



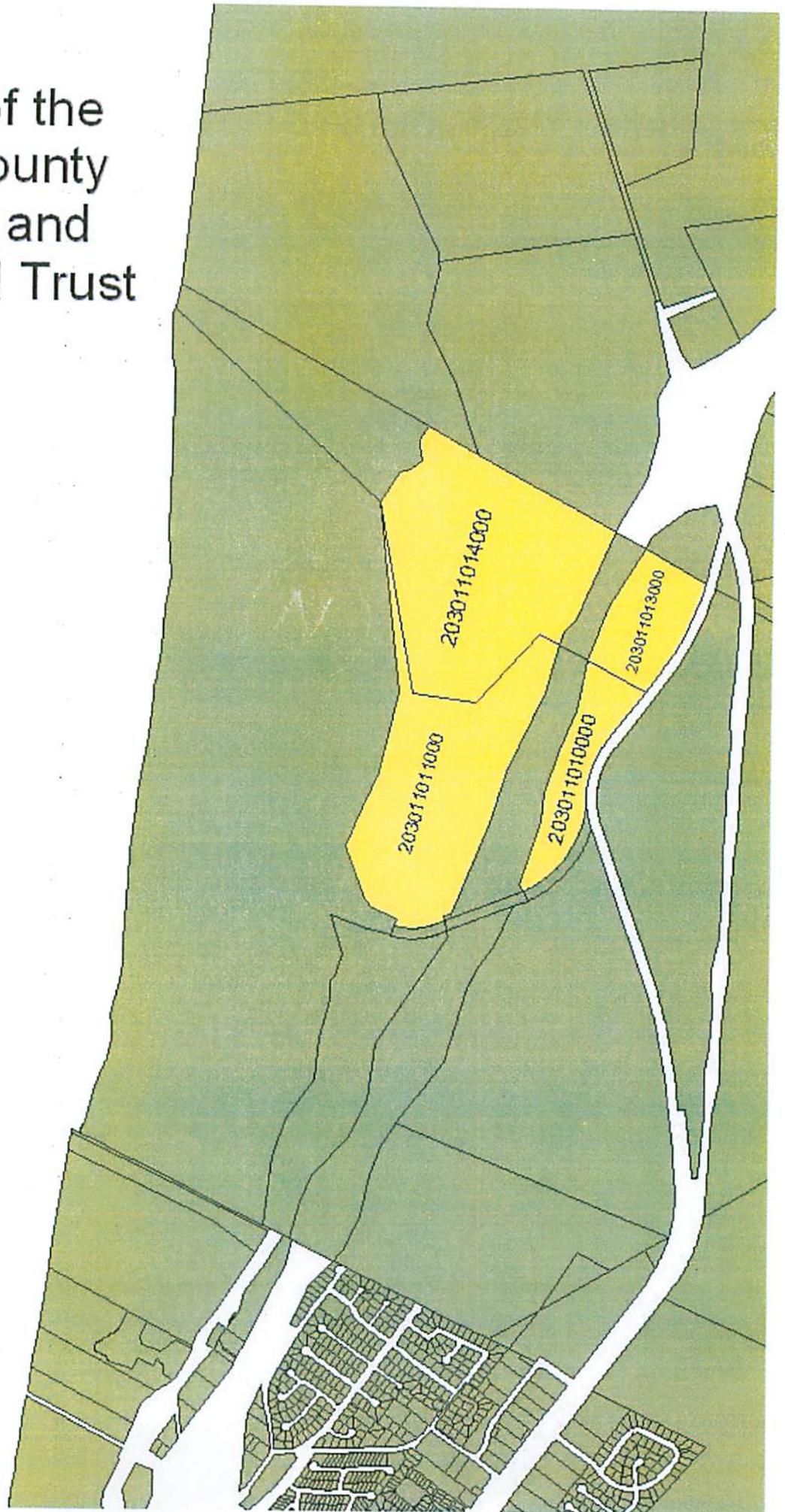
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EXHIBIT N

Properties of the Monterey County Agricultural and Historic Land Trust



Source:
Monterey County Assessor

2009

5-9
6-16-09

Monterey County Agricultural & Historical Land Conservancy, Inc.
("The Ag Land Trust")
Post Office Box 1731
Salinas, California 93902
Tel.: 831.422.5668 ~ Fax.: 831.758.0460

June 15, 2009

TO: Monterey County Board of Supervisors
RE: 16 June 2009 Agenda Items S-5 through S-10, inclusive
(Coastal Water Project MOUs)

Dear Chairman and Members of the Board,

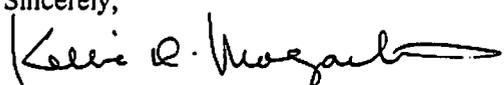
As stated in our past communications and correspondence to the Board of Supervisors (incorporated herein by reference), we believe the proposals/projects contemplated in the MOUs have the potential to negatively impact our property known as the "West Armstrong Ranch" (our 192 acre ranch located near Neponset Road and California Highway 1, north of Marina, California, see attached maps).

As the land trust, we have a duty to protect and maintain the West Armstrong Ranch, not only as a viability agricultural enterprise but as a main funding source for our trust in our mission to further agricultural land conservation as well.

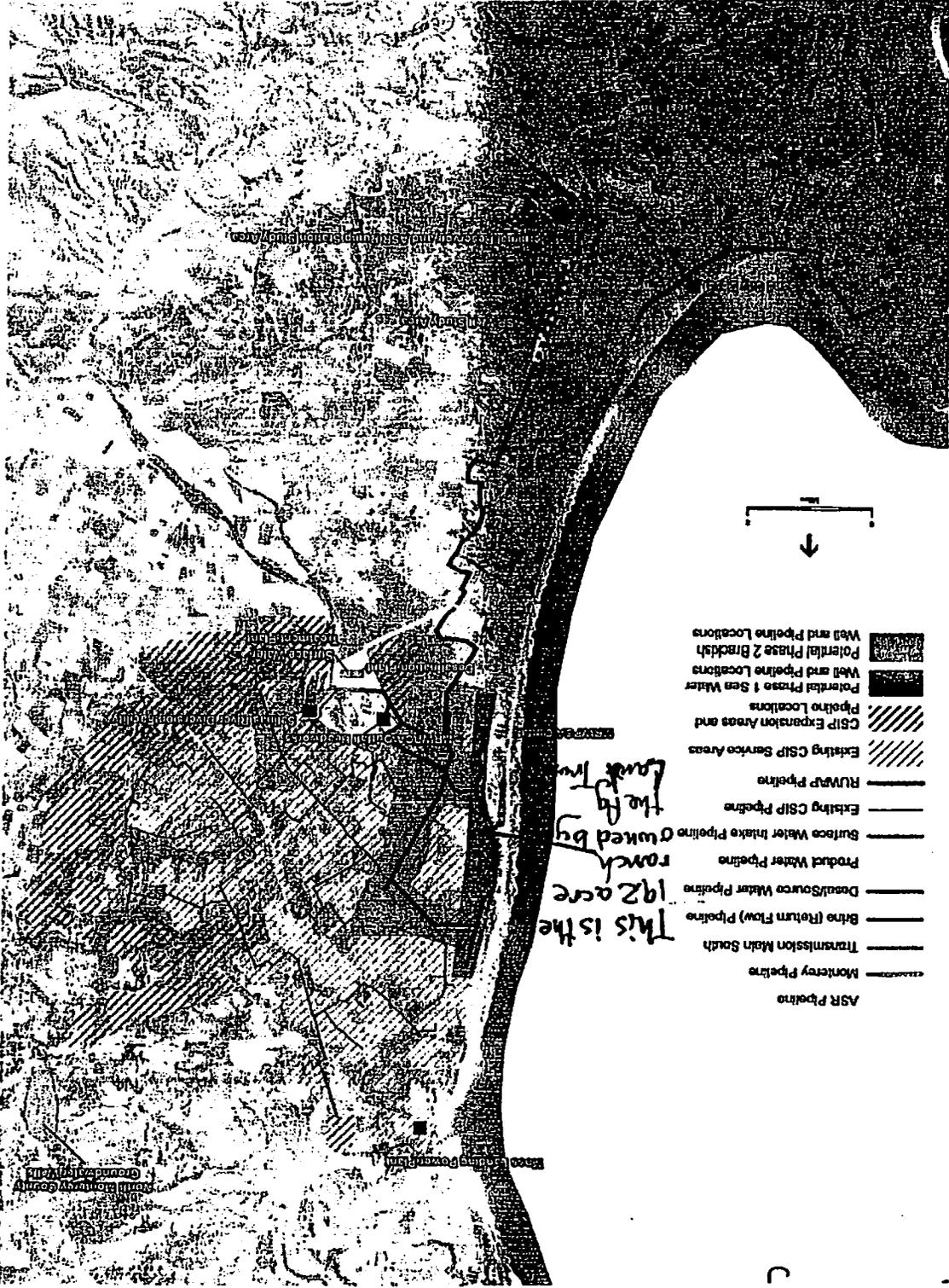
Agriculture represents over 40% of Monterey County's total economy. For agriculture and its related industries to survive, we must recognize the need to preserve and maintain agriculture's basic resource: land. Our Trust has exceeded the milestone of 20,000 acres in recorded easements since our inception in 1984. Our last nine recorded easements in 2007 and 2008 totaled 4,258 acres, bringing the total Monterey County farmland property under easement to just above 20,000 acres. Value of the annual agriculture productivity from these protected properties exceeds \$200,000,000 per year. For this agricultural land to prosper, we need water. Specifically, our West Armstrong Ranch's percolated groundwater supply is potable, with operational wells currently in use. Our groundwater resources are recognized as viable by local and state agencies and we are focused on keeping all water rights associated with the property on the property.

As far as we can determine from the various proposals presented, there are few, if any, water sources available (to the Monterey County Water Resources Agency and the MCWD) that do not include drawing water from our West Armstrong Property. These proposals have the potential to effect a taking of our water rights,¹

We understand your dilemma regarding water supply for Monterey County's citizens. We believe you also understand the need to meet with us to determine the necessary mitigations for any loss to the value and quality of our property. Good luck in your deliberations on this issue.

Sincerely,

Kellie D. Morgantini
Ag Land Trust Secretary

¹ Including but not limited to percolated groundwater rights, groundwater storage rights, land and property rights. As well, any project chosen, will necessarily require review under the California Environmental Quality Act (CEQA).



- ASR Pipeline
- Monterey Pipeline
- Transmission Main South
- Brine (Return Flow) Pipeline
- Dea/Source Water Pipeline
- Product Water Pipeline
- Surface Water Intake Pipeline
- Existing CSIP Pipeline
- RUMWP Pipeline
- Existing CSIP Service Areas
- CSIP Expansion Areas and Pipeline Locations
- Potential Phase 1 Sea Water Well and Pipeline Locations
- Potential Phase 2 Brackish Well and Pipeline Locations

This is the 192 acre ranch owned by the Big Lark Inc

South Monterey County

approval

Need

STATE COASTAL CONSERVANCY

Project Summary
October 18, 1991

MONTEREY COUNTY AGRICULTURAL PRESERVATION PROGRAM
ARMSTRONG RANCH ACQUISITION

File No. 84-33
Project Manager: Nadine Hitchcock

REQUESTED ACTION: Approve purchase of 192 acres of undivided interests and an option to purchase the remaining interests in the Armstrong Ranch #1 pursuant to the Monterey County Agriculture Preservation Program; and adopt findings of consistency with the adopted Program criteria.

LOCATION: Less than a mile south of the Salinas River, adjacent to Highway I, in Monterey County (Exhibit A).

PROGRAM CATEGORY: Agriculture

ESTIMATED COST: State Coastal Conservancy	
Acquisition Cost	\$870,000
(Portion of Undivided Interest)	
Appraisal and Closing Costs	25,000
Option Cost	100,000
(Remaining Undivided Interest)	
	<hr/>
Total Project Costs	\$995,000
(For Initial Acquisition)	
Future Costs-	
Remaining Undivided Interests	\$2,030,000

PROJECT SUMMARY: On August 16, 1984, the Coastal Conservancy approved the Monterey County Agricultural Preservation Program (Program) and awarded a \$1,000,000 grant to the Monterey County Agricultural and Historic Land Conservancy (MCAHLC) for the preparation and execution of an agricultural Program Plan (Plan). The award of the grant provided that the Conservancy approve future preservation projects, and make findings of consistency with the specific criteria set forth in the Program. The Plan was completed by MCAHLC and adopted by the Monterey County Board of Supervisors in 1986. The MCAHLC now requests approval of acquisition of approximately one-third undivided interests in Armstrong Ranch #1, and acquisition of a ~~five~~ year option to purchase the remaining interests. *See*

The Armstrong Ranch is identified as one of five key

preservation sites in the technical appendix of the Plan. Located at the southern end of the coastal agricultural portion of the Salinas Valley, it provides a critical buffer between the agricultural lands to the north, and urban encroachment from the City of Marina to the south; west, and near east of the property. The site is just outside the urban service boundary, but uniquely vulnerable to conversion because the southern 32 acres consist of sandy soils not suitable for artichokes; and because the proposed Draft Marina Dunes Plan identifies the disturbed dune area on the southwestern edge of the site as an appropriate area for concentrated visitor serving uses. Vehicular access to the commercial dune development will be located on the southern boundary of the Armstrong Ranch. Retention of the site in agriculture will provide protection to other important coastal resources, including the views along the designated scenic corridor of Highway 1, and an open space buffer for the sensitive dune habitat to the northwest of the site.

The project as structured, is for acquisition of nearly one third of the undivided interest of the entire property, and a five year option to purchase the remaining undivided interests at the current fair market value. Cal Artichoke is willing to sell partial interests in the Armstrong Ranch to enable them to purchase and cultivate additional agricultural properties, while continuing to farm the ranch through a leaseback long-term agreement. Acquisition of an undivided interest through the option period, provides Cal Artichoke with the financial resources for expanding their operation while providing short term if not long term protection of the site from urban encroachment.

The \$100,000 option money will be forfeited if sufficient funds are not available to complete acquisition of remaining interests. However, two scenarios are possible if the option is not exercised: the property will be divided from the remainder ranch and the MCAHLC will place an agricultural easement on it, thereby establishing a permanent critical buffer; or, Cal Artichoke will buy back the undivided interests at the then market rate, but not less than the amount for which it was acquired. As conditioned, these funds would be reimbursed to the Conservancy and subject to additional approval for re-use.

As proposed, management and use of the property during the option period will be in accordance to a management agreement. A conceptual agreement has been

signed by MCAHLC, Cal-Artichoke, Brown Bulb, and the Executive Officer of the Conservancy. The agreement provides for Cal-Artichoke to continue farming the existing artichoke fields, and Brown Bulb to develop the undeveloped sandy soils. It includes water conservation provisions, and identifies management and financial responsibilities as well as rights and liabilities.

*Need to
add description
of other items
about*

The project is widely supported by

STATE COASTAL CONSERVANCY

Staff Recommendation
October 18, 1991

MONTEREY COUNTY AGRICULTURAL PRESERVATION PROGRAM
ARMSTRONG RANCH ACQUISITION

File No. 84-33
Project Manager: Nadine Hitchcock

STAFF
RECOMMENDATION: Staff recommends that the State Coastal Conservancy adopt the following Resolution pursuant to Chapter 4, Sections 31150 *et seq.* of the Public Resources Code:

"The State Coastal Conservancy hereby approves the agricultural preservation project of the Monterey County Agricultural and Historic Land Conservancy (MCAHLC) to acquire undivided interests over 192 acres of agricultural land and a five year option to purchase the remaining interests (Monterey County Assessors Parcels # 203-011-10, 203-011-11, 203-011-13, and 203-011-14), as shown in Exhibit A, subject to the following conditions:

1. No funds shall be disbursed for acquisition until the Executive Officer has reviewed and approved all title and acquisition documents including appraisals, title reports, escrow instructions, option, and purchase agreements. The purchase price paid for any interest acquired shall not exceed fair market value as established by an appraisal approved by the Executive Officer;
2. Prior to the disbursement of funds, the Monterey County Agricultural and Historic Land Conservancy and the landowner shall enter into, and the Executive Officer shall review and approve, a ~~joint~~ tenancy agreement providing for the following:
 - (a) all rights and responsibilities for use and management of the parcels prior to exercising or expiration of the option including but not limited to use, development, and management of water and irrigation system, land, roads and accessways; assignment of costs; mineral right, and liabilities.
 - (b) terms, price, contingencies for exercising the option within five years, and a

disposition plan to be used in the event that the option is not exercised; including; a first right of refusal, assignment of the option, subdivision and disposition of partial interest, etc.

3. In the event that the option is not exercised and MCAHLC sells back the undivided interests acquired with this grant, the proceeds from that sale, less appraisal costs, shall be reimbursed to the Conservancy. Use of these funds for other agricultural preservation projects shall require Conservancy approval.
4. The grantee shall hold the property for agricultural production, as provided in the Monterey County Agricultural Program Plan, and approved joint tenancy agreement, and shall comply with all provisions of Public Resources Code Section 31116(b); if the existence of the grantee is terminated, or if any essential term or condition of this authorization is violated, the Coastal Conservancy shall have the right to enter and take title to that grantee's interest in property.

Staff further recommends that Conservancy adopt the following findings based on the project analysis, exhibits, and attachments contained in the accompanying staff report:

"The State Coastal Conservancy hereby finds that:

1. The proposed project is consistent with the purposes and criteria set forth in Chapter 4 of Division 21 of the Public Resources Code;
2. The proposed project is consistent with the MCAHLC's Agricultural Land Preservation Program Plan, and with the Program Guidelines and Criteria approved by the Conservancy for the Monterey County Agricultural Preservation Program;
3. The undivided interests in property to be acquired is identified as agricultural land in the certified North Monterey County Local Coastal Plan and there is no other reasonable means of assuring continuous use of such lands

for agricultural purposes;

4. The Monterey County Agricultural and Historic Land Conservancy (MCAHLC) is a nonprofit organization existing under the provisions of Section 501(c)(3) of the United States Internal Revenue Code, and has as its primary purpose the preservation of agricultural land."
-

STAFF DISCUSSION:
Project Description:

Project Financing: The MCAHLC obtained an appraisal for the property which established the value of the entire 192 acres at \$3,180,000. The Coastal Conservancy does not currently have funding sufficient to cover the entire purchase price, and there are no other sources available. The County received \$4,000,000 from Proposition 70 for acquisition of easements. These funds are committed to projects or targeted to properties within the outlying areas of Salinas and Greenfield. Acquisition of an agricultural easement over this property, which was not for sale on the market, is not acceptable to the landowners, whose objective is to increase the acreage of farmland which they can cultivate. Cal-Choke will use the proceeds from this partial acquisition to purchase other farmland, while continuing to farm this property through a long-term leaseback arrangement.

The acquisition costs include \$100,000 for a five year option. In approving this recommendation, the Conservancy will express an intent to exercise the

option, given the availability of funds within five years. As conditioned, the MCAHLC is required to seek funds from additional sources and use lease revenues in excess of management and operating costs for their contribution toward exercising the option. While there is a risk that sufficient funds will not be available to exercise the options, the Legislature is currently considering a bond proposals for Conservancy projects, including new funds for agricultural preservation for this area. If new funding sources are unavailable in five years, the landowner will have the first right of refusal to purchase the undivided interest back at the then current fair market value, but for no less than the amount paid by the Conservancy. Given recent increases in agricultural land values, it is possible that the entire option money may be recovered. If not, the \$100,000 will have protected the agricultural resource for five years. For these reasons, the risk of losing the option money is outweighed by the guaranteed short term, and possibly long term preservation of agriculture land.

The current acquisition costs are:

Undivided Interests (approximately 1/3rd)	\$870,000
Option for Remaining Interests (five year option)	\$100,000
Appraisal and Closing Costs	25,000
TOTAL CURRENT ACQUISITION COSTS	\$995,000
Future costs upon exercise of option:	
Estimated Revenues from Agricultural Leases	
Future Bonds Revenues to County, Land Trust, or Conservancy	
TOTAL FUTURE ACQUISITION COST	\$2,030,200
TOTAL PROJECT COST (Upon Exercise of Option)	\$3,000,200

The MCAHLC proposes to retain title to the entire property upon exercise of the option, lease back the artichoke field to Cal-Choke, and the remaining land to begonia growers. The revenues will be used by the MCAHLC to cover management and operating costs for the property. Excess revenues will be placed in a fund

and used toward acquisition of remaining undivided interests.

Site Description: The project site is located nearly one mile south of the Salinas River, just outside of the City of Marina, and approximately 2,000 feet west of the ocean. The site is split by Highway I. Two legal parcels totalling acres lie to the east side, and two additional parcels of acres lie west of the highway.

Project History:

Alternatives:

PROJECT SUPPORT: The project is supported by LAFCO, Monterey County, and Assemblyman Farr and Senator Mello. Letters of

support are contained in Exhibit .

**CONSISTENCY WITH
CONSERVANCY'S
ENABLING LEGISLATION:**

Chapter 4 of the Conservancy Act, Public Resource Code Section 31150-31156, governs agricultural land preservation projects. The grant proposed in this staff recommendation is consistent with the intent and the provisions of these sections which authorize the Conservancy to award grants to local nonprofit organizations for the purpose of acquiring fee title, development rights, easements and other interests in land located in the coastal zone in order to prevent loss of agricultural land to other uses (Section 31156). Consistent with Section 31150...

Section 31152 requires that the Conservancy only acquire agricultural lands that are identified as such in a certified local coastal plan and whose continuous use as agricultural land cannot be assured through other means. The North Monterey County Local Coastal Plan identifies the Cal Artichoke property as agricultural land. Acquisition of the property will avoid , a likely possibility given its ready access to Highway 1.

The MCAHLC will assure the continuation of agricultural uses by leasing the property to private farmers, consistent with Section 31150, and by developing an agricultural management plan to promote agricultural production that is both economically viable and compatible with natural resource preservation.

**CONSISTENCY WITH
CONSERVANCY'S
PROGRAM GUIDELINES:**

CONSISTENCY WITH

THE COASTAL ACT: The program is consistent with Coastal Act policies which require that the maximum feasible amount of prime agricultural land be maintained in agricultural production (Public Resources Code Section 30241), and that all other lands suitable for agricultural for agricultural use be preserved unless continued agricultural use is not feasible or such conversion would preserve prime agricultural land or concentrate development consistent with Section 30250 (Public Resources Code Section 30242).

CONSISTENCY WITH

**LOCAL COASTAL
PROGRAM POLICIES:**

COMPLIANCE

WITH CEQA: Acquisition of the California Artichoke land is categorically exempt from CEQA pursuant to 14 California Code of Regulations Section 15323 as it involves acquisition of land to allow continued agricultural production.

CALIFORNIA STATE COASTAL CONSERVANCY

1330 BROADWAY, SUITE 1100
OAKLAND, CA 94612-2530
ATSS 561-1015
TELEPHONE 415/464-1015
FAX 415/464-0470



August 23, 1991

Mr. Joseph Sullivan, President
Monterey County Agriculture & Historic Land Cons.
130 Gabilan Street
Salinas, CA 93902

SUBJECT: Agreement No. 88-027, Amendment 3

Dear Mr. Sullivan:

Attached for your records is one fully executed copy of the above-referenced agreement.

Please continue to contact Nadine Hitchcock regarding this project, but direct all budgets, invoices, and requested modifications regarding this agreement to me at the above address.

Thank you for your attention to these matters.

Sincerely,


May-Ling Lin
Contracts Manager

Enc.

STANDARD AGREEMENT -
STD. 2 (REV. 4-80)

APPROVED BY THE
ATTORNEY GENERAL

CONTRACT NUMBER 88-027	AM. NO. 3
CONTRACTOR'S FEDERAL I.D. NUMBER	

THIS AGREEMENT, made and entered into this 9th day of August, 1991, in the State of California, by and between State of California, through its duly elected or appointed, qualified and acting

TITLE OF OFFICER ACTING FOR STATE <u>Executive Officer</u>	AGENCY <u>State Coastal Conservancy</u> , hereafter called the State, and
CONTRACTOR'S NAME <u>Monterey County Agriculture and Historic Land Conservancy</u> , hereafter called the Contractor.	

WITNESSETH: That the Contractor for and in consideration of the covenants, conditions, agreements, and stipulations of the State hereinafter expressed, does hereby agree to furnish to the State services and materials as follows: *(Set forth service to be rendered by Contractor, amount to be paid Contractor, time for performance or completion, and attach plans and specifications, if any.)*

The State Coastal Conservancy ("the Conservancy") and the Monterey County Agriculture and Historic Land Conservancy ("the grantee") agree to amend their existing Agreement No. 88-027 as follows:

COMPLETION AND TERMINATION DATE

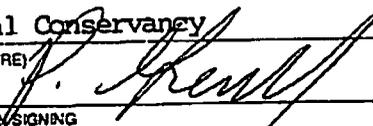
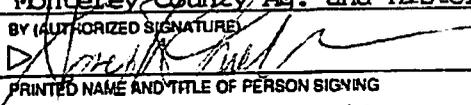
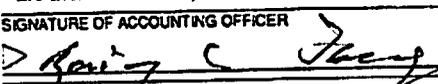
Paragraph one of this section is deleted and replaced by the following:

"The Grantee shall complete acquisition of the Property no later than December 31, 1991 ('the completion date')."

All other terms and conditions of the existing agreement shall remain in effect.

CONTINUED ON _____ SHEETS, EACH BEARING NAME OF CONTRACTOR AND CONTRACT NUMBER.

The provisions on the reverse side hereof constitute a part of this agreement.
IN WITNESS WHEREOF, this agreement has been executed by the parties hereto, upon the date first above written.

STATE OF CALIFORNIA		CONTRACTOR			
AGENCY <u>State Coastal Conservancy</u>		CONTRACTOR (If other than an individual, state whether a corporation, partnership, etc.) <u>Monterey County Ag. and Historic Land Cons.</u>			
BY (AUTHORIZED SIGNATURE) 		BY (AUTHORIZED SIGNATURE) 			
PRINTED NAME OF PERSON SIGNING <u>Peter Grenell</u>		PRINTED NAME AND TITLE OF PERSON SIGNING <u>Joseph Sullivan, President</u>			
TITLE <u>Executive Officer</u>		ADDRESS <u>130 W. Gabilan St., Salinas, CA 93902</u>			
AMOUNT ENCUMBERED BY THIS DOCUMENT \$	PROGRAM/CATEGORY (CODE AND TITLE) <u>Capital Outlay</u> (OPTIONAL USE) <u>Monterey County Agriculture</u>	FUND TITLE <u>1984 SCC Fund</u>		Department of General Services Use Only	
PRIOR AMOUNT ENCUMBERED FOR THIS CONTRACT \$ 995,000.00	ITEM <u>3760-301-730(1)</u> CHAPTER <u>186</u> STATUTE <u>1986</u> FISCAL YEAR <u>86/87</u>	ITEM <u>3760-301-730(1)</u> CHAPTER <u>135</u> STATUTE <u>1987</u> FISCAL YEAR <u>87/88</u>		I certify that this grant amendment is exempt from Department of General Services approval. 	
TOTAL AMOUNT ENCUMBERED TO DATE \$ 995,000.00	OBJECT OF EXPENDITURE (CCDE AND TITLE) <u>Agriculture</u>				
I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purpose of the expenditure stated above.		T.B.A. NO.	B.R. NO.		
SIGNATURE OF ACCOUNTING OFFICER 		DATE <u>8/14/91</u>	3760-301-730(1)86=660,319.50 3760-301-730(1)87=334,680.50		

- CONTRACTOR STATE AGENCY DEPT. OF GEN. SER. CONTROLLER