



Midpeninsula Regional
Open Space District

R-15-14
Meeting 15-03
January 28, 2015

AGENDA ITEM 9

AGENDA ITEM

Proposed Funding and Acquisition Agreement to Purchase a Conservation Easement for the Alpine Ranch Property owned by Peninsula Open Space Trust located at 8700 Alpine Road, La Honda, in unincorporated San Mateo County (Assessor's Parcel Numbers 083-340-140)

GENERAL MANAGER'S RECOMMENDATIONS

A handwritten signature in black ink, appearing to be "S. G. G.", is written to the right of the "GENERAL MANAGER'S RECOMMENDATIONS" heading.

1. Determine that the recommended actions are categorically exempt from the California Quality Act (CEQA) as set out in the staff report.
2. Adopt a resolution authorizing the execution of the Funding and Acquisition Agreement with Peninsula Open Space Trust (POST) and accept a conveyance of a conservation easement over POST's Alpine Ranch property.
3. Adopt the Preliminary Use and Management Plan recommendations as set out in the staff report.
4. Withhold dedication of the Alpine Ranch property as public open space.

SUMMARY

The Midpeninsula Regional Open Space District (District) is proposing to enter into a Funding and Acquisition Agreement with POST to purchase a conservation easement over the 353-acre Alpine Ranch property for \$2,500,000 to protect its redwood forest, watershed, and habitat values and provide for future public trail and hiker's hut use, while retaining compatible residential and agricultural uses on the property. POST will continue to own the property in fee with the intention of a potential future transfer of the property to the County as an addition to the Pescadero Creek Park Complex. The following report presents a description of the Alpine Ranch property, a Preliminary Use and Management Plan, the District's environmental review, the purchase terms and conditions, and the financial impact of the proposed transaction. The proposed conservation easement purchase is identified as part of Measure AA Project # 14 and 15.

MEASURE AA

The 5-year Measure AA Project List was approved by the Board at the October 29, 2014 meeting which includes project #15 as part of the "Redwood Protection and Salmon Fishery

Conservation in the Upper Pescadero Creek watershed. This project also meets the criteria of Project # 14, “Future Regional Trail Connections and Campgrounds”.

DISCUSSION

In 2012, POST purchased the 353-acre Alpine Ranch property for \$5,000,000. This property is located along Alpine Road and adjacent to the 7,026-acre Pescadero Creek Park Complex, which includes Memorial, Sam McDonald, and Pescadero Creek County Parks, making it a natural addition to the park complex. The District’s Russian Ridge Open Space Preserve is located approximately ¾-mile to the northeast, and Portola Redwoods State Park is located approximately ½-mile to the southeast. The Town of La Honda is located 2 miles to the southeast and Skyline Boulevard (State Highway 35) is located 4 miles to the east.

The benefits to the District of purchasing a conservation easement include:

1. Redwood protection and salmon fishery conservation in the upper Pescadero Creek watershed (Measure AA Project # 15);
2. Facilitation of future regional trail connections and campgrounds (Measure AA Project # 14); and
3. Engagement in a partnership with POST, San Mateo County Parks, and the Sierra Club.

Property Description and Regional Context (see Attachment 1)

The Alpine Ranch property is rectangular in shape and is adjacent to Pescadero Creek County Park along the western and southern boundaries and Sam McDonald County Park along the northwestern boundary. A ridgeline running east and west along the northern half of the property reaches an elevation of approximately 1,300 feet and separates the Pescadero watershed to the south and the San Gregorio watershed to the north. A ranch road along the ridgeline connects to the public trail systems on the two County parks to the west and Alpine Road to the east. The ridgeline provides expansive views of the upper Pescadero watershed, including views of Portola Redwoods State Park, Butano Ridge, and the Pacific Ocean. Mindogo Hill is visible to the north. The property is a natural and desirable future addition to the Pescadero Creek Park Complex because it protects watershed resources, wildlife habitat, and scenic views, and provides opportunities for future trail connections and hikers hut camping.

The property is characterized by steep redwood and Douglas fir forested drainages and ravines of the upper Pescadero Creek watershed, as well as mixed evergreen forest of Monterey pine and madrone, coast live oak woodlands. Along the ridgeline, chaparral, grassland openings and bunch grasses are found. Two seasonal creeks and one perennial creek known as Tarwater Creek flow through the property and into Pescadero Creek. Below the property, Pescadero Creek provides spawning habitat for steelhead and Coho Salmon. A seasonal pond is located near the southern boundary. In addition, the headwaters of a seasonal creek at the northwest corner of the property drains into Alpine Creek in the San Gregorio watershed.

Common wildlife found on the property include: deer, brush rabbits, coyote, mountain lion, and bobcat. Special status wildlife species include: California red-legged frog, dusky-footed wood rat, and pallid bat. Special status plant species include: Anderson’s manzanita, Dudley’s lousewart, Western leatherwood and white-flowered rein orchid.

Improvements and Land Use

The property is improved with an 1860s era residence, located in the lower meadow. The 2,100 square foot residence is in good condition, with three bedrooms and two bathrooms. Covered porches line the front and east side of the dwelling. The residence is accessible by a 0.8-mile dirt and gravel ranch road from Alpine Road. A large 3,375 square foot wood barn is located in the meadow just west of the house. The barn is over 50 years old and in average to good condition. The barn area includes livestock fencing. The residence and barn both appear to be of redwood construction. The residence, barn and several small sheds are identified in a 4 acre building envelope within the proposed conservation easement. A well drilled in 1997 serves the residence, barn and a separate cabin located at a higher elevation on the northern ridge. Grassland areas were grazed briefly with 20 head of cattle for a year in 2006/2007. Otherwise, the property has not had ongoing agricultural use over the last 30 years.

Along the grassy ridgeline, there is a 1,100 square foot cabin with a loft built in 1977 and remodeled in 2011. The ridgeline ranch road accessing the cabin also connects to the existing public trail system on the County Park. POST plans on improving and converting the cabin to a hiker's hut, which would be used in conjunction with the nearby hiker's hut managed by the Sierra Club on the adjacent Sam McDonald County Park. The cabin is identified in a 0.3 acre building envelope and the ridgeline road is identified as a 100 foot wide trail corridor in the proposed conservation easement. The Sierra Club has agreed to manage the new hiker's hut once permits, renovations, and future trail improvements are made by POST.

Conservation Easement (See Attachment 2)

The conservation easement will protect in perpetuity the property's conservation values, including significant scenic, habitat, natural, agricultural, cultural resource, and recreational values. The easement will provide for the following uses on the property:

- A 100-foot Trail Corridor running along the ranch road on the upper and northerly ridgeline of the property for use as a future public trail, a hikers hut access, and future connections to the public trail system at the Pescadero Creek Park Complex.
- A 3-acre Staging/Parking Area envelope along the access road near Alpine Road.
- A 0.3-acre hiker's hut area along the ridgeline road, limiting the structure to 2,500 square feet with a 20-foot height limit.
- A 4-acre Residential and Agricultural Building Area in the location of the residence, barn, and accessory structures. The main residence is limited to 3,500 square feet.
- Agricultural uses in the 4-acre Residential and Agricultural Building Area, which provides for 35,000 square feet of agricultural improvements, including new farm labor housing not-to-exceed 2,500 square feet.
- Conservation grazing on the grassland areas outside of the 4-acre envelope.

District review and approval of these uses is provided for in the conservation easement. However, POST reserves the right to improve the hiker's hut without District approval, subject to the size and height restrictions identified above. The conservation easement also includes aquatic protection zones from future public trail and/or agricultural use impacts: 100 feet from riparian vegetation along Tarwater Creek, 50 feet from vegetation of seasonal creeks, and 50 feet from the vegetation around the pond.

COASTSIDE PROTECTION PROGRAM PROCESS

The Alpine Ranch property is within the boundaries of the District's Service Plan for the San Mateo County Coastal Annexation Area (Service Plan). The Service Plan and subsequent conditions approved by San Mateo Local Agency Formation Commission (LAFCo) both established a number of policies and procedures for conducting the Coastside Protection Program (Program). The Program now guides the District's purchase, as well as the use and management of open space land within the Coastside Protection Area.

The Coastside Protection Program requires consultation with interested public agencies, officials, and interested organizations to solicit input into the planning process prior to the Board's consideration of a conservation easement purchase. On November 3, 2014, District staff presented the proposed funding agreement and conservation easement at the San Mateo County Farm Bureau meeting, and discussion ensued regarding the limited grazing use of the property over the last 30 years, historical uses, and ranch infrastructure. The Farm Bureau expressed concern about whether or not agricultural use would be allowed if San Mateo County Parks becomes the owner of the Alpine Ranch property in the future. District staff assured the Farm Bureau that agricultural uses are allowed under the conservation easement, including future farm labor housing, and that the Farm Bureau's concerns would be shared with County Parks staff. Staff also pointed out that there had been very little agricultural use of the property over the last 30 years with the exception of a small seasonal grazing operation approximately 10 years ago.

USE AND MANAGEMENT

Planning Considerations

The property is located within unincorporated San Mateo County and is zoned RM (Resource Management District). It consists of one legal parcel, which includes nine density units per the San Mateo County Planning Department. The conservation easement reserves two density units for the residential and agricultural area, and the hiker's hut area. Access to the property is via Alpine Road.

The property is designated in the San Mateo County General Plan as "Open Space – Rural." Purchase of a conservation easement to protect the identified conservation values is consistent with the County's General Plan land use and zoning designations.

The proposed purchase of the Alpine Ranch conservation easement and the accompanying Preliminary Use and Management Plan are consistent with the policies and procedures contained in the District's Coastside Protection Program (Program) and Service Plan.

Preliminary Use and Management Plan

The Preliminary Use and Management Plan for the conservation easement represent a status quo approach to management. The property subject to the conservation easement will be owned, operated and managed by POST. The Preliminary Use and Management Plan include the following elements:

Public Access: POST will consult with the District on future opportunities to develop public access, trails, trail parking and staging, and a hikers' hut to connect to adjacent public trails/facilities in the San Mateo County Pescadero Creek Park Complex. POST will consult with the District on

	opportunities to provide periodic docent-led tours.
Signs and Site Security:	Erect and maintain a sign visible from a public road bearing information indicating that the conservation property is protected by the District and POST. This also allows the District to install signage recognizing the use of voter-approved Measure AA funds to protect the property.
Structures and Improvements:	Monitor the conservation easement to ensure that maintenance activities and operation of all structures and improvements are compatible with the conservation easement.
Natural Resource Management:	Monitor the conservation easement to ensure that natural resource management activities are compatible with the conservation easement.
Agricultural Resources:	Monitor the conservation easement to ensure that agricultural practices are compatible with the conservation easement.
Patrol:	
Roads and Trails:	Limit access for patrol and easement monitoring purposes to the existing entrance on Alpine Road.
	Monitor the conservation easement to ensure that the maintenance of existing roads and access points is compatible with the conservation easement.
Document Baseline Conditions:	Perform an initial inspection of the conservation easement to photo document existing conditions within the easement area at the time the easement is conveyed to the District.
Easement Monitoring:	Conduct regular inspection of the conservation easement area to ensure compliance with provisions of the easement.
Site Safety Inspection:	A preliminary site safety inspection has been conducted and there are no known safety hazards within the conservation easement area.
Dedication:	Indicate the Board's intention to withhold the conservation easement for resource conservation and public open space and park purposes.

California Environmental Quality Act (CEQA) Compliance

Project Description

The project consists of the conveyance of a conservation easement in perpetuity over the 353-acre subject property to the District to preserve and maintain the property for the conservation values identified in the Conservation Easement.

CEQA Determination

The District is the lead agency for this project under CEQA. The District concludes that this project will not have a significant effect on the environment. It is categorically exempt from the California Environmental Quality Act (CEQA) under Article 19, Sections 15317 and 15061 of the CEQA Guidelines as follows:

Section 15317 Open Space Contracts or Easements - the acceptance of fee or easement interests in order to maintain the open space character of an area. The District will acquire a conservation easement interest to maintain the open space character of the property.

Section 15061(b)(3) - The actions recommended in the Preliminary Use and Management Plan are exempt as there is no possibility the recommended actions will have a significant effect on the environment.

Terms and Conditions

The proposed transaction is a partnership between the District and POST to protect the 353-acre Alpine Ranch property in perpetuity. POST purchased the property in December of 2012 for \$5,000,000. The property initially had been listed for sale at \$11,950,000 in 2005 and eventually lowered to \$6,500,000 in October 2012. The District and POST jointly commissioned an independent appraiser to determine the current fair market value. The fee value of the property was evaluated at \$5,500,000. The property subject to a conservation easement was valued at \$2,800,000. The conservation easement was valued at \$2,700,000. However, the agreed upon purchase price of the conservation easement is \$2,500,000 or half the value of POST's original purchase amount.

POST will own the property in fee with the intention of a potential future transfer of the property to the County as an addition to the Pescadero Creek Park Complex. In the event POST transfers the property in the future to the County as an addition to the Pescadero Creek Park Complex, the District and POST would jointly hold and monitor the conservation easement. The easement permits the future development of public trails, hiker's hut, and public parking near Alpine Road, and use of the residence and compatible agricultural on the property. The development of future public trails and hiker's hut uses will be planned in consultation with the District and County Parks. POST or a future owner will be responsible for the construction and maintenance for future trail and public use on the property.

BOARD COMMITTEE RECOMMENDATION

The District's Real Property Committee held a public meeting on the property (within the Coastsides Protection Area) to familiarize themselves with the property and to receive public input on the proposed easement purchase. The meeting was held on October 14, 2014, after notice was distributed to property owners of land located adjacent to or surrounding the property, the Farm Bureau, Coastsides public officials, community-interest groups, non-profit land trusts, conservation-oriented organizations, elected officials, government agencies and government-sponsored organizations within the Coastsides Protection Area. Approximately 15 members of the public attended the meeting, including neighbors, POST representatives, San Mateo County Parks Director, and the manager of the Jack Brook Horse Camp located at Sam McDonald County Park. At the meeting, staff led a property tour and described the conservation easement, the proposed preliminary use and management plan, future trail and hiker's hut uses, and the proposed purchase terms. The Real Property Committee approved recommending the purchase of the conservation easement to the full Board of Directors.

FISCAL IMPACT**Fiscal Year 2014–15 Budget for New Land Purchases:**

New Land	\$8,500,000.00
Land purchased this year	(\$ 1,480,000.00)
Alpine Ranch Conservation Easement	(\$ 2,500,000.00)
New Land Purchase Budget Remaining	\$ 4,520,000.00

The District Controller was consulted on this proposed purchase and has indicated that, considering cash flow and account balances, funds are available for this property purchase.

PUBLIC NOTICE

Property owners of land located adjacent to or surrounding the subject property, the Coastside Protection Area mailing list, and attendees of the October 14, 2014 Real Property Committee meeting have been mailed a copy of the agenda. Accordingly, all notice required by the Brown Act and the Coastal Protection Program has been provided.

NEXT STEPS

Upon approval by the Board of Directors, the Board President will execute the Funding and Acquisition Agreement with POST. After the close of escrow, District and POST staff will prepare a baseline document of the existing condition of the property for conducting annual easement monitoring of the property.

Attachments:

1. Location Map
2. Property Map
3. Resolution Authorizing Approval of the Funding and Acquisition Agreement with Peninsula Open Space Trust and Acceptance of the Conservation Easement, and Authorizing the General Manager to Execute any and all other documents Necessary or Appropriate to the Closing of the Transaction (Lands of Peninsula Open Space Trust – Alpine Ranch)

Prepared by:

Michael Williams, Real Property Manager
Elish Ryan, Real Property Planner III

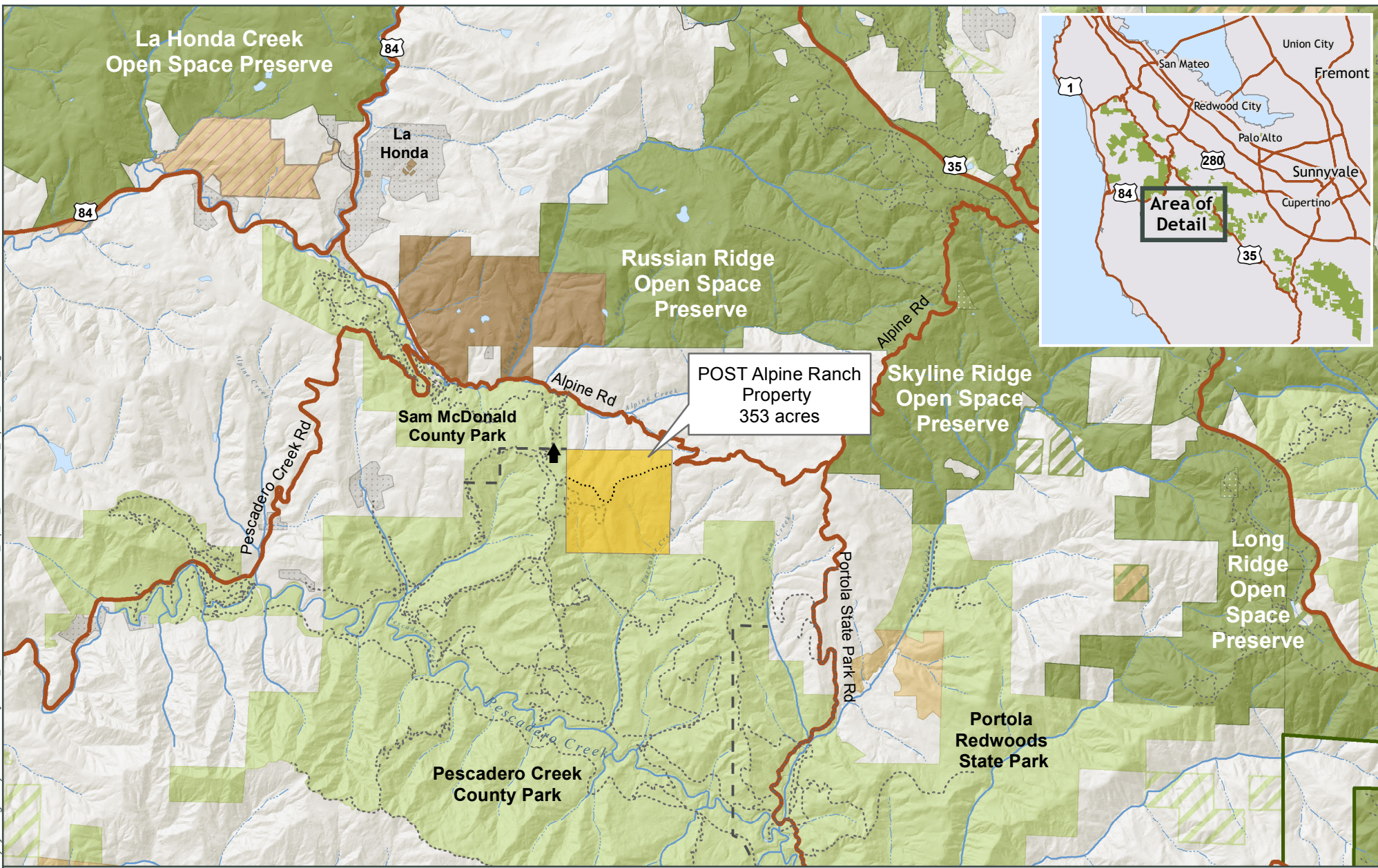
Contact person:

Michael Williams, Real Property Manager

Graphics prepared by:

Jon Montgomery, GIS Intern

Created By: jmontgomery Path: G:\Projects\Districtwide\POST\POST_Alpine_Ranch\POST_Alpine_Ranch_regional.mxd



Attachment 1 - POST Alpine Ranch Property

- POST Alpine Ranch Property
- Private Property
- Park Boundary
- MROSD Preserves
- Developed Land
- Other Protected Open Space or Park Lands
- Other Public Agency

Midpeninsula Regional Open Space District (MROSD)

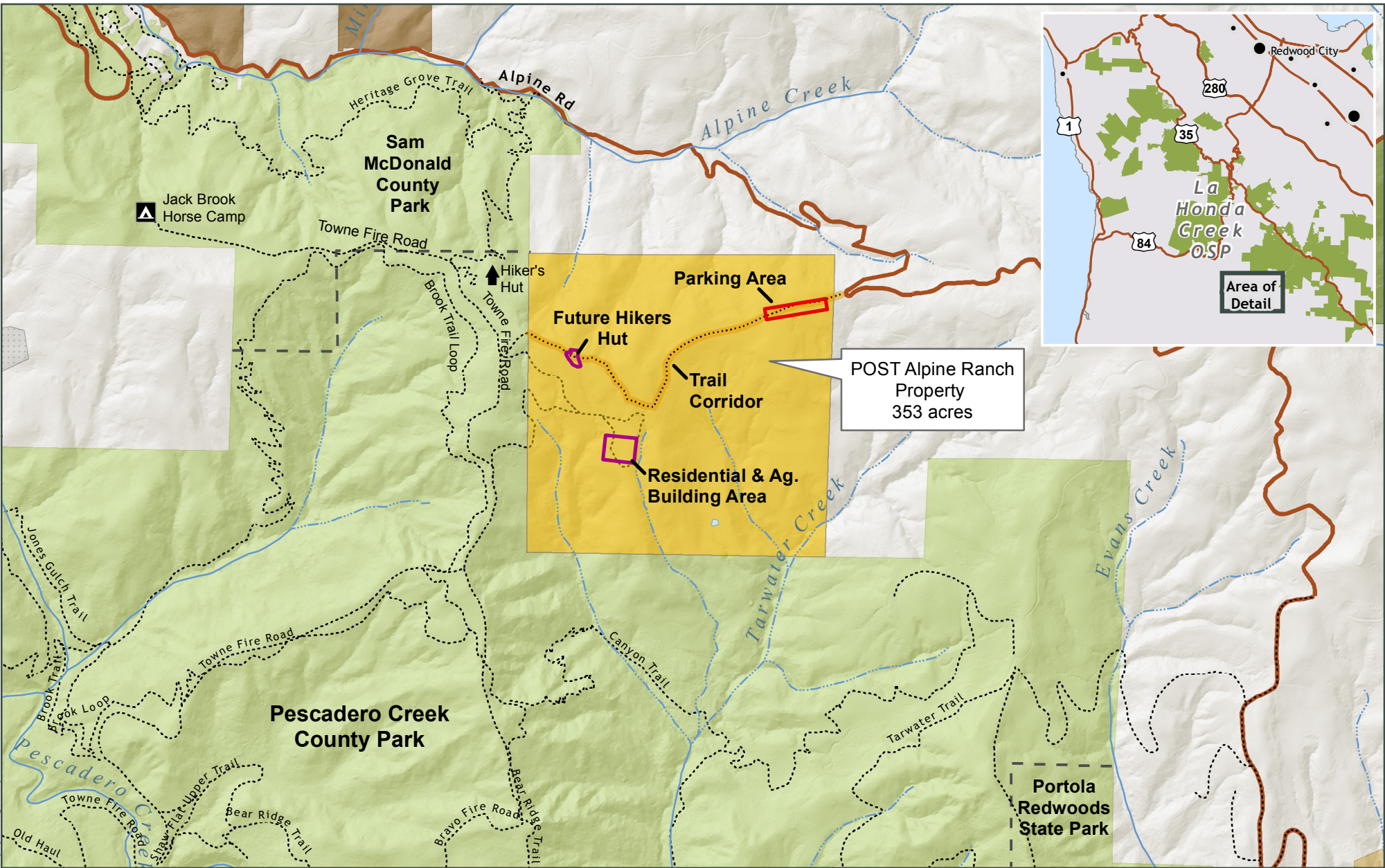


January, 2015

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While the District strives to use the best available digital data, this data does not represent a legal survey and is merely a graphic illustration of geographic features.

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Attachment 2 - POST Alpine Ranch Property

- | | | |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
|  POST Alpine Ranch Property |  Private Property |  Building Envelopes |
|  MROSD Preserves |  Developed Land |  Parking Envelope |
|  Other Protected Open Space or Park Lands |  Other Public Agency |  Park Boundary |

Midpeninsula Regional Open Space District (MROSD)



While the District strives to use the best available digital data, this data does not represent a legal survey and is merely a graphic illustration of geographic features.

RESOLUTION NO. 15-__

RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDPENINSULA REGIONAL OPEN SPACE DISTRICT AUTHORIZING APPROVAL OF THE FUNDING AND ACQUISITION AGREEMENT WITH PENINSULA OPEN SPACE TRUST AND ACCEPTANCE OF THE CONSERVATION EASEMENT, AND AUTHORIZING THE GENERAL MANAGER TO EXECUTE ANY AND ALL OTHER DOCUMENTS NECESSARY OR APPROPRIATE TO THE CLOSING OF THE TRANSACTION (LANDS OF PENINSULA OPEN SPACE TRUST – ALPINE RANCH)

The Board of Directors of Midpeninsula Regional Open Space District does resolve as follows:

SECTION ONE. The Board of Directors of the Midpeninsula Regional Open Space District does hereby accept the offer contained in that certain Funding and Acquisition Agreement with the Peninsula Open Space Trust (POST) and the Midpeninsula Regional Open Space District (“Agreement”) to purchase a Conservation Easement for the POST Property, in substantial form as attached hereto and by reference made a part hereof, and authorizes the President of the Board of Directors or other appropriate officer to execute the Agreement on behalf of the District.

SECTION TWO. The General Manager, President of the Board of Directors or other appropriate officer is authorized to execute Certificates of Acceptance for the Grant of Conservation Easement on behalf of the District.

SECTION THREE. The General Manager or the General Manager’s designee is authorized to expend up to \$5,000.00 to cover the cost of title insurance, escrow fees, and other miscellaneous costs related to this transaction.

SECTION FOUR. The General Manager or the General Manager’s designee shall cause to be given appropriate notice of acceptance to POST. The General Manager is further authorized to execute any and all other documents in escrow necessary or appropriate to the closing of the transaction.

SECTION FIVE. The General Manager and General Counsel are further authorized to approve any technical revisions to the attached Agreement, Conservation Easement, and other documents in escrow which do not involve any material change to any term of the Agreement or Conservation Easement, which are necessary or appropriate to the closing or implementation of this transaction.

SECTION SIX. The purpose of this Section is to enable the District to reimburse its general fund for the cost of certain land acquisitions. The District wishes to finance certain of these real property acquisitions and expects to use tax-exempt debt, such as bonds, but a tax-exempt financing is not cost-justified for the District unless the principal amount of the financing is large enough to justify the related financing costs. Consequently, it is the District’s practice to buy property with its general funds and, when a tax-exempt financing is cost-justified based on the aggregate value of acquisitions, to issue tax-exempt obligations to reimburse itself for

previous expenditures of general funds. These general funds are needed for operating and other working capital needs of the District and are not intended to be used to finance property acquisitions on a long-term basis.

* * * * *

PASSED AND ADOPTED by the Board of Directors of the Midpeninsula Regional Open Space District on _____, 2015, at a Regular Meeting thereof, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

Secretary
Board of Directors

President
Board of Directors

APPROVED AS TO FORM:

General Counsel

I, the District Clerk of the Midpeninsula Regional Open Space District, hereby certify that the above is a true and correct copy of a resolution duly adopted by the Board of Directors of the Midpeninsula Regional Open Space District by the above vote at a meeting thereof duly held and called on the above day.

District Clerk