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N E W H A L L L A N D

August 24, 1995

Regulatory Reinvention Pilot Projects
FRL-5197-9, Water Docket, Mail Code 4101
US EPA
401 M Street, S.W.
Washington, DC 20460

Gentlemen:

The Newhall Land and Farming Company (NLF) proposes a natural river management plan in the form of a U.S. Army Corps of Engineers (ACOE) General Permit for fifteen miles of the Santa Clara River in North Los Angeles County, California under the EPA's facility-based XL program.

The proposed General Permit is a creative long-range management plan that balances protection of biological resources, including endangered species and water quality, with human needs of flood control and urban development. The proposal has been designed to meet all federal laws and regulations and is entirely within the policy of the ACOE to use General Permits more frequently, where appropriate. The concepts contained in the General Permit set new standards and have the potential to become a template for future planning along the Santa Clara River and elsewhere in Southern California.

The Newhall Land and Farming Company is a one hundred twelve year old company with one hundred thousand acres in California and Arizona. NLF is the community developer of the planned communities of Valencia in Los Angeles, California and McDowell Mountain Ranch in Scottsdale, Arizona. NLF also has one of the major agricultural operations in California. We are a publicly traded company (on the New York Stock Exchange); a copy of our annual report and a fact sheet about our company are attached.

No change in laws, regulations, or policies is required or sought. NLF has been working with the EPA, ACOE, U.S. Fish and Wildlife Service, California Regional Water Quality Control Board, California Department of Fish and Game, and Los Angeles County Department of Public Works Flood Control over the past twenty-four months to develop a comprehensive management plan for this portion of the one hundred mile river. The ACOE has determined that an EIS should be prepared; that effort is currently underway. The ACOE has also determined that because of temporary construction impacts (approximately 99 acres) the General Permit criteria of "minimal impact" is not met. Consequently a General Permit could not be issued, but some other form of permit or combination of permits should be the permitting document.

The Los Angeles District of the ACOE recently agreed to process the EIS, adhere to a schedule, and issue permits subject to compliance with all Federal laws and regulations.

If selected for the EPA's XL program, NLF is requesting:

- EPA's assistance in coordinating Federal agencies timely review and cooperation in the processing of the permit, and
- An interpretation of Federal law that the temporary construction impacts do not preclude the determination of "minimal" impacts and that a General Permit is the appropriate form of permit.

The proposed General Permit addresses fifteen miles of the Santa Clara River and its tributaries in Los Angeles County, California. The river is dry most of the year, except when carrying seasonal flood waters, thus providing a major regional wildlife corridor, in addition to habitat. Approximately two square miles (one thousand three hundred acres) have been identified and are contained within the area covered by the General Permit, an area approximately six hundred acres greater than a strict delineation of waters of the U.S. would contain.

An Environmental Assessment has been prepared analyzing and proposing mitigation for the cumulative impacts of forty-nine projects included in the General Permit. Four types of projects are included: bank stabilization, bridges, side drains, and utility crossings; these are to be constructed over the next 15 years.

The individual projects and their designs have followed a strict adherence to the Clean Water Act Section 404b(1) wetlands procedure of avoidance, minimization, and finally mitigation of unavoidable impacts. Each project is designed to first avoid impacts to waters of the United States altogether. If avoidance is not possible, impacts are minimized and mitigated so there is no net loss of waters of the United States or wetlands. The most significant environmental component to the General Permit is the placement of the bank linings at the existing banks to preclude the need for removal of vegetation within the river bottom.

A total of sixty acres or five per cent of this river area is impacted. An equal amount of area is proposed to be added to the river bottom by excavating upland areas. The largest impact of any one project is sixteen acres; the majority of the projects fall under the ten acre Nationwide permit threshold. Mitigation is proposed by revegetating portions of the river bottom in advance of project construction so there is no net loss of habitat or its value.

In addition to the environmental benefits from protection of the river, the General Permit would accelerate the ability to provide finished lots to home builders by eliminating the delay of processing forty-nine individual Section 404 permits with the ACOE. It would also make the future work of the ACOE more efficient by only having to review projects for compliance with the General Permit. This also reduces the work load of the ACOE, thereby increasing its productivity. The issuance of this General Permit would also set a precedent for the Santa Clara River Enhancement and

Management Plan, a current effort covering the entire one hundred miles of the Santa Clara River. And finally it would help to reduce the cost of new housing by reducing the delay and subsequent costs (e.g., additional interest expense, processing fees, and labor expense).

Copies of the ACOE letter of agreement, aerial photograph of the area, Environmental Assessment, letters of support, published Urban Land magazine article on the project, and proposed Draft General Permit are attached for your information and review.

The EPA criteria for selection of projects for the XL program are discussed below.

Environmental Results:

As previously mentioned, the area designated to be included within the river management plan includes one thousand three hundred acres, approximately six hundred acres greater than if a strict wetlands and waters of the U.S. delineation were made. The natural river management concept, upon which the proposed General Permit is based, retains the existing habitat of the river, maintains a soft bottom to the river for ground water recharge and habitat protection, and provides for a much wider river width in order to carry the flood flows without scouring the river bed and vegetation. It also incorporates a river width that allows the flood waters to be carried within the banks of the river without the periodic removal of vegetation (habitat), which has been the past common practice of flood control within Southern California. The attached article that was published in the June, 1995 Urban Land magazine provides a more detailed summary of the environmental benefits of the proposed permit.

Cost Savings and Paperwork Reduction:

The permit would authorize forty-nine separate projects related to the Santa Clara River. If not permitted as a comprehensive management plan, each of those separate projects will require the ACOE to process an individual permit, thereby significantly increasing the potential work load of the ACOE. If the permit is issued under the auspices of one comprehensive review, the ACOE's future work load will be limited to review of an application letter and determination that the project fits the parameters and conditions applied to the permit. This also reduces the costs associated with the ACOE permit processing and also reduces the costs of processing to the private sector.

One of the greatest cost savings is to the County and people of Los Angeles. The natural river management concept precludes the Flood Control District from having to remove vegetation within the river banks, because the river width has been set at a width to eliminate such need of clearing in order to carry flood flows. This vegetation removal is a major operating expense of the County and would be eliminated under the proposed management plan.

Stakeholder Support:

Attached is a letter from the Los Angeles District of the ACOE indicating their agreement to cooperate with the processing of the proposed concept, although,

as previously discussed, the ACOE feels that a strict interpretation of the federal law precludes use of a General Permit. Also attached are letters from state and local governments, and private, business, and community groups supporting the plan.

Innovation/Multi-Media Pollution Prevention:

The natural river management plan is an innovative approach to wetland, endangered species, and flood protection that incorporates a much larger area than current law requires and results in greater protection of the environment than a piecemeal permitting approach. Additionally, a "Drainage Water Quality Management Plan (DWQMP)" has been prepared which incorporates national and local National-Pollution Discharge Elimination System (NPDES) requirements for the entire adjoining area, thereby ensuring the quality of the adjacent surface flows into the river and its habitat.

Transferability:

This concept can be considered as a precedent-setting approach that could be easily adopted for other similar seasonal Southern California rivers and other drainage courses. The Los Angeles District ACOE and The Newhall Land and Farming Company are members of a multi-jurisdictional project steering committee for a study to draft a Santa Clara River Enhancement and Management Plan for the entire length of the river, from the Angeles National Forest in Los Angeles County to the Pacific Ocean in Ventura County. The Los Angeles County Department of Public Works which co-chairs the study is in support of the concept and considers it to have the potential to be applied to other areas of the river.

Feasibility:

The conceptual approach has been reviewed in detail by the Los Angeles County Department of Public Works Flood Control Section. Detailed hydraulic calculations have been made and special field studies were conducted to determine the coefficient of friction for water passing through the river without vegetation removal. The DWQMP is being reviewed to assure its compliance with local and national NPDES requirements. Attached is a letter from the Los Angeles County Department of Public Works supporting the concept.

NLF is a financially stable limited partnership traded on the NYSE and has the financial capacity to implement the proposed projects and concept. Our annual report is attached. We have been developing the community of Valencia for thirty years. Valencia is currently a community of eleven thousand homes (thirty thousand people) and the third largest business park in LA County. Valencia will have over twenty-five thousand homes when built out. Additionally, we are currently processing the governmental approvals for a new community of seventy thousand residents immediately west of Valencia. We are also developing the community of Mc Dowell Mountain Ranch (four thousand four hundred homes) in Scottsdale, Arizona.

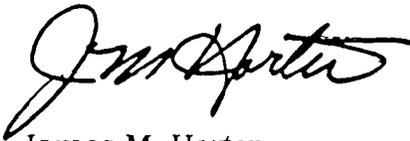
Shifting of Risk Burden:

The proposed concept would not subject anyone to unjust or disproportionate environmental impacts, but would actually reduce the environmental impacts associated with individual permits under current laws and strict wetland delineation procedures.

If additional information or discussion of the proposed project is desired, we are happy to provide it. I can be reached at the address at the bottom of the first page or by telephone at (805) 222-2590. In my absence, Mr. Mark Subbotin can be reached at (805) 255-4069.

Your consideration of our proposal is appreciated.

Sincerely,



James M. Harter
Senior Vice President
Newhall Ranch Division

JMH:mn

Attachments

cc: Colonel Michal Robinson, Los Angeles District Army Corps of Engineers
Mr. Carl Enson, Los Angeles District Army Corps of Engineers
Mr. David Castanon, Los Angeles District Army Corps of Engineers
Ms. Cheryl Conel, Los Angeles District Army Corps of Engineers
Mr. Carl Blum, Los Angeles County, Department of Public Works