

COASTAL CONSERVANCY

Staff Recommendation
June 30, 2004

MCNAMARA RANCH

File No. 04-047
Project Manager: Michael Bowen

RECOMMENDED ACTION: Authorization to disburse up to \$1,077,000 to the Northcoast Regional Land Trust to acquire the 108-acre McNamara Ranch in Orick, California.

LOCATION: Orick, northern Humboldt County (Exhibit 1).

PROGRAM CATEGORY: Resource Enhancement and Agricultural Preservation

EXHIBITS

Exhibit 1: Project Location and Site Map

Exhibit 2: Letters of Support

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following Resolution pursuant to Sections 31150-31156 and 31251-31270 of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of an amount not to exceed six hundred twenty-seven thousand dollars (\$627,000) together with an additional amount of \$450,000 if awarded to the Conservancy by the United States Fish and Wildlife Service Watershed Conservation Grant Program to the Northcoast Regional Land Trust to acquire the 108-acre McNamara Ranch, Humboldt County Assessors Parcel Numbers 520-191-003, 520-191-006, 520-191-007, and 520-191-008, as shown on Exhibit 2 to the accompanying staff recommendation, subject to the following conditions:

1. Prior to the disbursement of any Conservancy funds for acquisition, the Trust shall:
 - a. Submit for review and approval by the Executive Officer all relevant acquisition documents including but not limited to, the appraisal, agreement(s) of purchase and sale, escrow instructions and documents of title.
 - b. Dedicate the property for agricultural open space, habitat conservation, public access, and as a wildlife corridor, in a manner acceptable to the Executive Officer, in accordance with

Public Resources Code 31116(b).

- c. Obtain all other necessary funds to complete the acquisition.
2. The Trust shall pay no more than fair market value for the property, as established in an appraisal approved by the Executive Officer.
3. Conservancy funding shall be acknowledged by erecting and maintaining a sign on the property that 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 purposes and criteria set forth in Chapter 4 (Sections 31150-31156) of Division 21 of the Public Resources Code regarding the preservation of agricultural land.
2. The proposed project is consistent with the purposes and criteria set forth in Chapter 6 (Sections 31251-31270) of Division 21 of the Public Resources Code regarding the enhancement of coastal resources.
3. The proposed project is consistent with the Project Selection Criteria and Guidelines adopted by the Conservancy on January 25, 2001.
4. The Northcoast Regional Land Trust is a non-profit organization existing under section 501(c)(3) of the Internal Revenue Service code whose purposes are consistent with Division 21 of the Public Resources Code."

PROJECT SUMMARY:

The proposed authorization would enable the Northcoast Regional Land Trust ("NRLT"), a nonprofit organization, to acquire the McNamara Ranch to protect and maintain its agricultural and ecological values. NRLT's goals for purchasing this property are two-fold: 1) to preserve the ranch as a productive or viable coastal agricultural property and 2) to promote and participate in lower Redwood Creek estuary enhancement opportunities. The NRLT seeks to acquire fee simple title for the McNamara Dairy in order to consolidate parcels and place restrictions on the property that would prevent future development and loss of agricultural potential; and to develop a lease to a party interested in maintaining agricultural operations at the site. The NRLT's proposed restrictions on the property would also protect and enhance existing wildlife resources, and establish agricultural practices that are compatible with the protection and enhancement of wildlife on the property. These restrictions would take the form of an Offer to Dedicate Title in Fee in favor of the Coastal Conservancy and consistent with Section 31116(b) of the Public Resources Code, which authorizes Conservancy grants to nonprofit organizations for the acquisition of land.

As the owner of the property, NRLT's intention is to maintain the land as private, sustainable agricultural land in a manner that supports estuary enhancement. At present, the best agricultural use of this property appears to be for continued use as grazing pasture to support a local dairy or ranch operation. Upon title transfer, NRLT will lease the property as a grazing land. Mr. Blake Alexandre, NRLT board member and owner/operator of Alexandre Family EcoDairy Farm, has indicated that several dairy farms and ranches within the area would be interested in leasing the property. As a private agricultural landowner in the Orick Valley, NRLT hopes to garner community support for future estuarine enhancement while preserving the area's agricultural integrity.

Income generated from the property is estimated at \$25,000 annually, which includes leasing approximately 80 acres of grazing land and two residences. A total of \$10,000 in grazing income is anticipated. The two houses on the property, totaling approximately 2500 square footage, will be rented for approximately \$1250 per month (\$15,000 annually). Income generated from the property will be used for property maintenance, management and taxes. This income will nearly cover the property management and maintenance costs in entirety, but the Trust is seeking additional stewardship funds through grant requests to cover property transfer costs, habitat restoration costs, public outreach, Redwood Creek estuary enhancement coordination, and any necessary property improvements. NRLT has several capable and knowledgeable directors and staff members to manage the property.

The Conservancy has worked extensively with the County of Humboldt, Redwood National and State Parks, NOAA Fisheries, the California Department of Fish and Game, and others to seek ways to protect and enhance the Redwood Creek estuary, a biologically important estuary which has degraded due to the construction of a flood control system by the Army Corps of Engineers in 1968. The County recently completed work on an earlier grant assessing the feasibility of alternative flood control measures that would promote the restoration of the Redwood Creek estuary. In funding this project, the Conservancy and its partners will ensure that the property owners support estuary enhancement, and that future development on this site is precluded, thereby leaving open the possibility of estuary enhancement in the near future.

Site Description: The McNamara Ranch is a 108-acre dairy operation located in northern Humboldt County near Orick, a small community situated on Redwood Creek near its confluence with the Pacific Ocean. The Ranch, abutting the north side of the creek, includes four parcels containing two homes and four barns. Redwood Creek drains a narrow 178,000-acre watershed in northern Humboldt County. The downstream portion of the watershed, including land adjacent to the Ranch, is within the boundaries of the Redwood National and State Parks.

Once aboriginal lands of the Yurok people, the Orick valley was settled by Euro-Americans in 1850. Since that time, Dairy ranching has been a mainstay of the Orick Valley, and the McNamara Ranch has been one of the most productive dairies in the area.

The dairy industry of Orick was and remains supplemented by a logging industry that increased in economic importance following World War II. Some economic benefits have derived from the establishment of the Redwood National and State Parks, though not nearly as much as had been anticipated at the time of the designation of park boundaries. The Park Regional Administration Center and Visitor Center are located in Orick.

Project History: Approximately one year ago Mr. McNamara placed his Ranch on the open market. Cognizant of the development potential of the property, and committed to maintaining agricultural open space on the Northcoast, the NRLT contacted Mr. McNamara and expressed a desire to purchase the Ranch. The NRLT met with Mr. McNamara and his realtor in early 2004 to discuss the sale of the property. Following that meeting, the NRLT expressed its desire to submit a letter of intent to purchase the dairy, based on the results of an appraisal.

The Trust contacted Conservancy staff and other funding sources to ensure that adequate funding would be available for the acquisition, and conducted an appraisal of the property to assess fair market value. The appraisal assigned a value of \$1.1 million. The Trust has secured commitment of funding from a variety of sources to assist with this acquisition.

PROJECT FINANCING:

Coastal Conservancy	\$627,000
United States Fish and Wildlife Service (pending)	\$470,000
North Coast Regional Land Trust	\$29,000
California Department of Fish and Game	\$2,000
Humboldt Area Foundation	\$7,000
McLean Foundation	\$5,000
Northcoast Regional Land Trust (In-Kind)	\$3,000
Total Project Cost	\$1,143,000

The expected source of Conservancy funds for this project is the FY 02/03 appropriation to the Conservancy from the “California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Act of 2002” (Proposition 40). Proposition 40 funds are available to the Conservancy to use for the acquisition and protection of land and water resources in accordance with Public Resources Code Division 21. Proposition 40 also directs the Conservancy to give priority to grant projects that include a commitment for a matching contribution. NRLT has committed to providing \$34,000, and the Conservancy has submitted a \$470,000 proposal to the United States Fish and Wildlife Service Watershed Coastal Wetlands Conservation Grant Program to assist with funding of this acquisition, and to reimburse the Conservancy for its administrative costs. The proposed

project is consistent with this funding source as described in “Consistency with Conservancy’s Enabling Legislation” section, below.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

The proposed project is undertaken pursuant to Chapter 4 of Division 21 Sections 31150-31156 and Chapter 6 of Division 21, Sections 31251-31270 of the Public Resources Code, as follows:

Pursuant to Section 31156, the Conservancy may award grants to non-profit organizations for the purpose of acquiring fee title in land located in the coastal zone in order to prevent loss of agricultural land to other uses and to assemble agricultural lands into parcels of adequate size permitting continued agricultural production. Consistent with this section, the proposed project provides funds to the Trust to acquire fee simple title for the McNamara Ranch, consolidate parcels to prevent future development and loss of agricultural potential, and to work to develop a sale or lease to a party interested in maintaining agricultural operations at the site.

Pursuant to Section 31251, the Conservancy may award grants to non-profit organizations for the purpose of enhancement of coastal resources that, because of human-induced events, or incompatible land uses, have suffered loss of natural and scenic values. Consistent with this section, the Trust proposes to permanently dedicate the property for the protection and enhancement of existing wildlife resources, and to maintain agricultural practices on the property compatible with the protection and enhancement of wildlife on the property.

Pursuant to Section 31252, all areas proposed for resource enhancement should be identified in an LCP as requiring public action to resolve existing or potential resource problems. The Redwood Creek estuary is identified in the Humboldt County North Coast Area Plan of the Humboldt County Local Coastal Program as an area in need of resource enhancement (LCP 3-24).

Finally, pursuant to Section 31253, “(the) Conservancy may provide up to the total of the cost of any coastal resource enhancement project....” and the amount of the Conservancy contribution shall be determined only after an assessment of funding generally available and other factors. The proposed contribution by the Conservancy was determined based on application of priority criteria and after taking into account other available resources and the matching contributions to the project by other funding sources. The Conservancy staff is applying for additional funding from the United States Fish and Wildlife Service Watershed Conservation Grant Program for this project, consistent with the Conservancy’s authority under Public Resources Code Section 31104 to apply for and accept federal grants.

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

Consistent with **Goal 7 Objective A**, the proposed project will enable the grantee to acquire fee interest in 108 acres of agricultural land adjoining both Redwood Creek and the Redwood

National and State Parks, thereby providing permanent protection of scenic and habitat values associated with coastal farmland.

Consistent with **Goal 6 Objective A**, the proposed project will enable the grantee to foster agricultural practices, such as the protection and enhancement of riparian zones, consistent with the preservation and restoration of Redwood Creek's existing wildlife habitat. By employing the expertise of the grantee, the Conservancy will ensure measurable increases in available habitat and, presumably, eventual increases in anadromous fish populations and terrestrial species within and surrounding the project area when the NRLT is prepared to proceed with the envisioned estuary enhancement project.

CONSISTENCY WITH CONSERVANCY'S PROJECT SELECTION CRITERIA & GUIDELINES:

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines adopted January 24, 2001, 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:** Supporters of this project include the Department of Fish and Game, the United States Fish and Wildlife Service, California Trout, Inc., the Smith River Alliance, Redwood National and State Parks, and others. Letters of support are included in the appendix (Exhibit 2).
4. **Location:** The McNamara Ranch is located entirely within the Coastal Zone Boundary. See "Site Description" section, above.
5. **Need:** The diminishing economic and social viability of coastal zone agricultural operations in Humboldt County cited were well documented recently in the County's annual agricultural report. This decline and loss of farms, in combination with intense development pressure throughout Humboldt County, place this site at moderate risk of development, an outcome which would further diminish the County's important agricultural base, and render more difficult the task of estuary enhancement. There is also a need to manage agricultural operations in a manner compatible with restoration and preservation of lower Redwood Creek and its currently degraded estuary.
6. **Greater-than-local interest:** Orick, as the gateway to the Redwood National and State Park, has tremendous value for its scenic qualities, now existing in agricultural operations. This project will ensure permanent protection of coastal scenic values, while contributing to the protection and maintenance of Orick's agricultural roots. Lastly, California's wildlife, now dependent on sites such as this, must be protected for the overall social and economic benefit of the State of California.

Additional Criteria

7. **Urgency:** The property is currently listed on the open market, and could be sold for more intensive development if the Conservancy and NRLT do not act promptly.
8. **Leverage:** See the “Project Financing” section above.
9. **Innovation:** The Trust’s efforts to acquire and manage property in a fashion that protects working landscapes and scenic coastal values, while also protecting and enhancing wildlife habitat, is a much needed approach to land management in a region where conversion of private land to public land has generated increasing tension. The Trust’s approach to conservation consistent with the protection of working landscapes and their cultivation of working relationships with landowners is long overdue in Humboldt County and warrants the Conservancy’s full support.
10. **Readiness:** The project applicant has demonstrated that it has the expertise, local public support, and administrative capability necessary to commence and complete the project in a timely fashion.
11. **Realization of prior Conservancy goals:** The Conservancy has worked extensively with the County of Humboldt, Redwood National and State Parks, NOAA Fisheries, the California Department of Fish and Game, and others to seek ways to protect and enhance the Redwood Creek estuary, a biologically important estuary which has degraded due to the construction of a flood control system by the Army Corps of Engineers in 1968. The County recently completed work on an earlier grant assessing the feasibility of alternative flood control measures that would promote the restoration of the Redwood Creek estuary. In funding this project, the Conservancy and its partners will ensure that future development on this site will not preclude potential restoration activities in the future.
12. **Cooperation:** Community members, agency officials, and others have all expressed support for, and a willingness to, cooperate with the grantee in accomplishing the project.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

The proposed project will result in the conveyance of fee title to the Trust who, in turn, will establish restrictions on the property that prevent further development of the ranch for non-agricultural uses, and that protect and enhance the scenic values and wildlife habitat value of the property. The proposed project is therefore consistent with the Coastal Act, sections 30231 and 30241, and 30251 as follows.

Coastal Act 30231 states that “(t)he biological productivity and the quality of coastal waters, streams, wetlands, estuaries, and lakes appropriate to maintain optimum populations of marine organisms and for the protection of human health shall be maintained, and, where feasible, restored through, among other means, minimizing adverse effects of waste water discharges and entrainment, controlling runoff, preventing depletion of groundwater supplies and substantial interference with surface water flow, encouraging waste water reclamation, maintaining natural vegetation buffer areas that protect riparian habitats, and minimizing alteration of natural streams.” The proposed project will protect and enhance the riparian zone of Redwood Creek

adjacent to the dairy, thereby enhancing the biological productivity of the lower river and estuary. The proposed project is therefore consistent with this section.

Coastal Act Section 30241 states that “(t)he maximum amount of prime agricultural land shall be maintained in agricultural production to assure the protection of the areas agricultural economy....” The proposed project will protect in agricultural use this prime agricultural land threatened with development for domestic use. The project is therefore consistent with this section.

Section 30251 states, in part, that “(t)he scenic and visual qualities of coastal areas shall be considered and protected as a resource of public importance.” The proposed project will protect and enhance an already scenic coastal area by permanently protecting an already scenic dairy in the Orick Valley.

The project area is within the Coastal Zone of Humboldt County. The North Coast Area Plan of the Humboldt County Local Coastal Program includes specific provisions worth considering for further consistency with the proposed project.

The Humboldt County Local Coastal Plan (LCP)LCP recognizes the agricultural value of lower Redwood Creek, establishing the bottom land soils around the Redwood Creek estuary as the only prime agricultural land in the planning area, apart from a small pocket south of Stone Lagoon. (County of Humboldt General Plan: North Coast Area Plan. §4.32, pg. 3) Plan recommendations include a sixty-acre minimum to insure continued agricultural use with a 20-acre option in conjunction with some guarantee of continued agricultural use such as a Williamson Act Contract. Protection of the ranch in its current configuration, and preventing future development on already subdivided lots is consistent with the LCP. The ranch is under a Williamson Act contract.

The LCP also recognizes the ecological importance of anadromous fish streams, and considers them environmentally sensitive habitat areas. The LCP identifies Redwood Creek as an Environmentally Sensitive Habitat Area (“ESHA”) (County of Humboldt General Plan: North Coast Area Plan. §3.41, pg. 22). Therefore, acquisition of the dairy and establishment of property restrictions designed to protect the riparian zone between the dairy and the creek is consistent with the LCP.

COMPLIANCE WITH CEQA:

Acquisition of title of the McNamara Dairy and establishment of deed restrictions over the property is categorically exempt from the requirements of the California Environmental Quality Act (“CEQA”) under 14 California Code of Regulations Section 15325 because it involves the transfer of an interest in land to preserve open space and plant and animal habitat; to allow continued agricultural use; and to allow restoration of natural conditions. Staff will file a Notice of Exemption upon approval of the project.