

COASTAL CONSERVANCY

Staff Recommendation  
February 15, 2024

**BEACH RANCH ACQUISITION FOR PAJARO RIVER ESTUARY CLIMATE ADAPTATION**

Project No. 23-088-01  
Project Manager: Hilary Hill

**RECOMMENDED ACTION:** Authorization to disburse up to \$8,000,000 to the Land Trust of Santa Cruz County to acquire the 247-acre Beach Ranch property at the Pajaro River Estuary in Santa Cruz County for nature-based sea level rise adaptation, natural resource protection and restoration, compatible agricultural use, California Native American tribal access, and public access.

**LOCATION:** Pajaro River Estuary, Santa Cruz County

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EXHIBITS

- Exhibit 1: [Project Location and Maps](#)  
Exhibit 2: [Site Photos](#)  
Exhibit 3: [Project Letters](#)
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**RESOLUTION AND FINDINGS**

Staff recommends that the State Coastal Conservancy adopt the following resolution and findings.

Resolution:

The State Coastal Conservancy hereby authorizes a grant of an amount not to exceed eight million dollars (\$8,000,000) to the Land Trust of Santa Cruz County (“the grantee”) to acquire the 247-acre Beach Ranch property at the Pajaro River Estuary in Santa Cruz County (Assessor Parcel Numbers 052-171-13, 052-171-12, 052-171-11, 052-231-03, 052-231-29, and 052-231-30) for nature-based sea level rise adaptation, natural resource protection and restoration, compatible agricultural use, California Native American tribal access, and public access, subject to the following conditions:

1. Prior to the disbursement of funds for the acquisition, the grantee 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 and sale agreement, deed, escrow instructions, environmental or hazardous materials assessment, and title report;
  - b. A baseline conditions report; and
  - c. Evidence that sufficient funds are available to complete the acquisition.
2. The grantee shall pay no more than fair market value for the property, as established in an appraisal approved by the Executive Officer.
  3. The property acquired under this authorization shall be managed and operated for nature-based sea level rise adaptation, natural resource protection and restoration, compatible agricultural use, California Native American tribal access, and public access. The property shall be permanently dedicated to those purposes by an appropriate instrument approved by the Executive Officer.
  4. Conservancy funding shall be acknowledged by erecting and maintaining a sign on the property or in a nearby publicly-viewable area, the design and location of which are to be approved by the Executive Officer.

Findings:

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

1. The proposed authorization is consistent with Chapter 3 of Division 21 of the Public Resources Code, regarding the Climate Ready Program.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria.
3. The Land Trust of Santa Cruz County is a nonprofit organization organized under section 501(c)(3) of the U.S. Internal Revenue Code.

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## **STAFF RECOMMENDATION**

### **PROJECT SUMMARY:**

Staff recommends the Conservancy authorize a grant of up to \$8,000,000 to the Land Trust of Santa Cruz County to acquire the 247-acre Beach Ranch property at the Pajaro River Estuary in Santa Cruz County. The proposed acquisition will be a model for how coastal agricultural communities can proactively adapt to climate change. Acquisition will allow the Land Trust to pursue employing a nature-based solution to sea level rise that transitions marginal farmlands into estuarine wetlands to maintain the protections of a living shoreline and valuable estuarine wetland habitats, while also retaining economically viable agriculture. Acquisition of the property will also provide a suite of co-benefits, as it will protect and allow restoration of estuarine wetlands; conserve and increase the resilience of prime farmland; support California Native American tribal access; and provide potential for future public access through the Watsonville-to-the-Sea/Pajaro River Levee Trail.

Beach Ranch is an agricultural property located in the southernmost coastal corner of Santa Cruz County where Watsonville Slough and the Pajaro River meet the Pacific Ocean (Exhibit 1). The farm includes 215 acres in organic irrigated row-crop fruit and vegetable production and 22 acres of high-quality habitat and estuarine wetlands, which fringe the property's 2 miles of shoreline along the Pajaro River and Watsonville Slough estuary. Farmland along the Pajaro River Estuary, including Beach Ranch is highly vulnerable to sea level rise and large storms (Exhibit 1). Multiple times since 2012, wave events poured seawater onto otherwise fertile fields on and near Beach Ranch. There is strong incentive to irreversibly armor and fill these valuable but vulnerable farms. Armoring however "squeezes" coastal ecosystems between agriculture and the rising ocean, leaving no room for ecosystems to adapt and migrate inland as sea levels rises, which ultimately will result in a loss of these important ecosystems. Loss of the coastal ecosystems, and particularly wetlands, also means losing their role as a buffer for adjacent lands from the impacts of sea level rise, storm surge, and other climate change impacts. The proposed project will acquire Beach Ranch in order to demonstrate how to proactively apply a nature-based solution to sea level rise to both protect coastal ecosystems and increase climate resilience of agriculture.

The grower that leases the farmland at Beach Ranch has identified 65 acres of the most vulnerable fields where land retirement will benefit farm operations (Exhibit 1- Page 4). These areas are frequently flooded as they fringe the estuary and are the riskiest to farm due to the high capital costs of planting organic strawberries and vegetables. After acquisition, the Land Trust will retire these marginal farmlands that are undesirable to the tenant grower and begin planning to restore them to native coastal and wetland habitat – a win-win for the grower and conservation. This project will be a model for future efforts across the state. Restoration will provide a suite of other benefits including improving water quality, sequestering carbon, sustaining coastal biodiversity, and benefitting the critically over-drafted aquifer by enabling the limited supply of recycled wastewater used here for irrigation to serve the best land.

After the acquisition that constitutes this project, the Land Trust will begin planning for habitat restoration of 65 acres of marginal farmland in two phases. The first phase will restore the 47 agricultural acres most impacted and frequently flooded lands, and the second phase will restore 18 acres of land that is still farmable but is close to becoming unproductive. In future decades as more land is impacted, additional areas may be retired in consultation with the farm tenant and broader agricultural community. Restoration will be undertaken in coordination with partners, including The Nature Conservancy, Central Coast Wetlands Group, Watsonville Wetlands Watch, the Amah Mutsun Tribal Band, and Resource Conservation District of Santa Cruz County. The Land Trust will continue to lease the remaining 150 acres of prime farmland for organic farming and utilize existing structures on the property for farm operations or to support Land Trust's operations and management of the property.

Acquisition of Beach Ranch also will allow opportunities for tribal access and public access. The Land Trust's acquisition of Beach Ranch is a high priority for the Amah Mutsun Tribal Band due to the opportunity to return their indigenous traditions to the land (Exhibit 3). In addition, although there are no public access facilities currently open on the property, the Land Trust is interested in a Watsonville-to-the-Sea / Pajaro River Levee trail that would connect the City of Watsonville to the coast. Beach Ranch includes 0.9 miles of levee for a potential trail and can

play a key role as a destination. An extensive planning process will be required to develop the trail, including working with the Pajaro River Flood Management Agency (the local entity responsible for the levees) and landowners of the levee and adjacent farmlands, to develop the trail and ensure public access is provided in a manner that prevents trespass, dumping, and vandalism on adjacent farmland. The Land Trust and partners will leverage farm lease revenues and secure grant funds to execute future restoration and access projects.

**Site Description:** The 247-acre Beach Ranch is an agricultural property located 2.5 miles southwest of Watsonville in the southernmost coastal corner of Santa Cruz County where Watsonville Slough and the Pajaro River meet the Pacific Ocean (Exhibit 1). The site consists of six parcels in two non-contiguous groups. A total of 215 acres of the property are currently used for irrigated row-crop food production, of which 150 acres are prime farmland which yields several million pounds of organic produce each year and supports over 50 jobs. The property is currently leased to Lakeside Organic Gardens, which recently completed a transition to all-organic production. The property includes 65 acres of unproductive, frequently-flooded farmland that are ready to be restored to estuarine wetland in two phases in partnership with the grower. There are 10 acres of supporting land, including a cluster of structures for farm operations. There are multiple groundwater wells on the property, however, they are affected by seawater intrusion and so the property is integrated into Pajaro Valley Water Management Agency's Coastal Distribution System, which delivers recycled wastewater from the City of Watsonville, Harkins Slough Recovery Well Water and inland groundwater to ranches near the coast.

The property includes 2.1 miles of the Pajaro River Estuary shoreline, adjacent to the Monterey Bay National Marine Sanctuary. Beach Ranch harbors 22 acres of existing high-quality coastal habitat and estuarine wetlands. Special status species found in the vicinity of the property include the federally endangered tidewater goby and federally threatened South-Central California Coast steelhead. The region suffers from poor surface water quality. Watsonville Slough and the Pajaro River are listed as impaired by U.S. Environmental Protection Agency with regard to nitrate, and the Pajaro River Estuary is also listed as impaired for low levels of dissolved oxygen, which may impact steelhead rearing habitat.

The Beach Ranch property is contiguous or adjacent to other public lands including Zmudowski State Beach, Sunset State Beach, and the Pajaro River Mouth Reserve. There is a lack of public access to the coast in this region for communities in and around Watsonville, compared to nearby Santa Cruz and Monterey. The property includes 0.9 miles of levee that could be used for a future trail or coastal access project.

**Grant Applicant Qualifications:** The Land Trust of Santa Cruz County is a 501(c)(3) nonprofit accredited by the national Land Trust Alliance. Since its establishment in 1978, the Land Trust has successfully protected over 15,000 acres of land. Land Trust staff have proven capacity for managing large, grant-funded land conservation and restoration projects, exemplified by the recent completion of Rocks Ranch Acquisition and the Highway 17 Wildlife Crossing Project.

The Land Trust is one of the few conservation organizations with a successful track record of co-managing agricultural production with habitat/wetland restoration, ensuring that farm management and restoration projects work in harmony. At the Land Trust's Watsonville Slough

Farm, a 490-acre organic farm less than 2 miles from Beach Ranch, the Land Trust owns and manages the property for agricultural production and restoration of native habitat from marginal farmland around Watsonville Slough. The Land Trust also owns numerous farmland easements in the Pajaro Valley totaling multiple thousand acres.

The Land Trust will oversee farm operations at Beach Ranch, ensuring that the agricultural land is leased, organic certification is maintained, and operational facilities are kept in good working order. The Land Trust estimates it will receive \$600,000 annually in agricultural lease revenue at Beach Ranch, prior to land retirement and \$427,000 annually after the 65 acres of poor-mediocre farmland is retired. The Land Trust will reinvest 80% of lease revenues to the property for climate change adaptation, habitat restoration, farmland sustainability, and public access, and, as a second priority, to advance the same conservation values in the Pajaro Valley and Watsonville Slough watershed. The remaining 20% of this annual revenue will be used for Land Trust administration and management, including retaining skilled personnel, financial oversight, public outreach, community engagement, insurance, contractor management, legal costs, and office expenses.

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

The proposed project is consistent with the Conservancy's Project Selection Criteria, last updated on September 23, 2021, in the following respects:

**Selection Criteria**

**1. Extent to which the project helps the Conservancy accomplish the objectives in the Strategic Plan.**

See the "Consistency with Conservancy's Strategic Plan" section below.

**2. Project is a good investment of state resources.**

The proposed project supports the state's 30 x 30 Executive Order to conserve at least 30 percent of California's land and coastal waters by 2030, as 247 acres of an important coastal watershed will be permanently protected by this acquisition. The project also supports the state's Natural and Working Lands Climate Smart Strategy through the following priority actions: retirement of marginal farmland in areas of water shortage; protection of wetlands and estuaries; and restoration of wetlands and living shorelines to protect inland areas. The proposed acquisition will be a model for how coastal agricultural communities can proactively adapt to climate change using a nature-based solution to sea level rise.

**3. Project includes a serious effort to engage tribes. Examples of tribal engagement include good faith, documented efforts to work with tribes traditionally and culturally affiliated to the project area.**

Since 2019, the Land Trust has offered the Amah Mutsun Tribal Band access to Land Trust properties for ceremonies, native plant harvest, prescribed burning, reinternment of ancestral remains, and to identify cultural resources. Acquisition of the Beach Ranch by the Land Trust is a high priority for the Amah Mutsun Tribal Band (Exhibit 3). The Amah Mutsun Tribal Band

believe the mouth of the Pajaro, where Beach Ranch is located, may have been the location of two spiritual and culturally significant ceremonies – the Condor and Salmon Ceremonies. The Land Trust has begun to engage the Amah Mutsun Tribal Band at Beach Ranch to help shape future restoration plans, facilitate access, and to identify cultural resources that may exist on the property.

**4. Project benefits will be sustainable or resilient over the project lifespan.**

The goal of the proposed acquisition is to permanently protect the property for nature-based sea level rise adaptation. Pajaro River Estuary is one of the few places identified in The Nature Conservancy and State Coastal Conservancy’s 2018 report “Conserving California’s Coastal Habitats” where estuarine habitats may persist under future sea level rise scenarios if given space to adapt, which the Land Trust proposes to accomplish with future restoration of marginal farmlands on the property.

**5. Project delivers multiple benefits and significant positive impact.**

The project will deliver significant benefits, including conserving and increasing the resiliency of 150 acres of prime farmland that supports the region’s economy. The acquisition will also protect 22 acres of native habitat and estuarine wetlands, and allow restoration of an additional 65 acres, which will provide a suite of co-benefits including carbon sequestration, biodiversity, water quality, and groundwater recharge. The project will also support tribal access for culturally-significant traditions (referenced above), and provide opportunity for future public access for nearby disadvantaged communities through a potential Watsonville-to-the-Sea/Pajaro River Levee Trail.

**6. Project planned with meaningful community engagement and broad community support.**

The Land Trust, with partners at Watsonville Wetlands Watch and the Resource Conservation Districts of Santa Cruz County and Monterey County, have engaged the community of Watsonville on the subjects of sustainable agriculture and wetland restoration for over 13 years. The approach of protecting prime farmland while retiring and restoring to habitat unsustainable farmland in consultation with local growers is modeled at the Land Trust’s 490-acre Watsonville Slough Farm where the Land Trust has retired and are restoring about 90 acres of steep and frequently flooded fields, while keeping the best land in production. To engage the community, the Land Trust has hosted thousands of visitors at hundreds of tours and events, sharing the story and receiving feedback. The consensus from the community is that this model works for jobs, community health, food production, and nature. Building on this success, the Land Trust’s acquisition of Beach Ranch has broad support within the community, including from Senator Laird and Assemblymembers Rivas and Addis (Exhibit 3).

**PROJECT FINANCING**

Coastal Conservancy	\$8,000,000
Wildlife Conservation Board (pending)	\$5,000,000
Department of Conservation	\$806,000

**Project Total**

**\$13,806,000**

Conservancy funding is anticipated to come from a Fiscal Year 2023/24 appropriation from the General Fund to the Conservancy for the purpose of “sea level rise adaptation and coastal resilience needs using nature-based solutions or other strategies” (The Budget Act of 2023, Chapter 38, Statutes of 2023 (AB 102)). The coastal resilience funds are available for the purposes described in Section 52 of Chapter 258 of the Statutes of 2021, which include “3) Coastal resilience projects along the coast, ... and projects that build resilience for coastal communities, public access, and critical infrastructure,” and “4) Coastal wetlands projects and projects that protect and restore coastal habitat, estuary conditions, uplands, and forest habitat.” Acquisition of the Beach Ranch property is consistent with both the sea level rise adaptation and the coastal resilience components of this funding. The acquisition will allow the Land Trust to pursue a nature-based solution by utilizing a living shoreline to both 1) conserve valuable estuarine wetland habitats and 2) protect economically viable agriculture as sea levels rise.

The project leverages funding from: 1) Wildlife Conservation Board (pending application) and 2) the Department of Conservation’s Multibenefit Land Repurposing Program, which awarded a block grant to the Pajaro Valley Water Management Agency, that listed the Land Trust as a subgrantee for Pajaro Valley projects, including the acquisition of Beach Ranch. Resources Legacy Fund also provided \$75,000 for pre-acquisition costs.

Unless specifically identified as “Required Match,” the other sources of funding and in-kind contributions described above are estimates. The Conservancy does not typically require matching funds or in-kind services, nor does it require documentation of expenditures from other funders or of in-kind services. Typical grant conditions require grantees to provide any funds needed to complete a project.

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

The proposed authorization is pursuant to Section 31113 of Chapter 3 of Division 21 of the Public Resources Code, which authorizes the Conservancy to address the impacts and potential impacts of climate change on resources within the Conservancy’s jurisdiction (Section 31113(a)). Section 31113(b) and (c) authorizes the Conservancy to award grants to nonprofit organizations and public agencies to undertake projects that reduce greenhouse gas emissions and address extreme weather events, sea level rise, flooding, and other coastal hazards that threaten coastal communities, infrastructure, and natural resources. The Conservancy must, to the extent allowed, prioritize projects that maximize public benefits and accomplish one of several purposes, including preserving and enhancing coastal wetlands and natural lands.

Consistent with these requirements, acquisition of Beach Ranch enables a nature-based approach to sea level rise adaptation for agricultural lands, through planned retreat of marginal farmland susceptible to sea level rise and restoration of native coastal wetland habitat at the Pajaro River Estuary, which is within the Conservancy’s jurisdiction. Consistent with Section 31113(d), the project will allow for the use of natural infrastructure to help coastal agricultural

lands adapt to climate change, and will provide multiple public benefits as described in “Consistency with Conservancy’s Project Selection Criteria” section above.

**CONSISTENCY WITH CONSERVANCY’S [2023-2027 STRATEGIC PLAN](#):**

Consistent with **Goal 1.1 Commit Funding to Benefit Systemically Excluded Communities**, the proposed project is within 0.5 miles of a Severely Disadvantaged Community.

Consistent with **Goal 3.1 Conserve Land**, the proposed project will protect 247-acres of land to protect coastal resources and working lands, including supporting the inland migration of habitat with sea level rise.

Consistent with **Goal 3.3 Working Lands**, the proposed project will protect 150 acres of prime farmland, along with 10 acres of supporting land, which yields several million pounds of organic produce each year and supports over 50 jobs.

Consistent with **Goal 4.1 Sea Level Rise Adaptation Projects**, the proposed project will demonstrate how agriculture can proactively adapt to climate change without losing vulnerable habitats by applying nature-based solutions.

**CEQA COMPLIANCE:**

The proposed acquisition of the property is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations (CCR) Section 15325 regarding acquisitions of lands to preserve open space and habitat. Section 15325 provides examples of exempt acquisition purposes, including those for the purposes of preserving existing natural conditions, allowing continued agricultural uses, and allowing restoration of natural conditions. Consistent with these examples, the proposed project will preserve natural wildlife habitat, allow continued agricultural use, and enable future restoration of natural conditions.

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