

COASTAL CONSERVANCY

Staff Recommendation
March 10, 2005

SAND HILL BLUFF ACQUISITION

File No. 04-105
Project Manager: Marina Cazorla

RECOMMENDED ACTION: Authorization to disburse up to \$2,000,000 to Agri-Culture toward its acquisition of the 94-acre agricultural portion of the Sand Hill Bluff property in northern Santa Cruz County.

LOCATION: Santa Cruz County

PROGRAM CATEGORY: Agriculture, coastal and marine resource protection

EXHIBITS

- Exhibit 1: Project Location
 - Exhibit 2: Project Location with State Parks
 - Exhibit 3: Site Map
 - Exhibit 4: Site Photographs
 - Exhibit 5: Letters of Support
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RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31156 and Section 31220 of the Public Resources Code:

“The State Coastal Conservancy hereby approves disbursement of an amount not to exceed two million dollars (\$2,000,000) to Agri-Culture toward the acquisition of the agricultural portion of the property known as Sand Hill Bluff, Santa Cruz County (Assessor’s Parcel Nos. 059-023-07 and 059-023-08), as shown in Exhibit 2 to the accompanying staff recommendation, subject to the following conditions:

1. Prior to disbursement of any funds for acquisition of the property:
 - a. Agri-Culture shall submit for review and approval of the Executive Officer of the Conservancy all relevant acquisition documents, including but not limited to an

appraisal, agreement of purchase and sale, escrow instructions, and documents of title.

- b. The grantee shall provide evidence that all funds necessary to complete the acquisition of the property are available.
2. Agri-Culture shall pay no more than fair market value for the agricultural portion of the property, as established in an appraisal approved by the Executive Officer.
3. Agri-Culture shall dedicate the property for protection of agriculture, habitat, scenic values and public access, as provided in Public Resources Code Section 31116(b).
4. Prior to conveying the fee interest in the property, Agri-Culture shall submit for review and approval of the Executive Officer an agricultural conservation easement that Agri-Culture will retain, and an easement-monitoring program.
5. Conservancy funding shall be acknowledged by erecting and maintaining a sign on the property, the design and location of which has been reviewed and approved by the Executive Officer.”

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 Chapters 4 and 5.5 of Division 21 of the California Public Resources Code (Sections 31156 and Section 31220) regarding agricultural preservation, and coastal and marine resources protection and restoration, respectively.
 2. The proposed project is consistent with the Project Selection Criteria and Guidelines adopted by the Conservancy on January 24, 2001.
 3. Agri-Culture is a private nonprofit organization existing under Section 501(c)(3) of the U.S. Internal Revenue Code, and whose purposes are consistent with Division 21 of the Public Resources Code.”
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PROJECT SUMMARY:

Through this proposed project, the Conservancy will contribute to the acquisition of the 154-acre coastal property known as Sand Hill Bluff. This property is located in northern Santa Cruz County between the Coast Dairies property and Wilder Ranch State Park (See Exhibits 1 and 2). The Trust for Public Land (“TPL”) acquired the property in December 2004 and intends to sell a 64-acre coastal parcel to the State Department of Parks and Recreation (“DPR”) and the remaining 94-acre agricultural parcel to Agri-Culture. DPR will own and maintain the coastal parcel for public access and natural and cultural resource preservation, and may lease some acreage for agriculture.

The state Department of Conservation (“DOC”) and the Coastal Conservancy would jointly fund the fee acquisition of the landward agricultural parcel by Agri-Culture. Agri-Culture will be required to sell the fee interest in the agricultural parcel to a private landowner within 36 months of acquiring the parcel, and retain an agricultural conservation easement (See Exhibit 3). An interim Offer to Dedicate (“OTD”) will be recorded during Agri-Culture’s fee ownership to ensure that the property is maintained consistent with agricultural, open space, and natural resource purposes. Prior to selling the fee, Agri-Culture would complete a baseline report for monitoring the property, and a Management Plan for the creek and riparian zone located on the parcel. After selling the fee interest in the agricultural parcel to a private party, Agri-Culture would hold the agricultural conservation easement over the property in perpetuity, conducting regular monitoring for compliance with the terms of the easement. The new fee owner would be required to maintain the land consistent with the agricultural conservation easement and to comply with the terms of the creek Management Plan. Agri-Culture will reimburse DOC and the Coastal Conservancy equally from the proceeds of the sale. Under the easement, the new fee owner would be allowed to construct up to a 2,000 square-foot residence within the existing residential building envelope. The easement would require the landowner to maintain the land in a manner consistent with agricultural production and to protect the riparian resources on the property.

The acquisition of the property will provide increased and improved public access. On the coastal parcel, DPR will build and maintain a new 1-mile long segment of the Coastal Trail. DPR will also obtain a public access easement across the agricultural parcel to provide public access to Five Mile Beach (also known as Piggy Beach) along a currently un-named creek which will be referred to as Sand Hill Creek, as well as road access to the DPR coastal parcel. Another easement will provide DPR with administrative access to the roads on the agricultural parcel for the purposes of accessing and maintaining the coastal parcel.

The protection of Sand Hill Bluff is critical to connecting Coast Dairies, an adjacent 7,000-acre protected area, with Wilder Ranch State Park, both properties for which the Coastal Conservancy also contributed funding in the past. With the exception of one remaining privately owned parcel, the Sand Hill Bluff acquisition would therefore create a contiguous 12,000-acre area of open space on the Santa Cruz Coast. The acquisition of the Sand Hill Bluff property will also create new parkland that will provide increased recreational and public access opportunities, maintain the property’s agricultural production, protect significant cultural resources, and conserve riparian habitat.

Agri-Culture was created in 1988 with the goal of educating the public about the agricultural industry in Santa Cruz County. Its programs have included: (a) Focus Agriculture in which

community leaders participate in a nine-month educational program about local agriculture; (b) an agricultural communication center and speakers' bureau; and (c) establishment of a farm employee housing fund to provide affordable housing in Santa Cruz County. Agri-Culture modified its by-laws in January 2005 to expand the organization's authority to include acquisition of land, and management of lands for agricultural and natural resource preservation.

Site Description: The Sand Hill Bluff property is located on a coastal bluff west of Highway One, north of the City of Santa Cruz in Santa Cruz County, between Wilder Ranch State Park and the Coast Dairies property. The entire Sand Hill Bluff property is just over 154 acres. It includes an important agricultural parcel that currently has approximately 100 acres in agricultural production, and whose soils have been designated to be Prime Farmland or Farmland of Statewide Significance by the DOC. The primary crops grown on the property are Brussels sprouts, artichokes and fava beans.

Laguna Creek traverses the larger property's northern boundary as well as wetland communities in the arroyos that cut through the western and central portion of the property. The riparian area surrounding Laguna Creek and the property's wetlands provide important habitat for special status species including the federally threatened California red-legged frog. Sand Hill Creek and associated riparian habitat also cross the agricultural portion of the Sand Hill Bluff property from Highway One to the ocean.

Sand Hill Bluff is habitat for several bird species, most notably the federally endangered California brown pelican and peregrine falcon, and the federally threatened western snowy plover. In addition, the property provides habitat to plant species such as coast wallflower, Michael's rein orchid, and Hooker's manzanita. Sand Hill Bluff contains diverse habitat types, including extensive portions of coastal scrub habitat, which is recognized by the County of Santa Cruz as sensitive habitat and may support up to twenty "locally unique" plant species.

Sand Hill Bluff has been identified by the nonprofit Archaeological Conservancy as the most significant archeological site between Santa Barbara and the Oregon coast. The larger acquisition will protect property that lies within the currently recognized ethnographic territory of the Costanoan (or Ohlone) linguistic group. According to the California Archeological Inventory, numerous archeological sites are recorded within a short distance of the property, including an internationally recognized site that features a significant prehistoric shell midden.

Project History: The Sand Hill Bluff property has been continuously farmed since 1928. Lorenzi Family Farms, LLC, owned the property between 1949 and 1999. They also leased several acres to Pacific Mariculture, Inc., which operated an abalone farming facility from the late 1980s through 1999. In 1999, Lorenzi Family Farm sold the property to Sand Hill Bluff, LLC, which submitted a permit application to Santa Cruz County to build an estate-sized home (6,800 square-foot home with approximately 3,800 square feet in additional buildings) on the coastal bluff. The owner was also considering applying for permits to build an additional large home on the second parcel.

In 2002, the Trust for Public Land ("TPL") began talking with Sand Hill Bluff, LLC about purchasing the Sand Hill Bluff property to protect coastal resources, historic agriculture, public access, and cultural resources. TPL also discussed protecting the property with potential state and federal funding sources. TPL entered a contract with Sand Hill Bluff, LLC in May 2004 and acquired the property in December 2004. TPL now owns the property and plans to convey it to

DPR and Agri-Culture.

PROJECT FINANCING:

Coastal Conservancy	\$2,000,000
Department of Parks and Recreation	\$3,100,000
Caltrans/EEMP Program	\$500,000
NOAA Grant	\$1,978,955
Department of Conservation	\$2,000,000
Trust for Public Land	\$21,045
Total Project Cost	\$9,600,000

The expected sources of Conservancy funds are: \$1,000,000 from a FY 2002 appropriation to the Conservancy from the “California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Fund” (Proposition 40); \$500,000 from a FY 2004 appropriation to the Conservancy from the “Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection Bond Act of 2000” (Proposition 12, central coast funds); and \$500,000 from a FY 2004 appropriation to the Conservancy from the “Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002” (Proposition 50).

Proposition 40 requires the Conservancy to give priority to projects with matching funds (Public Resources Code Section 5096.651). The proposed project is supported by committed matching funds. The Proposition 12 funds for the proposed project may only be used to support Central Coast projects (Santa Cruz, Monterey, San Luis Obispo and Santa Barbara Counties); the proposed project is located in Santa Cruz county. Proposition 50 provides funding for projects that provide watershed protection and enhancement, and coastal water quality protection.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

The proposed project would be undertaken pursuant to Chapters 4 and 5.5 (Sections 31150-31156 and Section 31220) of Division 21 of the Public Resources Code, regarding preservation of agricultural land, and protection of coastal and marine resources, respectively.

Chapter 4 provides the Conservancy with authority to preserve coastal agricultural land through various means. Section 31156 of Chapter 4 authorizes the Conservancy to award grants to public agencies and nonprofit organizations for the purpose of acquiring fee title, development rights, easements, or other interests in land in order to prevent the loss of land to other uses and to assemble agricultural lands into parcels of adequate size permitting continued agricultural production. The proposed project would meet these objectives because it will provide a grant to a nonprofit organization for the purpose of acquiring fee title and placing an easement over an agricultural parcel in order to permit continued agricultural production.

This project would also be undertaken pursuant to Chapter 5.5 (Section 31220) of the Conservancy's enabling legislation, Division 21 of the Public Resources Code. Section 31220 authorizes the Conservancy to undertake projects related to coastal watershed and coastal and marine habitat and water quality protection, and to award grants for such projects, consistent with the requirements of the Chapter. The proposed project would provide a grant to the non-

profit Agri-Culture to acquire the agricultural portion of the larger Sand Hill Bluff property, and would provide for a Creek Management Plan in the agricultural conservation easement for the creek that runs through the agricultural parcel into the ocean. The Creek Management Plan will contain measures to prevent agricultural runoff into the creek in order to protect riparian watershed habitat and maintain water quality.

Section 31220(a) also requires the Conservancy to consult with the State Water Resources Control Board (SWRCB) in development of most grants authorized under Section 31220(a) so that projects are consistent with the Integrated Watershed Management Program (Public Resource Code Section 30947), local watershed management plans, if any, and adopted state or regional water quality control plans. Consistent with the requirement for consultation, staff has notified the SWRCB of the nature of the project and provided the opportunity for comment, input and review.

Section 31220(b) authorizes the Conservancy to undertake a project or award a grant that meets at least one of several criteria for protection of various types of coastal and marine resources, including the following objectives:

Section 31220(b)(1). Reduces contamination of waters within the coastal zone, including, but not limited to, coastal and nearshore waters.

Section 31220(b)(2). Protects or restores fish and wildlife habitat within coastal and marine waters and coastal watersheds.

Section 31220(b)(4). Reduces unnatural erosion and sedimentation of coastal watersheds.

Section 31220(b)(6). Acquires, protects, and restores coastal wetlands, riparian areas, floodplains, and other sensitive watershed lands, including watershed lands draining to sensitive coastal or marine areas.

Section 31220(b)(8). Provides for public access compatible with resource protection and restoration objectives.

The proposed project would meet each of these objectives, because it would reduce erosion, contamination, and sedimentation of a coastal watershed by preventing future land uses that could contribute to watershed erosion and sedimentation, and by protecting Sand Hill Creek and Laguna Creek, both of which flow to the ocean. The agricultural conservation easement created by the proposed project will ensure use of Best Management Practices in adjacent areas in agricultural production and require a buffer area to minimize runoff into Sand Hill Creek. Prevention of development will also protect the fish and riparian habitat of Sand Hill Creek. The project will provide public access along Sand Hill Creek to Five Mile Beach, with the accessway designed to protect and maintain the riparian habitat and water quality at Sand Hill Creek.

Section 31220(c) requires that projects pursuant to this section be consistent with local watershed management plans and water quality control plans. As discussed in detail below under “Consistency With Local Watershed Management Plan/State Water Quality Control Plan,” the

proposed project is wholly consistent with local and state watershed plans. See also the LCP consistency section below. Section 31220(c) also requires a monitoring or evaluation component. Monitoring will be required in the agricultural conservation easement for the agricultural portion of Sand Hill Bluff and in the easement's required Creek Management Plan.

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

Consistent with **Goal 2 Objective B**, the proposed acquisition would open land that is currently closed to public use while respecting the rights of nearby property owners and the need to minimize impacts on sensitive resources.

Consistent with **Goal 6 Objectives A and B**, the acquisition would serve to preserve and restore lands in a coastal watershed and improve water quality to benefit coastal resources.

Consistent with **Goal 7 Objectives A and B**, the project would ultimately result in the acquisition of a conservation easement over 94 acres of strategic property at Sand Hill Bluff, a key coastal farmland area, foster the long-term viability of coastal agriculture, and reduce the impacts of agricultural operations on water quality.

**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:** The proposed project is supported by Congresswoman Anna Eshoo who advocated for federal funding for the property purchase, State Senator Joe Simitian, Assemblyman John Laird, and the Santa Cruz County Board of Supervisors, which passed a resolution of support for the project in December 2004 (See Exhibit 4 for letters of support).
4. **Location:** The project is located within the coastal zone of the County of Santa Cruz.
5. **Need:** The project is supported by a contribution from the DOC and others. Agri-Culture is dependent on grants for this project and has no additional funds to finance the project. In the absence of Conservancy support, development would likely occur, impacting Sand Hill Bluff's coastal and riparian habitat and watershed health, reducing agricultural acreage, and continuing restrictions to public access.
6. **Greater-than-local interest:** Protection of the larger Sand Hill Bluff property is a major goal of the DPR due to its coastal location, which may eventually connect Wilder Ranch State Park with Coast Dairies, provide the opportunity for a new coastal trail segment and new beach access, and protection of archeological resources of statewide value.

Additional Criteria

7. **Resolution of more than one issue:** The project would protect coastal and riparian habitat of Sand Hill Bluff through the acquisition of an agricultural conservation easement while maintaining agriculture, provide increased and improved public access to the coast, protect riparian and coastal water quality, preserve cultural resources, and eliminate development conflict.
8. **Leverage:** See the “Project Financing” section above.
9. **Readiness:** As discussed above, TPL has already acquired the property and is ready to sell it to the grantee.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

The proposed project is located in the North Coast planning area of Santa Cruz County’s 1994 General Plan and Local Coastal Plan, outside of the County’s Urban Services Line. According to the Santa Cruz County General Plan and Local Coastal Plan, County policy is to direct the County’s growth and development to areas within the Urban Services Line in order to preserve the character of the rural areas of the County outside of this line. This policy was adopted with the passage in 1978 of the growth management ballot referendum Measure J. The Sand Hill Bluff property is zoned as Agriculture in Santa Cruz County’s Local Coastal Program. The proposed project is consistent with the following recommended actions or specific policies of the certified Santa Cruz County Local Coastal Program:

5.2 Riparian Corridors and Wetlands. To preserve, protect and restore all riparian corridors and wetlands for the protection of wildlife and aquatic habitat, water quality, erosion control, open space, aesthetic and recreational values and the conveyance and storage of flood waters.

5.2.7 Compatible Uses With Riparian Corridors. Allow compatible uses in and adjacent to riparian corridors that do not impair or degrade the riparian plant and animal systems, or water supply values, such as non-motorized recreation and pedestrian trails, parks, interpretive facilities and fishing facilities. Allow development in these areas only in conjunction with approval of a riparian exception.

5.10.5 Preserving Agricultural Vistas. Continue to preserve the aesthetic value of agricultural vistas. Encourage development to be consistent with the agricultural character of the community. Structures appurtenant to agricultural uses on agriculturally designated parcels shall be considered to be compatible with the agricultural character of surrounding areas.

5.10.6 Preserving Ocean Vistas. Where public ocean vistas exist, require that these vistas be retained to the maximum extent possible as a condition of approval for any new development.

5.13.5 Principal Permitted Uses on Commercial Agricultural (CA) Zoned Land. Maintain a Commercial Agricultural (CA) Zone District for application to commercial agricultural lands that are intended to be maintained exclusively for long-term commercial agricultural use. Allow principal permitted uses in the CA Zone District to include only agricultural pursuits for the

commercial cultivation of plant crops, including food, flower, and fiber crops and raising of animals including grazing and livestock production.

5.19 Archaeological Resources. To protect and preserve archaeological resources for their scientific, educational and cultural values, and for their value as local heritage.

The proposed project is consistent with Santa Cruz County's LCP policies because the project will: protect riparian corridors and continue compatible uses with riparian habitat; preserve agricultural and ocean vistas; promote the maintenance of commercial agricultural zoned land in agricultural production; and protect and preserve archeological and cultural resources.

**CONSISTENCY WITH LOCAL WATERSHED MANAGEMENT PLAN/
STATE WATER QUALITY CONTROL PLAN:**

Projects undertaken pursuant to Chapter 5.5 of Public Resources Code Division 21 (Section 31220) must be consistent with local watershed management plans, if available, and with water quality control plans, adopted by the state and regional water boards. Although no local watershed management plan exists for this project area, the project will facilitate the restoration of fish and wildlife habitat in a coastal watershed. The project is thus consistent with the Water Quality Control Plan for the Central Coast Basin (adopted by the Regional Water Quality Control Board Central Coast Region in 1994 and reviewed every three years). The project will also further the following beneficial use objectives: riparian habitat; wildlife habitat; and protection of rare, threatened or endangered species.

COMPLIANCE WITH CEQA:

The Conservancy is funding Agri-Culture's acquisition of the fee interest in an agricultural parcel that also has habitat value and will allow limited public access. Agri-Culture will later sell the fee and keep an agricultural conservation easement over the agricultural portion of the Sand Hill Bluff property. 14 California Code of Regulations section 15325 categorically exempts from the California Environmental Quality Act transfers of interests in land to preserve open space and habitat, for purposes including continued agricultural use and restoration of existing natural conditions. The acquisition is also exempt under section 15313, which exempts "acquisition of lands for fish and wildlife conservation purposes including the preservation of fish and wildlife habitat."

Staff will file a Notice of Exemption upon the Conservancy's approval of the project.