



Midpeninsula Regional  
Open Space District

R-12-10  
Meeting 12-06  
February 8, 2012

## **AGENDA ITEM 5**

### **AGENDA ITEM**

Approval of the Proposed Purchase of the Peninsula Open Space Trust (Madonna Creek Ranch) Property located south of State Highway 92 approximately a half mile east of the City of Half Moon Bay in unincorporated San Mateo County (Assessor's Parcel Number 056-450-010 and 056-450-030) as an addition to Miramontes Ridge 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**

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 (Madonna Creek Ranch) Property and approving the related Assignment of Lease of the Property.
3. Adopt the Preliminary Use and Management Plan contained in this report.
4. Designate the Property as an addition to Miramontes Ridge Open Space Preserve.
5. Withhold dedication of the Property as public open space.

### **SUMMARY**

The Midpeninsula Regional Open Space District (District) is proposing to purchase the approximately 564-acre Peninsula Open Space Trust (POST) (Madonna Creek Ranch) property at a price of \$600,000, \$500,000 of which will be funded by a California Department of Parks and Recreation Habitat Conservation Fund grant. As part of this transaction, the District is also proposing to continue leasing a 27-acre portion of the property to the existing tenant for irrigated and dry farm row crops and a small equestrian boarding facility. The following report presents a description of the POST (Madonna Creek 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 564-acre POST (Madonna Creek Ranch) property being considered for purchase by the District is located adjacent to Miramontes Ridge Open Space Preserve (Preserve) and is located just south of State Highway 92 (San Mateo Road) and approximately a half mile east of the City of Half Moon Bay (see Attachment 2). POST received the property as a gift from the Levitt family in 1995. The property is entirely within the Coastside Protection Area, an area that was annexed into the District boundaries in 2004.

### **Property Description (see Attachment 2)**

Overall, the POST (Madonna Creek Ranch) property presents an outstanding combination of agricultural, natural resource, and recreational values as a natural extension of the contiguous Miramontes Ridge Open Space Preserve, integrating closely with the 676-acre POST (Miramontes Ridge) property addition purchased in 2005 (see R-05-71). Special status birds, fish and amphibians are present, as are deer and mountain lion. The riparian corridors are thriving, and the property presents a future opportunity to expand and interconnect the existing public regional trail system. Prime farmland soil (Class II) is present in the alluvial valley bottoms.

The terrain of the property varies from level farmed fields to gentle terraces along the top of the ridges to extremely steep hillsides (as much as 40% slope) falling sharply off in a northeasterly direction to Madonna Creek. Rolling gentler grades on the south and west lead down toward the coastal lowland of Half Moon Bay and Miramontes Creek. Elevations range from 120 feet on the northwest to 600 feet where the east property line crosses the ridge at the present Preserve boundary.

The property has considerable plant diversity, including slopes covered with chaparral and grass, willow and alder riparian areas along the creeks and in shaded side ravines, and small stands of conifers and eucalyptus groves. The property was grazed until the 1950s and patches of European annual grass can be found throughout the scrub cover on southern slopes. On north-facing slopes, scrub cover is unbroken and forms a particularly rich habitat that supports a wide variety of small mammals, birds, reptiles, and insects. Grassland accounts for at least half the acreage of the property and, like nearly all of California's coastal grasslands, is made up of introduced European grasses and weedy herbs brought into the area with cattle during the Spanish land grant days. Native and non-native wildflowers dot the grassland in spring.

Eucalyptus trees form a dense canopy covering approximately 40 acres below Miramontes Ridge on the north-facing slope and on the south. At the east property line is a stand of planted Monterey pines that reach 100 feet in height. Non-native invasive plant species, like thistle, fennel, dandelion, and cow parsnip are common next to the roads, and cape weed (ivy) is prevalent along the creeks.

With approximately three miles of stream frontage (including ½ mile of Pilarcitos Creek), one in-stream pond, and several seeps, the property possesses significant watershed and riparian values. Bordered by Pilarcitos Creek to the north and Miramontes Creek to the south, the riparian corridors provide a diversified willow-alder riparian habitat for a number of special status species including California red-legged frog and yellow warbler. Madonna Creek bisects

the property between Miramontes Ridge to the south and the prime agricultural fields to the north. The trees shade the stream and the understory of shrubs, vines, and ferns. Smaller willow stands flourish next to year-round seeps and also along the Miramontes Creek on the south property line.

The property is confirmed deer/mountain lion habitat that forms a corridor, extending far to the east beyond Skyline Boulevard to the San Francisco watershed lands. Golden eagles have been observed foraging on the property on several occasions. Additionally, habitat for at least twelve other special status species identified either on or near the property will be protected by adding this property to already preserved adjacent open space lands at Miramontes Ridge Open Space Preserve and Burleigh Murray Ranch State Park.

The western extension of Miramontes Ridge, the focal physiographic feature of Miramontes Ridge Open Space Preserve, lies within the project site. The ridge is a prominent and imposing landscape feature that overlooks the coastal agricultural lowlands. Extending from Skyline Boulevard to the east side of the City of Half Moon Bay, the ridge separates the watersheds of Pilarcitos Creek and its tributary Madonna Creek from that of Mills Creek. Whether seen from the Skyline Scenic Corridor and the Preserve, State Highway 92, Burleigh Murray Ranch State Park, or the coastal area below, Miramontes Ridge is central to the uninterrupted rolling landscape scenery that gives character to the region. Likewise, views of the ocean and lowland from the ridge are spectacular.

North of the property are several large greenhouses used by flower nurseries. Privately owned lands to the south and west of the addition parcel are zoned for agricultural purposes, but appear to be unused at this time, and are possibly grazed lightly by cattle or sheep.

### **Current Use and Development**

The property was historically used for residential purposes, a dairy, farming of irrigated field crops and dry farmed grain. The now demolished farm buildings were situated along both sides of Madonna Creek at the property midpoint; these were initially used for dairy farming, then for hog farming, and eventually as an equestrian facility. Several residences were historically found near the property's northern entrance, where the horse boarding facility now stands. Until recently the only remaining structure was a large 50 by 120 foot wood frame and corrugated steel barn; however this barn collapsed in 2008 and its remaining debris was removed by POST in 2011.

Foundations, extensive concrete slabs, and other dairy-era ground level infrastructure remain on the property, now mostly hidden by dense vegetation. Based on historic aerial photos, a 1,000-foot segment of Madonna Creek was channelized by the dairy farming operation and was crossed several times by bridges. An unknown number of culverts and bridge abutments are still present in the stream channel, also hidden by vegetation. One vehicular bridge crossing of Madonna Creek remains, comprised of large eucalyptus log stringers and wood decking. POST has re-decked and added a safety railing to this bridge. For approximately 250 feet above this bridge Madonna Creek becomes a willow marsh exhibiting no flow channel or banks, having been filled with sediment likely many years ago.

Cattle grazing was a dominant land use in this region during the early 1900s, and dry land farming once occurred on the now overgrown ridgetops above Madonna Creek and Miramontes Creek. San

Mateo County soils maps show approximately 27 acres of gently sloping Botella Clay Loam (Class II) soils along the v-shaped valley formed by the confluence of Pilarcitos and Madonna Creeks. This portion of the property is currently being farmed under an agricultural lease. Recent farming activities include growing irrigated pumpkins or other truck crops, and raising dry farmed grain and hay. Irrigation infrastructure consists of a portable pump and piping system that draws water directly from the diversion pond within Madonna Creek.

The unpermitted in-stream diversion pond on Madonna Creek presents a complete fish passage barrier, and has altered downstream hydrology. The pond's concrete impoundment and spillway is crossed perpendicularly by a wooden trail bridge, recently repaired by POST. The pond impoundment and spillway appear to have received little maintenance over the years, judging by the erosion gulling and deep scouring below the spillway. A historic ranch landfill is present on the eastern creek bank immediately below the pond spillway, debris from which can be observed in Madonna Creek extending at least 250 feet below the landfill site. The surface debris present in the creek has been removed by POST, however an unknown amount of buried landfill debris is embedded in the stream, some appearing to have been deposited many years ago.

The property is also improved with a County-permitted horse stabling facility, which makes limited use of the property's roads for equestrian trails. According to the provisions of the lease, the agricultural tenant is responsible to conduct good animal husbandry practices and provide a safe environment for horses and their boarders. The tenant is also responsible for managing the horse boarding facility and associated by-products (such as manure) consistent with San Mateo County confined animal operation permit requirements.

Vehicular access to the property is directly from Highway 92 (San Mateo Road) on the north and from the private section of Miramontes Street on the south, which originates in downtown Half Moon Bay. The adjacent property to the east has an access easement to utilize property's main ranch road to access the southwestern portion of their property.

The POST (Madonna Creek Ranch) property contains an estimated six miles of existing lightly used seasonal ranch roads. In general these roads are in good condition and do not show signs of significant soil erosion. A 1.5 mile portion of the road system was assessed by a POST consultant in 2005. This assessment recommended a number of high and moderate priority treatments that were never implemented, including a bridge evaluation, short trail realignments, installation of drainage dips and ditches, as well as road rocking. Shaded portions of the main road are prone to puddles due to summer fog drip.

### **Potential Future Use and Development**

Although not proposed for consideration at this time, the property could potentially be opened for low-intensity recreational use and integrated into the overall District trail system in the future after the long-term planning process is completed, unless precluded by environmental, agricultural or other constraints identified during this process. The existing road and trail networks on the property continue through the adjacent open space preserve to Burleigh Murray Ranch State Park to the south and could provide a major link that could someday connect the planned regional trails. The timing and final configuration of this trail system will depend on future District and partner priorities.

### **Coastside Protection Program Process**

As part of the annexation process, the Service Plan and subsequent conditions approved by LAFCo established a number of policies and procedures for conducting the Coastside Protection Program. The Program now guides the District's purchase, use and management of open space land within the Coastside Protection Area. The proposed purchase of the POST (Madonna Creek 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 December 5, 2011, District staff met and consulted with the San Mateo County Farm Bureau, who supported the project and provided information about past agricultural use of the property. The project was also presented to the San Mateo County Agricultural Advisory Committee where it was generally supported. 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 numerous opportunities for their participation and input.

The District's Real Property Committee, a standing committee of the Board of Directors, held a meeting on the property (within the Coastside Protection Area) with neighbors and interested members of the public in order to familiarize them with the property and to receive public input on the proposed purchase. This meeting was held on November 30, 2011, 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. Several members of the public attended the meeting including the existing agricultural and stable tenant. At the meeting, staff described the property and how it would be managed as a natural extension of the adjacent Preserve, the proposed preliminary use and management plan, and the purchase terms.

## **USE AND MANAGEMENT**

### **Planning Considerations**

The District's Regional Open Space Study identifies the property as along the route of several potential major regional trail connections from Skyline Boulevard to Half Moon Bay. The Bay Area Open Space Council's Conservation Lands Network, the result of their Upland Habitat Goals Project, identifies the POST (Madonna Creek Ranch) property as "Essential to Conservation Goals", indicating that it is an essential component of a network of conservation lands for biodiversity preservation. Pilarcitos Creek is shown as a "Priority 1 Stream Conservation Target" indicating that it is one of the most important streams and watersheds in the San Francisco Bay Area, especially for listed anadromous fish species and important assemblages of native fishes.

The property is comprised of three legal parcels and has a potential development density of three residential sites. Development of the property for residential purposes would be feasible, as much of the property is accessible from public roadways and there are many relatively level

building sites along or near ridgetop above the agricultural fields. Within close proximity are numerous homes visible from, and close by, on one to twenty acres of land.

The current San Mateo County General Plan designation for the property is Agriculture, and the zoning is Planned Agricultural District / Coastal Development (PAD/CD). Adjacent private properties to the west, and along Highway 92 to the north are also zoned PAD/CD. Adjacent private properties along Miramontes Street at the south west corner of the property are zoned Resource Management/Coastal Zone (RM-CZ). District staff requested that San Mateo County review the conformity of the District's proposed property purchase with the County General Plan. Because the General Plan land use designation is Agriculture, the conformity review was referred to the San Mateo County Agricultural Advisory Committee. On December 12, 2011, District staff made a presentation about the property purchase to this Committee. On December 14, 2011, the San Mateo County Planning Commission conducted its conformity review and found the purchase in conformance with the General Plan.

According to California Farmland Mapping and Monitoring Program (FMMP), the core of the property is prime farmland, and meets the County Local Coastal Plan / District Coastside Protection Program definition of "Prime Agriculture" moderately to highly suited to the cultivation of truck and field crops. This area corresponds to the 27-acre leased, actively farmed portion of the property, where irrigation and other farming infrastructure is present. Soils in the lowlands along Miramontes Creek on the southern edge of the property also meet the definition of Prime Agriculture, however this area has no existing irrigation and farming infrastructure since it has not been cultivated for many years. Consistent with District Coastside Protection Program policies, the Preliminary Use and Management Plan contained in this report specifies that the District will continue to lease the prime agricultural land in the northern half property for irrigated and dry farm row crops. District staff will work with an agricultural management consultant to prepare a comprehensive Agricultural Production Plan for the property for future District Board of Directors review and consideration, after soliciting public input and consulting with Coastside agricultural experts. This effort is estimated to cost \$25,000 (one-time cost).

The unpermitted in-stream agricultural water diversion, scoured spillway, and historic creek bank landfill would present challenging planning considerations in any scenario, but in this case the complexity is compounded by the presence of special status frogs and steelhead and by the existing equestrian trail crossing. The pond that the agricultural operator depends upon for his livelihood is also the habitat for the California red-legged frog and a barrier to steelhead migration. These factors would require the District to prioritize a careful Madonna Creek resource assessment and improvement plan, in coordination with the Agricultural Production Plan, to develop recommendations for irrigation infrastructure improvements (including potentially wells) that balance the existing agricultural production capacity on the prime farmland with sensitive aquatic species protection, consistent with the Coastside Service Plan and to the satisfaction of the resource regulatory agencies. This effort is estimated to cost \$100,000 (one-time cost) and would be budgeted as a cost associated with the land purchase (not a capital improvement). The Pilarcitos Creek Watershed Plan, under preparation by the San Mateo County Resource Conservation District, would inform this creek assessment and assist in determining the potential fish habitat value of the Madonna Creek watershed above the pond in the context of the entire watershed.

Regarding the FMMP designation for the balance of the property, approximately 374 acres are shown as suitable for grazing, with the remainder shown as “other lands” comprised of steep scrublands. Although potentially suitable for grazing, the property lacks grazing infrastructure such as fencing and watering facilities. The cost of installing these facilities would likely exceed the foreseeable grazing revenue. Some of the ridge lands may have been dry farmed historically, however these lands have been fallowed for many years with no obvious farming infrastructure present.

The horse stable facility is a recreational use which provides an income source that allows the agricultural tenant to afford to farm the property. Since it is an existing permitted use allowed by the current lease, the Preliminary Use and Management Plan proposes retaining the stable. Upon property purchase, District staff would need to work with the tenant to ensure County confined animal ordinance permit compliance, including the requirement that manure be covered and separated from the ground by an impermeable material. Staff would also prepare a Stable Management Plan to guide the ongoing operation of the facility. The County permit allows up to 15 horse stalls on the property; currently, twelve are present. The Stable Management Plan would assess the capacity for and appropriate location of the additional three stalls allowed for in the County permit. This plan would undergo public review and be presented to the Board for consideration prior to implementation. The Stable Management Plan is estimated to cost approximately \$20,000 (one-time cost).

The agricultural tenant currently permits his equestrian sub-tenants to ride on approximately two miles of the property’s ranch roads, some of which border or cross the actively farmed prime farmlands. The District’s Coastside Protection Program Mitigation Measures specify that trails be located so as not to fragment agricultural operations unless no feasible alternative is available, and that if trails must traverse cultivated lands then they shall incorporate adequate buffers, signs, and other necessary measures to ensure that trail use does not interfere with agricultural operations. Because the agricultural tenant has had direct control of the equestrian trail route and the trail use occurs on existing ranch roads, on ridgetops or on field margins, these mitigation measures have already been incorporated into the existing trail design. Although unnecessary at this time, the Preliminary Use and Management Plan includes provisions for monitoring, tenant consultation, additional signage, fencing, or informational brochures if needed in the future to insure that trail use does not interfere with agricultural operations. To enable Operations Department staff to best coordinate this trail use and assuming the property is purchased, staff would immediately begin working with the tenant to issue District access permits with terms meeting the District’s typical neighbor use requirements.

A potential property encroachment is found near the northern property entrance where the neighboring property owner has constructed a horse paddock along the driveway as well as cleared and fenced for a bull pasture on a steep hillside. POST has performed a boundary survey to better clarify property lines. Resolution of the possible encroachment issues will fall to the District and this matter will return to the Board for consideration at a later date.

Although physically accessible from Highway 92 and Miramontes Street, the property’s driveways do not lend themselves to future public use because of their narrowness and the close proximity of private residences, agriculture and farming uses along the road. For these reasons,

the property is recommended to be closed to public access, except for good neighbor permits and tenant permits.

Under the terms of the existing lease, which would be assigned to the District as part of the property purchase, the agricultural tenant is obligated to repair and maintain all roads within the leased premises used for the agricultural operation and to prevent and control erosion resulting from their use. The lease also specifies other minor tenant stewardship and maintenance responsibilities outside the leased premises. Since conditions may have changed since the 2005 POST-sponsored partial road assessment, the proposed Preliminary Use and Management Plan calls for a new road assessment on the entire property to determine improvement and ongoing maintenance needs. After this assessment is completed, staff anticipates clarifying road maintenance responsibilities relative to the tenant lease obligations and adjoining owner's access easement road usage. This Road Conditions Assessment is estimated to cost approximately \$20,000 (one-time cost).

The low-lying agricultural fields along Pilarcitos and Madonna Creeks are potentially subject to seasonal flooding and are within the Federal Emergency Management Agency (FEMA) designated 100-year flood zone.

The District 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. The property is near the Half Moon Bay Oil Field, one of several known oil fields in San Mateo County. Small scale oil exploration was unsuccessfully pursued in the early 1960s, and was properly capped and abandoned upon drilling. The report notes the presence of the aforementioned ranch landfill, indicating that the presence of hazardous materials in landfill debris cannot be ruled out without further investigation. The report also notes that the valley floor portion of the property has been historically used for agriculture with the potential for presence of residual persistent agricultural chemicals such as DDT in shallow soil, typical of ranch use dating back past the 1970s when these chemicals were sold. No other information of concern was noted in reviewing this Phase I information.

#### **Preliminary Use and Management Plan (Next Steps)**

The principal purpose of the proposed 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 initiate activities needed to inform long term planning and management. The studies and potential future projects and tasks described in the Preliminary Use and Management Plan will be prioritized and scheduled separately, in the context of the District's overall workload and budget as part of the annual Action Planning and Budget process, so no specific timing for implementation is presented herein. This is particularly appropriate because potential future studies, tasks, and projects on the property can only be determined after thorough assessment and investigation of the site conditions set out in this report and subsequent review under the California Environmental Quality Act.

The proposed Preliminary Use and Management Plan below would 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 farming and equestrian boarding under the provisions of an agricultural lease, posting signs, and securing the site, as described more fully below.

All mitigation measures contained in the Coastside Environmental Impact Report (EIR) are incorporated into this Preliminary Use and Management Plan.

Name: Designate the property as an addition to Miramontes Ridge Open Space Preserve.

Per the Purchase Agreement, for a limited period, allow POST to name one specific site element, such as a location, land formation, trail, natural and physical feature, staging area or other area of significance within the property, consistent with the District's "Policy for Site Naming and Gift Recognition".

Public Access: Designate the property as closed to the public. However, to be consistent with the assigned agricultural lease, the specified trails shown on Attachment 3 are designated as open by permit to equestrians that board their horses on the property. In consultation with the tenant, formalize a permit process for equestrian use. Monitor equestrian trail use and modify route to use other existing trails if needed to avoid interference with agricultural operations. Assess appropriateness for year-round trail use or seasonal closure, and conduct further evaluation of the long-term improvements needed to sustain these trails for equestrian use, taking into account site-specific agriculture, natural resources, and road and trail conditions.

Issue neighbor permits on a case-by-case basis (per the Good Neighbor Policy) allowing hiking and equestrian use consistent with historical use patterns.

Allow docent-led hikes, after evaluating the compatibility of limited public access in light of existing on-site factors including agriculture, natural resources, neighbor concerns, temporary parking/staging needs, and road and trail conditions.

Signs, Safety and Site Security: Install private property, closed area and preserve boundary signs where appropriate. If needed to further address conflicts with agricultural use, sign trails adjacent to agricultural areas and provide trail users with informational brochures.

No evidence of any recognized environmental condition has been found on the property that has not already been corrected. As with every situation involving a property with historic agricultural use, perform a thoughtful analysis of the specific working conditions before all future maintenance and repairs.

Structures and Improvements: Lease the equestrian facility under the provisions of the assigned POST Agricultural Lease and in compliance with the San Mateo County Confined Animal Permit. Prepare a revised District Stable Lease and a Stable Management Plan to outline the overall operation/management of the equestrian facility, including an evaluation of the addition of three horse boarding stalls as allowed under the County permit. Provide the revised Stable Lease and Stable Management Plan to the Board of Directors for review and consideration.

Assess need for removal of old concrete foundations and slabs associated with the historic dairy as part of resource management studies (described below).

Resource Management: Prepare a study to assess Madonna Creek, including the pond, spillway, bridges, creek bank landfill site, and the agricultural use of water, in coordination with the Agricultural Production Plan. Develop improvement plan alternatives and cost estimates for Board review and approval. The study should integrate the following tasks to balance the resource protection needs with compatible agricultural use:

1. Investigate aquatic resources present in the in-stream pond, Madonna Creek, and vicinity. Assess stream conditions and habitat value throughout the property, and identify alternative habitat enhancement improvements.
2. Assess pond spillway and bridge integrity, and identify repairs and/or alternatives for improvement.
3. Assess creek bank landfill site cleanup alternatives.
4. Working with the tenant, assess the agricultural use of water and investigate the feasibility of developing alternative off-stream agricultural water sources.
5. Conduct consultations with coastside organizations (including the Resource Conservation District and Natural Resource Conservation District) and solicit public input. Conduct consultations with regulatory agencies regarding improvement plan alternatives. Coordinate efforts with the Pilarcitos Creek Watershed Plan.

Conduct a detailed resource assessment of the entire property, covering such topics as vegetation management and special status plants and animals. Conduct other interim invasive plant and animal management activities consistent with the District's policies and practices.

- Prime Agricultural Land:** Continue cultivation of agricultural crops under the existing agricultural lease being assigned to the District. Prepare an Agricultural Production Plan, including an agricultural water use assessment, in coordination with the above mentioned Madonna Creek Study. Prepare a long-term agricultural lease for the prime agricultural land in accordance with the District's Coastside Service Plan. Obtain public input, consult with Coastside agricultural experts, and present the long-term agricultural lease and Agricultural Production Plan for review and consideration by the District Board of Directors. Monitor equestrian trail use and perform ongoing consultation with the agricultural tenant to ensure that trail use is not interfering with farming.
- Patrol:** Regularly patrol the property utilizing existing ranch roads.
- Wildfire Fuel Management:** Conduct standard District-wide fuel management and defensible space 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 site-specific fuel modification and management program as part of the subsequent planning process.
- Roads and Trails:** Keep existing primary roads serviceable for vehicular and trail use in coordination with the agricultural tenant. Implement maintenance and minor erosion and sediment control measures for access roads in accordance with District and Service Plan standards. Prepare a more detailed road, bridge, and trail assessment of the entire property consistent with Service Plan requirements, considering equestrian use as discussed under Public Access above. Clarify tenant and adjoining property owner road maintenance obligations.
- Fences and Gates:** Install new fences and gates as necessary to prevent unauthorized vehicular entry at the property boundaries or other appropriate locations. Provide for equestrian access on permitted equestrian trails. Fence trails adjacent to agricultural areas if needed to minimize conflicts with agricultural use.
- 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.
- Dedication:** Withhold dedication of the property as public open space at this time. Study timing of dedication as part of the subsequent planning process.

Subsequent Planning: Develop a long-term plan for the property as an addition to Miramontes Ridge Open Space Preserve, including more detailed plans for resource management, public access, road and trail management, agricultural production, and wildland fuel and fire management. Study potential disposition of prime agricultural lands to promote continuance of agricultural use. Since the property is within the Coastsides 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, and public access plans including consultation with interested 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 proposed project consists of the acquisition of a 564-acre property as an addition to the District's open space preserve system and the concurrent adoption of a Preliminary Use and Management Plan for the property. The land would be permanently preserved as open space and maintained in a natural condition. The property would be closed to the public, except for the currently occurring equestrian and neighbor trail use. The 27-acre prime farmlands would continue to be leased for farming as irrigated and dry farm cropland. The existing stable would continue to operate in the current configuration. Minor resource and wildfire fuel management activities would occur, small signs and rustic fences would be installed, and existing ranch roads would be maintained according to District standards. Madonna Creek, natural resource, agricultural production, and road conditions studies would be completed.

No decisions would be made now about future changes to use, management or improvements proposed for the property. Ultimately, the property would be included in a future long-term plan for the Miramontes Ridge Open Space Preserve, which would be subject to further public input and subsequent environmental review. The outcome of this future decision making process is speculative at this time.

In accordance with the District's Coastsides Protection Program, the proposed project incorporates all of the Coastsides EIR mitigation measures that apply to land purchases within the Coastsides 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 the current, primarily natural condition and there will be no expansion of agricultural, trail, or stable use. The property will be closed to the public with the exception of the existing equestrian trail use; irrigated and dry farmed agriculture will continue; minor resource and wildfire fuel management activities will occur; minor signs and rustic fences will be installed; and existing ranch roads will be maintained according to District standards.

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 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 by implementing the Preliminary Use and Management Plan, and by incorporating it into the District's open space preserve system.

This proposed project is categorically exempt from CEQA under these five sections.

## **TERMS AND CONDITIONS**

The 564-acre POST (Madonna Creek Ranch) property is being purchased at a bargain sale price of \$600,000 (approximately \$1,064 per acre). The property has a fair market appraised value of \$3,600,000 based upon an independent appraisal commissioned by the District. POST's surveying, bridge repair, and clean-up projects, have an estimated cost of \$100,000, enhancing the value of the property by making it more suitable for District purchase.

In 2006, District staff applied for a purchase funding grant from the Rare, Threatened, Endangered or Fully Protected Habitat category of the Habitat Conservation Fund to assist for the 369-acre uplands portion of POST (Madonna Creek Ranch) property and was awarded a grant of \$500,000 under this program from the State Department of Parks and Recreation (State) in 2007 (see Report R-06-121). This grant will be applied towards the bargain sale purchase price of \$600,000 with a gift match from POST of \$3,000,000 based upon the fair market appraised value. The net cost to the District is \$100,000 which reimburses POST for the property clean up, bridge repair and survey costs incurred, as discussed above. The State requires a deed restriction on title to ensure that the portion of the property purchased with grant funds is used for purposes consistent with the grant scope. The deed restriction will be compatible with the standard use and management of the District's open space preserve system. The grant application and deed restriction only apply to the uplands portion of the property (see Attachment 2) so that the District retains flexibility in the future if the Board later determines that the best way to manage the farmland is to sell the 195-acre lowlands portion of the property to an agricultural buyer, consistent with Coastside Protection Program guidelines.

As part of this transaction, POST will assign to the District POST's agricultural lease with Mr. Johnny Cozzolino which includes the 27 acres of irrigated and dry farm row crops and a County-approved temporary twelve (12) stall horse boarding facility. The lease requires the protection of the riparian corridors, and the quality of the stream habitat that abuts the cultivated areas. The lease provisions allow the District the ability to close roads and trails used as equestrian trails to protect the natural resources on the property if necessary. The assigned lease ends on May 31, 2012, and will continue in a month to month holdover lease arrangement until a stable management plan, agricultural production plan and new lease is negotiated with the current tenant. These items will be presented to the Board at a future public meeting.

The purchase agreement also includes a covenant that provides POST a period of five years to recognize significant donors through the naming of a single, 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".

## **FISCAL IMPACTS**

### **FY2011-12 Budget for New Land Purchases:**

New Land Budget	\$13,495,000
Less:	
Land purchase commitments this fiscal year	(\$5,415,500)
POST (Madonna Creek Ranch) property purchase	(\$600,000)
New Land Purchase Budget Remaining	\$ 7,479,500

Controller M. 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 564-acre property is located in the District's Coastside Protection Area. Because it is located within the service area of the Coastside Fire Protection District, the property is not subject to the Agreement between San Mateo County and the District regarding fire services. Similarly, the property is not located in the La Honda-Pescadero School District; therefore, no fees will be payable under either Agreement as a result of the proposed purchase.

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 (Madonna Creek Ranch) property are expected to be consistent with the Fiscal Analysis projections.

The total estimate for natural resource and land management studies called for within the Preliminary Use and Management Plan is \$165,000 over an estimated five year period. The

Bargain Sale gift component of \$3,000,000 as well as the \$500,000 purchase grant will offset site assessment costs, management costs, and future implementation costs associated with this property.

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 therefore 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 this project.

## **PUBLIC NOTICE**

An advance notice announcing the meeting date and the agenda for this public meeting, where the Board of Directors will consider purchasing this property, has 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 November 30, 2011 Board Real Property Committee Meeting. The agenda and this report have been made available on the District's website. Accordingly, all notices required by the Brown Act and the District's Coastside Protection Program have 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.

### **Attachments:**

1. Resolution
2. Property Map
3. Trail Permit Access Plan

### **Prepared by:**

Sandy Sommer, Senior Real Property Planner  
Michael Williams, Real Property Manager

### **Contact person:**

Michael Williams, Real Property Manager

### **Graphics prepared by:**

Zachary Alexander, Planning Technician

## RESOLUTION 12-XX

### RESOLUTION OF THE BOARD OF DIRECTORS OF MIDPENINSULA REGIONAL OPEN SPACE DISTRICT AUTHORIZING ACCEPTANCE OF PURCHASE AGREEMENT AND ASSIGNMENT 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 (MIRAMONTES RIDGE OPEN SPACE PRESERVE - LANDS OF PENINSULA OPEN SPACE TRUST)

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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 Bargain Sale 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 a Certificate of Acceptance for the Grant Deed on behalf of the District.

**Section Three.** The General Manager is authorized to accept the Assignment of Lease from Peninsula Open Space Trust on behalf of the District.

**Section Four.** 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 Five.** 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 Six.** The General Manager is authorized to sign the Deed Restriction as required by the California Department of Parks and Recreation as a condition of the Habitat Conservation Fund Grant.

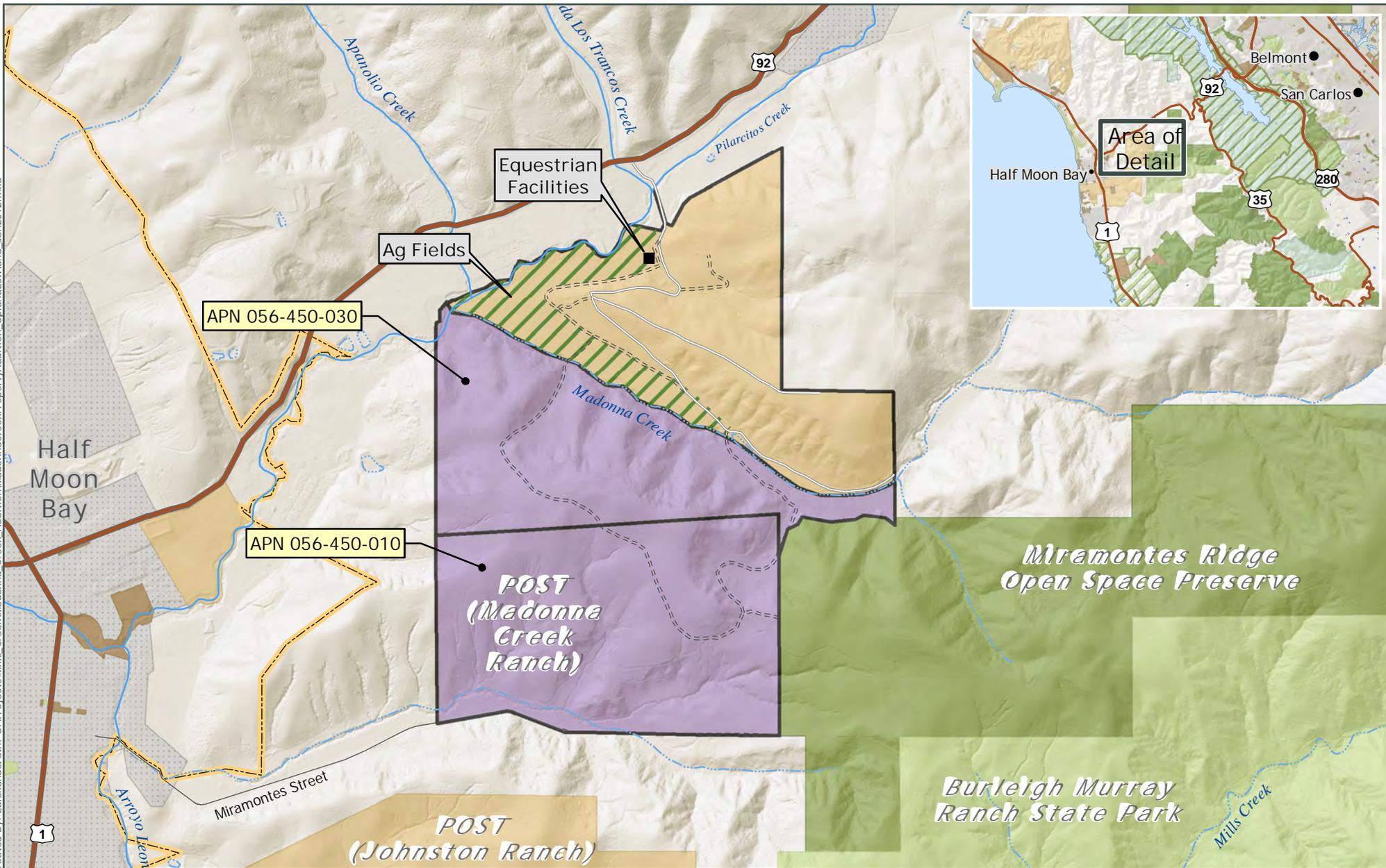
**Section Seven.** The General Manager and General Counsel are further authorized to approve any technical revisions to the attached Agreement and documents which do not involve any material change to any term of the Agreement or documents, which are necessary or appropriate to the closing or implementation of this transaction.

**Section Eight.** 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.

\* \* \* \* \*

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### Attachment 2: POST (Madonna Creek Ranch) Property

- |   |  |   |
|---|--|---|
|  Grant-Funded Uplands Portion |  Other Protected Open Space or Park Lands |  Private Property         |
|  Ag Fields                    |  Land Trust                               |  Developed Land           |
|  MROSD Preserves              |  Other Public Agency                      |  Half Moon Bay City Limit |



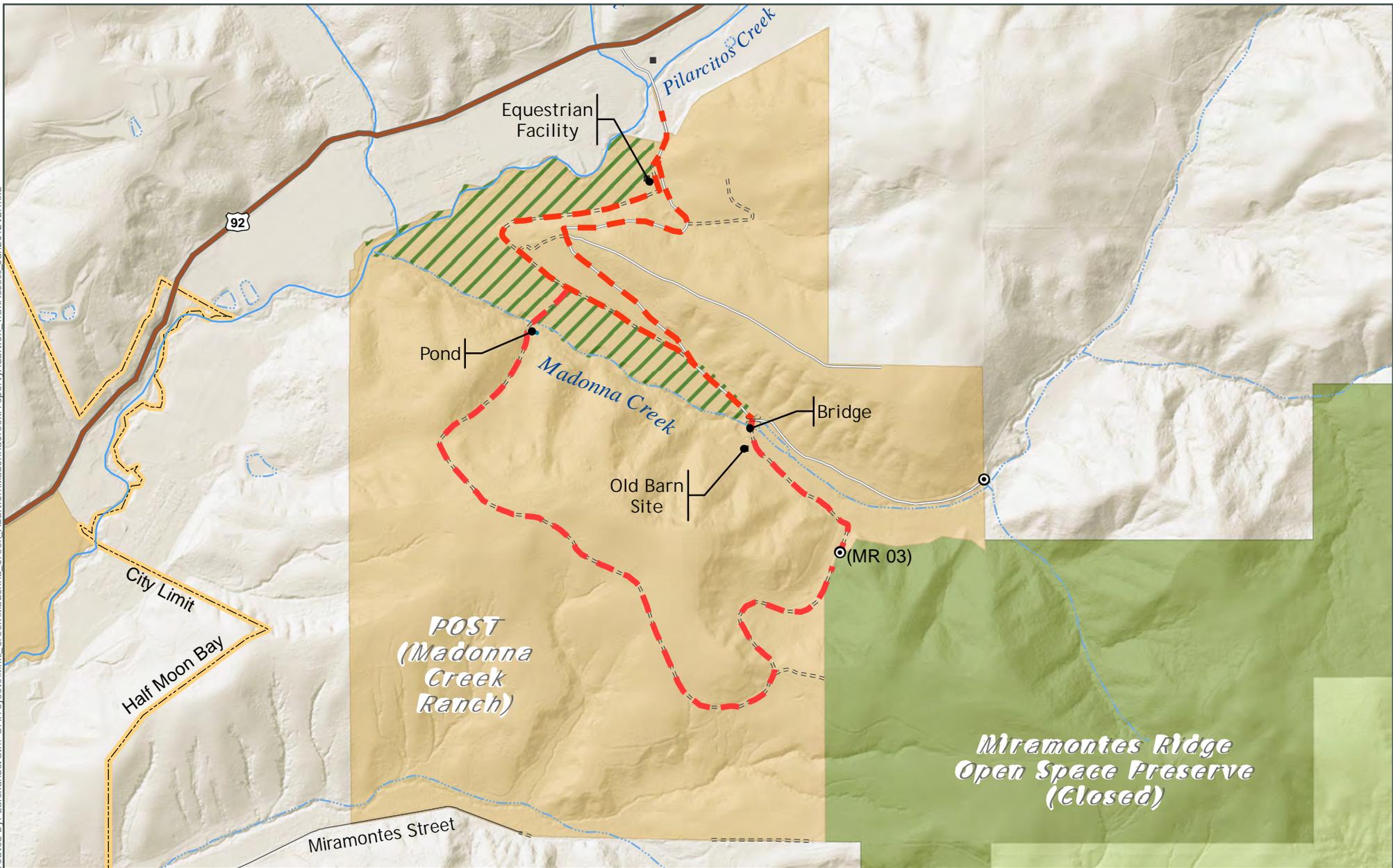
Midpeninsula Regional Open Space District (MROSD)



January, 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.

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### Attachment 3: POST (Madonna Creek Ranch) Property Trail Permit Access Plan

- - - Subject to Seasonal Closure
- MROSD Preserves
- Private Property
- Ag Fields
- Land Trust
- Other Protected Open Space or Park Lands

Midpeninsula Regional  
Open Space District  
*(MROSD)*



January, 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.