

SANTA BARBARA COUNTY AGRICULTURAL ADVISORY COMMITTEE
Update for the Santa Barbara Ranch Project

Meeting Date: April 2, 2008
Staff Report Date: March 25, 2008
Case Nos.: 03DVP-00000-00041
Environmental Document: Environmental Impact Report

Supervisorial District: Third
Staff: Dianne Black, Development Services Director
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REQUEST

Request by County staff that the County Agricultural Advisory Committee receive an update on the Santa Barbara Ranch Project as a follow-up to a previous briefing provided on August 10, 2006.

2.0 RECOMMENDATION AND PROCEDURES

Staff recommends that the Agricultural Advisory Committee take the following actions:

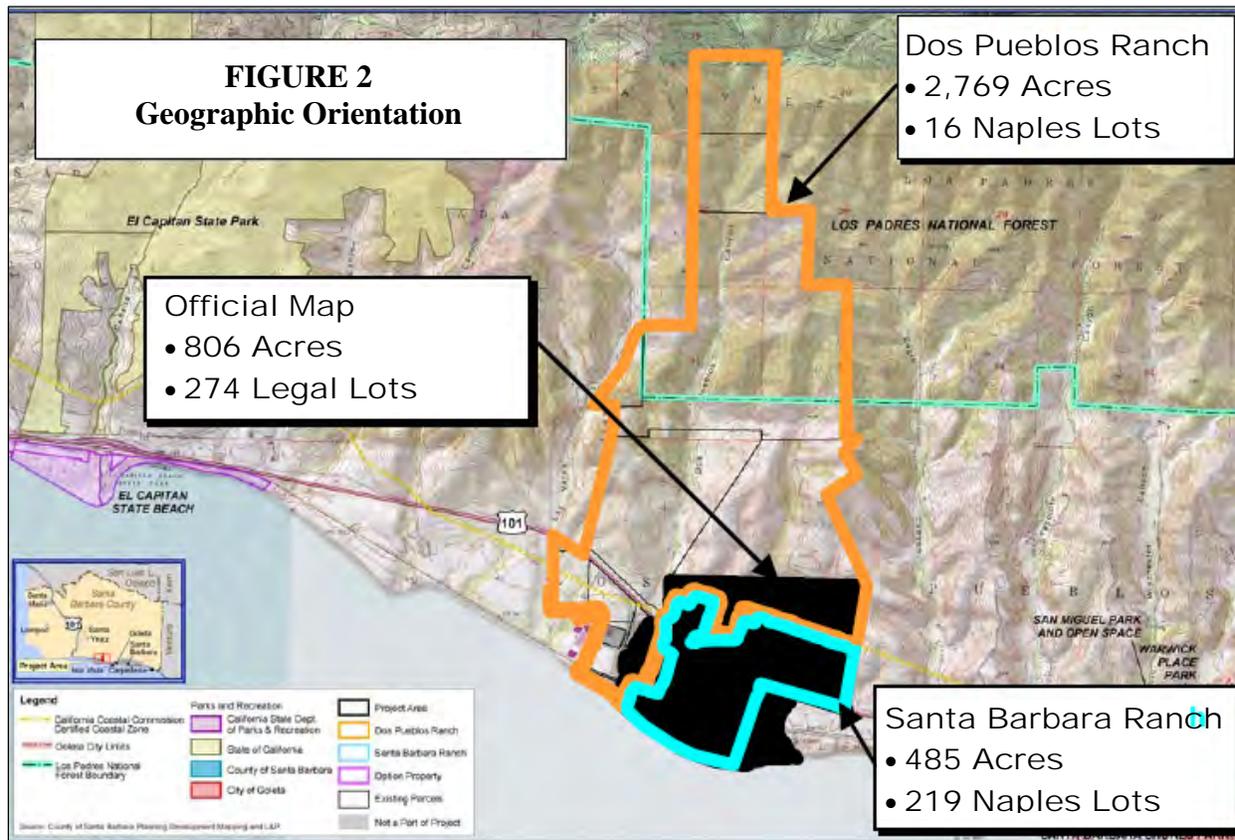
1. Receive informational briefing from County staff;
2. Ask and receive answers to questions; and
3. Provide feedback as deemed appropriate.

3.0 BACKGROUND

3.1 Project Overview

3.1.1 Setting. Existing land use and zoning designations for the Naples town site consist primarily of commercial agriculture, with minimum lot size requirements ranging from

10 acres (“U” zone designation for inland lots) to 100 acres (AG-II-100 zone designation for coastal lots) for each parcel. This translates to a hypothetical residential development potential of 14 lots that is far less than the 274 legal lots recognized in the 1995 Official Map of Naples. In short, existing agricultural land use designations and implementing zoning ordinances at Naples do not align with the residential lot densities already in existence. As a means of resolving this conflict, the County’s Coastal Land Use Plan (“CLUP”) contains policy language that is expressly and solely applicable to Naples. Policy 2-13 was adopted in 1982 at the time of the certification of the County’s Local Coastal Program and provides for a re-designation of land use in the event that development rights cannot otherwise be directed to more appropriate urban locations.



3.1.2 Project Summary. In furtherance of Policy 2-13, and in the common interest of staying litigation against the County and preventing piecemeal development of Naples lots, the County and owners of the Santa Barbara Ranch entered into a court approved Memorandum of Understanding (“MOU”) in late 2002, setting forth a protocol and structure for the submission of project applications as a part of a potential global resolution of pending and threatened litigation. The MOU does not create entitlements, rights or approvals, and does not impair the County’s ability to enforce its applicable ordinances, resolutions, policies or statutes. However, it does recognize the Official Map of Naples and the right of property owners to pursue development of any or all of the 274 legal lots. Furthermore, it provides a protocol and a schedule for the County to entertain applications for development and conservation at Naples. In this regard, two primary development scenarios are under consideration:

- **Santa Barbara Ranch Project (MOU Project).** The MOU Project consists of a large lot residential development and associated land use changes on Santa Barbara Ranch (“SBR”) totaling 485 acres and encompassing 80% of the lots comprising the Official Map. The MOU Project would result in 54 new large lot single family residences and includes an equestrian center, agricultural support facilities, a worker duplex, public amenities (including access road, parking and restroom, hiking, biking, equestrian trails near the coastal bluff, an educational kiosk and a coastal access stair structure), and creation of conservation easements permanently protecting 163 acres for agricultural uses and 169 acres for open space.

- **Alternative 1 Project (Alt 1).** Alt 1 is proposed for review by the applicant at a project-level detail for purposes of evaluating alternatives to the MOU Project under the California Environmental Quality Act (“CEQA”). As proposed, Alt 1 comprises the 485-acre SBR property plus the adjacent 2,752-acre Dos Pueblos Ranch (“DPR”), together encompassing 85% of the lots comprising the Official Map. Alt 1 would include development 72 new large lot single family residences and includes an equestrian center, agricultural support facilities, a worker duplex, public amenities (including access road, parking and restroom, hiking, biking, equestrian trails near the coastal bluff, an educational kiosk and a coastal access stair structure), and creation of conservation easements permanently protecting 2,634 acres for agricultural uses and 282 acres for open space.

3.2 Project Status

3.2.1 Overview. Applications for the MOU Project were formally accepted for processing on September 3, 2004. This action was followed with the release of a Draft Environmental Impact Report (“DEIR”) on June 28, 2006, followed by a Revised DEIR in November 2007. Responses to comments on the RDEIR are presently under preparation with a release expected within the next two months. Project hearings before the Planning Commission and Board of Supervisors are scheduled to begin in early summer with final action anticipated by fall. During the intervening time between release of the original DEIR and present, the Santa Barbara Ranch Project has been the subject of numerous meetings with the Board of Architectural Review and Agricultural Preserve Advisory Committee. Both bodies have since completed their initial tasks and await the outcome of Commission and Board deliberations.

3.2.2 Agricultural Preserve Advisory Committee. The County’s Agricultural Preserve Advisory Committee (“APAC”) is advisory to the Board of Supervisors on matters concerning the Uniform Rules, including new WA contracts, renewals and cancellations. Insofar as Alt 1 includes a WA contract cancellation, APAC was consulted on the easement exchange proposal. Staff met with APAC on eight occasions over a seven month period. After several hearings, APAC concluded that the proposed easement exchange under Alt 1 meets the criteria prescribed under State statutes and the County’s Uniform Rules. While there is no legal requirement for the Agricultural Advisory Committee to be involved in the WA-ACE Easement Exchange, staff welcomes any comments the Committee wish to offer.

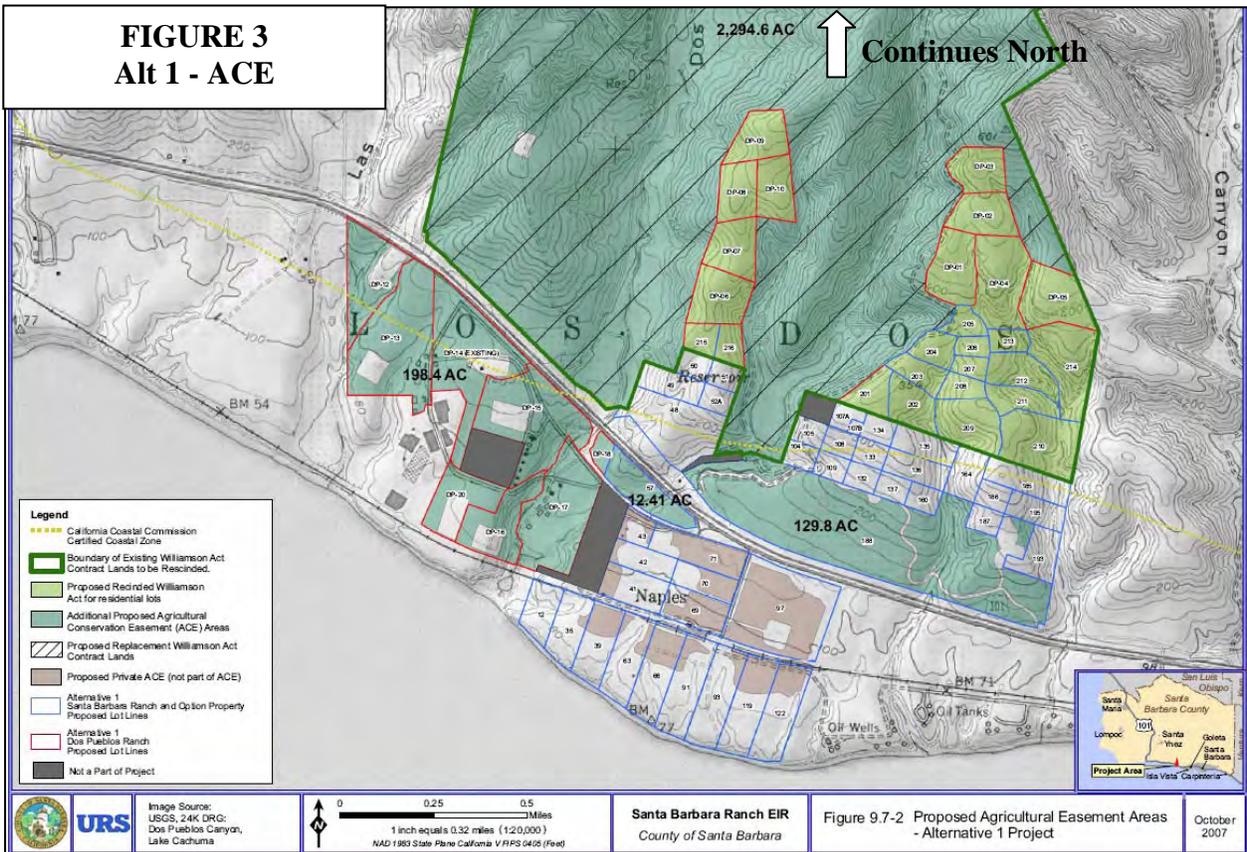
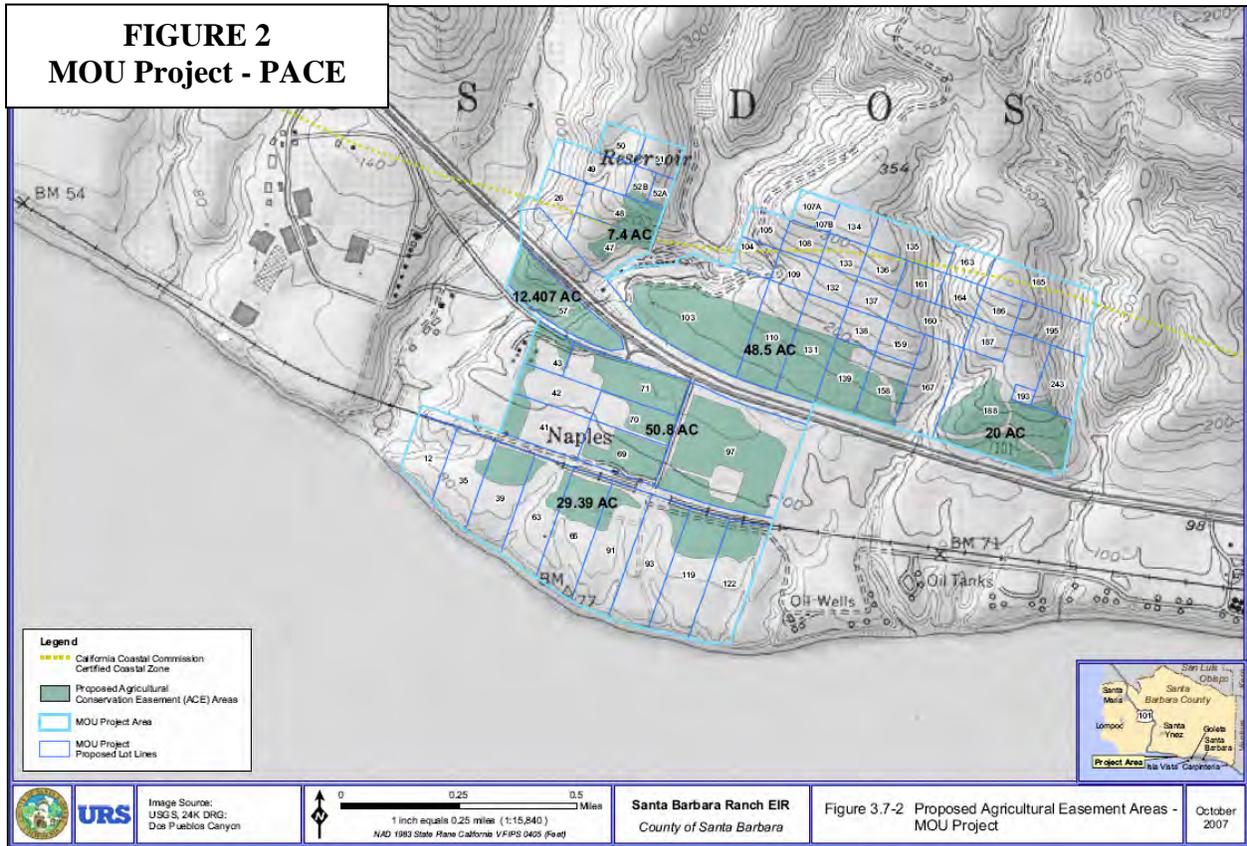
4.0 AGRICULTURAL RESOURCES

4.1 Introduction

4.1.1. Project Proposal. Most of the project area is presently comprised of undeveloped open space and agricultural operations (predominately grazing and orchards). There are no Williamson Act (“WA”) contracted lands within the SBR property, whereas, 2,566 out of the 3,237 acres of the total area comprising Alt 1 are under WA contract (Contract Number 77-AP-014), which applies to all DPR property north of Highway 101. Under the MOU Project, 163 acres would be placed into a Private Agricultural Conservation Easement (“PACE”; Figure 2). The PACE is intended to prevent the splitting of agricultural operations into multiple small ranchettes which may be too small to be agriculturally viable if operated independently. While individual homeowners would retain ownership of land within the PACE, the orchards and commercial production would be operated as a single unit, with restrictions to ensure that impediments to agriculture, such as cross-fencing between lot lines, are not allowed.

4.1.2 Easement Exchange. A distinguishing feature of Alt 1 is a proposed conservation easement exchange under the authority of Government Code Section 51256 et.seq. Under this statute, the applicant/landowner proposes to cancel WA Contract #77AP14 and simultaneously: (i) place 2,304 acres that are presently under contract (“WA Remainder”) into a permanent Agricultural Conservation Easement (“ACE”), along with 340 additional non-contract acres that are currently unprotected, thereby bringing the total to 2,634 acres of agricultural acreage protected *in perpetuity* (“WA-ACE Easement Exchange”); and (ii) place the WA Remainder in a new contract (“New WA Contract”). The proposed ACE land would result in a net gain of 68 acres preserved for agricultural use as compared to the present acreage under Williamson Act contract. Tables 1 and 2 summarize areas that are currently under WA Contract #77AP14, the areas that would be taken out of contract and developed for residential uses, the areas within the proposed replacement contract (including lands that are not currently within WA Contract #77AP14), and the lands proposed to be within the ACE. Figures 3 and 4 display the geographic configuration of the Alt 1 proposal.

4.1.3 Comparative Attributes. The Williamson Act and Agricultural Conservation Easements both provide for preservation of agricultural land through use restrictions and preferable taxation practices. They differ in three primary respects: (i) WA contracts are voluntary with 10-year automatically renewable terms compared to ACE which encumbers land with covenants for protection of farmland for a minimum of 25 years (but the applicant is proposing to apply the ACE in perpetuity); (ii) WA contracts are administered under the County’s Uniform Rules while ACE covenants are held by an independent third party trustee for monitoring and enforcement purposes; and (iii) allowable uses of farmland under WA are stipulated in the County’s Uniform Rules while use restrictions under ACE are tailored for each property in consultation with DOC. Under the MOU Project, the PACE would be comparable in scope and duration of restrictive covenants as that described for the ACE.



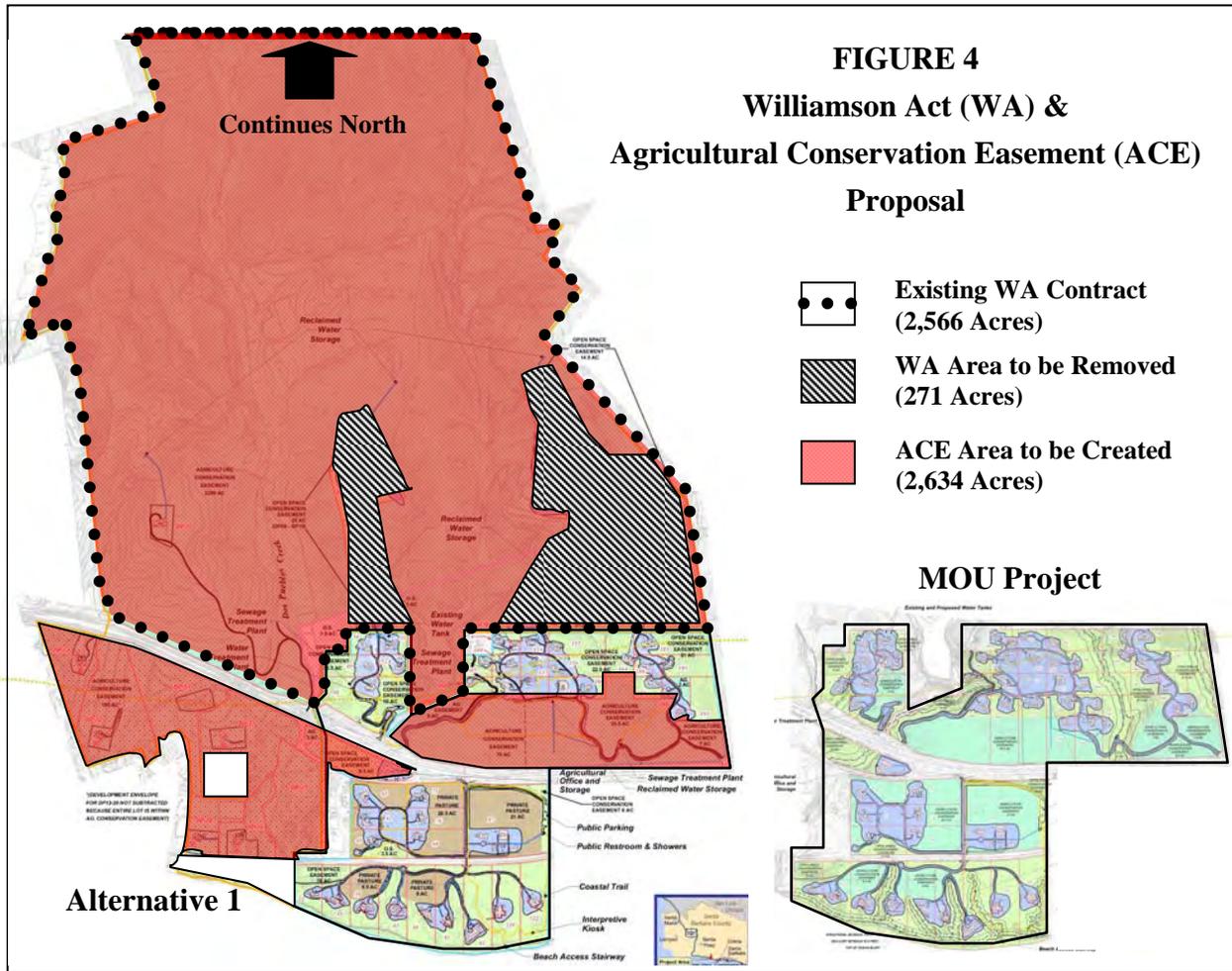


TABLE 1 Alt 1 Agricultural Summary	Total Land		Prime Agricultural Land	
	In WA	In ACE	In WA	In ACE
Existing Condition	2,566	0	517	0
Proposed Project	2,295	2,634	437	596
Net Change	(271)	+2,634	(80)	+596

TABLE 2 Alt 1 Change in Total and Prime Agricultural Land	Total Ag Land	Class Iie Soils Only	Prime Agricultural Land		Total Acres
			Mapped Farmland		
			With Class Iie Soils	With No Class Iie Soils	
Current Williamson Act	2,566	30	68	419	517
Proposed ACE	2,634	80	92	423	596
Net Change	+68	+50	+24	+4	+79

Source: RDEIR, URS Corporation, November 2007.

Notes: Figures are current as of March 20, 2008, and reflect project modifications evaluated in the RDEIR (e.g., elimination of buildings on Lot 57, removal of Lot DP-19 from the project and miscellaneous site modifications. These figures supersede and replace all prior tabulations.

4.1.4 Approval Process. The Williamson Act Easement Exchange Program (“WAEEP”) is administered by the State Department of Conservation (“DOC”) and combines procedural elements of the WA and California Farmland Conservancy Program. Under a standard WA cancellation, the County retains jurisdiction and the landowner pays a cancellation fee equal to 12-1/2% of the unrestricted market value of the contract land, *subject to comment* from State DOC. Under the Exchange process, the applicant simultaneously rescinds the WA contract (along with waiver of the cancellation fee) and places other land under an ACE, *subject to final approval* by State DOC. Locally, the WA-ACE Easement Exchange process is proposed to follow three basic steps – Agricultural Preserve Advisory Committee recommendation, Planning Commission recommendation and Board of Supervisors approval. Between the time of Planning Commission action and Board approval, appraisals must be furnished by both the County Assessor and landowner to establish fair market value of the exchange. In addition, State DOC must be notified a minimum of 30 days in advance of Board action. The Board’s tentative decision does not become final until after State DOC has granted its approval.

4.1.5 Exchange Parameters. Under WAEEP, three fundamental tests must be met: (i) the easement land must be the same size or larger than the land under contract; (ii) the easement land must be at least equal in quality to the land under contract; and (iii) the easement must have a value equal to or more than the amount of the cancellation fee. The determination of easement value is a step to be completed later in the process under the shared jurisdiction of the County Board and State DOC. In regard to the quality and quantity of exchanged land, Figures 4 and 5 articulate the numeric and geographic implications of the proposed transaction. It is expressly noted that the acreages appearing in Tables 1 and 2 reflect gross tabulations, without deducting for existing or proposed development envelopes. This computation is consistent with the California Farmland Conservancy Program and administrative practice of State DOC. In summary, the WA-ACE Easement Exchange would: (i) maintain or increase the total area of land under protection (increase from current 2,566 acres to proposed 2,634 acres); and (ii), maintain or improve the quality of land under protection (increase in prime agricultural land under protection from 517 acres in the current WA contract to 596 acres within the proposed ACE). The increase in prime agricultural land under protection would be 79 acres.

4.1.6 CEQA Considerations. For purposes of CEQA, the loss of prime agricultural land is considered a significant impact that must be mitigated. Methods of mitigation may include: (i) placement of unprotected agriculturally productive land into a permanent conservation easement (above and beyond the land required to exchange existing contract land); (ii) donation of mitigation fees to finance acquisition and stewardship of agricultural conservation easements elsewhere; and (iii) cultivation of protected agricultural land not currently in production. Under Alt 1, 63 acres of prime agricultural land would be lost to development. Mitigation for this loss is provided by the “*extra*” 79 acres of prime agricultural land to be preserved.

4.2 Issue Summary

4.2.1 Agricultural Viability. Among the findings required for a WA-ACE Easement Exchange is the ability to sustain commercial agricultural production. This finding turns on a number variables including product marketability, supporting infrastructure, agricultural support services and parcel sizes. Key factors in support of APAC's findings include: (i) historical records of production; (ii) replacement of less productive land with more acreage, superior in both soil quality and productivity; and (iii) management practices tied to parcel area and production thresholds. In specific regard to the later, APAC conditioned its determination on the requirement that individual owners of parcels included within the ACE be required to: (i) provide financial support (through a cooperative or equivalent mechanism) for essential infrastructure including storage facilities, farm equipment, water distribution systems and agricultural employee housing; (ii) employ best management practices with regard to all agricultural operations; and (iii) retain a professional manager in the event that production levels fall below prescribed thresholds. Financial support of land trust administration, maintenance of agricultural infrastructure and professional agricultural management (if exercised) would be accomplished by parcel assessments, CC&R levies or comparable secured obligations.

4.2.2 Use Restrictions. A distinguishing feature of the ACE compared to WA contracts is the recording of use covenants and subsequent monitoring of protected land. To ensure that protections are comparable to those provided under the Uniform Rules (particularly for DPR south of Hwy 101 which would not be encumbered by a replacement WA contract), APAC required that it be consulted before final Board action as to: (i) the language of the proposed easement agreement; (ii) the identity and qualifications of the trustee(s) to administer the ACE; and (iii) the terms and conditions of the Open Space and Habitat Management Plan ("OSHMP"). In specific regard to use restrictions, APAC again conditioned its findings with the proviso that use and improvements within the ACE shall substantially conform to the County's Uniform Rules, comply with zoning requirements applicable to the property and embody the specific use limitations contained in Attachment I, Exhibit "C". The applicant/landowner has since prepared a draft easement agreement that is presently under discussion with the State DOC and prospective easement holder (Attachment J). Following Planning Commission action, and before proceeding to the Board, the proposed WA-ACE Easement Exchange will be returned to APAC for final review and recommendation.

4.2.3 Non-Conforming Conditions. The area of the proposed ACE is presently improved with a variety of existing agricultural buildings, employee dwellings and ranch residences (Table 3). Of these, the ranch residences and existing agricultural buildings are listed principal permitted uses under the agricultural zoning applicable to the property. Employee dwellings, on the other hand, are allowed either by Minor Conditional Use Permit for four or fewer dwellings, or by Major Conditional Use Permit for farm labor dwellings housing five or more employees. A research of records indicates that the existing employee dwellings are not covered by either a Major or Minor CUP. As such, APAC conditioned its findings the requirement that: (i) the applicant/landowner shall obtain, if required, the appropriate permits necessary to remedy the non-conforming condition, use and improvement of all existing dwellings located on lands contained within the WA-ACE Easement Exchange and WA Remainder in compliance application provisions of the County's Land Use and Development Code; and (ii) use restrictions

shall be imposed as part of the ACE easement language, limiting the occupancy of employee and farm labor housing to persons retained by the underlying property owner(s) to perform agricultural services for property within the ACE.

TABLE 3 Existing Conditions			
Lot #	Structure Description	Bldg. Sq. Ft.	Construction Date
DP-11	Reservoir (2)	n.a.	Unknown
	Barns/Corals	Unknown	Unknown
	Employee House 1-North	1,385	Unknown
	Employee House 2-North	4,530	Unknown
	Employee House 3-North	1,980	Unknown
	Employee House 4-North	2,590	Unknown
	Employee House 5-North	1,370	Unknown
DP-12	None	n.a.	n.a.
DP-13	Metal Working Shop (Truck Garage)	4,599	1918
	New Maintenance Garage (Shop) (2)	5,055	1967
	Old Maintenance Garage (Shop)	4,630	1918
	West Horse Stable	5,375	Unknown
	East Horse Stable	8,615	1924
	Storage Barn No. 1 (Feed Storage)	1,665	1924
	Storage Barn No. 2 (Feed Storage)	1,620	1924
	Feed Mill Buildings (3)	780	Unknown
	Storage Shed/Maintenance Garage	11,975	1918
DP-14	Office	1,490	1926
	Gardens	n.a.	n.a.
	Guest Apts (2) Garage	2,595	1924
	Casa Grande (Main Residence; 1 st Floor Only)	3,870	1924
	Storage Shed	1,070	1954
DP-15	Long Garage No. 1 & Shed	2,095	Unknown
	Boarding House (Ranch No. 1)	4,359	1926
	Residence (Ranch No. 2)	878	Unknown
	Residence (Ranch No. 5)	1,050	Unknown
	Duplex (Ranch Nos. 6 & 7)	1,732	1930
	Duplex (Ranch Nos. 8 & 9)	1,732	1930
	Long Garage No. 2	1,120	Unknown
	Residence (Ranch No. 10)	1,050	Unknown
	Nicolas A. Den Adobe Features	878	Unknown
	Mobile Home Trailers (3)	2,390	Unknown
DP-16	Dos Pueblos Creek Bridge	n.a.	Unknown
	Employee House No. 12	3,470	Unknown

TABLE 3
Existing Conditions

Lot #	Structure Description	Bldg. Sq. Ft.	Construction Date
DP-17	Meatpacking Building & Garage (Meat House)	1,980	1947
	Pump House	88	1924
	Milking Barn & Silos (Dairy Barn)	3,320	1924
	Shop Building	1,180	Unknown
	Calving Barn (Bull Stalls)	5,415	1930
	Three Small Barns	6,000	Unknown
	Hay Barn	1,950	1924
	El Camino Real & Stage Coach Road Fragment	n.a.	Unknown
	Employee House No. 11	832	1926
	Aquaculture Facilities (Hatchery)	3,340	1992
	Employee Trailer 4	1,250	Unknown
	X-Mas Tree Office	490	Unknown
DP-20	None	n.a.	n.a.
SPR-57	None	n.a.	n.a.
SPR-188	None	n.a.	n.a.

Sources: County of Santa Barbara, Case Nos. 03DVP-00000-00041 and 05AGP-00000-00011; URS Corporation, RDEIR and Draft EIR for Santa Barbara Ranch Project, 2006 and 2007; County of Santa Barbara, County Assessor and Building Official; L&P Consultants, Agents for Applicant, 2006.

Note: Building square footage is estimated and based on several different sources. Where conflicts occurred in the data, the highest square footage figure was used.

4.3 References

4.3.1 Detailed Project Summary

[http://sbcountyplanning.org/PDF/projects/03DVP-00041/SBRanchProject-Detailed%20Summary\(9-12-07\).pdf](http://sbcountyplanning.org/PDF/projects/03DVP-00041/SBRanchProject-Detailed%20Summary(9-12-07).pdf)

4.3.2 WA-ACE Easement Exchange Informational Documents

(http://www.conservation.ca.gov/dlrp/lca/easement_exchanges/Pages/Index.aspx)

4.3.3 Agricultural Preserve Advisory Committee Staff Report and Findings

[http://sbcountyplanning.org/PDF/projects/03DVP-00041/Oct2006_Ag_Resource/APAC%20Staff%20Report%20\(Fully%20Updated%20for%20APAC%20meeting%20of%2004-6-07\).pdf](http://sbcountyplanning.org/PDF/projects/03DVP-00041/Oct2006_Ag_Resource/APAC%20Staff%20Report%20(Fully%20Updated%20for%20APAC%20meeting%20of%2004-6-07).pdf)

4.3.4 Revised Environmental Impact Report for Santa Barbara Ranch Project

<http://sbcountyplanning.org/projects/03DVP-00041/index.cfm>