

COASTAL CONSERVANCY

Staff Recommendation

January 17, 2008

SMITH-MADRONE ACQUISITION

File No.07-108

Project Manager: Amy Hutzell

RECOMMENDED ACTION: Authorization to disburse up to \$600,000 to Save-the-Redwoods League for the acquisition of property interests in the 120-acre Smith-Madrone Property adjacent to Bothe-Napa Valley State Park in Napa County for the protection of natural resources and public access.

LOCATION: In northwestern Napa County adjacent to Bothe-Napa Valley State Park, which is 5 miles north of St. Helena and 4 miles south of Calistoga (Exhibit 1).

PROGRAM CATEGORY: San Francisco Bay Area

EXHIBITS

Exhibit 1: [Project Location and Site Maps](#)

Exhibit 2: [Photographs of Property](#)

Exhibit 3: [Letters of Support](#)

RESOLUTION AND FINDINGS:

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

“The State Coastal Conservancy hereby authorizes disbursement of an amount not to exceed six hundred thousand dollars (\$600,000) to Save-the-Redwoods League for the purpose of acquiring a conservation easement over the 120-acre Smith-Madrone Property (Napa County Assessor Parcel Nos. 020-300-075, 020-300-077 and 020-300-078) and, subsequently, for acquiring fee title to a 55-acre portion of the same property, subject to the following conditions:

1. Prior to the disbursement of funds for the acquisition of the conservation easement or the fee interest, Save-the-Redwoods League shall submit for the review and approval of the Executive Officer of the Conservancy with respect to the specific acquisition:
 - (a) All relevant acquisition documents, including, without limitation, the appraisal, purchase agreement, conservation easement and associated baseline conditions

report and monitoring and reporting plan, escrow instructions, environmental or hazardous materials assessment and documents of title.

- (b) Evidence that sufficient funds are available to complete the acquisition.
2. Save-the-Redwoods League shall pay no more than fair market value for the conservation easement or fee interest in the property based on an appraisal of the property.
 3. Save-the-Redwoods League shall permanently dedicate the property for habitat preservation, open space protection, agricultural protection, and public access, through an irrevocable offer to dedicate an interest in the property or other instrument approved by the Executive Officer in accordance with Public Resources Code Section 31116(b).
 4. 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 31160-31165.
2. The proposed project is consistent with the Project Selection Criteria and Guidelines, last updated by the Conservancy on September 20, 2007.
3. Save-the-Redwoods League is a non-profit organization existing under 501(c)(3) of the U.S. Internal Revenue Code, and whose purposes are consistent with Division 21 of the Public Resources Code.”

PROJECT SUMMARY:

Conservancy staff recommends authorization of a grant of \$600,000 to Save-the-Redwoods League (“the League”) for the acquisition of a conservation easement over the entire 120 acres of the Smith-Madrone property and, subsequently, for the acquisition of fee title to a 55-acre portion of the property. The purpose of the acquisition of these interests in the property is to permanently protect and restore existing natural resources, protect existing agricultural lands but limit the expansion of vineyards on the property, and provide public access. The Smith-Madrone Property is immediately adjacent to Bothe-Napa Valley State Park in northwestern Napa County (Exhibit 1).

This property is primarily mature second-growth forest, including several stands of ancient redwoods, and is located in the headwaters of Ritchie Creek, which supports a healthy population of steelhead trout. Thirteen and a half acres of mountain vineyards are planted on the property. The League will initially protect the entire 120-acre Smith-Madrone property through acquisition of a conservation easement that limits development on the property to one residential building

site in a prescribed area and a small winery, and prevents any further timber harvesting and any additional vineyards and roads. Subsequently, after a lot line adjustment, the League will acquire in fee a 55-acre portion of the Smith-Madrone property. The conservation easement will be recorded prior to the lot line adjustment in order to capture the decrease in overall land value due to the removal of two of the three building rights allowed on the 120-acre property by Napa County zoning. In the near future, the League expects to transfer the 55 acre portion in fee to California Department of Parks and Recreation as an expansion of Bothe-Napa Valley State Park, or to another transferee identified by the League. The League plans to transfer the conservation easement on the remaining 65 acres to the Land Trust of Napa County or another entity for permanent monitoring and defense.

If this property is not protected by the League at this time, the threat of timber harvest, residential development, and habitat fragmentation is high. Napa County is an increasingly attractive place for residential development and the property is located in an area of the County that is highly desirable for vineyard development. The owner plans to log the area if a conservation easement and sale of a portion of his land is not possible, and a Non-industrial Timber Management Plan (NTMP) is in place. Moreover, each of the three 40-acre parcels that make up this 120-acre property could be sold separately and developed. As part of the acquisition process, a lot line adjustment will be obtained from Napa County to create 2 parcels that total 55 acres (the subject of the fee title acquisition) and a single 65-acre parcel, where the vineyards, roads, and house site are located (to be protected in perpetuity via the conservation easement).

While still in draft form, the proposed easement will comply with the easement standards adopted by the Conservancy on May 24, 2007 (the “easement standards”). In particular, the easement will require that a baseline report and monitoring plan that are consistent with the easement standards be prepared and approved by the Conservancy prior to close of escrow, and the easement will contain all essential provisions required by the easement standards.

The Smith-Madrone acquisition will expand Bothe-Napa Valley State Park and is regionally significant for Napa County and a high priority for the League for several reasons:

- Protection of old-growth and second-growth redwoods on-site: The property contains one of the few remaining unprotected stands of old-growth redwoods in Napa County. According to the forester who appraised the timber for the League, 10 to 15 acres in the acquisition area are classified as a mixed old growth redwood forest, featuring huge ancient trees as well as many smaller, slow-growing trees that may themselves be several hundred years old. The remainder of the acquisition area, as well as most of the conservation easement land, is covered in a relatively natural forest with scattered ancient trees, and has been shaped by fire, slides and other natural disturbances rather than by the hand of man—a rare kind of redwood forest in the midst of this massively altered landscape.
- Protection of the Ritchie Creek watershed: The acquisition lands sit towards the top of the ridge overlooking the redwood corridor bordering Ritchie Creek, a steelhead-bearing stream which runs through Bothe-Napa Valley State Park. The property also contains one year-round tributary to Ritchie Creek and a number of seasonal tributaries. The removal of two

potential development sites will further protect the creek and the other natural resource values of Bothe-Napa Valley State Park.

- Protection of fishery values: Ritchie Creek provides critical habitat for steelhead (Central California Coast ESU, which is federally listed as threatened). In addition, Ritchie Creek flows into the Napa River, which supports numerous aquatic resources, including Chinook salmon and steelhead. Ritchie Creek is one of the healthiest tributaries in the Napa River system, and one of its most productive fisheries. The acquisition will prevent additional development adjacent to the creek that could potentially impair stream values.
- Genetic diversity: The redwoods on this property are unusual given their location at the eastern edge of the coast redwood range. In the face of global climate change, redwoods that are likely genetically adapted to drier and warmer conditions are important to protect.
- Species diversity: According to the California Department of Fish and Game Natural Diversity Database, 17 endangered and threatened species listed at the state and federal level have been reported in the area surrounding the property and thus have the potential to occur there, including California tiger salamander, California freshwater shrimp, California red-legged frog, and American peregrine falcon. Spotted owls have been reported on the property. The nearby area is also home to 60 other sensitive and rare species.
- Plant community diversity: The property is vegetated in a variety of different native forest types. It is dominated by mixed conifer hardwood forest, including the Coast redwood alliance. There are at least four different native plant vegetation types represented. The acquisition and conservation easement will ensure the biodiversity of the land is preserved.
- Low level of development: The proposed 120-acre project area does not include any existing buildings or other structures, and is forested in native vegetation. The proposed conservation easement includes 13.5 acres of vineyard land, but it is dominated by native conifer and hardwood forests.
- Recreation. The acquisition would provide the potential for a trail corridor that would join two areas of the park that are currently separated by an inholding, thereby providing additional access for park visitors.
- Proximity to public land and large stands of redwoods. The old-growth redwood and other forests on the Smith property are contiguous to and directly south of forests protected in Bothe-Napa Valley State Park. Redwood forests cover more than 449 acres within the state park, and other conifer forests cover more than 533 acres within the park.

The Conservancy and League have collaborated on many important acquisition projects in Northern California. The League is a 501(c)(3) non-profit organization that works to acquire and protect redwoods. The League's objective, since its formation in 1918, has been to ensure that these ancient forests survive and flourish forever. The League has helped preserve over 165,000 acres of ancient redwoods.

Project History: This acquisition was identified as a high priority in Save-the-Redwoods League's *Bay Area and Big Sur Coast Redwood Conservation Strategy*, completed in March 2007 as part of the League's Master Plan for the Redwoods. The Master Plan uses a 16-variable GIS (geographic information systems) model to locate areas of critical importance for protection, by combining data on ancient redwood forests, watersheds, habitat for rare, imperiled, and sensitive species, recreation potential, scenic values, and development and other threats. The most important attributes of this acquisition are the ancient redwood forests, habitat for steelhead, mountain lions, and other imperiled species, and the potential for recreation.

The Napa Land Trust is also enthusiastic about this project and the Land Trust states that "conservation easements are one of the Land Trust's principal land protection tools." The NLT Project Committee approved the acquisition of the League's conservation easement on September 12, 2007.

Save-the-Redwoods League's strategy and activities for protecting this land is grounded in several years of relationship-building with the current landowner, Stuart Smith, who owns the land along with his brother through their company, Cooks Flat Associates. Cooks Flat currently owns 120 largely-undeveloped acres in three 40-acre parcels adjacent to the Smith-Madrone Vineyards and Winery. The owner is motivated and willing to sell 55 acres of forested land as well as a conservation easement on the 120 acres, and in fact is willing to make a substantial donation to the League by discounting the price. The landowner is motivated to complete this project and has reasonable expectations for the fair market value, grounded in independent property and timber appraisals. Redwood lands in Napa County come up for purchase only rarely, and the League knows of no other remaining unprotected old-growth forest in the county. The interest of the landowner in selling a property that is a high priority in the League's Master Plan for the Coast Redwoods presents a timely opportunity for redwood conservation. Given the highly desirable qualities of this Napa Valley property (old-growth redwoods, timber value, vineyard-quality land, and attractive residential building sites), there is an urgency in protecting its conservation values and creating a buffer for the contiguous state park lands.

PROJECT FINANCING:

Conservation Easement and Fee Acquisition Costs

Coastal Conservancy	\$600,000
Gordon and Betty Moore Foundation	1,000,000
Save-the-Redwoods League	35,000
California Department of Parks and Recreation (tentative)	<u>500,000</u>
	\$2,135,000

Appraisal, Phase 1, Lot Line Adjustment and Survey, and Easement Monitoring Funds

Save-the-Redwoods League	44,700
Cook's Flat Associates (landowner)	<u>4,700</u>
	\$49,400

Total Project Cost

\$2,184,400

The Smith-Madrone acquisition is a bargain sale. The landowners, Cook's Flat Associates, have reduced the sale price by \$305,000 below the appraised fair market value of the easement and fee title acquisitions, which is \$2,440,000.

Conservancy funds for this project are expected to derive from the San Francisco Bay Conservancy Program FY 07/08 appropriation from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84). This funding source may be used for the protection of bays, coastal waters, and watersheds, including projects to protect natural habitat values of coastal waters and lands, pursuant to the Conservancy's enabling legislation, Division 21 of the Public Resources Code. The acquisition of the fee and easement interests in the Smith-Madrone Property will serve to protect natural habitats in the Ritchie Creek watershed, which drains to the Napa River and eventually to San Pablo Bay. In addition, as discussed below, the project is consistent with Chapter 4.5 of Division 21.

Proposition 84 also requires that for acquisition projects that protect natural resources, the Conservancy assess whether the project meets criteria specified in Section 75071. The proposed acquisition satisfies three of the specified criteria:

- 1) The property links to existing protected areas with other large blocks of protected habitat. The linkage serves to connect existing protected areas, facilitate wildlife movement or botanical transfer, and results in sustainable combined acreage.
- 2) The project will contribute to long-term protection of and improvement to the water and biological quality of Ritchie Creek within the Napa River watershed, a "priority watershed" as identified by the Resources Agency.
- 3) The project is supported by matching funds. The Gordon and Betty Moore Foundation has committed to provide \$1,000,000 towards the acquisition, the League is contributing \$79,700, and California Department of Parks and Recreation has tentatively agreed to contribute \$500,000. Further, the landowner is contributing an additional \$305,000 in the form of a bargain sale.

Finally, as required by Section 75701, Conservancy staff has submitted to the Resources Agency and has posted on the Conservancy's website an explanation as to how the proposed acquisition meets the criteria of that section.

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 Smith-Madrone property is located in Napa 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, together with the implementation of the terms of the Purchase Agreement with the landowner, will protect 120 acres of habitat, including several stands of ancient redwood and headwaters for Ritchie Creek.

Consistent with Section 31162(d), the project will provide open space and a natural area that is accessible to the urban populations of the San Francisco Bay Area for recreational purposes.

Finally, the Smith-Madrone acquisition satisfies all of the criteria for determining project priority under 31163, as follows: (1) The acquisition is supported by adopted regional plans. This acquisition would help meet the goals and objectives of both the Agricultural and Land Use Element and Recreation and Open Space Element of the Napa County General Plan. The California Department of Parks and Recreation's *General Development Plan for Bothe-Napa Valley State Park* supports the overall intent of the project, stating that "special care should be given to the management of the coast redwood stands along Ritchie Creek. These stands represent some of the easternmost coast redwood stands in the state. Any activities within the watershed which might cause accelerated erosion and sedimentation could have adverse effects on these stands. Developments within or near these stands should be of low density and preferably well dispersed." (2) The project serves a regional constituency, in that the project will help preserve habitat and provide public access for the benefit of the population for the San Francisco Bay Area. (3) The project can be implemented immediately. (4) The project provides benefits that would be lost if the project is not quickly implemented: the threat of timber harvest, residential development, and habitat fragmentation is high. (5) The Conservancy's funds are being matched at a ratio of nearly 3:1.

**CONSISTENCY WITH CONSERVANCY'S
2007 STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):**

The proposed project is consistent with **Goal 10, Objective D** of the Conservancy's Strategic Plan, because it will result in the acquisition of 120 acres of upland wildlife habitat and other regionally significant open space in the Bay Area.

The proposed project is consistent with **Goal 11, Objective C** of the Conservancy's Strategic Plan, because it will increase the amount of land accessible to the public.

The proposed project is consistent with **Goal 12, Objective A** of the Conservancy's Strategic Plan, because it will result in the protection of 13.5 acres of farmland in the Bay Area.

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

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines, last updated on September 20, 2007, 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:** Many individuals and entities support this project including State Senator Patricia Wiggins, Assemblywoman Noreen Evans, California Department of Parks and Recreation, California Department of Fish and Game, the Gordon and Betty Moore Foundation, and the Land Trust of Napa County. Letters of Support are attached as Exhibit 3.
4. **Location:** The Smith-Madrone Property is located in northwestern Napa County within the jurisdiction of the San Francisco Bay Area Conservancy.
5. **Need:** The opportunity to protect the habitat values on the Smith-Madrone property could be lost without Conservancy support. The League has secured funding sources, negotiated a mutually agreeable acquisition with the landowner, and is ready to move on this acquisition.
6. **Greater-than-local interest:** The property contains old growth redwood trees, is located in the headwaters of Ritchie Creek, which has a Steelhead Trout run, and is adjacent to the extremely popular Bothe-Napa Valley State Park.

Additional Criteria

7. **Urgency:** The owner has a Non-Industrial Timber Management Plan in place for the property, which in effect provides the right to harvest any timber, including both old-growth redwoods and mature forest—with only a simple notification requirement. The owner has indicated its plans to log the area if a conservation easement and sale are not possible. A recent timber appraisal of the property set the commercial timber value at \$370,000. Ownership fragmentation is also a very high risk. The desirability of Napa County for residential development has created the most valuable non-urban land in the world. Each of the three parcels that make up this property could be sold and developed separately, leading to three single-family homes adjacent to the state park, should this project not be completed. The building rights alone for each of these single-family homes is valued at about \$800,000 or a total of \$1,600,000 for the elimination of two development sites. Agricultural and commercial development are also a threat; the “highest and best use” of this property from a commercial standpoint is for a vineyard and winery, according to the current property appraisal.
8. **Resolution of more than one issue:** The project will offer opportunities to protect and old growth redwood stands, protect the watershed for Ritchie Creek, habitat for Steelhead Trout, as well as provide opportunities for recreation.
9. **Leverage:** See the “Project Financing” section above.
10. **Conflict resolution:** Acquisition of the Smith-Madrone property will prevent two residential developments, timber harvesting, and expansion of vineyards, each of which could negatively impact wildlife habitat and water quality in the Ritchie Creek watershed.

11. **Readiness:** An appraisal of the Property has been completed, and the League has negotiated a transaction that is acceptable to the landowner. The League is ready to proceed with the acquisition.
12. **Realization of prior Conservancy Goals:** See the “Project History” section above.
13. **Cooperation:** The League has led the effort to acquire the Property, and has enlisted the cooperation of state resource agencies, a private foundation, and the Land Trust of Napa County.

COMPLIANCE WITH CEQA:

Acquisition of the Smith-Madrone property is categorically exempt from the California Environmental Quality Act (CEQA) in that it involves the acquisition of interests in land for open space and wildlife habitat purposes, to preserve existing natural conditions and to allow some continued agricultural use (14 Cal. Code of Regulations Section 15325). Staff will file a CEQA Notice of Exemption upon Conservancy approval of the project.