

COASTAL CONSERVANCY

Staff Recommendation
May 18, 2005

POZZI RANCH CONSERVATION EASEMENT

File No. 04-084
Project Manager: Nadine Hitchcock/Sheila Semans

RECOMMENDED ACTION: Amendment of the Conservancy's December 2, 2004 authorization to disburse funds to the Marin Agricultural Land Trust (MALT) by authorizing the disbursement of an additional \$450,000 for the acquisition of an agricultural conservation easement over the 1,125-acre Pozzi Ranch located in the Walker Creek watershed in west Marin County.

LOCATION: The Pozzi Ranch is located on the eastern shore of Tomales Bay and adjacent to the mouth of Walker Creek in western Marin County, along Highway 1 (Exhibit 1).

PROGRAM CATEGORY: San Francisco Bay Area Conservancy

EXHIBITS

Exhibit 1: Staff Recommendation from December 2, 2004 authorization, including maps and letters of support

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31160 - 31164 of the Public Resources Code:

“The State Coastal Conservancy hereby amends its December 2, 2004 authorization to disburse funds to the Marin Agricultural Land Trust (MALT) for the acquisition of an agricultural conservation easement over the Pozzi Ranch property (Marin County Assessors Parcel Nos. 104-040-03, 104-040-04, 104-040-14, 100-100-15 and 100-100-16) by authorizing the supplemental disbursement of up to four hundred fifty thousand dollars (\$450,000) to be used to partially reimburse MALT for the purchase price of the easement. Disbursement of these supplemental funds is subject to the same conditions imposed by the Conservancy's December 2, 2004 authorization.”

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. Disbursement of additional funds to partially reimburse MALT for the acquisition of an agricultural conservation easement over the Pozzi Ranch property is consistent with the Conservancy authorization and findings adopted December 2, 2004, as shown in the staff recommendation attached as Exhibit 1 to this staff recommendation.
2. The proposed authorization is consistent with Chapter 4.5 of Division 21 of the Public Resources Code (Sections 31160 *et seq.*), regarding projects of the San Francisco Bay Area Conservancy Program.”

PROJECT SUMMARY:

This authorization would provide for disbursement of \$450,000 of San Francisco Bay Conservancy Program funds to augment an existing \$1,000,000 Conservancy grant to the Marin Agricultural Land Trust (MALT) to acquire an agricultural conservation easement over the Pozzi Ranch in west Marin County. On December 2, 2004, the Conservancy authorized disbursement of a \$1,000,000 grant to MALT to acquire the easement on the 1,125 Pozzi Ranch located on the east shore of Tomales Bay (Exhibit 1).

MALT has succeeded in raising all but \$450,000 of the \$4,131,000 acquisition price. The acquisition is scheduled to close on May 16, 2005. MALT can provide the missing \$450,000 as bridge funding, but is requesting reimbursement of \$450,000, so that it can continue to meet the commitments it has made to acquire further agricultural easements in West Marin.

As discussed at length in the December 2, 2004 staff recommendation (Exhibit 1), the purchase of a conservation easement over the Pozzi Ranch will accomplish many goals: a longtime ranching family will be able to continue to operate in an area that is highly threatened for conversion to estates; the aesthetic scenic value of western Marin along the shore of Tomales Bay will be preserved; and the natural resources and water quality of Tomales Bay and Walker Creek will be protected from increased runoff from development.

The Pozzi Ranch easement acquisition is strongly supported by the Marin Community Foundation (Foundation), but their available funds of \$225,000 were only half of that needed to fill the funding gap. As an alternative, the Foundation proposes to direct their \$225,000 to pay down the Conservancy’s loan obligation for its acquisition of the Bel Marin Keys V property, another high priority property for the Foundation. Through leveraging other funding sources, as described below, this alternative will result in a net payment of \$450,000 against the loan obligation of the Conservancy. As a result, the Conservancy will have available the additional \$450,000 in funding to further support the Pozzi Ranch easement acquisition.

The payment of \$225,000 by the Foundation to pay off the Bel Marin Keys V loan results in a benefit of \$450,000, as follows. The Conservancy acquired the Bel Marin Keys V property in 2001 using several sources, including a state revolving loan, which has not yet been repaid in full. The Conservancy has been making loan payments using various sources of private and public funds, but a \$4.4 million balance exists. A Governor’s Challenge Grant, retained by Marin Audubon Society, can be used to repay the loan providing there is a non-state match. All Challenge Grant Funds not used by June 2005 will revert to the General Fund. The Foundation

will grant Marin Audubon Society their \$225,000, and, in turn Marin Audubon Society will direct the funds to repay the Bel Marin Keys V loan and request an equal payment from the Challenge Grant.

With this alternative and with the Conservancy's commitment of an additional \$450,000 towards the Pozzi Ranch easement (equivalent to the loan repayment amount on the Bel Marin Keys V property), existing bond, Foundation, Conservancy and other funds will be leveraged so as to implement two acquisition projects that are of high priority for the Foundation, Marin Audubon Society, and the Conservancy's North Coast and San Francisco Bay Programs.

Acquisition of the Pozzi Ranch easement by MALT is scheduled to be completed on May 16, 2005, prior to the date of Conservancy consideration of the proposed supplemental authorization. In connection with the Conservancy's initial grant of \$1,000,000 to fund the acquisitions, the Conservancy's Executive Director has reviewed and approved all acquisition documents, including an appraisal, title report and the proposed agricultural conservation easement. All funds secured by MALT, including the Conservancy's \$1 million grant, along with MALT bridge funding, will be used to close escrow. The disbursement of the \$450,000 which is the subject of this authorization would be used to partially reimburse MALT for its share of the acquisition cost, after the acquisition has been completed.

Site Description: The Pozzi Ranch is located in a rural area of west Marin, near the community of Tomales and lies immediately on the shoreline of Tomales Bay, with expansive views of the Bay. For a detailed description see Exhibit 1.

Project History: See December 2, 2004 Staff recommendation for the history of the shared interest and involvement of the Conservancy and MALT in protecting, restoring, and enhancing the agricultural and natural resource values of west Marin. With respect to acquisition of the Pozzi Ranch conservation easement, MALT anticipated raising \$3,131,000 to match the Conservancy's \$1 million grant. MALT's fund raising effort fell \$450,000 short of the total needed as of March 28, 2005, when MALT had to waive their Financing Contingency or risk losing their \$300,000 option payment. Given MALT's excellent fund raising track record, their Board agreed to borrow up to \$450,000 from their Stewardship fund to close escrow by May 16th. The Stewardship fund is used to maintain and restore property, monitor easements, and to legally defend easements. The funds will be repaid from MALT's Land Fund once additional funds are obtained. MALT is requesting this \$450,000 augmentation to permit them to focus their fundraising efforts toward raising \$2 million by December 2005 to acquire an easement over Thorton Ranch, a 1,300 acre high priority property in the Walker Creek watershed.

PROJECT FINANCING:

Coastal Conservancy (prior authorization)	\$1,000,000
Coastal Conservancy (this authorization)	450,000
Marin Agricultural Land Trust	<u>\$2,681,000</u>
Total Project Cost	\$4,131,000

The expected source of funds for the proposed supplemental authorization for this project is the FY 02/03 "California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Fund" (Proposition 40) appropriation for the San Francisco Bay Area Conservancy Program

(Bay Program). Proposition 40 Bay Program funds may be used for the acquisition of land resources to protect, restore and enhance natural habitats, scenic areas, and other open space resources of regional importance. This project will protect scenic views and regionally significant farmland that is threatened by unplanned development from encroachment from Santa Rosa, Novato and Petaluma. In addition, the proposed project is appropriate for Proposition 40 grant funding priority, since it includes a significant commitment of matching funds (Public Resources Code §5096.651).

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

As discussed in the December 2, 2004 staff recommendation (Exhibit 1), the proposed project is undertaken pursuant to and is consistent with the requirements of Chapter 4 of Division 21 of the Public Resources Code (Sections 31150-31156), which authorizes the Conservancy to undertake projects and award grants to public and private agencies and organizations for the purpose of agricultural preservation.

The project is also undertaken pursuant to and is consistent with Chapter 4.5 of Division 21 of the Public Resources Code (Sections 31160-31164), which authorizes the Conservancy to undertake projects and award grants to public and private agencies and organizations for the purpose of addressing the resource and recreational goals of the San Francisco Bay Area.

Consistent with Section 31162, the proposed conservation easement is located in Marin County, one of the nine bay-area counties, and will help achieve several of the primary goals of the San Francisco Bay Area Conservancy Program by protecting open space, scenic areas, and wildlife habitats (31162(b)), and assisting with the implementation of the Marin County General Plan (31162(c)). The Marin County General Plan includes a specific policy supporting the acquisition of perpetual conservation easements. Acquisition of an agricultural conservation easement on the Pozzi Ranch will ensure that the open space character of this property will be forever protected.

In addition, the project satisfies all of the five criteria for determining project priority under Section 31163(c), as follows: 1) the project is supported by the Marin County General Plan; 2) it serves a multi-jurisdictional constituency, since it will preserve open space and scenic areas for the enjoyment of both local residents and visitors who come from across the region and the nation to the area in which the project is located; 3) the project can be implemented in a timely fashion: once authorized, MALT will be able to repay its Stewardship Fund within weeks; 4) in the event the project is not implemented in a timely fashion, there is a risk that MALT will not raise sufficient funds to both repay the Stewardship Fund, and to meet a year-end obligation to complete another planned acquisition; and 5) the Conservancy funding for the easement acquisition is matched by funds donated to MALT at nearly a 2 to 1 ratio.

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

Consistent with **Goal 10, Objective A**, the supplemental authorization will be used to acquire a conservation easement over 1,125 acres of scenic and other regionally significant property.

Consistent with **Goal 12, Objective A**, the supplemental authorization will be used to increase the acreage of agricultural land in the nine Bay Area Counties protected by conservation easements.

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

The proposed authorization remains 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:** U.S. Congresswoman Lynn Woolsey, State Senator John Burton, State Assemblyman Joe Nation and Marin County Supervisor Steve Kinsey support this project. See Exhibit 1 for letters of support.
4. **Location:** The proposed easement acquisition is located within the Marin County, one of nine-counties within the jurisdiction of the San Francisco Bay Area Program.
5. **Need:** This supplemental authorization is needed to fill a funding gap and replace Malt's Stewardship Funds that were borrowed to close escrow on the Pozzi Ranch Conservation Easement acquisition by May 16, 2005.
6. **Greater-than-local interest:** Protecting a strong agricultural community is at the heart of west Marin. This project assures the continued use of the site for permanent agriculture, provides open space and wildlife habitat, and protects scenic vistas for both the local community and all visitors to the area.

Additional Criteria

7. **Leverage:** See the "Project Financing" section above. The \$450,000 funding augmentation will result in a total of \$1,450,000 of Conservancy funds for the easement acquisition, to be matched by \$2,681,000 in private funds.
8. **Readiness:** MALT and the Pozzi family have been working toward this acquisition for almost one year; expected to be completed by May 16, 2005. Conservancy authorization of this project will enable MALT to be reimbursed for \$450,000.
9. **Realization of prior Conservancy goals:** See the "Project History" section above.
10. **Cooperation:** This project is a cooperative effort among the Conservancy, MALT, and the landowners.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

The acquisition by MALT of a conservation easement on the Pozzi Ranch is consistent with the *County of Marin, Unit II (Northern Marin) Local Coastal Plan (LCP)*. The local coastal program

policies of the LCP include alternative methods of preserving agricultural land (found at Agriculture Chapter, Item 7), indicating “[T]he County strongly supports the objectives of the Marin Agricultural Land Trust to protect agricultural lands through . . . purchase . . . of conservation easements on agricultural lands.” By acquiring a conservation easement over the Pozzi Ranch, this project will achieve the above stated objectives.

COMPLIANCE WITH CEQA: The supplemental authorization will be applied to the acquisition of a conservation easement over the Pozzi Ranch, which is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under 14 Cal. Code of Regulations Section 15325 because it involves the transfer of ownership interests in land to preserve open space and to allow continued agricultural use of the Ranch. Staff will file a notice of exemption upon approval.