



Midpeninsula Regional
Open Space District

R-15-101
Meeting 15-19
July 22, 2015

AGENDA ITEM 7

AGENDA ITEM

Proposed Purchase of Peninsula Open Space Trust Apple Orchard and Event Center properties 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, 083-361-100), and a Conservation Easement over San Gregorio Creek across portions of San Mateo County Assessor's Parcel Numbers 82-130-110 and 82-130-120 as additions to La Honda Creek Open Space Preserve.

GENERAL MANAGER'S RECOMMENDATIONS

A handwritten signature in blue ink, appearing to be "J. J. J.", is written over the end of the "GENERAL MANAGER'S RECOMMENDATIONS" header.

1. Determine that the recommended actions as set out in the staff report are categorically exempt from the California Environmental Quality Act.
2. Adopt a resolution authorizing the purchase of the Apple Orchard and Event Center properties and the San Gregorio Creek Conservation Easement from Peninsula Open Space Trust.
3. Accept the continued use of the Event Center Facilities Use Agreement and associated fee schedule until such time as preferred long term uses of the Event Center are identified and either a Site Plan is adopted and/or the La Honda Creek Open Space Preserve Master Plan is amended to fully integrate the subject properties into the Preserve.
4. Adopt the Amended Preliminary Use and Management Plan for the Apple Orchard and Event Center properties, and the Conservation Easement.
5. Authorize the General Manager to execute a Grazing Lease with Wilson Cattle Company for the Apple Orchard Grazing Unit of La Honda Creek Open Space Preserve.
6. Indicate the intention to withhold dedication of the Apple Orchard and Event Center Properties as public open space at this time.

SUMMARY

The Midpeninsula Regional Open Space District (District) proposes to enter into a purchase agreement with Peninsula Open Space Trust (POST) to acquire the Apple Orchard and Event Center properties totaling 307.64 acres, and obtain a 3 acre conservation easement protecting the San Gregorio Creek riparian corridor over two parcels located west of the Event Center property, all as additions to La Honda Creek Open Space Preserve (Preserve). The Fiscal Year (FY) 2015-16 Budget contains sufficient funds to cover the \$5,895,000.00 purchase price. The following report presents a brief description of the properties, the work-to-date since entering into a Lease and Management Agreement with POST in December 2013 to manage these properties, an Amended Preliminary Use and Management Plan, environmental review, terms and conditions, and financial impacts of the purchase.

MEASURE AA

These proposed acquisitions support the goals of the following four projects under *Measure AA Portfolio #7 - Driscoll Ranch Public Access, Endangered Wildlife Protection, and Conservation Grazing*: Project #7.1 to purchase additional properties as desirable additions to the Preserve and improve public access for the Preserve; Project #7.3 and #7.4 to protect riparian and fisheries habitats of the San Gregorio Creek watershed; and Project #7.5 to support conservation grazing.

BACKGROUND AND REASONS FOR PURCHASE (see Attachments 1, 2 and 3)

The properties are located adjacent to the 5,760 acre Preserve, along Highway 84 (La Honda Road). The 292.16-acre Apple Orchard property is adjacent to the Preserve and accessible from Sears Ranch Road in the Town of La Honda. The 3.65-acre La Honda Road Residence, at 5711 La Honda Road, is surrounded by the Preserve on three sides, and directly across from the Event Center. The 11.83-acre Event Center property is located at 5460 La Honda Road and connected to the Preserve by a tunnel under La Honda Road. The 3-acre Conservation Easement is on two parcels located immediately west of the Event Center that border San Gregorio Creek.

The subject properties were part of a larger complex of coastal ranchlands once known as the Driscoll Ranch Properties. In 2002, POST purchased 3,681 acres of Driscoll Ranch. In 2006, the District purchased the 3,681 acres from POST and added them to the Preserve. The properties proposed for purchase in this Report comprise the remaining portions of the Driscoll Ranch Properties acquired by POST in 2012.

The properties proposed for purchase constitute a natural extension of the Preserve. They provide direct access to the Preserve from a public roadway; improve the District's ability to patrol the Preserve; protect portions of the San Gregorio Creek riparian corridor; expand the opportunities for potential future public staging and trail access to the Preserve; provide support facilities for the Preserve's grazing tenants; provide a facility for horse/livestock events that are important to the local equestrian community; and are compatible with the District's Vision Plan and Coastal Service Plan.

DISCUSSION

On June 26, 2013, the Board considered a Lease and Management Agreement with POST to manage the properties as additions to the Preserve (Board Report R-13-60). At that time, the Board asked staff to further evaluate specific aspects of the proposed Preliminary Use and Management Plan, including public use of the Event Center, riparian protection of San Gregorio Creek, and grazing strategies for the Apple Orchard in light of the then-pending selection of grazing tenants for the Preserve. In December 11, 2013, staff returned with additional recommendations, which were adopted by the Board, and the District entered into a Lease and Management Agreement with POST (Board Report R-13-106). Since that time, the District has implemented the Preliminary Use and Management Plan and drafted an Event Center Facilities Use Agreement with recommended user fees. An interim grazing license for the Apple Orchard has been executed with a local rancher (Board Report R-14-94) and various resource protection projects have been undertaken in partnership with POST.

Event Center Facilities Use Agreement

The District conducted a stakeholder meeting at Elkus Ranch on July 22, 2013 and a Board workshop was held at Elkus Ranch on September 10, 2013 to identify the types of equestrian, ranching, environmental, and agricultural uses that have occurred at the Event Center. At a regularly scheduled meeting held on December 11, 2013, the Board authorized continuing the following uses at the Event Center:

- Livestock staging to support conservation grazing on the Preserve
- Staging for organized group rides on the Preserve
- Agricultural and environmental education events
- Equine/Livestock clinics and trainings
- Team Roping
- LGBT Rodeo for a period of up to two years

At that time, the Board also authorized the development of protocols for handling special uses at the Event Center which would be subject to the conditions of a Use Permit or a Facilities Use Agreement. Accordingly, District staff developed an *Event Center Facilities Use Agreement*, and a summary memo and recommended use fees were distributed to the Board on July 23, 2014 (Attachment 4). The fee schedule is included in the table below:

Refundable Cleaning and/or Damage Deposit	
Environmental & Agricultural Education Organizations	\$0
Trail Ride/Ranch Event/Equestrian Single Day	\$125
Equestrian Multi Day	\$175
Facilities Use Fee	
Environmental & Agricultural Education Organizations	\$0
Trail Ride/Ranch Event	\$100
Equestrian Single Day	\$350
Equestrian Multi Day	\$450

Under the provisions of the Facilities Use Agreement, a single equestrian training and riding event was held last year and at least two events are planned for 2015. Because the process of contracting with the District for use of the Event Center is still relatively new to the community, it is recommended that no changes to the Facilities Use Agreement or the fee schedule be made at this time.

A main concern in offering equestrian, ranching, and environmental and agricultural events at the Event Center was the ongoing maintenance cost of the facility. Expenses for FY2014 -15 were approximately \$2,500. The single event held at end of July offset these expenses by \$450. Besides collecting use fees, District staff had thought the Driscoll Ranch grazing tenant could provide maintenance offset by rental credits, but rental credits were focused on key grazing infrastructure on the Preserve. Consequently, staff will continue to pursue a range of opportunities to offset maintenance, including: offering users the opportunity to offset use fees with maintenance contributions; exploring whether a recurring user of the Event Center can assume more responsibility for management of the site and events; partnering with equestrian groups or other interested parties; and continuing to work with the District's grazing tenant, AgCo Hay Company Inc., to contract for or receive rental credits for certain maintenance tasks.

Event Center Land Stewardship Projects

POST previously secured grant funding through the Resource Legacy Fund to complete land stewardship projects at the Event Center that benefit the health of San Gregorio Creek and its watershed. This funding offsets the cost of projects that support protection of San Gregorio Creek. Since December 2013, POST and the District have worked together to complete the following projects for the Event Center:

- Improvements to the spring-fed water system on the north side of La Honda Road that serves the Event Center to ensure a reliable water supply to the Event Center and reduce reliance of water drawn from San Gregorio Creek.
- Installation of wildlife-friendly fencing to maintain an approximate 100' riparian vegetation buffer for San Gregorio Creek and shaded spawning habitat for Coho salmon and steelhead.
- Grading, resurfacing and drainage improvements to the roads at the Event Center to help reduce erosion and sedimentation entering San Gregorio Creek.

La Honda Road Tunnel Undercrossing

Since assuming management of the Event Center, staff continues to work with Caltrans to perfect the rights to use the tunnel that passes under La Honda Road and connects to the Preserve to the north. The tunnel allows for safe passage across La Honda Road to facilitate the transport of cattle to and from the Preserve using the livestock staging infrastructure located at the Event Center, and potentially also facilitate potential public parking at the Event Center as a future staging area for the Preserve. This item will return to the Board for approval once the transactional documents have been finalized with Caltrans.

Long Term Grazing Lease for the Apple Orchard

At the meeting of July 9, 2014, the Board authorized entering into an interim grazing license for the Apple Orchard with Wilson Cattle Company, a local rancher whose lands adjoin the Apple Orchard property, and returning to the Board with a long-term grazing lease as part of the proposed land purchase (Board Report R-14-94).

As noted in previous reports, access to the Apple Orchard is constrained by San Gregorio Creek and seasonal tributaries on three sides. There are no developed crossings and access to the property is limited. Wilson Cattle Company has direct access to the Apple Orchard from their adjoining fields and has proven to be a responsible operator under the interim license. Therefore, the General Manager recommends entering into a 5-year conservation grazing lease with a 5-year option term for the Apple Orchard property with Wilson Cattle Company.

The property will continue to be grazed annually with 20 to 25 Animal Units in accordance with the grazing principles approved in the Resource Management Plan for the property. One new provision will be added to the District's standard grazing lease to clarify the District's obligations for issuing IRS 1099 forms under the rental credit system for tenant improvements to grazing infrastructure, whether paid for or performed by the tenant.

Apple Orchard Land Stewardship Projects

Since entering into a Lease and Management Agreement with POST, the District has also initiated or completed a number of land stewardship projects to improve the landscape and

resource value of the Apple Orchard property and to protect the San Gregorio Creek Watershed. Those projects include:

- Repairs to Apple Orchard perimeter fencing, installation of additional water troughs, and invasive plant control in focused areas to enhance conservation grazing and reduce impacts on riparian areas.
- Apple Orchard ranch road inventory and assessment of need for repairs to manage runoff and reduce erosion (Best 2014)
- Geotechnical investigations, design, and plan and permit submittal to the San Mateo County Resource Conservation District for ranch road repairs to be completed in late summer 2015.
- Historical Structures Evaluation of the vacant 1,300 sq.ft. house and associated barn at the southwest corner of the property (Architecture + History, July 2015), which determined that the structures do not qualify as historic resources under criteria established by the California Environmental Quality Act (CEQA) guidelines.

Due to restricted seasonal access from Sears Ranch Road and lack of a creek crossing from La Honda Road, lack of identified need by either the District or the grazing tenant, and the Historical Structures Evaluation's conclusion that the structure does not qualify as a historic resource, it is recommended that the vacant residence, which is in fair condition, be removed and the site restored to a natural condition. Cost of removal is estimated to be \$100,000 to \$200,000. The associated barn will be repaired if deemed useful for grazing operation. If not, it will be included in plans to remove the house.

La Honda Road Residence Management

As part of POST's purchase in 2012, the La Honda Road Residence was leased back to the former owner until November 1, 2015. The District assumed the lease in December 2013. Upon expiration of the lease, the District has the option to continue with the current occupant on a month-to-month rental basis while evaluating other District uses for this residence. This residence has been identified as a potential employee residence with good access from La Honda Road and good views of the Preserve and Event Center.

Conservation Easement

The 3 acre Conservation Easement is within the San Gregorio Creek riparian corridor, located on two residential parcels owned by POST to the west of the Event Center. Currently, POST leases the properties to Vida Verde Nature Education, a non-profit organization that uses the property for youth environmental education programs. The easement will secure a 50' to 100' setback from the top of bank along approximately 1200' of San Gregorio Creek. The vegetation within the easement is in good condition and supports a wide variety of animal life, including habitat for the threatened Coho salmon and Steelhead trout. The water from the creek is an important resource for nearby agricultural uses.

Located within one of the California Coastal Commission's ten highest priority watersheds and one of nine creeks identified by the California Department of Fish and Wildlife for coho salmon reintroduction, the easement holds high natural resource conservation value. Acquisition by the District provides the opportunity to protect the conservation value in perpetuity.

To enhance protection of the conservation value, the District will install and maintain wildlife-friendly fencing and gates to define the extent of the easement and to protect the vegetation. The District will perform creek restoration and enhancements to improve creek flow and reduce sedimentation; conduct vegetation management such as removal of invasive non-native plants and replant with native vegetation; and install stream gauges to monitor water flow and quality. The conservation easement also offers the District another opportunity to work with partners and seek grant funding in the future to enhance the creek.

Upon purchase, a Conservation Easement Baseline Document will be prepared by the District and POST as an accurate representation of the easement upon time of purchase. The Baseline Document is intended to serve as an objective basis for monitoring compliance with the terms of the easement, which the District will complete biannually.

COASTSIDE PROTECTION PROGRAM PROCESS

The subject properties are within the boundaries of the District's Service Plan for the San Mateo County Coastal Annexation Area (Coastal Service Plan), adopted June 2003. The Coastal Service Plan and subsequent conditions approved by the San Mateo County Local Agency Formation Commission (LAFCo) established policies and procedures for conducting the Coastsides Protection Program (Program). The Program now guides the District's purchase, as well as the use and management of open space land within the Coastsides Protection Area.

USE AND MANAGEMENT

Land Use Considerations

The properties are comprised of six legal parcels located in unincorporated San Mateo County. All parcels have a General Plan designation of Open Space, with a zoning designation of RM (Resource Management District). La Honda Road west of Skyline Boulevard is designated as a County of San Mateo Scenic Corridor and is eligible for designation as a California State Scenic Highway. The San Mateo County Trails Plan identifies a proposed regional trail (Harrington Creek Trail P19) in the vicinity of the properties.

Current land uses consist of grazing, pasturing, livestock staging, allowable uses of the Event Center by District permit, and a single family residence. Per the San Mateo County General Plan, the proposed uses of open space preservation, natural resource management, and low intensity recreation are allowable in rural areas with a RM designation. On July 8, 2015, the San Mateo County Planning Commission confirmed that the purchase and intended uses of the properties conformed to the General Plan designation at their meeting.

The 292.16-acre Apple Orchard property is comprised of four legal parcels, with a potential development density of twenty one (21) residential sites. Development would be difficult because of the constrained access from La Honda Road and would require a vehicular bridge across San Gregorio Creek. The 11.83-acre Event Center and 3.65-acre La Honda Residence parcels are two separate legal parcels, each with a maximum development density of one residential site. There are no submissions for development on any of the parcels.

Williamson Act Considerations

The California Department of Conservation's Farmland Mapping & Monitoring Program (FMMP) indicates that the Apple Orchard contains 223 acres of Grazing Land, with the balance

being Other Land (steep wooded or scrub land unusable for agriculture). A 2.17 acre parcel of the Apple Orchard is subject to a Land Conservation Agreement, recorded on April 27, 1967 under the Land Conservation Act of 1965 (Williamson Act contract). The County of San Mateo filed a Notice of Non-Renewal for the property in 2011 and the Contract will terminate on December 30, 2020. If the purchase is approved, the District will continue to comply with the Contract provisions during the non-renewal period.

Preserve Master Plan Considerations

A Master Plan for the Preserve was approved by the Board of Directors in August 2012. Design for two new staging areas to support the Preserve's expanding trail system is anticipated to begin later in 2015. Upon implementation of the new staging areas and trails identified in the Master Plan, the District will compile information on the new use patterns of the Preserve to determine any future public access and staging area needs.

Event Center: Concurrent to studying new use patterns, the District will compile information on the type and frequency of events at the Event Center and determine if any changes are warranted. The District will also consider other possible uses for the Event Center such as public staging to access Preserve trails, a satellite field office to better serve the Coastside area, and additional natural resource protection of San Gregorio Creek.

Apple Orchard: Upon entering into a lease with Wilson Cattle Company, the District will work with the grazing tenant to implement sound grazing practices and resource protection of tributaries to San Gregorio Creek. In the future, the District will need to further evaluate unimproved stream crossings on the access road from Sears Ranch Road and the seasonal crossing of San Gregorio Creek at La Honda Road to evaluate options for improving the creek crossings for year-round patrol access and to better support an onsite grazing operation, as well as evaluate the suitability of extending the Preserve trail system into this new area.

La Honda Road Residence: After the expiration of the lease, the District will evaluate the suitability of the structure and its location as a potential employee residence or temporary Field Operations facility. The proximity of the house to the Event Center, La Honda Road, and the southern end of the Preserve make the site desirable for a District purpose.

When undertaken, any subsequent planning process will analyze opportunities for natural resource management and public use compatible with surrounding rural land uses. The District may develop a specific Site Plan for the properties or amend the Master Plan to fully integrate them into the Preserve. Further environmental review will be prepared as needed.

Conservation Easement: The District will continue to partner with other agencies to enhance the creek and to support the environmental educational mission of POST's lessee.

Amended Preliminary Use and Management Plan

The Amended Preliminary Use and Management Plan (PUMP), establishes a status quo land management approach in the interim between purchase and the completion of a subsequent long-term plan. The Board of Directors approved the original PUMP in December 2013 as part of a Lease and Management Agreement with POST. The Amended PUMP (Attachment 5) would take effect at the close of escrow and remain effective until the PUMP is further amended or a Comprehensive Use and Management Plan, Amended Preserve Plan, other site planning is

completed. If changes to land use or the physical environment are proposed in the future, the plan would be subject to further environmental review and public input.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) COMPLIANCE

Project Description

The project consists of the purchase of 307.64 acres of property in unincorporated San Mateo County for open space preservation purposes, the purchase of a 3-acre Conservation Easement over a defined riparian buffer zone abutting San Gregorio Creek for riparian habitat preservation purposes, and a concurrent adoption of an Amended Preliminary Use and Management Plan to manage the property as part of the District's La Honda Creek Open Space Preserve until further long-term planning has been completed and adopted by the Board of Directors. The District would manage the properties in their existing condition. The Apple Orchard will be closed to the general public and grazed for conservation purposes as recommended in the Driscoll Ranch Resource Management Plan (Rana Creek et al 2005, amended June 2014). The vacant house and barn on the Apple Orchard have been independently assessed for potential historic value and it has been determined that the structures do not qualify as historic resources under criteria established by CEQA guidelines (Architecture + History, 2015). The vacant house has been identified for eventual demolition. The Event Center property will remain open to the public on a permit basis, subject to the use requirements identified in the Event Center Facilities Use Agreement. The La Honda Road Residence will continue to be rented and minor maintenance and repair of the existing infrastructure and improvements will occur. The Conservation Easement will be closed to the general public and managed for its conservation values.

The properties are within the boundaries of the District's Service Plan for the San Mateo County Coastal Annexation Area. The Service Plan and Final Environmental Impact Report (FEIR) incorporated policies, guidelines, and mitigations to ensure compatibility with the County General Plan and Local Coastal Plan. Actions to purchase the property and implement the Amended Preliminary Use and Management Plan are in compliance with the Service Plan and FEIR. Proposed uses are in compliance with the County of San Mateo's General Plan.

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, 15316, 15323, and 15061(b)(3) of the CEQA Guidelines as follows:

Section 15301 Existing Facilities exempts operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination.

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 may require further planning studies regarding changes to rangeland or agricultural resource management in the future. No decisions are being made now about future physical changes to use, management or improvements on the property.

Section 15316 exempts the acquisition of land in order to create parks if the land is in a natural condition, and the management plan proposes to keep the area in a natural condition.

Section 15323 consists of the normal operations of existing facilities for public gatherings for which the facilities were designed, where there is a past history of the facility being used for the same or similar kind of purpose. For the purposes of this section, "past history" shall mean that the same or similar kind of activity has been occurring for at least three years and that there is a reasonable expectation that the future occurrence of the activity would not represent a change in the operation of the facility. The Event Center will continue to operate in a similar (or reduced) capacity as in the past.

Section 15061(b)(3) exempts actions recommended in the Amended Preliminary Use and Management Plan as there is no possibility the actions may have a significant effect on the environment.

TERMS AND CONDITIONS

The proposed purchase of the 307.64 acre POST Apple Orchard and Event Center properties and the 3 acre San Gregorio Creek Conservation Easement is at a purchase price of \$5,895,000 on an all cash basis. The Apple Orchard and Event Center properties are valued at \$5,800,000, which is based on a 2012 fair market appraisal commissioned by POST and the price paid by POST to acquire these properties. The Conservation Easement is valued at \$95,000 based on a fair market value appraisal commissioned by the District in 2015. As part of the District's Lease and Management Agreement with POST, the following lease and license agreements were assigned to the District and remain in effect until they expire:

- La Honda Residence lease expires on November 1, 2015
- Equestrian License for boarding horses at the Event Center expires November 1, 2017

At the close of escrow, the Lease and Management Agreement with POST will terminate.

As part of this transaction, the District will reimburse POST in the amount not to exceed \$40,000 to complete repairs to the Apple Orchard access road from Sears Ranch Road. Repair work includes engineered reconstruction of road fill and drainage improvements. These funds will be held in an escrow impound account and released upon completion of all required work and final sign-off. Any unused funds will be returned to the District after completion of this project. It is anticipated that this work will be completed by the end of the summer of 2015. Therefore, the total cost of this transaction will not exceed \$5,935,000.

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

San Gregorio Creek Conservation Easement

The conservation easement will protect in perpetuity the property's conservation values, including significant scenic, riparian, habitat and natural values. The conservation easement has a 100 foot buffer from the top of the creek bank and 50 foot buffer at the 5354 La Honda Road residence. The easement provides for the following District and Owner uses on the easement property:

1. District Rights

- Restore and improve Creek flow and reduce sedimentation, restore and enhance riparian habitat

- Install and maintain wildlife friendly fencing along boundary of easement
 - Install stream gauge to monitor water flow and quality
2. Owner Rights
- Educational and recreational trail use including hiking, walking and wildlife observation
 - Reserved San Gregorio Adjudicated water rights for domestic and agricultural uses
 - Use of existing riparian crossing on San Gregorio Creek

FISCAL IMPACTS

Fiscal Year (FY) 2015–2016 Budget for New Land Purchases:

New Land Purchases Budget (FY 2015-16)	\$11,000,000.00
Previous Land approved for purchase this year	(\$ 1,745,000.00)
POST Apple Orchard, Event Center, La Honda Road Residence, and Conservation Easement	(\$ 5,895,000.00)
New Land Purchase Budget Remaining	\$ 3,360,000.00

The District Controller 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 Apple Orchard and Event Center properties are located within the service area of San Mateo County Fire. However, under the terms of the District/County Fire agreement, the District is not required to pay a County Fire fee when the District leases the property for a private agricultural or residential use, which is subject to a possessory interest tax. The use of the livestock corrals at the Event Center is included in the grazing lease of the Driscoll Ranch area of the Preserve with AgCo Hay Company Inc., the Apple Orchard is leased to Wilson Cattle Company and the La Honda Road residence is currently rented as a private residence. Therefore, no County Fire fee is required.

Only the Apple Orchard property is located within the service area of the La Honda-Pescadero Unified School District. Under the terms of the District/School agreement, the District would pay \$2,948.86, which would increase annually by 2%. This amount will be reduced by the amount of the possessory tax paid by the District's grazing tenant, Wilson Cattle Company. The possessory tax will not be calculated by the County until 2016 and will be deducted from the District's School service fee at that time.

BOARD COMMITTEE REVIEW

The Real Property Committee held their meeting at the Event Center on June 23, 2015 to receive public input on the proposed purchase. Notice of the meeting was distributed on June 17, 2015 to property owners adjacent to or surrounding the property and over 300 interested parties. All members of the Real Property Committee were in attendance. Thirteen members of the public and two POST staff members attended the meeting, including three neighbors who reside on La Honda Road and representatives of both the equestrian and environmental education community. Staff provided an overview of the properties, described how they would be managed as an extension of the Preserve, reviewed the proposed Amended PUMP, the purchase terms, and some of the long term planning considerations that may direct use of the properties in the future as the Preserve Master Plan is implemented. Staff responded to questions from the public

regarding the type (equestrian events/trainings, agricultural/environmental education, group rides and team roping) and number of users (up to 50 participants and up to 8 events per year) allowed for the Event Center under a Facilities Use Agreement, access from the Event Center to the Preserve (via the La Honda Road tunnel), and if there were any immediate plans to provide a bridge crossing to access the Apple Orchard property from La Honda Road (No plans to provide bridge; however, the access road from Sears Ranch Road will be improved to provide more year round access). The Real Property Committee approved recommending this purchase to the full Board of Directors in a vote of 3-0.

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 have been mailed written notice of this agenda item. The agenda and this report have been made available on the District's website.

Moreover, the Coastsides Protection Program requires solicitation of public input into the planning process prior to the Board's consideration of an acquisition. On June 17, 2015, the District notified contiguous property owners and over 300 interested parties in writing of the proposed purchase of these properties and on opportunities to provide comment. On June 23, 2015, the District's Real Property Committee held their publically-noticed meeting on the site. Thirteen members of the public attended and provided input.

The District's coastsides land purchases are also subject to a Memorandum of Understanding between the San Mateo County Farm Bureau and the District. In accordance with this memorandum, District staff presented information and solicited comments on the proposed purchase at a Farm Bureau meeting on June 1, 2015 and at the Agricultural Advisory Committee on June 8, 2015. Both the Farm Bureau and the Agricultural Advisory Committee were supportive of the purchase and the proposal that grazing of the Apple Orchard continues under a longer term lease with the Wilson Cattle Company.

Accordingly, all notice required by the Brown Act and the Coastal Protection Program has been provided.

NEXT STEPS

Upon approval by the District's Board of Directors, the President of the Board will execute the Purchase Agreement with POST. The following steps will ensue:

1. After the close of escrow of the Apple Orchard and Event Center properties, staff will implement the provisions of the Amended PUMP and the Skyline Field Office will continue to patrol and manage the properties as part of the Preserve.
2. After close of escrow of the San Gregorio Conservation Easement, District and POST staff will prepare a baseline document of the existing condition of the property for conducting annual easement monitoring of the property.
3. The General Manager will execute a long-term lease agreement with Wilson Cattle Company for conservation grazing on the Apple Orchard.
4. Staff will continue to implement provisions of the Facilities Use Agreement and fee schedule for the Event Center. Staff will also continue to work with Caltrans to perfect the rights to utilize the Caltrans tunnel under Highway 84.

Attachments:

1. Properties Location Map
2. Apple Orchard Map
3. Event Center and Conservation Easement Map
4. Memo to the Board, July 23, 2014
5. Amended Preliminary Use and Management Plan
6. Resolution Authorizing Acceptance of Purchase Agreement

Prepared by:

Elish Ryan, Real Property Planner III

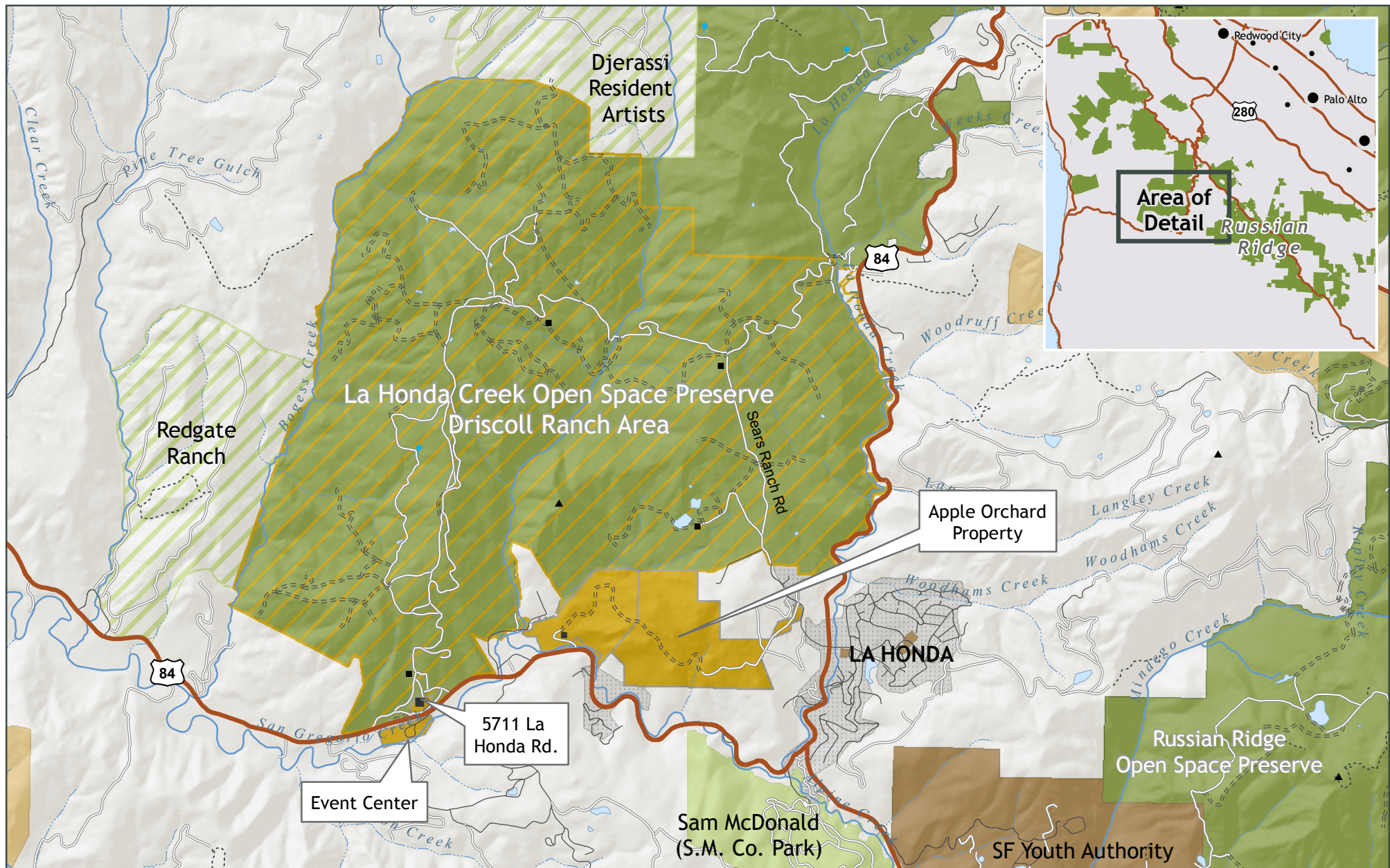
Michael Williams, Real Property Manager

Contact person:

Michael Williams, Real Property Manager

Graphics prepared by:

Michele Childs, GIS Technician



Attachment A: POST Apple Orchard & Event Center

- | | | | |
|------------------------------|--|---|-----------|
| Apple Orchard & Event Center | Other Protected Open Space or Park Lands | Private Property | Structure |
| Driscoll Ranch | Other Public Agency | Developed Land | |
| MROSD Preserves | Land Trust | Non MROSD Conservation or Agricultural Easement | |

Midpeninsula Regional
Open Space District
(MROSD)

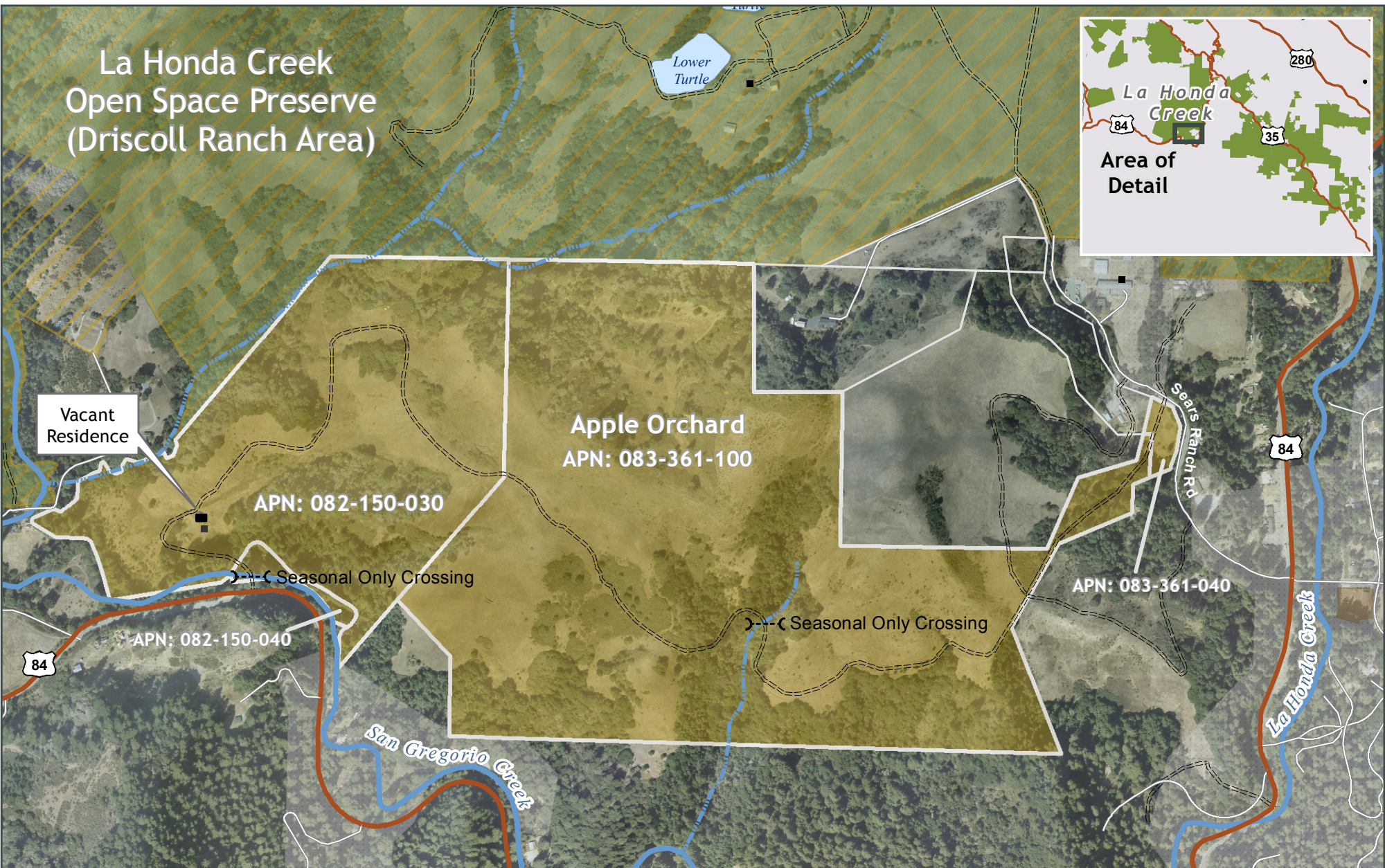
June, 2015



Miles
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La Honda Creek Open Space Preserve (Driscoll Ranch Area)



Attachment B: POST Apple Orchard Property

- | | | |
|---------------------------------|-------------------------|---------------------|
| Apple Orchard (292 total acres) | Highway or Major Road | Perennial Stream |
| Driscoll Ranch | Paved Road | Intermittent Stream |
| MROSD Preserves | Unmaintained Road Width | Structure |

Miles 0 0.2 0.4

Midpeninsula Regional
Open Space District
(MROSD)



May, 2015





Attachment C: POST Event Center

- | | |
|--|---|
|  Event Center |  Riparian Wildlife Friendly Fence Line (~ 50-100 ft setback) |
|  La Honda Creek Open Space Preserve |  POST Parcels |
|  Riparian Area (100 ft with 50 ft setback at house) | |

Midpeninsula Regional
Open Space District
(MROSD)

May, 2015



Feet
0 250 500



AttachmentC_EventCenter&".mxd"



Midpeninsula Regional
Open Space District

Memorandum

DATE: July 23, 2014

MEMO TO: Board of Directors

THROUGH: Steve Abbors, General Manager

FROM: Michael Williams, Real Property Manager and Elaina M. Cuzick, Real Property Specialist

SUBJECT: Event Center, Facilities Use Agreement

On December 11, 2013, the District entered into a Lease and Management Agreement with Peninsula Open Space Trust (POST) to manage the former Driscoll Ranches Apple Orchard and Event Center properties (R-13-106). At this meeting, the Board authorized the General Manager to “Develop a Facilities Use Agreement and work with equestrian user groups to formalize their role in the maintenance of the equestrian facilities and to supplement the repair and maintenance work”. In addition, the Board agreed to continue the following uses at the Event Center:

- a) Livestock staging and processing to support conservation grazing at the Preserve (via the grazing lease)
- b) Staging for organized/group rides and access to the tunnel and Preserve roads and trails (via District use permit)
- c) Agricultural and environmental education events (via District use permit)
- d) Equine/Livestock Clinics and Trainings (via Facility Use Agreement)
- e) Team Roping (via Facility Use Agreement)
- f) LGBT Rodeo for a period of up to two years (via Facility Use Agreement)

Accordingly, the District has developed a Facilities Use Agreement and is working with equestrian user groups to formalize their role in the maintenance of the equestrian facilities at the Event Center to reduce the repair and maintenance costs for managing the Event Center.

This memorandum informs the Board as to the progress in developing a Facilities Use Agreement, and the approach to ensuring the Event Center is maintained during the above mentioned uses with minimal impacts to District staff and resources.

Facilities Use Agreement

As part of the research for preparing a Facilities Use Agreement, staff surveyed the agreements of similar equestrian event facilities located in the Bay Area. The Woodside Horse Park agreement offered the best model for the District. From these examples, the District has prepared an agreement that addresses use, insurance, indemnity, applicable dates, types of fees, rules for use of the various areas of the event center, and licensee responsibilities.

The agreement also includes an interim fee schedule in lieu of a Board-approved fee schedule to allow events to occur as early as this summer and during the District's two-year interim lease arrangement for the Event Center. Should this property return to the Board at a later date for consideration of its purchase and fee title ownership, the General Manager would also include an Event Center fee schedule for Board consideration and approval. The interim fee schedule that would apply during the leasehold is consistent with prior Board direction to minimize the impacts to District staff and fiscal resources resulting from use of the Event Center by special user groups. The interim fee schedule includes a refundable deposit and fees to reimburse the direct costs for site preparation and ongoing maintenance, as further described below.

Deposits

- A cleaning and/or damage deposit, which is refunded if the Event Center is left in clean and undamaged condition at the conclusion of the event. The cleaning and/or damage deposit is based on the nature of the event, and the number of days of use of the facility.

Facility Use Fee

- The use fee is commensurate with the number of days of use of the facility.
- For uses that provide a public benefit, such as environmental or agricultural education, only a facility deposit is charged.
- Equestrian training events that provide a valuable public benefit and serve to further District goals, such as mounted search and rescue groups who provide training to assist in the search for members of the public who are lost or injured on District trails, may also qualify for a waived facility use fee.

Event Center Fee Schedule

Cleaning and/or Damage Deposit	
Environmental & Agricultural Education Organizations	\$0
Trail Ride/Ranch Event/Equestrian Single Day	\$125
Equestrian Multi Day	\$175
Facilities Use Fee	
Environmental & Agricultural Education Organizations	\$0
Trail Ride/Ranch Event	\$100
Equestrian Single Day	\$350
Equestrian Multi Day	\$450

Managing a recreational center such as the Event Center is new to the District. The General Manager anticipates that modifications will be made over time to the Facility Use Agreement to better address new issues as they emerge. A revised agreement and updated fee schedule would be brought to the Board at a later day as part of a future purchase should the District desire to purchase the property.

Tentative Schedule of Events for 2014

Currently, three equestrian groups have indicated an interest in using the Event Center this year with one confirmation. The Bay Area Savvy Players have signed a Facilities Use Agreement to use the Event Center on July 25, 26, and 27. The San Mateo County Sheriff's Mounted Search & Rescue group is interested in using the Event Center for one day in September, and the San Mateo County Horseman would like to hold a multi-day training in the fall.

Next Steps

The District, with the assistance of the Driscoll Ranch grazing tenant, will prepare for the first Bay Area Savvy Players event at the facility later this month. This will be a multi-day event with a maximum number of fifty (50) attendees. Operations and Real Property staff will monitor and evaluate this event and make any appropriate changes for future events. A brief update of this event will be included in a future biweekly report. A fee schedule would be brought to the Board for consideration as part of the proposed purchase of the Event Center, which may occur in 2015.

Preliminary Use and Management Plan

Apple Orchard, Event Center, La Honda Road Residence, and Riparian Conservation Easement
as additions to La Honda Creek Open Space Preserve

Proposed for Adoption July 22, 2015

Interim Property Management: **Apple Orchard** – Convert interim grazing license with Wilson Cattle Company to long-term grazing lease, per terms and conditions as described in the July 22, 2015 Board Report (R15-101).

Event Center - Continue operation subject to the conditions of a Use Permit or the Event Center Facilities Use Agreement as accepted by the Board of Directors on July 22, 2015.

Continue to seek partners to assist with operation and maintenance of the Event Center until such time as the District has determined the best future use of the property, as discussed further in the Amended PUMP's Event Center Subsequent Planning section.

Continue Equestrian License issued to the former owner for boarding of up to 5 horses until expiration of the license on November 1, 2017. Under the General Manager's authority, the District may then continue on a month-to-month basis with the existing tenant until such time as the District has determined the future use of the property, as discussed further in the Amended Preliminary Use and Management Plan's Event Center Subsequent Planning section.

Real Property staff to continue to perfect District's rights to utilize the Caltrans tunnel under Highway 84 to provide access from the Event Center to the existing La Honda Creek Open Space Preserve.

La Honda Road Residence - Continue residential lease until it expires on November 1, 2015. Under the General Manager's authority, the District may then continue on a month-to-month basis with the existing tenant until such time as the District has determined the future use of the residence, as discussed further in the Amended PUMP's La Honda Road Residence Subsequent Planning section.

Conservation Easement – Provide notification to POST and their designated lessee and coordinate accordingly prior to commencement of any resource conservation activities in the Easement area.

Public Access:	<p>Apple Orchard - Designate the property as closed to general public access until the La Honda Creek Open Space Preserve Master Plan is amended to include the property, except for infrequent docent-led hiking tours.</p> <p>Event Center – Continue limited public access, subject to the provisions of the Event Center Facilities Agreement or a Use Permit, until a Site Plan is adopted and/or the La Honda Creek Open Space Preserve Master Plan is amended. Restrict public access to the fenced-off riparian buffer zone of the site to protect natural resources.</p> <p>La Honda Road Residence – Designate the property as closed to general public access as this time.</p> <p>Conservation Easement - Designate the easement area as closed to general public access. Access by POST and their designated lessee is subject to the terms and conditions of the executed San Gregorio Creek Conservation Easement.</p>
Signs and Site Security:	<p>All properties - Install and maintain closed area and preserve boundary signs where appropriate on all properties.</p>
Structures and Improvements:	<p>Apple Orchard - Based upon the Historic Structures Evaluation performed in 2015 that indicated that the vacant house and associated open barn have not met the criteria for historic significance, demolition is recommended. Until method of demolition and removal of materials is determined and undertaken, disconnect any remaining utilities, board up all windows and doors on the house, and secure structures as needed. Complete all necessary testing and remediation of any asbestos-containing material or lead-based paint in the structures prior to demolition. Perform basic repairs and maintenance to the open barn if deemed useful for grazing operation. If not, include barn in plans for demolition and removal of the house.</p> <p>Event Center - Remove stairs and upper platform railings of large announcement platform to the extent necessary to eliminate access but not compromise structural integrity of connecting structures. Perform routine maintenance and repairs on remaining buildings and infrastructure on the site as needed to ensure safe use of site during permitted public events.</p> <p>La Honda Road Residence - Perform routine maintenance and habitability repairs.</p>
Resource	All Properties –

- Management:**
- Control invasive plant and animal species and perform re-vegetation as needed, with methods consistent with the District's adopted Integrated Pest Management Guidance Manual's recommendations.
 - Support partner agencies involved with in-stream or riparian restoration on San Gregorio Creek to enhance Steelhead trout/Coho salmon habitat.
 - Coordinate with appropriate state and local agencies to ensure that District's resource management of these properties aligns with regional watershed protection enhancement goals.

Apple Orchard - Use conservation grazing, consistent with the Amended Driscoll Ranch Resource Management Plan (amended June 2014), as a vegetation management tool to reduce invasive weeds and encourage native grasses within the property's grasslands.

Conservation Easement – Work with POST to develop Baseline Document. Install stream gauges to monitor stream flow and water quality in San Gregorio Creek. Conduct vegetation management such as removal of invasive non-native plants and replant with native vegetation. Monitor easement area biannually.

Rangeland Management: **Apple Orchard** - Continue year-round grazing as recommended in the Driscoll Ranch Resource Management Plan (Rana Creek et al 2005, amended June 2014). Perform routine inspections to ensure grazing lessee's compliance the District's Rangeland Monitoring program and terms of the lease.

Patrol: **All properties** - Routinely patrol all properties.

Wildfire Fuel Management: **Apple Orchard, Event Center, La Honda Road Residence** - Conduct conservation grazing for reduction of fuel, implement defensible space protocols within 100' of all structures, and other current District-wide fuel management practices as appropriate. Further assess vegetative communities on each of the properties 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 programs as part of the subsequent planning process.

Fences and Gates: **Apple Orchard** - Maintain gates and fences as necessary. Install new fences and gates as necessary to prevent unauthorized vehicular entry at the property boundaries.

Event Center – Maintain gates and fences as necessary. Maintain riparian

buffer zone fencing to restrict access to this area of the site.

La Honda Road Residence – Maintain gates and fences as necessary. If feasible, install and maintain livestock fencing and gates around the perimeter of the residential lease area to allow grazing for conservation and fire suppression purposes.

Conservation Easement - Install wildlife-friendly fencing to demarcate 100 and 50 foot setbacks from top of bank. Install gates for access to stream gauge and stream crossing in San Gregorio Creek, and for environmental education purposes.

Roads and Trails: **Apple Orchard** - Keep existing ranch roads for seasonal use, in coordination with the grazing tenant. Limit use of San Gregorio Creek crossing to April 15 through October 15. Per a detailed road and trail assessment of the property prepared in 2014, complete road repairs in the vicinity of Sears Ranch Road.

Event Center – Maintain entrance road and internal circulation as needed.

La Honda Road Residence – Perform minor erosion control and repair of access road as needed.

Coastal Service Plan: **All properties** - Operate and manage all the properties in conformity with the provisions of the Coastal Service Plan for the Coastside Protection Program, and the mitigation measures adopted pursuant to the Coastal Service Plan Environmental Impact Report.

Site Safety Inspection: **Event Center** – Perform routine inspection and repair of corrals, pens, fences, and other infrastructure used by the public during permitted special events or use permits.

Name: **All properties** - Incorporate as additions to the La Honda Creek Open Space Preserve.

Dedication: **All properties** - Withhold dedication of all properties as open space at this time.

Subsequent Planning:

Apple Orchard - Develop a long-term site plan to fully integrate the property into the Preserve. Evaluate unimproved stream crossings on the access road from Sears Ranch Road and the seasonal crossing of San Gregorio Creek at La Honda Road to consider options for future improvements of stream crossings for year-round patrol access and to better support an onsite grazing operation. As part of subsequent planning efforts, evaluate the suitability of extending the Preserve trail system into this new area.

Event Center – Upon implementation of the new staging areas and trails identified in the Preserve Master Plan adopted in August 2012, compile information on the use patterns of the Preserve, including type and frequency of events at the Event Center. Determine if any changes or further site planning for the Event Center for allowed uses and events is warranted. As part of any subsequent planning for long-term uses on the site, the District may consider other possible uses for the Event Center such as public staging and access to trails in the Preserve, as a satellite field office in the Coastside area, and to perform additional natural resource protection enhancement for the benefit of San Gregorio Creek fisheries.

La Honda Road Residence – Upon expiration of the residential lease on November 1, 2015, evaluate the possible use of the site as an employee residence, temporary Field Operations facility, or other residential use.

All Properties - Subsequent planning for all properties will be done in accordance with the District's Coastal Service Plan, including consultation with appropriate agencies and organizations. The planning process will include public workshops to gather input and public hearings to review draft and final plans. When additional studies have been completed and preferred long-term uses identified, the District will complete necessary environmental assessment under the California Environmental Quality Act (CEQA), and determine if it is appropriate to amend the Preserve Master Plan at that time.

RESOLUTION NO. 15-__

RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDPENINSULA REGIONAL OPEN SPACE DISTRICT AUTHORIZING ENTRY INTO A PURCHASE AGREEMENT WITH PENINSULA OPEN SPACE TRUST; AUTHORIZING THE GENERAL MANAGER OR OTHER OFFICER TO EXECUTE ACCEPTANCE OF THE GRANTS TO DISTRICT, AND AUTHORIZING THE GENERAL MANAGER TO EXECUTE ANY AND ALL OTHER DOCUMENTS NECESSARY OR APPROPRIATE TO THE CLOSING OF THE TRANSACTION (LA HONDA CREEK OPEN SPACE PRESERVE - LANDS OF PENINSULA OPEN SPACE TRUST – APPLE ORCHARD, EVENT CENTER AND SAN GREGORIO CREEK PROPERTY INTERESTS)

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

SECTION ONE. The Board of Directors of the Midpeninsula Regional Open Space District does hereby accept the offer contained in that certain Purchase Agreement with the Peninsula Open Space Trust (POST) and the Midpeninsula Regional Open Space District, a copy of which purchase agreement is attached hereto and by reference made a part of, and authorizes the President of the Board of Directors or other appropriate officer to execute the Agreement on behalf of the District.

SECTION TWO. The General Manager, President of the Board of Directors or other appropriate officer is authorized to execute the Grant of Conservation Easement on behalf of the District.

SECTION THREE. The General Manager, President of the Board of Directors or other appropriate officer is authorized to execute Certificates of Acceptance for the Grant Deed and Grant of Conservation Easement on behalf of the District.

SECTION FOUR. The General Manager or the General Manager's designee is authorized to expend up to \$250,000.00 to cover the cost of title insurance, escrow fees, access road repairs, demolition and clean up, site improvements, and other miscellaneous costs related to this transaction.

SECTION FIVE. The General Manager or the General Manager's designee shall cause to be given appropriate notice of acceptance to POST. The General Manager is further authorized to execute any and all other documents in escrow necessary or appropriate to the closing of the transaction.

SECTION SIX. The General Manager and General Counsel are further authorized to approve any technical revisions to the attached Purchase Agreement, Conservation Easement, and other documents in escrow which do not involve any material change to any term of the Agreement or Conservation Easement, which are necessary or appropriate to the closing or implementation of this transaction.

SECTION SEVEN. 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 taxable or tax-exempt debt, such as bonds, but such 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 financing is cost-justified based on the aggregate value of acquisitions, to issue 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.

* * * * *

PASSED AND ADOPTED by the Board of Directors of the Midpeninsula Regional Open Space District on _____, 2015, at a Regular Meeting thereof, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

Secretary
Board of Directors

President
Board of Directors

APPROVED AS TO FORM:

General Counsel

I, the District Clerk of the Midpeninsula Regional Open Space District, hereby certify that the above is a true and correct copy of a resolution duly adopted by the Board of Directors of the Midpeninsula Regional Open Space District by the above vote at a meeting thereof duly held and called on the above day.

District Clerk