

COASTAL CONSERVANCY

Staff Recommendation
May 26, 2016

CARR LAKE ACQUISITION

Project No. 16-012-01
Project Manager: Janet Diehl

RECOMMENDED ACTION: Authorization to disburse up to \$2,500,000 to the Big Sur Land Trust to acquire the 73-acre Carr Lake Property in Salinas, Monterey County, to preserve and enhance the natural resources of the property and to improve the water quality of Monterey Bay.

LOCATION: Carr Lake Basin, Salinas, Monterey County

PROGRAM CATEGORY: Integrated Coastal and Marine Resources

EXHIBITS

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

Exhibit 2: [Photographs](#)

Exhibit 3: [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 million five hundred thousand dollars (\$2,500,000) to the Big Sur Land Trust (“BSLT”) for the purpose of acquiring the Carr Lake Property in Salinas (Monterey County Assessor Parcel Numbers 003-212-007, 003-212-015, 003-212-016, 261-191-001, 261-191-007, 003-821-033), consisting of approximately 73 acres. This authorization is subject to the following condition:

1. Prior to the disbursement of funds, BSLT shall submit for review and approval of the Executive Officer of the Conservancy (“the Executive Officer”) all relevant documents, including, without limitation, the appraisal, purchase agreement, escrow instructions, environmental assessment and title report.
 2. BSLT shall pay no more than fair market value for the property, based on an appraisal of the property approved by the Conservancy.
 3. BSLT shall permanently dedicate the property for wildlife habitat, environmental restoration, open space protection and public access through an irrevocable offer to dedicate the property or other instrument approved by the Executive Officer.
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4. Conservancy funding shall be acknowledged by erecting and maintaining a sign on the property or in a nearby public staging area, 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. Big Sur Land Trust is a nonprofit organization existing under section 501(c)(3) of the U.S. Internal Revenue Code, with purposes that are consistent with Division 21 of the Public Resources Code.”

PROJECT SUMMARY:

The proposed authorization will provide a grant of \$2,500,000 to the Big Sur Land Trust to purchase and preserve a 73-acre property in the Carr Lake basin in the center of Salinas (Exhibits 1 and 2). Buying this property would be the first step toward a long-term dream promoted by community groups and the City – transforming the Carr Lake basin to a “central park” for Salinas, while also reducing flood risk, enhancing natural habitat, and improving the water quality of Monterey Bay.

Carr Lake is a 480-acre seasonally dry lake bed in the heart of the City of Salinas that serves as an important component of the regional flood and stormwater control system – a role it assumed after it was drained and converted to farmland a hundred years ago. At that time, the three creeks that once flowed naturally into Carr Lake were channeled into the County Reclamation Ditch, forming a new waterway that drains into Monterey Bay at Moss Landing. The “lake” has been farmed intensively since then, while the City of Salinas has grown up around the fields.

The current land uses, however, create many problems that have led City officials and community members to envision a different future for Carr Lake. Runoff from surrounding urban and agricultural land causes Carr Lake’s network of creeks and the Reclamation Ditch to carry some of the most polluted waters flowing into Monterey Bay. Houses that surround the fields are frequently flooded, as the wetlands that once served to buffer flooding were converted to cropland. Yet as an urban green space, Carr Lake offers a central and easily accessible location for parkland within Salinas, which is the most populated city in the Central Coast region but is park-poor and economically distressed. For these reasons, the Carr Lake farm properties have been identified for more than a decade as high-priority park acquisitions.

Until just last year, however, the land was not for sale. For the first time in nearly a century, one of three families that have farmed Carr Lake for generations is selling its lands. The Ikeda family listed its farmland and residence with a realtor last summer, and shortly after that, entered into negotiations with the Land Trust. The family agreed to sell its 73 acres to the Land Trust at

the fair market value of \$3,950,000, as established by an appraisal. The Land Trust has thus far raised \$1,075,000 in matching funds for the acquisition and for community outreach and planning, including a \$1 million grant from the Packard Foundation.

After it buys the property, the Land Trust plans to lease the agricultural land for the next several years, with lease income restricted for management and restoration on the project site. During that time, the Land Trust will engage with the City and many nonprofit partners in a community engagement process, including environmental review, to define the ultimate use of the land. Hydrologic modeling and other scientific studies will determine the floodplain and habitat improvements that can ultimately be made, and how the public can safely use the land. In collaboration with the City and others, the Land Trust aims to create a mechanism for public ownership and management of the land over the long term.

The Land Trust's first step is to buy the land. Conservancy support is critical at this time to complete the acquisition before the purchase agreement expires in January 2017. Given its location adjacent to existing roadways, sidewalks and transit stops, the Ikeda property would be attractive for commercial or residential development despite the adverse impacts that would have on flood management and water quality.

With its strong history of protecting key lands in Monterey County and in-depth knowledge of local properties, the Land Trust is well-equipped to complete the Carr Lake purchase. The Land Trust is building on almost 40 years of successful work that has resulted in over 40,000 acres of protected land. In recent years, the Land Trust has focused its work on connecting community to the landscape, which has led it to make an urban project like Carr Lake a priority.

Site Description: Before Carr Lake became farmland, it was the largest of a seven-lake system that captured water from an upper watershed beginning at Fremont Peak, the summit of central California's Gabilan mountain range, and then discharged the flow more than 10 miles away into Monterey Bay. But Carr Lake has not been a lake since the 1920s, when it was drained.

Today, it's a 480-acre low-lying expanse of farm fields in the center of Salinas that fills up with water during heavy rainy seasons. For decades, the site has played a critical role in preventing flooding in nearby neighborhoods, as its man-made Reclamation Ditch catches more than 90% of Salinas' storm-water runoff and delivers it to Monterey Bay.

The watershed that drains into the Carr Lake Basin includes Gabilan, Natividad and Alisal Creeks. From Carr Lake, the three creeks are channeled into the Reclamation Ditch. The Ditch flows into Tembladero Slough and the Old Salinas River Channel west of Castroville, then meets Elkhorn Slough at the Moss Landing Harbor and flows into Monterey Bay.

The water flow from Carr Lake is regulated by a culvert that crosses underneath Main Street. This culvert is intended to prevent downstream properties from flooding. When the water flow into Carr Lake exceeds the maximum capacity in the Reclamation Ditch, the excess water backs up and floods Carr Lake. Over the years, continued development upstream and downstream of Carr Lake has increased the importance of Carr Lake as a water detention basin to prevent flooding downstream.

The "lake" is generally bounded by Highway 101, Laurel Drive, Sherwood Drive and Natividad Road, and lies between north and east Salinas (Exhibit 1). The site is adjacent to five schools

and within walking distance of eight schools, the local Boys & Girls Club, the City municipal pool, Natividad Hospital, public soccer fields and the City's Sports Complex.

The 73-acre Ikeda property to be acquired comprises: 64 acres of row crop agriculture; 2 acres of residential and agricultural operation structures; 2 acres of creeks, and 5 acres of internal roads. Under the current lease, agricultural cultivation occurs on 60 acres, with a primary crop of lettuce and rotational crops of cauliflower, leeks and broccoli. Four distinct fields exist within the production area.

The property to be acquired includes 1,467 feet of frontage along Sherwood Drive, a four-lane road with sidewalks and bus stops that provide convenient access to the property. The southern portion of the property adjoins the Salinas Education Center, which includes the Salinas Adult School, the Salinas Union High School District Alternative Education office and a bilingual migrant education school. To the north of the property lies a small convenience store and residential condominiums.

Salinas is a park-poor and economically depressed community. Its ratio of parkland is 2.9 acres per 1,000 residents, where cities like Los Angeles and San Francisco have 9.3 and 6.8 acres of park land per 1,000 residents (the national average is about 10 acres).

Neighborhoods in the project area are economically disadvantaged, with family incomes ranging from 45 to 77% of California's median household income. Many of the residents are farm workers or other low-wage laborers dealing with high housing costs that result in some of the highest population densities anywhere in California. Salinas is plagued by gang violence, and has been identified as an epicenter that contributes to Monterey County having the highest rate of youth homicides in all of California. These grim statistics, it is hoped, could be improved by a "central park" at Carr Lake, as studies have found that accessible natural areas within urban settings are a critical resource for positive mental health. The City's General Plan designates the lands within Carr Lake as Parks, in hopes of accomplishing the vision of converting the area into a multi-use green space that provides public enjoyment and access to urban streams and wetlands while restoring wetland areas and enhancing floodplain utility.

Project History: Since the 1970s, City leaders and community members have called for Carr Lake to serve as a badly needed park for Salinas residents. In 2003, the City commissioned a Vision Plan for a multi-benefit Carr Lake Regional Park to address the need for park lands, flood management and water quality improvement. At the request of the City in 2008, the Land Trust began the effort to acquire some or all of Carr Lake. To inform their work, the Land Trust conducted hydrological analyses to better understand the constraints and opportunities for site restoration. They also conducted preliminary community design workshops in collaboration with local organizations and landscape architecture professionals. Efforts to reach an agreement during that time with the various landowners in Carr Lake were unsuccessful.

In the fall of 2014, the Land Trust learned that the Ikeda property was listed on the market, which sparked a re-initiation of efforts to acquire land within Carr Lake. The Land Trust approached the Conservancy and other potential funders to solicit support for the acquisition and for the community planning process. They signed a letter of intent with the Ikeda family in the summer of 2015, and signed a purchase agreement in January 2016.

PROJECT FINANCING

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| Coastal Conservancy | \$2,500,000 |
| David and Lucile Packard Foundation | 920,000 |
| CA Natural Resources Agency River Parkways Grant (pending) | 500,000 |
| Other private local foundations and donors | <u>75,000</u> |
| Total Costs (purchase price plus acquisition costs): | \$3,995,000 |

There are two anticipated sources of Conservancy funds for this project. The first is an appropriation from the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1, Water Code section 79700 *et seq.*). Funds appropriated to the Conservancy derive from Chapter 6 (commencing with Section 79730) and may be used “for multi-benefit water quality, water supply, and watershed protection and restoration projects for the watersheds of the state” (Section 79731). Section 79732 identifies specific purposes of Chapter 6, which include: protecting and restoring coastal watersheds, including, but not limited to bays, marine estuaries, and nearshore ecosystems; and assisting in the recovery of endangered, threatened or migratory species by improving watershed health, instream flows, fish passage and coastal or inland wetland restoration. Because the proposed project consists of acquisition of land to protect and restore a coastal watershed and improve the health of the Gabilan watershed and Monterey Bay, it is an appropriate use of Proposition 1 funds.

As required by Proposition 1, the proposed project provides multiple benefits. The acquisition would enable the creation of a new urban river greenway by enabling the conversion of land adjacent to three urban streams to public multi-use green spaces that recreate the natural hydrologic function, restore wetland areas, enhance floodplain utility and provide public enjoyment and access to urban streams and wetlands. The acquisition also will protect wetland ecosystems and facilitate the restoration of the property’s wetlands and wildlife corridors. Additionally, the acquisition will enable an eventual change in land use to restore natural system functions that contribute to water quality and flood management.

In accordance with Section 79707(b), which requires agencies to prioritize “projects that leverage private, federal, or local funding or produce the greatest public benefit,” this project leverages substantial private funding, as noted above.

The project was selected through a competitive grant process under the Conservancy’s *Proposition 1 Grant Program Guidelines* adopted in June 2015 (“Prop 1 Guidelines”). (See Section 79706(a)). The proposed project meets each of the evaluation criteria in the Prop 1 Guidelines as described in further detail in this “Project Financing” section, the “Project Summary” section and in the “Consistency with Conservancy’s Project Selection Criteria & Guidelines” section of this report.

The second 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 include the Gabilan Creek and the Tembladero/Elkhorn Slough watersheds. Proposition

84 authorizes the Conservancy's use of these funds for the purposes of enhancement of coastal resources 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. Consistency of the project with Chapter 5.5 is discussed below in "Consistency with Conservancy's Enabling Legislation." Since the proposed project consists of acquisition of land to improve resource management for enhancement of the Gabilan and Elkhorn Slough watersheds, it is an appropriate use of Proposition 84 funds.

Consistent with Proposition 84 requirements, in evaluating proposed projects that involve acquisition for the purpose of natural resource protection, Conservancy staff gave priority to this project because it demonstrates the following characteristics: (1) the project will contribute to the long-term protection of and improvement to the water and biological quality of the Gabilan watershed, Tembladero and Elkhorn Sloughs and Monterey Bay, priority watersheds as identified by the Resources Agency (see Public Resources Code Section 75071(b)); and (2) the project funding includes a non-state matching contribution toward the acquisition costs (see Public Resources Code 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 Carr Lake property containing three creeks in the Gabilan watershed that drain into the Old Salinas River Channel and Elkhorn Slough, which are sensitive coastal resources.

As Section 31220(c) requires, the proposed acquisition is consistent with the Greater Monterey Area Integrated Watershed Management Plan, as discussed in detail below under "Consistency with Local Watershed Management Plan/State Water Quality Control Plan." The acquisition of the Carr Lake property also speaks directly to the goals and recommendations articulated in the Monterey County Water Resources Agency's "Reclamation Ditch Watershed Assessment and Management Strategy Final Report."

**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 73-acre significant 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, the California Environmental Protection Agency, and the 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 the following goals: Goal #4, which identifies restoration of coastal watersheds as a priority action in order to protect and restore important ecosystems; Goal #6, which calls for expanded water storage capacity and improved groundwater management, and Goal #8, which identifies the need for increased flood protection.
 - *California @ 50 Million: The Environmental Goals and Policy Report (Governor's Office of Planning and Research, 2013 Draft).* Key Action #3 of the "Preserve and Steward State Lands and Natural Resources" calls for building resilience in natural systems and specifically calls out the need for well-maintained watersheds and floodplains. This project will advance two of the Goals for California's Future: 2) preserve and steward the state's lands and natural resources, and 3) build sustainable regions that support healthy, livable communities.
 - *CA Climate Adaptation Strategy/Safeguarding California: Reducing Climate Risk Plan (CA Natural Resources Agency, July 2014).* The plan identifies "Actions Needed to Safeguard Biodiversity and Habitats" including #2: promoting nature-based solutions for adapting to climate risks. The preservation of this property will help to reduce the enhanced risk of flooding likely to come with climate change.
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 Monterey County.
6. **Need:** Without funding from the Conservancy, the Land Trust would not be able to acquire and permanently protect this property before the purchase agreement expires. The opportunity to create a significant public multi-use green space in Salinas, restore wetlands and improve water quality flowing into Monterey Bay would be lost.
7. **Greater-than-local interest:** The proposed acquisition will facilitate improvement to the water quality in creeks that drain to Tembladero Slough, which is part of the Elkhorn Slough

complex – one of the most ecologically important and largest estuarine systems in California, as signified by its designation as a National Estuarine Research Reserve. The acquisition will provide the opportunity for wetland restoration, with the strong potential to serve as migratory bird habitat and an active wildlife corridor.

8. **Sea level rise vulnerability:** The project is not identified as being at risk to sea level rise, given its lowest elevation of 38 feet and location nine miles from the coast.

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 doesn't buy this property, it could be lost to another buyer.
10. **Leverage:** See the "Project Financing" section above.
11. **Readiness:** If the Conservancy approves the proposed grant, the Land Trust will be ready to close the acquisition in January 2017.
12. **Cooperation:** This project is the result of cooperation among the Land Trust, the City of Salinas, private foundations, environmental and community nonprofit organizations, the landowner and the Conservancy.
13. **Vulnerability from climate change impacts other than sea level rise:** This project, as a fee acquisition, is intended to protect this property in perpetuity. Its vulnerability to non-sea-level rise climate change includes changing precipitation that could increase the severity of storms and increase flooding. Nevertheless, this property would continue to provide flood protection for surrounding communities.

**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 Water Quality Control Plan for the Central Coastal Basin adopted by the Regional Water Quality Control Board states that discharges of nutrients are occurring at levels in surface waters that are impairing a spectrum of beneficial uses and, therefore, constitute a serious water quality problem in the lower Salinas River watershed, including the Reclamation Canal. Acquisition and eventual restoration of wetlands on the Carr Lake property will reduce nutrient flows into the Reclamation Canal and therefore be consistent with the water quality goals of the plan.

The proposed project is consistent with the Greater Monterey County Integrated Regional Water Management Plan, and promotes several of the plan's goals. Consistent with the plan's Natural Resource Enhancement goal, the proposed acquisition will enable the restoration of segments of three creeks. Consistent with the Flood Control goal, the proposed acquisition would enable the development of integrated watershed approaches to flood management through collaborative and community-supported processes. Consistent with the plan's Water Quality goals, the proposed

acquisition would enable the Land Trust to improve water quality draining to the coast by restoring wetland areas on the property that can mitigate pollution downstream.

COMPLIANCE WITH CEQA:

The proposed acquisition of the Carr Lake 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 allow continued agricultural use, to allow restoration of natural conditions to prevent encroachment of development into flood plains, and to preserve open space or lands for park purposes (Section 15325, subsections (b), (c), (d) and (f)). The Conservancy's grantee, the Big Sur Land Trust, intends to preserve and restore the natural conditions, including plant and animal habitats, in some areas of the property and allow the continued agricultural use in some areas of the property for a substantial period of time, and the open space and flood plain will be protected from development and may be used by the City of Salinas in the future for a multi-use public green space.

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