

COASTAL CONSERVANCY

Staff Recommendation
March 24, 2022

JOHNSTON RANCH ACQUISITION

Project No. 20-046-01
Project Manager: Hilary Hill

RECOMMENDED ACTION: Authorization to disburse up to \$500,000 to Midpeninsula Regional Open Space District to acquire 644-acres of the Johnston Ranch property for natural resource protection and restoration, open space, compatible agricultural preservation, and public access, located adjacent to the City of Half Moon Bay in San Mateo County.

LOCATION: Johnston Ranch, adjacent to the City of Half Moon Bay, San Mateo County

EXHIBITS

Exhibit 1: [Project Location Maps](#)

Exhibit 2: [Photos](#)

Exhibit 3: [Project Letters](#)

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 five hundred thousand dollars (\$500,000) to Midpeninsula Regional Open Space District (the grantee”) to acquire 644-acres of the Johnston Ranch property located adjacent to the City of Half Moon Bay in San Mateo County (Assessor’s Parcel Numbers 064-370-110, 064-370-120, the north and east portion of 064-370-200, and the east portion of 065-210-220 and 065-210-240) for natural resource protection and restoration, open space preservation, compatible agricultural use, 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;
 - c. Evidence that sufficient funds are available to complete the acquisition; and
 - d. Evidence that all approvals required to implement the project have been obtained, including a finalized approval of the land division by San Mateo County.
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 natural resource protection and restoration, open space preservation, compatible agricultural use, 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.
 5. The grantee shall acquire the property by February 28, 2025.

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 5.5 of Division 21 of the Public Resources Code, regarding Integrated Coastal and Marine Resource Protection.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.

STAFF RECOMMENDATION

PROJECT SUMMARY:

Staff recommends the Conservancy authorize the disbursement of up to \$500,000 to Midpeninsula Regional Open Space District (Midpen) to acquire 644-acres of the Johnston Ranch, an 868-acre property located adjacent to the City of Half Moon Bay in San Mateo County, for natural resource protection and restoration, open space preservation, compatible agricultural use, and public access. The 644-acre portion (the "property") comprises San Mateo County Assessor's Parcel Numbers 064-370-110, 064-370-120, the north and east portion of 064-370-200, and the east portion of 065-210-220 and 065-210-240. The proposed acquisition will permanently protect 1.2 miles of anadromous fish habitat in a critical coastal watershed, keep grazing working lands in production, protect scenic open space adjacent to the City of Half Moon Bay, and provide for future trail connections for the Bay to Sea Trail and the California Coastal Trail.

Johnston Ranch is an iconic coastal open space located on the southern edge of the City of Half Moon Bay, and is made up of rolling grassy hills, coastal scrub, the Arroyo Leon Creek corridor, and working agricultural lands. The property (the 644-acre portion of the Ranch) contains 1.2 miles of Arroyo Leon Creek, which is a tributary to Pilarcitos Creek, the third largest ocean-draining watershed in San Mateo County. Arroyo Leon Creek provides essential suitable habitat to sensitive species including steelhead, coho salmon, and California red-legged frog. The property supports viable coastal agriculture through a cattle grazing lease to a local rancher for the past 20 years over approximately 311 acres of the property. Johnston Ranch is one of the last remaining gaps in connectivity of protected open space from the Santa Cruz Mountains ridgelines to the coast and is in close proximity to Burleigh H. Murray Ranch State Park, Miramontes Ridge Open Space Preserve, and Wavecrest Open Space Preserve (Exhibit 1). The property's coastal hills form the backdrop of the southern half of Half Moon Bay, providing scenic open space views to residents and visitors traveling along Highway 1 as they enter Half Moon Bay.

Johnston Ranch was slated to be developed into a golf course and luxury homes, until the Peninsula Open Space Trust (POST) purchased the Ranch in 1999 and 2001. POST has since been unable to transfer the property to an entity for long-term management and stewardship. Midpen's 2014 Vision Plan includes protecting Arroyo Leon watershed as land becomes available. Midpen is now prepared to take on ownership of the upland portion of Johnston Ranch and further its braided mission to preserve a regional greenbelt of open space land, protect and restore the natural environment, preserve rural agricultural land, and provide opportunities for ecologically sensitive public access—all of which will be accomplished on the property.

Through the proposed project, Midpen will acquire 644-acres comprising the upland portion of the Johnston Ranch, and POST will retain the 224-acre lowland portion of the Ranch that is and will remain as cropland (Exhibit 1). This division is optimal as Midpen has experience managing upland conservation properties with grazing land like this property, while POST has the expertise to support sustainable farmlands. Before POST can transfer the property to Midpen, the Ranch must be subdivided. Midpen and POST have submitted a land division application to San Mateo County and are awaiting approval. The 644-acre property Midpen will acquire will be added to Midpen's Miramontes Ridge Open Space Preserve. Midpen will continue leasing to the grazing operations on the property to support sustainable coastal agriculture.

Midpen's acquisition of the Johnston Ranch uplands will provide a first step in the long-term management of the property to protect and enhance open space, agricultural value, habitat, water, and other natural resources. Midpen has begun identifying potential activities to achieve these goals for the property, including:

- Removing or modifying abandoned concrete flashboard dams in the Arroyo Leon Creek channel that act as fish passage barriers in order to increase steelhead habitat.
- Removing invasive species in the Arroyo Leon Creek channel.
- Improving the existing agricultural stock pond for water storage to reduce stream diversions from Arroyo Leon Creek and improve California red-legged frog habitat.

- Improving the existing on-site overflow channel from the existing stock pond to Arroyo Leon Creek to reduce sediment entering the creek.
- Developing a conservation grazing plan compatible with habitat protection and enhancement goals and public access on the property.
- Developing a carbon farming plan to increase carbon sequestration and improve soil fertility, groundwater recharge, water retention and reduce erosion and sediment load to the watershed.
- Conducting trail planning for potential low-intensity public use, which could potentially include serving as a segment of the Bay to Sea Trail and a connection to the California Coastal Trail and downtown Half Moon Bay.

The proposed acquisition of the property will protect the property's scenic coastal hillsides, viable working lands, future trail connections, and ensure long-term stewardship of its sensitive natural resources, including anadromous fish and California red-legged frog habitat along Arroyo Leon Creek. Once the land division application is approved, Midpen is prepared to acquire and begin stewardship of the property.

Site Description: The 644-acre portion of the Johnston Ranch proposed for acquisition by Midpen is located along the southeastern city limits of Half Moon Bay in coastal San Mateo County and accessed by Higgins Canyon Road. The property offers excellent ocean views and forms the backdrop of the southern half of Half Moon Bay (Exhibit 2). The landscape ranges from lowlands to rolling coastal hills with areas of California annual grassland mixed, coyote brushland, and other deciduous shrubs.

The property is within the larger Pilarcitos Creek watershed, the third largest coastal-draining watershed in San Mateo County. Approximately 1.2 miles of Arroyo Leon Creek flow through the property and provide potential spawning and rearing habitat for federally threatened steelhead trout. Two known fish passage barriers exist at in-stream flashboard dams within Arroyo Leon Creek, which are proposed to be addressed with future restoration efforts. The property contains 45 acres of riparian habitat and an off-stream agricultural pond also supports habitat for the federally threatened California red-legged frog. Several mammal species, including deer, coyotes, bobcats, and mountain lions use the property as habitat as well as a wide variety of small mammals, birds, and other species.

Of the 644-acres of Johnston Ranch that Midpen will acquire, approximately 311 acres are leased to a local rancher for cattle grazing, which is primarily on the northern half of the property, north of Higgins Canyon Road. Improvements on the northern half of the property include two stock ponds, a developed spring with a water distribution system, a refurbished hay barn, two small corrals, perimeter fencing, and a network of ranch roads. South of Higgins Canyon Road the property contains a seven-acre field that is used for cultivating hay for supplemental feed and is included in the grazing lease. The remainder of the southern half of the property has not been grazed for over 20 years and contains no improvements.

The property provides scenic open space views visible from the City of Half Moon Bay and Highway 1. The iconic Johnston House, a historic New England saltbox-style house that serves as a landmark to many who live on or visit the coast, is located immediately adjacent to Johnston Ranch and is open to the public for docent-led tours. The City of Half Moon Bay

is planning for a pedestrian and bike trail that will connect downtown Half Moon Bay with the Johnston House along Higgins Canyon Road, utilizing a series of easements that the City acquired. The Johnston Ranch property serves as a greenbelt for the City of Half Moon Bay as it is located in close proximity (within 2 miles) of shops, restaurants, a community center, several schools, a new public library, a center for seniors and adults with disabilities, and senior housing.

Grant Applicant Qualifications: Midpen has nearly 50 years of experience managing natural resources and public open space. Midpen owns and manages a regional greenbelt system of 65,000 acres of land, 26 open space preserves with diverse habitat, ranging from wetlands to redwoods forests, and over 246 miles of trail. Staff consists of over 175 employees across eleven departments including senior planners with extensive CEQA experience, natural resources specialists with expertise in resource ecology, and Land and Facilities field staff with experience in vegetation and fire management. Midpen has a successful history managing grants from State agencies and effectively using funding to plan and implement natural resource, public access, and conservation acquisition projects. Over the past decade, Midpen has received grants from the Conservancy for the Silva Acquisition (Russian Ridge Open Space Preserve), Bay Area Ridge Trail - El Corte Madera Trail and Staging Area, Mount Umunhum Environmental Restoration and Public Access Implementation, Purisima to Sea Trail Planning, and Wildland Fire Resiliency Program. Midpen displays strong capacity to own and manage the property and complete future phases of restoration and public access.

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 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 644 acres of important coastal watershed will be permanently protected by this acquisition. The project also supports the California Water Action Plan goals "to protect and restore important ecosystems" as the project will protect suitable habitat for a number of threatened and sensitive species including steelhead trout, coho salmon, and California red-legged frog. The project will also support the state's draft Natural and Working Lands Climate Smart Strategy by protecting agricultural land from development and continuing conservation grazing on the property. The project is a good investment of state resources as it fulfills multiple state goals, leverages \$4.1M of local funding, and is supported by state and local legislators.

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.

In 2020 the Conservancy sent letters to California Native American tribes in San Mateo County inquiring if any tribes would like to initiate tribal consultation on the proposed project and no tribes responded. Midpen plans to reach out to local tribal groups when public access and trail planning process is initiated for Johnston Ranch, expected in 2023 or 2024.

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

The proposed project will permanently protect the property, protecting habitat for threatened and sensitive species that face increasing threats. The property provides habitat connectivity along Arroyo Leon Creek and to adjacent protected open spaces from the Santa Cruz Mountains ridgeline to the coast, supporting the resiliency of species to adapt as climate changes. Midpen plans to develop a carbon farming plan to increase carbon sequestration and improve soil fertility, groundwater recharge, water retention and reduce sediment load to the watershed. The project is located in upland areas that will not be affected by sea-level rise.

5. Project delivers multiple benefits and significant positive impact.

The proposed acquisition will deliver multiple benefits including permanently protecting 1.2 miles of anadromous fish habitat in a critical coastal watershed, keeping grazing working lands in production, protecting scenic open space adjacent to the City of Half Moon Bay, and providing for future trail connections for the Bay to Sea Trail and the California Coastal Trail. The property is ideally located to connect people to parks and wildlife areas given its proximity to local residents, the downtown area, a community center, several schools, a new public library, and a center for seniors and adults with disabilities, all of which are within 2 miles of the property.

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

In the 1990s, POST responded to community concerns and purchased the Johnston Ranch as an interim solution to prevent a significant threat of development. A consortium of owners had acquired the land to develop a golf course and high-end housing. In response to the community's concerns, POST purchased the property to prevent an immediate loss of farmland and scenic coastal uplands that define the rural character of the region.

Acquisition of Johnston Ranch is part of a priority project identified in Measure AA, a \$300 million bond passed by constituents in 2014 that goes toward a wide range of priority projects identified in Midpen's 2014 Vision Plan developed with extensive community engagement. This proposed acquisition advances Portfolio #1 of the Vision Plan for Miramontes Ridge: Gateway to the Coast Public Access, Stream Restoration and Agricultural Enhancement.

The proposed project is supported by Assemblymember Kevin Mullin, Assemblymember Marc Berman, San Mateo County Supervisor Don Horsley, California State Parks, San Mateo County Parks, San Mateo Resource Conservation District, City of Half Moon Bay, Green Foothills, Coastside Land Trust, Bay Area Ridge Trail, and POST (Exhibit 3).

PROJECT FINANCING

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| Coastal Conservancy | \$500,000 |
| Midpeninsula Regional Open Space District | \$4,100,000 |
| California State Parks – Habitat Conservation Fund | \$200,000 |
| Project Total | \$4,800,000 |

Conservancy funds for the acquisition of the Johnston Ranch property are expected to come from an appropriation to the Conservancy from the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1, Water Code section 79700 et seq.). Funds appropriated to the Conservancy 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 for these funds, which include: protecting and restoring coastal watersheds, including, but not limited to bays, marine estuaries, and nearshore ecosystems (79732(a)(10)); and protecting and restoring rural and urban watershed health to improve watershed storage capacity, forest health, protection of life and property, stormwater resource management, and greenhouse gas reduction (79732(a)(9)). The proposed project will protect and facilitate future restoration of 644 acres of an important coastal watershed in San Mateo County.

As required by Proposition 1, the proposed project provides multiple benefits, including protection of natural resources, conservation grazing, scenic open space, and additional recreational opportunities for the region. 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 \$4.1 million in local funding.

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 644-acre property was appraised at \$5,500,000 in an independent fair market appraisal. Peninsula Open Space Trust is providing a bargain sale of the property for a purchase price of \$4,800,000 (a gift value of \$700,000). Midpen is contributing \$4,100,000 in funding for the acquisition from local funding Measure AA, which was a bond measure passed by local voters in 2014. California Department of Parks and Recreation is providing \$200,000 of Habitat Conservation Funds towards the acquisition of the property. These other sources of funding listed above are provided as estimates. The Coastal Conservancy does not typically require matching funds nor does it require documentation of expenditures from other funders. Typical grant conditions require Grantees to provide any funds needed to complete the project.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

The proposed authorization is consistent with the purposes and objectives of Chapter 5.5 of Division 21 of the Public Resources Code, regarding improving and protecting coastal and marine water quality and habitats (Section 31220). Section 31220(a) permits the Conservancy to provide grants for coastal watershed and coastal water quality protection projects, if the projects meet one or more of the objectives detailed in Section 31220(b). Pursuant to Section 31220(b)(2), the Conservancy is authorized to undertake a project or award a grant for a project that protects fish and wildlife habitat in a coastal watershed. The proposed acquisition will protect 644 acres of a coastal watershed, which includes spawning and rearing habitat for federally threatened steelhead trout and potential habitat for other special status species

As required by Section 31220(a), the Conservancy has consulted with the State Water Resources Control Board to ensure consistency with Section 30915 of Chapter 3 of Division 20.4 of the Public Resources Code. As required by Section 31220(c), the project is consistent with an Integrated Watershed Management Program. See "Consistency with Local Watershed Management Plan" section, below. Also as required by Section 31220(c), the project will include a monitoring and evaluation component consistent with the Conservancy's acquisition monitoring requirements, which requires the property owner to periodically report on the condition of the property when requested by the Conservancy in perpetuity.

CONSISTENCY WITH CONSERVANCY'S [2018-2022 STRATEGIC PLAN](#) GOAL(S) & OBJECTIVE(S):

Consistent with Goal 5, Objective 5A of the Conservancy's 2018-2022 Strategic Plan, the proposed project will protect 644 acres of a significant coastal and watershed resource property on the San Mateo coast at Johnston Ranch.

Consistent with Goal 5, Objective 5b of the Conservancy's 2018-2022 Strategic Plan, the proposed project will protect approximately 311 acres of working lands at Johnston Ranch that will be continued to be used as rangeland and grazed under Midpen ownership.

Consistent with Goal 5, Objective 5C of the Conservancy's 2018-2022 Strategic Plan, the proposed project will preserve fish and wildlife corridors from the coast to inland habitat areas in the Santa Cruz Mountains along Arroyo Leon Creek in the larger Pilarcitos Creek watershed.

CONSISTENCY WITH LOCAL WATERSHED MANAGEMENT PLAN/STATE WATER QUALITY CONTROL PLAN:

Projects authorized pursuant to Chapter 5.5 of Public Resources Code Division 21 (Section 31220) must be consistent with an Integrated Watershed Management Program, local watershed management plans, or water quality control plans adopted by the state and regional water boards. The proposed acquisition is consistent with the San Francisco Bay Area Integrated Regional Water Management Plan (IWRM)'s goals to protect and improve watershed health and function, and to create, protect, enhance, and maintain environmental resources and habitats. The proposed project will protect 644 acres of the larger Pilarcitos Creek watershed, an important coastal draining watershed. The project is also consistent with the

Pilarcitos Integrated Watershed Management Plan including goals to protect federally-listed steelhead trout and other native aquatic and riparian species, manage stream channel corridors to reduce erosion, sedimentation, and flood risks; and increase native riparian vegetation. Acquisition of the property will protect 1.2 miles of Arroyo Leon Creek and will enable long-term stewardship of its sensitive natural resources, including anadromous fish and California red-legged frog habitat.

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 exempts acquisitions for the purposes of preserving existing natural conditions, allowing continued agricultural uses, allowing restoration of natural conditions, and preserving open space for park purposes. The proposed project will preserve fish and wildlife habitat, enable future restoration of natural conditions, allow continued grazing on the property, and preserve open space for park purposes in the form of potential future public access trails.

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