

Notice of Public Meeting San Diego River Conservancy

A public meeting of the Governing Board of
The San Diego River Conservancy
will be held Thursday,
September 11, 2014
2:00 pm – 4:00 pm

Meeting Location

County of San Diego Administration Center (CAC)
1600 Pacific Highway, Room 302
San Diego, California 92101

Tele-Conference Locations

Natural Resources Agency 1416 Ninth Street, Room #1311 Sacramento, CA 95814	Department of Finance State Capitol, Room 1145 Sacramento, CA 95814
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Contact: Kevin McKernan
(619) 645-3183

Meeting Agenda

The Board may take agenda items out of order to accommodate speakers and to maintain a quorum, unless noted as time specific.

1. Roll Call

2. Approval of Minutes (*ACTION*)

Consider approval of minutes for the July 10, 2014 meeting.

3. Public Comment

Any person may address the Governing Board at this time regarding any matter within the Board's authority. Presentations will be limited to three minutes for individuals and five minutes for representatives of organizations. Submission of information in writing is encouraged. The Board is prohibited by law from taking any action on matters that are discussed that are not on the agenda; no

adverse conclusions should be drawn by the Board's not responding to such matters or public comments.

4. Chairperson's and Governing Board Members' Report (*INFORMATIONAL*)

Proposition 1 Water Bond Review
Chairman and Kevin McKernan, Executive Officer

5. Deputy Attorney's General Report (*INFORMATIONAL*)

6. Helix Water District – First Right of Refusal (*INFORMATIONAL / ACTION*)

El Capitan Golf Club LLC v. Helix Water District et al. (Case #37-2008-00098042-CU-BC-CTL)
Subject of 480-acres in the El Monte valley region of Lakeside, California

Kevin McKernan, Executive Officer

7. Executive Officer's Report (*INFORMATIONAL / ACTION*)

The following topics may be included in the Executive Officer's Report. The Board may take action regarding any of them:

Invasive Species Removal 2014/15 Upcoming Season Review
San Diego River Trail status

8. Next Meeting

The next scheduled board meeting will be held Thursday, November 13, 2014, 2:00-4:00 p.m.

9. Adjournment

Accessibility

If you require a disability related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call Kevin McKernan at 619-645-3183.

State of California
San Diego River Conservancy

Meeting of September 11, 2014

ITEM: 1

SUBJECT: ROLL CALL AND INTRODUCTIONS

State of California
San Diego River Conservancy

Meeting of September 11, 2014

ITEM: **2**

SUBJECT: **APPROVAL OF MINUTES (ACTION)**
The Board will consider adoption of the **July 10, 2014**
public meeting minutes.

PURPOSE: The minutes of the **July 10, 2014** Board Meeting are
attached for review.

RECOMMENDATION: Approve minutes

SAN DIEGO RIVER CONSERVANCY (SDRC)

Minutes of July 10, 2014 Public Meeting

(Draft Minutes for Approval on September 11, 2014)

SDRC Board Chair, Ben Clay called the July 10, 2014, meeting of the San Diego River Conservancy to order at approximately 2:06 p.m.

1. Roll Call

Members Present

Julie Alvis	Natural Resources Agency, Alternate Designee (via phone)
Eraina Ortega	Department of Finance, Alternate Designee (via phone)
Dianne Jacob	Supervisor, County of San Diego, Second District
Ben Clay, Chair	Public at Large
Ann Haddad	Public at Large
Todd Gloria	Council President, City of San Diego, District 3
Andrew Poat	Public at Large
John Donnelly	Wildlife Conservation Board
Gary Strawn	San Diego Regional Water Quality Control Board

Absent

Brent Eidson	Mayor, City of San Diego, Designee
Lorie Zapf	Councilmember, City of San Diego, District 6
Clay Phillips	Department of Parks and Recreation, Designee
Ruth Hayward	Public at Large

Staff Members Present

Kevin McKernan	Executive Officer
Julia Richards	Administrative Services Manager
Hayley Peterson	Deputy Attorney General

2. Approval of Minutes

Ann Haddad made a motion to approve the minutes for the San Diego River Conservancy's March 13, 2014, public meeting, which was seconded by Andrew Poat and approved 6-0.

3. Public Comment

Rob Hutsel, San Diego River Park Foundation He shared that the Eagle Peak preserve is now 551 acres thanks to public and private grants and donations. A special thanks to the following groups for their incredible support of this project: San Diego River Conservancy, State of California Resources Agency and the County of San Diego. The Foundation is in escrow for 2 private parcels on El Cajon mountain ("El Cap") they will do private fund raising to meet goals and then only 1 more property on El Cajon mountain to go. He thanked everyone for their support. The Foundation has obtained an option agreement for 160 acre property that contains the Julian founders homestead up off Eagle Peak Road. They have 9 months to raise the funds. He invited the board and public to attend a September 18 Anniversary Party for the San Diego River Park Foundation at the Carton Oaks Golf Course in Santee. He also provided an update for the Discovery Center Trail segment, a site development permit was filed with the City of San Diego.

4. Chairperson's and Governing Board Members' Report

Chairman Ben Clay met with the Qualcomm Advisory Board, he invited SANDAG and Kevin McKernan to brief them on the San Diego River Trail and the trail proposed to go along the southern area of the stadium parking lot. SANDAG did a great job and has been working with the staff at Qualcomm and Qualcomm Advisory Board to best place the trail in conjunction with all the other events hosted at the Qualcomm Stadium. It is envisioned to be a temporary trail for multiple users, so whatever the city's development plans are later, the trail can be moved around as needed. The San Diego River Conservancy is heading in right direction to complete another gap of the San Diego River Trail. SANDAG plans to conduct public outreach for stakeholders at the Mission Valley Library in the following months. Ben envisions telling people they can ride bicycles or walk down to the stadium for San Diego Charges football games or attend other events; and they will be able to park their bikes, and when leaving they can avoid all the traffic and ride and or walk home.

Kevin McKernan added that the City of San Diego, through one of its departments, will be responsible for maintaining that bikeway once it is established, since it is on Qualcomm Stadium property. Another good thing that came out of the conversations at Qualcomm was the future installation of a fence between the stadium parking lot and the San Diego River which serves a dual purpose of keeping people out of the stadium parking lot and keeping trash from the parking lot from entering the river.

Gary Strawn updated the Board on the Kinder-Morgan plume spill which has been under the Qualcomm parking lot for years. The remediation efforts at this site by Kinder-Morgan was completed in December 2013 and they continue to monitor. The Regional Water Quality Control Board (RWQCB) has reviewed data from the first 2 quarters and the preliminary data looks good. The San Diego RWQCB staff is watching the monitoring closely. On another note, there was a state wide Public Health Department warning regarding the consumption of any large fresh water fish due to excessive levels of toxicity. The San Diego RWQCB secured funding and he organized fisherman who caught fish on Walker Preserve and will be tested primarily for methyl mercury. Other fish will test for methyl mercury, PCB and heavy metals by a graduate student from San Diego State University in Public Health. Once completed, they would like to present the results and brief the SDRC board.

5. Deputy Attorney's General Report

No report.

6. San Diego Canyonlands

Kevin McKernan introduced Eric Bowlby from San Diego Canyonlands. SDRC has been working with this group for the past year removing invasive plants via SDRC's permits in the Tierrasanta area of Shepherd Canyon. They experienced some gaps in funding and SDRC was able to provide some funds to assist this group. They have developed a process by which to enhance the canyons in the City of San Diego.

Eric Bowlby is the Executive Director of San Diego Canyonlands. They are a non-profit established in 2008 and cover over 150 canyons in the City of San Diego. They conduct canyon enhancement planning. Their canyon enhancement committee is comprised of planning professionals, landscape architects, urban designers, and environmental professionals. He said community advocacy has saved dozens of San Diego canyons in the city and most of the urban runoff flows through these canyons which are often degraded. San Diego Canyonlands has over 40 friends groups working on a monthly basis in the canyons throughout the City of San Diego removing trash, invasive plant species and helping to restore the land.

San Diego Canyonlands connects communities to open space and protects the city's green infrastructure. They restore watershed natural functions, protect threatened biodiversity and provide and protect habitat and wildlife corridors. The group recognizes the relationship between quality of life, human health and natural open space. They protect canyon lands and open space that serve as core biological areas and wildlife linkages and to provide recreational opportunities by linking one community to another.

San Diego Canyonlands began with 4 canyons in city heights in 2009, for example Switzer Canyon has had volunteers there every month for the past 14 years for cleanup and restoration work. They also reached out to volunteers and other groups to help implement the restoration efforts.

San Diego Canyonlands Parkland Dedication Efforts has had great support from the San Diego City Council members and the mayors in the past, and they work closely with the City's Park and Recreation Department, Open Space Division to dedicate these lands for public use. To date some 20 square miles have been protected.

San Diego Canyonlands also partnered with other organizations for a project in the San Diego River watershed on property owned by City of San Diego. It is a project in Shepherd Canyon for habitat restoration and they collaborated with the local Maintenance Assessment District which helped removed large trees and the Canyonlands removed invasive plants and restored the native habitat. The San Diego River Conservancy granted the San Diego Canyonlands additional funds to restore another 7-10 acres in Shepherd Canyon over the next few years.

Community Enhancement Planning Process

Step 1- Build Canyon "Friends" Groups – community outreach

Step 2 - Map Existing Conditions

GIS Mapping Internship Program (SDSU and Mesa College)

*Socio-Infrastructural (user/unofficial trails)

*Vegetation / Habitat

*Geo-topographic & Visual

Step 3 – Assemble Stakeholder Group & Compile Action Plan

Conduct Stakeholder Workshops

1. Orientation, Opportunities & Constraints
2. Access, Trails, Areas for Restoration
3. Exterior Connections/Linkages & Opportunities
4. Field Trips to Ground-Truth Conceptual Plan
5. Review & Approve Action Plan

Step 4- Complete any Necessary Approval Process (Master Permit)

Step 5 - Carry Out Action Plan

Community Enhancement Planning Programmatic Permit Goals

- Cut time, cost and red tape for comprehensive canyon-enhancement plans and for implementing individual canyon projects.
- Provide replicable model for planning.
- Work closely with Open Space Division and Rangers throughout the CEP process.

As San Diego Canyonlands brings forward Canyon Enhancement Planning they are concerned if they have to do CEQA and get a permit every single time it is going to cost twice as much and take twice as long. They have been working with the City of San Diego's Open Space Division to develop a programmatic CEQA permit to streamline this process.

Eric Bowlby said the San Diego Canyonlands have applied to the Wetlands Recovery Project for a grant to restore the wetlands in the canyons and the health of riparian corridors which will help clean the water on the way to the ocean. Wetlands Recovery Project recommended to the State Coastal Conservancy to grant \$250,000 to San Diego Canyonlands. Some of the funds will be applied towards this master CEQA for Canyon Enhancement Planning but State Coastal Conservancy expressed that the City of San Diego should also provide matching funds for Development Services Department (DSD) review process. San Diego Canyonlands plans to ask the City of San Diego to fund the City's DSD permit review process as an in-kind contribution. The result of streamlining the review process will help these types of projects move forward all over the city in a shorter time frame and with so much more efficiency.

Andrew Poat thanked the San Diego Canyonlands for all its work in the canyons. He was surprised by the amount of trash he saw in the pictures. He asked about legislative opportunities to help San Diego Canyonlands. He mentioned in Los Angeles they routinely use legislative processes to accomplish less environmental objectives than cleaning up canyons. Even with the programmatic CEQA he thinks there might be another way legislatively to address their needs.

Ben Clay added that non point source run-off comes down from various places and ends up in the canyons, watershed, rivers and beaches. So the more we curtail the pollution and capture the trash, the healthier the water quality will be. He thanked Eric for all the good work he is doing along with providing public access for the canyons.

Eric Bowlby believes in educating the public and using the Friends Group to promote outreach about litter, illegal dumping and sewage spills in the canyons. He promotes hands on activities for children (elementary to high school) of all ages to help restore the canyons by picking up trash, removing invasive plants and restoring the native habitat. The Open Space Division will be bringing this to the new City's Parks Director next week. They will ask for a budget item to fund the review process for Development Services Department and then he can bring in the funds from the State Coastal Conservancy grant of \$250,000 and get going on the CEQA permit.

Todd Gloria thanked San Diego Canyonlands for its presentation. He believes there is a lot of overlap between what the work of the San Diego Canyonlands and what the City is interested in doing, plus as an organization they have garnered support from the grass roots on up. The transformation in these canyons is incredible. He has occasionally been able to witness and always supports these types of projects. He asked about the City of San Diego contribution and if the City's Development Services gave San Diego Canyonlands a cost estimate for staff time to review the CEQA and permit application.

Eric Bowlby responded no, but Tom Huffman from Helix is on the Canyon Enhancement Planning Committee and he thought the estimate of might range from \$60,000 -\$100,000. San Diego Canyonlands is about to get a certified Environmental Impact Report and Mitigated Negative Declaration for 4 City Heights Canyons, it has been 1 and 1/2 years in the making at a cost of \$40,000.

Todd Gloria asked Eric Bowlby to follow up with his office to secure funding. He encouraged the collaboration between the San Diego Canyonlands and the San Diego River Conservancy since there are a lot of shared interest and objectives. From his point of view the long desired connection to the river from mid-city will likely happen because of Eric and his team's good work.

7. San Diego County Water Quality Improvement Plan, San Diego River

Stephanie Gaines explained the New Municipal Storm Water Permit (Adopted May 2013) as required by Federal Clean Water Act and issued by Regional Water Quality Control Board. The purpose is to restore and maintain receiving waters and reduce Discharge of Pollutants in Storm Water. The approach has shifted from a prescriptive permit to an outcome based permit. With adoption of the Regional MS4 Permit in 2013, a major shift was made from prescriptive actions to an outcome based permitting approach with a focus on measuring and achieving improvements in storm water discharges and receiving water quality. The Regional Water Quality Control Board is actively engaged in overseeing the development and implementation of Water Quality Improvement Plans for eight Watershed Management Areas in San Diego County which are required by the new Regional MS4 Permit.

Regional Water Quality Control Board sets priorities at watershed level and Water Quality Improvement Planning (WQIP) Process for each watershed. County of San Diego will be the lead for the San Diego River watershed

The Water Quality Improvement Plan will include six key components, the first three of which comprise the B.2 chapter and were evaluated during the initial WQIP effort that began in October 2013, Includes:

- Priority Conditions
- Sources of Pollutants
- Potential Strategies

Each watershed will create a WQIP including stakeholder input and they have the option of performing a Watershed Management Area analysis. They will map the soils, channels and slopes, look for opportunities within the watershed for alternative compliance projects, and reintroduce some HMP exemptions, this is an optional program. If Alternative Compliance is used, then the mitigation project must be within the same watershed, have a greater overall water quality benefit, and the mitigation project must occur within 4 years of the first development project's occupancy.

Special studies for the San Diego County include the following

Study #1. San Diego River Dry-Weather Bacteria Source Study:

- Determine Sources of Bacteria During Summer (*dry weather*)
- Using Genetic Tracking Technology

Study #2. Pilot Surfer Wet Weather Epidemiology Study:

- Links Between Levels of Bacteria & Illness in Surfers in Winter

The second study focuses on the health effects on surfers from bacteria in the water after it rains.

The clean-up of bacteria during wet weather is expensive and is estimated to be 60% of the projected Bacteria TMDL costs. The Study Advisory Committee includes organizations like US EPA, UC Berkeley, UCLA, Surfrider Foundation, and Southern California Coastal Water Research Project (SCCWRP).

First, successfully enrolling 200 surfers and surfers complete weekly surveys until May 1, 2014 using online/smart phone apps.

Second, The technical team successfully gathered samples after three storms. The two study beaches; Tourmaline and Ocean Beaches used tests including genetic human markers of fecal pollution to be sure that overflows or leakage from nearby sanitary sewers are not influencing study results.

Next Steps: Wait for the study team to analyze the preliminary linkage between the reported health effects data of surfers and the concentrations of bacteria in the ocean during and immediately after the three storm events.

Study #3. Bacteria Reference Watershed Study:

- Determine Naturally-Occurring Levels of Bacteria in Undisturbed Watersheds & Beaches Year-Round

San Diego, Orange County and Ventura County Co-permittees are partnering with the independent research organization, SCCWRP, the NGO, San Diego Coastkeeper, and the San Diego Regional Board to determine naturally occurring levels of bacteria in undisturbed watersheds and beaches throughout the year.

Status: At this time, the County is on schedule to meet the 2016 bacteria reopener.

With these special studies, they are taking it to the next level. It is important to balance the protection of swimmers/surfer health with scientifically supported "reasonable" regulation. There are many sources of bacteria from soil, plants and animals that are not generally linked to increased illness in swimmers. The studies are designed to address the flawed Total Maximum Daily Load (TMDL) targets and provide a sound scientific basis to try to fix them.

Gary Strawn thanked Stephanie for the presentation. He stated the focus on the alternative compliance is huge because that is how this becomes affordable. The bacteria TMDL is a soft target but nobody knows the science behind this. The studies that will be done will define what is natural and what is not. It is important to measure the bacteria but the metric behind it should not scare anybody since we know those have to be changed. Moving forward he hopes we have better science to justify the measurements.

Ben Clay thanked Stephanie for her presentation and briefing.

8. Willow Road in Lakeside , Mitigation Bank

Kevin McKernan, The SDRC was approached by a landowner in the El Monte Valley for a 70-acre undeveloped property that they wanted to conserve and place in a mitigation bank. For a mitigation bank one party needs to hold an easement over the property, which the SDRC could do, and another unrelated party would be land manager. The property owner could then own the property and generate money selling mitigation credits. He asked if there was an action to authorize the Executive Officer to move forward with negotiation on a conservation easement with the landowner and for staff to bring back to board for approval at a subsequent meeting.

Mark Thompson, Principal, TRS Consultants, represent the land owner the 70 acres of land in El Monte Valley along the northern slope. The owner believes the highest and best use of land is to use it as a mitigation

bank. Mark has introduced the land to US Fish and Wildlife Service and the California Department of Fish and Wildlife who have both approved this site as a potential mitigation bank. He has submitted the prospectus and is implementing a bank agreement to set forth the mechanism by which the bank would operate. The San Diego River Conservancy was thought to be an ideal partner to oversee the easement on the property due to its breadth of experience, state agency status, and good reputation for handling matters related to the San Diego River. This property is an integral part of the San Diego River watershed and provides a critical link to other open space areas in the river valley. The site is home to the California Gnatcatchers and coastal sage scrub. Next step is to seek other team members, such as the land manager.

Dianne Jacob asked who would manage the mitigation bank. Has that been determined? Is that something the SDRC can do?

Mark Thompson It would be managed by a habitat manager, a qualified biologist, with a certain amount of experience required, and be in charge of the day-to-day maintenance. This position has not been determined at this point. Additionally they would look to the easement holder to advise them on the selection of this position. There are several groups out there that could do this task.

Kevin McKernan said the state and federal agencies prefer/require the easement holder and land manager be 2 separate entities to allow for checks and balances. When a mitigation bank is established there is the landowner who collects the mitigation credits and the implementing procedure specifies a certain amount of funds for the easement holder and land manager. Although SDRC has the experience and capacity to play both roles it is more appropriate for SDRC to play one role to avoid any appearance of a conflict of interest.

Dianne Jacob said it is a great idea and moved to authorize the Executive Officer to enter into negotiation with the landowner to accept a conservation easement for the purpose of establishing a mitigation bank.

Andrew Poat seconded the motion.

(ROLL CALL 7 Ayes, 0 Nays, motion approved)

Billy Ortiz is concerned about the possible sand mining operation taking over the land owned by Helix Water District that was going to be use by the El Capitan Golf Course. Also someone is proposing a solar power plant for the El Monte Valley, is that a San Diego River Conservancy project? He does not want to see a solar plant near where he lives. He would like to save the entire valley. Is this mitigation related to a solar project?

Kevin McKernan responded this is a standalone mitigation bank not associated with any other project. The purpose of a mitigation bank is to protect the habitat in perpetuity and that is the function of a conservation easement over the property so no development could occur.

Dianne Jacob said after the negotiation with the landowner, a mitigation bank would be established and it will protect 70-acres of land in the El Monte Valley. It may give other property owners along the El Monte Valley an idea of how to get revenue from their property without developing it. She asked him to spread the word.

Billy Ortiz asked if you will protect the river bottom and the entire valley because it is his heritage and his history.

Ben Clay responded well that is what we are doing with this 70-acre parcel, protecting the valley. There are other property owners in the valley and we cannot control them. He cannot envision a mining operation out there at this time.

9. Executive Officer's Report (*INFORMATIONAL / ACTION*)

The following topics may be included in the Executive Officer's Report. The Board may take action regarding any of them:

Kevin McKernan reminded the board about the Ruffin Canyon trail project started several years ago with the State Coast Conservancy to connect the mesas down to the river. SDRC has spent grant funds over the years to research the possible trail alignments from the north and south mesas down to the San Diego River trail, known as the Tributary Canyon project. The City's Open Space owns the land and there is a user defined trail at the bottom of the canyon. There was a potential trail alignment in Ruffin Canyon and SDRC proceeded with CEQA and received a lot of feedback from the community. It was apparent at that point there were issues with the trail alignment. There does exist a user defined trail at the bottom of the canyon. At this time the San Diego River Conservancy has no plans to move this project forward.

The City of San Diego recently approved funds to look at planning and permitting, there are a lot of logistical and legal hurdles to overcome first. He has met with Councilman Sherman's Office and City Planning staff who will determine developer impact fees and how to best move this project forward. SDRC will continue to work with the community in support of a trail. SDRC will not actively push the project any further until there is greater buy in and support from the City. When the project is fully permitted and are seeking capital funds to build the trail, whether the City of San Diego or another entity, he encourages them to request grant funds from SDRC to implement project, if funding is still available.

Ben Clay summed it up by saying until and unless the community or City Council Member comes back to the Conservancy saying they will do this, we are not going to do anymore.

Invasives

Since 2009, the San Diego River Conservancy has been controlling non-native invasive plants on Carlton Oaks Golf Course. At the end of April 2014 there was a fire in an area of Mast Park West in Santee, right next door to the golf course. This is an area where SDRC was planning to remove Arundo, but the fire did that. So SDRC did not have to pay for the cost of biomass removal. Within 1 month of the fire SDRC had contractors on site and applied a herbicide application. All of the Arundo resprouts are dead and/or dying.

If SDRC had not removed the massive Arundo stands from the Carlton Oaks Golf Course the fire would have likely continued and spread further down river to the west into Mission Trails Regional Park. The removal of the Arundo created a fire break as fire the burned in and along the San Diego River.

Also in that vicinity is Sycamore Creek which runs along Santee Lakes and is choked with huge palms and non-native invasive plants. SDRC has obtained right of entry permits from the land owners and SDRC's contractors are going to start the biomass removal on September 15, 2014. This will effectively remove a huge flooding risk from the creek and potential fire hazard. In 2010, there was a huge flood that backed up the sewer treatment plant and caused flooding from a sewer spill into the San Diego River. Padre Dam Water District is a great partner helping access Sycamore Creek through their maintenance yard.

Legislative Update

Water Bond both bills, Assembly and Senate, have SDRC receiving direct funding.

Park Bond is still out in the wings, has funding for all conservancies.

Kevin McKernan said SDRC will submit proposals to the Natural Resources Agency for project consideration. SDRC hopes to be able to secure funding for trail construction, land acquisition, wetlands creation and flood control to reduce Green House Gases.

Julie Alvis said Senate Bill 862 trailer bill language provides a full scope of what the cap and trade proceeds were.

Meeting was adjourned at 3:25 p.m.

State of California
San Diego River Conservancy

Meeting of September 11, 2014

ITEM: **3**

SUBJECT: **PUBLIC COMMENT**

PURPOSE: Any person may address the Governing Board at this time regarding any matter within the Board's authority. Presentations will be limited to three minutes for individuals and five minutes for representatives of organizations. Submission of information in writing is encouraged. The Board is prohibited by law from taking any action on matters that are discussed that are not on the agenda; no adverse conclusions should be drawn by the Board's not responding to such matters or public comments.

State of California
San Diego River Conservancy

Meeting of September 11, 2014

ITEM: 4

SUBJECT: **CHAIRPERSON'S AND GOVERNING BOARD
MEMBERS' REPORTS (*INFORMATIONAL*)**

PURPOSE: These items are for Board discussion only and the Board will take no formal action.

State of California
San Diego River Conservancy

Meeting of September 11, 2014

ITEM: 5

SUBJECT: **DEPUTY ATTORNEY'S GENERAL REPORT
(INFORMATIONAL)**

State of California
San Diego River Conservancy

Meeting of September 11, 2014

ITEM: **6**

SUBJECT: **HELIX WATER DISTRICT – FIRST RIGHT OF
REFUSAL (INFORMATIONAL / ACTION)**

El Capitan Golf Club LLC v. Helix Water District et al. (Case #37-2008-00098042-CU-BC-CTL) regarding 480-acres in the El Monte Valley region of Lakeside, California

Presentation:

Kevin McKernan, SDRC Executive Officer



Helix Water District

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Setting standards of excellence in public service

August 22, 2014

Kevin McKernan, Executive Officer
San Diego River Conservancy
1350 Front Street, Suite 3024
San Diego, California 92101

Re: NOTICE OF AVAILABILITY OF PROPERTY

Dear Mr. McKernan:

Helix Water District ("District") is the owner of certain real property located within the boundaries of the District. The 480-acre parcel of property is located at El Monte Valley region of Lakeside, and is zoned for S82 (Extractive Use) and A-70 (Limited Agriculture) purposes ("Property").

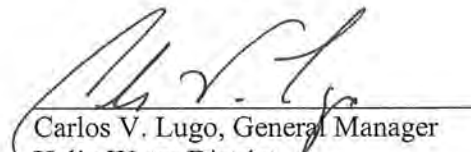
The District has executed a Settlement Agreement and an Option Agreement for the Purchase and Sale of Real Property and Escrow Instructions ("Option Agreement") with El Capitan Golf Club, LLC ("El Capitan") for the sale of the Property. Copies of both documents are included with this letter. The Option Price is \$9,000,000. There is an initial \$1,000,000 payment being made immediately and \$8 million due prior to closing the sale transaction. In addition, further consideration for Helix granting the Option to Purchase is the dismissal with prejudice of El Capitan's litigation against Helix, in which El Capitan claims damages in excess of \$100,000,000, and El Capitan, as the new property owner, incurring responsibility for over \$20,000,000 for cleanup and mitigation costs for the abandoned golf course work. Prior to completing a sale pursuant to the above stated terms, the District must comply with requirements of Government Code Section 54220 et. seq. regarding the sale of surplus land.

The District intends to sell the above described Property in accordance with the applicable requirements of the California Government Code Section 54222. Consequently, the District is offering the Property to several authorities, including the San Diego River Conservancy for purposes they may deem appropriate.

Should the San Diego River Conservancy be interested in acquiring the Property, through purchase or exchange, for purposes they may deem appropriate, it must notify the District in writing of such interest within sixty (60) days after receipt of this notice. Such written notice should be sent to the attention of Carlos V. Lugo, General Manager, at the address shown above.

Nothing set forth in the notice shall be deemed to constitute an agreement to sell the Property, even if the San Diego River Conservancy expresses an interest in purchasing the Property.

Dated: August 22, 2014


Carlos V. Lugo, General Manager
Helix Water District

If your agency is not interested in purchasing the property, please sign below and return to Helix Water District, Attn: Carlos V. Lugo. This will help the District expedite the 60 day period and keep the process moving along.

By the signature affixed below, this agency is not interested in purchasing the property.

Print Name and Title: _____ Date: _____

Signature: _____ Agency: _____



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August 22, 2014

Kevin McKernan, Executive Officer
San Diego River Conservancy
1350 Front Street, Suite 3024
San Diego, California 92101

Re: Notice of Right of First Refusal (Pub. Resources Code, § 32646)

Dear Mr. McKernan:

Helix Water District (“Helix”) has executed a Settlement Agreement and an Option Agreement for the Purchase and Sale of Real Property and Escrow Instructions (“Option Agreement”) with El Capitan Golf Club, LLC (“El Capitan”). Copies of both documents are included with this letter. The Option Agreement is for the sale of Helix property in the San Diego River Basin known as El Monte Valley (“Property”). The Option to Purchase runs through December 1, 2017. The Option Price is \$9,000,000. There is an initial \$1,000,000 payment being made immediately and \$8 million due prior to closing the sale transaction. In addition, further consideration for Helix granting the Option to Purchase is the dismissal with prejudice of El Capitan’s litigation against Helix, in which El Capitan claims damages in excess of \$100,000,000, and El Capitan, as the new property owner, incurring responsibility for over \$20,000,000 for cleanup and mitigation costs for the abandoned golf course work.

Because the Property is within the Conservancy’s statutory jurisdiction stated in Public Resources Code section 32633, the Conservancy has a first right of refusal to acquire public lands suitable for park and open space within the Conservancy’s jurisdiction when those lands become available. (Pub. Resources Code, § 32646.) In addition, Government Code section 54220 *et seq.* requires local agencies to provide property information to other local agencies responsible for low/moderate income housing, parks, open space, schools, transit development and enterprise zones when making a determination of surplus land and possible disposition.

Helix provides this letter to the Conservancy, along with copies of the Option Agreement and Settlement Agreement, in compliance with the Conservancy’s statutory first right of refusal and for the sale of Surplus Lands. If the Conservancy intends to exercise its first right of refusal, Helix requires that the Conservancy provide written notice to Helix within sixty (60) days of the mailing of this letter. The purchase price is \$9,000,000, plus a hold-harmless and indemnity agreement for El Capitan’s litigation against Helix for all claims of damages and El Capitan incurring responsibility for over \$20,000,000 for cleanup and mitigation costs for the abandoned golf course work.



BEST BEST & KRIEGER
ATTORNEYS AT LAW

August 22, 2014
Page 2

In addition, Notice of Availability of Surplus Land must be provided in accordance with Government Code section 54222(f). Under the Surplus Land Statutes, an interested local agency desiring to purchase the Surplus Land has within sixty (60) days after receipt of the Notice of Intent to Sell the Land to inform Helix of its interest in purchasing the land. A separate Notice of Intent to Dispose of Surplus Land is also included with this letter, satisfying Government Code section 54222(f).

Correspondence of the Conservancy's exercise of first right of refusal and interest in the sale of Surplus Land can be sent to Carlos V. Lugo, General Manager, Helix Water District, 7811 University Avenue, La Mesa, California 91942-0427.

Sincerely,

A handwritten signature in black ink, appearing to read 'Elizabeth Wagner Hull', written over a horizontal line.

Elizabeth Wagner Hull

Partner

for BEST BEST & KRIEGER LLP

EWH:nw

cc:

Enclosures

60076.00038\9106330.1

PROPERTY INFORMATION SUMMARY

El Monte Valley Parcel

1. **Location of Property:** East of Ashwood Drive, South of Willow Road, North of El Monte Road, extending easterly approximately ¼ mile beyond Dairy Road; Lakeside, CA 92040
2. **Legal Description:** All those portions of Lots 90, 93, 94, 96, 97, 98, 99, 105 and a portion of Timber Reserves of El Cajon Valley Company's Lands, according to Map thereof No. 289, filed in the Office of the County Recorder of San Diego County, State of California; together with Lots 68, 70, 71, 74, 75, 76, 77, and 78 of the "S" Tract of Rancho El Cajon, according to Map thereof No. 1146, filed in said County and State; County of San Diego, State of California – See Exhibit "B" plat attached.
3. **Board Member District:** N/A – outside of Helix Water District Boundary
4. **Assessor's Parcel Number(s):** 391-071-04, 392-150-17, 393-011-01, 390-040-51, and portions of 391-061-01 and 392-060-29
5. **Thomas Bros Map:** 1232 C-1 through 1212 H-7
6. **Size of Parcel:** 480.367 acres
7. **Improvements:** None
8. **Zoning:** S-82 and A-70
9. **Reason for Sale:** Surplus property

DUE DILIGENCE

The property will be sold "as is" with no warranties, usage or conditions (physical or otherwise), written, implied or expressed by Helix Water District and its agents or employees. You are basing your purchase on the offered property solely on your findings and research, and that you have satisfied yourself as to the zoning, usage, physical condition inside and out, size and other information that might affect your decision to purchase this property. The information contained in the marketing materials is believed to be correct, however, Helix Water District assumes no responsibility or liability for its completeness or accuracy.

VICINITY MAP

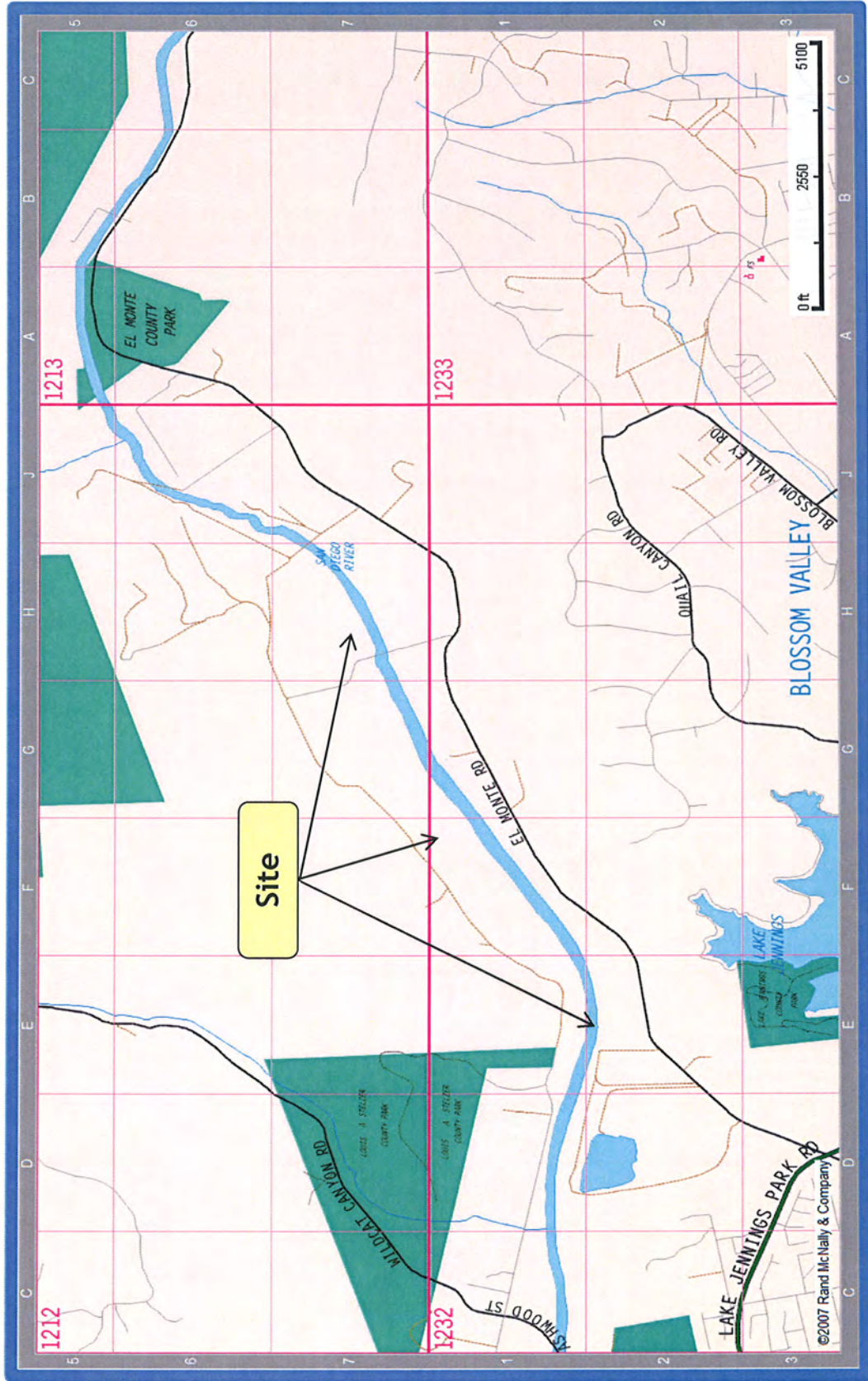
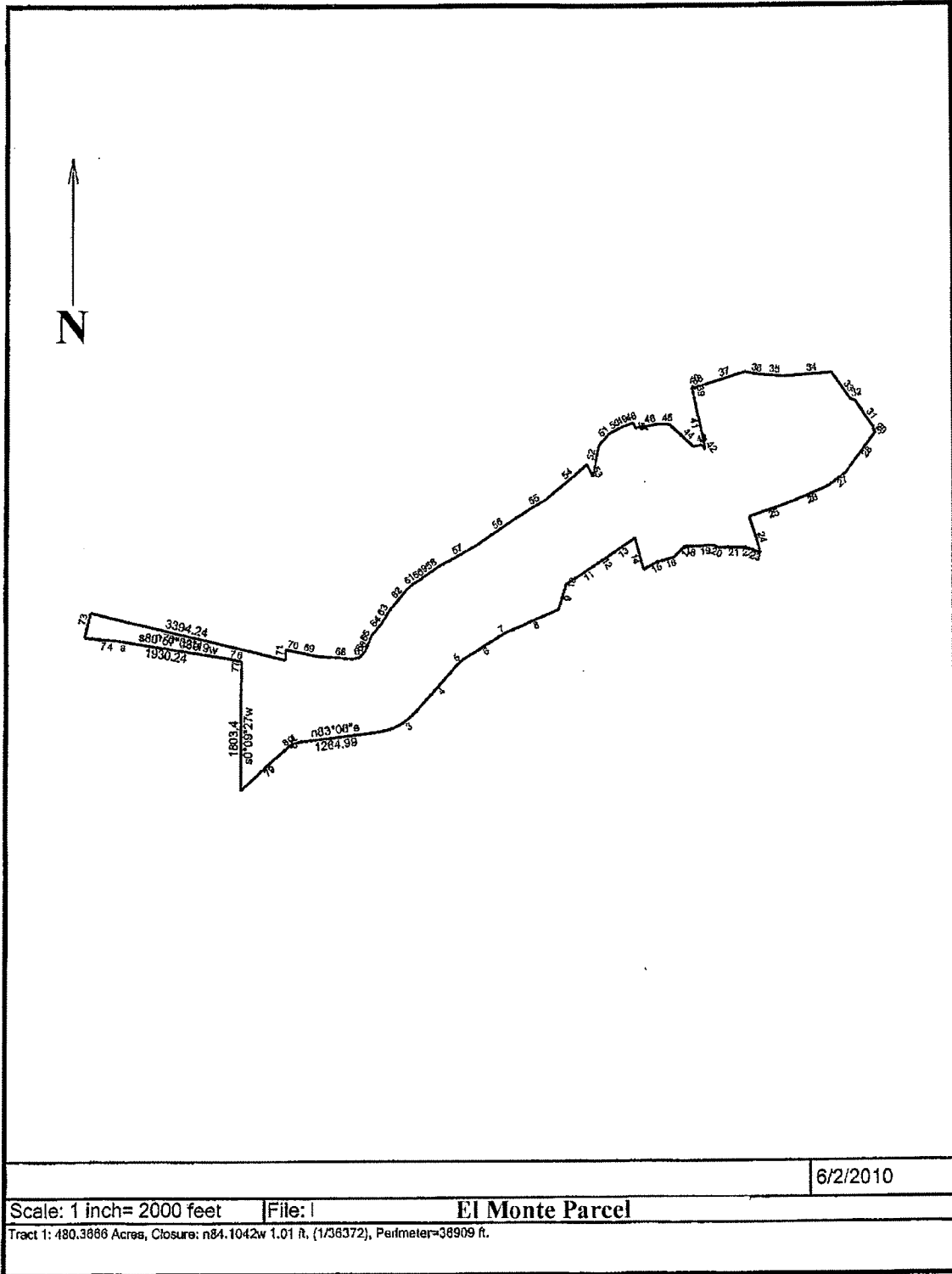
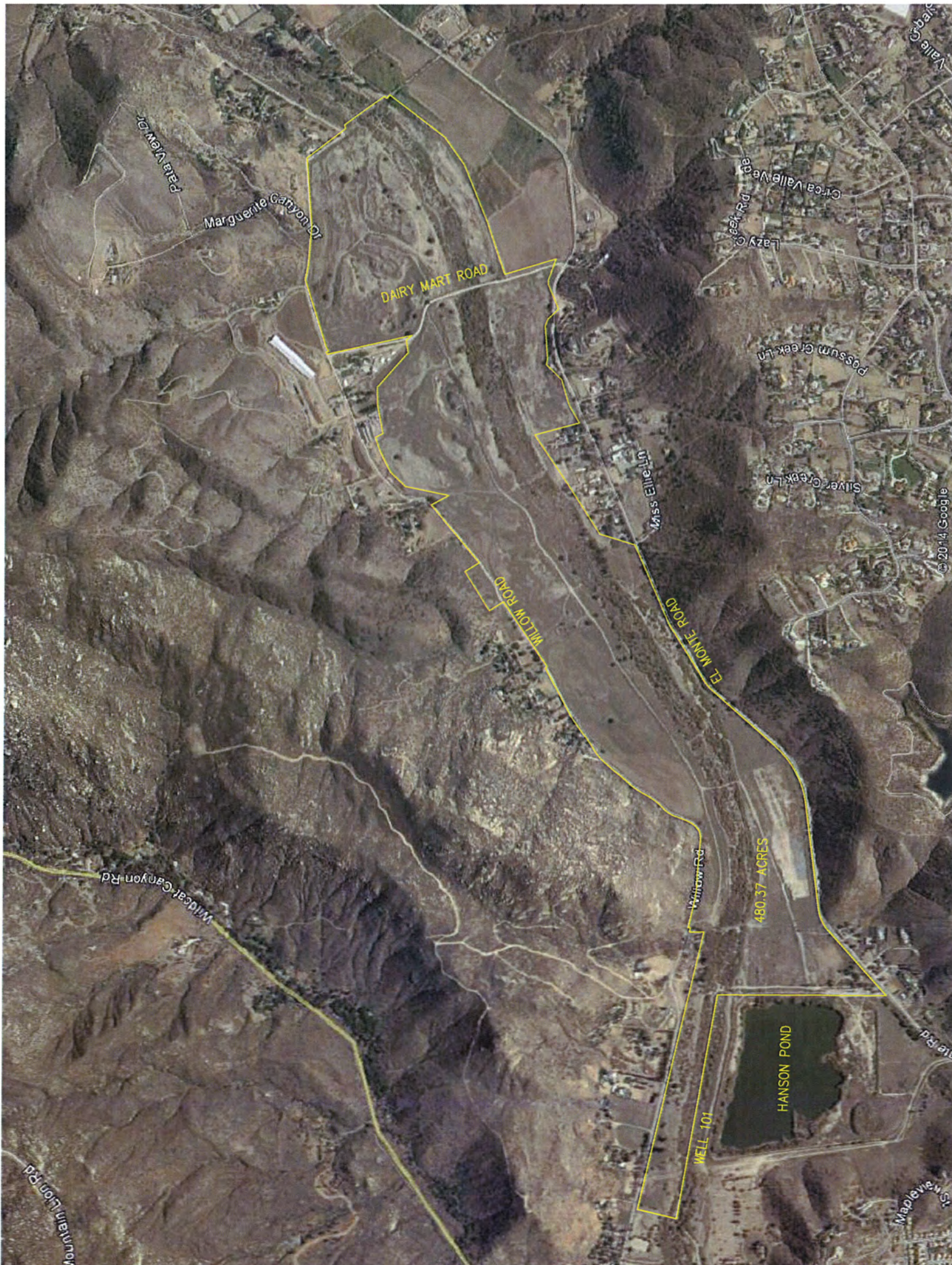


EXHIBIT "B"





Pala Valley Rd

Marguerite Canyon Dr

DAIRY MART ROAD

East Rd 106
Lazy C
Crea Valle Verde

Possum Creek Ln

Silver Creek Ln

Miss Elliott

WILLOW ROAD

EL MONTE ROAD

Wildcat Canyon Rd

Willow Rd

480.37 ACRES

WELL 101

HANSON POND

Mountain Lion Rd

Mapleview St

Meeting of September 11, 2014

ITEM: 7

SUBJECT: **EXECUTIVE OFFICER'S REPORT (INFORMATIONAL / ACTION)**

The following topics may be included in the Executive Officer's Report. The Board may take action regarding any of them:

- Invasive Species Removal 2014/15 Upcoming Season Review
- San Diego River Trail status
- Legislative Analyst's Office review of Proposition 1: Water Quality, Supply, and Infrastructure Improvement Act of 2014. AB 1471 (Chapter 188, Statutes of 2014), Rendon. Bond Measure

Recognition of SDRC 12th anniversary, September 13th, 2014, signed into law by Governor 9/13/2002

News Articles:

Water Authority supports water bond measure; Urges legislature to vote yes, August 13, 2014, San Diego County Water Authority.

Could bond spur San Diego's water independence, August 15, 2017, Union Tribune.

Helix Water (District) settles longstanding El Monte Valley lawsuit, August 20, 2014, Union Tribune.

California water bond funding for Conservancies, August 23, 2014, Associated Press.

Proposition 1
Water Quality, Supply, and Infrastructure Improvement Act of 2014.
AB 1471 (Chapter 188, Statutes of 2014), Rendon. Bond Measure.

Yes/No Statement

A **YES** vote on this measure means: The state could sell \$7.1 billion in additional general obligation bonds—as well as redirect \$425 million in unsold general obligation bonds that were previously approved by voters for resource-related uses—to fund various water-related programs.

A **NO** vote on this measure means: The state could not sell \$7.1 billion in additional general obligation bonds to fund various water-related programs. In addition, \$425 million in unsold general obligation bonds would continue to be available for resource-related uses as previously approved by voters.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact

- Increased state bond repayment costs averaging \$360 million annually over the next 40 years.
- Savings to local governments related to water projects, likely averaging a couple hundred million dollars annually over the next few decades.

State Bond Cost Estimates	
Authorized new borrowing	\$7.1 billion
Average annual cost to pay off bonds	\$360 million
Likely repayment period	40 years
Source of repayment	General tax revenues

Ballot Label

Fiscal Impact: Increased state bond costs averaging \$360 million annually over 40 years.

Local government savings for water-related projects, likely averaging a couple hundred million dollars annually over the next few decades.

BACKGROUND

Sources of Water in California. A majority of the state's water comes from rivers, much of it from Northern California and from snow in the Sierra Nevada Mountains. Water available underground (referred to as "groundwater") makes up roughly a third of the state's water use and is more heavily relied on in dry years. A small share of the state's water also comes from other sources, such as capturing rainwater, reusing wastewater (water recycling), and removing the salt from ocean water (desalination).

Meeting the State's Water Needs. Providing clean water throughout California while protecting the environment presents several key challenges. First, water is not always available where it is needed. For example, water from Northern California is delivered to other parts of the state, such as farmland in the Central Valley and population centers in the San Francisco Bay Area and Southern California. Second, the amount of water available can change widely from year to year. So, when less water is available in dry years, it can be difficult to provide all of the water that people want throughout the state. This can include providing enough water to maintain natural habitats—such as wetlands—for endangered species as is required under state and federal laws. However, in very wet years the state can sometimes experience floods, particularly in the Central Valley. Third, water is sometimes polluted, making it unsuitable for drinking, irrigating

crops, or fish habitat. Fourth, parts of the state's water system have affected natural habitats. For example, providing more water for drinking and irrigation has reduced the water available for fish.

In order to address these challenges, California has built various projects. Some projects use natural rivers—as well as pipelines, pumping stations, and canals—to deliver water used for drinking or farming throughout the state. These projects also include dams and other types of water storage to hold water for when it is needed. Other projects to meet the state's water challenges include water treatment plants to remove pollutants from drinking water and wastewater, systems to clean up runoff from storms, and levees to prevent floods.

Environment and Water System Are Linked. The state's water system and the environment are linked in several ways. As noted above, the use of water for irrigation and drinking water affects natural habitats used by fish and wildlife. These effects on natural habitats are made worse by pollution, which harms water quality for fish, wildlife, and people. The state has taken a variety of actions to improve natural habitats and water quality. These include restoring watersheds (an area of land that drains into a body of water) by reintroducing native plants and animals. The state has also provided water to rivers when needed by fish species.

Roles of Various Governments in Water System. The state, federal, and local governments play important roles in providing clean and reliable water supplies. Most spending on water programs in the state is done at the local level, such as by water districts, cities, and counties. In recent years, local governments have spent about \$26 billion per year to supply water and to treat wastewater. About 80 percent of this spending is paid for by individuals as ratepayers of water and sewer bills. In addition, local governments pay for projects using other sources, including

state funds, federal funds, and local taxes. While most people get their water from these public water agencies, about one-sixth of Californians get their water from private water companies.

The state runs programs to (1) conserve, store, and transport water around the state; (2) protect water quality; (3) provide flood control; and (4) protect fish and wildlife habitat. The state provides support for these programs through direct spending, as well as grants and loans to local governments, nonprofit organizations, and privately owned water companies. (The federal government runs similar programs.) Funding for these state programs usually comes from bonds and fees. Since 2000, voters have approved about \$20 billion in bonds for various environmental purposes, including water. Currently, about \$900 million (5 percent) of these bonds remain available for new projects.

PROPOSAL

This measure provides a total of \$7.5 billion in general obligation bonds for various water-related programs. First, the measure allows the state to sell \$7.1 billion in additional bonds. Second, the measure redirects \$425 million in unsold bonds that voters previously approved for water and other environmental uses. The state repays these bonds, with interest, using the state's General Fund. (The General Fund is the state's main operating account, which pays for education, prisons, health care, and other services.)

Uses of Funds

As shown in Figure 1 and described below, the bond measure provides funding to (1) increase water supplies, (2) protect and restore watersheds, (3) improve water quality, and (4) increase flood protection. The bond money would be available to state agencies for various projects and programs, as well as for loans and grants to local governments, private water

companies, mutual water companies (where water users own the company), Indian tribes, and nonprofit organizations.

Figure 1	
Uses of Proposition 1 Bond Funds	
<i>(In Millions)</i>	
Water Supply	\$4,235
• Dams and groundwater storage—cost share associated with public benefits.	\$2,700
• Regional projects to achieve multiple water-related improvements (includes conservation and capturing rainwater).	810
• Water recycling, including desalination.	725
Watershed Protection and Restoration	\$1,495
• Watershed restoration and habitat protection in designated areas around the state.	\$515
• Certain state commitments for environmental restorations.	475
• Restoration programs available to applicants statewide.	305
• Projects to increase water flowing in rivers and streams.	200
Improvements to Groundwater and Surface Water Quality	\$1,420
• Prevention and cleanup of groundwater pollution.	\$800
• Drinking water projects for disadvantaged communities.	260
• Wastewater treatment in small communities.	260
• Local plans and projects to manage groundwater.	100
Flood Protection	\$395
• Repairs and improvements to levees in the Delta.	\$295
• Flood protection around the state.	100
Total	\$7,545

Funds for Water Supplies (\$4.2 Billion). About \$4.2 billion would fund projects intended to improve water supplies, in order to make more water available for use. Specifically, the bond includes:

- **\$2.7 Billion for New Water Storage.** The bond includes \$2.7 billion to pay up to half of the cost of new water storage projects, including dams and projects that replenish groundwater. This funding could only be used to cover costs related to the “public

benefits” associated with water storage projects, including restoring habitats, improving water quality, reducing damage from floods, responding to emergencies, and improving recreation. Local governments and other entities that rely on the water storage project would be responsible for paying the remaining project costs. These costs would generally be associated with private benefits (such as water provided to their customers).

- ***\$810 Million for Regional Water Projects.*** The bond also provides \$810 million for regional projects that are included in specific plans developed by local communities. These projects are intended to improve water supplies, as well as provide other benefits, such as habitat for fish and flood protection. The amount provided includes \$510 million for allocations to specific regions throughout the state and \$300 million for specific types of water supplies, including projects and plans to manage runoff from storms in urban areas and water conservation projects and programs.
- ***\$725 Million for Water Recycling.*** The bond includes \$725 million for projects that treat wastewater or saltwater so that it can be used later. For example, the funds could be used to test new treatment technology, build a desalination plant, and build pipes to deliver recycled water.

Funds to Protect and Restore Watersheds (\$1.5 Billion). These monies would fund projects intended to protect and restore watersheds and other habitat throughout the state. This funding could be used to restore bodies of water that support native, threatened, or endangered species of fish and wildlife; purchase land for conservation purposes; reduce the risk of wildfires in watersheds; and purchase water to support wildlife. These funds include \$515 million to restore

watersheds in designated regions around the state (including \$140 million specifically for projects in the Sacramento-San Joaquin Delta [Delta]) and \$475 million to pay for certain state commitments to fund environmental restorations. The remaining funding would be available to applicants statewide for programs that restore habitat and watersheds (\$305 million) and increase the amount of water flowing in rivers and streams, for example by buying water (\$200 million).

Funds to Improve Groundwater and Surface Water Quality (\$1.4 Billion). The bond includes over \$1.4 billion to improve groundwater and surface water quality. More than half of this funding (\$800 million) would be used for projects to clean up and prevent polluted groundwater that is, or has been, a source of drinking water. The remaining funds would be available to (1) improve access to clean drinking water (\$260 million), (2) help small communities pay for wastewater treatment (\$260 million), and (3) provide grants to local governments to develop and implement plans to manage their groundwater supply and quality (\$100 million).

Funds for Flood Protection (\$395 Million). The bond provides \$395 million for projects that both protect the state from floods and improve fish and wildlife habitat. While \$100 million of this funding could be spent on flood control projects anywhere in the state, \$295 million is set aside to improve levees or respond to flood emergencies in the Delta.

Requirements for Allocating and Spending Funds

How Projects Would Be Selected. The measure includes several provisions that would affect how specific projects are chosen to receive bond funds. The California Water Commission—an existing state planning and regulatory agency—would choose which water storage projects would be funded with the \$2.7 billion provided in the bond for that use. The Commission would

not have to go through the state budget process to spend these funds. For all other funding provided in the measure, the Legislature generally would allocate money annually to state agencies in the state budget process. While the Legislature could provide state agencies with some direction on what types of projects or programs could be chosen, **the measure states that the Legislature cannot allocate funding to specific projects. Instead, state agencies would choose the projects.** In addition, none of the funding in the measure can be used to build a canal or tunnel to move water around the Delta.

Requirements for Matching Funds. Of the \$7.5 billion in funds made available by the measure, \$5.7 billion is available only if recipients—mostly local governments—provide funding to support the projects. This matching requirement only applies to the water supply and water quality projects funded by the measure. The required share of matching funds is generally at least 50 percent of the total cost of the project, although this can be waived or reduced in some cases.

FISCAL EFFECTS

Fiscal Effects on State Government. This measure would allow the state to borrow up to \$7.1 billion by selling additional general obligation bonds to investors, who would be repaid with interest using the state's general tax revenues. We assume that (1) the interest rate for the bonds would average just over 5 percent, (2) they would be sold over the next ten years, and (3) they would be repaid over a 30-year period. Based on these assumptions, the cost to taxpayers to repay the bonds would **average about \$360 million annually over the next 40 years.** This amount is about one-third of a percent of the state's current General Fund budget. We assume that redirecting \$425 million in unsold bonds from previously approved measures would not increase the state's anticipated debt payments. This is because, without this measure, these bonds

likely would have been sold in the future to support other projects. (For more information on the state's use of bonds and the impact of this proposed bond measure on the state's budget, see "Overview of State Bond Debt" later in this guide.)

Fiscal Effects on Local Governments. The availability of state bond funds for local water projects would affect how much local governments, primarily water agencies, spend on water projects. In many cases, the availability of state bonds could reduce local spending. For example, this would occur in cases where state bond funds replaced monies that local governments would have spent on projects anyway. Local savings would also occur in cases where the availability of state bond funds allowed local governments to build projects that reduced operating costs, such as by increasing efficiency or using a new water source that allows them to purchase less water.

However, in some cases, state bond funds could increase spending on water projects by local governments. For example, the availability of bond funds might encourage some local governments to build additional or substantially larger projects than they would otherwise. These projects could also be more expensive to operate.

On balance, we estimate that this measure would result in savings to local governments on water-related projects. These savings would likely average a couple hundred million dollars annually over the next few decades.

An individual local government might use these savings in various ways. For example, it might use the savings to build other new facilities or for maintenance and repair of existing facilities. In other cases, a government might use the savings to keep water rates lower than they otherwise would be by delaying or reducing future rate increases. Since the amount of statewide

savings in any given year is likely to be small relative to the overall amount spent by local governments on water, any effect on rates would likely be small for most ratepayers.



Water Authority Supports Water Bond Measure; Urges Legislators to Vote ‘Yes’ Today

August 13, 2014 -The San Diego County Water Authority today announced its full support for Senate Bill 866 (Wolk/Steinberg) and Assembly Bill 1471 (Rendon/Atkins), companion \$7.545 billion state water bond measures that would fund critical new water supply development and large-scale water infrastructure projects important for the future of San Diego County and all of California.

The water bond was the product of negotiations led by Gov. Jerry Brown, Assembly Speaker Toni Atkins, and Senate President Pro Tem Darrell Steinberg. The Water Authority has been working for months to address the San Diego region’s priorities for a water bond. If passed by the Legislature and signed by the governor, the proposed bond would replace an existing bond measure on the November ballot.

“Governor Brown, Speaker Atkins and Pro Tem Steinberg are to be congratulated for undertaking the grueling work necessary to craft the right water bond that is also right for our times and the state’s finances,” said Thomas V. Wornham, Chair of the Water Authority's Board of Directors. “We thank Speaker Atkins and all of our San Diego County legislators for their diligence in ensuring our region’s water supply and priorities are met by this measure.”

The Water Authority has long advocated for a water bond that reflects an emphasis on local and regional water supply development. That is the model that the San Diego region has employed for more than two decades to improve regional self-sufficiency, become more resilient to drought, and reduce dependence on the Sacramento-San Joaquin Bay-Delta.

The water bond contains substantial competitive funding opportunities for the San Diego region to pursue and advance meaningful local and regional water supply development, including:

- Chapter 9 would provide \$725 million for water recycling and advanced water treatment technology projects – including potable and non-potable reuse and seawater desalination projects – for which San Diego County water suppliers could compete.
- Chapter 6 would allocate \$475 million to help fulfill state obligations, including mitigation and restoration obligations at the Salton Sea as part of the Colorado River Quantification Settlement Agreement of 2003.
- Chapter 7 would allocate \$52.5 million to the San Diego funding area for local and regional Integrated Regional Water Management projects.

- Chapter 7 would provide \$100 million for water-use efficiency projects for which San Diego County water suppliers could compete.
- Chapter 6 would allocate \$17 million to the San Diego River Conservancy for important land conservation, open space, habitat, wetlands, and water quality improvement opportunities in the San Diego River watershed.

Of the funds that are regionally allocated within the water bond, the San Diego region would be specifically allocated nearly 9 percent of the total, an equitable and proportional funding allocation.

“Every issue raised by the Water Authority over the course of the past several months has been satisfactorily addressed in the final version of the water bond,” Wornham said.

The San Diego County Water Authority is a public agency serving the San Diego region as a wholesale supplier of water from the Colorado River and Northern California. The Water Authority works through its 24 member agencies to provide a safe, reliable water supply to support the region’s \$191 billion economy and the quality of life of 3.1 million residents.

Could bond spur San Diego's water independence?

[Water recycling, desalination projects could benefit from measure](#)

By [Chris Nichols](#) 9:32 p.m. Aug. 15, 2014



Gov. Jerry Brown holds up the measure he signed to place a \$7.5 billion water plan on the November ballot, Wednesday, Aug. 13, 2014, in Sacramento, Calif. The measure replaces an existing water bond that was approved by a previous Legislature but was widely considered to costly and unlikely to be approved by voters. The water plan was approved by lawmakers earlier in the day after weeks of negotiations between Brown and legislative leaders. Also seen are Assembly Minority Leader Connie Conway, R-Tulare, left, and Senate President Pro Tem Darrell Steinberg, D-Sacramento, right. (AP Photo/Rich Pedroncelli) *The Associated Press*

SACRAMENTO — With the added urgency of a three-year drought, lawmakers this week placed a \$7.5 billion water bond on the November ballot. Its goal is to shore up California's increasingly strained water supply and quality.

If approved, the bond would fund massive new dams in Central and Northern California; clean up groundwater in Riverside and Los Angeles counties and restore much of the Sacramento-San Joaquin Delta, where the state gets a big portion of its water supply.

But the measure won't pay for all of California's water needs. In fact, it's a slimmed-down bond that rules out funding for any major water storage projects for Southern California.

In arid San Diego County, which has started to wean itself from Northern California's supply, political leaders and water officials say the bond would push forward a diverse set of initiatives that aim to make the region water independent.

Several said the lack of storage money for the San Diego region won't stop that effort.

The initiatives that could benefit from a bond include the restoration of the San Diego River watershed, building new water recycling plants and pipes and spurring early plans for a massive new desalination plant on Camp Pendleton.

"The water bond can be a catalyst to the development of more local water supplies in our region," said Dennis Cushman, assistant general manager of the San Diego County Water Authority, the region's water wholesaler. "It will better prepare our region for the multi-year droughts that we know we're going to encounter."

Assembly Speaker Toni Atkins, D-San Diego, who helped negotiate the bond at the Capitol this week, said the San Diego region won't be eligible for the bond's storage funding. But it stands a good chance at securing some of the \$725 million set aside for recycling projects.

The region has nearly 20 water reclamation plants that treat wastewater and pipe it to parks, farms and golf courses. The bond could pay for their expansion and fund efforts to turn wastewater into drinking water, a process called potable reuse by supporters or "toilet-to-tap" by critics.

Assemblywoman Marie Waldron, R-Escondido, said she'd like to see bond funds pay for the expansion of Escondido's water reclamation plant, allowing it to serve farms on the outskirts of the North County city.

She added that she's hopeful the city, where she previously served as a councilwoman, can use money from the bond to not only rebuild but enlarge the Lake Wohlford Dam on the city's northeast edge. The dam doesn't meet state seismic standards and must be rebuilt, Waldron said.

"If we're building a new dam, why not work on increasing its capacity?" she added.

Officials said it's possible that other pots of money from the bond could be used for small water storage projects in the region.

San Diego County's water storage received a boost earlier this summer when the authority completed a raising of the San Vicente Dam. The project added 117 feet to the dam, marking the single biggest increase in water storage in the county's history.

Sen. Ben Hueso, D-San Diego, said he had hoped the bond would fund a second large initiative at the San Vicente Reservoir: the water authority's hydroelectric power project, which could generate up to 500 megawatts, enough power for approximately 325,000 homes.

The bond agreed upon this week ruled out such funding, Hueso said in a statement.

Money from the measure could, however, be used to spur plans for a massive desalination plant on Camp Pendleton.

The water authority is working with the U.S. Marine Corps base on plans for a plant that would generate two to three times the amount of water as the desalination plant now under construction in Carlsbad, Cushman said.

No timeline has been set for the undertaking, which remains in a planning stage.

Combined with the Carlsbad plant, which is forecast to provide for 7 percent of the region's water supply by 2020, Camp Pendleton desalination supplies could represent a significant expansion of the San Diego region's available water in coming decades, officials said.

Much more than just creating new supplies, the November bond would fund projects to improve water quality and the health of local watersheds.

The San Diego River Conservancy, an independent government agency charged with preserving and restoring the river area, would be granted \$17 million if the bond is passed.

Kevin McKernan, the conservancy's executive officer, said that money would go toward removing invasive species from the watershed; buying needed land to restore the area and building a 52-mile river park along the river from Julian to the Pacific Ocean.

Along its nearly dry stretch in metro San Diego, the river contributes nothing to the water supply. But branches of it do feed into two water supply reservoirs high in the backcountry, he said.

Several officials emphasized that bolstering supply isn't the only goal of the water bond.

"Water isn't just for drinking. It's for fish and wildlife," McKernan said. "The bond isn't just for dams in the Central Valley and pipes to our taps."

chris.nichols@utsandiego.com | (916) 445-2934 | Twitter [@christhejourno](#)



Helix Water settles longstanding El Monte Valley lawsuit

By [Karen Pearlman](#) 9:43 p.m. Aug. 20, 2014

EAST COUNTY — The Helix Water District on Wednesday ended its six-year litigation with a business partnership that claimed the water district obstructed plans for a wildlife habitat and water recharge basin in Lakeside's El Monte Valley.

The five-member Helix Water Board agreed by a 4-1 vote, with Joel Scalzitti dissenting, to settle for the sale of the property to El Capitan Golf Club in the amount of \$9 million. Already \$1 million is banked with the rest of the \$8 million to come within 3 1/2 years. If El Capitan does not pay by the end of that time, the property would revert back to the district.

"This is not a good deal for the ratepayers or the district," Scalzitti said. "I believe that the group we're dealing with doesn't have the integrity to execute the deal. Deals were cut and made and never finished. I believe the property is worth a lot more than \$9 million. We're selling this property with an unknown value with an appraisal that's a couple of years old. I believe it far exceeds \$9 million."

El Monte Canyon and then its successor, El Capitan Golf Club, LLC, had been in dispute with the district since 2008 for the 460-acre property owned by Helix. The attorney costs for the district reached more than \$1 million with another \$300,000 added into the district's 2014-15 budget for estimated legal expenses related to the trial, which was slated for earlier this month.

El Capitan raised claims from what it said were various breached agreements between the parties. Helix cross-complained against El Capitan under the same premise.

In 1997, the El Capitan Golf Club partnership leased the property from Helix Water District with plans to develop a golf course. In 2005, the partners decided a golf course wasn't feasible and joined with the Endangered Habitats League in proposing a nature preserve. The Endangered Habitats League had plans to restore the land and create a marsh, riparian habitat and woodlands.

Helix and Padre Dam Municipal Water District were supposed to partner to develop a \$200 million El Monte Valley wastewater-recycling project in 2010, but in 2011 the idea was grounded. The project was said to have been able to provide 5 million gallons of purified water per day to the more than 250,000 customers in La Mesa, Spring Valley, Lemon Grove, El Cajon, parts of Lakeside and Santee, and some unincorporated areas of San Diego County.

Both El Capitan and Helix have filed numerous claims against each other since 2008. Wednesday's settlement agreement also provides for El Capitan's release and dismissal of its litigation against the district, in which El Capitan's damages claim exceeds \$100 million.

Helix also considered mining the site for sand.

Helix customer Luis Tejeda asked Helix's attorney Bruce Beach how much the sand was worth and how much had already been mined from the property. Beach said he wasn't sure how much had been mined and that it was worth, "\$10 to \$15 to \$20 a ton."

Bill Adams, a managing member of El Capitan as well as the nonprofit Endangered Habitats League, said earlier this week that if the sale goes through, the group expects "to be installing restoration and a minimal amount of mining" on what he thought might be newly termed "The El Capitan River Restoration Project" with the process starting in the next 18 to 24 months.

"In the end ... we all want to see the area restored and mined in minimal fashion," Adams said.

Before completing the sale to El Capitan, by law the district must offer the property to other public agencies first. The agenda report from Wednesday's board meeting notes that the El Monte Valley property is located within the San Diego River Conservancy's jurisdiction, requiring Helix to give the conservancy the first right of refusal to acquire the property.

Board member Kathleen Hedberg said that while she had some questions and concerns about the sale, she was relieved the district would be able to move past the litigation.

"We have spent a lot of money on legal fees and staff time," she said. "It is the advice of legal counsel that we accept this settlement."

The state has designated the land as a critical sand resource. According to the California Department of Conservation and SANDAG, there is a shortage of high-quality sand in San Diego County, such as found in the El Monte Valley. At one point it was predicted that Helix would receive about \$40 million over 10 years from sand sales if they had mined the aggregate.

California water bond funding for conservancies

The Associated Press August 23, 2014

SACRAMENTO, Calif. — Descriptions of the state land conservancies that will split \$297.5 million if voters approve the Proposition 1 water measure on the November ballot:

— Baldwin Hills Conservancy, \$10 million: Manages urban parkland west of downtown Los Angeles and the Ballona Creek watershed, including a scenic overlook, a sports complex and hiking trails. Says water bond funding could boost water recycling to irrigate parkland and cemeteries, wildlife habitats and reduce pollution running into Santa Monica Bay.

— California Tahoe Conservancy, \$15 million: Manages land to prevent development along Lake Tahoe and create bike trails and parks. Says water bond funding can restore Upper Truckee River watershed and capture storm water to protect Tahoe's clarity from sediment pollution.

— Coachella Valley Mountains Conservancy, \$10 million: Manages desert land between Palm Springs and the Salton Sea, including river beds and storm channels. Says water bond funding could help buy land to preserve natural drainage into aquifers during flash floods.

— San Diego River Conservancy, \$17 million. Manages land along the San Diego River, including a parkway that is expanding from 17 miles to 52. Says water bond funding could help anti-pollution efforts and to buy land essential for finishing trails and preventing harmful runoff.

— San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, \$30 million: Manages 43-mile San Gabriel River parkway, which includes a bike trail and plans to increase access to trails. Says bond could support storm water runoff projects to limit pollution from reaching the river and water recycling projects to irrigate parkland. A state audit in 2009 questioned more than \$1 million in spending from a previous bond, including \$55,000 for lobbying.

— San Joaquin River Conservancy, \$10 million: Manages and develops a planned 22-mile river parkway. Says water bond funding can benefit restoration programs for salmon and bring back wildlife habitats along the river.

— Santa Monica Mountains Conservancy, \$30 million: Manages property in Los Angeles River watershed and Santa Clara. Says water bond money would be used to restore areas that capture storm water runoff and to buy land along streams and tributaries to prevent pollution. A state

audit in 2004 said the conservancy mismanaged \$7 million in bond funds and spent excessively on overhead.

— Sierra Nevada Conservancy, \$25 million: Does not own land but funds forest restoration projects to capture more snowmelt for reservoirs and replenish groundwater. Says the water bond money could be used to fund programs that help clear overgrown forests, which in turn could reduce the damage done by future wildfires and preserve soil that otherwise would run into waterways.

— State Coastal Conservancy, \$100.5 million: Funds environmental restoration, climate change adaptation and beach access projects along the entire coastline. Says water bond can fund wetland restoration projects that can recharge groundwater basins.

— Sacramento-San Joaquin Delta Conservancy, \$50 million: Created in 2009 to restore economically sensitive land in the state's most important watershed. Says the water bond can fund habitat restoration and wildlife projects.

Read more here: http://www.fresnobee.com/2014/08/23/4083827_california-water-bond-funding.html?rh=1#storylink=cpy

State of California
San Diego River Conservancy

Meeting of September 11, 2014

ITEM: **8**

SUBJECT: **NEXT MEETING**

The next regularly scheduled board meeting is scheduled for November 13, 2014, from 2:00 to 4:00 p.m.

State of California
San Diego River Conservancy

Meeting of September 11, 2014

ITEM: **9**

SUBJECT: **ADJOURNMENT**