

COASTAL CONSERVANCY

Staff Recommendation

May 18, 2005

**ARASTRADERO PRESERVE GATEWAY ACQUISITION**

File No. 05-032

Project Manager: Amy Hutzel/Carol Arnold

**RECOMMENDED ACTION:** Authorization to disburse up to \$1,000,000 to the City of Palo Alto for the acquisition of the 13 acre Arastradero Preserve Gateway Parcel for the protection and restoration of natural resources and to provide public access within the Enid Pearson-Arastradero Preserve.

**LOCATION:** Enid Pearson-Arastradero Preserve, 1525 Arastradero Road, City of Palo Alto, northwestern Santa Clara County (Exhibit 1).

**PROGRAM CATEGORY:** San Francisco Bay Area Conservancy

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**EXHIBITS**

Exhibit 1: Project Location and Site Map

Exhibit 2: Regional Trails Map

Exhibit 3: Letters of Support

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**RESOLUTION AND FINDINGS:**

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31160-31164. of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of an amount not to exceed one million dollars (\$1,000,000) to the City of Palo Alto (“City”) for the purpose of acquiring Santa Clara County Assessor Parcel No. 182-33-014, known as the Arastradero Preserve Gateway Parcel (“Property”), consisting of 13 acres, subject to the following conditions:

1. Prior to the disbursement of funds for the acquisition, the City shall submit for the review and approval of the Executive Officer of the Conservancy (“Executive Officer”):
  - a. All relevant acquisition documents, including, without limitation, the appraisal, purchase agreement, escrow instructions, environmental or hazardous materials assessment and title report.

- b. Evidence that sufficient funds are available to complete the acquisition.
2. The City shall pay no more than fair market value for the Property.
3. The City shall permanently dedicate the Property for habitat preservation, open space protection and public access, through an irrevocable offer to dedicate an interest in the property or other instrument approved by the Executive Officer.
4. The City shall open Foothills Park to the general public for pedestrian access on all of the trails within the park. Pedestrian access for the general public to and from Foothills Park (“Park”) shall be provided at designated access points lying on the Park’s boundaries with the City’s Enid Pearson-Arastradero Preserve to the north and the Midpeninsula Regional Open Space District’s Los Trancos Open Space Preserve to the south. The City shall not be required to permit pedestrian or vehicular access for non-City residents at the entrance to the Park off of Page Mill Road unless the non-City resident is accompanied by a City resident at the time of entry.
5. Conservancy funding shall be acknowledged by erecting and maintaining a sign on the Property, the design and location of which has been approved by the Executive Officer.”

Staff further recommends that the Conservancy adopt the following findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed project is consistent with the purposes and objectives of the San Francisco Bay Area Conservancy Program, Chapter 4.5 of Division 21 of the Public Resources Code Sections 31160-31164.
2. The proposed project is consistent with the Project Selection Criteria and Guidelines adopted by the Conservancy on January 24, 2001.”

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**PROJECT SUMMARY:**

This project will result in the acquisition by the City of Palo Alto (“City”) of the 13 acre Arastradero Preserve Gateway Property (“Property”) and inclusion within the 609 acre Enid Pearson-Arastradero Preserve (“Preserve”) owned by the City. The County of Santa Clara, a funder of the project, expects to hold a conservation easement over the Property to assure its natural, scenic and open space condition, and use for public access, in perpetuity.

South of the Preserve is the City-owned 1,400 acre Foothills Park (“Park”), a nature lover's paradise. Miles of trails within both the Preserve and the Park provide access through rugged chaparral, woodlands, grasslands, and by streams and a lake, as well as spectacular views of the San Francisco Bay Area. Wildlife abounds, and it is common to see deer and coyotes, and possibly even a bobcat or mountain lion.

The Preserve is enjoyed by thousands of visitors a year from all over the Bay Area and beyond.

In the past, access to Foothills Park to the south has been restricted to City of Palo Alto residents and their accompanied guests only, but as a result of current negotiations involving the acquisition of the gateway Property, the City has agreed to modify its management policies and City ordinances to allow trail access for the general public into the Park from the Preserve to the north, and from the Park's southern entrance. The western vehicular accessway into Foothills Park will continue to be reserved for City residents and their accompanied guests only, although the revised policy of allowing general public access from the north and south is expected to increase the number of visitors. Visitors will be able to access the Santa Clara County-wide S1 Trail (the Bay to Foothills Trail) which runs north and south through the Preserve and the Park, and links with the region's larger trail system and beyond to the Bay Area Ridge Trail (see Exhibit 2: Regional Trails Map).

The Property comprises a gently sloping drainage at the lower elevations of the Preserve. Arastradero Creek runs along its eastern border. A tributary of this creek is currently encased in a culvert, which bisects the Property. Once the property is acquired, the City would work to daylight and restore this creek and its surrounding habitat. In addition to providing important habitat and public access, the Property is expected to be used for the construction of a 1,100 square foot visitor center, ranger and steward work place and volunteer meeting room which will provide facilities for the ongoing maintenance and appreciation of the Preserve's ecological resources.

The Arastradero Gateway Property is the last remaining inholding within the Preserve and has been sought by the City for over a decade. The Property is considered developable and was once on the market for \$15,000,000. More recently, the Property became available when the former owner entered into bankruptcy proceedings and needed to sell it. In 2002, the Property was put on the market for \$4,900,000, but the City did not have the funds to purchase it. Prospective buyers were interested in the Property's development potential, but in September, 2002, realizing the Property's important conservation value, the Peninsula Open Space Trust ("POST") entered into negotiations and was ultimately successful in purchasing the Property at auction for \$3,560,000.

POST does not have the resources to hold and manage the Property beyond a three-year period which will expire in October, 2005 at which time POST will be forced to sell it. In order to prevent a sale for private development, the City must raise the funds to purchase it from POST and secure its future as a gateway parcel into the Preserve and Foothills Park. If sold on the open market, the Property would most likely be developed for an estate home and adjoining facilities, compromising its scenic and recreation value, as well as creating a major intrusion on trail and habitat corridors.

The City has managed both the Preserve and the Park for many years, and is fully capable of managing the new addition. It has applied for and been authorized to receive grants and use its own funds for the acquisition, and is eager to move ahead. The City has worked with the Conservancy on past projects within its jurisdiction and has proved itself a competent participant in achieving compatible conservation goals.

**Site Description:** The property is located within Enid Pearson-Arastradero Preserve off of

Arastradero Road within the jurisdiction of the City of Palo Alto in the northwestern portion of Santa Clara County. Because of its location on Arastradero Road, it is easily accessible from nearby urban areas. The City of San Jose is approximately 15 miles to the south and San Francisco is approximately 36 miles to the north.

The Property is the last remaining private inholding within the northern portion of the 609-acre Preserve, which is owned and managed by the City of Palo Alto. The Preserve abuts the Los Altos Hills, Portola Valley, residential areas of the City of Palo Alto, and Stanford University lands. The Property's natural features are similar to those of the surrounding Preserve, a beautiful mixture of rolling savanna grassland, broad leaf evergreen forest, and an abundant variety of flora and fauna. The Property varies in elevation from 275 feet in the northeast to 775 feet in the southwest. A native grass species – wet meadow rye – has been identified on the Property and could be propagated on the rest of the Preserve where there is little native grass.

Most of the Property is comprised of a gently sloping drainage basin. Arastradero Creek runs along the eastern portion of the parcel before turning east to join Matadero Creek. Existing riparian areas on the Preserve are important habitat for the red-legged frog and tiger salamander, both threatened species. Other wildlife includes deer, bobcat, coyote, occasional mountain lion and bobcat, and a variety of birds. In addition to its diverse flora and fauna, the Preserve provides spectacular scenery, including views to San Francisco Bay and Skyline Ridge. It has 10.25 miles of trails, some of which connect to regional trails, including the Bay Area Ridge Trail.

To the south of the Preserve is the 1,400-acre Foothills Park, a spectacular grassland park providing trail access into rolling foothills, oak woodlands and riparian habitat. Bounded by Portola Valley, Los Altos Hills, the Enid Pearson-Arastradero Preserve and Los Trancos Open Space, the 1,400-acre Foothills Park is a nature lover's paradise. Miles of trails provide access through rugged chaparral, woodlands, and grasslands, by streams and a lake, and to spectacular views of the San Francisco Bay Area. The Park is located 2.7 miles West of Highway 280 on Page Mill Road. A trail from the newly acquired Property will wind south through the Preserve and connect with the main trail within Foothills Park and beyond.

**Project History:** The Arastradero Preserve Gateway Property was formerly within the jurisdiction of the County of Santa Clara. In the 1970s, the owners entered into an agreement under the Williamson Act, which provides for lower taxes if the Property remains in agricultural use. The Property was used for horse ranching and stable operations at that time. The site was eventually annexed by the City of Palo Alto and is considered developable for a single-family estate type home and associated facilities.

The City of Palo Alto has owned and managed the Enid Pearson-Arastradero Preserve for many years. The subject Property is the last remaining inholding within the Preserve, and as such has long been of interest to the City of Palo Alto to include within the Preserve. In the past, the Property was put on the market for as much as \$15,000,000, significantly beyond what the City could pay for it. In 2002, the Property was put up for sale as part of a bankruptcy proceeding; The Peninsula Open Space Trust (POST) acquired it at auction for a price of \$3,560,000. The Property is being held by POST until October 2005 to allow the City to purchase it. If it does not, POST will be forced to sell the Property, as it does not have the funds to continue to manage it in the long term. Sale of the Property on the open market would likely result in its

development, eliminating the opportunity to use it for open space, wildlife habitat and public access.

Archeological explorations on the Preserve have yielded artifacts from Ohlone Indian campsites that date to the 16th and 17th centuries, suggesting the area was a popular hunting site. The National Park Service recognizes one of the trails that run through the Preserve as a recreational spur of the Juan Bautista de Anza National Historic Trail. Although the exact route of de Anza's 1776 expedition is not known for certain, it is likely that he passed either through or close by the Preserve on his route to what is now San Francisco.

By the late 1700s the land was part of the Rancho Corte Madera Spanish land grant, held by Maximo Martinez. The property was later used for timber drayage from the foothills, and then later as a cattle ranch. In 1969, 1,600 individual family homes were proposed for development on the 600-acre parcel that is today the Preserve. As a result of this development proposal, the City of Palo Alto created a controversial land-use policy to protect open space which resulted in the City being forced to buy the Preserve property through an inverse condemnation lawsuit.

**PROJECT FINANCING:**

|                                   |                    |
|-----------------------------------|--------------------|
| Coastal Conservancy               | \$1,000,000        |
| County of Santa Clara             | 1,000,000          |
| City of Palo Alto                 | 288,000            |
| Private Donations                 | 500,000            |
| Peninsula Open Space Trust (Loan) | <u>772,000</u>     |
| <b>Total Property Cost</b>        | <b>\$3,560,000</b> |

The expected source of the proposed grant is the FY 02/03 appropriation made to the Conservancy pursuant to the California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Act of 2002 (Proposition 40), which allocates bond funds to the Conservancy for the purposes of Division 21 of the Public Resources Code. Consistent with the purposes of this funding source, the proposed project would be carried out in accordance with the provisions of Division 21 (see "Consistency with Conservancy's Enabling Legislation" section below). Proposition 40 also gives priority to projects that include a commitment for a matching contribution, such as that being provided by the City of Palo Alto, County of Santa Clara, and other sources.

**CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:**

This project is undertaken pursuant to Chapter 4.5 of the Conservancy's enabling legislation, Public Resources Code Sections 31160-31164, to address resource and recreational goals in the San Francisco Bay Area.

The Arastradero Preserve Gateway Property is located in Santa Clara County, one of the nine San Francisco Bay Area counties in which the Conservancy is authorized, under Sections 31160 and 31161 of the Public Resources Code, to undertake projects and award grants to address resource and recreational goals for the region.

Under Section 31162(b), the Conservancy may act to protect, restore, and enhance natural habitats and connecting corridors, watersheds, scenic areas, and other open space resources of regional significance. The proposed project will protect 13 acres of watershed land containing riparian habitat and a portion of Arastradero Creek. It will become part of the Enid Pearson-Arastradero Preserve, a 609-acre open space preserve, home to numerous native wildlife species.

In addition, consistent with Section 31162(d), the project will provide open space and a natural area that is accessible to the urban population of the San Francisco Bay Area for recreational and educational purposes. The Property will provide a northern gateway into the Preserve.

Finally, acquisition of this Property, including it within Preserve, and opening it to public access satisfies all of the criteria for determining project priority under Section 31163(c), as follows: The project (1) is supported by adopted regional plans; (2) serves a regional constituency, in that the project will help preserve habitat and provide public access for the benefit of the population of the San Francisco Bay Area, (3) can be implemented immediately; (4) provides benefits that would be lost if the project is not quickly implemented; and (5) includes significant matching funds.

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

Consistent with **Goal 10 Objective A**, the proposed project will result in the acquisition of 13 acres of upland habitat, including significant riparian and creek habitat. Also, consistent with this goal, the project leverages \$1,000,000 of Conservancy funding for a \$3,560,000 acquisition.

Consistent with **Goal 11 Objective A**, the proposed project will result in a significant increase in land that will be accessible to the public for recreational purposes.

**CONSISTENCY WITH CONSERVANCY'S  
PROJECT SELECTION CRITERIA & GUIDELINES:**

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines adopted January 24, 2001, in the following respects:

**Required Criteria**

1. **Promotion of the Conservancy's statutory programs and purposes:** See the "Consistency with Conservancy's Enabling Legislation" section above.
2. **Consistency with purposes of the funding source:** See the "Project Financing" section above.
3. **Support of the public:** The project has widespread public support, including that of Assemblyman Ruskin and Senator Simitian. Letters of Support are attached as Exhibit 3.
4. **Location:** The Property is located within Santa Clara County and within the jurisdiction of the San Francisco Bay Area Conservancy.

5. **Need:** The opportunity to secure this Property would be lost without Conservancy support. Both the City of Palo Alto and Santa Clara County have committed all of the funds available to them at this time for this project. Private donations and a loan from the Peninsula Open Space Trust are insufficient to cover the remaining funding gap.
6. **Greater-than-local interest:** The Property will become part of the 609-acre Enid Pearson-Arastradero Preserve, a City-owned park visited by over 300,000 people a year. Also as part of this transaction, the City will open trails within Foothill Park to the south to visitors from throughout the Bay Area and beyond. Prior to this, Foothills Park has been open only to residents of the City of Palo Alto and their accompanied guests.

**Additional Criteria**

7. **Urgency:** POST has purchased this Property and is making it available to the City of Palo Alto at this time. If not purchased now, POST will be compelled to sell the Property in order to repay its acquisition costs.
8. **Resolution of more than one issue:** Purchase of this Property preserves habitat and open space, while providing a quality public access experience. A visitor center will be constructed on the Property, providing educational opportunities.
9. **Leverage:** See the “Project Financing” section above.
10. **Conflict resolution:** This project will resolve a long-standing controversy regarding the City of Palo Alto’s former policy of only allowing access to Foothills Park to City residents and their accompanied guests. Once the Property is acquired by the City and added to the Preserve, the trails in Foothills Park will be open to the general public from both the north and the south.
12. **Readiness:** POST and the City have negotiated a transaction that is acceptable to all parties, funding has been identified and the project is ready to move ahead.
15. **Cooperation:** The project has garnered significant public support and is a cooperative effort between POST, the City, the County and the Conservancy to protect the Property, include it within the larger Preserve, and open Foothill Park to the south to general public access.

**COMPLIANCE WITH CEQA:** Acquisition of the Arastradero Preserve Gateway Parcel is categorically exempt from the California Environmental Quality Act (CEQA) in that it involves the acquisition of land for open space and wildlife habitat purposes and to preserve existing natural conditions (14 Cal. Code of Regulations Section 15325). Staff will file a Notice of Exemption upon Conservancy approval of the project.