



Acquisition of 132 acres of Open Space Rancho Mission Viejo

In June 2009, the City Council announced that the City and RMV had outlined terms and conditions for the potential acquisition of approximately 132 acres of the RMV property east of the City. The property commonly referred to as the “original ranch headquarters and lemon grove area next to Ortega Highway” and the “rodeo or polo grounds” south of Ortega Highway from the City Limit to La Pata Road and that the City would be entering into a 60-day due diligence period to consider the acquisition.

The City has concluded the due diligence period. During this due diligence period the City had the property appraised, a phase 1 environmental report prepared, reviewed the title report and easements, evaluated current lease and license agreements, and many other documents related to the property. Additionally, the City arranged for the public to have tours of the property during this time.

The City has concluded its due diligence and negotiations and a final Purchase and Sale Agreement was prepared for consideration by the City Council this evening.

The City Council has voted unanimously to acquire the property.

The Substantive terms of the purchase and sale agreement are as follows:

The property was appraised at \$31 million and RMV has agreed to sell the property to the City for \$27.5 million. The City will acquire the property within 180 days with bond funds made available by Measure Y, approved by the voters in November 2008. Upon taking title to the property the City would initiate the annexation of the property into the City, and begin a general plan and zoning change to designate the property as Open Space (GOS, NOS & OSR).

The property would be forever restricted for equestrian uses, sports fields, habitat and agricultural uses that are in use today, including the continuation of the Annual Rancho Mission Viejo Rodeo. The agreement also provides for the potential for a permanent equestrian facility. There would be no residential, commercial or industrial uses allowed on the property, except for the potential equestrian facility.

The property is a well-known premier venue for open space events in Southern California such as English horse shows, Western horse shows, Rodeo, soccer

tournaments, antique car shows, dog shows, and various other youth athletic events. The venue will be named the “*Rancho Mission Viejo Riding Park at San Juan Capistrano.*” The majority of the net proceeds from the Annual Rancho Mission Viejo Rodeo shall be dedicated for many local charities including the San Juan Capistrano Open Space Foundation, Camino Health Center and Shea Therapeutic Riding Center.

The property also includes the original ranch headquarters location along Ortega Highway including structures such as the Joe Tow residence, old shop, and pole barn. This area also includes a 3.7 Acre Lemon grove, consisting of 700 trees. All facilities and structures on the property owned by RMV will become the property of the City.

With this acquisition, the City will provide additional control of the San Juan Creek Rd. extension as well as the potential to access 100 acres of City-owned open space just west of La Pata Road, behind the homes along the south side of San Juan Creek, which will provide another connection the current City owned trails.

RMV Obligations:

The habitat areas (San Juan Creek 17 +/- and La Pata Open Space 25 +/-), cover approximately 42 acres of the property, and will be covered by a conservation easement required by the Ranch Plan. The City will own the land but will have no obligation for management, maintenance or monitoring as all costs will be the responsibility of the RMV Land Trust in these Do Not Disturb and Sensitive Resource areas.

RMV is responsible for clean up of pesticides identified in the lemon grove area. This includes the removal of trees and clean up of the site and replanting of the trees as city desires or a 6,000 per acre credit for any of the existing area the City desires not to replant.

RMV will allow the City to construct a 300 gallon-per-minute well to provide water for the site in perpetuity. This is equivalent to approximately 480 acre feet of water annually. Based on the City’s current cost of imported water, the dollar value of this water is approximately \$336,000 annually.

City Obligations:

The City is obligated to construct the hiking, riding, and bike trails that would connect the City’s trails through the property to the Ortega Highway Bridge within one year after the installation of the trails in Planning Area I of the Ranch plan. The cost of these trails is estimated at \$600,000.

The City has agreed not to itself, nor counsel others to, directly or indirectly, initiate, aid, request encourage, file, fund or participate in any administrative hearing, litigation or other action related in any way to the approval and/or implementation of the Ranch Plan project on the Ranch Plan property. Additionally, the City has agreed not to initiate any annexation of or expansion of its sphere of influence over, any part of the Ranch Plan Property other than the Property acquired pursuant to this acquisition.

The property assessments related to Santa Margarita Water District improvement districts are estimated to be approximately \$75,000-\$90,000 annually. The current lease and license agreements on the property will more than cover the cost of the annual taxes. Additionally, the lemon groves provide a small positive cash flow.

The Agreement is final, however some last minute provisions were agreed to verbally and therefore the final written agreement will be made available and posted on the City's website by Thursday, August 20.

“The preservation of these 132 acres as open space and the agreement to annex this property into the City of San Juan Capistrano is a huge win for our citizens and future generations, said Mayor Mark Nielsen. I applaud the leadership of Rancho Mission Viejo in working with the City to change their plans and leave a lasting legacy that cements the special relationship between the Ranch and the City of San Juan Capistrano. Not only is this a great asset for the City, but we are preserving a internationally recognized equestrian facility that will benefit all of Orange County”

