

COASTAL CONSERVANCY

Staff Recommendation
January 29, 2015

CEMEX PLANT REUSE PLAN

Project No. 14-052-01
Project Manager: Tom Gandesbery

RECOMMENDED ACTION: Authorization to disburse up to \$200,000 to the Sempervirens Fund to develop a reuse plan to convert the closed CEMEX cement plant in Davenport (Santa Cruz County) into more suitable uses, to serve as a hub for public recreation and economic activity.

LOCATION: Davenport, Santa Cruz County

PROGRAM CATEGORY: Coastal Restoration

EXHIBITS

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

Exhibit 2: [Site Photographs](#)

Exhibit 3: [Project Letters](#)

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31200 – 31215 of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes disbursement of an amount not to exceed two hundred thousand dollars (\$200,000) to the Sempervirens Funds to develop a plan for reuse of the CEMEX cement plant in Davenport, subject to the condition that prior to the disbursement of funds, Sempervirens Funds shall submit for review and approval of the Conservancy’s Executive Officer a work program, budget, schedule and the names and qualifications of any contractors for the project.

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 5 of Division 21 of the Public Resources Code, regarding Coastal Restoration.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.

3. Sempervirens Fund 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.”
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PROJECT SUMMARY:

The proposed authorization is to provide a \$200,000 grant to Sempervirens Fund to prepare a plan (Reuse Plan) for reuse of the 185-acre CEMEX cement plant property in Davenport (Exhibit 1).

The cement plant was in operation from 1906 to 2010, and is located on the north side of the town of Davenport. To the east, the property is surrounded by the Coast Dairies property now owned by the U.S. Bureau of Land Management (BLM). Currently the cement plant adversely impacts the scenic quality of this coastal area, impedes use of the land for coastal related uses, including recreational connections to surrounding open space, and presents a contamination hazard for residents of the town of Davenport and visitors to the area.

Sempervirens Fund, CEMEX, the County, community organizations, and many local residents and businesses support exploration of possible reuse options for the cement plant. Because the site is already heavily impacted by over a century’s use as an industrial facility, it presents a rare opportunity along the central coast to clean up a large blighted property and put it to productive reuse without risk of significant negative impacts to habitat or visual resources. The Reuse Plan will explore opportunities to convert the closed plant into more suitable uses that serve as a hub for public recreation and economic activity.

If appropriate reuse is deemed feasible, Sempervirens Fund intends to acquire the property from CEMEX, remove the existing industrial structures (with the exception of any historic buildings), remove or abate hazardous materials, and redevelop the property for suitable, coastal-related uses. Sempervirens Fund envisions the site as a visitor destination center that could include a variety of amenities such as overnight accommodations, a retreat, a community center, restaurants, galleries, recreation facilities, and related commercial and service uses. The site may also provide opportunities for farm and service worker housing, light industrial, employment, educational, and other uses. Sempervirens Fund has made an offer to CEMEX to purchase the property and anticipates signing a letter of intent to enter into a two-year option agreement with CEMEX in early 2015. Sempervirens Fund will begin preparation of the Reuse Plan project upon entering into the letter of intent.

Some investigation of the property is already underway, including review of existing environmental documents pertaining to the site, exploration of public access possibilities and limitations, and a property appraisal. In addition, the Santa Cruz County Planning Department is exploring existing site and regulatory conditions, market trends, local community interest, and potential financing and incentives for reuse.

The proposed project will build upon and supplement the due diligence and initial planning activities underway in order to create a reuse plan that provides a more detailed assessment of opportunities and constraints and establishes a well-grounded, economically feasible approach for redevelopment of the plant site. The Reuse Plan will be developed with input from multiple stakeholders including the County and residents of Davenport. The Reuse Plan will include a

detailed site investigation and analysis; evaluation of the reuse potential of historic buildings; development of specific reuse scenarios and analysis of their economic viability; definition of a preferred reuse approach; preparation of preliminary site plans; analysis of existing infrastructure and future infrastructure needs; and identification of financing options. Sempervirens Fund is investigating the environmental issues (i.e. contaminant cleanup) necessary to redevelop the property under a separate contract with the U.S. Environmental Protection Agency.

The proposed Reuse Plan will be prepared under the authority of the Conservancy's Coastal Restoration program (see "Consistency with the Conservancy's Enabling Legislation" section for more details). This program will allow the Conservancy and Sempervirens Fund to present the Reuse Plan to the Coastal Commission for approval. While the Reuse Plan will only be a conceptual level document, its approval by the Coastal Commission will provide the assurances needed for Sempervirens Fund to demonstrate to CEMEX a viable path forward and recruit a private partner for the redevelopment of the property.

Sempervirens Fund is a nonprofit organization, existing under section 501(c)(3) of the U.S. Internal Revenue Code, that is devoted to protecting redwood forests. It has been in business for over 114 years and was instrumental in establishing many of the parks in the Santa Cruz Mountains, including California's oldest state park, Big Basin Redwoods State Park. Sempervirens Fund has a solid reputation among local landowners, nonprofit organizations and public agencies, and has led many initiatives in the region, including the creation of the Draft Redwoods Conceptual Area Protection Plan, the recently begun Santa Cruz Mountains Stewardship Planning project, and the ongoing Santa Cruz Mountains Carbon Bank Feasibility Study, for which the Conservancy awarded a Climate Ready grant in 2013. Sempervirens Fund anticipates contracting with a consulting firm specializing in land use redevelopment to assist with preparation of the Reuse Plan.

Site Description: The CEMEX cement plant property includes nine parcels comprising approximately 185 acres. The site was operated as a cement plant for more than 100 years. Currently, the cement plant footprint is approximately 110 acres and includes an electric shop, machine shop, mechanic shop, control building, raw mill, kiln, burner building, preheater building, compressor room, iron ore storage building, rock storage building, clinker storage, oil storage, finish mill, pack house, compressor room, scale house, lime building, potash building, office, and control room with laboratories. Outside of the footprint of the plant are an additional 50 acres dominated by coastal terraces and chaparral and a 25-acre former rail line strip that leads across the adjacent Bureau of Land Management (BLM) Coast Dairies property and into the San Vicente Redwoods property (now owned by Sempervirens Fund and POST). The surface elevation at the property ranges from approximately 50 feet at the coastal bluffs adjacent to Highway 1 to approximately 1,100 feet. Surface waters located on the property include spring-fed and man-made ponds and reservoirs, a County drinking water impoundment, and a County wastewater treatment pond.

The land use designation in the Santa Cruz County General Plan and Local Coastal Program (GP/LCP) is Mountain Residential with a Heavy Industry Overlay that allowed the cement plant. The GP/LCP designation of the portion of the property outside the footprint of the cement plant is Agricultural. The County also has a Historic Landmark Combining District on the site. The GP/LCP mandates that, once the current land use has ended, heavy industry will no longer be

allowed and the site must revert to land uses and intensities consistent with surrounding properties.

The property is bordered to the west by Highway 1 and then agricultural and open space land. To the immediate south is the town of Davenport. The remainder of the surrounding land is open space owned by BLM (formerly the Coast Dairies Ranch). The entirety of the site is within the coastal zone.

Project History: The Coastal Conservancy has a long history of involvement in the northern Santa Cruz Coast and particularly the area surrounding the cement plant. In 1998, the Conservancy awarded over \$6 million to the Trust for Public Land for acquisition of the 7,000 acre Coast Dairies Property. Subsequently, Coast Dairies' non-agricultural lands east of Highway 1 were transferred to BLM.

In October of 2013, the Conservancy provided \$1.9 million to Save the Redwoods League for acquisition of a conservation easement over the 8,532 acre San Vicente Redwoods (also known as the Cemex Redwoods). This property is located on the northeast boundary of BLM's Coast Dairies property. The Conservancy is currently supporting the development of a public access plan for the San Vicente Redwoods via a grant to the Land Trust of Santa Cruz County. Other nearby properties protected with the support of the Conservancy include the Sand Hill Bluffs and Gray Whale Beach properties.

Fee title to the San Vicente Redwoods property was acquired by Sempervirens Fund and the Peninsula Open Space Trust (POST) from CEMEX in 2011. Sempervirens Fund has since been in conversation with CEMEX about possible acquisition of the company's remaining landholdings in the area, including the cement plant and multiple parcels located westward of Highway 1.

PROJECT FINANCING

Coastal Conservancy	\$200,000
Resources Legacy Fund (anticipated)	\$75,000
Gordon and Betty Moore Foundation (anticipated)	\$125,000
Other Funding Sources	\$12,900
Project Total	\$412,900

The expected source for the Conservancy funds for this project is an appropriation to the Conservancy from 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.). Proposition 12 funds may be used for projects that are consistent with Division 21 of the Public Resources Code and involve the acquisition from a willing seller, preservation, restoration, or enhancement of real property in coastal areas and watersheds or the development of public use facilities. Public Resources Code Section 5096.352. Proposition 12 directs that a portion of funds appropriated to the Conservancy be used specifically for central coast projects, including projects

in Santa Cruz, Monterey, San Luis Obispo, and Santa Barbara Counties. Public Resources Code Section 5096.352(c)(3). Consistent with Proposition 12, the proposed project consists of preparation of a coastal restoration plan pursuant to Chapter 5 of Division 21 of the Public Resources Code that will assist in the restoration, enhancement, protection and development of coastal resources at the project site.

In addition to the funds provided for the Reuse Plan, Sempervirens Fund has also secured \$125,000 to complete a Phase II Site Assessment and other due diligence work.

CONSISTENCY WITH CONSERVANCY’S ENABLING LEGISLATION:

The proposed project would be undertaken pursuant to Chapter 5 of the Conservancy’s enabling legislation, Public Resources Code Sections 31200-31215. Pursuant to Section 31200, the Conservancy may award grants to public agencies and nonprofit organizations for the purpose of restoration of areas where existing ownerships, lot layouts, and other conditions are adversely affecting the coastal environment or impeding orderly development. Consistent with this section, the proposed project is to develop a plan for redevelopment of a former cement plant that is adversely affecting the coastal environment. The plan will incorporate measures for public use and enjoyment of coastal resources and economic development, consistent with the nature of the surrounding land uses.

Consistent with Section 31201, the Local Coastal Plan for Santa Cruz County calls public action to address the site by requiring rezoning of the CEMEX plant to be compatible with surrounding land uses now that operations have ceased.

Consistent with Section 31204, the proposed level of Conservancy funding has been evaluated relative to the total amount of funding available to the Conservancy for coastal restoration projects, the fiscal resources of the applicant, and the Conservancy’s project selection criteria (see Consistency with Conservancy’s Project Selection Criteria & Guidelines).

Section 31207 stipulates that the Conservancy may spend up to \$300,000 on a coastal restoration plan. Consistent with this section, the proposed grant to Sempervirens Fund is for \$200,000.

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

Consistent with **Goal 2, Objective C** of the Conservancy’s 2013-2018 Strategic Plan, the proposed project will develop a plan that will include facilities to increase and enhance coastal recreational opportunities.

Consistent with **Goal 8, Objective A** of the Conservancy’s 2013-2018 Strategic Plan, the proposed project will help avoid future land-use conflicts in the redevelopment of the cement plant site.

**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 proposed project will help promote Goal #3 of *California @ 50 Million: The Environmental Goals and Policy Report (2013 Draft)*, prepared by the California Office of Planning and Research. Goal #3 is: "Build Sustainable Regions that Support Healthy and Livable Communities." As cited in the report, California Government Code, Section 65041.1 defines a sustainable community as one that "promotes equity, strengthens the economy, protects the environment, and promotes public health and safety." Consistent with this, the proposed project will prepare a Reuse Plan for redevelopment of the cement plant property in a manner that considers economic development, visitor serving uses, and conservation of coastal resources.
4. **Support of the public:** This project has broad public support, The Conservancy has received support letters from Assemblyman Mark Stone, State Senator William Monning, County Supervisor Neal Coonerty, Bureau of Land Management, the Davenport/North Coast Association and the California Coastal Commission (Exhibit 3),
5. **Location:** The proposed project is located within the coastal zone of Santa Cruz County.
6. **Need:** Without funding from the Conservancy, Sempervirens Fund would not likely be able to undertake this complicated reuse planning project and thus the opportunity to explore in depth the possibility of site reuse options that provide a significant public benefit, including increased public access to coastal resources and the redwoods.
7. **Greater-than-local interest:** The CEMEX property is significant because of its location amidst a regional network of protected open space lands in Santa Cruz County (i.e., the adjacent BLM Coast Dairies property and the nearby Wilder Ranch State Park, San Vicente Redwoods, and Swanton Pacific Ranch). The proximity of the cement plant property to these protected lands provides opportunities for regional trail development and other recreational linkages. If the site is deemed suitable for development into a visitor center with overnight accommodations, educational programming, and/or other visitor amenities, this project has the potential to greatly enhance the experience of visitors to California's Central Coast and redwood region. Furthermore, clean up of the blighted cement plant will significantly improve the viewshed for the hundreds of thousands of visitors who travel Highway 1 for its scenic views.

8. **Sea level rise vulnerability:** The lowest portions of the CEMEX property are located on the parcels west of Highway 1, fifty feet above mean sea level, and are not expected to be vulnerable to sea level rise during the next century.

Additional Criteria

9. **Urgency:** The closure of the CEMEX cement plant provides an immediate opportunity to move forward with the reuse project, which will have a transformative impact on the CEMEX property and on the region. Sempervirens Fund is negotiating with CEMEX and anticipates signing an exclusive option agreement in early 2015. The information from the Reuse Plan will be needed for Sempervirens Fund to move forward with acquisition of the property.
10. **Leverage:** See the “Project Financing” section above.
11. **Resolution of more than one issue:** This study may result in a variety of end uses that are not in conflict with the County’s General Plan.
12. **Readiness:** Sempervirens Fund is ready to begin the proposed project plan upon signing a letter of intent to enter into an option agreement with CEMEX, which is expected to occur in January of 2015.
13. **Realization of prior Conservancy goals:** See “Project History” above
14. **Cooperation:** Because of the needs and opportunities presented by the closure of the CEMEX cement plant, the future of the site has already raised a great deal of interest and input from a wide range of stakeholders. In development of the proposed Reuse Plan, Sempervirens Fund will encourage continued participation from a wide variety of interests, including the public as well as government, and will provide ample opportunity for stakeholders to express concerns, needs, ideas and solutions.
15. **Vulnerability from climate change impacts other than sea level rise:** Any reuse scenarios presented will consider vulnerabilities from climate change, particularly drier conditions and increased susceptibility to fire.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

The Land Use Plan portion of the Santa Cruz County Local Coastal Program, which was certified by the Coastal Commission in 1983 contains several general policies that support the proposed project.

Objective 2.19.1 Siting of Heavy Industries and Quarries states "any change of use or major expansion shall be subject to full environmental and economic analysis and review by the County for the adequacy and appropriateness of the site for the proposed use and shall be subject to a General Plan and Local Coastal Program amendment." The proposed planning project will allow Sempervirens Fund and other stakeholders to thoroughly analyze potential change of use proposed for the cement plant site.

Objective 2.19.6 Bonny Doon and North Coast states "no new substantially expanded or different heavy industrial uses shall be permitted in the Bonny Doon or North Coast Planning Areas. As the existing heavy industrial uses are discontinued, development shall be permitted for

uses and intensities consistent with the land use designations on surrounding properties." Consistent with this element, the proposed planning project will not be exploring heavy industrial use (but rather clean up) of the cement plant site.

Objective 7.6 of the Trails and Recreation Corridors section of the LCP states "a countywide system of hiking, bicycling and equestrian trails should be established to provide access to and connect the county's various parks, recreation areas, beaches and urban areas." The proposed planning project will explore the possibilities of extending trail access from the cement plant properties into the Coast Dairies property and beyond.

Objective 7.7a directs the County to "maximize public use and enjoyment of coastal recreation resources for all people, including those with disabilities, while protecting those resources from the adverse impacts of overuse." And Objective 7.7b directs the County "to provide a system of shoreline access to the coast with adequate improvements to serve the general public and the coastal neighborhoods." The proposed project will explore the possibility of enhancing public access to coastal lands and coast redwood forests, including through the development of a visitors center, overnight lodging, and other visitor amenities.

COMPLIANCE WITH CEQA:

The proposed project is statutorily and categorically exempt from the California Environmental Quality Act. Title 14 California Code of Regulations (CCR) Section 15262 sets forth a statutory exemption from the requirement to prepare an environmental impact report or negative declaration for the preparation of feasibility and planning documents for future actions that have not yet been approved or funded, provided that environmental factors are considered. 14 CCR Section 15306 exempts basic data collection and resource evaluation activities that do not result in serious or major disturbance to an environmental resource. The proposed preparation of a reuse plan entails the preparation of feasibility and planning documents as well as data collection and resource evaluation activities. These activities will enable future actions on the cement plant site that have not yet been approved or funded. The proposed project will not have an impact on environmental resources, and environmental factors will be considered during implementation of the proposed project. Accordingly, the proposed project is exempt from CEQA. Upon approval, staff will file a Notice of Exemption for the project.