

COASTAL CONSERVANCY

Staff Recommendation
May 29, 2014

PISMO PRESERVE ACQUISITION

Project No. 14-015-01
Project Manager: Timothy Duff

RECOMMENDED ACTION: Authorization to disburse up to \$4,000,000 to the Land Conservancy of San Luis Obispo County for the acquisition of the Pismo Preserve property located adjacent to the City of Pismo Beach in San Luis Obispo County.

LOCATION: Adjacent to the City of Pismo Beach, San Luis Obispo County

PROGRAM CATEGORY: Reservation of Significant Coastal Resource Areas

EXHIBITS

- Exhibit 1: [Location and Regional Maps](#)
 - Exhibit 2: [Parcel Map](#)
 - Exhibit 3: [Site Photos](#)
 - Exhibit 4: [Coastal Zone Map](#)
 - Exhibit 5: [Map of Roads and Major Features](#)
 - Exhibit 6: [Letters](#)
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RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31350-31356 of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of up to four million dollars (\$4,000,000) to the Land Conservancy of San Luis Obispo County (LCSLO) for the purpose of acquiring approximately 878 acres of the property commonly known as the Pismo Preserve (consisting of San Luis Obispo County Assessor Parcel Nos. 079-231-002, 079-241-002, 079-241-009), as shown in Exhibit 2 to the accompanying staff recommendation, (Property) within San Luis Obispo County for purposes of habitat protection, preservation of open space, and public access, subject to the following conditions:

1. Prior to the disbursement of funds for the acquisition, the LCSLO shall submit for the review and approval of the Executive Officer of the Conservancy (Executive Officer):
 - a. All relevant acquisition documents for the acquisition including, without limitation, the appraisal, purchase agreement, deed restrictions, agreements of restrictive covenants,
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notices of unrecorded agreements, escrow instructions, environmental or hazardous materials assessment and title report.

- b. Evidence that sufficient funds are available to complete the acquisition.
 - c. Evidence that the location and configuration of the 20 acres to be retained by the seller will not compromise the conservation purposes for which the Conservancy funds are being provided.
2. The LCSLO shall pay no more than fair market value based upon an appraisal of the Property.
 3. The LCSLO shall permanently dedicate the Property for habitat preservation, open space protection and public access through an appropriate instrument approved by the Executive Officer consistent with Public Resources Code Section 31116.
 4. Conservancy and Proposition 12 funding shall be acknowledged by erecting and maintaining a sign or signs on the Property, the design and location of which to be 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 authorization is consistent with Chapter 8 of Division 21 of the Public Resources Code, regarding the reservation of significant coastal resource areas.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.
3. The LCSLO is a nonprofit organization existing under section 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 that the Conservancy provide a \$4,000,000 grant to the Land Conservancy of San Luis Obispo County (LCSLO) for the acquisition of approximately 878 acres of the approximately 898-acre Pismo Preserve property in San Luis Obispo County for purposes of habitat protection, preservation of open space, public access and compatible cattle grazing.

The Pismo Preserve is located directly upland of the City of Pismo Beach (See Exhibit 1 maps). The Pismo Preserve reaches 980 feet in elevation and includes over 10 miles of existing ranch roads and livestock trails suitable for providing public access to panoramic ocean views spanning from Point San Luis south to Point Sal. The property features large stands of coast live oak woodland, coastal scrub and riparian habitats, and habitat for the federally threatened California red-legged frog and south-central California coast steelhead (See Exhibit 3 photos). Approximately 250 acres of the property have been used for cattle grazing for the past several decades, and they continue to be used for grazing today.

With direct access from three public roads, abundant onsite and offsite water supplies, and stunning ocean views, the Pismo Preserve property is a prime target for private residential, resort and/or commercial/retail development. Six existing wells are capable of supplying a total of 687 gallons per minute or 90 acre-feet that would be adequate to serve up to 63 homes, though local planning and zoning regulations would likely only allow up to 16 home sites and/or a mix of resort and commercial/retail uses. Approximately 20 acres located along lower elevations of the property adjacent to the City of Pismo Beach may be suitable for annexation for commercial and/or residential development. For the past several years the seller has pursued a variety of development options including a boutique hotel on the ridge plus up to 12 homes located outside the coastal zone, and high density residential and commercial development closer to existing development within the coastal zone above Highway One/101.

The proposed acquisition will preserve the majority of the Pismo Preserve property for public access, habitat conservation, and compatible livestock grazing. Located adjacent to Highway One (and 101) and accessed from a city street, the property is easy to reach and in close proximity to nearby beaches, hotels, commercial districts, and residential neighborhoods. The two adjacent cities of Grover Beach and Oceano south of Pismo Beach are also within a five to ten minute drive from the property, and meet the state definition of disadvantaged communities (median household income of less than 80% of statewide average, Public Resources Code Section 75005(g)). As called for in the Conservancy's strategic plan, the project would serve to open a coastal area that is currently closed to the public.

Once the property is acquired, the LCSLO will determine how best to provide public access. One option under consideration is to improve the existing staging area off of Highway One/101 for public parking and access to the property's ocean facing slopes. From there visitors would be able to hike and bike on existing roads that traverse up to the peak of the property and provide stunning views of the surrounding area. The LCSLO also intends to prepare a grazing management plan and continue cattle grazing on the property's 250 acres of rangeland by renewing modified leases with the current lessee or other interested cattle rancher.

The remaining 20 acres of the Pismo Preserve will be retained by the seller for development as home site. The 20 acre home site will be located out of the viewshed from Highway One/101 and out of the coastal zone. (See Exhibit 5). This site will be accessed by an existing road on the backside of the property located out of the coastal zone. The 20-acre home site is not included within the approximately 878 acres that will be acquired with the proposed grant. The seller has agreed to donate a conservation easement on 15 acres of the home site. The easement will be held and monitored by the LCSLO. The proposed project does not include this grant of an easement.

LCSLO has had an outstanding record working with the Conservancy over the past three decades on both acquisition and restoration projects. The LCSLO has extensive experience owning and managing conservation preserves and its professional staff is well prepared to take on the proposed project and the day-to-day responsibilities that come with owning and operating a preserve that allows for public access and recreation as well as cattle grazing. Prior to the close of escrow the LCSLO intends to prepare a stewardship plan for the property and is establishing a stewardship fund with local donations. The LCSLO will dedicate a staff person responsible for daily maintenance and enforcement on the preserve. The LCSLO has commitments from

organized user groups to help construct and maintain trails, and equestrian groups have pledged to provide support for the construction of the staging area and entrance.

Site Description: The Property is located above the northern fringe of the City of Pismo Beach along the Santa Lucia Mountain Range, overlooking the communities of Pismo Beach and Shell Beach and within a region designated as the Irish Hills Conservation Area. With a peak elevation of 980 feet, the property offers vast coastal views of the entire San Luis Bay from Point San Luis to Point Sal, including panoramic views of the Guadalupe-Nipomo Dunes. The property's 1.6 mile long southwestern border is within half a mile of the shoreline. The property occupies the southern extent of the Irish Hills, which is characterized by very rugged and isolated terrain with minimal development and roadways. Over 9,000 acres of ranchland and isolated estate homes and one oil field under a total of just six ownerships span to the north and east of the property. In the vicinity of the property's eastern boundary is the City of Pismo Beach Sphere of Influence/Price Canyon Annexation Area, which if developed would pose a significant land use change in the area. To the west and southwest are the densely developed residential and commercial areas of the City of Pismo Beach and Shell Beach, including the popular Pismo Pier. (See Exhibit 1)

Approximately 45 percent of the property is located within the Coastal Zone, including the areas that are potentially suitable for public parking and access to the site's southwestern ocean facing slopes. (See Exhibit 4) The other 55 percent of the property is outside the Coastal Zone extending along the ridgeline and over the backside to north and east facing steep slopes where a majority of the property's 335 acres of coast live oak woodland habitat is located. Sycamore and willow riparian corridors wind through the lowlands to a wide floodplain along Price Canyon and Pismo Creek. The property's south and west facing hillsides consist of rolling annual grasslands that give way to maritime chaparral and steep brushy hillsides comprising 275 acres of coastal sage scrub. The property also features roughly 10 acres of riparian forest with ephemeral riparian drainages spread throughout the hillsides full of willows and dense oaks. The property is within the Pismo Creek watershed, and includes a ¼ mile of Pismo Creek, which provides habitat for the southwestern pond turtle, and the federally threatened California red-legged frog and south-central California coast steelhead. Other sensitive species known to occur on lands adjacent to the property include the Pismo Clarkia plant and the Southwestern Willow Flycatcher bird, among others.

The property includes 10 miles of existing ranch roads that connect to three public roads, including an entrance along Mattie Road adjacent to Highway One/101 that will be used as a staging area for access by the public. (See Exhibit 5)

Project History: The LCSLO was first approached by the seller in 2011 and the idea of including conservation in a development plan was discussed in greater detail in 2012. The seller had explored different development scenarios including the development of a boutique hotel on the ridge, high density residential and commercial development along Mattie Road, and a dozen ranchettes outside the coastal zone. In early 2013 LCSLO and the seller began discussing the idea of a purchase of the entire property for the creation of a public open space preserve, less one five-acre home site. The LCSLO and seller reached agreement in December of 2013 and executed a purchase agreement in March of 2014. Conservancy staff toured the property in the summer of 2013 and winter of 2014 and then began detailed discussions with the LCSLO and the Wildlife Conservation Board about the project details and local and state match funding.

In 2001 the Conservancy funded preparation of the Irish Hills Coastal Watershed Conservation Plan that spans an area on the San Luis Obispo coast from Morro Bay south to Pismo Beach. The Plan identified significant resources in the Irish Hills and recommended strategies to protect and enhance these resources. Acquiring key properties in this area, which includes the Pismo Preserve, is recommended in the plan. The proposed protection of the Pismo Preserve property addresses the goals described in this recommendation, notably the acquisition of properties on the expanding urban fringe.

PROJECT FINANCING

Coastal Conservancy	\$4,000,000
Wildlife Conservation Board	\$4,000,000
Land Conservancy of San Luis Obispo	<u>\$3,500,000</u>
Project Total	\$11,500,000

Conservancy funds for this project are expected to derive from appropriations 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 Section 75001 et seq.) and the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000 (Proposition 12, Public Resources Code Section 5096.300 et seq.). The Proposition 84 funds may be used for the protection of bays and coastal waters and watersheds, including projects to protect natural habitat values of coastal waters and lands, consistent with the Conservancy’s enabling legislation, Division 21 of the Public Resources Code. (Public Resources Code Section 75060). The term “protection” in Proposition 84 includes acquisition of property. PRC§ 75005(m). Acquisition of the Property will protect the significant natural habitat values of the property as well as facilitate public access to this highly scenic natural resource. Proposition 84 also requires that for acquisition projects that protect natural resources, the Conservancy give priority to projects that meet at least one of the criteria specified in Public Resources Code Section 75071(a)-(e). The proposed acquisition satisfies three of the specified criteria:

- (a) The project contributes to linking existing protected areas with other large blocks of protected habitat. The linkage will help connect the Pismo Preserve to the protected Guidetti Ranch and Brughelli Ranch, facilitate wildlife movement or botanical transfer, and results in sustainable combined acreage.
- (c) The project supports relatively large areas of coast live oak woodland habitat, which is an "under-protected" major habitat type because of its vulnerability to threats from development.
- (e) The property is supported by non-state matching funds. The Land Trust of San Luis Obispo County is contributing 3,500,000 towards the acquisition.

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.

The Proposition 12 funds may be used for the acquisition from willing sellers of real property in coastal areas and watersheds consistent with Division 21 of the Public Resources Code. (Public Resources Code Section 5096.352(c)).

The proposed acquisition will protect the natural habitat values of the Pismo Preserve property, which is part of the Pismo Creek watershed, a coastal watershed. The proposed acquisition is from a willing seller and is consistent with Division 21 of the Public Resources Code as discussed below in “Consistency with Conservancy’s Enabling Legislation.” Therefore the proposed project is an appropriate use of both Proposition 12 and Proposition 84 funds.

The seller is donating a conservation easement to the grantee, valued at \$75,000, on property immediately adjacent to the proposed project.

CONSISTENCY WITH CONSERVANCY’S ENABLING LEGISLATION:

The proposed project is consistent with Chapter 8 of the Conservancy’s enabling legislation, Public Resource Code Sections 31350-31352.

Under Section 31350, the Conservancy may acquire and protect interests in key coastal resource lands that otherwise would be lost to public use. If the proposed project is not implemented, the property would remain in private ownership and prevent the public use of this coastal resource.

Under Section 31351(a), the Conservancy may cooperate with nonprofit organizations and public agencies to reserve interests in real property for purposes of Division 21 of the Public Resources Code as well as for parks, recreation and fish and wildlife habitat required to meet the policies of a certified local coastal program. The Conservancy is cooperating with the LCSLO, a nonprofit organization, and other public agencies to enable acquisition of the Pismo Preserve property by LCSLO. Acquisition of the Pismo Preserve achieves several purposes of Division 21, including the Chapter 5.5 purpose of protecting coastal watersheds and the Chapter 9 purpose of providing public access along the coast. (See Public Resources Code Sections 31220 and 31400-31410.) The proposed acquisition also helps to achieve the goals of the applicable local coastal program, which calls for acquisition of land in this area to preserve rural areas and to protect sensitive resources, as discussed further in “Consistency with Local Coastal Program Policies” below.

Under Section 31352(a)(1), the Conservancy may award a grant to a nonprofit organization to ensure the reservation of significant coastal resource sites for public enjoyment, provided that the nonprofit organization is unable to acquire the property without the grant. The LCSLO has secured commitments of 65 percent of the funds necessary to acquire the property, but cannot complete the acquisition without a grant from the Conservancy for the remaining 35 percent.

Consistent with Section 31116(b), the public interest in the property will be protected by an agreement approved by the Executive Officer.

CONSISTENCY WITH CONSERVANCY’S 2013 STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):

Consistent with **Goal 2, Objective B** of the Conservancy’s 2013-2018 Strategic Plan, the proposed project would open a coastal area that is currently inaccessible or closed to public use.

Consistent with **Goal 4, Objective A** of the Conservancy's 2013-2018 Strategic Plan, the proposed project would protect a significant coastal and watershed resource property.

Consistent with **Goal 4, Objective B** of the Conservancy's 2013-2018 Strategic Plan, the proposed project would protect working-lands through conservation easements and other agreements.

Consistent with **Goal 4, Objective C** of the Conservancy's 2013-2018 Strategic Plan, the proposed project would serve to preserve and restore fish and wildlife corridors between core habitat areas along the coast and from coastal to inland habitat areas.

Consistent with **Goal 7, Objective F** of the Conservancy's 2013-2018 Strategic Plan, the proposed project would serve to reduce greenhouse gas emissions since the residents of nearby cities and the visitors to the Pismo Beach area that seek access to larger coastal parks will likely reduce the number of trips they make to other areas in San Luis Obispo since they would have such an amenity nearby. Following the proposed acquisition the LCSLO intends to improve the grazing practices on the property to promote native grasses which have been proven to sequester more carbon than annual grasslands. In addition, many residents and hotel visitors will be able to walk or bike to the property.

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 November 10, 2011, 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:** Acquisition of Pismo Preserve has garnered wide support from Congresswomen Lois Capps, Senator Bill Monning, and Assemblyman Katcho Achadjian. Additionally, the San Luis Obispo County Board of Supervisors, the Cities of San Luis Obispo, Pismo Beach, Grover Beach, and Arroyo Grande have all expressed strong support for this project. The Pismo Beach Chamber of Commerce, the San Luis Obispo Chamber of Commerce, and numerous hoteliers from the Pismo Beach and the surrounding communities have expressed their support as have local associations and organized trail user groups. See Exhibit 6 for support letters.
4. **Location:** The property is located adjacent to the City of Pismo Beach in San Luis Obispo County on the state's central coast. The property is located both inside and outside the coastal zone. The property is within the Pismo Creek watershed, a coastal watershed, and has scenic ocean views.

5. **Need:** Funds from the State Coastal Conservancy are essential in order for LCSLO to secure the property. If not secured in the timeframe agreed to between LCSLO and the sellers, the property will be sold privately and the opportunity to preserve the property's natural resources for the public will be lost.
6. **Greater-than-local interest:** The proposed project provides a much needed public open space and recreation area for San Luis Obispo County residents, and for visitors from throughout the central coast, the state and beyond.
7. **Sea level rise vulnerability:** The property is not likely to be directly affected by near-term sea-level rise since the western edge of the property is 70 feet above sea-level. The proposed project provides upland habitat for wildlife seeking refuge from the sea level rise impacts, and provides space for the public to recreate if sea level rise impacts the neighboring beaches and cliffs.

Additional Criteria

8. **Urgency:** Terms of the grantee's purchase agreement with the seller require the acquisition to be completed by the end of August 2014.
9. **Leverage:** See the "Project Financing" section above.
10. **Readiness:** With approval of Conservancy funding the grantee will have secured a majority of the funds needed to complete the purchase. An appraisal has been submitted to the state Department of General Services for review and approval.
11. **Realization of prior Conservancy goals:** "See "Project History" above."
12. **Cooperation:** The project entails the cooperation of a non-profit grantee, numerous state and local agencies, businesses and trail user groups.
13. **Vulnerability from climate change impacts other than sea level rise:** The central coast is expected to serve as a refuge for animals moving north as temperatures increase and precipitation decreases in the southern part of the state. Preventing any major development on the site would ensure that onsite water is available to trees and wildlife for longer periods each season while maintaining the resiliency of watercourses downstream.
14. **Minimization of greenhouse gas emissions:** Given the proximity of the property to developed coastal areas, many residents and visitors in the area will be able to walk or bike to the property rather than drive to other parks further away. The grantee intends to improve the grazing practices to promote native grasses which sequester more carbon than annual grasslands.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

The project is consistent with the certified San Luis Obispo Local Coastal Plan (LCP), San Luis Bay Planning Area, which encompasses the coastal zone portion of the area known as the Irish Hills. Specifically, the project is consistent with Chapter 6, Section A (Rural Area Land Use) of the LCP in that it preserves rural lands, which "should...retain their natural quality [to]... the maximum extent possible". Additionally, the project is consistent with Chapter 7, Section A

(Combining Designations) in that the coastal terrace of the Irish Hills is identified as a sensitive resource area requiring the avoidance of adverse environmental impacts. Acquisition of the Property will preserve the site's important natural, scenic and recreational resources in perpetuity.

The project is consistent with the certified City of Pismo Beach Local Coastal Plan (LCP) Conservation and Open Space Element. Regional Open Space Policy 8 states, "The City, in cooperation with San Luis Obispo County, the State of California, private foundations and private interests, shall work to create a coastal foothill open space area [that] shall for all time preserve the ocean facing slopes overlooking U.S. 101 as an undeveloped natural area and as a scenic backdrop to the city of Pismo Beach and the Shell Beach area." Acquisition of the Property will serve to implement this policy.

COMPLIANCE WITH CEQA: Acquisition of the Property is categorically exempt from review under the California Environmental Quality Act (CEQA) pursuant to 14 Cal. Code of Regulations (CCR) Sections 15313 and 15325. Section 15313 exempts acquisition of lands for fish and wildlife conservation purposes where the purpose of the acquisition is to preserve the land in its natural condition. Section 15325 exempts transfers of ownership interests in land in order to preserve habitat and open space, including transfers to preserve existing habitat, to allow continued agricultural use and/or to preserve open space for parks. The proposed project is exempt pursuant to these two sections because it is an acquisition of land to preserve existing natural conditions, habitat and open space as well as to allow continued agricultural use.

Upon Conservancy approval of the proposed authorization, staff will file a Notice of Exemption for the project.