardship through community volunteerism and donations, an opportunity is also available to the WCA to engage SGMRC through agreement(s) to accomplish community supported restoration on the subject property. WCA acquisition will also allow for suitable low-impact recreation.

In consideration of the above described opportunities, the proposed RMC grant in the amount of \$53,225, if approved, will provide the initial funding necessary to conduct negotiations and due diligence reviews towards the sale and conveyance of the subject property, and to negotiate a restoration and conservation stewardship agreement with SGMRC. Site planning, recreational improvements, and other acquisition costs, such as the purchase cost, will require additional funding, and are considered separate from the current funding request to the RMC.

The request from the WCA identifies that the funding will support the following tasks over a period of up to 9 months:

- Appraisal: \$2,000
- Preliminary Title Report: \$1,600
- Phase 1 Environmental Assessment: \$35,000
- WCA staff time, project management, and grant management: \$7,000
- WCA legal council: \$2,625
- Contingency: \$5,000

Staff is recommending funding given that the project is consistent with the RMC's mission to preserve open space and habitat in order to provide for low-impact recreation and educational uses, wildlife habitat restoration and protection, and watershed improvements within the RMC's jurisdiction. If funding is approved, a grant agreement will be executed upon receipt of a final budget and timeline from the WCA.

In addition, the proposed project also meets the following RMC's Guiding Principles:

Improve Access to Open Space and Recreation for All Communities

- Accommodate active and passive recreational uses
- Incorporate passive and low-impact recreational facilities in habitat areas
- Accumulate and record the needs for active recreation facilities

Improve Habitat Quality, Quantity, and Connectivity

- Protect existing high-quality habitat and ecologically significant areas
- Restore and enhance aquatic and terrestrial riparian and upland habitat
- Coordinate regional efforts to remove invasive species
- Maintain and enhance wildlife corridors as continuous linkages
- Identify indicator species, develop standards and monitoring programs

Connect Open Space with a Network of Trails

- Develop continuous bike trail, equestrian, and public access systems along riverfronts and within the watershed
- Connect River trails to mountain trails, urban trails, local parks, open spaces, and beaches
- Connect open spaces to transit access points
- Provide for public safety and security along waterways and trails

Promote Stewardship of the Landscape

- Use drought-tolerant, native, and regionally-adapted plant materials
- Identify, preserve, and restore historic sites and cultural landscapes

FISCAL INFORMATION: This grant will award the WCA a total amount not to exceed \$53,225 of Proposition 84 funds for the pre-acquisition and due diligence expenses in support of the potential acquisition of real property within the foothills above Azusa, Assessor Parcel No. 8684-024-036. It is anticipated that a subsequent request will be made to increase the grant funding amount to include all or a portion of the purchase price and other related acquisition costs.

Funding for this project will be allocated from the RMC Grant Program under the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84). This action will authorize grant funds to the Watershed Conservation Authority (WCA) in the amount of \$53,225 for pre-acquisition and due diligence expenses in support of the potential acquisition of real property within the foothills above Azusa, Assessor Parcel No. 8684-024-036 (RMC15111).

Funding for this project will be allocated from the following Proposition 84 allocations, under statute:

75050. The sum of nine hundred twenty eight million dollars (\$928,000,000) shall be available for the protection and restoration of rivers, lakes and streams, their watersheds and associated land, water, and other natural resources in accordance with the following schedule:... (g) The sum of seventy two million dollars (\$72,000,000) shall be available for projects within the watersheds of the Los Angeles and San Gabriel Rivers according to the following schedule: (1) \$36,000,000 to the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy pursuant to Division 22.8 (commencing with Section 32600).....

75060. The sum of five hundred forty million dollars (\$540,000,000) shall be available for the protection of beaches, bays and coastal waters and watersheds, including projects to prevent contamination and degradation of coastal waters and watersheds, projects to protect and restore the natural habitat values of coastal waters and lands, and projects and expenditures to promote access to and enjoyment of the coastal resources of the state, in accordance with the following schedule:.... (3) To the Rivers and Mountains Conservancy.....\$15,000,000.

LEGISLATIVE AUTHORITY AND RMC ADOPTED POLICIES/AUTHORITIES: The Rivers and Mountains Conservancy (RMC) statute provides in part that:

Section 32602: There is in the Resources Agency, the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, which is created as a state agency for the following purposes:

- (a) To acquire and manage public lands within the Lower Los Angeles River and San Gabriel River watersheds, and to provide open-space, low-impact recreational and educational uses, water conservation, watershed improvement, wildlife and habitat restoration and protection, and watershed improvement within the territory.
- (b) To preserve the San Gabriel River and the Lower Los Angeles River consistent with existing and adopted river and flood control projects for the protection of life and property.
- (c) To acquire open-space lands within the territory of the conservancy.

Section 32604: The conservancy shall do all of the following:

- (a) Establish policies and priorities for the conservancy regarding the San Gabriel River and the Lower Los Angeles River, and their watersheds, and conduct any necessary planning activities, in accordance with the purposes set forth in Section 32602.
- (b) Approve conservancy funded projects that advance the policies and priorities set forth in Section 32602.
- (d) To provide for the public's enjoyment and enhancement of recreational and educational experiences on public lands in the San Gabriel Watershed and Lower Los Angeles River, and the San Gabriel Mountains in a manner consistent with the protection of lands and resources in those watersheds.

Section 32614: The conservancy may do all of the following:

- (b) Enter into contracts with any public agency, private entity, or person necessary for the proper discharge of the conservancy's duties, and enter into a joint powers agreement with a public agency, in furtherance of the purposes set forth in Section 32602.
- (e) Enter into any other agreement with any public agency, private entity, or person necessary for the proper discharge of the conservancy's duties for the purposes set forth in Section 32602.
- (f) Recruit and coordinate volunteers and experts to conduct interpretive and recreational programs and assist with construction projects and the maintenance of parkway facilities.

Further, Section 32614 provides that: The conservancy may do all of the following:

- (g) Undertake, within the territory, site improvement projects, regulate public access, and revegetate and otherwise rehabilitate degraded areas, in consultation with any other public agency with appropriate jurisdiction and expertise, in accordance with the purposes set forth in Section 32602.

The conservancy may also, within the territory, upgrade deteriorating facilities and construct new facilities as needed for outdoor recreation, nature appreciation and interpretation, and natural resources projection. The conservancy may undertake those projects by itself or in conjunction with another local agency; however, the conservancy shall provide overall coordination of those projects by setting priorities for the projects and by ensuring a uniform approach to projects. The conservancy may undertake those projects with prior notification to the legislative body of the local agency that has jurisdiction in the area in which the conservancy proposes to undertake that activity.

Section 32614.5:

- (a) The conservancy may award grants to local public agencies, state agencies, federal agencies, and nonprofit organizations for the purposes of this division.
- (b) Grants to nonprofit organizations for the acquisition of real property or interests in real property shall be subject to all of the following conditions:
 - (1) The purchase price of any interest in land acquired by the nonprofit organization may not exceed fair market value as established by an appraisal approved by the conservancy.
 - (2) The conservancy approves the terms under which the interest in land is acquired.
 - (3) The interest in land acquired pursuant to a grant from the conservancy may not be used as security for any debt incurred by the nonprofit organization unless the conservancy approves the transaction.
 - (4) The transfer of land acquired pursuant to a grant shall be subject to the approval of the conservancy and the execution of an agreement between the conservancy and the transferee sufficient to protect the interests of the state.
 - (5) The state shall have a right of entry and power of termination in and over all interests in real property acquired with state funds, which may be exercised if any essential term or condition of the grant is violated.
 - (6) If the existence of the nonprofit organization is terminated for any reason, title to all interest in real property acquired with state funds shall immediately vest in the state, except that, prior to that termination, another public agency or nonprofit organization may receive title to all or a portion of that interest in real property, by recording its acceptance of title, together with the conservancy's approval, in writing.
- (c) Any deed or other instrument of conveyance whereby real property is acquired by a nonprofit organization pursuant to this section shall be recorded and shall set forth the executor interest or right of entry on the part of the state.

RMC Resolution 2012-01 allowed staff to re-evaluate projects already received and projects must meet or exceed the RMC's criteria and guiding principles and funding must be identified before a recommendation is presented to the RMC Governing Board for approval. Further, staff recommends funding the pre-acquisition and due diligence expenses for the acquisition of real property within the foothills above Azusa, Assessor Parcel No. 8684-024-036, since it exceeds the RMC's guiding principles based on its goals, objectives, timeline, and ability to complete the project.

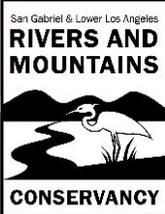
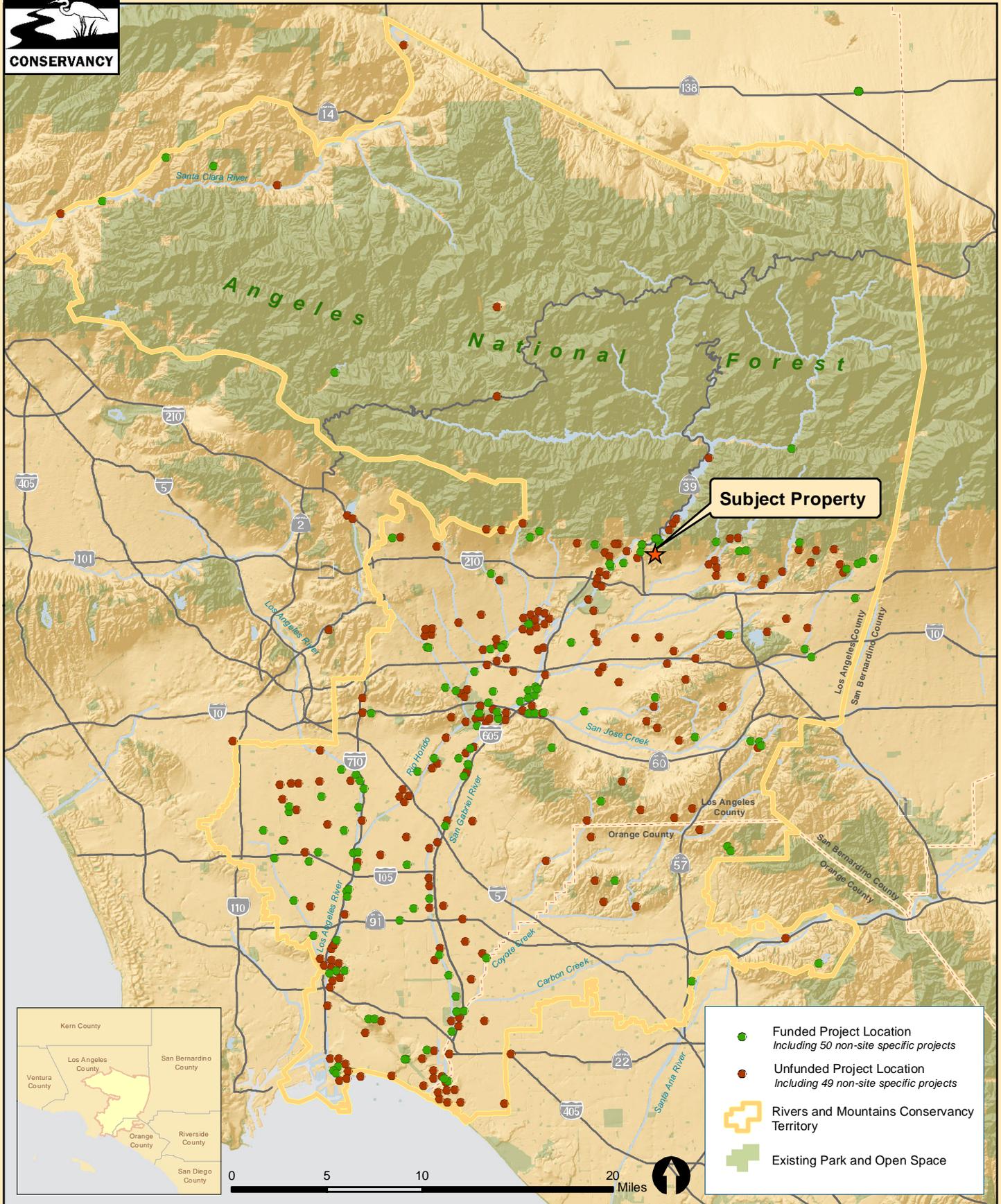


Exhibit A Territory Location Map



Subject Property

- **Funded Project Location**
Including 50 non-site specific projects
- **Unfunded Project Location**
Including 49 non-site specific projects
- Rivers and Mountains Conservancy Territory**
- Existing Park and Open Space**



Exhibit B: Property Vicinity Map

AIN 8684-024-036, ±40 acres



Legend

-  Subject Property
-  City/Community Boundary
-  Recreational Trail
-  Bike Path

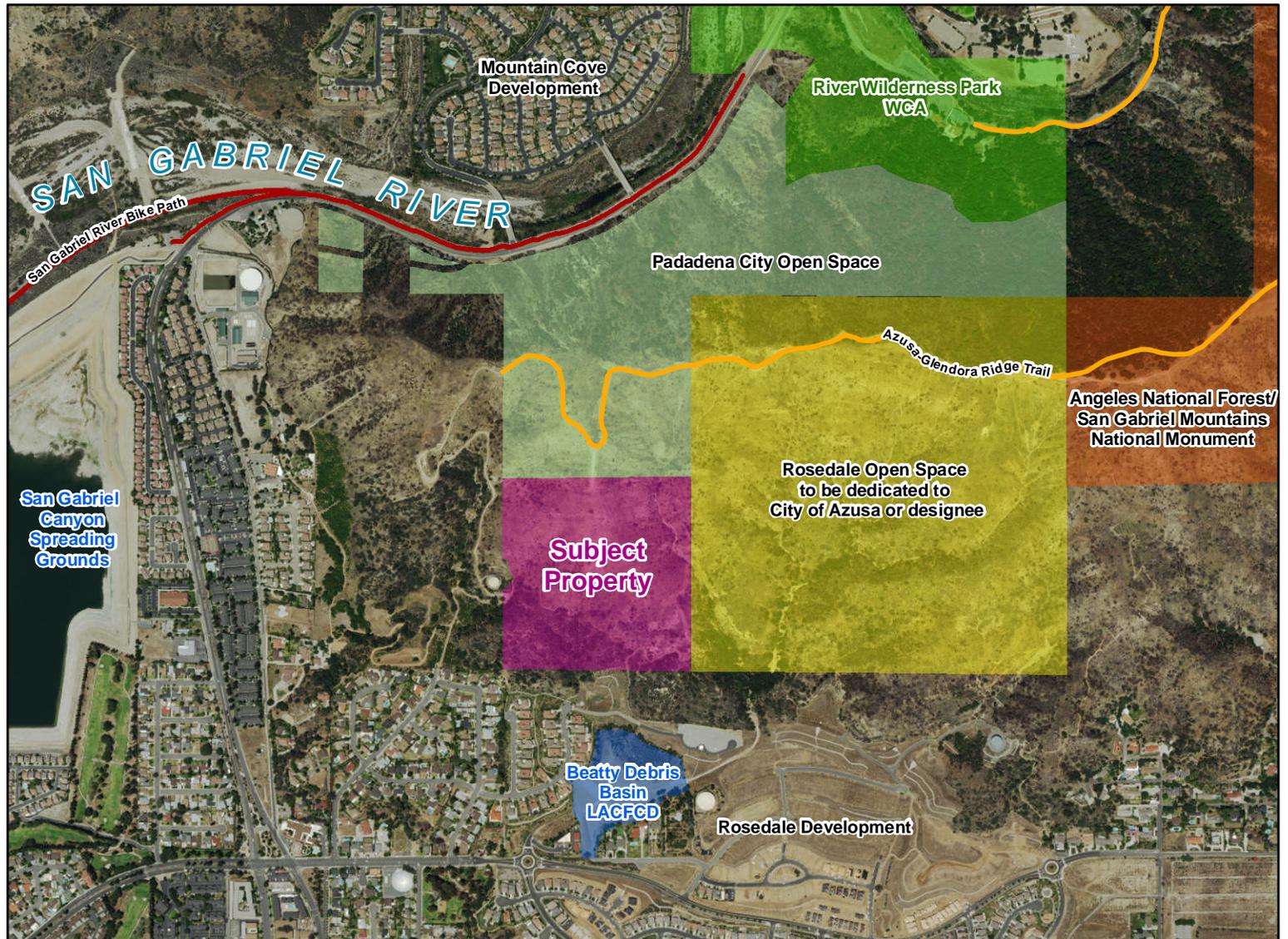
Data: Base Map Service from ESRI and their data providers. Parcel information provided by the Los Angeles County Assessor's Office. Bike path information provided by Los Angeles County Department of Public Works. Trail information provided by U.S. Forest Service and WCA.





Exhibit C: Surrounding Public Lands Map

AIN 8684-024-036, ±40 acres



Data: Base Map Service from ESRI and their data providers. Parcel information provided by the Los Angeles County Assessor's Office. Bike path information provided by Los Angeles County Department of Public Works. Trail information provided by U.S. Forest Service and WCA.



January 25, 2016 – Item 11

RESOLUTION 2015-04

RESOLUTION OF THE SAN GABRIEL AND LOWER LOS ANGELES RIVERS AND MOUNTAINS CONSERVANCY (RMC) AUTHORIZING A GRANT TO THE WATERSHED CONSERVATION AUTHORITY TO FUND PRE-ACQUISITION AND DUE DILIGENCE EXPENSES FOR THE ACQUISITION OF REAL PROPERTY WITHIN THE FOOTHILLS ABOVE AZUSA, ASSESSOR PARCEL NO. 8684-024-036 (RMC15111).

WHEREAS, The legislature has found and declared that the San Gabriel River and its tributaries, the Lower Los Angeles River and its tributaries, and the San Gabriel Mountains, Puente Hills, and San Jose Hills constitute a unique and important open space, environmental, anthropological, cultural, scientific, educational, recreational, scenic, and wildlife resource that should be held in trust to be preserved and enhanced for the enjoyment of, and appreciation by, present and future generations; and

WHEREAS, The people of the State of California have enacted the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, which provides funds for the RMC grant program; and

WHEREAS, The RMC may award grants to local public agencies, state agencies, federal agencies, and nonprofit organizations for the purposes of Division 22.8 the Public Resources Code; and

WHEREAS, The Applicant has submitted a project which is consistent with the purposes of Division 22.8 of the Public Resources Code and the Bond Act; and

WHEREAS, This action is exempt from the environmental impact report requirements of the California Environmental Quality Act (CEQA); and NOW

Therefore be it resolved that the RMC hereby:

1. FINDS that this action is consistent with the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy Act and is necessary to carry out the purposes and objectives of Division 22.8 of the Public Resources Code.
2. FINDS that the grant is consistent with the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, which provides funds for the RMC grant program.
3. FINDS that the actions contemplated by this resolution are exempt from the environmental impact report requirements of the California Environmental Quality Act.
4. ADOPTS the staff report dated January 25, 2016.
5. AUTHORIZES a grant to the Watershed Conservation Authority in the amount of \$53,225, to fund pre-acquisition and due diligence expenses for the acquisition of real property within the foothills above Azusa, Assessor Parcel No. 8684-024-036 (RMC15111).

~ End of Resolution ~

Motion _____ Second: _____

Ayes: _____ Nays: _____ Abstentions: _____

Passed and Adopted by the Board of the
SAN GABRIEL AND LOWER LOS ANGELES RIVERS AND MOUNTAINS
CONSERVANCY on January 25, 2016.

Frank Colonna, Chair

ATTEST: _____
Terry Fujimoto
Deputy Attorney General