

# Memorandum

**To:** Chairman and Commissioners

**Date:** May 4, 2000

**From:** Robert I. Remen

**File No:** K52.1  
BOOK ITEM 4.6a  
INFORMATION

**Ref:** ADOPTION OF THIRD ROUND OF CONSERVATION LANDS PROGRAM

**Issue:** How should the Commission program the third round of Conservation Lands projects?

**Recommendation:** Staff recommends the Commission program ten Conservation Lands projects according to option #2 explained below, with seven of the projects getting priority for immediate funding if delivered by August 2000, and the remaining three programmed conditionally depending on the eventual funding level available for Conservation Lands, which is to be determined in September 2000. Additionally, staff recommends that project sponsors for four projects which would be programmed for less funding than requested be required to return with a new full funding package to cover the the shortfall, by the time of Commission allocation or final programming commitments in September 2000, whichever comes sooner.

**Background:** The Commission set up a third round of Conservation Lands programming for Spring 2000, for at least \$12 million and as much as \$24 million. The Commission sought two objectives:

- program projects that could be delivered by August 2000, with a guarantee of up to \$12 million available, to help ensure enough delivery to use all \$33 million of old ISTEA-era TEA funds that expire on September 30, 2000; and
- program additional projects, up to as much as \$12 million more with no particular delivery target, to use any remaining funds that have come to the state share from project failures, savings, or rural county exchange to date.

The first \$12 million would bring the Conservation Lands program to a total of \$40 million, on par with the other two parts of the state share. TEA project delivery has been unreliable across the board, so the new Conservation Lands projects, in combination with \$31 million of old TEA projects plus projects already programmed in Conservation Lands, Caltrans and regional shares, would provide a cushion to ensure at least \$33 million of delivery by August. Accordingly, the Commission asked that priority be given to early delivery in programming the third round of Conservation Lands.

The second \$12 million depends on program savings from old ISTEA-era TEA projects that fail to be delivered. The Commission will drop from the program all old projects not delivered by August 2000 and reassign the funds to Conservation Lands. Thus the total funding available toward the second \$12 million will not be known until final project delivery can be tallied. At present, at least \$3 million can be guaranteed.

Conservation Lands programming must be split 60% to south counties/40% to north counties. This means programming of at least \$9.0 million (and up to \$14.4 million) in the South, and at least \$6.0 million (and up to

\$9.6 million) -- augmented by an additional \$2 million to replace a previous Conservation Lands project from the North that has recently failed -- in the North.

**Situation:** The Resources Agency received 19 project nominations, presented to the Commission at the March meeting (at that time not yet sorted into priority order):

	<u>South Projects</u>	<u>North Projects</u>	<u>All Projects</u>
Deliverable by August 2000	6 projects - \$16,000,000	5 projects - \$6,743,375	11 projects - \$22,743,375
Deliverable after August 2000	5 projects - \$15,200,000	3 projects - \$11,675,000	8 projects - \$26,875,000
Total	11 projects - \$31,200,000	8 projects - \$18,418,375	<b>19 projects - \$49,618,375</b>
Funding available	up to \$14,400,000	up to \$11,600,000	up to \$26,000,000

Thus the Commission can program only about half the projects. The Resources Agency has ranked the projects on two lists, south and north, in priority order; it has also indicated which projects could be delivered by August 2000. In the South, priorities do not match early deliverability. In the North, the Resources Agency has recommended fewer projects (\$10.8 million) than the maximum amount that may be available (\$11.6 million).

A second issue relates to partial funding of projects. Of the eleven highest priority projects, the Resources Agency recommends full funding at the amount requested only for six of them; it then recommends a lower level of funding than requested for four more, and insufficient funding remains for the last one, the one at the margin in the South. The Commission can accept this approach so long as other funding is assured to complete the projects, but the Commission requires that all projects to be programmed be fully funded. As discussed below, one project has no source of backfill currently, but the sponsor has promised to seek one.

**Options:** This situation presents the Commission with two options, the first one to program the projects by absolute priority, and the second one to program by early delivery priority reverting to absolute priority after August 2000. Arranging the projects recommended, the two options would look like this:

<b><u>OPTION 1</u></b>		<b><u>OPTION 2</u></b>	
<b><u>Project Description</u></b>	<b><u>TEA \$</u></b>	<b><u>Project Description</u></b>	<b><u>TEA \$</u></b>
<b><u>South</u></b>		<b><u>South-Delivery by Aug. 2000</u></b>	
1. Baldwin Hills	\$6,800,000	2. Coal Canyon	\$3,000,000
2. Coal Canyon	\$3,000,000	4. Santa Ysabel East Ranch	\$3,000,000
3. East-West Ranch	\$1,000,000	5. Cambria Coast Ranch	\$2,500,000
4. Santa Ysabel East Ranch	\$3,000,000	<b><u>South-Longer Delivery</u></b>	
5. Cambria Coast Ranch	\$600,000	1. Baldwin Hills	\$5,900,000
		3. East-West Ranch	\$0
<b><u>Total</u></b>	\$14,400,000	<b><u>Total</u></b>	\$14,400,000
<b><u>North</u></b>		<b><u>North-Delivery by Aug. 2000</u></b>	
1. Purisima Farms	\$2,000,000	1. Purisima Farms	\$2,000,000
2. Caspar Headlands	\$1,500,000	2. Caspar Headlands	\$1,500,000
3. Andrew Creek/Table Mtn.	\$244,000	3. Andrew Creek/Table Mtn.	\$244,000
4. Noyo Bay South Bluff	\$1,500,000	4. Noyo Bay South Bluff	\$1,500,000

5. Centrage Property	\$2,000,000	<b>North-Longer Delivery</b>	
6. Proctor, Broadwell & Cobb	\$3,600,000	5. Centrage Property	\$2,000,000
		6. Proctor, Broadwell & Cobb	\$3,600,000
<b>Total</b>	\$10,844,000	<b>Total</b>	\$10,844,000

**Discussion:** The two options differ in several ways. In the North, absolute priorities coincide with early deliverability, resulting in the two options being the same. In the South, however, option #1 and option #2 would yield quite different programming:

- East-West Ranch in option #1 would be fully funded, but in option #2 it would fall below the line and get no funding at all.
- Cambria Coast Ranch in option #1 would fall on the margin and could receive only \$600,000 toward a request for \$2,500,000, but in option #2 it would be fully funded by reason of early delivery.
- Baldwin Hills – the highest priority overall, but not deliverable early – in option #1 would be guaranteed its full recommended funding of \$6,800,000, but in option #2 it would come fourth in line (behind three other projects delivered early), thereby would fall on the margin and at most only \$5,900,000 (87%) would remain toward a request for \$6,800,000.
- If total funding ends up somewhat less than the full \$24 million programmed, the project(s) left unfunded or partially funded would be different. The worst case would be about \$15 million total funding. At that level, in option #1 only the first two projects could get full funding; in option #2, the three projects deliverable early could get full funding if in fact delivered, but then only \$1,100,000 (16%) of the \$6,800,000 needed for Baldwin Hills would remain.
- The Baldwin Hills project would block the list until September 2000 under option #1, and prevent funding any early delivery. Under option #1, the Commission would have to reserve \$6,800,000 out of the \$7,200,000 available for early delivery in the South for the Baldwin Hills project, leaving insufficient funding for any other project(s) that might be delivered early, whereas under option #2, other projects could be funded as delivered through August, and in September the Commission would determine how much would be available for the Baldwin Hills project – and it would be less than the full \$6,800,000 (perhaps much less).

Neither option is fully satisfactory. Option #1 thwarts the objective of funding \$7.2 million of early delivery in the South in time to help forestall the potential loss of TEA funds that expire in September 2000. Option #2 reduces funding for the Resources Agency's highest priority project in the South -- Baldwin Hills – by at least 13%, and puts it at risk to receive much less funding (perhaps as much as 84% less than needed) if the overall funding level turns out to fall short of \$24 million.

One good argument to favor option #1 has emerged. Through May 2000, delivery of the remaining "old" TEA projects has been proceeding well, and a few other regional, Caltrans and Conservation Lands projects have come in for allocation. The amount of delivery necessary through September 2000 to avoid loss of funds is now down to about \$10 million. Thus, the early delivery in Conservation Lands may not be as critical as it appeared to be back in January.

Nevertheless, the original argument to favor option #2 remains. The Commission announced its intent to favor and guarantee funding up to \$12 million for projects that could be delivered early, by August 2000, and several projects that can do this have been brought forward. Commission staff currently expects that at least \$8 million will become available beyond August 2000, enough to provide substantial funding for the Baldwin Hills project whenever it gets delivered, thus discounting the main argument for shifting to option #1. The Commission should

stand by its intent, and not leave projects brought forward with an expectation of early delivery and early funding high and dry for up to four months. Thus Commission staff recommends that the Commission stand by its original premise for this third round of Conservation Lands, and program option #2.

In any case, the Resources Agency recommended less than the full amount of funding for some projects. Using option #2 (under option #1 the mix would be different) and the full \$24 million funding level, these would be:

- Baldwin Hills (Santa Monica Mtns. Conservancy): \$5,900,000 out of \$7,200,000 requested
- Coal Canyon (State Dept. of Parks & Recreation): \$3,000,000 out of \$5,000,000 requested
- Caspar Headlands (State Coastal Conservancy): \$1,500,000 out of \$2,000,000 requested
- Centrage Property (City of Sacramento): \$2,000,000 out of \$5,775,000 requested

The Resources Agency's recommendations bring the premise that the sponsoring agency is able to backfill the difference. Resources Agency has verbally assured Commission staff that the three projects sponsored by state agencies within the Resources Agency can readily come up with other funding to cover the shortfall, mainly through access to the new statewide park bonds from Proposition 12. The fourth sponsor, City of Sacramento, has indicated it will pursue closing the \$3,775,000 gap in funding for the Centrage Property, either via additional funding or a reduced purchase price, but cannot indicate how it will do that as of now.

The Commission requires all projects programmed to be fully funded, and all project applications had to show a full funding package. The Commission cannot have partially-unfunded projects tying up funds in the program. However, the Commission will be making conditional programming commitments for those projects between \$12 million and \$24 million on the list, pending determination of the exact amount of funding available, which remains uncertain until September 2000. The Commission could give a window of time until September 2000 to line up replacement funding for those projects recommended by Resources Agency for funding at less than the amount requested; if the project sponsors can line up full funding by September, the Commission would then program the projects, and if not, the Commission could program further down the priority list at that time. Staff recommends that the Commission do this.

The full list of projects, handed out on a pink at the March meeting, is attached for reference. The Resources Agency's letter showing the projects in priority order South and North is also attached. It recommends more projects for funding in the South than funding available; Commission staff has drawn a line across the Resources Agency's list at the maximum funding level, thus cutting off the bottom two projects Resources recommended.

Attachments

**RESOURCES AGENCY RECOMMENDATIONS  
CONSERVATION LANDS PROJECTS**

N/S	PROJECT NAME COUNTY APPLICANT	AMOUNT	REQUESTED	TOTAL TEA PROJECT COST	RECOMMENDED
		ENCUMBER BY Aug 2000	ENCUMBER AFTER AUG 2000		
<b>NORTHERN COUNTIES</b>					
N	PURISIMA FARMS CONSERVATION AND TRAIL EASEMENT SAN MATEO SCC	2,000,000		3,020,000	2,000,000
N	CASPER HEADLANDS MENDOCINO SCC	2,000,000		3,500,000	1,500,000
N	ANDREW CREEK / TABLE MOUNTAIN SCENIC VIEWSHED TUOLUMNE WCB	243,375		275,000	243,375
N	NOYO BAY ACQUISITION MENDOCINO SCC	1,500,000		2,500,000	1,500,000
N	CENTRAGE PROPERTY PURCHASE SACRAMENTO CALTRANS DISTRICT 3		5,775,000	6,525,000	2,000,000
N	PROCTOR, BROADWELL AND COBB RIVER BOTTOM ACQ. MADERA SJRC		3,600,000	4,084,785	2,350,000
N	VARIAN RANCH WILDLIFE CORRIDOR ACQ. FRESNO / MONTEREY WCB (\$500K OF REQUEST FUNDED BY EEMP)	1,000,000		3,000,000	0
N	BECK RANCH FRESNO SJRC		2,300,000	3,022,100	0
	<b>TOTALS, NORTHERN COUNTIES</b>	<b>\$6,743,375</b>	<b>\$11,675,000</b>	<b>\$25,926,885</b>	<b>\$9,593,375</b>

4/11/00

**Project Nominations**  
**TEA Conservation Lands Program - Round 3**

<u>County</u>	<u>Project</u>	<u>Description</u>	<u>Tea \$</u>	<u>Total \$</u>	<u>Sponsors</u>
<b>South</b>					
Los Angeles	Baldwin Hills	property w/ oil wells, 98 acres, 1 mile E of Rte. 405 in West L.A.	\$7,200,000	\$10,200,000	Sta. Monica Mtns. Conserv./Cal. State Parks
Orange	Coal Canyon	vacant land (St. Claire Prop), 653 acres, S side of Rte. 91 in Santa Ana Cyn.	\$5,000,000	\$5,848,000	Cal. State Parks
Riverside	Coachella Valley Reserve	desert land/sand dunes, 3000 acres, 1/2 mile N of Rte. 10 near Indian Wells	\$500,000	\$5,225,000	Wildlife Conservation Board
San Diego	Batiquitos Lagoon #1	vacant land, 20 Acres, E side of Rte. 5 at La Costa Rd. Interchange, Del Mar	\$2,000,000	\$2,240,000	City of Encinitas/Cal. Fish & Game
San Diego	Batiquitos Lagoon #2	vacant land, 17 Acres, 3/4 Mile E of Rte. 5 along La Costa Rd, Del Mar	\$1,000,000	\$1,120,000	City of Encinitas/Cal. Fish & Game
San Diego	Lake Hodges/Bernardo Mtn.	vacant land, 2 alt. props: 228 acres, 1 mile E or W of Rte. 15 near Escondido	\$4,000,000	\$5,870,000	City of Escondido/Cal. Fish & Game
San Diego	Hallenbeck Cyn./Daley Ranch	vacant land/cattle ranch, 1242 acres, N side of Rte. 94 E of Lemon Grove	\$3,000,000	\$4,000,000	San Diego County/Cal. Fish & Game
San Diego	Santa Ysabel East Ranch	cattle ranch, 3900 acres, NE of Rte. 78/79 Jct. at Santa Ysabel	\$3,000,000	\$9,130,000	Nature Conservancy/Wildlife Conserv. Bd.
San Luis Obispo	East West Ranch	coastal property, 417 acres, both sides of Rte. 1 S of Cambria	\$1,000,000	\$11,100,000	American Land Trust/Coastal Conserv.
San Luis Obispo	Hollister Peak	vacant land, 580 acres, both sides of Rte. 1 S of Morro Bay	\$2,000,000	\$4,000,000	Trust for Public Land/Coastal Conserv.
San Luis Obispo	Cambria Coast Ranch	coastal property, 1454 acres, both sides of Rte. 1 at Cambria	<u>\$2,500,000</u>	<u>\$5,000,000</u>	Nature Conservancy/Cal. State Parks
			<b>Total:</b>	<b>\$31,200,000</b>	<b>\$83,533,000</b>
<b>North</b>					
Fresno	Beck Ranch	orchard, 300 acres, between Friant Expwy. & S. Joaquin Riv. E of Fresno	\$2,300,000	\$3,022,000	San Joaquin River Conserv.
Madera	Proctor, Broadwell & Cobb	riparian land, 270 acres, W side of Rte. 41 at San Joaquin River in Fresno	\$3,600,000	\$4,085,000	San Joaquin River Conserv.
Mendocino	Noyo Bay South Bluff	coastal property, 19 acres, W of Rte. 1 at Noyo Harbor in Fort Bragg	\$1,500,000	\$2,500,000	Coastal Conservancy
Mendocino	Casper Headlands	coastal property, 73 acres, between Rte. 1 and coast N of Mendocino	\$2,000,000	\$3,500,000	Coastal Conservancy
Monterrey	Varian Ranch	cattle ranch, 17,000 acre easement, near Parkfield in S Monterey Co.	\$1,500,000	\$3,000,000	Trust for Public Land/Wildlife Conserv. Bd.
Sacramento	Centrage	orchard & vacant land, 48 acres, E side of Rte 51 near downtown Sacramento	\$5,775,000	\$6,525,000	City of Sacramento/Caltrans Dist. 03
San Mateo	Purisima Farms	coastal ag. land, 534 acre easement, both sides of Rte. 1 S of Half Moon Bay	\$2,000,000	\$3,020,000	Peninsula Open Space Trust/Coastal Conserv.
Tuolumne	Table Mtn./Andrew Creek	vacant land, 74 acres, E side of Rtes. 108/120, W of Yosemite Jct.	<u>\$244,000</u>	\$695,000	Trust for Public Land/Wildlife Conserv. Bd.
			<b>Total:</b>	<b>\$18,919,000</b>	<b>\$26,347,000</b>
			<b>Grand Total:</b>	<b>\$50,119,000</b>	<b>\$89,880,000</b>

# The Resources Agency

Gray Davis  
Governor



Mary D. Nichols  
Secretary

## of California

California Conservation Corps • Department of Boating & Waterways • Department of Conservation  
Department of Fish & Game • Department of Forestry & Fire Protection • Department of Parks & Recreation • Department of Water Resources

APRIL 19, 2000

James Kellogg, Vice Chairman  
California Transportation Commission  
1120 N Street (MS-52)  
Sacramento, California 95814

REC'D BY CTC

APR 19 2000

Dear Vice Chairman Kellogg:

The attached listing presents my recommendations for allocation of the current round of the Conservation Lands Program. You will note that our recommended allocations for the submitted projects may exceed the funds available. The projects are presented in priority order, noting those that can encumber funds by August 2000, and are separated by northern and southern counties. It is our understanding that the total of funds available is uncertain at this time. Our intention was to provide a list of projects that would utilize a full allocation of \$24 million, should funding reach that level. Each of the recommended projects represents a wonderful opportunity to preserve lands threatened by imminent development. I think you will find these projects very worthwhile.

If you have any questions, please contact Don Wallace, Assistant Secretary, at (916) 653-9709.

Yours sincerely,

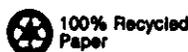
A handwritten signature in black ink that reads "Mary D. Nichols".

Mary D. Nichols  
Secretary for Resources

Attachment

The Resources Agency 1416 Ninth Street, Suite 1311 Sacramento, CA 95814 (916) 653-5656 FAX (916) 653-8102  
• <http://ceres.ca.gov/cra/>

California Coastal Commission • California Tahoe Conservancy • Coachella Valley Mountains Conservancy • San Joaquin River Conservancy  
Santa Monica Mountains Conservancy • Colorado River Board of California • Energy Resources, Conservation & Development Commission  
State Coastal Conservancy • State Lands Commission • State Reclamation Board • Native American Heritage Commission  
San Francisco Bay Conservation & Development Commission



**RESOURCES AGENCY RECOMMENDATIONS  
CONSERVATION LANDS PROJECTS**

**SOUTHERN COUNTIES**

S	BALDWIN HILLS - SOUTHERN VIEWSHED LOS ANGELES SMMC	7,200,000	10,200,000	6,800,000	
S	COAL CANYON HABITAT LINKAGE ORANGE DPR	5,000,000	5,648,000	3,000,000	
S	EAST-WEST RANCH ACQUISITION SAN LUIS OBISPO SCC	1,000,000	11,100,000	1,000,000	
S	SANTA YSABEL EAST RANCH ACQUISITION SAN DIEGO WCB	3,000,000	3,345,000	3,000,000	
S	CAMBRIA COAST RANCH SAN LUIS OBISPO DPR	2,500,000	2,787,500	2,500,000	
S	HOLLENBECK CANYON ACQUISITION, PH 1 SAN DIEGO DFG	3,000,000	4,000,000	3,000,000	
S	HOLLISTER PEAK SCENIS VIEWSHED SAN LUIS OBISPO SCC	2,000,000	2,280,000	2,000,000	
S	COACHELLA VALLEY ECOLOGICAL RESERVE RIVERSIDE WCB	500,000	5,225,000	0	
S	MULTIPLE HABITAT CONSERVATION PROGRAM HABITAT ACQ. SAN DIEGO DFG	4,000,000	4,470,000	0	
S	MHCP-BIOLOGICAL CORE AND LINKAGE AREA HABITAT ACQ- SITE A SAN DIEGO CITY OF ENCINITAS WITH DFG	1,000,000	1,120,000	0	
S	MHCP-BIOLOGICAL CORE AND LINKAGE AREA HABITAT ACQ- SITE B SAN DIEGO CITY OF ENCINITAS WITH DFG	2,000,000	2,240,000	0	
	<b>TOTALS, SOUTHERN COUNTIES</b>	<b>\$16,000,000</b>	<b>\$15,200,000</b>	<b>\$52,415,500</b>	<b>\$21,300,000</b>
	<b>TOTALS, STATEWIDE</b>	<b>\$22,743,375</b>	<b>\$26,875,000</b>	<b>\$78,342,385</b>	<b>\$30,893,375</b>

4/12/00