



City of Malibu

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August 31, 2005

Rorie Skei, Chief Deputy Director
Santa Monica Mountains Conservancy
5750 Ramirez Canyon Road
Malibu, CA 90265

RE: Malibu Civic Center Chili Cook-Off Land Acquisition

Dear Ms. Skei:

The City of Malibu is aggressively pursuing a once-in-a-lifetime environmental protection project to address pollution impacts to Malibu Creek, Lagoon and world famous Surfrider Beach (all 303d listed water bodies). The City is gratified that this project will go a long way to restore Malibu Lagoon and clean up pollution to Surfrider Beach, high priorities for these natural resources. We are also pleased by the unprecedented strong support of Heal the Bay, Santa Monica Baykeeper and the Surfrider Foundation's Malibu Chapter. However, the City is at a crossroads and needs support of and financial assistance from the Santa Monica Mountains Conservancy (SMMC) to achieve a keystone of the City's clean water plan for the Malibu Civic Center. In order to achieve the clean water objectives and to restore riparian habitat, it is necessary to acquire the Chili Cook-Off parcels, which, for a limited time, are being offered for sale by the Malibu Bay Company for what we believe to be the deeply discounted price of \$25 million. (An appraisal is underway and should be complete in September.) In accordance with the terms prescribed by the property owner, this transaction must be completed by December 31, 2005.

Because of this time constraint, action by the SMMC board is critically important now. Specifically, the City is seeking a \$2 million grant from the SMMC's Proposition 50 funding and, additionally, seeking SMMC board action to conditionally redirect \$2 million subject to the Wildlife Conservation Board's (WCB) award of funding to SMMC on November 17, 2005 for the acquisition of the Chili Cook-Off parcels. The need for re-granting of the WCB funding is specified in the Proposition 50 legislation. The City is respectfully requesting that SMMC board actions occur at the soonest opportunity so that the multitude of tasks needed to close escrow with various sources of State funding can occur before the property owner's deadline. The City is willing to assist in a site visit for your board members so that they have an opportunity to see the site before taking action.

The proposed land acquisition is consistent with the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 – Proposition 50. Specifically, Chapter 10 allows grants for the purpose of protecting coastal watersheds, including but not limited to, acquisition, protection and restoration of land and water resources. Additionally, the subject parcels are on the SMMC 2000 Work Program for the Western Santa Monica Mountains.

Various scientific studies show that onsite wastewater treatment systems (OWTS), commonly referred to as septic systems, and stormwater runoff in the Civic Center area contribute bacteria and nutrient contamination to the nearby natural resources. Over the past four years, the City has undertaken an enormous effort to address the environmental issues resulting from stormwater runoff and OWTS. The City is in the final design and bidding phase of a stormwater treatment facility to treat stormwater runoff that is currently going into Malibu Creek and Lagoon untreated. This project will be completed early next year.

As you will see from the following broad overview of the elements of the Civic Center project, it has regional significance and is a critical objective and high priority in the Santa Monica Bay Restoration Plan. Moreover, the Malibu Civic Center Integrated Water Quality Management Plan is based on peer-reviewed scientific data.

The City of Malibu proposes to significantly reduce bacteria and nitrate contamination by constructing a centralized wastewater treatment facility and separate stormwater detention wetlands and treatment systems. The wastewater treatment plant will be located on 2 acres of the nearby 9.2-acre Wave parcel. The City has successfully negotiated with the Wave property owners such that the 2-acre portion will be donated to the City. The value of this donation is significant based on land values in the Malibu Civic Center, but it is premature to put an actual value on this donation. The Wave site is near the Chili Cook-Off site, but with better topography and other physical features to facilitate the construction of the facility as well as treated wastewater dispersal. A significant amount of the Tertiary Title 22 treated wastewater will be reused for toilets, irrigation of landscaping and other permitted uses. The remaining treated wastewater will be used for irrigation of the proposed restored riparian habitat located at the 20-acre Chili Cook-Off parcel. In addition to dispersing some portion of the treated wastewater on the Chili Cook-Off site, the City's plan includes the use of the Chili Cook-Off site for stormwater retention systems. The environmental benefits from the enhanced stormwater retention/wetland system and ultimate treatment at the City's stormwater treatment facility will significantly reduce the pollution entering Malibu Creek, Lagoon and Surfrider Beach. Potential benefits of the stormwater retention and wetland elements of this plan include the City's planned stormwater treatment facility that will capture and treat up to 10% of average storm events in the Malibu Lagoon sub-watershed. With the retention basins/wetland system on Chili Cook-Off, the disinfection increases to 80%-90%.

There is no doubt that implementation of both projects (stormwater retention/wetlands and the treated wastewater dispersal) are critical for the protection of aquatic life and the protection of public health – issues of mutual concern to the City and the SMMC. But it is imperative to note that none of this is possible without the purchase of the Chili Cook-Off site.

The following is a summary of the overall project costs and potential funding sources:

Project Costs:

- Wastewater Treatment Plant and Dispersal Facilities
 - Land acquisition at Wave site - \$0, land is being donated to the City.
 - Design and Construction - up to \$27.8 million
- Wetlands and Stormwater Retention System
 - Land acquisition at Chili Cook-Off - \$25 million -- far below market value
 - Design and Construction – \$2.5 to 3 million

Funding for Land Acquisition:

- Secured Funding
 - \$1.5 million Santa Monica College
 - \$8.5 million City of Malibu
 - \$2.5 million Santa Monica Bay Restoration Commission – Proposition 50
- Pending Funding
 - \$2.0 million State Coastal Conservancy
 - \$2.0 million Wildlife Conservation Board
 - \$2.0 million Santa Monica Bay Restoration Commission – Proposition 12
- Requested Funding
 - \$2 million Santa Monica Mountains Conservancy
 - \$1 million Los Angeles County – Supervisor Yaroslavsky
 - \$1.0 million Commercial Wastewater Producers
 - \$5.0 million from State Integrated Regional Water Management Grant Proposition 50 – Chapter 8 for land acquisition-North Santa Monica Bay Watersheds Group, Santa Monica Bay Restoration Authority application

As you will undoubtedly note, there is more than \$25 million identified in the funding matrix. We are seeking more than the minimum amount to ensure that we secure the necessary amount for the acquisition. In addition to the grant applications submitted and requests to the property owners in the Civic Center, the City has engaged an experienced fundraiser to seek additional funding from private individuals for both the acquisition and improvements needed.

As it relates to the costs of the capital improvements, the City will apply for up to \$27.8 million from the State Revolving Fund Loan program for design and construction of the wastewater treatment plant and required features, as soon as the property ownership is secured. Concurrently, the City will implement the necessary actions, including adopting a fee structure, so that the effluent producers pay to construct, operate and manage the wastewater reclamation facility. The City will immediately begin the design, environmental review and permits for both projects. The retention basin/wetland system could be functioning in 2008, three years from acquisition of the land; however, the wastewater facility is planned for operation in late 2009.

The City's investment and commitment to these projects is extraordinary. Upon completion, the bacteria and nutrient reduction is expected to meet or exceed the adopted and proposed Total Maximum Daily Load limits set or currently contemplated by the Los Angeles Regional Water Quality Control Board.

Enclosed you will find two completed SMMC grant application forms for this acquisition project. We have included printed copies, as well as electronic copies on CD-ROM for the convenience of SMMC staff.

As always, the City stands ready to help you with this endeavor. Please call me with any questions or concerns. If I am not available, please contact either Barbara Cameron, Grants Consultant, at (310) 457-2060, or Reva Feldman, Administrative Services Director, at (310) 456-2489 extension 224.

Sincerely,



Victor Peterson
Environmental and Community Development Director/
Acting City Manager

VP:ml

Enclosures:

1. SMMC-Proposition 50 Grant Application
2. Wildlife Conservation Board – Proposition 50 (Pass through to SMMC) Grant Application
3. Grant Applications (2) on CD-ROM

Copies (Full packet): Katie Lichtig, City Manager
Barbara Cameron, Grants Consultant
Susan Shaw, Consultant
Grant File

Copies (Letter only): Mayor Stern and Honorable Members of the Malibu City Council
Christi Hogin, City Attorney
Reva Feldman, Administrative Services Director
Civic Center Land Acquisition-Chili Cook-Off file