



Midpeninsula Regional
Open Space District

R-12-109
Meeting 12-36
November 14, 2012

AGENDA ITEM 7

AGENDA ITEM

Approval of the Proposed Purchase of the Peninsula Open Space Trust (Toto Ranch) Property located at 20800 Cabrillo Highway (State Highway 1) in unincorporated San Mateo County (Assessor's Parcel Numbers 081-060-010, 081-060-100, 081-060-110 and 081-060-120) as an addition to Tunitas Creek Open Space Preserve; Adoption of the Preliminary Use and Management Plan; and Approval of a Categorical Exemption in Accordance with the California Environmental Quality Act

GENERAL MANAGER'S RECOMMENDATIONS

A handwritten signature in black ink, appearing to be "G. G.", written over the printed text of the section header.

1. Determine that the recommended actions are categorically exempt from the California Environmental Quality Act (CEQA) as set out in this report.
2. Adopt the attached Resolution authorizing the purchase of the Peninsula Open Space Trust (Toto Ranch) Property and approving the related Assignment of Grazing Lease.
3. Adopt the Preliminary Use and Management Plan contained in this report.
4. Temporarily designate the Property as the Gordon Ridge Area of Tunitas Creek Open Space Preserve.
5. Withhold dedication of the Property as public open space at this time.

SUMMARY

The Midpeninsula Regional Open Space District (District) is proposing to purchase the 952.49-acre Peninsula Open Space Trust (POST) (Toto Ranch) property, at a price of \$3,500,000 and reimburse POST for recent structure and infrastructure repairs and improvements on the property not to exceed \$275,000 for a total purchase and reimbursement cost not to exceed \$3,775,000. As part of this transaction, the District is also proposing to continue leasing the residential and rangeland portions of the property to the existing tenant under an assigned grazing lease and a District residential rental agreement. The following report presents a description of the POST (Toto Ranch) property, the Coastside Protection Plan process, a Preliminary Use and Management Plan, the environmental review, the purchase terms and conditions, and financial considerations.

DISCUSSION

The 952.49-acre POST property being considered for purchase by the District is located approximately one mile southwest of the Tunitas Creek Open Space Preserve (Preserve) along the east side of the Cabrillo Highway (State Highway 1), approximately 1½ miles north of the community of San Gregorio and approximately nine miles south of the city of Half Moon Bay. POST purchased the property from the Scutchfield family in 2008. The property is within the Coastside Protection Area, an area that was annexed into the District boundaries in 2004.

Property Description (see attached map)

The POST (Toto Ranch) property is located along the east side of Highway 1 with over one mile of scenic frontage along the highway. The community of San Gregorio and State Highway 84 are located approximately 1.5 miles to the south. Tunitas Creek Road is located just north of the northwest corner of the property. The District's 708-acre Tunitas Creek Open Space Preserve is located roughly one mile to the north east and the Driscoll Ranch area of the La Honda Creek Open Space Preserve is located approximately 2.5 miles to the east. The property is surrounded by private properties with several large acre ranches located to the south and east. The coastal landscape of the Toto Ranch property consists of grazed rolling grasslands and coastal scrub, steep brushy riparian canyons, and lush creek corridors that represent the great diversity of the coastal San Mateo County. Gordon Ridge rises to a height of just over 880 feet along the southerly boundary. From the ridgelines, the property possesses panoramic views of the San Mateo coastline, the surrounding Tunitas and San Gregorio watershed lands, and the western Santa Cruz Mountains. The property is bounded by Tunitas Creek and Dry Creek, a tributary of Tunitas Creek, along its northerly boundary. In addition, the upper headwaters of a tributary which flows into the San Gregorio watershed is located in the south east corner of the property. The property is central to the open, rural landscape of the region, whether seen from the two nearby Preserves, or Highway 1 and the coastal lowlands to the west.

Resource inventories performed by POST and District staff have revealed a wide variety of plant and animal habitats. The property is dominated by open grasslands with native perennial grasses and coastal scrub, with riparian woodlands shading the creeks.

With close to 9,000 feet of perennial stream frontage, stock ponds, and numerous springs and seeps, the property possesses significant watershed and riparian values. There are four year-round ponds and at least four smaller seasonal ponds located on the property, with the two largest ponds situated in the southeastern and northwestern quadrants. The ponds, springs and seeps provide potential breeding habitat for the rare and federally-listed as threatened California red-legged frog. The lower watershed of Tunitas Creek, including Dry Creek, forms the northern boundary of the property. Tunitas Creek provides spawning and rearing habitat for steelhead trout and coho salmon, which are state- and federally-listed species. The property provides a rich resource for many wild animals, including mammals such as mountain lions, coyotes, and bobcats. A wide variety of birds frequent this landscape, from raptors such as red-tailed hawks, Golden Eagles, Cooper's hawks, white tailed kite, peregrine falcon, and sharp-shinned hawks, to insect-eating species such as the yellow warbler. Annual and native perennial grasslands and coastal scrub habitat includes coastal oatgrass, coffeeberry, coyote brush, sticky monkey flower, sage, lupine, and poison oak. The property's creeks support dense riparian habitat, including

alders and willows. Several eucalyptus groves are also present, which appear to host nesting raptors.

Use and Development

Vehicular access to the property is from a paved access road from Highway 1, which becomes gravel-surfaced after the first quarter of a mile leading to the residential and ranch area located just over 3/4 of a mile east of Highway 1. This road is on the approximate alignment of the historic Star Hill Road, which traverses from the ranch area along Gordon Ridge to the easterly boundary of the property. In general, the existing seasonal ranch roads accessing the property are in fair to good condition. The ponds on the property provide water for the cattle and other livestock.

Prior to POST's 2008 purchase, the property was owned by the Scutchfield family who owned the property since the late 1970s as a family retreat and for cattle grazing. Eric Markegard, the tenant, has lived on the property for twenty-five years and is a sixth generation rancher. The property has been in continuous use as a farm for almost 120 years. The property was originally owned by Alexander Gordon, a State assemblyman, who in 1872 built Gordon's Chute near the mouth of Tunitas Creek, an ill-fated ramp for sliding farm goods from the top of the cliffs to ships anchored in the rolling surf. Gordon's Chute was blown away in a heavy storm in 1885. The Machado family, originally from Portugal, settled the property in the late 1800s, and ranched on the property for close to 100 years. The property was historically grazed with 60 to 70 head of Holstein Dairy cows and some of the hillsides were dry farmed with hay and oats. The original house built on the property burned down in 1933 and the current two-story, 2,620 square foot ranch house was built later that year.

The Markegard family leases the property and resides in the ranch house (the ranch house rental terms are discussed in the Terms and Conditions section of this report). Other buildings include a modern 4,390 square foot metal-sided barn, a wooden barn, and several small outbuildings and sheds. All buildings are located in a nine-acre building envelope area identified within a Conservation Easement currently held by the Coastside Land Trust, discussed further below.

The ranch is currently used primarily to produce grass-fed beef cattle, and for residential purposes. Other grazing uses on the property include a small number of dairy cows, grass-fed sheep, goats, and pastured pigs. The Markegards sell beef, pork and lamb through a Community Supported Agriculture (CSA) purchasing program. A small number of dairy cows produce milk as part of a cooperative Herd Share arrangement. The Markegards hold Ranch Day events and workshops on the property during the year. The workshops include topics such as grass fed and free range grazing techniques, watershed restoration, permaculture education, and cheese making and milk production methods.

POST is currently in the process of addressing the property's most pressing maintenance needs, in coordination with the District's Real Property, Operations and Natural Resource Department staff as well as the tenants. As discussed in the Terms and Conditions section of this report, a condition of the proposed purchase is POST's satisfactory completion of this in-progress maintenance work. Maintenance to the ranch house included deck replacement, interior and exterior lead treatment and painting, repair and upgrade of the residential water system and septic systems, and upgrade of two existing agricultural wells, including the installation of a

windmill to improve stock watering and ranch infrastructure, and reduce electricity costs. Ranch roads were maintained, and the paved section of the access driveway is slated to be patched and resurfaced after hauling is complete. Three surface dump or debris sites were cleared and removed from the property. POST has employed Coastside contractors, where possible.

Environmental Quality Incentives Program (EQIP) Grant

The Markegards, in coordination with POST and the District, recently entered into a Farm Bill Environmental Quality Incentive Program (EQIP) grant contract with the Natural Resources Conservation Service (NRCS). Over the next three years, this grant contract will provide \$64,925 in funding assistance to the tenant to improve the grassland grazing conditions on the property by mechanical mowing of coyote brush and the installation livestock cross-fencing, which is expected to increase the grazing carrying capacity and improve grassland biodiversity, thereby improving the economic feasibility of continued agriculture use on the property. Under the grant contract conditions, after completing the grant funded improvements, the tenant is responsible for maintenance of these improvements for their lifespan. These activities are currently underway and ongoing, and the District's proposed purchase will not affect their implementation or completion.

As part of their standard procedures, NRCS reviews the environmental impacts of projects proposed for grant funding under the National Environmental Policy Act (NEPA). NRCS adopted a Finding of No Significant Impact for the entire EQIP in December 2009. NRCS also completed an Environmental Evaluation specifically for the project and found no environmental effect on endangered and threatened species. Similar to District resource management standards, the grant contract includes performance standards requiring avoidance of suitable red-legged frog habitat areas, and removing brush during bird nesting season.

REAL PROPERTY COMMITTEE

The District's Real Property Committee, a standing committee of the Board of Directors, held a public meeting on the property (within the Coastside Protection Area) in order to familiarize themselves with the property and to receive public input on the proposed purchase. This meeting was held on October 15, 2012, after notice was distributed to property owners of land located adjacent to or surrounding the property, Coastside public officials, community-interest groups, non-profit land trusts, conservation-oriented organizations, elected officials, government agencies and government-sponsored organizations within the Coastside Protection Area. The Markegard family and a POST representative attended the meeting. No members of the public attended the meeting. At the meeting, staff described the property and how it would be managed as open space and agricultural land, the proposed preliminary use and management plan, and the proposed purchase terms.

COASTSIDE PROTECTION PROGRAM PROCESS

As part of the annexation process, the Service Plan and subsequent conditions approved by 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 proposed purchase of the Toto Ranch property described in this Report and the accompanying Preliminary

Use and Management Plan are consistent with the policies and procedures contained in the Program.

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 purchasing the property. On September 25, 2012, five members of the San Mateo County Farm Bureau, including a neighboring property owner to the north east, visited the property with District staff, the Markegards, and a POST staff member and discussion ensued regarding the grazing uses, historical uses, and ranch infrastructure. Staff also made a presentation to the full Farm Bureau Board on October 1, 2012. The Farm Bureau was supportive of the project and provided additional information about past agricultural use of the property. On October 15, 2012, the project was presented to and discussed by members of the San Mateo County Agricultural Advisory Committee. District Staff assured both the Farm Bureau and the Agricultural Advisory Committee that agricultural concerns would be carefully considered in future planning for the property, and that the decision making process would include additional opportunities for their participation and input.

USE AND MANAGEMENT

Conservation Easement

In 2007, a conservation easement was recorded over the property to protect the scenic and natural habitat, agricultural production, and open space values of the property. The conservation easement is currently held by Coastside Land Trust, and is anticipated to be assigned to POST after purchase of the property by the District. The easement provides for a 9-acre improved area of the property (where all of the existing improvements are currently located), and allows for the replacement of the main residence not to exceed 5,000 square feet, recreational improvements not to exceed 10,000 square feet, and 25,000 square feet of agricultural improvements, for a total 40,000 square feet of improvements in the aggregate (see Exhibit B). The District's use and management is expected to be consistent with this easement.

Planning Considerations

The POST (Toto Ranch) property is subject to the Land Conservation Agreement (Agreement) between San Mateo County and Donald Scutchfield under the California Land Conservation Act of 1965 (also known as the Williamson Act) recorded in 1985. San Mateo County filed and recorded a Notice of Non-Renewal of the Agreement affecting a small portion of the property in 2011, which will terminate in 2020, and earlier this year, POST recently filed a Notice of Non-Renewal of the Agreement affecting the remaining property, which will terminate in 2021. In addition to agriculture, the Agreement provides for the compatible uses of open space, recreation, and wildlife habitat area.

Staff notified the California Department of Conservation (CDC) of the proposed POST (Toto Ranch) property purchase, as required. No response from CDC was received as of this writing. In the past, CDC staff has recommended the District consider filing for contract nonrenewal when acquiring land subject to a Williamson Act Land Conservation Agreement; however, the nonrenewal process is already underway.

The current San Mateo County General Plan designation for the property is Agriculture, and the zoning is Planned Agricultural District/Coastal Development (PAD/CD). Surrounding private properties are also zoned PAD/CD. District staff requested that San Mateo County review the conformity of the District's proposed property purchase with the County General Plan. As of this writing, the San Mateo County Planning Commission is scheduled to conduct its conformity review on November 14, 2012. County staff has not previously expressed any concerns about the conformance of the purchase with the General Plan.

The property is comprised of two legal parcels and has a potential development density of seven residential sites under San Mateo County regulations. Development of the property for residential purposes would be feasible, as much of the property is accessible and there are many relatively level building sites along or near ridgetops. However, the property is subject to the conservation easement, which restricts subdivision of the property, and the Williamson Act contract limits uses to those compatible with commercial agriculture. The property's upper ridgelines are visible from the Highway 1, a state-designated Scenic Highway.

According to the California Department of Conservation's Farmland Mapping and Monitoring Program (FMMP) 2008 update, the property contains approximately 669 acres of Grazing Land, and the remaining property consists of Other Land (steep riparian and scrubland unused for agriculture). These areas have not been used for grazing or agricultural crops historically. Although some of the ridge lands suitable for grazing may have been dry farmed historically, these lands are currently fallowed with no obvious farming infrastructure present. The Preliminary Use and Management Plan contained in this report specifies that the District will continue to lease the balance of property for conservation grazing to maintain and enhance native biodiversity, reduce wildfire risk by controlling fuel loads, and promote the local, historical agricultural economy. Over the next two to three years, District staff will prepare a Rangeland Management Plan and associated longer-term grazing lease, for future Use and Management Committee and Board consideration, after soliciting tenant and public input.

POST commissioned a Phase I Environmental Site Assessment prior to purchase and District staff has conducted due diligence investigations and inspections of the property, including a review of San Mateo County's property records and files. No information of concern was noted in reviewing this information.

Preliminary Use and Management Plan (Next Steps)

The principal purpose of the Preliminary Use and Management Plan is to establish a status quo approach to land management to be effective in the interim between purchase and the completion of a subsequent long-term plan. This plan outlines the uses that can occur on this property in the near term, and the management methods for ensuring their compatibility with each other and with neighboring properties. It also outlines actions to protect and balance the agricultural and natural resource potential, and initiates activities needed to inform long-term planning and management.

The Preliminary Use and Management Plan below will take effect upon the close of escrow, and remain effective until a long-term plan is developed for the property. The Preliminary Use and Management Plan includes continuation of grazing under the provisions of a grazing lease,

continuation of residential use as a month to month rental, resource management, posting signs, and securing the site, as described more fully below.

All mitigation measures contained in the Coastside EIR are incorporated into this Preliminary Use and Management Plan.

Name	Temporarily designate the POST (Toto Ranch) property as the Gordon Ridge Area of the Tunitas Creek Open Space Preserve. Refer the property to the Board's Legislative, Funding and Public Affairs Committee for permanent naming.
Public Access:	Designate the property as closed to general public use. Allow public access through Ranch Days, workshops, and ranch visitation conducted by the tenant consistent with historical use patterns, subject to case-by-case District permit requirements. Allow docent-led hikes, after evaluating the compatibility of limited public access in light of existing on-site factors including grazing, natural resources, temporary parking/staging needs, and road and trail conditions.
Signs and Site Security:	Install private property, closed area, and preserve boundary signs where appropriate.
Structures and Improvements:	Rent the residential structures under District month-to-month residential rental agreements. Evaluate the feasibility and/or desirability of alternative longer-term residential occupancy arrangements and return to the Board for review and approval. Evaluate the historic integrity of the ranch house. Maintain the residence in a habitable condition. Maintain the existing water system providing domestic, irrigation, and stock watering in serviceable condition.
Resource Management:	Conduct a detailed resource assessment of the property, covering such topics as vegetation management, special status species, ponds, and sedimentation. Use conservation grazing as a vegetation management tool to reduce invasive weeds and encourage native grasses within the property's grasslands, as part of overall rangeland management methods. Conduct other interim invasive plant and animal management activities consistent with the District's policies and practices.
Rangeland Management:	Continue grazing under the existing grazing lease being assigned to the District. Upon preparation of a Rangeland Management Plan and before lease expiration, enter into a long-term conservation grazing lease in accordance with the District's Coastside Service Plan, the District's Grazing Management Policy, and the Rangeland Management Plan. Collaborate with tenants on obtaining and administering grants on rangeland and resource enhancements, as well as exploring the feasibility of alternative methods of

brush management. After public review and comment in accordance with the Farm Bureau Memorandum Of Understanding and Coastside Protection Plan, present the long-term grazing lease and Rangeland Management Plan for future review and approval by the District Board of Directors.

Conservation Easement:	Use and manage the property consistent with the existing Conservation Easement. Coordinate with easement holder regarding any proposed physical alterations to the property prior to implementation, so that they may assess consistency with easement provisions.
Patrol:	Routinely patrol the property using existing ranch roads and patrol easements.
Wildfire Fuel Management:	Conduct conservation grazing, as noted above, as well as other standard District-wide fuel management practices. Further assess plant communities on the property to determine wildfire management needs and consult with San Mateo County and the California Department of Forestry and Fire Protection in developing a site-specific fuel modification and management program as part of the subsequent planning process.
Fences and Gates:	Working with the tenant, ensure that existing gates and fences are maintained and repaired as necessary to prevent livestock movement onto adjacent private property or onto Highway 1. Install new fencing in accordance with the existing EQIP grant scope. Install new gates as necessary to prevent unauthorized vehicular entry at the property. Monitor interior fence installation by tenant under the EQIP grant, and evaluate additional fencing needs as part of developing the long-term Rangeland Management Plan.
Roads and Trails:	Maintain existing roads to the ranch house compound in serviceable, year-round condition, and maintain the remaining existing roads for seasonal use. Implement maintenance and minor erosion and sediment control measures for access roads in accordance with District and Service Plan standards. Prepare a road and trail inventory of the entire property consistent with Service Plan requirements.
Coastside Service Plan:	Operate and manage the property in conformity with the provisions of the Service Plan for the Coastside Protection Program and the mitigation measures adopted pursuant to the Coastside Service Plan Environmental Impact Report.
Site Safety Inspection:	No evidence of any recognized hazardous condition has been found on the property. As with every situation involving older structures and past agricultural use, perform a thoughtful analysis of the specific working conditions before conducting all future maintenance and repairs.
POST Site	For a limited period and in accordance with the District's "Policies for Site

Naming:	Naming and Gift Recognition”, allow POST to recognize significant donors through the naming of a single, specific location, land formation, trail, or other natural feature on the property.
Williamson Act:	Comply with the existing Williamson Act contract during the nonrenewal period.
Dedication:	Withhold dedication of the property as open space at this time.
Subsequent Planning:	As indicated under Structures and Improvements above, evaluate the possibility of entering into a long-term residential arrangement. Develop a long-term plan for the property, including more detailed plans for grazing, resource management, public access, road and trail management, and wildland fuel and fire management. Since the property is within the Coastside Protection Area and is subject to the Service Plan, the process for developing a long-term plan involves conducting more detailed resource assessments to inform resource management, range management, and public access plans, including consultation with appropriate government officials, agencies and organizations, and an extensive public input process. The long-term plan will be subject to further environmental assessment under the California Environmental Quality Act (CEQA).

CEQA COMPLIANCE

Project Description

The project consists of the acquisition of a 952.49-acre property as an addition to the District’s public open space preserve system and the concurrent adoption of a Preliminary Use and Management Plan for the property. The land will be permanently preserved as open space and maintained in a natural condition. Pursuant to the Preliminary Use and Management Plan, the property will be closed to the general public, except for limited docent-led hikes and a continuation of the previously occurring Ranch Days and agricultural workshops under District case-by-case permits. The majority of the property will continue to be leased for cattle and other livestock grazing. The residence will continue to be rented. The structure and improvement repairs currently underway will be completed. Minor resource and wildfire fuel management activities will occur and existing ranch roads will be maintained according to District policies and standards.

In accordance with the Coastal Service Plan, the project incorporates all of the Coastside Environmental Impact Report (EIR) mitigation measures that apply to land purchases within the Coastside Protection Area and is subject to the Coastal EIR mitigation monitoring program.

CEQA Determination

The District concludes that this project will not have a significant effect on the environment. It is categorically exempt from CEQA (California Environmental Quality Act) under Article 19, Sections 15301, 15316, 15317, 15325, and 15061(b)(3) of the CEQA Guidelines as follows:

Section 15301 exempts operation, repair, restoration, maintenance, permitting, leasing, licensing or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. The Preliminary Use and Management Plan specifies the property will be operated and maintained in a natural condition and there will be no expansion of use. The property will be closed to the general public, with only limited access for docent-led hikes and tenant Ranch Days; residential uses, and livestock grazing will continue; minor resource and wildfire fuel management activities will occur; existing ranch roads will be maintained according to District standards. The repairs currently in progress will be completed to address current standards of public health and safety and the residence will be maintained in a habitable condition.

Section 15316 exempts the acquisition of land in order to create parks if the site is in a natural condition and the management plan proposes to keep the area in a natural condition. The Preliminary Use and Management Plan specifies that the land will not be developed and will remain in a natural condition.

Section 15317 exempts the acceptance of fee interests in order to maintain the open space character of an area. The District will acquire fee interest and maintain the open space character of the area. No new development is proposed as part of this project.

Section 15325 exempts transfers of ownership of interests in land in order to preserve open space and historical resources, and to allow continued agricultural use to occur. This acquisition will transfer fee ownership of the property to the District and ensure that the open space will be preserved, that continued agricultural use will occur, and that the historic resources will be preserved by implementing the Preliminary Use and Management Plan and by incorporating it into the District's open space preserve system.

This proposed purchase qualifies under these four sections. The project is also exempt under section 15061(b)(3), as there is no possibility the actions may have a significant effect on the environment.

TERMS AND CONDITIONS

The bargain sale purchase price for the 952.49-acre POST (Toto Ranch) property is \$3,500,000, or approximately \$3,675 per acre with a gift component of \$3,644,000. The property, subject to the conservation easement, has a fair market appraised value of \$7,144,000 as determined by an independent appraisal commissioned by POST. As part of this transaction, POST is completing repairs and minor improvements to the ranch house residence and residential water system and septic system, has removed surface dumps and debris sites, performed access and ranch road maintenance, and conducted agricultural well and stock watering infrastructure repairs (discussed in detail earlier in this report) at a cost not to exceed \$275,000. These funds will be held in an escrow impound account and released upon completion of all required work. Any unused funds will be returned to the District. It is anticipated that these improvements will be completed by March 2013. The combined purchase and reimbursement costs are not to exceed \$3,775,000.

Eric and Doniga Markegard are the residential and grazing tenants on the property. The Markegard family currently rents the two-story ranch house under month-to-month rental agreements with POST that will terminate at close of escrow, and will be replaced with the District's standard monthly residential rental agreement under substantially the same terms. The residential rental agreement will be entered into under the General Manager's authority.

The Markegards operate a grass-fed beef cattle operation on the property under a grazing lease agreement with POST with a two-year lease term with options for two one-year lease extensions, for a total of four years. As part of this transaction, POST's grazing lease will be assigned to the District. The initial lease term expires on November 1, 2014.

As part of the Rangeland Management Plan development process, staff will evaluate the most advantageous residential leasing terms, taking into consideration the need for the Markegards to be co-located on the property to manage the day-to-day demands of their grass-fed beef and other livestock businesses. As specified in the Preliminary Use and Management Plan, the District will evaluate alternative long-term residential arrangements to best accomplish our goals for the long-term grazing and rangeland management of the property.

The purchase agreement also includes a covenant that provides POST a period of five years to recognize significant donors through the naming of a specific location, land formation, trail, or other natural feature on the property, in accordance with the District's "Policies for Site Naming and Gift Recognition", which require Board Committee approval of naming proposals.

BUDGET CONSIDERATIONS

FY2012–13 Budget for New Land Purchases:

New Land Budget	\$9,000,000.00
Less:	
Land purchased this year	(\$1,839,600.00)
POST (Toto Ranch) Property	(\$3,500,000.00)
New Land Purchase Budget Remaining	\$3,660,400.00

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

Current Coastside Protection Area Fiscal Considerations

The 952.49-acre property is located in the District's Coastside Protection Area. The property is located within the service area of San Mateo County Fire, but not the La Honda-Pescadero Unified School District. However, under the terms of the District/County Fire agreement, the District is not required to pay a County Fire fee when the District leases the property for a private agricultural or residential use, which is subject to a possessory interest tax.

The Coastside Protection Program included a Fiscal Analysis conducted by Economics Research Associates confirming the feasibility of implementing that Program. To ascertain whether the conclusions made in the Fiscal Analysis are valid for this particular project, staff has researched

the specific site conditions and expected costs associated with the proposed purchase and subsequent management of the property. This site assessment indicated that acquisition and management costs for the POST (Toto Ranch) property are expected to be consistent with the Fiscal Analysis projections.

Furthermore, staff assessed the costs associated with this project and compared them to the Controller's most recent 15-year projections of cash flow, property tax revenue, and operating expenses. Staff concludes that purchasing and managing this property will not result in any significant impact to the District's existing services, and that the District has the resources to sustain the lease and management of the property for the specified term.

PUBLIC NOTICE

An advance letter announcing the meeting date and the agenda for this public meeting, where the Board of Directors will consider purchasing this property, have been sent to property owners of land located adjacent to or surrounding the subject property, individuals requesting notification about this specific property, agenda subscribers, individuals requesting notification of proposed Coastside and Preserve projects, and Coastside public officials, community-interest groups, non-profit land trusts, conservation-oriented organizations, elected officials, government agencies and government-sponsored organizations within the Coastside Protection Area, as well as attendees of the October 9, 2012 Real Property Committee Meeting. The agenda and this report have been made available on the District's website. 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, staff will proceed with close of escrow for the purchase of the property, and will undertake the next steps identified in the Preliminary Use and Management Plan contained in this report. Once developed, a long-term grazing lease, rangeland management plan, and long-term residential use recommendation will be brought to the Board for review and consideration at a later date.

Attachments:

1. Resolution
2. Exhibit A – Property Map
3. Exhibit B – Improved Area

Responsible Department Head:
Mike Williams, Real Property Manager

Prepared by:

Michael Williams, Real Property Manager
Elaina Cuzick, Real Property Specialist
Sandy Sommer, Senior Planner
Gretchen Laustsen, Planner II

Contact person:
Same as above

Graphics prepared by:
Alex Roa, GIS Technician

ATTACHMENT 1

RESOLUTION 12-XX

RESOLUTION OF THE BOARD OF DIRECTORS OF MIDPENINSULA REGIONAL OPEN SPACE DISTRICT AUTHORIZING ACCEPTANCE OF PURCHASE AGREEMENT AND ASSIGMENT OF LEASES, AUTHORIZING GENERAL MANAGER OR OTHER OFFICER TO EXECUTE CERTIFICATE OF ACCEPTANCE OF GRANT TO DISTRICT, AND AUTHORIZING GENERAL MANAGER TO EXECUTE ANY AND ALL OTHER DOCUMENTS NECESSARY OR APPROPRIATE TO CLOSING OF THE TRANSACTION (TUNITAS CREEK OPEN SPACE PRESERVE - LANDS OF PENINSULA OPEN SPACE TRUST (TOTO RANCH))

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

Section One. The Board of Directors of Midpeninsula Regional Open Space District does hereby accept the offer contained in that certain Purchase Agreement between the Peninsula Open Space Trust and the Midpeninsula Regional Open Space District, a copy of which purchase agreement is attached hereto and by reference made a part hereof, and authorizes the President or other appropriate officer to execute the Agreement and all related transactional documents on behalf of the District to acquire the real property described therein (“the POST Property”).

Section Two. The General Manager, President of the Board of Directors, or other appropriate officer is authorized to execute Certificate of Acceptance for the Grant Deed on behalf of the District.

Section Three. The General Manager or the General Manager’s designee shall cause to be given appropriate notice of acceptance to the seller and to extend escrow if necessary.

Section Four. The General Manager is authorized to expend up to \$10,000.00 to cover the cost of title insurance, escrow fees, and other miscellaneous costs related to this transaction.

Section Five. The General Manager and General Counsel are further authorized to approve any technical revisions to the attached Agreement and documents which do not involve any material change to any term of the Agreement or documents, 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.

* * * * *

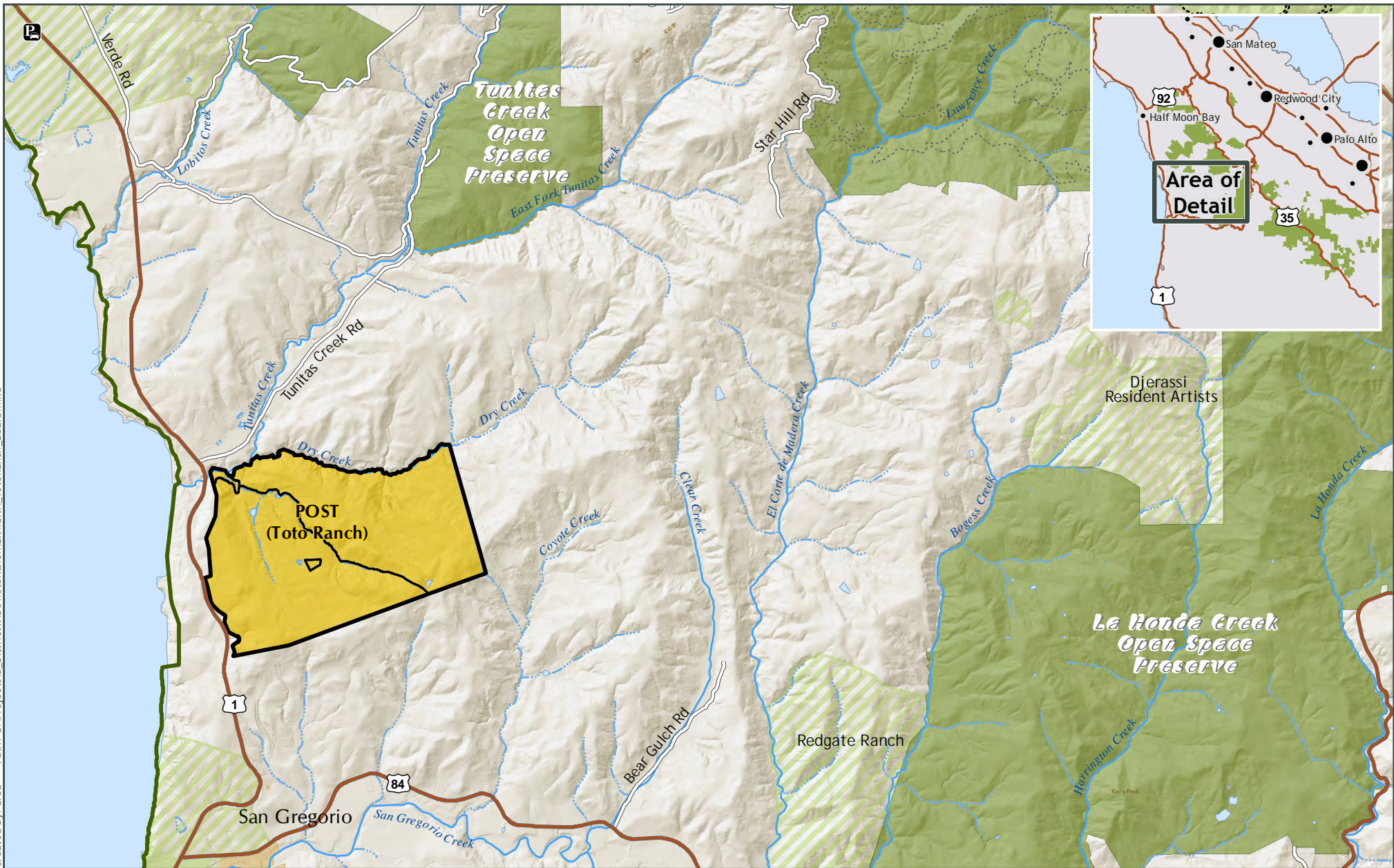








Exhibit A: POST (Toto Ranch) and Surrounding Area

- | | |
|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
|  POST (Toto Ranch) |  Land Trust |
|  MROSD Preserves |  Private Property |
|  Other Protected Open Space or Park Lands |  Non MROSD Conservation or Agricultural Easement |

Midpeninsula Regional
Open Space District
(MROSD)



November, 2012



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.

Path: G:\Project\sta_Districtwide\TotoRanch\Exhibit B_ImprovedArea_.mxd
Created By: aroa



Exhibit B: Improved Area POST (Toto Ranch)

 Building Envelope (8.89 acres)

*Map used to show building envelope
for the 11/14/12 board meeting.*

Midpeninsula Regional
Open Space District
(MROSD)



 November, 2012

