

STAFF REPORT

Business Agenda Item

DATE: March 2, 2026

TO: Honorable Mayor and Council Members

FROM: Amy Nilsen, City Manager

SUBJECT: **Authorize the Execution of Two Purchase and Sale Agreements for Acquisition of 7.2 Acres at 1320 Riverwalk Drive and Approximately 236 Acres in the Eel River Corridor; Adoption of Related CEQA Findings, Resolutions 2026-04 and 2026-05**

STAFF RECOMMENDATION:

Staff recommends that the City Council:

1. Adopt the Resolution 2026-04 approving the Agreement of Purchase and Sale and Joint Escrow Instructions with Troy Elbert Land and Trudy Marilyn Ehmke for the acquisition of approximately 7.2 acres at 1320 Riverwalk Drive (Portion of APN 200-362-005-000) through the California River Parkways Grant Program and adopt the related CEQA categorical exemptions (Class 16 and Class 25).
2. Adopt the Resolution 2026-05 approving the Agreement of Purchase and Sale and Joint Escrow Instructions with the same sellers for the acquisition of approximately 236 acres in the unincorporated area of Humboldt County (Portion of APN 200-362-005-000 and APNs 106-091-040-000, 106-091-030-000, and 106-091-044-000) conditioned upon receipt of grant funding from the California Coastal Conservancy, and adopt the related CEQA categorical exemption (Class 25).

BACKGROUND:

The City of Fortuna has long sought to improve public access to the Eel River corridor, preserve riparian habitat, and expand opportunities for open space, recreation, and natural resource stewardship through the purchase of property along the Lower Eel River.

7.2-Acre Property (Riverwalk Drive)

The 7.2-acre parcel at 1320 Riverwalk Drive is unimproved riparian land adjacent to the Eel River. Acquisition aligns with the City's parks and natural resources goals and is fully funded through the California River Parkways Grant Program (Grant Agreement No. R86202-0).

236-Acre Property (Eel River Corridor Lands)

The larger 236-acre assemblage consists of multiple parcels within unincorporated Humboldt County. These lands provide critical habitat, open space preservation, and potential long-term public access opportunities consistent with regional conservation objectives. The acquisition is

conditioned on successful award of grant funding from the California Coastal Conservancy sufficient to cover the fair market value purchase price.

There is a public benefit for both acquisitions and these included but are not limited to:

- Protect sensitive riparian and open-space environments.
- Support long-term ecological conservation.
- Expand or enable future public access to the Eel River.
- Are aligned with the City’s parks, recreation, and natural resource priorities.

DISCUSSION:

Purchase terms for both agreements include:

- Purchase price based on independent appraisal.
- A \$10,000 deposit.
- Due diligence periods, inspections, and standard contingencies.
- Requirements for lot line adjustment or parcel confirmation, CEQA compliance, and State agency review.

The 236-acre PSA includes added requirements:

- Funding contingency ensuring no General Fund contribution is made toward the purchase price.
- Requirement that the City ultimately transfer long-term ownership or stewardship to a qualified conservation organization (“Conservancy Steward”).

CEQA Compliance

7.2-acre parcel:

Categorically exempt under:

- CEQA Guidelines §15316 – Class 16 (Acquisition of Land for Park Purposes)
- CEQA Guidelines §15325 – Class 25 (Transfers of Interests in Land to Preserve Open Space)

236-acre property:

Categorically exempt under:

- CEQA Guidelines §15325 – Class 25 (Preservation of Open Space and Habitat)

For both acquisitions, staff confirms that none of the exceptions to categorical exemptions (CEQA Guidelines §15300.2) apply.

Following Council approval, the City Clerk will file Notices of Exemption with the Humboldt County Clerk.

FISCAL IMPACT:

7.2-acre parcel:

Funded entirely by the California River Parkways Grant Program with in-kind staff time General Fund contribution.

236-acre acquisition:

City’s obligation to close escrow is conditioned on receiving grant funding from the California

Coastal Conservancy in an amount equal to or exceeding fair market value. If funding is insufficient, the agreement may be terminated without penalty with no General Fund expenditure.

The initial \$10,000 deposit can come from Park Acquisition funds and should be reimbursable through grant funds upon completion of the sale.

RECOMMENDED COUNCIL ACTION:

1. Receive staff presentation and review Council questions
2. Open Public Comment
3. Close Public Comment
4. A. Motion to adopt Resolution 2026-04 and read by title only. Roll Call vote.
B. Motion to adopt Resolution 2026-05 and read by title only. Roll Call vote.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

- Approve both resolutions (recommended).
- Approve only one resolution (not recommended; PSAs are mutually contingent).
- Decline to approve the resolutions (City would forgo grant-funded acquisition and associated public benefits).

ATTACHMENTS:

- *Resolution 2026-04 A Resolution of the City Council of the City of Fortuna, California, Authorizing the City Manager to Execute an Agreement of Purchase and Sale and Joint Escrow Instructions with Troy Elbert Land and Trudy Marilyn Ehmke for the Acquisition of Approximately 7.2 Acres of Unimproved Real property Located at 1320 Riverwalk Drive, Fortuna, California(Portion of APN 200-362-005-000) Through the California River Parkways Grant Program (Grant Agreement No. R86202-0); Adopting CEQA Categorical Exemption Findings Under Guidelines §§ 15316 and 15325; and Making Related Findings and Authorizations*
- Purchase Sales Agreement for 7.2 Acre Property with Exhibits
- *Resolution 2026-05 A Resolution of the City Council of the City of Fortuna, California, Authorizing the City Manager to Execute an Agreement of Purchase and Sale and Joint Escrow Instructions with Troy Elbert Land and Trudy Marilyn Ehmke for the Acquisition of Approximately 236 Acres of Unimproved Real Property in the Unincorporated Area of Humboldt County (Portion of APN 200-362-005-000 and APNs 106-091-040-000, 106-091-030-000, and 106-091-044-000) Through the California Coastal Conservancy Grant Program, Conditioned Upon Receipt of Grant Funding at or in Excess of Fair Market Value; Authorizing Designation of a Conservancy Steward to Hold and Manage the Property; Adopting a CEQA Class 25 Categorical Exemption Finding (CEQA Guidelines § 15325); and Making Related Findings and Authorizations*
- Purchase Sales Agreement for Remainder Property with Exhibits