



ARNOLD SCHWARZENBERGER, Governor
 STATE OF CALIFORNIA-THE RESOURCES AGENCY
 DEPARTMENT OF FISH AND GAME
WILDLIFE CONSERVATION BOARD
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October 14, 2005

The Honorable Wesley Chesbro, Chair
 Joint Legislative Budget Committee
 Senate Budget and Fiscal Review Committee
 State Capitol, Room 5035
 Sacramento, California 95814

Mr. Michael C. Genest, Acting Director
 Department of Finance
 State Capitol, Room 1145
 Sacramento, California 95814

Attention: Peggy Collins, Consultant

Notification Pursuant to Control Section 9.45
 Cooperative Acquisition—Malibu Lagoon, Los Angeles County

In accordance with the provisions of Control Section 9.45 of the Budget Act of 2006, any state agency, department, board, or commission is required to notify the Joint Legislative Budget Committee and the Department of Finance under specified circumstances not less than 30 days prior to the commitment of Proposition 40 and Proposition 50 bond funds.

The Wildlife Conservation Board (WCB) is hereby providing notification of its plan to allocate a \$2,000,000 grant to the Santa Monica Mountains Conservancy and the City of Malibu as partial funding for the acquisition of fee title to 20± acres of land in the Civic Center area of the City of Malibu in Los Angeles County. The property is owned by Malibu Bay Company, a Nevada Corporation, and was once part of an extensive seasonally open coastal lagoon system known as the Malibu Lagoon. The adjacent Surfrider Beach is recognized as one of the most polluted beaches in Southern California. The primary purpose for the acquisition of this property by the City of Malibu is to clean up the contamination of the lagoon complex by filtering storm water and treated wastewater into a managed wetland. This will benefit species dependent upon wetlands, and should substantially reduce contamination in the lagoon, benefiting ocean and riverine species.

In addition to the proposed \$2,000,000 WCB allocation, other entities involved in the transaction and the requested grant amounts include:

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| • Santa Monica Mountains Conservancy | \$2,000,000 |
| • State Coastal Conservancy | \$2,000,000 |
| • Santa Monica Bay Restoration Commission (Prop. 12 Funds) | \$2,000,000 |
| • Santa Monica Bay Restoration Commission (Prop. 50 Funds) | \$2,500,000 |
| • State Water Resources Control Board (Prop. 13/40/50 Funds) | \$6,000,000 |
| • Santa Monica City College/City of Malibu Joint Powers Authority | \$1,500,000 |
| • City of Malibu (new bond fund issuance) | \$8,500,000 |
| • County of Los Angeles | \$1,000,000 |
| • Malibu Civic Center landowners (donations) | \$1,000,000 |

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A summary of the project details is as follows:

- The WCB has placed this project on the agenda for its November 17, 2005 Board meeting.
- The total acreage to be acquired in fee is 20± acres.
- The fair market value of the property is concluded to be \$35,400,000 in an appraisal prepared for the City of Malibu. Said appraisal is currently under review by the Department of General Services.
- The total purchase price is \$25 million (from the combined requested funds detailed above).

The property purchase and use are consistent with the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002, as specified in Water Code Section 79572. As these funds are continuously appropriated to the WCB, no further action by the Legislature or the Department of Finance would be required beyond this notification. The WCB contemplates the project closing escrow by December 29, 2005 subject to the following:

- Approval of the appraisal report by the Department of General Services.
- Approval of the proposed transaction and allocation of funds by the WCB, by the Santa Monica Mountains Conservancy, by the State Water Resources Control Board, by the Santa Monica Bay Restoration Commission, and by the State Coastal Conservancy.
- Final due diligence review and approval of all transaction and escrow documents by staff of the WCB.
- Deposit of grant funds to escrow by the entities detailed above.

If you have any questions or need additional information regarding this matter, please call me at (916) 445-0137 or John Donnelly, Assistant Executive Director, at (916) 445-1085.

Sincerely,

AL WRIGHT

Al Wright
 Executive Director

cc: Honorable John Laird, Chair, Assembly Budget Committee
 Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review Committee
 Honorable Rick Keene, Vice Chair, Assembly Budget Committee
 Ms. Elizabeth Hill, Legislative Analyst (3)
 Mr. Danny Alvarez, Staff Director, Senate Budget and Fiscal Review Committee
 Mr. Bob Franzola, Staff Director, Senate Appropriations Committee
 Mr. Jeff Bell, Staff Director, Senate Republican Fiscal Office
 Ms. Diane Cummins, Senate President pro Tempore's Office
 Mr. Christopher W. Woods, Chief Consultant, Assembly Budget Committee
 Mr. Geoff Long, Chief Consultant, Assembly Appropriations Committee
 Mr. David Harper, Deputy Chief of Staff, Assembly Republican Leader's Office
 Mr. Craig Cornett, Assembly Speaker's Office (2)
 Mr. Mike Chrisman, Secretary, Resources Agency
 Mr. Joe Edmiston, Executive Director, Santa Monica Mountains Conservancy
 Mr. Sam Schuchat, Executive Officer, State Coastal Conservancy
 Dr. Shelley Luce, Executive Director, Santa Monica Bay Restoration Commission
 Ms. Celeste Cantú, Executive Director, State Water Resources Control Board