

COASTAL CONSERVANCY

Staff Recommendation
April 24, 2008

DUFF RANCH ACQUISITION

File No. 08-015-01
Project Manager: Melanie Denninger

RECOMMENDED ACTION: Authorization to disburse up to \$1,000,000 to the Land Trust of Napa County toward acquisition of the 1,000-acre Duff Ranch in Napa County.

LOCATION: Northeast of Calistoga and northwest of Angwin in Napa County (Exhibit 1)

PROGRAM CATEGORY: San Francisco Bay Conservancy

EXHIBITS

Exhibit 1: [Project Location](#)

Exhibit 2: [Linkage with other Properties](#)

Exhibit 3: [Property Map](#)

Exhibit 4: [Photos](#)

Exhibit 5: [Letters of Support](#)

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31160-31165 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 Land Trust of Napa County (“the Land Trust”) toward its acquisition of the approximately 1,000-acre Duff Ranch (Exhibit 3). This authorization is subject to the following conditions:

1. Prior to the disbursement of funds for the acquisition, the Land Trust shall submit for the review and approval of the Executive Officer of the Conservancy (“the Executive Officer”):
 - a. All relevant acquisition documents, including but not limited to the appraisal, environmental assessments, agreement of purchase and sale, escrow instructions, title reports, and documents of title necessary to the acquisition of the Duff Ranch.
 - b. A Duff Ranch Stewardship Plan, budget and schedule which shall describe the actions that the Land Trust will take annually to monitor and maintain existing Duff Ranch

- natural resources and shall also describe any natural resource-compatible public access proposed for the property.
- c. Evidence that sufficient funds other than Conservancy funds are available to complete the acquisition and provide stewardship.
 2. The Land Trust shall dedicate a portion of the property proportionate to the Conservancy's contribution and approved by the Executive Officer for habitat preservation and restoration, protection of natural areas, and public access and nature study compatible with those habitat and natural resource purposes, consistent with Public Resources Code Section 31116(b).
 3. The Land Trust shall manage and maintain the property in accordance with the Duff Ranch Stewardship Plan that has been reviewed and approved by the Executive Officer. If an "Interim Management Plan" for the Duff Ranch and other adjacent public and private properties has been prepared and has been reviewed and approved by the Executive Officer, the Land Trust shall manage and maintain the property in accordance with the Interim Management Plan.
 4. The Land Trust shall pay no more than fair market value for the property.
 5. Any future transfer of this property or of any interest in the property shall be subject to the prior written approval of the Executive Officer. Any funds generated from such a transfer in excess of the grantee's costs, up to the total amount disbursed pursuant to this authorization, shall be repaid to the Conservancy proportionately, based on all contributions to the acquisition.
 6. The Land Trust shall acknowledge Conservancy funding by erecting and maintaining on the Duff Ranch a sign noting the Conservancy's role in the acquisition, the design and location of which has been reviewed and 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 Project Selection Criteria and Guidelines, last updated by the Conservancy on September 20, 2007.
2. The proposed authorization is consistent with the purposes and objectives of Chapter 4.5 of Division 21 of the Public Resources Code, regarding the San Francisco Bay Area Conservancy Program.
3. The Land Trust of Napa County is a nonprofit organization existing under provisions of U.S. Internal Revenue Code Section 501(c)(3), and whose purposes are consistent with Division 21 of the Public Resources Code."

PROJECT SUMMARY:

Staff recommends authorization to disburse up to \$1,000,000 to the Land Trust of Napa County (the Land Trust) toward the estimated \$3,700,000-cost of acquiring the 1,000-acre Duff Ranch in

Napa County. An additional \$620,000 for stewardship and administrative costs is being raised by the Land Trust from private sources.

Acquisition of the Duff Ranch is a priority for Conservancy assistance because it is a large, scenic, biologically rich and diverse, strategically located property. The rugged landscape of the Duff Ranch rises from the foothills just east of the City of Calistoga, forming a prominent part of the viewshed for the City and for travelers on Highway 29 (Exhibit 4). With its mosaic of seven habitat types and array of special status species, the Duff property has been identified by The Nature Conservancy as among the highest priority biodiversity targets in Napa County. The scenic and biological values of the property are amplified by its location as the link between 5,270-acre Robert Louis Stevenson State Park (RLS) to the north and 3,045-acre Wildlake Ranch to the south (Exhibit 2).

In acquiring Duff Ranch, the Land Trust will help to implement Napa County's General Plan, which includes the property—along with the adjacent Wildlake Ranch which the Land Trust purchased in 2006 with Conservancy assistance—in a wildlife and fishery habitat planning area. As at Wildlake, the Land Trust will investigate the potential for public hiking and other trail uses consistent with protection of fish and wildlife habitat. In the short-term, the Land Trust will prepare a stewardship plan for the review and approval by the Executive Officer prior to disbursement of the proposed Conservancy acquisition funds. California Department of Parks and Recreation (State Parks) has also informally identified the Duff and Wildlake Ranches as its highest priorities in the Bay Area for additions to the State Park system. In a separate recommendation scheduled for Conservancy consideration this April, staff is proposing that the Conservancy provide a grant of \$250,000 to the Land Trust to prepare a combined Interim Management Plan for RLS, Duff and Wildlake that will meet State Parks's criteria for interim management. If approved by the Conservancy, the Interim Management Plan will, once finalized, guide the stewardship of the Duff Ranch.

The Land Trust is also working on assembling an endowment that, in the event of future acquisition of Duff and Wildlake by State Parks, would fund management of all three properties. Other options for long-term stewardship include the new Napa County Regional Parks and Open Space District and the Land Trust itself.

In order to help mesh the fiduciary responsibilities of the Conservancy with the administrative and fiduciary needs of the Land Trust, the Conservancy's funding will be attributed only to a portion of the property with a fair market value of not less than \$1 million. Staff is working with the Land Trust to identify the appropriate portion of the property. Only that portion will be subject to the Conservancy's required use restrictions.

The terms of the Conservancy's 2006 grant to the Land Trust for the Wildlake Ranch acquisition required the Executive Officer's prior approval of any transfer of title and repayment to the Conservancy of a pro rata share of the proceeds of any sale. The present recommendation for Conservancy assistance with the Duff Ranch acquisition proposes similar terms.

Formed in 1976, the Land Trust is a privately supported nonprofit organization with over 1,600 members dedicated to protecting the County's most important open space and agricultural lands. Its small staff has participated in permanently protecting nearly 50,000 acres, of which over 20,000 are covered by conservation easements. The staff and volunteers monitor the conditions on their properties, conduct frequent public hikes, and provide environmental education for local schoolchildren. Acquisition of Duff Ranch is consistent with the resource protection goals of the

Land Trust's "Conservation Vision 2010: A Map to the Future," a strategic plan prepared with Conservancy assistance, though the purchase of Wildlake and Duff Ranches require raising more capital and land stewardship funds than the plan anticipated.

Site Description:

The 1,000-acre Duff Ranch is located just one and a half miles northeast of Calistoga in the low, rugged mountains that form the northeastern side of the Napa Valley (Exhibits 1 and 4). It is bordered by vineyards and rural estates on the south, State School Lands on the west and northeast, and rural estates and the Land Trust's Wildlake Ranch on the east. It touches Robert Louis Stevenson State Park to the northwest.

The varied terrain and elevation on the Ranch—from approximately 750 feet above sea level in Simmons Canyon to 2,758 feet above sea-level at the peak known as "High Point"—support a mosaic of seven habitat types. In a 2007 botanical survey of the property, The Nature Conservancy identified over 250 species of plants, over 95% native to the area, including seven special status species and one locally rare species. The Ranch also includes most of the upper watersheds of two tributaries to the Napa River, the Simmons Canyon Creek and Dutch Henry Creek. The biological value of the property is compounded by its large size and its location connecting Robert Louis Stevenson State Park and Wildlake Ranch. Together, the three properties extend some 15 miles along the eastern ridge above the Napa Valley and encompass some 9,315 acres, with additional adjacent lands under conservation easements.

Public road access to Duff Ranch is from Oat Hill Mine Road near the northwest corner. Another road provides at least emergency and maintenance access on an easement across private property to the south, though the owner of the underlying fee disputes the right of the public to use the road for hiking access. A potential route for a public trail linking Wildlake Ranch and Robert Louis Stevenson State Park crosses the northern portion of the property.

Hunting and passive recreation have been the primary past uses of Duff Ranch. Most recently, it has been used as a rural retreat. Relics of old homesteads and small orchards are also present. As the result of a recent lot-line adjustment, the site of the residence near the northern perimeter is now on a separate parcel not included in the proposed acquisition.

While the Napa County General Plan identifies the area including Duff Ranch as prime wildlife habitat, it is zoned as Agricultural Watershed with minimum 160-acre lots. The property appears to have additional development potential, as the owner has gone through the certificate of compliance process and now possesses 11 legal lots.

Project History:

For many years the Land Trust has been acquiring conservation easements in the vicinity of Duff Ranch in order to protect scenic and biological values. However, the owners of the very important Wildlake and Duff properties were not willing to donate or sell conservation easements, as neither met their financial circumstances or intentions for the respective properties. In 2006, the Land Trust acquired fee title to Wildlake Ranch, with a \$2 million Conservancy contribution to the \$19 million acquisition. While the Land Trust had long been interested in protecting Duff Ranch from development, Mr. Duff had not expressed interest in a

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transaction until 2006. In February 2007, Mr. Duff and the Land Trust entered into a one-year land purchase agreement, with provisions for extending up to another year. During the second year, which commenced in mid-February 2008, the Land Trust is obligated to pay an additional \$15,000 per month until close of escrow. With the Conservancy's proposed funding assistance, the Land Trust expects to close escrow before the middle of June 2008.

During the past year, the Land Trust assisted Mr. Duff with completing a lot line adjustment which created a separate 120-acre parcel which he will retain, and also pursued private contributions. The lot line adjustment reduced the area for sale from 1120 acres to 1000 acres. The Napa Valley Wild campaign was initiated in 2006 to solicit private donations to fund acquisition of Duff Ranch, repay the debt incurred to purchase Wildlake Ranch, and fund property stewardship and administration. The Land Trust intends to contribute \$2,700,000 from the private funds raised toward the purchase of Duff Ranch, as well as another 650,000 to finance stewardship and administration. The largest single private contribution--\$1,000,000--is being contributed by the Resources Legacy Foundation from its Preserving Wild California Program. (See "Project Financing" for additional funding detail.)The Land Trust is working with State Parks on the potential addition of both Wildlake Ranch and Duff Ranch to Robert Louis Stevenson State Park. State Parks staff has identified both as its highest priority for park expansion in the Bay Area, though current budget limitations preclude the transfer. In order to complete planning that State Parks would like in place prior to any transfer, the Land Trust hopes to prepare an "Interim Management Plan" to meet State Parks' standards. The Land Trust has requested a Conservancy grant to prepare this plan. Staff's recommendation to provide a grant for this purpose is the subject of a separate item on the Conservancy's April agenda. Meanwhile, the Land Trust has budgeted for stewardship of Wildlake and Duff by its own staff.

Mr. Duff, the ranch owner, is the father of a Conservancy staff person, Tim Duff. Tim has had no involvement in any aspect of the proposed grant or any other aspect of the acquisition project, nor will he in the future.

PROJECT FINANCING:

Acquisition Costs

Coastal Conservancy	\$1,000,000
Resources Legacy Fund	1,000,000
Marin Community Fund	100,000
Wayne Grey Wilson Foundations	77,000
The Land Trust of Napa County (individual donations, fund-raising event, pending fdtn. grant)	1,523,000

Acquisition Total \$3,700,000

Stewardship and Administration

The Land Trust of Napa County (individual donations, fund-raising event)	\$ <u>620,000</u>
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Total Project Cost **\$4,320,000**

The anticipated source of funds is the fiscal year 07/08 appropriation to the Conservancy from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84) (Public Resources Code Sections 75001 et seq.) Consistent with Section 75060, the acquisition of the Duff Ranch by the Land Trust would protect natural habitat values of the San Francisco Bay watershed.

Proposition 84 also requires that, for acquisition projects that protect natural resources, the Conservancy assess whether the project meets at least one of the criteria specified in Section 75071(a)-(e). The proposed acquisition satisfies four of the five specified criteria: landscape/habitat linkages (Section 75071 (a)), watershed protection (Section 75071 (b)), properties that support relatively large areas of under-protected major habitat types (Section 75071(c)), and properties for which there is a non-state matching contribution toward the acquisition, restoration, stewardship or management costs (Section 75071(e)).(See “Project Summary” and “Project Description” above for information related to Criteria a-c. Consistency with Criterion e is demonstrated in the “Project Financing” chart above.)

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.

Conditions in the proposed Conservancy grant resolution require the Executive Officer’s prior approval of any future transfer of Duff Ranch property interests and repayment to the Conservancy of a pro rata share of the proceeds from any approved transfer.

CONSISTENCY WITH CONSERVANCY’S ENABLING LEGISLATION:

The proposed project is consistent with the provisions of Chapter 4.5 of Division 21 of the Public Resources Code, Sections 31160-31165, which states that the Conservancy may award grants in the nine-county San Francisco Bay Area to help to achieve stated goals. Consistent with Section 31662(b), the proposed project will help “to protect...natural habitats and connecting corridors, watersheds, scenic areas, and other open-space resources of regional importance.” The Duff property acquisition will result in the protection of the sensitive biotic communities and species, watersheds, and scenic areas on the property. It also serves as a wildlife and public access corridor between Robert Louis Stevenson State Park and Wildlake Ranch.

Section 31163(a) provides that “(a)ny acquisition of real property by the Conservancy pursuant to this chapter shall be from willing sellers.” Consistent with this section, the sellers of the Duff property have freely entered into a purchase/sale agreement with the Land Trust, a private nonprofit organization with no ability force the transfer of title.

The Duff acquisition satisfies four of the criteria for determining project priority under Section 31163(d), since the project has the following characteristics: it serves a regional constituency in that the project will help preserve sensitive plant and animal communities and also provides scenic resources; it can be completed within just over two months; it provides the opportunity to protect the natural and scenic resources on the property that would probably be compromised if the property were sold as one or more rural estates, and it includes matching funds.

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

Consistent with **Goal 10, Objective D** of the Conservancy's 2007 Strategic Plan, the proposed project would result in acquisition of 1,000 acres of upland wildlife habitat and open space.

Consistent with **Goal 11, Objective C**, it would also increase lands available for public access.

**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:** The proposed project has widespread public support, as demonstrated by letters of support provided by State Senator Patricia Wiggins, Assemblymember Noreen Evans, the Napa County Regional Park and Open Space District, the Bay Area Ridge Trail Council and the Napa Group of the Sierra Club.
4. **Location:** The proposed project is located in Napa County, within the jurisdiction of the San Francisco Bay Area Conservancy Program.
5. **Need:** Acquisition of Duff Ranch is unlikely to occur without Conservancy funding. The private foundations that helped with the Wildlake Ranch acquisition are not ready to provide more funding to the Land Trust for this area. Even with the proposed Conservancy contribution of about 27 percent of the acquisition cost, the Land Trust is stretched to its limit to raise the balance of the acquisition funding, as well as monies needed for other expenses, from local donors.
6. **Greater-than-local interest:** Acquisition of Duff Ranch will protect sensitive plant and animal communities, special status species, much of the headwaters of two tributaries to the Napa River, a scenic viewshed, and open space, all of greater-than-local interest.

Additional Criteria

7. **Urgency:** Absent acquisition by the Land Trust, the popularity of the Napa Valley for rural estates and the shortage of available properties suggest that Duff Ranch would be sold for one or more rural estates. As time passes, the price is likely to increase. Uses allowable under the County General Plan and zoning could degrade the habitat.
9. **Leverage:** See the "Project Financing" section above.
12. **Readiness:** The Land Trust projects that it will have the balance of private donations in place to enable closing escrow by the end of this June.

13. **Realization of prior Conservancy goals:** Acquisition of the 1,000-acre Duff Ranch will help the Conservancy meet its current Strategic Plan objective for the Bay Area of acquiring 20,000 acres of upland wildlife habitat and other significant open space. Duff Ranch will also connect Robert Louis Stevenson State Park to Wildlake Ranch, which the Conservancy granted funds to the Land Trust to acquire in 2006.
14. **Return to Conservancy:** See the “Project Financing” section above.
15. **Cooperation:** Contributions obtained by the Land Trust from many individual donors, along with the Conservancy’s proposed contribution, are making the project possible.

COMPLIANCE WITH CEQA:

Land acquisition for the purpose of preserving the land in its natural condition and providing public access is categorically exempt from the California Environmental Quality Act (CEQA), under 14 Cal. Code of Regulations Section 15313, Acquisition of Land for Wildlife Conservation Purposes; and Section 15325, Transfers of Ownership of Interest in Land to Preserve Existing Natural Conditions. Consistent with the provisions of these sections, the purposes of the Duff Ranch acquisition are to preserve the sensitive biotic resources in their natural condition and to transfer ownership to a conservation organization, with future use restricted to natural resource protection and compatible public access.

Upon approval, staff will file a Notice of Exemption for this project.