COASTAL CONSERVANCY

Staff Recommendation
December 8, 2005

SIX RIVERS TO THE SEA:
PRICE CREEK RANCH EASEMENT

File No. 05-078
Project Manager: Su Corbaley

RECOMMENDED ACTION: Authorization to disburse an amount not to exceed $1,000,000 to the California Department of Forestry and Fire Protection to acquire a conservation easement on the Price Creek Ranch in Humboldt County.

LOCATION: West of Rio Dell, Humboldt County

PROGRAM CATEGORY: Integrated Marine and Coastal Resources Enhancement

---

EXHIBITS

Exhibit 1: Project Location and Site Map

Exhibit 2: Six Rivers to the Sea Phase 1 Properties

Exhibit 3: Views of Price Creek Ranch

Exhibit 4: CDF Evaluation of Effect of Easement Limitations on Timber Harvest

Exhibit 5: Letters of Support

RESOLUTION AND FINDINGS:

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

"The State Coastal Conservancy hereby authorizes the disbursement of an amount not to exceed $1,000,000 to the California Department of Forestry and Fire Protection ("CDF") to acquire a conservation easement on the Price Creek Ranch (Humboldt County Assessor's Parcel Numbers 102-101-001, 106-161-011, 106-161-012, 106-161-013, 106-171-001, and 106-171-003) as depicted in Exhibit 1 of the accompanying staff recommendation. This authorization is subject to the following conditions:

1. Prior to the disbursement of any Conservancy funds for the acquisition of the conservation easement CDF shall:

a. Submit to the Conservancy for review and approval by the Executive Officer of the Conservancy ("the Executive Officer"), all documents relevant to acquisition, not limited to an appraisal, purchase agreement, final conservation easement, escrow instructions, and documents of title.

b. Provide written evidence to the Executive Officer that all other funds necessary to the acquisition have been obtained.

2. CDF shall pay no more than fair market value for the conservation easement as established by an appraisal approved by the Executive Officer of the Conservancy.

3. The easement interest acquired under this authorization shall be permanently dedicated to and managed and operated in a manner consistent with the purposes of protecting riparian habitat, preserving the function and sustainability of the forestlands, protecting the rangeland for grazing and preserving and protecting the scenic open space characteristics of the property

4. Conservancy funding shall be acknowledged by erecting and maintaining on the property a sign that 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 authorization is consistent with the purposes and criteria of Chapter 5.5 of Division 21 of the Public Resources Code (Section 31220) regarding protection 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 California Department of Forestry and Fire Protection is a public agency whose purposes are consistent with Division 21 of the Public Resources Code."

PROJECT SUMMARY:

Disbursement of up to $1,000,000 (one million dollars) to CDF will enable it to acquire a conservation easement on the 1,280-acre Price Creek Ranch. The property is located in an area of Humboldt County at high risk of residential development.

The acquisition of an easement on the Price Creek Ranch is one of five projects in development under Phase I of the "Six Rivers to the Sea" program. This is a landscape-scale land-conservation program, which, through the development of conservation easements on working agricultural and timber lands, is designed to protect and preserve the scenic and natural habitat resource values of the north coast while continuing the north coast's culture and tradition of working, sustainable, lands. The Forest Legacy Program includes willing landowners interested in realizing the goals of long-term sustainability and long-term protection of the regional working landscape heritage. The landowners involved recognize the essential connection between changes in land use in the region and the disturbance of their economic viability and cultural

sense. The landowners share several land preservation goals, including: maintaining their large properties as single contiguous ownerships; continuing the active and sustainable management of their properties; correcting management mistakes of the past and restoring portions of their properties that have lost, or are at threat of losing, their productive functions.

The five properties under consideration in Phase I of the Six Rivers to the Sea program constitute nearly 10,000 acres that would be protected and would expand the corridor of protected lands from the Six Rivers National Forest to the Pacific Coast. When acquired, the Price Creek Ranch easement would encompass 1,280 acres of additional protected land in the Lower Eel River watershed. Exhibit 2 highlights Phase I property locations in relation to other properties in Humboldt County currently protected with conservation easements, or through designation as State or federal lands.

Agriculture and timber production on private land have a long history in Humboldt County and constitute a large portion of the county's heritage – one generation passing to the next the working lands that have sustained each preceding generation. However, the very existence of these working lands, the families that operate them, and the traditions that are built there, are under extreme pressure for conversion to non-agriculture and non-timber uses due to the costs of maintaining and operating the land, and the pressure to subdivide for residential uses. Although real estate prices in Humboldt County are rising steadily due to the demand for large tracts of residential land from people relocating from other parts of the state, prices are still considered reasonable compared to other areas of California, making residential conversion attractive. Placing large tracts of land under conservation easements will help preserve the rural and scenic setting of Humboldt County, provide the means to improve and maintain the working agricultural and timbers lands, and protect the natural resources critical to enhancing and preserving coastal resources, such as water courses that support salmonid populations and that flow to coastal system.

The Six Rivers to the Sea project area is threatened now. Since 1993, at least 10 extensive forest or ranch ownerships have been subdivided in Humboldt County, and of the 5 ranch/forest tracts participating in Six Rivers to the Sea, all have received offers from developers within the last 3 years, and each has a developed subdivision within three miles of its boundary.

The Price Creek Ranch owner and his family have struggled financially for several years to keep the property solvent. Previously, two parcels of the property were sold for income, and for the last two winters the family's income was from harvesting and selling firewood. The Price Creek Ranch has been at high risk for sell-off to residential buyers for several years, due to its large size and location near Highway 101, a location suitable for making the commute to Eureka and Arcata to the north. The Price Creek Ranch is legally subdivided into 15 parcels that could be sold off as individual home sites (Exhibit 1). Additionally, last year, the owner entered discussions with an energy company to sell leases for development of natural gas supply on the property. Those negotiations were not completed and the property has no leases encumbering it.

The owner has held off taking any of these actions in anticipation of selling a conservation easement that would allow the family to keep the property together in one large tract, and allow it to be passed to future generations as timberland and a cattle ranch. However, a timber harvest plan is approved for the property that would allow the owner to cut and sell up to two million board feet. This fall, in order to keep solvent, the owner has begun to cut timber. But, because he is carrying out the activities on his own and because of the lateness of the season, it is not likely

that he will be able to cut as much as one million board feet. Once the conservation easement is acquired timber harvest activities will be guided by the limitations imposed by terms of the conservation easement, as discussed below. The appraisal to establish the fair market value has taken into account the recent timber activities.

CDF will acquire the conservation easement utilizing, in addition to Conservancy funds, funding from the Wildlife Conservation Board's Rangeland, Grazing Land and Grassland Protection Act of 2002, and Forest Legacy funds appropriated to CDF. The Forest Legacy Program (FLP) is a federal program of the United State Department of Agriculture Forest Service that supports state efforts to protect environmentally sensitive forestlands by helping the states develop and carry out their forest conservation plans through the protection of privately owned forestlands. To maximize the public benefits it achieves, the program encourages and supports the acquisition of partial interests such as conservation easements in privately owned forestlands. Most FLP conservation easements restrict development, require sustainable forestry practices, and protect other values such as riparian function. The Six Rivers to the Sea program has been developed by a partnership of the Northcoast Regional Land Trust and a Humboldt County-local working lands restoration organization, Northwest Resources, in conjunction with CDF, with Forest Legacy objectives in mind. CDF is a public agency whose mission emphasizes the management and protection of California's natural resources. Further, CDF has stated that the acquisition of a conservation easement on the Price Creek Ranch is its highest State priority in the Forest Legacy Program.

The key limitations imposed on timber harvest by the conservation easement are: 1) no more than 25 percent of merchantable timber inventory may be cut in any10-year period; 2) openings created by timber harvest may not exceed 10 percent of the forestland at any one time; and 3) if, as measured every 20 years, the total volume of timber on the property has not increased from the volume existing as of the date the easement was recorded, the percentage of harvest will be reduced by 5 percent for the next ten year period. Note that under the terms of the easement, "25 percent of the merchantable inventory" includes the inventory on the riparian corridors, which comprise, in acreage, one-sixth of the current forestlands on the property. However, commercial timber harvest is prohibited on the riparian corridors. Thus, 25 percent of all merchantable timber on all of the forestlands on the property can be harvested off of five-sixths of the forestlands. This means that the effective harvest rate on the area to be harvested will be greater than 25 percent and that figure will increase even further, if the density of the timber on the riparian corridor grows in relation to the density on the remainder of the forestlands.

With these restrictions in place, the Price Creek Ranch conservation easement is expected to result in productive, sustainable forestlands of increasing volume. CDF, through its professional forester, has undertaken modeling of the effect of the proposed major limitations imposed on timber harvest under the terms of the conservation easement. (See Exhibit 4). Based on that modeling, CDF has concluded that with the easement restrictions the timber stock on the property will be sustained at least at current levels and it is unlikely that the timber stocks will be depleted. In the long-term, there does remain, however, a low risk that a future owner motivated to achieve short-term financial gain could engage in practices that would deplete the timber resources (Exhibit 4).

The conservation easement is also designed to preserve the grazing land productivity and protect the associated scenic and open space characteristics of the grazing land, and protect riparian

corridors and habitat, particularly salmonid habitat. The easement includes provisions that will: prohibit residential subdivision and development; bar commercial timber harvest within riparian corridors; encourage increased volume and diversity of the forestlands; limit onsite mineral exploration/extraction to onsite uses only; prohibit the establishment of certain commercial facilities; allow certain onsite value-added activities such as small-scale furniture manufacture that rely on onsite resources; prohibit dumping except for nonhazardous wastes generated by normal ranching and forestry operations; control the construction and placement of new and replacement structures; control the number and placement of new roads, prohibit the off-road use of vehicles except as necessary for ranching and forest management activities, and limit development of water resources to those necessary for ranching and forest management activities.

Site Description: The Price Creek Ranch is located seven miles west of Rio Dell and five miles southwest of Fortuna in Humboldt County (Exhibit 1). The 1,280-acre property is comprised of 512 acres of Douglas fir forest, 763 acres of open grazing land, and 5 acres of ponds (Exhibit 3). The ranch contains approximately 9 miles of perennial streams including two miles of Price Creek salmonid spawning habitat and one half mile of Sweet Creek spawning habitat. Sweet Creek is a tributary to Price Creek; Price Creek is the first third order anadromous salmonid bearing tributary from the ocean on the Eel River system. Steelhead trout are found in Price Creek and Sweet Creek. Chinook salmon have been observed only in Price Creek. Historically, coho salmon were known to inhabit Price Creek, and, according to Department of Fish and Game, habitat exists in Price Creek that would support coho. Additionally, Muddy Creek, which empties into Price Creek at the southern boundary of the ranch, provides steelhead-spawning grounds.

Project History: The concept of an easement on the Price Creek Ranch resulted from another Conservancy project – the Howe Creek Ranch Conservation Easement, authorized by the Conservancy in June 2002. The Howe Creek Ranch abuts the Price Creek Ranch, and both have similar agricultural, timber and natural resource values important to coastal resources. Price Creek, with much of its headwaters on the Price Creek Ranch, crosses the Howe Creek Ranch prior to discharging to the Eel River. Protecting the resources on the Price Creek Ranch will further the enhancement efforts for the Lower Eel River watershed, which supports Steelhead trout and Coho salmon.

The Price Creek Ranch landowner and his representatives have worked for over two years to develop a conservation easement and conservation plan (in progress) that will protect the property in perpetuity through specific land use practices and restrictions, and infrastructure improvements. In April 2003, the Conservancy was approached to collaborate on the Six Rivers to the Sea Program and pursue partnering opportunities. Additionally, landowner representatives have for over two years sought funding from the Federal Forest Legacy Program for acquisition of key working lands in Humboldt County, including the Price Creek Ranch. The Six Rivers to the Sea Program received a Federal appropriation in the 2005 federal fiscal budget for partial funding of acquisition of Phase I properties, also including the Price Creek Ranch. However, in order to initiate the acquisition of the conservation easement on Price Creek Ranch and to leverage the Forest Legacy funding for easements on the maximum number of Phase I properties, the Conservancy authorized in May 2005 the disbursement of $55,000 to the nonprofit organization North Coast Regional Land Trust to conduct an appraisal for the fair

market value of a conservation easement on the Price Creek Ranch property. The appraisal will be completed in December 2005, and final approval by the State is anticipated in February 2006.

PROJECT FINANCING:

Coastal Conservancy	$1,000,000
Forest Legacy Program	482,000
Wildlife Conservation Board	400,000
Total Project Cost	**$1,882,000**
Total Conservancy Contribution	*$1,000,000*

The expected source for the Conservancy funds for this project is the fiscal year 2003-2004 appropriation from the "Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002" (Proposition 50). Proposition 50 authorizes the Conservancy's use of these funds for the purpose of protecting coastal watersheds through projects undertaken pursuant to the Conservancy's enabling legislation (Division 21 of the Public Resources Code) to acquire, restore or protect water and land resources (Water Code Section 79570). The acquisition of a conservation easement over the Price Creek Ranch, the major objectives of which include protecting and preserving riparian habitat that will benefit water quality, providing for forestry management practices that will increase forest health and function, protecting grazing lands, and reducing or controlling surface erosion from entering the on-property creeks through the imposition of land management restrictions, falls squarely within these requirements. It is also consistent with Division 21, as discussed in detail below, under the heading "Consistency with Conservancy's Enabling Legislation".

As required by Proposition 50, the proposed project is consistent with local and regional watershed plans (Water Code Section 79507). The acquisition of the conservation easement is entirely in line with the policies of the North Coast Regional Watershed Initiative Chapter (North Coast Regional Water Quality Control Board *Feb. 2005*) of the State Water Planning Strategic Plan, as described below under "Consistency with Local Watershed Management Plan/State Water Quality Control Plan.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

This project would be undertaken pursuant to Chapter 5.5 of the Conservancy's enabling legislation, Division 21 of the Public Resources Code, regarding integrated coastal and marine resource protection.

Consistent with Public Resources Code Section 31220, the Conservancy has consulted with the State Water Resources Control Board in the development of this grant to ensure consistency with Chapter 3 (commencing with Section 30915) of Division 20.4 of the Public Resources Code. Under Section 31220, the Conservancy may award grants for coastal watershed restoration projects that meet any of the objectives specified in subsection (b) of that section. Consistent with Section 31220(b), the proposed project will assist in moving forward a program to (1)

restore fish and wildlife habitat within coastal waters and coastal watersheds by encouraging regeneration of a sustainable Douglas Fir forest on the property including the preservation and promotion of riparian canopy on tributaries to the Eel River, an important coastal resource for salmonids; (2) reduce threats to coastal and marine fish by providing habitat that will foster population successes; (3) reduce unnatural erosion and sedimentation of coastal watersheds through reestablishing a healthy forest-stock, employing best management practices for grazing, enhancing riparian habitat for anadromous fish, and decommissioning or moving roads to more appropriate locations; and (4) acquire and protect riparian areas and sensitive watershed lands draining to sensitive coastal areas. As required by Section 31220(c) the easement, when acquired, will include a monitoring and evaluation component through easement monitoring by a local land trust, the Northcoast Regional Land Trust. Finally, as required by Section 31220(c), the project is consistent with state and regional watershed planning as described below under "Consistency with Local Watershed Management Plan/State Water Quality Control Plan".

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

Consistent with **Goal 4, Objective A**, the proposed project will result in the acquisition of a conservation easement interest on 1,280 acres of significant coastal resource property that would result in the expansion of a block of habitat and wildlife corridors by connecting with existing protected lands, as well as the preservation of scenic vistas and agricultural lands near the expanding urban area of the Arcata-Eureka-Fortuna corridor in Humboldt County.

Consistent with **Goal 5, Objective A**, the proposed project will result in the preservation and enhancement of biological diversity in a coastal area through the acquisition of a conservation easement on 1,280 acres of timber and rangeland that will be managed to increase the forest cover, preserve that rangeland and soils, thereby improving riparian corridors for anadromous salmonids.

Consistent with **Goal 5, Objective B**, the proposed project will lead to the acquisition of 1,280 acres of coastal habitat through the preservation of key spawning areas for coho salmon and steelhead trout on the first third order anadromous salmonid bearing tributary up the Eel River from the ocean. Further, the proposed project will enable the acquisition of habitat adjacent to protected properties to create large contiguous habitat corridors.

Consistent with **Goal 6, Objective A**, the proposed project will assist in providing improved habitat for anadromous fish through the protection of riparian corridors critical to anadromous salmonids in the Lower Eel River watershed. Adult salmonids utilize Price Creek for spawning. Juvenile salmonids rear in the stream during summer and winter before returning to the coastal waters.

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 Six Rivers to the Sea Program has wide support, including that from the Natural Resources Conservation Service, the U.S. Forest Service, and the California Department of Fish and Game. Specifically, the acquisition of a conservation easement on the Price Creek Ranch is supported by California Senator Wes Chesbro, California State Assemblymember Patty Berg, and Humboldt County Supervisor Jimmy Smith. See Exhibit 5 for letters of support for the Price Creek easement.
4. **Location:** Price Creek, the first third order anadromous stream up the Eel River from the ocean, discharges to the Eel River at a point less than one-half mile from the coastal zone. Therefore the quality of water from Price Creek has a direct impact to the habitat quality of the Eel River estuary within the coastal zone. In addition, the habitat improvements on Price Creek also directly affect the health of the coastal salmon that use the Eel River and its tributaries for spawning.
5. **Need:** Like so many owners of working lands in Humboldt County, the property owner has difficulty keeping his property due to financial pressures, and is faced with either selling off sections of his land or harvesting tracts of timber. Without Conservancy funding, the property might not be acquired soon enough to keep the tracts intact, or avoid the owner completing the activities of the approved timber harvest plan. Conservancy funding will leverage maximum use of FLP funds to protect the five properties.
6. **Greater-than-local interest:** Many people are drawn to Humboldt County, as visitors and residents, alike, for its beauty of open space and rural ambience, and its history of tall timber and wild and rugged ranching. Preserving the landscape that established that history is critical to maintaining the appeal for people across the nation, as well as to supporting the regional economy of the small rancher and timber operator.

Additional Criteria

7. **Urgency:** The property owner must be able satisfy the financial affairs for the property in early 2006 or will be faced with continuing the harvest that occurred this fall in order to honor his financial responsibilities..

11. **Innovation:** This project demonstrates an innovative approach to protecting and enhancing not only important coastal resources but also providing for continued sustainable use of the timber and grassland resources on the property, resulting in the protection or habitat synonymous with Humboldt County: salmonids and timber.

12. **Readiness:** The project is ready to go. The funding will be in place in early 2006, and the owner is anxious to begin the next phase of his property management.

15. **Cooperation:** This project is a uniquely cooperative effort between a local individual owner of working timber and grasslands, local nonprofit organization, state and federal agencies

forestry agencies, and the Coastal Conservancy to implement a project that will protect fish and wildlife habitat, and preserve local heritage important to the local community.

13. **Realization of prior Conservancy goals:** See "Project History" above.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

The Humboldt County Local Coastal Plan, Eel River Area (LCP) discusses land use for this region of Humboldt County. Several sections of the LCP are relevant to this project as follows:

Section 3.35 identifies the compatible uses for commercial timberlands as including watershed management (3.35B.1.a) and management for fish and wildlife habitat (3.35B.1.b). The conservation easement on Price Creek Ranch will include management of watershed resources and fish and wildlife habitat by promoting increased forest cover and rangeland soil retention, and through implementation of a ranch conservation to promote these values.

Section 3.41.A.1.e identifies as environmentally sensitive areas critical habitats for rare or endangered species on state or federal lists. The State-listed Steelhead trout, and the State and federally listed Chinook salmon, inhabit creeks on the property. Historically, Price Creek has supported Coho Salmon, which is listed as threatened under both State and federal endangered species act listings.

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

Section 2.5 of the North Coast Regional Watershed Initiative Chapter (North Coast Regional Water Quality Control Board *Feb. 2005*) of the State Water Planning Strategic Plan, discusses the Eel River Watershed and lists four watershed management goals and activities, including, as Goal 1, the protection and enhancement of salmonid habitat. It specifically addresses the issue of sedimentation, stating that logging roads and decreasing canopy of Eel River tributaries are concerns due to increased runoff and delivery of sediment to local water bodies and increase in temperatures to spawning and rearing stream reaches. The Chapter recommends developing strategies for erosion prevention and reduction of sedimentation to support implementation of the TMDL process. The water board has published TMDLs for turbidity and temperature for the Eel River. The proposed project is consistent with the above plan in that it will address compliance with Eel River TMDLs for sediment deposition and temperature by restoring the health of the watershed through promoting an increase in healthy Douglas Fir forest stands that can be harvested at a sustainable level.

COMPLIANCE WITH CEQA: This project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to 14 California Code of Regulations (CCR) Section 15325, since it involves the transfer of an interest in land for the purpose of preserving open space, habitat and existing agricultural use.

Staff will file a Notice of Exemption upon approval of this project.

Exhibit 1: Project Location

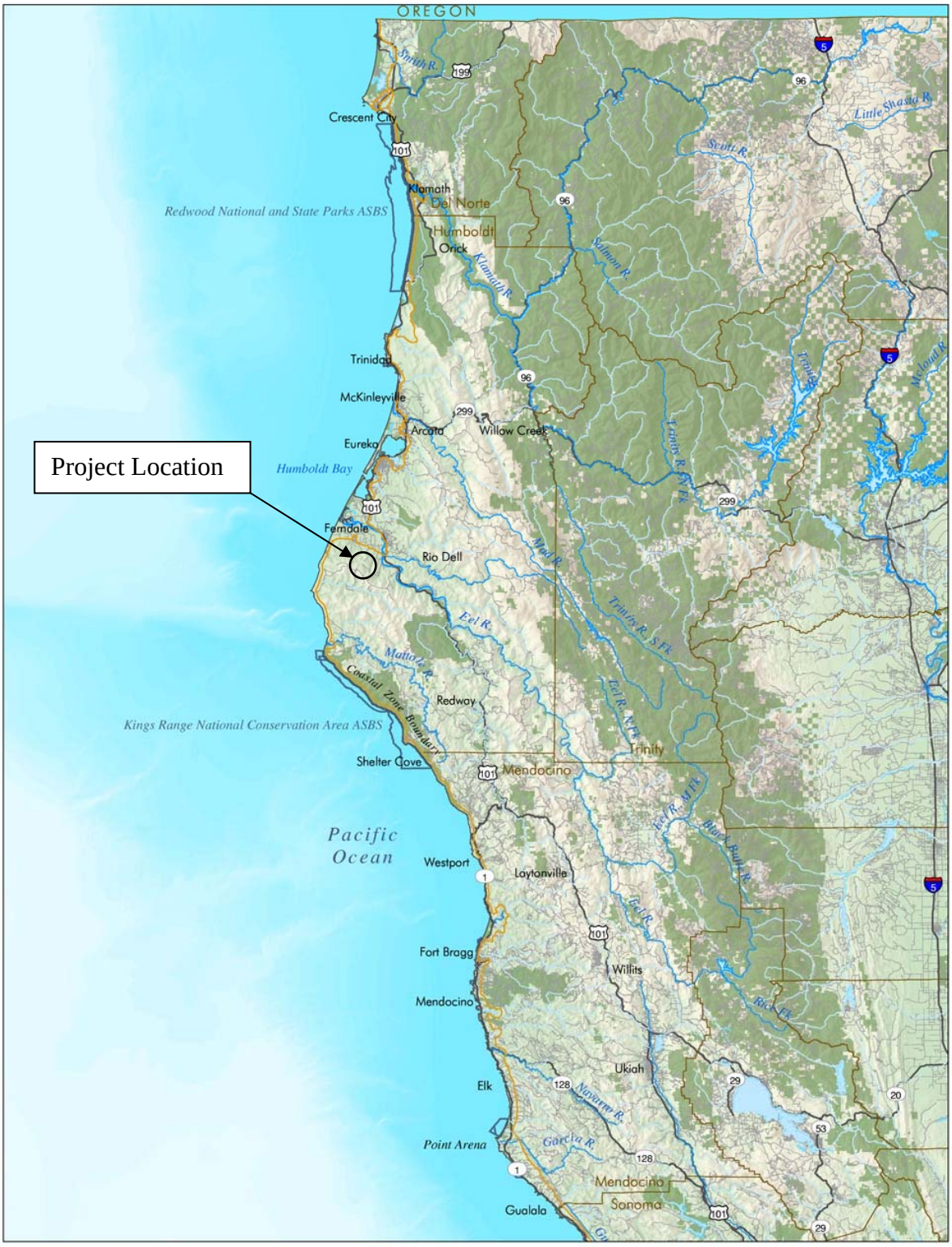

Exhibit 1: Project Location

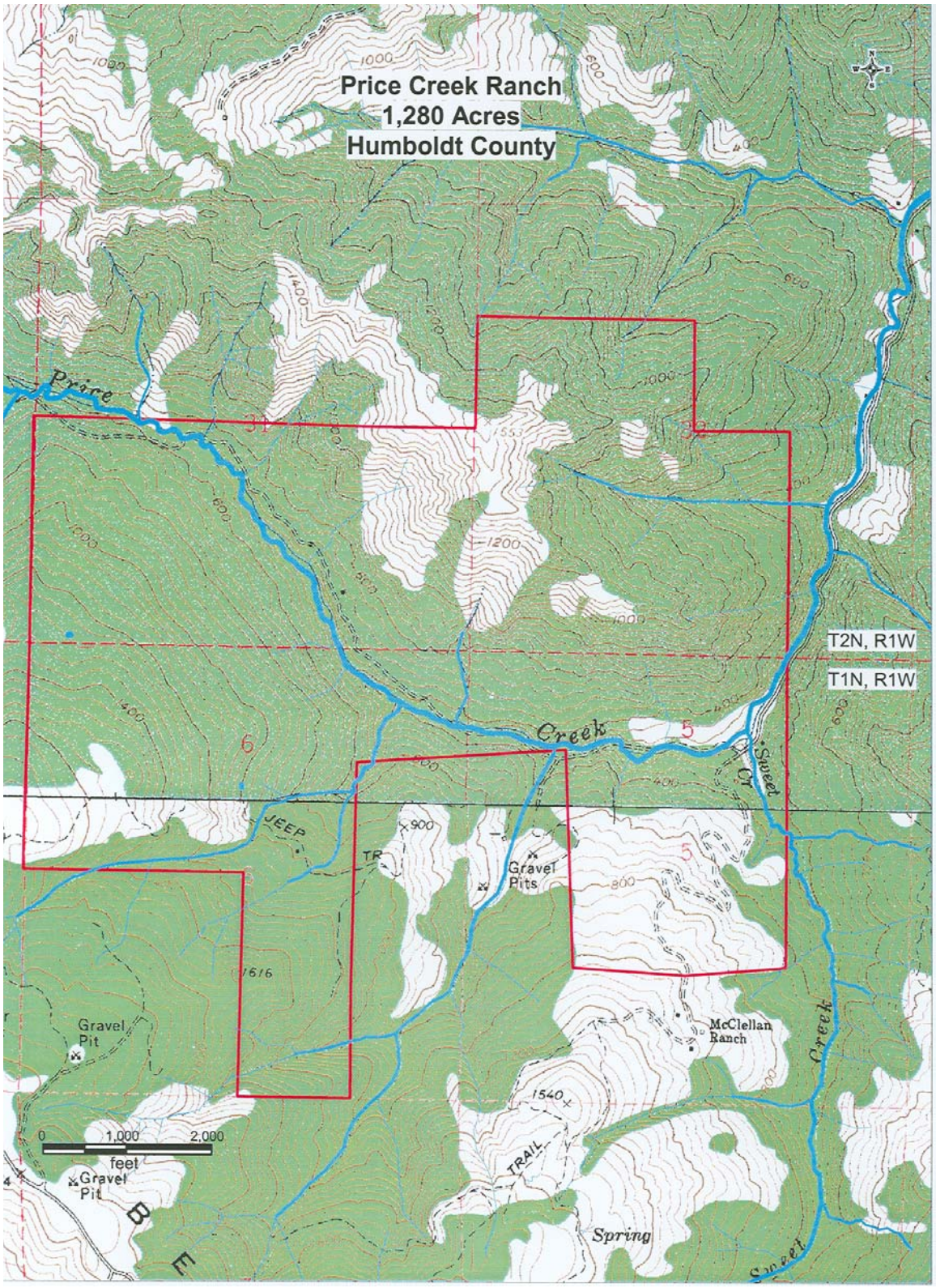

Exhibit 1: Project Location

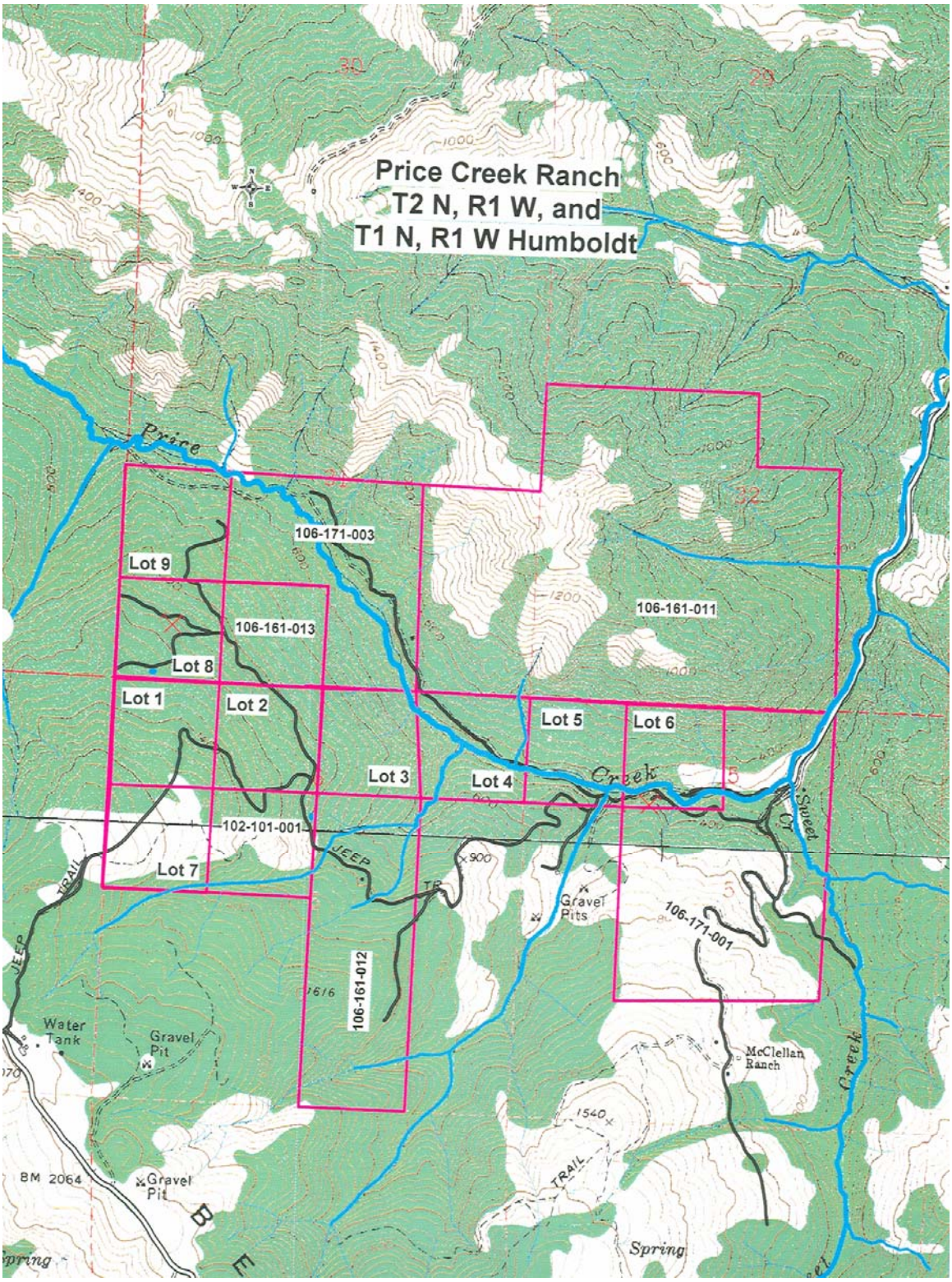
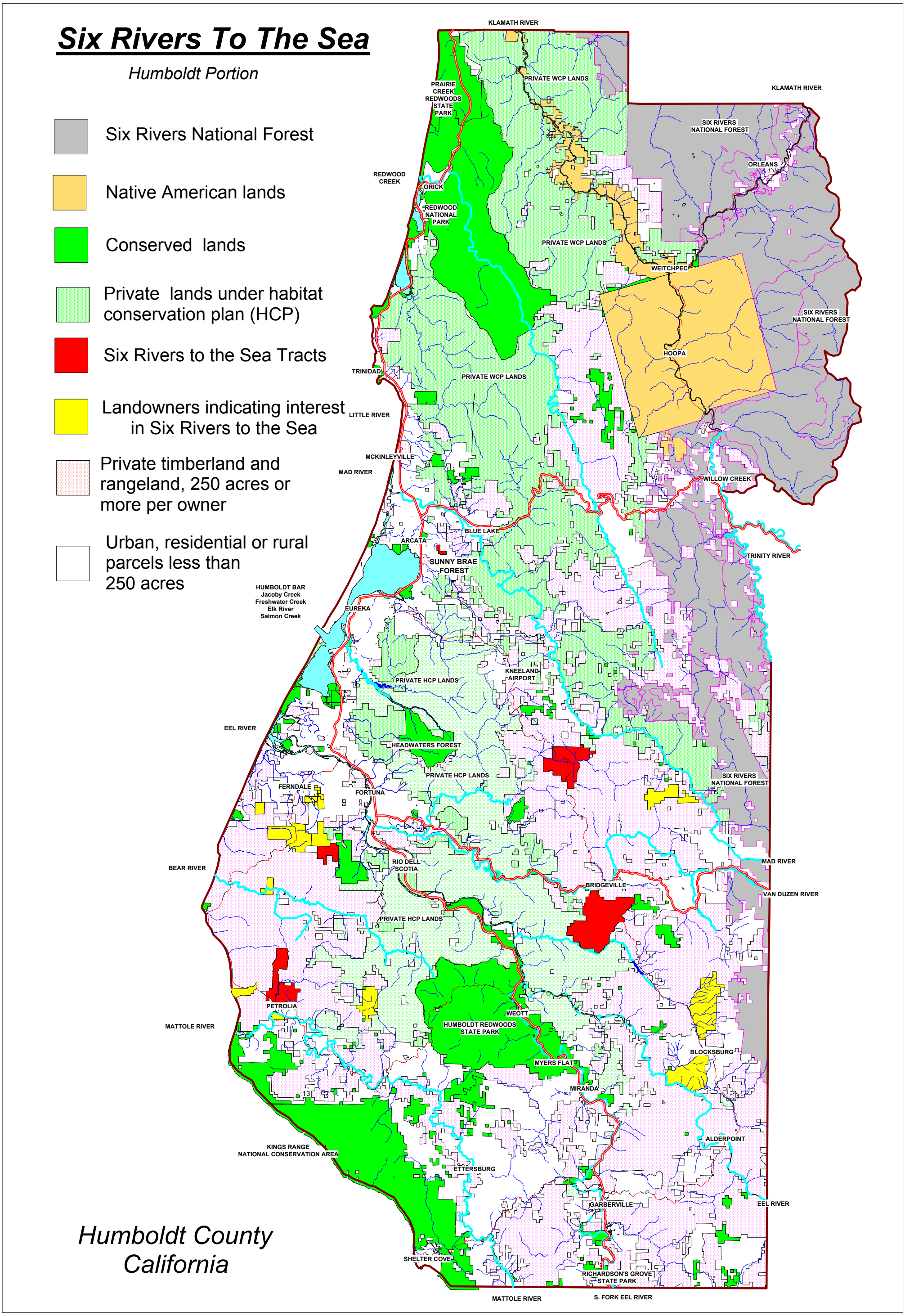
Exhibit 2: Six River to the Sea Phase 1 Properties