

**REVISED EXECUTIVE OFFICER SUMMARY REPORT  
August 11, 2006**

ITEM: 7

SUBJECT: **Conservancy Acquisition of Historic Flume Trail, El Monte Valley; APN# 39614033; 2.25 mile long parcel**

The Board will consider adoption of Tentative Resolution 06-04 authorizing the Executive Officer to make a grant in an amount not to exceed \$100,000 to the Lakeside's River Park Conservancy for the purchase of the Historic Flume Trail property at the September 2006 bankruptcy auction. Upon subsequent approval by the Public Works Board, Lakeside's River Park Conservancy will gift the property to the San Diego River Conservancy. This acquisition is included in the Conservancy's adopted Five Year Strategic and Infrastructure Plan (Program 1, Project 1.2) and will utilize funds in the Conservancy's Special Deposit Fund Account.  
*(Deborah Jayne)*

PURPOSE: Consideration and possible adoption of Tentative Resolution 06-04.

DISCUSSION: **Summary of Project / Executive Officer's Recommendation and Future Vision for San Diego River Trail**

- San Diego River Conservancy makes grant to Lakesides' River Park Conservancy for up to \$100,000. Source of capital outlay grant funds is Conservancy's Special Deposit Fund Account. Lakeside Conservancy uses advanced grant funds (advanced amount based on fair market value appraisal) to acquire two mile Flume Property at upcoming September auction (or subsequent transaction).
- Lakeside Conservancy transfers property to San Diego River Conservancy upon approval by Conservancy Governing Board and State Public Works Board. All transfer and other costs incurred by Lakeside Conservancy are paid in full from grant funds upon invoice.
- Ultimately San Diego River Conservancy holds fee simple title to two mile Flume Property. Property and trail are managed in perpetuity under formal management agreement with Conservancy partner (TBD).

- The current two mile acquisition project fulfills three important statutory objectives of the Conservancy: ownership of land, provision of recreational trail, and protection of important historical and cultural resource.
- Potential Future Vision: Segments of the San Diego Flume Trail are acquired slowly over time working judiciously with numerous Conservancy partners and landowners. The existing Flume Trail ultimately becomes the backbone for the San Diego River Park Trail from Lake Jennings (in Lakeside) to El Capitan dam and continuing east upstream along the San Diego River. Sensitivity to all landowner and partner concerns is of utmost priority.
- Use of existing Flume bench (terraced table) ultimately provides Conservancy the opportunity to provide a long, (hopefully) continuous recreational trail resulting in only minor disruptions or destruction to surrounding habitat.

### **Preservation Opportunity**

The San Diego Flume was originally constructed in the 1880s to transport water from San Diego County's back country reservoirs to the City of San Diego. According to the Journal of San Diego History (Summer 1978, Vol 24, #3), the Flume was a remarkable project which brought water thirty-six miles from a diversion dam on the San Diego River through five tunnels and over 315 trestles to the City.<sup>1</sup>

In many areas, workers cut a bench or terraced table into the hillside to support the flume and trestle. In some cases this work included stacked rocks to stabilize the base of the terrace. These hillside terrace tables are still visible along many parts of the Historic Flume route today; in some communities they have become informal neighborhood trails crossing both private and public property.

In Lakeside, a six-mile portion of the Historic San Diego Flume Trail connecting the El Capitan Reservoir to Lake Jennings occurs on the upper rim of the south side of the El Monte Valley. See SDRC Trail Segment Projects Map attached as Supporting Document 3. This section of the Flume is within one half mile of the San Diego River, i.e., within the Conservancy's legal jurisdiction. There are sixteen public and private owners of this segment with two miles owned by one private individual.

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<sup>1</sup> See <http://sandiegohistory.org/journal/78summer/water.htm>

Preservation of the Historic Flume is included in the Conservancy's *Five Year Strategic and Infrastructure Plan* under:

- *Program 1: Land Conservation*, Project 1: Secure Key River Properties, and Project 1.2: Conserve 500 acres in the El Monte Valley.
- *Program 2: Recreation and Education*, Project 1: Complete the San Diego River Trail, and Project 1.5: Improve the Historic Flume Trail.
- *Program 3: Natural and Cultural Resources Preservation and Restoration*, Project 2: Protect and Preserve Cultural and Historic Resources.

This Project preserves land near Lakeside and the El Monte Valley, provides for new recreation and education opportunities and preserves a critical cultural resource. After preservation is complete and when the San Diego River Flume Trail can be formally opened, the public will gain new recreational and cultural resources without significant impacts to natural habitat.

This is truly a unique opportunity to preserve a part of San Diego's history while eventually opening, once the entire six miles is preserved, a fantastic new recreational resource that provides exceptional views of the San Diego River and access to Lake Jennings and the El Capitan Reservoir.

Earlier this year, working with its partners including the County of San Diego and Lakeside's River Park Conservancy, Cleveland National Forest, and the Helix Water District, the San Diego River Conservancy began developing a preservation strategy for this section of the Historic Flume. Issues under consideration include how to best preserve the Historic Flume, what entity is best positioned to hold title to each of the preserved sections, and what entity is best positioned to manage and maintain it.

**Immediate Action Needed to Secure Two Mile Historic Flume Parcel at a Non-Judicial Foreclosure Sale this September**

Most immediately, the Conservancy and its partners seek to secure the privately owned two mile parcel by acquiring the property at a non-judicial foreclosure sale expected to occur this September. Because of the rules of a foreclosure proceeding, the date of the auction cannot be set until after August 19<sup>th</sup>; the reconveyance company has estimated a sale date on or around September 12<sup>th</sup>.

In order to be able to position for a conservation outcome at the sale, the County and the Conservancy joined in contracting for an appraisal of the property; the appraisal is due to be completed September 7<sup>th</sup>.

Because the timeframe is too short to gain State approval for the San Diego River Conservancy to directly purchase the property, I am recommending that Lakeside's River Park Conservancy be provided \$100,000 in grant funds to complete the transaction at fair market value. While the focus is now on the upcoming auction, if for some reason an opportunity occurs to purchase the property outside the auction, Tentative Resolution 06-04 gives the Lakeside Conservancy the flexibility to take such an action. What is critical now is for a conservation transaction to occur while this unique property is available for purchase.

The grant funds will be used to cover the purchase price and all other transaction costs. While we expect the fair market value to be less than \$100,000, a larger grant amount is recommended to make certain Lakeside's River Park Conservancy has adequate funding to successfully complete the transaction. Because the appraisal will be done prior to the date of the sale, Lakeside's River Park Conservancy will be able to make an offer based on the current fair market value established by appraisal.

The formal Grant Agreement will require Lakeside's River Park Conservancy to provide SDRC with detailed accounting of its use of the funds. All grant funds (except for the advance payment of fair market value for the initial purchase) will be paid in arrears upon invoice. If for some reason Lakeside's River Park Conservancy is unsuccessful, the advanced grant funds will be returned to the Conservancy. On July 30, 2006, the Lakeside's River Park Conservancy agreed to accept a grant, if offered. See Resolution No. 2006-5 of the Board of Directors of Lakeside's River Park Conservancy attached as Supporting Document 2.

#### **Future Possible Actions**

The preservation of the San Diego Historic Flume is a true partnership in every sense of the word; the partners are working closely together and sharing all responsibilities associated with the success of this key project. While future decisions are still required to establish the best long term stewardship of the Historic Flume, what is needed now is to act quickly while this unique opportunity is available.

Should Lakeside's River Park Conservancy be successful in purchasing this first two mile section of the Historic Flume, its Board has agreed to transfer the property to the San Diego River Conservancy at a later date. See Lakeside's River Park Conservancy Resolution No. 2006-5 (Supporting Document 2). This recommended outcome will be brought before the Governing Board in the future for your consideration, including discussion of a strategy on long-term property maintenance and management.

The San Diego River Conservancy will continue to work with Lakeside's River Park Conservancy and its other partners to achieve a successful conservation outcome for this first Historic Flume transaction and the other properties that incorporate this important historic and recreational asset.

LEGAL CONCERNS: None.

FISCAL IMPACT: \$100,000 from Conservancy's Special Deposit Fund Account.

SUPPORTING  
DOCUMENTS:

1. SDRC Tentative Resolution 06-04
2. Lakeside's River Park Conservancy Resolution No. 2006-5 (adopted)
3. SDRC Trail Segment Projects Map showing the six mile segment of the Historic San Diego Flume Trail above El Capitan Valley connecting Lake Jennings to the El Capitan Reservoir. The two mile parcel to be acquired in this Project is the first two miles (of the six mile segment) beginning at Lake Jennings. Also shown on the map are other trail segment projects discussed in today's Agenda, including the San Diego River Gorge/Thornbush Trail Project and the Lakeside Inaugural Trail East Project in Agenda Item 10 (both projects have Prop 40 funding proposals ready for submittal to Resources Agency)

RECOMMENDATION: Adopt Tentative Resolution 06-04.