

Midpeninsula Regional Open Space District

R-13-60 Meeting 13-14 June 26, 2013

AGENDA ITEM

AGENDA ITEM 5

Approve the Lease and Management Agreement with Peninsula Open Space Trust for the Apple Orchard and Event Center properties as an additions to La Honda Creek Open Space Preserve, located at 6635 La Honda Road, 5711 La Honda Road and 5460 La Honda Road in the Town of La Honda in unincorporated San Mateo County (San Mateo County Assessor's Parcel Numbers 082-130-130, 082-140-010, 082-150-030, 082-150-040, 083-361-040 and 083-361-100) and Determine that the recommended actions are categorically exempt from the California Environmental Quality Act (CEQA)

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. Authorize the General Manager to sign the Lease and Management Agreement for the Apple Orchard and Event Center Properties with Peninsula Open Space Trust (POST).
- 3. Adopt the Preliminary Use and Management Plan contained in this report, including naming the properties as additions to La Honda Creek Open Space Preserve.

SUMMARY

The Midpeninsula Regional Open Space District (District) is proposing to enter into a lease and management agreement with POST to manage the former Driscoll Ranch Apple Orchard and Event Center properties purchased by POST in December of 2012. The following report presents a description of the POST Apple Orchard and Event Center properties, a Preliminary Use and Management Plan, the environmental review, the terms and conditions, and the impacts of the proposed transaction.

DISCUSSION (see map, Attachment A)

The 308-acre POST Apple Orchard & Event Center properties being considered for lease by the District are located adjacent to the 5,760 acre La Honda Creek Open Space Preserve (Preserve) and along Highway 84 (La Honda Road). These properties would provide a natural extension of the Preserve with frontage along a public roadway, improve the District's ability to patrol and manage the Preserve, help protect San Gregorio Creek and provide for a future public staging area and trail opportunities to the Preserve. These properties consist of the 292 acre Apple Orchard property which is situated on the western edge of the Town of La Honda with San Gregorio Creek running along its southern boundary and the Preserve along its northerly

boundary. The 12-acre Event Center and 3.65 acre La Honda Road Residence parcels (Event Center parcels) are located approximately two miles west of the Town of La Honda along La Honda Road. The Event Center parcel is located on the south side of highway with San Gregorio Creek running along its southern boundary, and the La Honda Road Residence parcel is across the highway from the Event Center, and is surrounded by the Preserve to the east, west and north. POST purchased these properties in December of 2012. These properties are within the Coastside Protection Area, an area that was annexed into the District boundaries in 2004.

The properties described in this report include a proposed lease and management agreement, and does not include purchasing the property at this time. District staff considers these properties to be important candidates for future purchase. Assuming purchase funds are secured, staff anticipates presenting this matter to the District's Board of Directors in 2015 for a decision about whether to purchase the properties after consulting with coastal agencies, organizations, and knowledgeable individuals as required by the Coastal Service Plan, and after completing any required environmental review.

Background

In 2002, POST purchased the 3,681 acre Driscoll Ranch property for \$21,000,000 subject to a 50 year lease with Driscoll Ranches for grazing of livestock. In 2006, the Board approved the purchase of the property from POST at a bargain sale purchase price of \$9,000,000 with POST assigning the 50 year grazing lease to the District (see Report R-06-152). In 2007, the Board authorized an amendment to the grazing lease which terminated Driscoll Ranches tenancy of the Folger residence so that the residence was available for District use. The lease amendment also provided the District with approval of subleases for grazing subtenants and other residential structures on the property (see Report R-07-81). In December 2012, POST purchased the Apple Orchard and Event Center properties. As part of this transaction, POST also purchased the remaining 39 years of the Driscoll Ranches grazing lease with the District, which as a result, will now expire on November 1, 2013.

Property Description

The POST Apple Orchard and Event Center properties would, if ultimately purchased by the District, provide a natural extension of the public open space preserve system being located adjacent to the Preserve along a public highway, improve the District's ability to patrol and manage the Preserve, enhance the resource grazing on the Preserve with the Event Center cattle holding pens, help protect San Gregorio Creek and provide for a future public staging area and trail opportunities to the Preserve.

Addition of these properties to the Preserve would leverage the District's prior investment in the conservation of the upper San Gregorio Creek watershed, and help ensure that the local constituencies have influence over the future watershed management and restoration actions, such as anadromous fish habitat enhancement. This property is also important in terms of scenic viewsheds, wildlife corridors, resource grazing and public access opportunities. The Bay Area Open Space Council's Conservation Lands Network identifies these properties as "Essential to Conservation Goals", indicating that it is an essential component of a network of conservation lands for biodiversity preservation. The District's 1998 Regional Open Space Study identifies the properties as worth considering for open space protection and shows a potential regional trail in the vicinity of the properties that may someday help provide a link between the Preserve and the Town of La Honda and Sam McDonald County Park.

Apple Orchard Property

The coastal landscape of the 292 acre Apple Orchard property consists of grazed rolling grasslands, steep brushy canyons, lush wooded creek corridors and a small but impressive redwood grove along San Gregorio Creek which provides high quality riparian habitat for Steelhead and Coho salmon. The property has a central, unimproved ranch road with two access points: one fording San Gregorio Creek off of La Honda Road which provides seasonal access to a two bedroom cabin and old barn and the western portion of the property, and the second access is off Sears Ranch Road in the Town of La Honda at the eastern property boundary. The cabin has been used as a seasonal guest house or rental due to its constrained access. Two seasonal creeks bisect the property flowing into San Gregorio Creek. The property rises to a height of approximately 840 feet along the northerly ridgeline and drops to an elevation of 300 feet along San Gregorio Creek. The property possesses good views of the Preserve and the western Santa Cruz Mountains from the ridgeline. A seasonal road with a railroad car bridge also accesses the property from the Preserve to the north. Each of three access roads pass through riparian areas and are not accessible during the wet season. There are no livestock handling facilities or corrals and the property cannot be accessed by truck and trailer due to the condition of the ranch roads and narrow access points. These access roads will require additional evaluation to determine the most appropriate way to continue grazing on this property. The property also includes several livestock water troughs. The property has been used for livestock grazing for decades. Prior to Driscoll Ranches grazing operation, the property was grazed by neighboring landowners with improved access and corral facilities nearby.

In May 2013, staff and URS Corporation performed biological site assessment of the Apple Orchard property. Annual grasslands and coastal scrub habitat on the Apple Orchard property include coffeeberry, coyote brush, sticky monkey flower, sage, lupine and poison oak. Western Leatherwood, a rare plant species, was found between the grassland and wooded riparian area at the northwest corner of the property. The property's creeks support dense riparian habitat including redwoods, alders and willows. The property provides varied habitat for wild animals to roam, including mammals such as mountain lions, deer, coyotes, and bobcats. A wide variety of birds frequent this landscape, such as Golden Eagles, red tailed hawks, Cooper's hawks, white tailed kite, peregrine falcon, and sharp-shinned hawks. Aquatic species such as Steelhead and Coho salmon inhabit the creek, and California red-legged frog and Western pond turtle, special status species, inhabit the wetland and creek areas.

Event Center Parcels

The 12 acre Event Center property is situated on the south side of La Honda Road with the Preserve located on the north side of the highway and San Gregorio Creek forming its southern boundary. The Event Center property is relatively level with some of the property lying within the flood plain of the creek. The San Gregorio riparian corridor is generally densely wooded with a mixture of oak, bays, alders, firs and redwoods. Along much of the Event Center property, riparian habitat has been altered or replaced by the adjacent event center grounds and associated infrastructure. Improvements on the Event Center property include fenced livestock corrals, two horse barns, a storage garage/shed and a ranch office. This property was previously used for an annual Driscoll Ranch Rodeo which has not been held since 2011. POST owns the removable two horse barns and the storage garage/shed. In the future, the District could use the ranch office and garage for a satellite field office to help with management of the Preserve and other coastal preserve lands.

On the north side of the Event Center is a tunnel crossing under La Honda Road which is used for moving cattle from the corrals to the grassland areas of the Preserve to the north. The tunnel allows for small vehicles, pedestrians and livestock to pass under the highway. The District is currently working with Caltrans to improve public access rights to this tunnel. The access tunnel and the flat areas of the Event Center may provide a suitable public staging area due to its size, and location adjacent to the public road. Further planning work would be needed to confirm the feasibility of a parking lot in this location and to obtain public input.

The livestock corrals include a pipe fencing, loading chute and scale as part of the grazing operation on the Driscoll Ranch area of the Preserve. The corral facility is used for shipping, receiving and processing livestock that graze on the Preserve. The District's Natural Resource Department is in midst of a Request for Proposals (RFP) process for a new grazing tenant for the Driscoll Ranch area of the Preserve, to coincide with the Driscoll Ranches lease expiration on November 1, 2013. The Event Center corral facility is included as part of the Driscoll Ranch area RFP. The selection of a new grazing tenant and approval of a grazing lease will be presented to the Board of Directors in the fall of this year.

The 3.65 acre La Honda Residence parcel is located on the north side of La Honda Road across from the Event Center. This property is improved with a two bedroom single family residence. Utilities for the residence include electricity, propane for heating system, spring fed water system and septic and leach field system. The residence enjoys good views of the western Santa Cruz Mountains, the Preserve and surrounding San Gregorio watershed. The residence is leased back to the former owner until November 1, 2015 with no rent being charged.

Grazing Resource Management Plan Addendum

An addendum to the original Resource Management Plan for grazing on the 3,681 acre Driscoll Ranch area of the Preserve, prepared in 2005 by Rana Creek Habitat Restoration and EcoLogic, is attached as Attachment B. The original plan was prepared for POST in 2005 while the property was under POST's ownership. This addendum will add two (2) additional properties, the Apple Orchard and the Event Center, totaling 304 acres, to the original resource management plan.

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 lease and management agreement. This meeting was held on June 11, 2013, after notice was distributed to property owners of land located adjacent to or surrounding the property, La Honda Master Plan mailing list, 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. Twenty five members of the public, three POST representatives and the Driscoll Ranch manager attended the meeting. Several members of the public expressed interest in continuing use of the Event Center property as a horse training facility including mounted horse search and rescue and for rodeos. Public input and comments regarding future uses of the properties were summarized in the minutes of the Committee meeting and shared with other Departments (Operations, Panning and Natural Resources) for consideration in subsequent planning process to select a new long term grazing tenant, future

public use and access opportunities and natural resource protection on the properties. In addition, staff has set up a link on the District's Web Page under Plans and Projects for the public to ask additional questions and provide comments regarding the POST Driscoll Ranch Apple Orchard and Event Center properties. At the meeting, staff described the property and how it would be managed as open space and resource grazing land, the proposed preliminary use and management plan, and the proposed lease and management agreement 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 lease of these properties 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 lease and management agreement for the properties. On May 20, 2013, four members of the San Mateo County Farm Bureau visited the property with District staff, and two POST staff members and discussion ensued regarding the grazing uses, historical uses, ranch infrastructure and the RFP process for selecting a new grazing tenant for the Driscoll Ranch area and corral facilities at the Event Center. Staff also made a presentation to the full Farm Bureau Board on June 3, 2013. The Farm Bureau was supportive of the project.

USE AND MANAGEMENT

Planning Considerations

The current San Mateo County General Plan designation for the property is Open Space. The County zoning is Resource Management. Adjacent private properties to the west are zoned Planned Agricultural Development/Coastal Development PAD/CD.

The 292 acre Apple Orchard property is comprised of five legal parcels and has a potential development density of twenty one (21) residential sites. Residential development would be difficult because of the constrained access from La Honda Road and require a bridge to cross San Gregorio Creek. Within close proximity are numerous homes along Herrington Creek to the west and along Sears Ranch Road to the east. The 12 acre Event Center and 3.65 acre La Honda Residence parcels represent two separate legal parcels with a maximum development density of two residential sites.

According to the California Department of Conservation's Farmland Mapping and Monitoring Program (FMMP) 2008 update, the Apple Orchard property contains approximately 223 acres of Grazing Land, and the balance of the property being Other Land (steep wooded or scrub land unused for agriculture). A 105 acre portion of the Apple Orchard property is currently subject to a Williamson Act contract with San Mateo County; however, the County of San Mateo filed a Notice of Non-Renewal for a 2 acre portion of this property along San Gregorio Creek in 2011 and POST has indicated that they are filing a Notice of Non-Renewal for the remaining 103 acre portion of this property later this summer.

POST commissioned a Phase I Environmental Site Assessment prepared by Northgate Environmental Management, Inc. prior to POST's purchase. The Phase I report identified three areas on the Event Center property which may require follow up Phase II investigation: 1. Historic use of the site as transfer station for the oil field operation in the area, 2. Investigate if pesticide compounds are present in the soils of the corrals from historic livestock practices, and 3. Two above ground fuel tanks with a secondary confinement system. These items will be addressed before returning to the Board to consider a purchase of the property in 2015. No additional information of concern was noted in reviewing this information. District staff has conducted site inspections of the property. Based upon review of the San Mateo County's property records and files, staff is satisfied that no underground storage tanks or other hazardous conditions exist on the properties.

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 in effect while the District is leasing the property. This plan outlines the uses that can occur on this property in the near term, the management methods for ensuring their compatibility with each other and with neighboring properties. It also outlines actions to protect and balance the property's agricultural and natural resource potential, and initiate activities needed to inform future management.

The Preliminary Use and Management Plan below will take effect upon the signing of the Lease and Management Agreement, and remain effective until a subsequent plan is approved by the Board of Directors. The Preliminary Use and Management Plan includes continuation of grazing and residential uses, 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.

Public Access:	Designate the properties as closed to the public until the La Honda Master Plan is amended to include the properties.
Signs and Site Security:	Install private property, closed area and preserve boundary signs where appropriate.
Structures and Improvements:	Assess Apple Orchard cabin for potential historic significance. For the Event Center Property, assess the need or potential public use of structures and improvements left on the property. Demolish and remove the outbuildings, debris, and equipment that are not useful to District. Perform basic habitability repairs and assess future uses of the office building. Assess need for water/septic infrastructure upgrades and/or removal.

Resource Management:	Conduct a detailed resource assessment to develop long-term management recommendations for the property. Use conservation grazing, consistent with the Resource Management Plan, as a vegetation management tool to reduce invasive weeds and encourage native grasses within the property's grasslands. Conduct other interim invasive plant and animal management activities consistent with the District's policies and practices. Assess potential for instream or riparian restoration at La Honda and San Gregorio Creeks to enhance Steelhead trout/Coho salmon habitat.
Rangeland Management:	Continue year-round grazing under the existing grazing lease with Driscoll Ranches which expires on November 1, 2013. Amend the existing Resource Management Plan (Rana Creek et al 2005) to include the Event Center and Apple Orchard properties (see Attachment 2 Addendum to Resource Management Plan). Maintain corral system at the Event Center for use in livestock transfer and processing.
Patrol:	Routinely patrol the properties.
Wildfire Fuel Management:	Conduct conservation grazing, as noted above, as well as other current District-wide fuel management practices. Further assess vegetative 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.
Fences and Gates:	Install, maintain, and repair gates and fences as necessary to prevent unwanted livestock movement and facilitate effective rotation. Working with the tenant, fence sensitive riparian corridors to minimize the impacts of cattle and horse access to the stream corridor, if deemed necessary to protect resources. Install new fences and gates as necessary to prevent unauthorized vehicular entry at the property boundaries.
Roads and Trails:	Keep existing ranch roads for seasonal use in coordination with the grazing tenant. Limit patrol and maintenance use of the La Honda Creek crossing to the dry season (May 15 through October 15) only. Prepare a detailed road and trail assessment of the property as part of the subsequent planning process.
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 environmental condition has been found on the property that has not already been corrected. As with every situation involving older structures and past agricultural use, perform a thoughtful analysis of the specific working conditions before all future maintenance and repairs.

Name:	Properties will be incorporated as additions to the La Honda Creek Open Space Preserve.
Dedication:	Withhold dedication of the property as open space at this time.
Subsequent Planning:	Develop a long-term site plan for the property and any other properties added to La Honda Creek Open Space Preserve, including more detailed plans for grazing, resource management, and public access. 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, public access plans; further 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 CEQA.

CEQA COMPLIANCE

Project Description

The proposed project consists of the lease and management of a 308-acres private property by the District for open space preservation purposes, and the concurrent adoption of a Preliminary Use and Management Plan to manage the property as part of the District's La Honda Creek Open Space Preserve. The District would manage the property under the terms of a lease and management agreement that keeps the land in a natural condition and closed to the public. The La Honda Road residence will continue to be rented and the Apple Orchard cabin may be rented seasonally, cattle grazing will continue to occur, and minor maintenance and repair of the existing improvements would occur.

In accordance with the Coastal Service Plan, the project incorporates all of the Coastside EIR mitigation measures that apply to lease and management agreements 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 under Article 19, Sections 15301, 15262, and 15061(b)(3) of the CEQA Guidelines as follows:

Section 15301 exempts operation, repair, 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. Under the terms of the Lease and Management Agreement and the proposed Preliminary Use and Management Plan, there will be no expansion of use, and the property will remain in a natural condition and closed to public use.

Section 15262 exempts a project involving only feasibility or planning studies for possible future actions which the agency has not approved, adopted, or funded. The project calls for further planning studies regarding changes to rangeland or agricultural resource management. No

decisions are being made now about future physical changes to use, management or improvements on the property.

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

Lease and Management Agreement

Under the proposed lease and management agreement, the District will patrol and manage the properties in accordance with the requirements of the Preliminary Use and Management Plan. In addition, the lease assigns the existing leases with Driscoll Ranches to the District as follows:

- Apple Orchard grazing and residence leaseback expire on November 1, 2013
- Event Center uses expires on November 1, 2013
- La Honda Residence lease expires on November 1, 2015
- Equestrian License for boarding horses at the Event Center or adjacent to the La Honda Residence expires November 1, 2017

The proposed lease and management agreement term is for two years with authority to extend for an additional one year term under the General Manager's authority. It also provides for the District to assume all property management responsibilities of leasing to grazing tenants and renting the residential improvements when the current lease terms with Driscoll Ranches expire as identified above under the District's Property Management Program. Once staff has evaluated the access constraints of the Apple Orchard property, staff will also pursue renting the grassland areas of the Apple Orchard for livestock under the Resource Management Plan Addendum (see Attachment B) either as part of the Driscoll Ranch long term grazing lease or under a separate grazing lease arrangement. Staff will return to the Board with this matter at a future Board meeting. The District will rent the residential improvements on a month to month basis as a private residence under the General Manager's authority.

FISCAL IMPACTS

Current Coastside Protection Area Fiscal Considerations

The property is located within the service area of San Mateo County Fire, and the La Honda-Pescadero Unified School District. Under the terms of the District/County Fire and District/School agreements, the District is not required to pay the County Fire or School District fees when managing a property under a Lease and Management Agreement.

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 management costs for the POST Apple Orchard and Event Center properties 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 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 the lease and management of the property for the specified term.

PUBLIC NOTICE

Property owners adjacent to or surrounding the subject property, interested parties, Coastal mailing list and the La Honda Creek Master Plan mailing list. 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 District Board of Directors, the General Manager will execute the lease and management agreement and deliver an original agreement to POST. The District's Skyline Field Office will include the property into the patrol and management of La Honda Creek Open Space Preserve. The selection of a new long term grazing tenant for Driscoll and MacDonald ranches is anticipated to come to the Board for approval in September of 2013. Once the access to the Apple Orchard is evaluated, staff anticipates returning to the Board with a grazing lease recommendation for approval later in 2013 or early 2014. District property management staff will rent the La Honda Road residence when vacated. It is also anticipated that the purchase of these properties will come to the Board for approval sometime in 2015 once funding is secured.

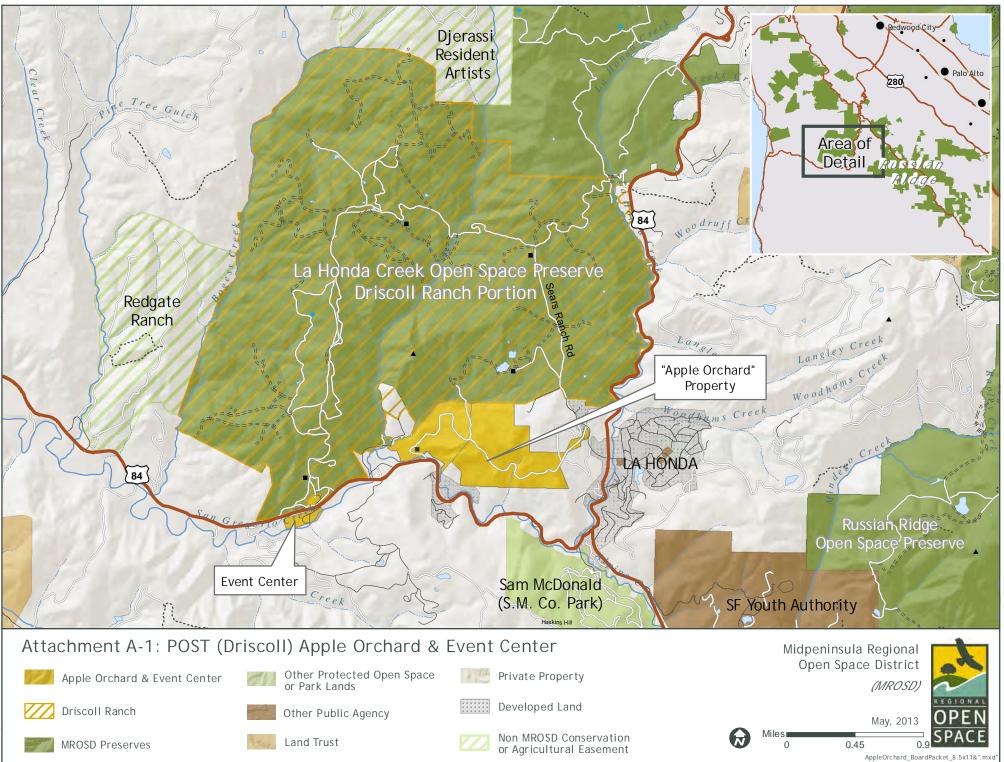
Attachments:

- A. Map
- B. Addendum to Resource Management Plan

Prepared by: Michael Williams, Real Property Manager

Contact person: Michael Williams, Real Property Manager

Graphics prepared by: Michele Lanctot, Planning Intern



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.

Attachment B

Addendum - 1:

Driscoll Ranch – A Resource Management Plan

June 2013



Original Plan Prepared March 2005 By:

Rana Creek Habitat Restoration

EcoLogic

ATTACHMENTS TO ADDENDUM:

- 1. ATTACHMENT A-1 REGIONAL MAP OF APPLE ORCHARD & EVENT CENTER
- 2. ATTACHMENT B EVENT CENTER MAP
- 3. APPLE ORCHARD AND EVENT CENTER ZOOM FIELD MAP
- 4. APPLE ORCHARD MAP WITH PHOTO POINT LOCATIONS
- 5. PHOTO MONITORING STOCK PHOTOS OF APPLE ORCHARD PROPERTY

OVERVIEW:

This is an addendum to the original Resource Management Plan, prepared in 2005 by Rana Creek Habitat Restoration and EcoLogic, for the 3,681 acre Driscoll Ranch. The original plan was prepared for Peninsula Open Space Trust (POST) in 2005 while the property was under POST's ownership. In 2006 the Midpeninsula Regional Open Space District (District) acquired the Driscoll Ranch in its entirety from POST and adopted the Resource Management Plan as well as lease agreements for livestock grazing and residential structures. This addendum will add two (2) additional properties, the Apple Orchard and the Event Center, totaling 304 acres, to the original resource management plan (2005).

BACKGROUND:

Location:

The properties are situated in rural San Mateo County along La Honda Road (Highway 84) west of the Town of La Honda. The 292 acre Apple Orchard property is situated at the western edge of the Town of La Honda with San Gregorio Creek running along its southern boundary and the La Honda Creek Open Space Preserve (Preserve) along its northerly boundary. The 12 acre Event Center is located approximately two miles west of the Town of La Honda along Highway 84. The Event Center parcel is located on the south side of Highway 84 with San Gregorio Creek running along its southern boundary.

Property Description:

The 12 acre Driscoll Event Center (event center) is relatively level, located in the flood plain of San Gregorio Creek which marks the properties southern border. The property includes several fenced corrals, horse barns, storage shed, a small office building and a rodeo arena. The San Gregorio Creek riparian corridor is generally densely wooded with a mixture of oak, bays, alders, firs and redwoods. Much of the riparian corridor, located nearest the corral and rodeo arena, has been altered or replaced to accommodate the event centers infrastructure.

The apple orchard property consists of rolling grassland ridges, steep wooded and brushy canyons, and a small but impressive redwood grove along San Gregorio Creek which provides high quality riparian habitat. The perennial Herrington Creek touches the western end of the property and an intermittent tributary to it cross the western portion of the property, and San

Gregorio Creek forms much of the southern boundary. The property has a central unimproved ranch road with two access points: one fording San Gregorio Creek off of La Honda Road which provides seasonal access to the western portion of the property, and the second off Sears Ranch Road in the town of La Honda at the properties eastern boundary. Several springs on the property are developed for livestock watering troughs, but no ponds are known to be present. The terrain ranges in elevation from 300 feet near San Gregorio Creek up to 840 feet at the properties eastern boundary.

Environmental Resources:

The event center possesses significant watershed and riparian values along San Gregorio Creek where steelhead trout and Coho salmon are known to occur.

The Apple Orchard property received its name sake as a result of the small, historic senescent apple orchard located near the western boundary. The apple orchard property includes stretches of San Gregorio Creek and Herrington Creek, both known steelhead and Coho fisheries comprised of redwoods, alders, and willows. In addition to the riparian corridors on the property, annual grassland and coastal scrub habitats are present and include coffeeberry, coyote brush, sticky monkey flower, sage, lupine, poison oak, and western leatherwood. The western leatherwood is a rare plant species and can be found between the grassland and wooded riparian area at the north west corner of the property. California red-legged frog and western pond turtle inhabit wetland and creek areas (URS Corporation, biological site assessment, May 2013).

Historical Land Use:

Current land use on the Event Center property includes equestrian facilities and horse barns for breeding and stabling horses, a small office building, a rodeo arena and a corral facility for livestock handling. The horse facility has received very little use in recent years and is currently vacant. The rodeo arena has been utilized to host the Driscoll Ranch Rodeo in past years but the rodeo has not been held there since 2011. The arena is currently utilized occasionally for local cowboys to practice roping and cattle sorting. The corral facility is currently utilized as a staging area for shipping/receiving livestock and for processing livestock that are run on the larger Driscoll Ranch property on the north side of La Honda Road. The main Driscoll Ranch is accessed through a tunnel on the north side of the Event Center property that runs under La Honda Road. The tunnel is large enough to allow for livestock and small vehicles to pass through.

The apple orchard property contains an old barn, a cabin, and livestock water troughs. The property has been utilized for livestock grazing for decades. The old barn and cabin have seasonal access and are located at the west end of the property near the apple orchard. There are no livestock handling facilities or corrals and the property cannot be accessed by truck and trailer due to the condition of the ranch roads and narrow access points. The property has historically been grazed by neighboring landowners with improved access and corral facilities nearby.

RECOMMENDED LAND USES

Proposed Land Use:

EVENT CENTER:

The event center staging area and corral facility provide excellent year around access for shipping/receiving livestock and livestock processing for cattle grazing on the Driscoll Ranch. The current corral facility is comprised of some permanent pipe fencing, loading chute, and scale while much of the corral facility is comprised of mobile panels, including the rodeo arena. The current tenant retains ownership of the mobile panels and non-permanent infrastructure. Maintaining a corral at this location is significant to the maintaining a livestock grazing operation on the Driscoll Ranch property and corral facility should maintained at the current location at the event center. In the event that the current tenant vacates the property, a new grazing tenant will need to improve the corral facility to replace the mobile panels that are currently utilized. It is suggested that permanent pipe corrals be constructed as an addition to the existing permanent corral, either by the grazing tenant or a qualified contractor.

Depending on the recreational needs of the District, a small livestock holding field may be constructed in addition to the corral. The holding field will consist of 3-5 acres and should be constructed utilizing field fence and barbed wire with a minimum height of 54 inches to ensure livestock do not escape onto La Honda Road or impact recreational infrastructure. A fenced alley way will need to be constructed to connect the tunnel under La Honda Road to the corrals.

The equine facilities and horse barn as well as the office building are not associated with the grazing operation.

APPLE ORCHARD:

The 292 acre Apple Orchard property is comprised primarily of annual grasslands, scrub, and oak woodland habitats. Livestock grazing will be utilized to manage grassland habitat on the property as well as reduce fire fuel levels by reducing dry forage and litter. Total carrying capacity estimates for the 292 acres of rangeland on the property are 22 to 25 animal units per year or 44 to 50 animal units for six months. These are estimated stocking rates and first year stocking on the property, in a normal rainfall pattern, should start with no more than the lower number in the above ranges. Stocking intensity may require a downward or upward adjustment depending on precipitation quantity, distribution and average temperature. The lessee shall be able to make necessary stocking adjustments during the grazing season in order to achieve the resource management objectives of the District.

Light to moderate year around grazing on the property is preferred to minimize the potential spread of invasive thistles. If seasonal grazing is preferred, the property should be grazed from December through April with an additional grazing rotation from August through September.

Water troughs, springs and natural seeps provide adequate livestock drinking water however, additional spring fed water troughs may be installed to increase livestock distribution and control localized grazing intensity. In addition to water development, salt blocks and protein supplements may be utilized to increase forage utilization by livestock. Supplemental feeding sights should be located no less than 300 yards from the nearest livestock water source.

Photo monitoring and residual dry matter (RDM) measurements will be collected in the fall of each year prior to the first significant rainfall, typically in September. RDM measurements will be recorded at each photo monitoring point, identified in attachment to this addendum. RDM performance standards are included below:

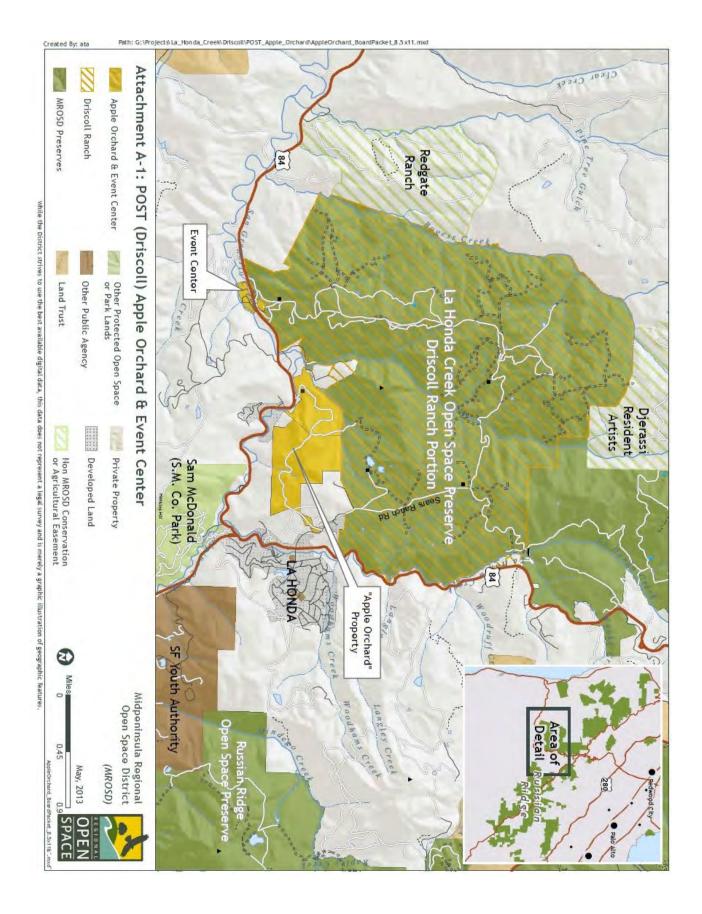
0 to 30% Slopes:

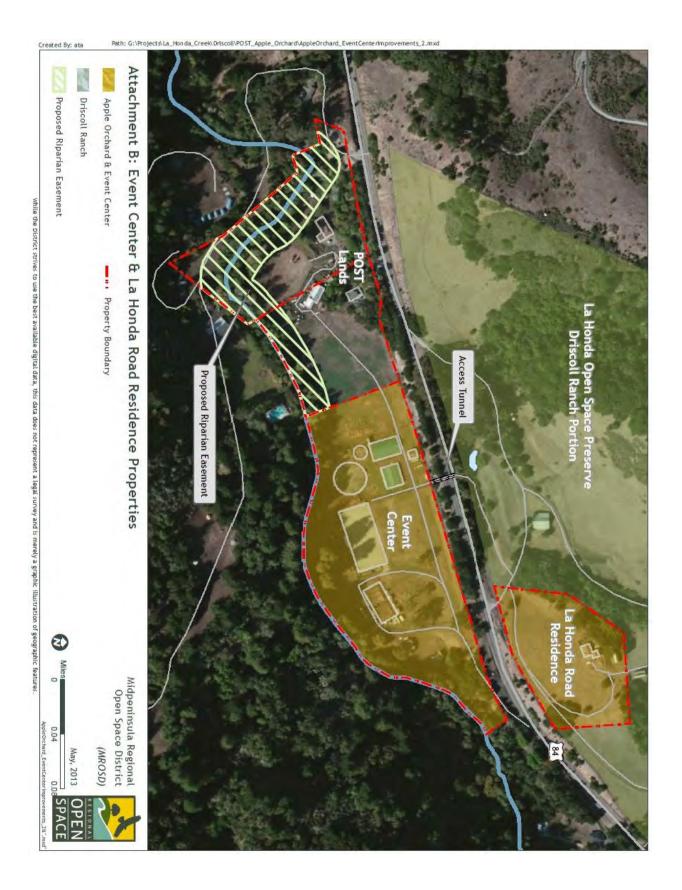
An average minimum of two inches to three inches of residual dry matter – approximately an average of 600-1,000 pounds of RDM per acre as slopes become steeper.

Greater than 30% Slopes:

An average minimum of three to four inches of residual dry matter – approximately an average of 1,000 to 1,200 pounds per acre as slopes become steeper.

For additional prescriptions regarding invasive plant management, infrastructure improvements/maintenance, and management of special status species, please refer to the original Resource Management Plan prepared for Driscoll Ranch.





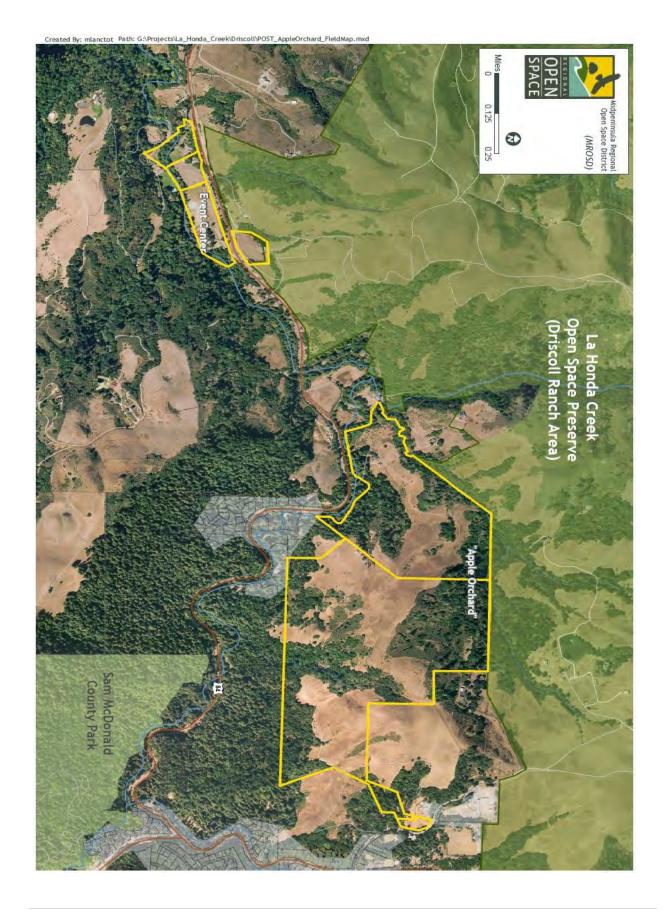


PHOTO MONITORING

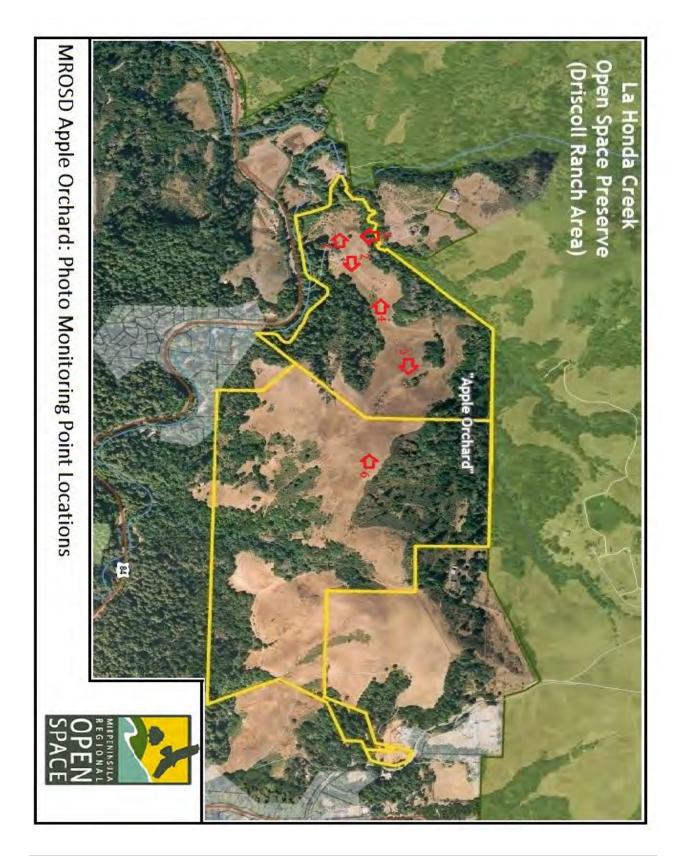




Photo Point 1: Looking West from old barn toward the apple orchard.



Photo Point 2: Looking east from the old barn.



Photo Point 3: Spring fed water trough directly north of the old barn.



Photo Point 4: Looking west toward old barn and cabin.



Photo Point 5: Looking east from the road near water tanks.



Photo Point 6: Top of hill looking west back toward old barn and cabin.