



THE CITY OF SAN DIEGO  
**REPORT TO THE CITY COUNCIL**

DATE ISSUED: October 12, 2007 REPORT NO: 07-160  
ATTENTION: Committee on Land Use and Housing,  
Agenda of October 17, 2007  
SUBJECT: San Pasqual Valley Streambed Restoration Project - Request for  
Exclusive Negotiations for a Lease Agreement with Ernest Klemm Jr.  
and Peter Santar  
REFERENCE: San Pasqual Valley Plan, Adopted June 27, 1995, Amended March 1996  
and July 19, 2005  
San Pasqual Vision Plan, Adopted June 27, 2005, as Council Policy  
600-45

REQUESTED ACTION: Approve exclusive negotiations for a lease agreement with Ernest Klemm Jr. and Peter Santar.

STAFF RECOMMENDATION: The Water Department and Real Estate Assets Department (READ) recommend approval of this request.

BACKGROUND: The San Pasqual Valley is approximately eight miles long and one and one-half miles wide. The Water Department owns 8,084 acres in the Valley. There are currently 57 leases covering 5,367 acres in the valley, including the Wild Animal Park.

The Santa Ysabel Creek [aka the San Dieguito River] is the main watercourse running the length of the Valley. Three major tributary creeks converge with Santa Ysabel Creek in the Valley: Guejito, Santa Maria, and Cloverdale Creeks. In most years these creeks carry little or no water, even during the rainy season. However, in years of heavy rainfall they can carry substantial runoff and are capable of significant area flooding (Attachment A). Water carried in the creeks recharges the groundwater basin, which is the source of water supply to agriculture in the Valley. Surface runoff in the creeks is impounded in Hodges Reservoir.

Over time, sediment carried by the creeks has filled the creek channels, and the channels have become choked with non-native invasive plants. These conditions impede the free flow of water and exacerbate flooding. The reach of Santa Ysabel Creek upstream of its confluence with Cloverdale Creek is especially prone to flooding. Both the San Pasqual Valley Community Plan and the San Pasqual Vision Plan speak to preservation of the Valley's natural and agricultural resources and protection of valuable water resources through proper streambed management. This would include removal of non-native invasive plants, preservation and creation of native

riparian and wetland plant communities, wildlife protection, erosion control, flood protection, and sand extraction.

**DISCUSSION:** The San Pasqual Valley Streambed Restoration Project, as proposed by Ernest Klemm Jr. and Peter Santar, would actively manage 2.3 miles of Santa Ysabel Creek, beginning one mile below the State Route 78 Bridge and continuing downstream to the Narrows (Attachment B). The project would correct the sediment-filled and vegetation-choked condition of this stream segment. The project seeks to create and maintain a 100-foot wide pilot channel, or main channel, that is free of vegetation and able to convey water flows during normal and high flow events. This channel would be lowered approximately eight feet from its present elevation. Two gently sloping 100-foot wide bands on either side of the pilot channel would be created. These slopes would be planted with native riparian plant species to mitigate for impacts incurred during construction of the pilot channel. Sand excavated from the channel would be sold at market value. The sale of sand would provide the vehicle to fund the project for the City and provide a reasonable profit after expenses to the lessee. It is estimated that the project will yield 1.5 million tons of sand (for comparison purposes, it is estimated that the entire river corridor holds 450 million tons of sand). The current price for processed concrete-grade sand is approximately \$20 per ton.

There are seasonal constraints to sand extraction, such as the breeding seasons of resident endangered species. Furthermore, the project proponents are aware of the regulatory complexity of this large-scale undertaking. The restoration plan, which must be reviewed and ultimately permitted by the appropriate agencies (including the City of San Diego, the California Department of Fish and Game, the Regional Water Quality Control Board, the US Fish and Wildlife Service and the Army Corps of Engineers), proposes a multi-disciplinary riparian management plan that removes exotic species that are currently flourishing to the detriment of native habitats, sensitive species, and groundwater availability. These invasive plants alter channel morphology by retaining sediments and constricting flows and the dense growths also present fire hazards (Attachment C). As the landowner, the Water Department will ultimately be responsible for ensuring compliance with all permit conditions imposed on the project, as well as any long-term maintenance needs of the channel.

The project will generate revenue to the City, create a maintained wetland/riparian habitat corridor along Santa Ysabel Creek, and help preserve groundwater quality. The project, including the long-term monitoring of the newly established wetland habitat, will be funded at no cost to the City through revenue generated from the sale of sand.

**SUMMARY:** The San Pasqual Streambed Restoration Project would not require City funding and has the potential to provide the following benefits:

- (1) flood control needs for leaseholders;
- (2) protection of agricultural land uses;
- (3) removal of invasive species;
- (4) creation, restoration and enhancement of wetland and upland habitats;
- (5) implementation of management directives for which the City is responsible for as identified in the Multiple Species Conservation Program (MSCP);
- (6) protection and preservation of groundwater recharge; and,

(7) establishment of a funding source to ensure the affected channel is maintained in perpetuity.

The Water Department and READ staff have met with the project's proponents Ernest Klemm Jr. and Peter Santar. Ernest Klemm Jr., a long time lessee in the San Pasqual Valley, is familiar with the complexities of such a project, and was involved with previous Ysabel Creek maintenance projects from 1990 to 1993. He and Peter Santar have spent approximately \$50,000 for the revegetation mapping and initial endangered species and cultural surveys. They both have an interest in the entire project, including the long-term environmental impacts of the valley, not just the sand extraction. Accordingly, staff recommends entering into exclusive negotiations for a lease with Ernest Klemm Jr. and Peter Santar for a period not to exceed 18 months.


FISCAL CONSIDERATIONS: Revenue generated from the sale of sand shall provide fair and equitable revenue to the City and revenue profit to the lessee. A portion of the revenue from the sale of sand shall be used to establish an endowment fund for channel maintenance in perpetuity. The City revenue shall be deposited in the Water Department Fund 41500.


In addition, the City would benefit from the creation of approximately 112 acres of wetland/riparian habitat at no cost to the City. Approximately 35 acres of this habitat can be used by the City for future wetland mitigation credits and have an approximate current value of \$100,000 per acre.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: None.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: The project was presented as an informational item to the San Pasqual Land Use Task Force, the San Pasqual Community Planning Group and the Rancho Bernardo Regional Issues Committee. Although votes were not taken, all groups expressed support.

KEY STAKEHOLDERS AND PROJECTED IMPACTS: Water Department, San Pasqual Valley Lessees, Ernest Klemm Jr. and Peter Santar.

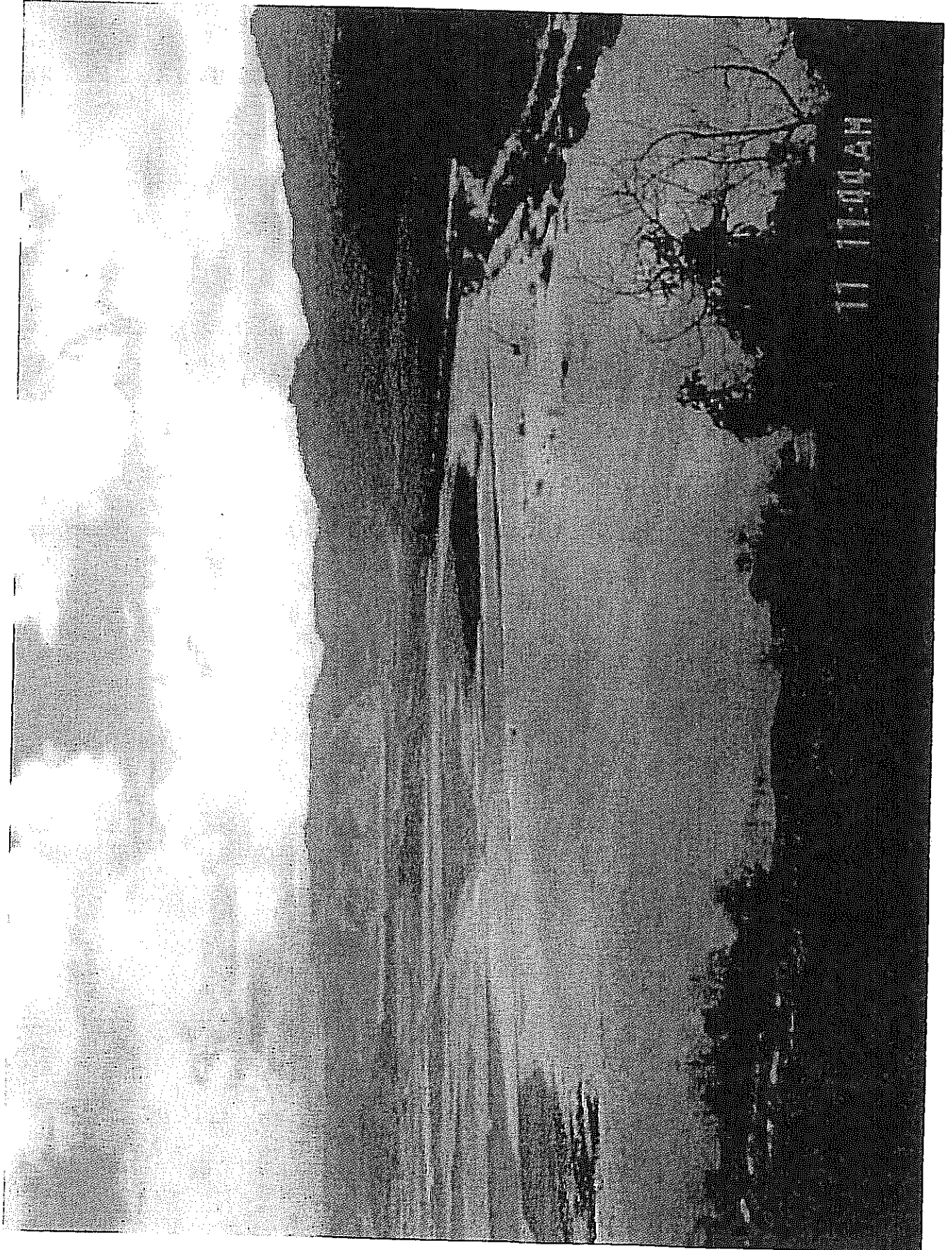
  
James F. Barwick, Director  
Real Estate Assets Department

  
Deputy Chief  
Land Use and Economic Development

DCM/  
09/10/07

Attachments:

- Attachment A: Photo – Santa Ysabel Creek Flood, January 2005
- Attachment B: Vicinity Map – Streambed Restoration
- Attachment C: Photo - Invasive Plant Material



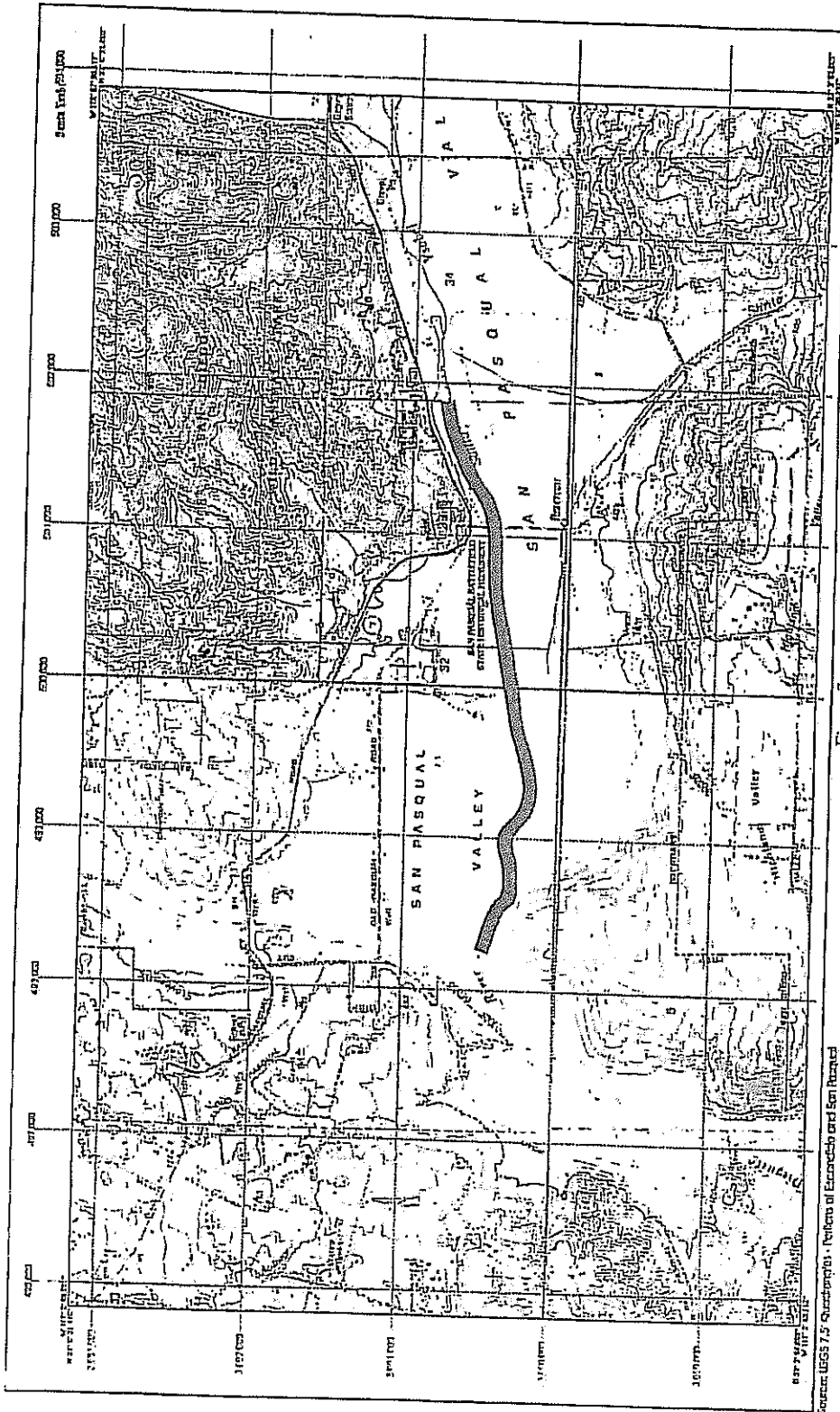


Figure 7  
Vicinity Map - San Pasqual Streambed Restoration





