

COASTAL CONSERVANCY

Staff Recommendation

May 27, 2004

**AHEARN RANCH ACQUISITION: SAN LUIS OBISPO CREEK WATERSHED**

File No. 04-010

Project Manager: Timothy Duff

**RECOMMENDED ACTION:** Authorization to disburse up to \$400,000 to the City of San Luis Obispo for acquisition of the Ahearn Ranch in the San Luis Obispo Creek watershed.

**LOCATION:** Three miles north of the City of San Luis Obispo at the headwaters of the San Luis Obispo Creek watershed, San Luis Obispo County (Exhibit 1)

**PROGRAM CATEGORY:** Resource Enhancement

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**EXHIBITS**

Exhibit 1: Project Location Map

Exhibit 2: Site Map

Exhibit 3: Photographs

Exhibit 4: Letters of Support

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**RESOLUTION AND FINDINGS:**

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31000 *et seq.* of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of an amount not to exceed four hundred thousand dollars (\$400,000) to the City of San Luis Obispo (grantee) for the acquisition of the 610-acre Ahearn Ranch (“Ahearn Ranch”) as public lands, with the Conservancy funds to be applied to the acquisition by the grantee of a portion of the Ahearn Ranch, comprised of San Luis Obispo County Assessor’s Parcel Nos. 070-241-026 [portion], -027 [portion], and 073-321-007. Disbursement of the funds is subject to the following conditions:

1. Prior to disbursement of Conservancy funds:
  - a. The grantee shall submit for the review and approval of the Executive Officer of the Conservancy (“Executive Officer”) all relevant acquisition documents, including but not limited to the appraisal, agreement of purchase and sale, escrow instructions, and documents of title.

- b. The grantee shall provide evidence that all funds necessary to complete its acquisition of portions of the Ahearn Ranch are available.
2. The purchase price of the Ahearn Ranch shall not exceed fair market value for the property, as established in an appraisal approved by the Executive Officer
3. The grantee shall permanently dedicate the portions of the Ahearn Ranch acquired by the grantee for natural resource protection, public access and open space preservation by an appropriate instrument approved by the Executive Officer, in accordance with Public Resources Code Section 31116(b).
4. Conservancy and Proposition 12 funding shall be acknowledged by erecting and maintaining a sign on the Ahearn Ranch, the design and location of which has been reviewed and approved by the Executive Officer.
5. Any revenues generated from leases and rents on the property shall be utilized by the grantee solely for maintenance, operation or management of the property consistent with the purposes of the acquisition, as described in condition number 3, above.”

Staff further recommends that the Conservancy adopt the following findings:

"Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed project is consistent with the purposes and criteria set forth in Chapter 6 of Division 21 of the Public Resources Code (Sections 31251 to 31270) regarding enhancement of coastal resources.
2. The proposed project is consistent with the Project Selection Criteria and Guidelines adopted by the Conservancy on January 24, 2001.
3. The project area has been identified in San Luis Obispo County's Local Coastal Plan as requiring public action to resolve existing or potential resource protection problems.”

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**PROJECT SUMMARY:**

The 610-acre Ahearn Ranch surrounds the headwaters of the San Luis Obispo Creek watershed and is identified in the San Luis Obispo Creek Watershed Enhancement Plan (approved by the Conservancy in 2002) as a high priority for acquisition. Acquisition of the ranch is to be accomplished in two transactions. The Conservancy's funds would be directed to the City of San Luis Obispo's acquisition of 270 acres of the ranch as an addition to the City's system of open space and parklands. Another 320 acres of the ranch are to be acquired as part of the same project by the U.S. Forest Service (USFS) for addition to the Los Padres National Forest network of public lands (Exhibit 2).

The Ahearn Ranch consists of six legally developable lots, taking into account certificates of compliance issued by the County of San Luis Obispo. The acquisition will extinguish the right to develop new homesites on five of these lots. The landowner will retain a 20-acre portion of the ranch and the one remaining development right for an existing home located on that 20-acre portion.

If approved, the City's part of the acquisition would include over one mile of riparian and in-stream spawning and rearing habitat for the endangered southern steelhead in San Luis Obispo Creek, with the USFS acquiring another quarter-mile of creek frontage. The joint acquisition would also protect habitat for other state and federally listed species, including the California red-legged frog and southwestern pond turtle. In addition to the creek and riparian habitats, the acquisition would protect the property's oak woodland, sagebrush, chaparral, and open grassland habitat used by an array of wildlife including golden eagles and California condors that have been sighted on the property. See photographs in Exhibit 3.

The Ahearn Ranch also possesses outstanding scenic and recreational values. An existing large culvert under Highway 101 would provide pedestrian access to both sides of the ranch. In so doing, the ranch would connect recreational users to thousands of acres of adjacent forestland that have been divided by the highway since the 1950s (Exhibit 2). In addition, an old county road running through the property that has been designated by the National Park Service as the adopted route for the Juan Bautista DeAnza National Historic Trail offers another opportunity for the ranch to provide a critical link in the development of a regional trail network in the area.

The City and the USFS have agreed to limit use of their respective holdings at the ranch for wildlife habitat, open space, and recreational purposes, and, to the extent consistent with these purposes, to allow continued cattle grazing by the current landowner who would lease suitable areas of the ranch for this purpose. Twenty to 50 head of cattle have historically grazed on the ranch's flatter grasslands depending on rainfall and grass conditions, and this number would not change in the future unless the City had a resource-based justification for doing so. Existing stock ponds served by smaller springs spread throughout the ranch would continue to provide livestock water. Any revenues generated by cattle leases and the renting of a mobile home unit would be utilized by the grantee for management, maintenance, and restoration activities on the property.

Over the past 15 years the City has aggressively pursued an open space preservation program, and to date has acquired and currently manages over 4,000 acres of greenbelt property. The City has committed a full time staff position for the continued implementation of this program, as well as additional staff resources for the active management of these properties, including the Ahearn Ranch. The City intends to work closely with its partners at the USFS on management of the ranch to ensure that its natural resource values are protected while accommodating recreational use on appropriate areas of the property.

**Site Description:** The San Luis Obispo Creek watershed covers 84 square miles and extends from the crest of the Cuesta Grade, where the Ahearn Ranch is located, to the ocean at Avila Beach. The watershed is steep, and contains a mix of chaparral covered hillsides, oak woodlands, and grasslands bisected by the main stem of San Luis Obispo Creek, one of the southernmost viable southern steelhead fisheries on the California coast. The ranch is located on both sides of San Luis Obispo Creek within the scenic corridor of Highway 101, which bisects the ranch, and is within the boundaries of the Los Padres National Forest Planning Area. Numerous canyons, created by seasonal runoff and natural springs, drain across the ranch toward San Luis Obispo Creek. The flattest portion of the ranch borders the creek and extends for about 20 acres east towards the Highway 101 corridor, where roughly 50 acres of gently sloping hillsides could possibly be suitable for irrigated agriculture, though no such operations exist there today. Elevations range from about 900 feet through the midsection of the ranch, 1,200 to 1,600 feet in the southwest and northwest corners, and up to 2,240 feet in the northeast corner.

Numerous natural springs are scattered throughout the property, including two of the ranch's largest springs that pipe water to a 5,000-gallon storage tank. This facility, together with other improvements built in the 1970s including two small diversion structures, spring boxes, pipelines, and storage tanks, were previously owned and used by the City of San Luis Obispo for municipal supplies. The City gradually discontinued use of these water systems, subsequently lost its appropriative water rights, and in 1999 deeded all of the structures to the current landowner. Nearly all of these structures have been out of operation for 20 years or more, and would require a significant investment to repair. Terms of the Conservancy's grant agreement would require these facilities to remain defunct, although other structures that currently provide water distribution to an existing homesite to be retained by the current landowner would continue to be used for this purpose, as would the livestock ponds.

The Ahearn family has used the ranch for cattle grazing, and in 1980 added a modular home, workshop, and some ancillary buildings on parts of the property to be retained by the family. This unit would continue to be served by a diversion structure fed by one of the two large tributaries on the ranch. A second mobile home, located on property to be acquired by the City, is currently occupied by an elderly couple who would be permitted to continue to reside there until they elect to vacate. The structure would then be removed or relocated to another part of the ranch for future use as a visitor center, and the water system serving it would be shut down.

In addition to Highway 101, several public and private roads scattered throughout the property serve adjacent residences, utility companies, the USFS, and recreational users. An active Southern Pacific Railroad line runs adjacent to the ranch's western boundary. County zoning of the ranch as "Rural Lands" allows for rural residences, low-intensity grazing, and some limited agricultural uses and would allow the current landowner to develop up to five additional single-family homes on the ranch.

**Project History:** In June 2002 the Conservancy approved the San Luis Obispo Creek Watershed Enhancement Plan. This plan identifies several specific acquisition and restoration projects as priorities for enhancing the overall health of the creek, particularly its function as steelhead habitat. Acquisition of the Ahearn Ranch is identified in the plan as the highest priority acquisition in the creek's upper watershed, given its location at the headwaters of the creek and the abundance of high quality steelhead spawning and rearing habitat situated there.

In the spring of 2003 Conservancy staff toured the ranch with the City of San Luis Obispo's natural resources manager and discussed other potential project partners. Between 2003 and today, Conservancy and City staff have discussed the project with State Department of Fish and Game (DFG) and Wildlife Conservation Board (WCB) staff, and both agencies have concurred that the proposed acquisition would contribute significantly to the protection of steelhead habitat along this stretch of the creek's upper watershed. While on a trip to Washington, D.C. in the summer of 2003, the Conservancy's Executive Officer met with the Congressional representative from the project area, who sponsored legislation to have federal funds appropriated to the USFS for the acquisition. The current year federal budget contains significant funding for the project as listed below.

**PROJECT FINANCING:**

<u>U.S. Forest Service Acquisition</u> (Federal Land and Water Conservation Funds)	\$1,500,000
<u>City of San Luis Obispo Acquisition</u>	
City of San Luis Obispo	500,000
Coastal Conservancy	400,000
The Nature Conservancy	150,000
Department of Parks and Recreation	<u>100,000</u>
<b>Total:</b>	<b>\$2,650,000</b>

The anticipated source of Conservancy funds for this project is a FY 2001/02 appropriation from the “Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection Bond Act of 2000” (Proposition 12), for the Conservancy Salmon Habitat Restoration Program. Under Proposition 12 (Public Resources Code Section 5096.352(e)), these funds may be used, as here, for a grant to a public agency for the purposes of acquiring and enhancing salmon habitat.

**CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:**

This project would be undertaken pursuant to Chapter 6 (Sections 31251-31270) of the Conservancy's enabling legislation, Division 21 of the Public Resources Code, regarding enhancement of coastal resources. Under § 31251, the Conservancy may award grants to local public agencies and nonprofit organizations to enhance coastal resources that, because of natural or human-induced events, or incompatible land uses, have suffered loss of natural and scenic values. The proposed project would lead to improvements in and preservation of habitat in upper San Luis Obispo Creek for the benefit of threatened southern California steelhead, an important coastal resource that has been degraded by human activity.

Under § 31251.2(a), the Conservancy may award grants to enhance a watershed resource that is partly outside of the coastal zone in order to enhance coastal resources within the coastal zone. The proposed project would serve to protect natural resources in the upper San Luis Obispo Creek watershed, which is located outside of the coastal zone, but would serve to benefit anadromous steelhead, which utilizes entire stream systems, both within and outside the coastal zone, to complete its life cycle. As also required by § 31251.2(a), the proposed project has been developed in consultation with and approved by the Department of Fish and Game.

Section 31252 requires that all areas proposed for resource enhancement by local agency be identified in the local certified local coastal plan or program. The proposed project area is identified in the San Luis Obispo County certified LCP as requiring public action to resolve existing or potential resource protection problems. See further discussion below under the “Consistency with Local Coastal Program” Section.

Pursuant to § 31253, the Conservancy may provide up to the total cost of any coastal resource enhancement project. In determining the amount of Conservancy funding for this project, the factors identified in § 31253 have been considered and applied, as described in detail below, under the heading “Consistency With Conservancy's Project Selection Criteria & Guidelines.”

Finally, consistent with § 31260, as part of an approved coastal resource enhancement project, the Conservancy may fund the cost of land acquisition.

**CONSISTENCY WITH CONSERVANCY'S STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):**

Consistent with **Goal 2, Objective B**, the project would serve to open an area that is currently inaccessible or closed to public use while respecting the rights of nearby landowners and the need to minimize impacts on sensitive natural resources.

Consistent with **Goal 5, Objective B**, the project would serve to preserve and restore habitat corridors between coastal habitats and inland habitat areas.

Consistent with **Goal 6, Objective A and B**, the project would lead to the development of future projects to restore the habitat value of upper San Luis Obispo Creek for anadromous steelhead, and improve water quality to benefit coastal resources.

**CONSISTENCY WITH CONSERVANCY'S PROJECT SELECTION CRITERIA & GUIDELINES:**

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines adopted January 24, 2001, in the following respects:

**Required Criteria**

1. **Promotion of the Conservancy's statutory programs and purposes:** See the "Consistency with Conservancy's Enabling Legislation" section above.
2. **Consistency with purposes of the funding source:** See the "Project Financing" section above.
3. **Support of the public:** This project has widespread support, including that of State Senator McPherson, Assemblyman Maldonado, DFG, the City of San Luis Obispo, U.S. National Park Service, USFS, California Department of Transportation, and several local environmental and recreation organizations (Exhibit 4).
4. **Location:** The proposed authorization would address steelhead habitat protection in the upper San Luis Obispo Creek watershed. Although the project site is located outside of the coastal zone, the project would aid in the recovery of the anadromous southern steelhead that utilizes entire stream systems, both within and outside the coastal zone.
5. **Need:** The grantee has negotiated acquisition of the ranch at the appraised market value, and has obtained commitments from several other public and private sources to provide match funding. Conservancy funds are needed to complete the funding package to acquire the property.
6. **Greater-than-local interest:** The protection of spawning and rearing habitat for the federally listed southern steelhead in upper San Luis Obispo Creek is of state and national interest, and would aid in the recovery of the population.

**Additional Criteria**

9. **Leverage:** See the "Project Financing" section above.
13. **Realization of prior Conservancy goals:** In response to documented evidence of ongoing disturbance to habitat for southern steelhead populations in the San Luis Obispo Creek wa-

tershed, in January 2001 the Conservancy authorized funds for the preparation of an enhancement plan for the watershed. In June 2002 the Conservancy approved this plan and authorized funds to implement two of the plan's priority projects in the lower watershed. This proposal would implement the plan's recommendation to acquire the Ahearn Ranch, and further the plan's overall enhancement goals. The Conservancy's *Inventory of Barriers to Fish Passage in California's Coastal Watersheds* also identifies improvement of fish passage in central coast watersheds as an agency goal, and this proposal would help to realize this goal.

15. **Cooperation:** In developing this project over the past three years, staff from the City of San Luis Obispo and the Conservancy have cooperated with staff at the USFS, National Park Service, Caltrans, DFG, WCB, State Department of Parks and Recreation, County of San Luis Obispo, and private organizations.

**CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:**

The proposed project is consistent with the San Luis Obispo County Local Coastal Program requiring public action to preserve coastal streams and riparian corridors. LUP Policy 18 on Environmentally Sensitive Habitats states that, "Coastal streams and adjoining riparian vegetation are environmentally sensitive habitat areas and the natural hydrological system and ecological function of coastal streams shall be protected and preserved." In addition, LUP Policies 1-14 on Coastal Watersheds all address actions to protect watershed resources, Agricultural Policy 25 encourages the protection of stream corridors, and Open Space Policies 18 and 19 call for protection of streams and riparian areas.

**COMPLIANCE WITH CEQA:**

The proposed acquisition of the Ahearn property is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to 14 Cal. Code of Regulations Section 15325 because it is a transfer of ownership of interests in land in order to preserve open space and existing natural conditions, including habitat. Upon approval, staff will file a Notice of Exemption for the proposed project.