



Agenda Report

Fullerton City Council

MEETING DATE: DECEMBER 17, 2019

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: KENNETH A. DOMER, CITY MANAGER

PREPARED BY: PARKS AND RECREATION DEPARTMENT

SUBJECT: APPROVAL OF PURCHASE AND SALE AGREEMENT
FOR WEST COYOTE HILLS NEIGHBORHOODS 1 AND 3
TO ELIMINATE ALL PROPOSED RESIDENTIAL
DEVELOPMENT EAST OF GILBERT

SUMMARY

The City has secured the necessary grant funding to acquire 24.1 acres (Neighborhoods 1 and 3) located in West Coyote Hills from Chevron / Pacific Coast Homes as approved in Resolution No. 2015-62 and is requesting approval of the Purchase and Sale Agreement. If approved, this would eliminate all proposed residential development East of Gilbert for the protection of open space and habitat, restoration of urban watershed health and facilitation of environmental education and stewardship as part of the Public Benefits contained within the prior approval of Vested Tentative Tract Map 17609.

RECOMMENDATION

1. Authorize the Mayor to execute a purchase and sale agreement for the acquisition of a 24.1 acres of open space on the east side of West Coyote Hills, known as Neighborhood 1 and Neighborhood 3 in a final form approved by the City Attorney reflecting non-substantial changes as recommended by State granting entities.
2. Approve an escrow deposit of \$100,000 from the West Coyote Hills Acquisition Project #54036.
3. Direct Staff to return to City Council for receipt and appropriation of State grant funds upon disbursement from the State prior to the close of escrow.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statement:

- Infrastructure and City Assets.

FISCAL IMPACT

\$100,000 expenditure for escrow deposit. The appraised price to acquire the remaining property on the east side of West Coyote Hills is \$18.075 million. The City has been awarded sufficient grant funding from State and private agencies to purchase neighborhoods 1 and 3. As part of the disbursement of State grants, a Purchase and Sale Agreement is required to be submitted along with an application for funding (for funds awarded through State Budget process) in addition to required environmental documentation.

DISCUSSION

The City has been actively pursuing the purchase of neighborhoods 1 and 3 from Chevron/Pacific Coast Homes (Chevron/PCH) since the approval of the Vesting Tentative Tract Map 17609 (VTTM) for the development of West Coyote Hills in 2015. The goal of the acquisition is to protect the open space and habitat, protect and restore urban watershed health and provide environmental education and stewardship.

Neighborhoods 1 and 3 are located on the eastern portion of the 510-acre property owned by Chevron/PCH. With the purchase of Neighborhood 1, 10.4 acres, and Neighborhood 3, 13.7 acres, the City will own the entire 217.2 acre eastern portion of West Coyote Hills from Gilbert Street to Euclid Street. The eastern portion also includes the City owned 72.3-acre Robert Ward Nature Preserve and an additional 120.8 acres of open space that will be deeded over to the City by Chevron/PCH as part of the VTTM.

The entire open space (see Attachment 3) including neighborhoods 1 and 3 and the Ward Nature Preserve will have recreational trails, vista points and a nature center. Chevron/PCH is required to remediate the property through a Remedial Action Plan (RAP) to be approved by the Orange County Health Care Agency. The open space will also be protected in perpetuity and placed under a conservation easement approved by the US Fish and Wildlife Services. Chevron/PCH and City staff are working to finalize the design of the initial trails within the Ward Nature Preserve. The construction of the initial trails will be the first improvements made in the West Coyote Hills development project. The initial trails should be open to the public in the summer of 2020.

The terms of the Purchase and Sale Agreement for the acquisition of neighborhoods 1 and 3 are outlined in the Conditions of Approval contained in the adopted Resolution No. 2015-62 as part of VTTM No. 17609, which was approved by City Council on November 17, 2015. The City must purchase both neighborhoods 1 and 3 together.

The purchase price of neighborhood 1 is \$7.8 million and \$10.275 million for neighborhood 3. The purchase price was determined by an appraisal completed on July 8, 2019 by the Dore Group and follows the Federal Yellow Book Appraisal guidelines as required by the grant funding agencies. The City will open escrow with \$100,000 granted by the Warne Family Foundation. The property will be owned by the City in fee and will carry a deed restriction protecting the property as park and open space in perpetuity. Chevron is required to complete their remediation, construction of improvements (trails, interpretive center and key vistas), fund the conservation easement habitat protection and

provide the City with the public benefits listed in the Conditions of Approval contained in Resolution No. 2015-62.

West Coyote Hills Public Benefits from VTTM

<u>Amenity</u>	<u>Description</u>
1. Laguna Lake	Donation of \$270,000 for improvements
2. Habitat Preservation	Remediation and re-vegetation of open space. Dedication of open space to City.
3. Habitat Endowment	Contract with management agency for habitat management and provide an endowment to fund in perpetuity.
4. Recreational Trails	Construct 8 miles of recreational trails throughout the open space.
5. Robert Ward Nature Preserve	72 acre Robert Ward Nature Preserve remediate habitat. Habitat to be managed through a conservation easement. Construct 2 miles of pedestrian trails through Robert Ward Nature Preserve.
6. Key Vistas	5 Key vista points directly accessible from trails. Depending on size may include wall/bench seating, drinking fountain, signage, landscaping and pergola.
7. Interpretive Center	Interpretive Center in nature preserve to be constructed by PCH (\$2.8 million). Center will include a 2,300 s.f. building with a class room, staff office and work room, maintenance storage and restrooms, an outdoor education area, interpretive garden with a patio.
8. Support Grant	\$3.84 million maintenance and operations endowment for the public trails, nature preserve trails and interpretive center.
9. Coyote Hills Drive Greenbelt	Re-align trail and improve landscaping.
10. Adjacent City Trails	Re-alignment and improvements to existing Nora Kuttner, W. Coyote Hills and Castlewood trails to connect with new trails in development.
11. Street Landscaping	Landscaping improvements to medians.
12. Fire Brush Engine	Type III brush engine with equipment to be used for responses in high hazard brush areas.
13. Library Grant	Grant for library technology. \$291 per unit no less than \$176,000.
14. Neighborhood 2	Dedication of neighborhood to City in exchange for park dwelling fees.

The funding sources for the acquisition come from several State and Federal agencies and a private foundation. The funds remaining after acquisition of neighborhoods 1 and

3 will be used for operations and programming, maintenance and potential acquisition of adjacent property. The funding amounts are:

Neighborhoods 1 and 3

- | | |
|---|-----------------|
| • Rivers & Mountain Conservancy | \$2 million |
| • Warne Family Endowment Fund | \$140,000 |
| • CA Natural Resources Agency | \$1 million |
| • CA Parks & Recreation | \$500,000 |
| • US Fish and Wildlife | \$2 million |
| • Wildlife Conservation Board | \$2.809 million |
| • CA Coastal Conservancy / State Budget | \$9.78 million |

Maintenance, Programs and Potential Acquisition

- | | |
|---|--------------------|
| • CA Coastal Conservancy / State Budget | \$5.22 million |
| • <u>CA Coastal Conservancy Grant</u> | <u>\$4 million</u> |
| Total | \$27.449 million |

The projected timeline for completing the acquisition is:

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|----------------------------|--|
| • October – December 2019 | Yellow Book Review Appraisal |
| • December 2019 | Approval of Purchase and Sale Agreement |
| • December 2019 | Open escrow |
| • February – April 2020 | OC Health Care Agency review of RAP |
| • May – July 2020 | State Granting Agency review of RAP |
| • September 2020 | State Coastal Conservancy / WCB board approval |
| • September – October 2020 | Funding requests from granting agencies |
| • November 2020 | Close escrow |

Attachments:

- Attachment 1 – West Coyote Hills Purchase and Sale Agreement Presentation
- Attachment 2 – Draft Purchase and Sale Agreement
- Attachment 3 – Resolution No. 2015-62 Excerpt
- Attachment 4 – West Coyote Hills Open Space Site Map