

COASTAL CONSERVANCY

Staff Recommendation
December 1, 2016

HIGHWAY 17 WILDLIFE CORRIDOR, MARYWOOD ACQUISITION

Project No. 16-027-01
Project Manager: Tom Gandesbery

RECOMMENDED ACTION: Authorization to disburse up to \$200,000 to the Land Trust of Santa Cruz County to acquire fee title to a portion of the 170-acre Marywood property in Scotts Valley, Santa Cruz County, and to acquire a conservation easement over the remainder of the property, to protect a wildlife corridor, enable future establishment of a wildlife undercrossing of Highway 17, and to preserve and enhance the natural resources of the property.

LOCATION: Santa Cruz County

PROGRAM CATEGORY: Integrated Coastal and Marin Resources

EXHIBITS

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

Exhibit 2: [Mountain Lion Information](#)

Exhibit 3: [Easement Map](#)

Exhibit 4: [Project Letters](#)

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Section 31220 of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes disbursement of up to two hundred thousand dollars (\$200,000) to the Land Trust of Santa Cruz County (“Land Trust”) for the purpose of acquiring fee title to 37 acres of the Marywood property in Scotts Valley, Santa Cruz County (Assessor Parcel Number 093-411-01) and to acquire a conservation easement over the remaining 133 acres of the Marywood property (Assessor Parcel Number 093-151-08) in order to protect a wildlife corridor, enable future establishment of a wildlife undercrossing of Highway 17, and to preserve and enhance the natural resources of the property. This authorization is subject to the following condition:

1. Prior to the disbursement of funds, the Land Trust shall submit for review and approval of the Executive Officer of the Conservancy (“the Executive Officer”):

- a. All relevant acquisition documents, including, without limitation, the appraisal, purchase agreement, conservation easement, escrow instructions, environmental assessments and title report.
 - b. A Baseline Conditions Report certified by the Land Trust and a Monitoring and Reporting Plan.
 - c. Written evidence that all other funds necessary to the acquisition of fee title and the conservation easement have been obtained.
2. The Land Trust shall pay no more than fair market value for the real property or for the conservation easement, based on an appraisal of the property approved by the Conservancy.
 3. The Land Trust shall permanently dedicate the real property acquired under this authorization for preservation of wildlife habitat and a wildlife corridor, preservation of open space and protection of natural resources, including watershed resources through an irrevocable offer to dedicate the property or other instrument approved by the Executive Officer.
 4. The easement interest acquired under this authorization shall be managed and operated in a manner consistent with the purposes of preservation of wildlife habitat and a wildlife corridor, open space preservation and protection of natural resources, including watershed resources. The portion of the Marywood property encumbered by the conservation easement shall be permanently dedicated to those purposes in accordance with Public Resources Code Section 31116(b).
 5. Conservancy funding shall be acknowledged by erecting and maintaining a sign on the property or in a nearby area visible to the public, the design and location of which to be 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 set forth in Chapter 5.5 of Division 21 the Public Resources Code (Section 31220) regarding protection of integrated coastal and marine resources.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.
3. The Land Trust is a nonprofit organization recognized under section 501(c)(3) of the U.S. Internal Revenue Code, whose purposes are consistent with Division 21 of the Public Resources Code.”

PROJECT SUMMARY:

The proposed authorization will provide a grant of \$200,000 to the Land Trust of Santa Cruz County (Land Trust) to preserve, through fee title and conservation easement acquisition, a 170-acre property, referred to as the Marywood property, in the Scotts Valley area of the Santa Cruz Mountains. The property is located in the upper Bean Creek sub-watershed of the San Lorenzo River watershed. The proposed acquisitions would have several benefits, including: 1) securing

the last parcel needed to protect a wildlife corridor that would connect to a future undercrossing of Highway 17; 2) protection of watershed lands with high infiltration capability; and 3) protection of habitats for species of concern.

As stated above, the Marywood property is the last parcel needed to establish a wildlife corridor that could eventually include an undercrossing at Highway 17. The Santa Cruz mountains and adjacent open space provide significant habitat for a variety of wildlife species. However, Highway 17 creates a substantial barrier for movement within this landscape. An analysis of least-cost wildlife corridors for five species in the region (mountain lion, black tailed deer, bobcat, acorn woodpecker, and dusky-footed woodrat) revealed that the Marywood property connects to protected land on either side of Highway 17 (Exhibits 1 and 3) and therefore is suitable to provide a wildlife corridor. In addition, the property is adjacent to property along a location on the highway known as “Laurel Curve” which has been well documented¹ as one of the deadliest locations for wildlife attempting to cross the highway (Exhibit 2). For this reason, the Land Trust and others have been working with Caltrans to plan a wildlife undercrossing of the highway in this vicinity. The Land Trust has already acquired two properties (the Mansion and McDougal properties) east of the Marywood property (Exhibits 1 and 3). The proposed acquisition would preserve the wildlife corridor leading to the western side of a future crossing. A wildlife crossing would be constructed on Caltrans property underneath Highway 17; properties on either side of the crossing are needed to provide a wildlife corridor so that wildlife can access an undercrossing. Thus, the proposed acquisition facilitates an undercrossing by providing the wildlife corridor that connects to the undercrossing.

The Marywood property is largely underlain by the Purisima Formation, an important groundwater formation in central and eastern Santa Cruz County that provides much of the drinking water supply for the mid-coast of Santa Cruz. Bean Creek has been identified as one of three tributaries to the San Lorenzo River that are most important to maintaining summer baseflows in this stream, and baseflows are critical to maintaining fish habitat. Due to the importance of lands in the upper watersheds that are underlain by sandy formations for maintaining watershed conditions important for aquatic species, marine ecosystems, and water resources, the Land Trust and others have identified protection of these lands as a priority.

The Marywood property was identified as a priority for acquisition in the California Department of Fish and Wildlife’s *Santa Cruz Mountains Redwoods Conceptual Area Protection Plan*. The *Conservation Blueprint for Santa Cruz County*, Bay Area Conservation Lands Network and Bay Area Critical Linkages report, also ascribe high conservation and strategic values to the property.

The Marywood acquisition involves two parcels: one approximately 133-acre parcel (APN 093-151-08) and a smaller 37-acre parcel (APN 093-411-01). The larger parcel contains two modest habitable houses as well as several small buildings, a “cabin,” and a storage shed, all in poor condition. The Land Trust proposes to purchase the smaller parcel, which is undeveloped, in fee and to purchase a conservation easement over the larger parcel, allowing continued use of the buildings within a constrained and defined “building envelope” (Exhibit 2).

The conservation easement will generally restrict future uses of the Marywood Property to existing residential uses; preserve the open space, natural resource and watershed values,

¹ Highway 17 Mountain lion Crossings & Culvert Overlay Analysis for the Land Trust of Santa Cruz County, 2013

preserve a wildlife corridor across the property and permit the development of a wildlife undercrossing at Highway 17, prohibit subdivision of the land; prohibit recreational off-road vehicle use; restrict animal control and hunting of wild animals under a depredation permit; protect the natural resources on the property; and prohibit dumping of wastes, refuse, or debris.

Although the final form of the conservation easement has not yet been approved by all parties, 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 Land Trust of Santa Cruz County has extensive experience with this kind of project. Since 2006, the Land Trust has raised over \$46 million and has protected over 13,000 acres of redwood forests, rare Sandhills habitat, wetlands in the heart of the Watsonville Slough and 1,300 acres of farmland in the Pajaro Valley. In 2013, the Land Trust was awarded accreditation by the Land Trust Alliance. The Land Trust has successfully managed numerous grants from various State and Federal agencies, including the Wildlife Conservation Board, Department of Conservation, and the United States Fish and Wildlife Service. The Land Trust has been at the forefront of the effort to improve wildlife connectivity across the Santa Cruz Mountains. The Land Trust has also led a collaborative effort to conduct research and resolve wildlife connectivity conflicts on Highway 17. With this experience the Land Trust is well suited to manage this project.

Site Description: The Marywood property is located in the Santa Cruz Mountains about approximately 13 miles from the coast and 6 miles from the summit. It is located in an area of rural residential development interspersed with some larger undeveloped swaths of land. Highway 17 is located on the eastern boundary of the property, and east of that are the Mansion (10 acres) and McDougal (280 acres) properties which have already been protected by the Land Trust (Exhibit 1-B). As stated above, the 170-acre Marywood property is comprised of two parcels. A 37-acre parcel is undeveloped and the larger 133-acre parcel contains modest development. The property is owned by the Dominican Sisters of the Mission San Jose and has been used as a retreat center. The Sisters are headquartered in Fremont and operate several elementary and high schools located throughout California.

The Marywood property is located in the eastern portion of the San Lorenzo River watershed, a 139-square-mile coastal basin on the western slope of the Santa Cruz Mountains (Figure 1). The property is within the Bean Creek subwatershed, and Bean Creek flows for more than a quarter mile through the western portion of the property. There is also a 0.77-mile long intermittent tributary on the property; the confluence of Bean Creek and the intermittent stream is in the southeastern corner of the property (Exhibit 1-B).

Marywood also features a mosaic of terrestrial ecosystems representative of the Santa Cruz Mountains, which reflect the variable soil conditions, hydrology, and topography as well as perhaps the history of disturbance including fire. The site is dominated primarily by diverse assemblages of native species, the terrestrial communities including Coast Redwood Forest, Oak Woodland, Chaparral, Riparian Woodlands and Grasslands.

Highway 17 is a four-lane expressway connecting Santa Cruz County to the greater Bay Area. The dense traffic, concrete median barriers, and lack of culvert or bridge under-crossings create

one of the most insurmountable obstacles to regional wildlife connectivity, severing the Santa Cruz Mountains. Highway 17 has proved deadly for humans as well, due to its combination of dense traffic, sharp turns, severe weather, and wildlife collisions—leading to its reputation as one of the more dangerous highways in the state. At Laurel Curve, the highway was retrofitted with several safety improvements including concrete median barriers. For wildlife, these projects make crossing Highway 17 a more dangerous proposition, which has a corresponding negative impact on motorist safety. Since these barriers were installed in 2009, there have been dozens of deer-vehicle collisions and five collisions with mountain lions within the immediate vicinity of Laurel Curve (Exhibit 2 Photo).

Bean Creek, the headwaters of which are located on the Marywood property also is an important riparian resource and, in its current, relatively undisturbed state, provides critical habitat for endangered species. The San Lorenzo River provides habitat for the federally-endangered coho salmon which were observed in Bean Creek in 2005. The 2010 Central California Coast Coho Salmon Recovery Plan (Coho Recovery Plan) identifies the Bean Creek subwatershed, which encompassed the Marywood property, as a Core Area with the highest priority within the San Lorenzo River watershed for restoration and protection. Bean Creek has also been designated as critical habitat for the federally-threatened Central Coast steelhead trout, as the stream features good summer flows and large number of young-of-the-year fish. It similarly supports other native fish including Pacific lamprey, Sacramento sucker, Monterey roach, and speckled dace. For these reasons, the Land Trust's 2011 *Conservation Blueprint for Santa Cruz County* identified the Bean Creek watershed as "important" for conservation of aquatic species, including recovery of the two listed salmonids. The property also contains habitat for the federally-threatened California red-legged frog which was observed in Bean Creek less than 700 feet downstream of the property.

Project History: The Land Trust has been working with other interested agencies and organizations and stakeholders to study wildlife connectivity and migration through the Santa Cruz Mountains since 2010. Through that work, the Marywood property has come to the forefront as a priority for conservation due to its natural, undeveloped condition and also as an important wildlife corridor. In 2011 the Land Trust authored the *Conservation Blueprint for Santa Cruz County* which looked at the entire county and identified the Sandhills area, in which the project property is located, as featuring multiple benefits including biodiversity and groundwater resources. In terms of prioritizing acquisition efforts, the Land Trust has also relied on the recommendations of the Bay Area Critical Linkages Report and the Bay Area Conservation Lands Network.

In addition to regional studies, the Land Trust has worked with the UC Santa Cruz's "Puma Project", Caltrans, and Pathways for Wildlife to study the movement of mountain lions and other wildlife across the Highway. This work uses motion-activated cameras and radio collars. The Santa Cruz Puma Project is a partnership between UC Santa Cruz and the CA Department of Fish and Wildlife that tracks mountain lions using state of the art wildlife tracking collars. Since 2008, the Santa Cruz Puma Project has collared and tracked 50 pumas in the Santa Cruz Mountains. This data shows that pumas routinely attempt to cross Highway 17 at the Laurel Curve study site. The results clearly show that Laurel Curve is a particularly dangerous location for wildlife (Exhibit 3).

In order to facilitate the construction of a wildlife crossing, in 2015 the Land Trust acquired the McDougal and Mansion properties located on the east (opposite) side of Highway 17 for a total cost of \$3.5 million. The acquisitions were primarily funded by Land Trust with assistance from the Moore and Lucile Packard Foundations

Concurrent with land acquisition work, the Land Trust has been communicating with Caltrans District 5 about construction of a wildlife undercrossing. In 2015 Caltrans prepared a Project Initiation Document (PID), similar to a preliminary feasibility study, for a wildlife crossing at this location. The PID estimates that the capital costs for developing the crossing will be about \$5.7 million, but the total cost, considering agency oversight and inflation to 2019/20 is \$12.4 million. The Land Trust is now working with Caltrans to seek funding for final design and construction.

PROJECT FINANCING

State Coastal Conservancy	\$200,000
CA. Natural Resources Agency (EEMP)	\$600,000
Wildlife Conservation Board	\$400,000
Other private local foundations and donors	\$425,000
Total Costs (purchase price plus acquisition costs):	\$1,625,000

In addition to the funds listed above, the Land Trust has already invested approximately \$3.5 million in the acquisition of the Mansion and McDougal properties which are also needed to facilitate the wildlife undercrossing.

The anticipated source of Conservancy funds for this project is an appropriation from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, Public Resources Code Section 75001 *et seq.* (Proposition 84). Section 75060(e) allocates funding specifically for the protection of Monterey Bay and its watersheds, which includes the San Lorenzo River watershed. Proposition 84 authorizes the Conservancy’s use of these funds for the protection of coastal waters and watersheds and protection of the natural habitat values of coastal waters and lands, through projects undertaken pursuant to the Conservancy’s enabling legislation (Division 21 of the Public Resources Code), including Chapter 5.5 regarding Integrated Coastal and Marine Resource Protection projects. The proposed project will protect the natural habitat values of coastal watershed land and is consistent with Chapter 5.5 as discussed below in the “Consistency with Conservancy’s Enabling Legislation” section. Accordingly, the proposed project is an appropriate use of Proposition 84 funds.

For acquisition projects that protect natural resources, Proposition 84 also requires that the Conservancy give priority to potential projects that meet at least one of the criteria specified in Public Resources Code Section 75071. The proposed project satisfies the following specified criteria: 1) Landscape/habitat linkage –the property is within an identified wildlife corridor and is necessary for future plans to create a wildlife undercrossing of Highway 17 (Section 75071(a)); 2) Watershed protection – the project will contribute significantly to the protection of the San

Lorenzo River and its aquifer (Section 75071(b)); and 3) the project funding includes a non-state matching contribution toward the acquisition costs (Section 75071(e)).

As required by Section 75071(f), Conservancy staff has submitted to the Natural Resources Agency and has posted on the Conservancy's website an explanation as to how the proposed acquisition meets the criteria for Proposition 84 funding.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

Conservancy funding of the proposed project is consistent with Chapter 5.5, Integrated Coastal and Marine Resources Protection (Section 31220) of the Conservancy's enabling legislation, Division 21 of the Public Resources Code. Section 31220(a) authorizes the Conservancy to award grants for coastal watershed projects that meet one or more criteria of Section 31220(b).

Section 31220(b)(6) authorizes the Conservancy to award grants for the purpose of acquiring, protecting, and restoring coastal wetlands, riparian areas, floodplains, and other sensitive watershed lands, including watershed lands draining to sensitive coastal or marine areas. Consistent with this section, the proposed project will result in the acquisition and protection of the Marywood property containing the headwaters of Bean Creek that then drains to Zyante Creek and then the San Lorenzo River which are sensitive coastal resources.

Section 31220 (b)(2) authorizes the Conservancy to award grants that will protect fish and wildlife habitat within coastal watersheds. Not only will the proposed acquisition protect the headwaters of Bean Creek, protecting fish habitat, it will also preserve and protect wildlife habitat and enable the development of a wildlife corridor which will further protect the wildlife within the watershed lands.

As Section 31220(c) requires, the proposed acquisition is consistent with the Santa Cruz Integrated Watershed Management Plan and the Central Coast Regional Water Quality Control Board's policies, as discussed in detail below under "Consistency with Local Watershed Management Plan/State Water Quality Control Plan."

Finally, as required by section 31220(a), Conservancy staff has consulted with the State Water Resources Control Board to ensure consistency with Chapter 3 (commencing with Section 30915) of Division 20.4 of the Public Resources Code.

**CONSISTENCY WITH CONSERVANCY'S 2013 STRATEGIC PLAN
GOAL(S) & OBJECTIVE(S), AS REVISED JUNE 25, 2015:**

Consistent with **Goal 4, Objective A** of the Conservancy's 2013-2018 Strategic Plan, the proposed project will protect a significant 170-acre coastal watershed resource 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 October 2, 2014, 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. **Promotion and implementation of state plans and policies:** The Land Trust’s acquisition of the subject property would serve to promote and implement several state plans, including:
 - *California Water Action Plan* (2014). California Natural Resources Agency, California Environmental Protection Agency, and California Department of Food and Agriculture developed this Water Action Plan to meet three broad objectives: more reliable water supplies, the restoration of species and habitat, and a more resilient, sustainably managed water resources system. This project will advance Goal #4 Protect and Restore Important Ecosystems, which identifies restoration of coastal watersheds as a priority action.
 - *California @ 50 Million The Environmental Goals and Policy Report* (Governor’s Office of Planning and Research, 2015). The project is consistent with the goals of this plan including under the section: Build a Resilient and Sustainable Water System - Number 5, *Prioritize watershed protection and health in ecosystem management* (page 20).
 - *CA Climate Adaptation Strategy/Safeguarding California: Reducing Climate Risk Plan* (CA Natural Resources Agency, July 2014). The project is consistent with the following goals of this plan: *Management Challenges and Opportunities*, “Managing natural resources in the face of the highly dynamic and evolving conditions” (page 47) and “Support regional groundwater management for drought resiliency (Page 245).
4. **Support of the public:** The project has the support of state and local elected officials, public agencies and nonprofit environmental and public health organizations (Exhibit 3).
5. **Location:** The proposed project is located in a coastal watershed in Santa Cruz County.
6. **Need:** The Land Trust has secured approximately 87% of the needed funding, but without funding from the Conservancy, the Land Trust would not be able to acquire the property and the conservation easement and permanently protect this property before the purchase agreement expires.
7. **Greater-than-local interest:** The proposed acquisition will facilitate implementation of a wildlife crossing that will be a vital part of the wildlife corridor along Highway 17.
8. **Sea level rise vulnerability:** The project site is located hundreds of feet above sea level and is not vulnerable to impacts of sea level rise.

Additional Criteria

9. **Urgency:** The Land Trust is pursuing other public and private funds, however without support from the Conservancy, it is unlikely to raise the full amount needed to complete the project within the time frame agreed upon by the landowner. If the Land Trust does not buy the property at this time, it could be lost to another buyer.
11. **Leverage:** See the “Project Financing” section above.

14. **Readiness:** If the Conservancy approves the proposed grant, the Land Trust will be ready to close the acquisition in March 2017.
15. **Realization of prior Conservancy goals:** See “Project History” above.
16. **Cooperation:** This project is the result of cooperation among the Land Trust, the Wildlife Conservation Board, the Natural Resources Agency, the landowner and the Conservancy.
17. **Vulnerability from climate change impacts other than sea level rise:** This property helps preserve groundwater recharge and groundwater quality in aquifers located in the “Sands” formation of the Zyante watershed, an important groundwater resource for Scotts Valley and Santa Cruz County.

**CONSISTENCY WITH LOCAL WATERSHED MANAGEMENT PLAN/
STATE WATER QUALITY CONTROL PLAN:**

Projects undertaken pursuant to Chapter 5.5 of Public Resources Code, Division 21 (Section 31220), must be consistent with local watershed management plans, if available, and with water quality control plans, adopted by the state and regional water boards. The 2016 Water Quality Control Plan (Basin Plan) for the Central Coastal Basin, adopted by the Regional Water Quality Control Board, lists Bean Creek as having several beneficial uses, including supporting cold water fish, fish migration and spawning and groundwater recharge. The proposed project would protect a high value groundwater recharge area and this in turn will protect water flows critical for fish migration and spawning.

The acquisition of the Marywood Property is also consistent with the goals and recommendations of the 2011 *Conservation Blueprint for Santa Cruz County*. Specifically, the *Blueprint* recommends that land within the “Sandhills” bio-region, which include Zyante Creek watershed, be preserved and that development be limited so as to maintain groundwater recharge and protection of rare plant and animal species endemic to this unique biological community (Section 4.1.3).

COMPLIANCE WITH CEQA:

The proposed acquisition of the Marywood property is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to 14 Cal. Code of Regulations Section 15325 as a transfer of ownership of interests in land in order to preserve open space and existing natural conditions, including habitat. The exemption explicitly includes acquisitions to preserve existing natural conditions, to allow restoration of natural conditions, and to prevent encroachment of development into flood plains (Section 15325, subsections (a), (c), (d)). The Conservancy’s grantee, the Land Trust of Santa Cruz, will preserve and restore the existing natural resources of the property, including the property’s value as a wildlife corridor and will prevent future subdivision and development of the property through an easement. This acquisition will allow the continued use of existing structures on a small portion of the property, consistent with current and previous use.

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