

CALIFORNIA COASTAL COMMISSION

CENTRAL COAST DISTRICT OFFICE
 725 FRONT STREET, SUITE 300
 SANTA CRUZ, CA 95060
 PHONE: (831) 427-4863
 FAX: (831) 427-4877
 WEB: WWW.COASTAL.CA.GOV

Th15d**ADOPTED**

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COASTAL DEVELOPMENT PERMIT APPLICATION

Application number 3-11-035, Coast Dairies Land Division

Applicant..... Coast Dairies and Land Company

Project location The Coast Dairies property, covering over 6,800 acres of land and extending along approximately 7½ miles of shoreline and up to approximately 2½ miles inland, surrounding the town of Davenport in the unincorporated north coast area of Santa Cruz County.

Project description The Applicant proposes to divide three of the existing Coast Dairies parcels to result in a new parcel configuration that would facilitate transfer of most of the property to the U.S. Bureau of Land Management (BLM), an area mostly seaward of Highway 1 to the California Department of Parks and Recreation (DPR), and three agricultural areas to an as yet to be determined entity. In addition, the Applicant proposes to impose use and development restrictions associated with this coastal development permit (CDP) on all of the parcels, even those not being subdivided, so that each set of parcels (those proposed for transfer to BLM and DPR and those retained by the Applicant) is similarly restricted.

File documents..... Coast Dairies Long-Term Resource Protection and Access Plan (Environmental Science Associates (ESA), June 2003); Coast Dairies Long-Term Resource Protection and Use Plan, Opportunities and Constraints Analysis (ESA, November 2001); Coast Dairies Long-Term Resource Protection and Use Plan, Existing Conditions Report for the Coast Dairies Property (ESA, June 2001).

Staff recommendation . Approve with Conditions

A. Staff Recommendation**1. Summary of Staff Recommendation**

The Coast Dairies and Land Company (CDLC), a wholly owned subsidiary of the Trust for Public Land (TPL), is proposing a land division of three of the parcels comprising the approximately 6,800-acre Coast Dairies property surrounding the town of Davenport in northern Santa Cruz County in order to



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facilitate the transfer of the divided portions of the property to other entities. Approximately 400 acres of the Coast Dairies property is located seaward of Highway 1 (which bisects the property in a north-south alignment) and approximately 6,400 acres is located inland of Highway 1.¹ The coastal portion (along with a small portion of the property east of Highway 1) was previously conveyed to DPR in August 2006. The land division associated with this prior conveyance (which would be recognized in this proposal after-the-fact), the division of the majority of the inland portion of the property (to result in three upland and three agricultural parcels), and the restrictions to be added to the remaining parcels are all parts of the proposed project covered by this report.

The new Coast Dairies' parcel configuration includes parcels that would be located inland of Highway 1 and described as three agricultural parcels ("Agricultural Parcels 1, 2, and 3"), three upland parcels ("Upland Parcels 1, 2, and 3"), and four smaller parcels that would be restricted identically to the Upland Parcels. Portions of these inland parcels are encumbered by a lease associated with CEMEX's Davenport cement plant and its operations,² but the CEMEX plant has ceased operations. Currently, the Agricultural Parcels support ongoing agricultural operations, and the Upland Parcels support some grazing (and include remnants of past CEMEX operations) but are otherwise currently unused. The property seaward of Highway 1 (and a smaller area inland of the Highway), described here as the "Coastal Parcels", includes agricultural operations, trails, and beaches. The overall Coast Dairies property includes multiple watersheds, several coastal streams, rolling and hilly topography rising up above and around Davenport, forests, agricultural lands, grasslands, trails, and a range of coastal habitats. It is a significant property not only for its range of resources and associated values, but also in terms of its sheer size and its relationship to north Santa Cruz County coast viewshed and open space values.

This application is being processed by the Coastal Commission as a consolidated CDP application, and thus, although the Santa Cruz County LCP can provide non-binding guidance, the standard of review is the Coastal Act. In this respect, LCP and the Coastal Act objectives for this property are generally the same (requiring, among other things, that recreational access opportunities be protected and maximized and that coastal resources be protected), and thus consolidated processing does not significantly alter the basic framework for analysis.

The Applicant indicates that the purpose of the land division is to facilitate the transfer of the properties to other property managers – BLM for the majority of the property inland of the Highway and DPR for the property almost all seaward of the Highway – for open space, agricultural, and public recreational access purposes. The Agricultural Parcels would be retained for the time being by CDLC,³ and will be retained in agricultural use in perpetuity through an agricultural conservation easement in favor of Santa Cruz County.

¹ According to the appraisal done around the time of CDLC acquisition, the total Coast Dairies property acreage was 6,831.11 acres.

² CEMEX is a global building product manufacturing company.

³ The Applicant indicates that a prior arrangement to transfer the Agricultural Parcels to the non-profit Agri-Culture arm of the Santa Cruz County Farm Bureau is no longer being pursued, and that other options for disposition of that property are being considered.



The proposed land division, as a whole, will significantly increase public access and recreational opportunities by facilitating transfers to BLM and DPR who, through their missions, provide public recreational access opportunities on and to their lands. Although future planning and future reviews will be necessary before certain such opportunities (such as enhanced public trail access) can be realized, facilitating the transfer to such public agencies from the current private landowner through the land division forwards core Coastal Act and LCP goals and objectives. CDLC intends to include (and has included for the DPR portion) a variety of restrictions on the properties via grant deed (i.e., in general, no motorized off-road vehicles, no commercial logging, and the requirement that these parcels must be used and managed for open space, agriculture, and public recreation) to ensure appropriate uses and appropriate resource protection. In sum, the transfers facilitated by the land division will mean that the entire 6,800-acre Coast Dairies property is retained for open space, agricultural (where appropriate), and public recreational access uses in perpetuity.

The largest core of the property, approximately 5,750 acres, would be transferred after the land division to BLM. Commission staff has worked closely with BLM staff on appropriate next steps following that acquisition, including in terms of both interim and long-term management of the property. In the interim, BLM indicates that it would open up certain key areas to public access in the very short term, and then would proceed to develop a management plan for the property that would define the way in which it would be used and protected over the long-term. Through its federal consistency authority, all such proposals will first be reviewed by the Commission.

In sum, the proposed project has been designed to facilitate a significant and important land transfer of a very large property in northern Santa Cruz County. The grant deeds and the agricultural easement have been designed by the Applicant to protect the property in perpetuity for open space, agricultural, and public recreational access uses and development. To further ensure maximum coastal resource protection, including in relationship to maximizing public recreational access opportunities at Coast Dairies, and to minimize the potential for adverse coastal resource impacts, special conditions are included to apply deed restrictions to the property defining use and development parameters that forward Coastal Act and LCP objectives. Thus, Staff recommends that the Commission approve a CDP with conditions for the land division project. The necessary motion is found directly below.

2. Staff Recommendation on CDP Application

Staff recommends that the Commission, after public hearing, **approve** the CDP for the proposed development subject to the standard and special conditions below.

Motion. I move that the Commission approve coastal development permit number 3-11-035 pursuant to the staff recommendation, and I recommend a yes vote.

Staff Recommendation of Approval. Staff recommends a **YES** vote. Passage of this motion will result in approval of the coastal development permit as conditioned and adoption of the following resolution and findings. The motion passes only by affirmative vote of a majority of the Commissioners present.



Resolution to Approve a CDP. The Commission hereby approves the coastal development permit on the ground that the development as conditioned will be in conformity with the policies of Chapter 3 of the Coastal Act. Approval of the coastal development permit complies with the California Environmental Quality Act because either: (1) feasible mitigation measures and/or alternatives have been incorporated to substantially lessen any significant adverse effects of the amended development on the environment; or (2) there are no feasible mitigation measures or alternatives that would substantially lessen any significant adverse effects of the amended development on the environment.

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B. Findings and Declarations

The Commission finds and declares as follows:

1. Project Location and Background

Setting

The Coast Dairies property is situated along 7½ miles of California's central coast in northern Santa Cruz County (see location map in Exhibit A) approximately 8 miles north of the City of Santa Cruz. Comprising approximately 6,800 acres, Coast Dairies surrounds the town of Davenport, abuts the community of Bonny Doon, and includes both varied coastal and upland terrain. Coast Dairies is bisected and accessed by Highway 1 and lies approximately 8 miles north of the City of Santa Cruz and 35 miles south of Half Moon Bay. From the coast, parts of the Coast Dairies property reach almost 2½ miles inland. Approximately 6,380-acres are located inland of Highway 1 comprising agricultural lands, grazing lands, scrub and timberlands, and remnant industrial areas. Approximately 407-acres are located seaward of Highway 1 and include coastal bluffs, beaches, coastal lagoons and agricultural lands.

Coast Dairies contains six distinct watersheds (including parts of the Scott Creek watershed), six sandy beaches, seven major wetlands, some 700 acres of redwood forest, and approximately 800 acres of producing agricultural land. The Coast Dairies property contains both biological and cultural resources of statewide importance, and prime beachfront and farming activities that support community economic stability.

Coast Dairies is also in the midst of a regional network of conservation open space, providing opportunities for regional trail development and other recreational linkages as well as vital biological corridors that help avoid habitat fragmentation. Other conservation areas in the area include Wilder Ranch State Park to the south, the Bonny Doon Ecological Preserve, the new "CEMEX Redwoods" acquisition to the northeast⁴ and Big Basin Redwoods State Park to the north. Of the six watersheds wholly or partly within the boundaries of the Coast Dairies property, San Vicente Creek supports both a self-sustaining population of federally threatened steelhead and one the of the last remaining spawning runs of the threatened Coho salmon south of San Francisco Bay.

History and TPL Acquisition

The Coast Dairies & Land Company (CDLC) history essentially began in the 1860s when two Swiss families acquired two former Spanish land grants, which stretched from Scott Creek in the north to Laguna Creek in the south. They formed the CDLC and put cows on the hillside pastures and coastal terraces. By the 1920s, these families had moved back to Switzerland, but they and their heirs continued to lease land to local farmers and dairy operators employing a series of local land managers. This land use continued for decades. In the 1950s, except for the cement plant (built in 1906) and a few leased

⁴ Approximately 8,000 acres of former CEMEX owned land was acquired by the Peninsula Open Space Trust and the Sempervirens Fund in 2011.



artichoke and Brussels sprouts fields, the stretch of coast from Santa Cruz to Half Moon Bay was more or less as it had been in the 19th century, and in some ways even less developed and populated.

In the 1960s, the City of Santa Cruz was set to expand north toward Davenport, and development plans, including residential subdivisions on and around Coast Dairies, were significant. In the 1970s, Pacific Gas & Electric Company held an option on the property with a vision to build a nuclear power plant. Many of these development options were effectively eliminated by the passage of Proposition 20 (in 1972) and the Coastal Act (1976), and the area today remains largely undeveloped, and part of a larger rural pastoral area that makes up both Santa Cruz County's north coast and San Mateo County's south coast.

In 1993, the California Coastal Conservancy secured an option on the Coast Dairies property, but when a 1994 statewide parks bond measure failed to pass, the property went back on the market. In 1998, the Save-the-Redwoods League, in cooperation with several public and private partners, including the David and Lucile Packard Foundation, TPL, the Land Trust of Santa Cruz, and the Coastal Conservancy, halted a large subdivision proposal by negotiating a purchase of the option. The Save-the-Redwoods League then assigned its right to purchase the option to TPL and TPL exercised its option by purchasing CDLC in October 1998. During the process of purchasing CDLC, TPL issued a request for proposals to identify an entity to take over the Coast Dairies property and to assume long-term management and stewardship responsibilities for it. Ultimately, TPL chose to work with BLM and DPR.

In the early 2000s, TPL developed several plans to help guide future property management. These included an Existing Conditions Report, an Opportunities and Constraints Analysis, and ultimately in 2003 the Coast Dairies Long-Term Resource Protection and Access Plan. This Plan and its supporting documentation provide a wealth of information about the property's history, conditions, opportunities, and constraints, including in terms of its biological resources and its potential to provide public recreational access opportunities. BLM has indicated that these documents, and specifically the 2003 Plan, will guide their own management efforts upon acquisition.⁵ Likewise, these documents form a baseline reference and guidance mechanism for DPR's mostly coastal portion of the Coast Dairies property, which is currently managed under the same operational structure as Wilder Ranch, just downcoast.

Current Restrictions

Since acquisition in 1998, CDLC/TPL has initiated and pursued a series of land use restrictions, agreements, easements, and contracts regarding allowable use of the Coast Dairies property. A Williamson Act Contract from 1998 imposed broad restrictions on nearly all of the Coast Dairies property.⁶ In 1999, CDLC/TPL also executed an agricultural conservation easement applying to a

⁵ Coastal Dairies would be governed under BLM's Hollister Resource Management Plan, and thus any provisions of the prior Coast Dairies plans as well as any new provisions would be accounted for through changes to the Hollister Resource Management Plan.

⁶ This contract applies to approximately 5,200 acres of the Coast Dairies property, and imposes limitations such as allowing only those uses that are allowed under the then existing land use designations and zoning districts. This contract was initially recorded on December 28, 1998, was automatically renewed in 2008, and was amended in 2009 into a new contract (see below, and see Exhibit E for excerpted requirements of this 2009 contract).



portion of the agricultural lands inland of Highway 1 and between Liddell and San Vicente Creeks (see Exhibit F for excerpted easement restrictions).⁷ CDLC/TPL has also undertaken a process with Santa Cruz County to restrict the use of the remainder of the historic and existing agricultural land located on the inland side of Highway 1 with another agricultural conservation easement (see Exhibit G for excerpted easement restrictions).⁸ While this new easement, like the 1999 version, requires that the agricultural lands be maintained in agricultural use in perpetuity, it also includes such additional provisions as a preference for organic farming, limited pesticide use, and provisions governing farm-worker housing.

In preparation for the eventual transfer of a portion of the Coast Dairies property to BLM, CDLC/TPL received a CDP exclusion (CDP exclusion 07-0646) from the County in 2009 for a lot line adjustment to move the boundary between Coast Dairies and CEMEX so that a CEMEX landfill would be entirely on CEMEX property.⁹ The lot-line adjustment provided for a shift of 6.75 acres from Coast Dairies to CEMEX (see Exhibit D). At that time, the then existing Williamson Act Contract (as described above) was amended to a new contract in order to account for the 6.75-acre shift (see Exhibit E for excerpted restrictions).

On the seaward side of Highway 1, use of the property was restricted under the terms of the grant deed accepted by the State of California, acting by and through DPR, in August of 2006 (see Exhibit H for excerpted grant deed restrictions). The restrictions in the grant deed required DPR to preserve and maintain the property in perpetuity as open space, to preserve ongoing agricultural operations, to prohibit commercial timber harvesting, to maximize public recreational access opportunities, and to use any property income for endowment and/or funding of property management and/or for measures that will maximize public enjoyment and/or the preservation and enhancement of the property's natural resource values (again, see Exhibit H).¹⁰

Current Land Use Designation and Zoning

The Coast Dairies property includes a mix of LCP land use designations and zoning districts, with Agriculture (AG) and Mountain-Residential (R-M) being the main LCP LUP land use designations and Commercial Agriculture (CA), Special Use (SU) and Timber Production (TP) being the main LCP IP zoning districts.¹¹ With this underlying LCP land use and zoning, the potential exists at least in concept

⁷ This easement, recorded on May 13, 1999, applies to an approximately 165-acre area known as the Tambolini Ranch.

⁸ This easement is intended to be conveyed to Santa Cruz County when Agricultural Parcels 1, 2, and 3 are created.

⁹ The lot-line adjustment was approved by the County Board of Supervisors on February 3, 2009. However, CDLC/TPL indicates that the approved lot-line adjustment has not yet been effected, and thus the original lot lines remain.

¹⁰ Approximately 407 acres were conveyed to DPR in 2006 comprising agricultural fields, coastal terraces and bluffs, as well as beaches and trails. Since then, DPR has managed the leases associated with the agricultural lands as it does in other areas of the coast (and in association with Wilder State Park) as well as managing the rest of its coastal property as mandated by its mission.

¹¹ Five LUP land use designations cover the Coast Dairies property: Agriculture (AG), Resource Conservation (O-C), Quarry/Mining (Q), Mountain Residential (R-M), and Urban Residential, Low Density (R-UL). Ten IP zoning districts cover the Coast Dairies property: Commercial Agriculture (CA), Commercial Agriculture – Historical (CA-L), Light Industrial (M-2), Public Facilities (PF), Parks and Recreation (PR), Single-Family Residential (R-1-6), Residential Agriculture (RA), Special Use (SU), Timber Production (TP), and the Agricultural Preserve (P) Combining District.



for a subdivision to facilitate increased development (such as the construction of residences, commercial timber logging and mining). However, there are a variety of reasons why such potential is actually more limited. For example, the three largest parcels (existing parcels 1, 5, and 7; see also next section below regarding parcels) are extremely large and include many areas within which development could not be allowed consistent with LCP, so there are significant questions as to the actual amount of development that could even be allowed on these parcels. In addition, under the existing Williamson Act contract on approximately 5,200 acres of Coast Dairies property, only agricultural uses and compatible uses as allowed in the CA (Commercial Agriculture) District and the P (Agricultural Preserve) Combining District. Also, the grant deed to DPR effectively precludes the option of such non-DPR mission development (see Exhibit I).

Current Parcels

According to the Applicant, the Coast Dairies property is currently made up of thirteen total parcels, seven inland of the Highway and six mostly seaward of the Highway (i.e. portions of some parcels cross the Highway).¹² The largest of these parcels are primarily located inland of the Highway, but a portion of each stretches across the Highway to the seaward side.¹³ The other more diminutive parcels are intermixed on both the inland and seaward sides.¹⁴ See existing parcel configuration in Exhibit B.

2. Project Description

As described above, CDLC/TPL has worked for over a decade with potential long-term stewards to facilitate a transfer of ownership of Coast Dairies, and a prior transfer of real property to DPR in 2006 was the first piece of the overall land conveyance. As part of this 2006 transfer, CDLC/TPL conveyed portions of parcels 1, 5, and 7, as well as parcels 2, 8, 9, 10, 11, and 12 (making up approximately 407 acres) to DPR. This property is mostly all seaward of the Highway, with a few smaller parcels (8, 10 and 11) located inland of the Highway on the downcoast end of the Coast Dairies property near Laguna Creek (see Exhibit B). The grant deed for this transfer restricted the manner in which this property could be used, as described in Exhibit H. This land area includes all of the property formerly held by CDLC/TPL seaward of the Highway and three small parcels east of the Highway. DPR identifies these parcels collectively as one holding, and they are referenced in this report as the Coastal Parcels (see Exhibit C).

For the remaining portion of the Coast Dairies property inland of Highway 1, CDLC/TPL had initially planned to convey its entire interest in these parcels to BLM. However, BLM subsequently determined

¹² Neither the County nor Coastal Commission staffs have reviewed and concluded on the legal status of the parcels identified by CDLC/TPL as the existing thirteen legal lots held by CDLC/TPL. Because all of the property subject to this CDP will be encumbered with restrictions that will ensure its use consistent with Coastal Act and LCP policies in perpetuity, the Commission does not believe that it needs to resolve the lot legality issue at this time or in this report. For ease of reference, this report will refer to “existing parcels,” and use the numbers for those parcels provided by CDLC/TPL, but in no way should these references to existing parcels be interpreted as a validation by the Commission of the legality of these parcels.

¹³ Parcel 1 (about 1,619 acres), Parcel 5 (about 513 acres), and Parcel 7 (about 4,248 acres).

¹⁴ Parcels 3, 4, 6, 8, 10, 11, and 15 located on the inland side, and parcels 2, 9 and 12 located on the seaward side.



that managing land used for agricultural purposes and/or land that currently has residential tenants on it conflicted with its public land management duties and mission. Thus, the property's agricultural lands are proposed to be removed from, or carved out of, three existing parcels, so as to allow BLM to take title to the remainder of the land. Thus, existing parcels 1, 5, and 7 would be divided to create Agricultural Parcels 1, 2, and 3 and Upland Parcels 1, 2, and 3 (see Exhibit C).

The Applicant proposes the parcelization to facilitate transfer of existing parcels 3, 4, 6, and 15 and Upland Parcels 1, 2, and 3 (all inland of Highway 1) to BLM. These parcels are proposed to be encumbered by a grant deed with the following covenants (see Exhibit I):

- (a) The subject property shall be used and managed for open space and public recreation in a manner consistent with the protection and preservation of natural habitats, adjacent sustainable agricultural uses, and the rights and interests of the property's current lessees or their successors in interest.
- (b) No commercial timber harvest operations (as defined in California Public Resources Code 4527) are allowed on the property. The property's redwood trees will not be harvested, except to the extent determined necessary or desirable for public safety or for the health of the forest as a natural reserve rather than a timber production forest.
- (c) The use of motorized off-road vehicles will not be permitted on the property outside of established or designated roadways, except to the extent necessary for management of the property, or to protect public health and safety, or in response to other emergency situations.

Even when transferred, CDLC/TPL is reserving all mineral rights of every kind and character in, on and under the entire property, whether those minerals are known to exist now or are discovered in the future.¹⁵ CDLC/TPL is also reserving all rights and interests of lessor under their lease with CEMEX.¹⁶

The Applicant has also proposed to encumber Agricultural Parcels 1, 2, and 3, once created through this CDP, with an Agricultural Conservation Easement in favor of Santa Cruz County (see Exhibit G).

Finally, the Applicant also proposes to impose the restrictions required in Special Condition 3 on the four other parcels (existing parcels 3, 4, 6 and 15) that will be transferred to BLM, so that all of the BLM parcels will be restricted in the same manner (see Exhibit I).

3. Coastal Development Permit Determination

¹⁵ This includes without limitation, all minerals, oil, gas, petroleum and other hydrocarbon substances and rights thereto, geothermal steam and all products derived from any of the foregoing.

¹⁶ This complete lease between CDLC/TPL and CEMEX has never been released to the Coastal Commission and as such clouds the Commission's accuracy with respect to the relationship between CEMEX and CDLC/TPL when it comes to future management of the leased areas, and in particular the mining and quarry areas on potentially future BLM land. Because active reclamation is ongoing at the leased limestone and shale quarry areas, the lease is apparently still considered active. However, any future mining, now that active mining operations have ceased, would require a coastal development permit or similar authorization (e.g. federal consistency review), a new lease, and any other required local and state permits (including approval of a new mining and reclamation plan).



The proposed project takes place within both Santa Cruz County and Coastal Commission CDP jurisdictions. The Applicant, the County, and the Commission (through its Executive Director) have all agreed to process the required CDP as a consolidated CDP application before the Commission (pursuant to Coastal Act Section 30601.3). Thus, although the Santa Cruz County LCP can provide non-binding guidance, the standard of the review is the Coastal Act.

A. Land Use Priorities

1. Applicable Policies

The Coast Dairies property spans some 7½ miles of coastline, stretches some 2½ miles inland, and comprises approximately 6,800 acres of diverse landscape. This is an important property, not only for its range of resources and associated values, but also in terms of its sheer size and its relationship to north Santa Cruz County coast viewshed and open space values. It is important that Coastal Act priorities are understood in terms of the Coast Dairies property's potential use and development. Coastal Act Section 30001.5 states:

***30001.5.** The Legislature further finds and declares that the basic goals of the state for the coastal zone are to:*

- (a) Protect, maintain, and where feasible, enhance and restore the overall quality of the coastal zone environment and its natural and artificial resources.*
- (b) Assure orderly, balanced utilization and conservation of coastal zone resources taking into account the social and economic needs of the people of the state.*
- (c) Maximize public access to and along the coast and maximize public recreational opportunities in the coastal zone consistent with sound resource conservation principles and constitutionally protected rights of private property owners.*
- (d) Assure priority for coastal-dependent and coastal-related development over other development on the coast.*
- (e) Encourage state and local initiatives and cooperation in preparing procedures to implement coordinated planning and development for mutually beneficial uses, including educational uses, in the coastal zone.*

Thus, overall state coastal zone goals include the goal of protecting, maintaining and restoring the overall quality of the coastal zone environment and its resources, and the goal of assuring orderly and balanced use and conservation of such resources (Sections 30001.5(a) and 30001.5(b)). These goals are reflected in and apply to each of the Chapter 3 identified in this report. In addition, the Section 30001.5(c) goal to maximize public recreational access opportunities consistent with resource protection and constitutional rights applies directly to the public access and recreation policies identified below. Thus, although not re-cited with respect to each listed issue area below (to avoid unnecessary repetition), these coastal zone goals are applicable to each of the issues areas and Chapter 3 policies



identified below in that same manner.

Other land use priorities are reflected in other Chapter 3 sections. For example, Coastal Act Section 30222 states:

***30222.** The use of private lands suitable for visitor-serving commercial recreational facilities designed to enhance public opportunities for coastal recreation shall have priority over private residential, general industrial, or general commercial development, but not over agriculture or coastal-dependent industry.*

Coastal Act Section 30250 states:

30250.

- (a) New residential, commercial, or industrial development, except as otherwise provided in this division, shall be located within, contiguous with, or in close proximity to, existing developed areas able to accommodate it or, where such areas are not able to accommodate it, in other areas with adequate public services and where it will not have significant adverse effects, either individually or cumulatively, on coastal resources. In addition, land divisions, other than leases for agricultural uses, outside existing developed areas shall be permitted only where 50 percent of the usable parcels in the area have been developed and the created parcels would be no smaller than the average size of surrounding parcels.*
- (b) Where feasible, new hazardous industrial development shall be located away from existing developed areas.*
- (c) Visitor-serving facilities that cannot feasibly be located in existing developed areas shall be located in existing isolated developments or at selected points of attraction for visitors.*

In general, the Coastal Act establishes clear parameters and priorities for the location, intensity, type, and design of new development in the coastal zone as a means of protecting, and enhancing where feasible, coastal zone resources. These parameters and priorities emanate from specific Coastal Act policies and requirements, as well as the overlap and interplay between them. At a broad scale and fundamentally, Section 30250(a) requires that most new development be concentrated in and around existing developed areas with adequate development capacities to serve new development. The Coastal Act also establishes a set of priority uses that operate within the locational and resource constraints for new coastal development. The Coastal Act also requires that public recreational uses take precedence over private residential and general industrial or commercial development, but not at the expense of agriculture or coastal-dependent industry (Section 30222).

2. Analysis

The Coast Dairies property comprises one of the three largest privately-held properties between the Golden Gate Bridge and the Mexican border. TPL's acquisition has the potential to protect a large portion of Santa Cruz County's north coast region and a significant stretch of the Monterey Bay



National Marine Sanctuary coastline against more urban land uses and potential coastal resource impacts normally associated with denser development patterns. With the previous conveyance of property to DPR, the proposed conveyance to BLM, and the future conveyance of the proposed Agricultural Parcels to another entity, the Coast Dairies property will be used and managed for open space, agriculture, and public recreational access in perpetuity, including as required by the grant deed restrictions (see Exhibits H and I). DPR's grant deed (recorded in August 2006), for example, requires DPR to preserve and maintain this property in perpetuity as open space, and for other compatible uses. This deed also requires DPR to maximize opportunities for public access and recreation and enjoyment, consistent with protection and preservation of the natural resources and agricultural uses, and prohibits commercial timber harvesting and other uses not compatible with open space (see Exhibit H). DPR has a long history of sound management of public open space and agricultural lands within California. Management of the Coastal Parcels has been and is expected to remain consistent with the management and operational structures employed at Wilder Ranch State Park, located just south of the Coast Dairies property.

Certain conditions which have been agreed to between CDLC/TPL and BLM (see Exhibit I), along with prior agricultural contracts and proposed easements (see Exhibits E, F, and G), will help ensure the protection, maintenance, enhancement and restoration of site resources on the proposed Upland Parcels (and the existing parcels to remain in their existing configuration and be transferred) as well. In the future, preserving and providing for Coastal Act priority uses and development, including maximum public access and recreational opportunities, will be a key component of any future management plan, as it was in the original Coast Dairies Long-Term Resource Protection and Access Plan. As part of Commission's federal consistency requirements,¹⁷ the Commission will subsequently weigh in on any BLM interim and long-term management plans and development for the site. BLM indicates that monies and staff resources have been allotted to undertake this process in a timely manner, and that any such efforts will provide for recreation, restoration, enhancement, and public access, and for general management and protection of the acquired property as open space in perpetuity, including in substantial conformance with the Coast Dairies Long Term Resource Protection and Access Plan, as a component of BLM's Southern Mountain Diablo Range and Central Coast of California Resource Management Plan, otherwise known as the Hollister Resource Management Plan (Hollister RMP) which covers a number of other BLM properties in Central and Northern California.

Similarly, CDLC/TPL has granted one agricultural conservation easement to Santa Cruz County (covering a portion of Agricultural Parcel 3) and is prepared to grant another to cover all of the proposed Agricultural Parcels that will ensure their protection and preservation for agriculture in perpetuity (see Exhibits F and G).

In sum, the proposed project has been designed to facilitate a significant and important land transfer of a very large property in northern Santa Cruz County. The grant deeds and the agricultural easements have been designed by the Applicant to protect the property in perpetuity for open space, agricultural, and public recreational access uses and development. To further ensure maximum coastal resource

¹⁷ Pursuant to Coastal Zone Management Act Section 307 (16 USC §1456) and Coastal Act Section 30008.



protection, including in relationship to Coastal Act priorities, including maximizing public recreational access opportunities at Coast Dairies (see also Public Access and Recreation finding below), and to minimize the potential for adverse coastal resource impacts,¹⁸ special conditions are included to apply deed restrictions to the property defining use and development parameters that forward Coastal Act and LCP objectives. Accordingly, as conditioned, the proposed land division will facilitate and support high priority Coastal Act uses that are consistent with the land use priorities of the Coastal Act and LCP.

In making this finding it is noted that the underlying LCP land use designations and zoning districts of the Coast Dairies property will not entirely match up to the new parcels and the allowed uses there. Although the Coastal Parcels and the Agricultural Parcels will be more or less consistent with the underlying LCP land use and zoning in the future, the allowed uses of the new Upland Parcels will not entirely match the LCP uses.¹⁹ Future LCP amendments to rectify these inconsistencies should be pursued, so that the proposed and intended land uses on the Coast Dairies property of open space and recreation (and agriculture, where historic and existing, including grazing) are appropriately designated.

B. Public Access and Recreation

1. Applicable Policies

Coastal Act Sections 30210 through 30224 specifically protects public recreational access opportunities. In particular:

30210: *In carrying out the requirement of Section 4 of Article X of the California Constitution, maximum access, which shall be conspicuously posted, and recreational opportunities shall be provided for all the people consistent with public safety needs and the need to protect public rights, rights of private property owners, and natural resource areas from overuse.*

30211: *Development shall not interfere with the public's right of access to the sea where acquired through use or legislative authorization, including, but not limited to, the use of dry sand and rocky coastal beaches to the first line of terrestrial vegetation.*

30212(a): *Public access from the nearest public roadway to the shoreline and along the coast shall be provided in new development projects....*

30213. *Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. Developments providing public recreational opportunities are preferred.*

¹⁸ Coastal resources are known and understood by the Commission to include, and not be limited to public access and recreation areas, opportunities, and facilities, public views, natural landforms, marine resources, watercourses (e.g., rivers, streams, creeks, etc.) and their related corridors, waterbodies (e.g., wetlands, estuaries, lakes, etc.) and their related uplands, groundwater resources, biological resources, environmentally sensitive habitat areas, agricultural lands, and archaeological or paleontological resources.

¹⁹ For example, the LCP land use designation of Mountain Residential (R-M) will be inconsistent with the Upland Parcels, where only open space and recreation will be allowed per the intended grant deed and special conditions (see Exhibit I). Several parcels are also designated as Timber Production (TP); however, the conditions under which TPL purchased the Coast Dairies property require that no commercial logging of redwoods take place (and the grant deed indicates as much).



30220. *Coastal areas suited for water-oriented recreational activities that cannot readily be provided at inland water areas shall be protected for such uses.*

30221. *Oceanfront land suitable for recreational use shall be protected for recreational use and development unless present and foreseeable future demand for public or commercial recreational activities that could be accommodated on the property is already adequately provided for in the area.*

30222.5. *Oceanfront land that is suitable for coastal dependent aquaculture shall be protected for that use, and proposals for aquaculture facilities located on those sites shall be given priority, except over other coastal dependent developments or uses.*

30223. *Upland areas necessary to support coastal recreational uses shall be reserved for such uses, where feasible.*

30224. *Increased recreational boating use of coastal waters shall be encouraged, in accordance with this division, by developing dry storage areas, increasing public launching facilities, providing additional berthing space in existing harbors, limiting non-water-dependent land uses that congest access corridors and preclude boating support facilities, providing harbors of refuge, and by providing for new boating facilities in natural harbors, new protected water areas, and in areas dredged from dry land.*

2. Analysis

The Coastal Act requires public recreational access opportunities to be maximized, including lower cost visitor facilities, and protects areas near and at the shoreline for this purpose. The proposed land division will facilitate transfer of property that will lead to enhanced public access and recreational opportunities of regional and statewide significance. In the future, these may include but are not limited to hiking, biking, horseback riding, and camping. The proposed land division will strongly benefit public access and recreation on the Coast Dairies property in at least two major ways. The first is that it will facilitate and allow the transfer of the vast majority of the site to public agencies who have long histories of managing open space for recreational and conservation purposes. The second is that the property will remain in open space, agricultural, and public recreational access use through the Applicant's grant deeds, contracts, and proposed easements covering these lands, including with respect to the existing parcels that are not changing but for which the Applicant intends to codify certain restrictions per this CDP.

The proposed land division will facilitate the transfer of Upland Parcels 1, 2, and 3 and existing parcels 3, 4, 6, and 15 (see Exhibits B and C) to BLM. BLM has a long history of public lands management throughout California, and its acquisition of these properties will allow BLM to begin the process of opening it up for public use and enjoyment. An interim access plan has been proposed by BLM to quickly allow public access to certain portions of the properties (see Exhibit J).²⁰ During this interim

²⁰ The Interim Access Plan generally accounts for: 1) protection of threatened and endangered species; 2) limited recreational use of the property; 3) continuation of existing economic uses of the property, including in terms of agriculture and grazing; 4) collaboration with



stage, BLM intends to allow limited recreation use of the parcels, consistent with the ability to provide services and infrastructure necessary to ensure public health and safety and the protection of threatened and endangered species. Any interim access measures, as well as any other future management plans or other development, would be reviewed by the Commission under its federal consistency authority. The Commission expects that interim access would be provided in the short term just after any acquisition, and that the Commission and BLM would develop a mutually agreeable schedule for development and implementation of a longer-term management plan at that time or earlier (e.g., through any other necessary federal consistency reviews).

There have been some questions raised about the potential (or lack thereof) for CEMEX operations to impact the types of uses and development associated with the grant deeds and Coastal Act priorities. CEMEX has for years operated quarries and related infrastructure, including an approximately 3-mile conveyor belt system, on the inland (of the Highway) side of the Coast Dairies property. These operations (and others like them) have the potential to significantly impact the intended use of the lands. On this point, CDLC/TPL and the County indicate that the cement plant and CEMEX quarry operations have ceased active mining operations and that reclamation on the leased areas (some 780 acres) has commenced.²¹ Any renewed quarrying, or other mining/resource extraction activities (including but not limited to mining, drilling, fracking, etc.) would require new authorizations, including CDP and/or federal consistency authorizations, and thus such issues could readily be addressed through such processes should such proposed operations be considered. In addition, CDLC/TPL indicates that it is reserving all mineral rights, and, given CDLC/TPL is in the business of land preservation and not mining, it appears that that potential for such operations (and the potential for associated conflicts with the intended use of the lands) is limited. The potential for such impacts can be further restricted and avoided by limiting allowed uses and development to public recreational access, open space, and agriculture (see special conditions 3, 4, and 5). In coming to this conclusion, it is noted that such priority uses and development are necessarily facilitated and supported by CEMEX's ongoing and future reclamation and property restoration activities, and thus these reclamation/restoration uses and development are allowed because they further the property's core public recreational access, open space, and agricultural priorities. However, to be clear, mining/resource extraction activities (such as mining, drilling, fracking, etc.) would not be consistent with the deed restrictions associated with special conditions 3, 4, and 5. CDLC/TPL indicates that it has no intention of pursuing (through its retained mineral rights) or allowing a subsequent owner (such as BLM) to pursue mining, drilling, fracking, or anything of that nature on the property. If such activities were to be pursued, they would not only require a new CDP (or federal consistency review), but they would also require an amendment to this CDP and its associated deed restrictions. In short, the CDP deed restrictions do not allow, and thus prohibit, such activities.

While the proposed land division will facilitate the transfer of the bulk of the inland portion of Coast

community groups regarding strategies for management of the property, and provision of services such as patrol, cleanup, and monitoring. In terms of near term public access specifically, the Interim Access Plan would provide opening two trails to the public (Liddell Creek Trail and the Molina Pasture Trail) for general day-use hiking.

²¹ It is noted that, despite requests for it, the actual lease has not been provided to the Commission, and that the Commission has relied upon representations of CDLC/TPL and the County to assess its relevance to the matter before it.



Dairies for its use and management for open space and public recreation, adverse impacts to public access from this proposed land division are possible. In particular, it will be critical that use and development of the Agricultural Parcels not inadvertently diminish public recreational access opportunities. Also, given the proposed configuration of Agricultural Parcel 3 where it extends along approximately 2.5 miles of Highway 1 (see Exhibit C), it is possible that public access objectives will be frustrated if the potential for public access across Agricultural Parcel 3 is not provided for. Agricultural Parcel 3 is designed to include three larger areas, connected by approximately 1-foot wide strips of land located adjacent to Highway One. The strip of land connection between the southernmost and middle portions of Agricultural Parcel 3 is approximately 700 feet long, as is the connection between the middle and northernmost portion of Agricultural Parcel 3.²² These areas are depicted in Exhibit C and are referenced as Agricultural Access Areas. These Agricultural Access Areas could potentially block access through Agricultural Parcel 3 to Upland Parcel 3 (again, see Exhibit C for parcel configuration). Thus, the proposed land division has the potential to have an adverse impact on public access. Fortunately, these types of impacts can be minimized in this case through already proposed restrictions as well as a special condition explicitly prioritizing and providing for public access across the Agricultural Access Areas (see special condition 4).

The Coast Dairies property is an extremely valuable recreational and educational resource for visitors from around the region, state, nation, and the world. It is a major component of the rural central California coast area in Santa Cruz County. Both DPR and BLM intend to continue or commence management of this property in a manner that will maximize opportunities for public access for recreation and enjoyment consistent with the protection of coastal resources. New and diverse public recreational access opportunities will maximize the potential for linkages with nearby lands while being compatible with protection of existing uses and natural resource values. Coast Dairies will provide opportunities for enjoyable and educational experiences within its natural and cultural landscapes. Educational opportunities include the integration of sustainable coastal agriculture with programs designed to protect native biodiversity and other natural landscape values. People with diverse interests and expectations should be able to find a broad spectrum of opportunities, from solitude and quiet to group activities or active recreation. Appropriate access to the property should be provided, and recreational facilities should be designed and sited to ensure protection of the natural, cultural, and social resource values. Motorized off-road vehicular activities can disrupt and degrade the natural environment in a number of ways, including by increasing noise pollution, changing wildlife migration patterns, and contributing to adverse water quality impacts by increasing erosion and other landform alteration. These and other impacts to coastal resources from such off-road vehicles can conflict with more benign public recreational land uses, such as hiking, birdwatching and beachgoing, as well as the overall intention and restrictions associated with the Coast Dairies property. For these reasons, motorized off-road vehicles must be prohibited unless: associated with normal property management activities (including reclamation and restoration activities), health and safety protection, and emergency response purposes; or such vehicular use is confined to established and identified roadways. Future planning and regulatory processes (e.g., federal consistency for BLM) will be used to establish and

²² The actual specific dimensions of the agricultural access areas will be recorded after being surveyed upon conveyance.



identify applicable existing roadways (see special conditions 3, 4, and 5).

3. Conclusion

In conclusion, public access and recreation will be enhanced significantly by the transfers that this proposed land division facilitates. The project, as conditioned, will enhance public access and other public recreational opportunities consistent with the Coastal Act, while prohibiting other uses which fall outside these categories (including motorized off-road vehicle use, etc.). Therefore, as conditioned, the proposed land division project will facilitate public access and recreational opportunities and, as such, is consistent with the above-cited public access and recreational policies of the Coastal Act.

C. Agriculture

1. Applicable Policies

The Coastal Act requires the preservation of both prime and non-prime agricultural lands. In particular, the Act sets a high standard for the conversion of any agricultural lands to non-agricultural uses. Coastal Act Sections 30241, 30241.5, and 30242 provide special protections to agricultural lands and afford protections against converting such lands to other uses barring special circumstances and state:

30241: *Prime agricultural land; maintenance in agricultural production. The maximum amount of prime agricultural land shall be maintained in agricultural production to assure the protection of the areas' agricultural economy, and conflicts shall be minimized between agricultural and urban land uses through all of the following:*

- (a) By establishing stable boundaries separating urban and rural areas, including, where necessary, clearly defined buffer areas to minimize conflicts between agricultural and urban land uses.*
- (b) By limiting conversions of agricultural lands around the periphery of urban areas to the lands where the viability of existing agricultural use is already severely limited by conflicts with urban uses or where the conversion of the lands would complete a logical and viable neighborhood and contribute to the establishment of a stable limit to urban development.*
- (c) By permitting the conversion of agricultural land surrounded by urban uses where the conversion of the land would be consistent with Section 30250.*
- (d) By developing available lands not suited for agriculture prior to the conversion of agricultural lands.*
- (e) By assuring that public service and facility expansions and nonagricultural development do not impair agricultural viability, either through increased assessment costs or degraded air and water quality.*
- (f) By assuring that all divisions of prime agricultural lands, except those conversions approved pursuant to subdivision (b), and all development adjacent to prime agricultural lands shall*



not diminish the productivity of such prime agricultural lands.

30441.5: *Agricultural land; determination of viability of uses; economic feasibility evaluation.*

(a) If the viability of existing agricultural uses is an issue pursuant to subdivision (b) of Section 30241 as to any local coastal program or amendment to any certified local coastal program submitted for review and approval under this division, the determination of "viability" shall include, but not be limited to, consideration of an economic feasibility evaluation containing at least both of the following elements:

- (1) An analysis of the gross revenue from the agricultural products grown in the area for the five years immediately preceding the date of the filing of a proposed local coastal program or an amendment to any local coastal program.*
- (2) An analysis of the operational expenses, excluding the cost of land, associated with the production of the agricultural products grown in the area for the five years immediately preceding the date of the filing of a proposed local coastal program or an amendment to any local coastal program.*

For purposes of this subdivision, "area" means a geographic area of sufficient size to provide an accurate evaluation of the economic feasibility of agricultural uses for those lands included in the local coastal program or in the proposed amendment to a certified local coastal program.

(b) The economic feasibility evaluation required by subdivision (a) shall be submitted to the commission, by the local government, as part of its submittal of a local coastal program or an amendment to any local coastal program. If the local government determines that it does not have the staff with the necessary expertise to conduct the economic feasibility evaluation, the evaluation may be conducted under agreement with the local government by a consultant selected jointly by local government and the executive director of the commission.

30242: *Lands suitable for agricultural use; conversion. All other lands suitable for agricultural use shall not be converted to nonagricultural uses unless (1) continued or renewed agricultural use is not feasible, or (2) such conversion would preserve prime agricultural land or concentrate development consistent with Section 30250. Any such permitted conversion shall be compatible with continued agricultural use on surrounding lands.*

Coastal Act Section 30243 provides for long term productivity of soils and timberlands and protects against converting such lands to other uses or their division barring special circumstances and state:

30243: *The long-term productivity of soils and timberlands shall be protected, and conversions of coastal commercial timberlands in units of commercial size to other uses or their division into units of noncommercial size shall be limited to providing for necessary timber processing and related facilities.*



2. Analysis

Agricultural land and land use is afforded high protection under the Coastal Act and the County's LCP. In addition, land conversions from agricultural to non-agricultural lands must meet multiple criteria in order to even be considered, as described in Coastal Act Section 30243.

On the Coast Dairies property, row crop agricultural lands are found on both sides of Highway 1, along a series of two coastal terraces. The lands along the ocean bluff form the first terrace and are bisected in several locations by Highway 1. The second terrace forms on a bluff just behind the first, and also contains fertile agricultural soils.²³ The production of high-value vegetables in the north coast region of Santa Cruz County, which began in the early part of the 20th century, was enabled by a series of irrigation projects a few years earlier that allowed growers to convert land previously used for pasture and hay production to irrigated row crops. Vegetable growers found the unique summer climate suitable for specialty vegetables, especially artichokes and Brussels sprouts, which require a long, cool growing season. The Coast Dairies lands were historically leased to dairies, beef cattle ranchers, and vegetable growers. In the case of beef cattle and vegetable production, this practice continues today.

As described above, the lands subject to the proposed land division are already encumbered by restrictions that will affect the agricultural lands designated as Agricultural Parcels 1, 2, and 3 and portions of the Coastal Parcels. For Agricultural Parcels 1, 2, and 3, several restrictions on agricultural use currently exist (see Exhibits E and F). A Williamson Act Contract from 1998 imposed broad restrictions on nearly all of the Coast Dairies property.²⁴ An agricultural conservation easement currently applies to a portion of the agricultural lands inland of Highway 1 and between Liddell and San Vicente Creeks (see Exhibit F).²⁵ CDLC/TPL has also undertaken a process with Santa Cruz County to restrict the use of the remainder of the historic and existing agricultural land located on the inland side of Highway 1 with another agricultural conservation easement (see Exhibit G).²⁶ This easement requires that the agricultural lands be maintained in agricultural use in perpetuity, and it also includes such additional provisions as a preference for organic farming, limited pesticide use, and provisions governing farm-worker housing.

One goal of the existing and proposed restrictions is to manage the land that was in agricultural production when TPL purchased the land in 1998 in a sustainable manner. The principles of sustainability are consistent with the protection of natural resource values, including protection of threatened and endangered species. Sustainability rests on the principle that one must meet the needs of the present without compromising the ability of future generations to meet their own needs. Therefore, stewardship of both natural and human resources is of prime importance. Stewardship of human resources includes consideration of social responsibilities, such as the working and living conditions of

²³ Portions of a "third terrace" were farmed in the 1910s and 1920s, presumably plowed with teams of horses, but the lack of water and the availability of lands closer to the coast have mostly restricted use of this third terrace land to cattle grazing.

²⁴ This contract applies to approximately 5,200 acres of the Coast Dairies property, and imposes limitations such as allowing only those uses that are allowed under the existing land use designations and zoning districts. This contract was initially recorded on December 28, 1998, was automatically renewed in 2008, and was amended in 2009 to create a new contract (see Exhibit E).

²⁵ This easement, recorded on May 13, 1999, applies to an approximately 165-acre area known as the Tambolini Ranch.

²⁶ This easement is intended to be conveyed to Santa Cruz County when Agricultural Parcels 1, 2, and 3 are created.



laborers, the needs of communities, and consumer health and safety, both in the present and the future. Stewardship of land and natural resources involves maintaining or enhancing this vital resource base for the long term.

Grazing is another type of agricultural use, and it was the dominant agricultural use of coastal lands along Santa Cruz County's north coast until the 1900s. The shortage of labor and the difficulty of reaching urban markets made crop production difficult, but ranching and livestock operations were still an attractive use of these lands because summer fogs and cool coastal conditions combined (and combine still) to extend the growing season for perennial grasses into the summer months, when most California grasslands are too dry. However, the Great Depression, coupled with changing transportation methods that allowed delivery of fresh milk to urban markets from more distant producers, combined to make north coast dairy operations increasingly marginal. Today, there are approximately 1,320 acres of scrub, grasslands, and forested areas that are leased for grazing for the purposes of managing the coastal habitat. Cattle are seasonally stocked at relatively low densities.

For the Coastal Parcels, the grant deed requires the agricultural lands to be managed and maintained in such a way that continued agricultural use is feasible, to the maximum extent possible, unless and until it is determined that conversion to other uses to enhance that parcel's natural resources and biodiversity values would be desirable, feasible and beneficial (see Exhibit H).²⁷ The Upland Parcels have similar protection, including to ensure that grazing activities that are consistent with open space and public recreational access uses of these parcels will be allowed. Grazing at an intensity similar to a feed lot or at levels that would exceed pasture capacity, or significant structural development in support of same, would be inconsistent with this deed restriction requiring that grazing be compatible with open space and public recreational access uses. In this respect, what is expected and allowed under this CDP is nothing more than the low-intensity limited grazing that currently occurs on the property now. For the Agricultural Parcels, the existing and proposed restrictions, including both the existing and the proposed agricultural conservation easement in favor of Santa Cruz County, provide significant agricultural protection. Provided these same types of restrictions and protections are incorporated into this CDP to protect and preserve agricultural operations, including in relation to grazing on the Upland Parcels, and provided they are incorporated in a way that ensures that such operations proceed in a manner that doesn't significantly impact public recreational access opportunities and open space values, then the proposed project can be found consistent with the agricultural protection policies of the Coastal Act (see special conditions 3, 4, and 5).

D. Streams, Wetlands, Estuaries, and Marine Resources

1. Applicable Policies

Coastal Act Sections 30230, 30231, 30232, and 30233 afford protection of coastal waters, streams, wetlands, estuaries, and marine resources and their associated biological productivity and state:

²⁷ DPR has managed the agricultural lands on the Coastal Parcels for almost six years in compliance with its standard practices and indicates that it will continue to do so.



30230: *Marine resources shall be maintained, enhanced, and where feasible, restored. Special protection shall be given to areas and species of special biological or economic significance. Uses of the marine environment shall be carried out in a manner that will sustain the biological productivity of coastal waters and that will maintain healthy populations of all species of marine organisms adequate for long-term commercial, recreational, scientific, and educational purposes.*

30231: *The biological productivity and the quality of coastal waters, streams, wetlands, estuaries, and lakes appropriate to maintain optimum populations of marine organisms and for the protection of human health shall be maintained and, where feasible, restored through, among other means, minimizing adverse effects of waste water discharges and entrainment, controlling runoff, preventing depletion of ground water supplies and substantial interference with surface water flow, encouraging waste water reclamation, maintaining natural vegetation buffer areas that protect riparian habitats, and minimizing alteration of natural streams.*

2. Analysis

Offshore of the Coast Dairies property is the Monterey Bay National Marine Sanctuary, which extends south from a point in Marin County to Cambria Rock in San Luis Obispo County, and extends from high tide seaward typically about 35 miles offshore. The Sanctuary is one of the nation's largest marine sanctuaries, protecting marine resources that include the nation's most expansive kelp forests, one of North America's largest underwater canyons, and the closest deep ocean environment to the continental United States.

These waters support a diverse complex of marine and marine-related habitats including open ocean, kelp forests, rocky seashore, nearshore intertidal, sandy beaches, coastal streams, estuarine systems, and wetlands. These habitats in turn support a wide variety of marine life, including benthic communities, marine mammals, and fish, including sensitive species such as the state threatened long-fin smelt, the federally threatened South/Central California Coast steelhead, the federally threatened Chinook salmon, and the federally threatened North American green sturgeon. The Sanctuary is known for its aquatic diversity and habitat value, and the area offshore of the Coast Dairies property is regarded as sensitive in this respect.

On the Coast Dairies property itself, there are six distinct creeks²⁸ which feed nutrients and fish and other material into these rich coastal waters, from Molino Creek along the northwest edge of the property, to Laguna Creek on the southeast boundary (Scott Creek is adjacent to the property north of Molino Creek, and some of the Scott Creek watershed is located within Coast Dairies). These creeks and their related habitats, including lagoon and estuarine habitats nearest the ocean, generally are the most vulnerable and valuable habitats on the Coast Dairies property. The watersheds of several of these streams are entirely or almost entirely contained on the property. The larger streams, Laguna Creek and San Vicente Creek, however, have watershed areas that extend well beyond the property boundary. These watersheds provide important habitat for anadromous, freshwater, and estuarine fish species and

²⁸ Molino Creek, Ferrari Creek, San Vicente Creek, Liddell Creek, Yellow Bank Creek, and Laguna Creek.



amphibians. Fish found in these creek systems include at least three special-status species – steelhead, Coho, and tidewater goby. Although degradation of creek and related habitat on the property from various land uses and activities over historic time has been substantial, significant habitat quality remains, and the potential for stream and riparian restoration is high.

The property's sandy beaches located between the terraces and coastal bluffs and the rich coastal waters of the Sanctuary are also an area of great resource value, which are also visited by thousands of people every year. The Coast Dairies property includes over seven miles of beach and coastal frontage. Despite steady visitation and use, these beaches remain in a relatively natural condition and retain significant habitat features. Several of the major beaches include coastal wetland complexes, cliffs and ledges, and seeps, intermixed with intertidal rocks and tidepools.²⁹

There are an estimated 100 acres of wetland and freshwater-associated habitats found on the property. Wetlands within the Coast Dairies property are most commonly riparian in nature and include aquatic, riparian, meadow, and floodplain communities. The riparian zone is the plant community adjacent to a river or stream channel and serves as the interface between the river and the surrounding prairies, floodplain, and upland plant communities. It may be best described as the zone of direct interaction between land and water. Riparian areas are characterized by a combination of high species diversity, density, and productivity. Riparian communities are among the most impacted on the property due to the historic effects of logging and stream diversion. These effects include trampling, and placement of above- and below-ground infrastructure, including conveyor belts, dams, bridges, and pipelines. The most significant wetlands are located at the mouth of Laguna and Scott Creeks (Scott Creek wetlands are north of Coast Dairies). These wetlands include a mosaic of emergent wetland plants interspersed with open water areas.

The proposed land division should not adversely impact these biological resources in any significant way. As described earlier, land uses will essentially remain the same on the Upland Parcels 1, 2, and 3 for the foreseeable future with additional limited interim public access trails (while the larger Coast Dairies management planning process is being undertaken). Agricultural Parcels 1, 2, and 3 will remain in agricultural production in perpetuity per the existing and proposed restrictions, and the Coastal Parcels will be preserved and maintained in perpetuity as open space for public access and recreation and continued agricultural use. What is more likely is that the transfer that the land division facilitates is likely to actually lead to enhancement of the overall biological productivity and quality of the coastal waters, streams, wetlands, estuaries, and marine resources in and around the Coast Dairies property as more comprehensive management comes on line through the management practices of both DPR and BLM.

Similarly, potential impacts on fresh and marine water quality are few, as no structural development (which could facilitate adverse water quality impacts due to increased stormwater runoff and associated

²⁹ Major beaches within the Coast Dairies property include the southern portion of Scott Creek Beach, Davenport Landing Beach (facilities at this beach are managed by the County), Davenport Beach, Sharktooth Beach, Bonny Doon Beach, Yellowbank Beach, and Laguna Creek Beach. (Both Sharktooth and Yellowbank beaches are sometimes referred to as Panther Beach, and Sharktooth is also sometimes called Davenport Cove, Cabbage or Sawtooth.)



pollution) on the property is proposed as part of the land division. As described, the proposed land division would create three new agricultural parcels that would allow for continued agricultural use, and it would divide the western portions of three parcels to facilitate their ownership, along with the other western parcels and three small parcels east of Highway 1, by DPR for agricultural, open space, and recreational uses. These current uses may have some impacts to fresh and marine resources through normal agricultural practices, although the current and proposed restrictions serve to help limit such impacts.

In terms of row crops, the principal agricultural chemicals applied to fields used for crops are plant nutrients, pesticides, and herbicides. Residents of the town of Davenport and elsewhere have expressed concern regarding pesticide use in proximity to local residences and the Davenport elementary school. Both Brussels sprouts and artichokes require pre-plant and annual application (usually once annually) of a balanced fertilizer. A combination of micronutrients may also be applied from time to time. Micronutrient combinations usually include iron, copper, and zinc in addition to other micronutrients required by the plants. Brussels sprouts as well as artichokes are crops with long growing seasons, thereby providing the opportunity for the buildup of insects and pests.

As part of the existing and proposed restrictions on Agricultural Parcels 1, 2, and 3, two important provisions should effectively limit the potential for adverse impacts on marine resources and water quality. The first is that organic agriculture is to be given preference. This means, for example, that if the lands are up for lease and there are multiple prospective tenants willing to rent such land on identical terms, credit history, and farm and land management history, and the only difference between such prospective tenants is that one tenant would use the land for organic agriculture and the other would not, then the grantor would have to lease the land to the organic grower (see Exhibit G).³⁰ The second is that the use of pesticides is not allowed any closer than 275 feet from any currently existing residences or schools within the town of Davenport. While this latter provision does not provide restrictions against all pesticide use on the agricultural parcels, it does limit their use on the Agricultural Parcels, and will help protect fresh and marine biological resources in the long run.

In all likelihood, restoration and enhancement of the property's creeks and coastal lagoons could improve landside water quality and improve the larger marine environment in the future. Enhanced watersheds would likely improve salmon numbers, especially in San Vicente Creek, as well as improve important habitat for other sensitive species. The transfer facilitated by the land division will allow for a larger planning process for the property to commence, and thus for the opportunity for interested parties to weigh in on water quality issues. Visitor centers, trails, campsites, and other such development are all possibilities, all of which have the potential to lead to water quality concerns, but those concerns would be addressed at the time of the proposed development. Thus, the proposed land division itself will not contribute to adverse water quality impacts, and the potential for future impacts are minimal, while facilitating watershed and species improvements.

³⁰ Organic agriculture in the proposed agricultural conservation easement is understood to mean agriculture practices established as "organic" by the U.S.D.A.



Another potential issue regards potential creek and riparian restoration and enhancement projects that may be pursued on the property. As a general rule, such projects further Coastal Act and LCP objectives and are to be encouraged. However, there is the possibility that such projects are understood to be other than one of the allowed uses of the Coast Dairies land. For the Upland Parcels and parcels 3, 4, 6, and 15 (intended to be conveyed to BLM) and the Coastal Parcels (see Exhibits B and C), this is not a concern because habitat restoration and enhancement are appropriately considered to be an open space use, which is allowed and prioritized on these parcels. However, this same understanding is not applicable in the same way to the Agricultural Parcels. Fortunately, this can be easily rectified through special conditions identifying the potential for, and allowing, such restoration projects (see special conditions 3, 4, and 5).

3. Conclusion

The proposed project will facilitate the transfer of the Coast Dairies property to two public agencies to maintain and improve open space, agricultural, and recreational lands. Existing and proposed use and management restrictions help to ensure protection of coastal waters, streams, wetlands, estuaries, and marine resources and their associated biological productivity. In addition, future planning efforts, by BLM and as underway by DPR, will help ensure that sound practices are carried out concerning the property's watersheds, wetland areas, coastal lagoons, and overall marine resources. To further minimize potential coastal resource impacts, and to help further ensure appropriate protection of such resources, use and development restrictions are incorporated into this approval (see special conditions 3, 4, and 5). Thus, the proposed land division can be found consistent with the Coastal Act's coastal waters, streams, wetlands, estuaries, and marine resources protection policies as discussed in this finding.

E. Public Viewshed

1. Applicable Policies

The Coastal Act places great emphasis on protection of the coastal zone's visual resources. Coastal zone visual resources are varied, to be sure, but there is little doubt that the visual resources along Santa Cruz County's north coast, of which the Coast Dairies property is a significant part, are resources of the type that the Coastal Act was specifically drafted to protect. Coastal Act Section 30251 states:

***Section 30251.** The scenic and visual qualities of coastal areas shall be considered and protected as a resource of public importance. Permitted development shall be sited and designed to protect views to and along the ocean and scenic coastal areas, to minimize the alteration of natural land forms, to be visually compatible with the character of surrounding areas, and, where feasible, to restore and enhance visual quality in visually degraded areas. New development in highly scenic areas such as those designated in the California Coastline Preservation and Recreation Plan prepared by the Department of Parks and Recreation and by local government shall be subordinate to the character of its setting.*

Coastal Act Section 30240(b), previously cited, also protects adjacent park and recreation areas (such as Wilder Ranch State Park, Moore Creek Preserve, and Natural Bridges State Park that are all nearby)



against significant visual degradation. Section 30240(b) states, in applicable part:

Section 30240(b). Development in areas adjacent to ... parks and recreation areas shall be sited and designed to prevent impacts which would significantly degrade those areas, and shall be compatible with the continuance of those ... recreation areas.

Finally, Coastal Act Section 30253(e) requires that special areas, such as Davenport and the larger north coast area of which it and Coast Dairies are apart, that are popular visitor destination points be protected. Section 30253(e) states:

Section 30253(e). Where appropriate, protect special communities and neighborhoods that, because of their unique characteristics, are popular visitor destination points for recreational uses.

Thus, the Coastal Act requires that development be sited and designed to protect views of and along scenic coastal areas, minimize the alteration of natural landforms, be visually compatible with the character of surrounding areas, and, where feasible, restore and enhance visual quality in visually degraded areas. New development in highly scenic areas, such as Santa Cruz County's north coast area, is required to be subordinate to the character of its setting. Popular visitor destination points such as Santa Cruz County's north coast area are required to be protected. The Coastal Act's visual policies are also related to other previously identified resource protective policies. For example, policies that protect agricultural lands from conversion to urban uses likewise protect the rural open-space character of the coastal zone. Similarly, policies that protect environmentally sensitive habitat areas from degradation also tend to preserve scenic resources since these habitat areas, including as associated with their health and vitality, also contribute to the visual character of the coastal zone. These policies are reinforced by and reflected in LCP policies applicable to views in Santa Cruz County, including views associated with the rural north coast.³¹

2. Analysis

The Coastal Act (and the County's LCP) are protective of coastal zone visual resources, and specifically protective of the views available from Highway One as it winds through the County from San Mateo to Monterey County lines. The Coastal Act states that the scenic and visual qualities of coastal areas shall be protected as a resource of public importance and that development shall be sited and designed to protect views to and along the ocean and scenic coastal areas, to minimize the alteration of natural land forms, to be visually compatible with the character of surrounding areas, and, where feasible, to restore and enhance visual quality in visually degraded areas. The LCP states that the public vista from Highway One "shall be afforded the highest level of protection" (LCP Policy 5.10.10). This section of Highway One is also specifically identified as eligible for official designation as part of the California Scenic Highway Program. As mentioned above, Coast Dairies is located roughly between 8 and 15 miles upcoast of the City of Santa Cruz along the mostly undeveloped stretch of Central Coast extending between the Cities of Santa Cruz and Half Moon Bay to the south. The north Santa Cruz coast area

³¹ Including Santa Cruz County LCP Sections 5.10 et seq., 5.11, 7.7.1 and Chapter 13.20.



represents the grandeur of a bygone (in many places) agrarian wilderness California and is a critical public viewshed for which the LCP dictates maximum protection.

The LCP likewise is protective of the Town of Davenport, calling out this enclave as a “Coastal Special Community” (LCP Policy 8.8.2). New development is to be subservient to maintaining the community’s character through preserving and enhancing Davenport’s unique characteristics. The Highway One frontage is to be emphasized as both a rural community center and a visitor serving area where site design is required to emphasize the historic assets of the town. Davenport is a widely renowned whale watching and visitor destination that has been recognized within the LCP for its special community character – a windswept character within which the subject site plays an important role.

In terms of the entire Coast Dairies property, much of the approximately 6,800 acre site is prominent in the view from Highway 1. As the Highway bisects the property into the upland and seaward sides of the property, travelers driving north or south are afforded views up the gently climbing rolling hillsides and/or out across the coastal bluffs and to the Pacific Ocean. Generally, the southern part of the Coast Dairies property is comprised of sloping low-lying hills behind narrow agricultural fields on the inland side, and flat, often tree shrouded coastal terrain on the seaward side. Farmhousing, and other agricultural related development, dot the landscape as one drives north on Highway 1. On the seaward side, glimpses of a coastal rail line that parallels the highway are possible. The town of Davenport’s restaurants, stores, and houses, the non-operational cement plant and towers, and the town’s center buildings adjacent to the Highway in this area, are also part of the Highway 1 viewshed. Further north still, the drive continues between rolling hills and coastal terraces, agricultural fields and Davenport’s “new town” area, and Davenport Landing and Swanton Berry Farm, which lies just north of the Coast Dairies property. The property is thus located in a mostly undeveloped portion of Santa Cruz County occupying both the ocean and inland side of a significant stretch of scenic Highway 1. This stretch of coastline has been widely photographed and exemplifies the rural viewscape typical of the north coast area.

Coast Dairies is also fairly close, and in some cases immediately adjacent to, several other designated public lands in this area. The Coastal Parcels are adjacent to the northern edge of Wilder Ranch State Park and, because of the absence of fencing and development and the continuous of agricultural, is visually indistinguishable from the park and blends into the overall coastal landscape.

In sum, the property is located in precisely the type of visual resource area requiring maximum protection under the Coastal Act. The north coast area is understood within this viewshed context more generally, and the property in question is within one of those rural and important segments of the north coast that demand thoughtful consideration in this regard. Given the importance of the viewshed, it is imperative that development be thoughtfully considered in relation to the way in which it might affect such viewshed, including in terms of the way that it could allow increased structural development in such a highly scenic and rural area.

The proposed land division could raise conflicts with Coastal Act Sections 30251, 30240(b), and 30253(e) because it could facilitate more intensive development in a substantially rural area of the coast.



The proposed land division and intended transfer will potentially facilitate the development of public access and recreationally-related development such as trailheads, parking areas, visitor centers and the like on both the seaward and inland side of Highway 1. However, such future development will require CDP and/or federal consistency authorization, at which time such development can be appropriately evaluated and sited and designed to protect the significant viewshed. For this current proposal, no new above-ground development is proposed, and thus it doesn't raise these kinds of concerns. In fact, the restrictions currently on the property (e.g., the DPR grant deed; see Exhibit H) help ensure that only appropriate uses are allowed which, by extension, ensures that inappropriate uses and related development are not possible for the property in the future. To further ensure same, this approval is conditioned to ensure that the property is limited to Coastal Act priority uses (see special conditions 3, 4, and 5).

Therefore, while the approved land division will facilitate transfer of the property that could itself facilitate above-ground development, this will only be in relation to public recreational access, agricultural, and open space uses, and future required reviews should be adequate to ensure that coastal zone visual resources are protected and enhanced. Thus, the proposed land division can be found consistent with the Coastal Act's public viewshed protection policies as discussed in this finding.

F. Other Potential Environmental Impacts

Noise

The proposed project consists of the division of three parcels in and around the City of Davenport. The end result of the project will be the creation of one large DPR holding (the Coastal Parcels), primarily located on the seaward side of Highway 1, and ten parcels located on the inland side of Highway 1. These parcels will be used for either ongoing agricultural production or as open space recreational areas. As such, this land division/combination will not result in a significant change to current uses allowed on these parcels, so it is not expected to create any new or additional noise in the area. The project as proposed will not expose people to noise levels that exceed the County's noise thresholds, generate increases in the ambient noise levels for adjoining areas, nor expose them to severe noise or vibration. Therefore, the project is not expected to generate any adverse environmental impacts related to increased noise levels in the vicinity.

Air Quality

As noted above, the proposed project is not expected to result in any significant changes in current land uses allowed on the newly created parcels. As a result, the proposed land division will not violate any state or federal ambient air quality standard, exceed air quality emission thresholds as established by the Monterey Bay Unified Air Pollution Control District, expose any sensitive receptor to substantial air pollutant concentrations, create or subject individuals to objectionable odors, or be inconsistent with the Air Pollution Control District's Clean Air Plan. The proposed land division is therefore not expected to generate any adverse environmental impacts related to air quality in the area.

Archaeology



Coastal Act section 30244 states: “Where development would adversely impact archaeological or paleontological resources as identified by the State Historic Preservation Officer, reasonable mitigation measures shall be required.” The Coast Dairies property was home to Native Americans for thousands of years, and the property is likely rich with archeological sites, both historic and prehistoric. Prehistoric sites are important for their research value and as a tangible link to the heritage culturally associated with Native Americans.

On the Coast Dairies property, only a handful of surveys and a few test excavation projects conducted under CEQA guidelines have occurred within the property’s boundaries since the 1970s. Of the approximately 6,800 acres of Coast Dairies land, only about 3 percent (240 acres) has been surveyed for archeological resources. Only two sites on the property have to date been the focus of archeological attention. Site CA-SCR-117, also known as the Davenport Landing Site, has been the subject of a number of surveys, trenching, and test excavation projects during the last 25 years. It is the only archeological site within property boundaries where professional excavation has taken place and an intact cultural deposit has been unearthed. Radiocarbon dating places the site’s occupation between A.D. 1680 and A.D. 1505, making this one of the more important sites in Santa Cruz County by virtue of its occupation by Native Americans just prior to and perhaps during the time of European contact. The other site, CA-SCR-18, is in the modern town of Davenport and is no longer part of the property and is not part of the proposed project.

There is certainly the potential for future archaeological or paleontological sites to be identified on the property. But any grading or other activities that could potentially disturb such sites would be development requiring a CDP, or Coastal Commission concurrence on a federal consistency determination, so reasonable mitigation measures would be required to protect archaeological resources at the time of any such proposed development. The proposed project before the Commission at this time involves no grading or any other ground disturbance. It consists solely of land divisions. The land divisions in this case will not in and of themselves contribute to the potential disturbance of archaeological or paleontological resources. Therefore, the proposed project is consistent with Coastal Act Section 30244.

G. Project Alternatives

Section 15126.6 of the CEQA Guidelines provides direction for the discussion of alternatives for the proposed project, requiring a discussion of “a range of reasonable alternatives to the project, which...would feasibly attain most of the basic objectives of the project but would avoid or substantially lessen any of the significant effects of the project” (Section 15126.6(a)). The alternatives should “focus on alternatives to the project or its location which are capable of avoiding or substantially lessening any significant effects of the project, even if these alternatives would impede to some degree the attainment of the project objectives, or would be more costly” (Section 15126.6(b)).

The ultimate purpose of the proposed project is to allow CDLC/TPL to turn over management of the subject property to entities who will manage them for resource conservation, public recreational use and agricultural use. TPL went through an exhaustive planning process upon acquiring the Coast Dairies



property in 1998, culminating in the production of the Coast Dairies Long-Term Resource Protection and Access Plan. Since 1998, CDLC/TPL has found willing participants to accept conveyance of the property and has crafted a land division project to ensure that those participants can accept their intended portions of the larger property. One prior iteration of the proposed parcel map/configuration and project description included BLM accepting all of the property inland of Highway 1 and DPR accepting all of the property seaward of Highway 1. DPR was open to accepting the parcels seaward of Highway 1. BLM, however, was unable to accept parcels on which there was active agricultural use. Given that portions of the parcels inland of Highway 1 are currently used for agriculture and, under the Coastal Act and other statutes, should be protected for such uses, this project alternative would not have met the project goal of protecting natural resources, recreational access and agricultural use. In addition, had this alternative been pursued, but without the potential for continued agriculture inland of Highway 1, due to BLM's constraints, this could have resulted in the loss of important agricultural areas, so this would not be an environmentally superior alternative to the proposed project.

The no project alternative would have similar consequences in this case as the last alternative. The no project alternative would keep existing parcel lines in place, with no separation of the portions of existing parcels 1, 5 and 7 inland of Highway 1 from the rest of the property and no distinction between the portions of existing parcels 1, 5 and 7 used for agricultural purposes and those that are primarily in their natural condition. Under this alternative, the future of agricultural uses on these parcels could be jeopardized, depending on what entity CDLC/TPL could find to manage the properties in their current configuration. For example, if BLM were to accept the parcels in their current configuration, it would not be able to maintain agricultural uses on the properties, inconsistent with Coastal Act policies. If BLM were unwilling to accept the parcels in their current configuration at all, it is unclear that CDLC/TPL could find another entity willing to manage these parcels for resource conservation, public access and agricultural use. It might instead sell the property to an entity that was not interested in or did not have the resources to protect such uses on this property. For these reasons, the no project alternative is not the environmentally preferred alternative.

In sum, the current proposed project is the environmentally preferred alternative because it will facilitate the transfer of over 6,800 acres to be protected and managed for resource conservation and recreational use in perpetuity, while also protecting important agricultural uses on the property.

4. Coastal Development Permit Conditions of Approval

A. Standard Conditions

- 1. Notice of Receipt and Acknowledgment.** The permit is not valid and development shall not commence until a copy of the permit, signed by the permittee or authorized agent, acknowledging receipt of the permit and acceptance of the terms and conditions, is returned to the Commission office.



2. **Expiration.** If development has not commenced, the permit will expire two years from the date on which the Commission voted on the application. Development shall be pursued in a diligent manner and completed in a reasonable period of time. Application for extension of the permit must be made prior to the expiration date.
3. **Interpretation.** Any questions of intent or interpretation of any condition will be resolved by the Executive Director or the Commission.
4. **Assignment.** The permit may be assigned to any qualified person, provided assignee files with the Commission an affidavit accepting all terms and conditions of the permit.
5. **Terms and Conditions Run with the Land.** These terms and conditions shall be perpetual, and it is the intention of the Commission and the permittee to bind all future owners and possessors of the subject property to the terms and conditions.

B. Special Conditions

1. **Approved Land Division.** This coastal development permit authorizes the creation of three new parcels (referred to as Agricultural Parcels 1, 2, and 3) from three existing parcels (referred to as existing parcels 1, 5 and 7), which will be referred to in their post-subdivision configuration as Upland Parcels 1, 2, and 3, all as shown on Exhibit C of this staff report. This permit also authorizes the subdivision of existing parcels 1, 5 and 7 to separate all of the portions of these parcels located west of Highway One from the existing parcels.
2. **Record of Survey.** PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the Permittee shall submit two copies of a Record of Survey map to the Executive Director for review and approval. The Record of Survey Map shall be substantially in conformance with the parcel configuration associated with the approved land division (as shown on Exhibit C), shall be prepared by a licensed surveyor based on an on-site inspection, and shall clearly depict and label all of the parcels identified on Exhibit C.
3. **Upland Parcels Deed Restrictions.** Upland Parcels 1, 2, and 3 are located on the inland side of Highway 1 (as shown on Exhibit C). PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the landowner shall execute and record a deed restriction, in a form and content acceptable to the Executive Director, imposing the following restrictions as covenants, conditions, and restrictions on the use and enjoyment of Upland Parcels 1, 2, and 3 and existing parcels 3, 4, 6 and 15 (hereinafter referred to as the "Upland Deed Restricted Parcels") as depicted on Exhibit C:
 - (a) **Public recreational access, open space, and grazing priority.** The Upland Deed Restricted Parcels shall be protected, used, and managed only for open space, grazing, and public recreational access uses and development in a manner consistent with the protection and preservation of coastal resources. Reclamation and restoration activities that support and



facilitate such open space, grazing, and public recreational uses and development (including by allowing areas to be so used and developed in these ways) are allowed. Grazing activities shall be sited, designed, maintained, managed, and operated so as to be coordinated with, and so as to not significantly adversely affect, open space and public recreational access uses and development on the Upland Deed Restricted Parcels.

- (b) **Timber operations prohibited.** Commercial timber operations (as defined in California Public Resources Code 4527) shall be prohibited on the Upland Deed Restricted Parcels. In addition, removal of redwood trees shall be prohibited on the Upland Deed Restricted Parcels, except to the extent determined to be necessary or desirable for public safety and/or forest health, subject to all applicable authorizations.
- (c) **Motorized off-road vehicles prohibited.** Motorized off-road vehicles shall be prohibited on the Upland Deed Restricted Parcels except to the extent required for property management, (including reclamation/restoration), public health and safety protection, or emergency response, and provided such vehicular use is confined to established and designated roadways as much as possible (i.e., such use outside of such roadways shall be limited to areas that cannot be accessed in any other way).

The deed restriction shall be recorded against the existing parcels but only encumber the areas designated in Exhibit C as the Upland Deed Restricted Parcels. The deed restriction shall include a legal description of the Upland Deed Restricted Parcels (for Upland Parcels 1, 2, and 3 based on existing legal descriptions for these parcels and excepting out of these descriptions Agricultural Parcels 1, 2, and 3, as described through metes and bounds legal descriptions of the Agricultural Parcels) as well as a graphic surveyed map depiction of the parcels, all prepared by a licensed surveyor based on an on-site inspection. The document shall be recorded free of prior liens and any other encumbrances that the Executive Director determines may affect the restrictions imposed on the parcels through this condition.

- 4. **Agricultural Parcels Deed Restrictions.** Agricultural Parcels 1, 2, and 3 are located on the inland side of Highway 1 (as shown on Exhibit C). PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the landowner shall execute and record a deed restriction, in a form and content acceptable to the Executive Director, imposing the following restrictions as covenants, conditions, and restrictions on the use and enjoyment of Agricultural Parcels 1, 2, and 3:

- (a) **Agricultural use in perpetuity.** Agricultural Parcels 1, 2, and 3 shall remain in agricultural use for the production of food, fiber, or other animal or plant products by preserving and protecting in perpetuity its agricultural values, use and utility, and preventing any use of the property that would materially impair or interfere with its agricultural values, use or utility. The only exceptions to this perpetual agricultural use requirement are that: (1) should agricultural use become infeasible in whole or in part on these parcels, then such area shall be protected, used, and managed only for open space and public recreational access uses and development in a manner consistent with the protection and preservation of coastal resources; (2) habitat



restoration and enhancement shall also be allowed (e.g., restoration/enhancement of creeks/riparian corridors that are located on the Agricultural Parcels); and (3) reclamation and restoration activities that support and facilitate agricultural (or in the alternative per (1) above, open space and public recreational access) uses and development (including by allowing areas to be so used and developed in these ways) are allowed.

- (b) **Organic agriculture priority.** Organic agriculture shall be given preference on Agricultural Parcels 1, 2, and 3, where the term “organic agriculture” shall mean agricultural practices established as “organic” by the United States Department of Agriculture.
- (c) **Pesticide limitations.** Pesticides shall not be used within 275 feet of currently existing residences and schools within the town of Davenport.
- (d) **Timber operations prohibited.** Commercial timber operations (as defined in California Public Resources Code 4527) shall be prohibited on Agricultural Parcels 1, 2, and 3. In addition, removal of redwood trees shall be prohibited on Agricultural Parcels 1, 2, and 3, except to the extent determined to be necessary or desirable for public safety and/or forest health, subject to all applicable authorizations.
- (e) **Motorized off-road vehicles prohibited.** Motorized off-road vehicles shall be prohibited on Agricultural Parcels 1, 2, and 3 except to the extent required for property management, (including reclamation/restoration), agricultural operations (including related residential use), ranching, public health and safety protection, emergency response, or for access to the Upland Deed Restricted Parcels (see Special Condition 3), and provided such vehicular use is confined to established roadways as much as possible (i.e., such use outside of such roadways shall be limited to areas that cannot be accessed in any other way).
- (f) **Public recreational access priority.** Agricultural uses and development shall be sited, designed, maintained, managed, and operated so as to be coordinated with, and so as to not significantly adversely affect, public recreational access uses and development on the Upland Parcels, existing parcels 3, 4, 6, and 15, and the Agricultural Access Areas on Agricultural Parcel 3 (see below).
- (g) **Public recreational access priority.** Public recreational access uses and development, including but not limited to that that is necessary to provide through connectivity from Highway 1 to Upland Parcels 1, 2, and 3, shall have priority over all other uses and development in those portions of Agricultural Parcel 3 identified on Exhibit C as “Agricultural Access Areas” (i.e., the two approximately 1-foot by 700 feet long strips of land adjacent to Highway 1 which adjoin and are a part of the three larger portions of Agricultural Parcel 3).

The deed restriction shall be recorded against the existing parcels but only encumber the areas designated as Agricultural Parcels 1, 2, and 3. The deed restriction shall include a graphic surveyed map depiction and metes and bounds legal descriptions of Agricultural Parcels 1, 2, and 3, and the Agricultural Access Areas, all prepared by a licensed surveyor based on an on-site inspection. The document shall be recorded free of prior liens and any other encumbrances that the Executive



Director determines may affect the restrictions imposed on the parcels through this condition.

5. Coastal Parcels Deed Restriction. The California Department of Parks and Recreation's land holding associated with the proposed development (i.e., the Coastal Parcels, as shown on Exhibit C) is located primarily on the seaward side of Highway 1. PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the landowner shall execute and record a deed restriction, in a form and content acceptable to the Executive Director, imposing the following restrictions as covenants, conditions and restrictions on the use and enjoyment of the Coastal Parcels:

(a) Public recreational access, agriculture, and open space priority. The Coastal Parcels shall be protected, used, and managed for open space, agriculture, and public recreational access uses and development in a manner consistent with the protection and preservation of coastal resources. Public recreational access opportunities shall be maximized, and public recreational access uses and development shall have priority over all other agricultural and open space uses and development on the Coastal Parcels. Agricultural and open space uses and development shall be sited, designed, maintained, managed, and operated so as not to significantly adversely affect public recreational access uses and development on the Coastal Parcels. That portion of the Coastal Parcels in agricultural production as of April 12, 2012 shall be maintained in agricultural production to the maximum extent feasible, and, where not feasible, shall only be converted to public recreational access or open space uses and development.

(b) Timber operations prohibited. Commercial timber operations (as defined in California Public Resources Code 4527) shall be prohibited on the Coastal Parcels. In addition, removal of redwood trees shall be prohibited on the Coastal Parcels, except to the extent determined to be necessary or desirable for public safety and/or forest health, subject to all applicable authorizations.

(c) Motorized off-road vehicles prohibited. Motorized off-road vehicles shall be prohibited on the Coastal Parcels except to the extent required for property management, (including reclamation/restoration), public health and safety protection, or emergency response, and provided such vehicular use is confined to established and designated roadways as much as possible (i.e., such use outside of such roadways shall be limited to areas that cannot be accessed in any other way).

The recorded deed restriction shall include a graphic depiction and legal description of the Coastal Parcels, all prepared by a licensed surveyor. The document shall be recorded free of prior liens and any other encumbrances that the Executive Director determines may affect the restrictions imposed on the parcels through this condition.

5. California Environmental Quality Act (CEQA)

Section 13096 of the California Code of Regulations requires that a specific finding be made in conjunction with coastal development permit applications showing the application to be consistent with

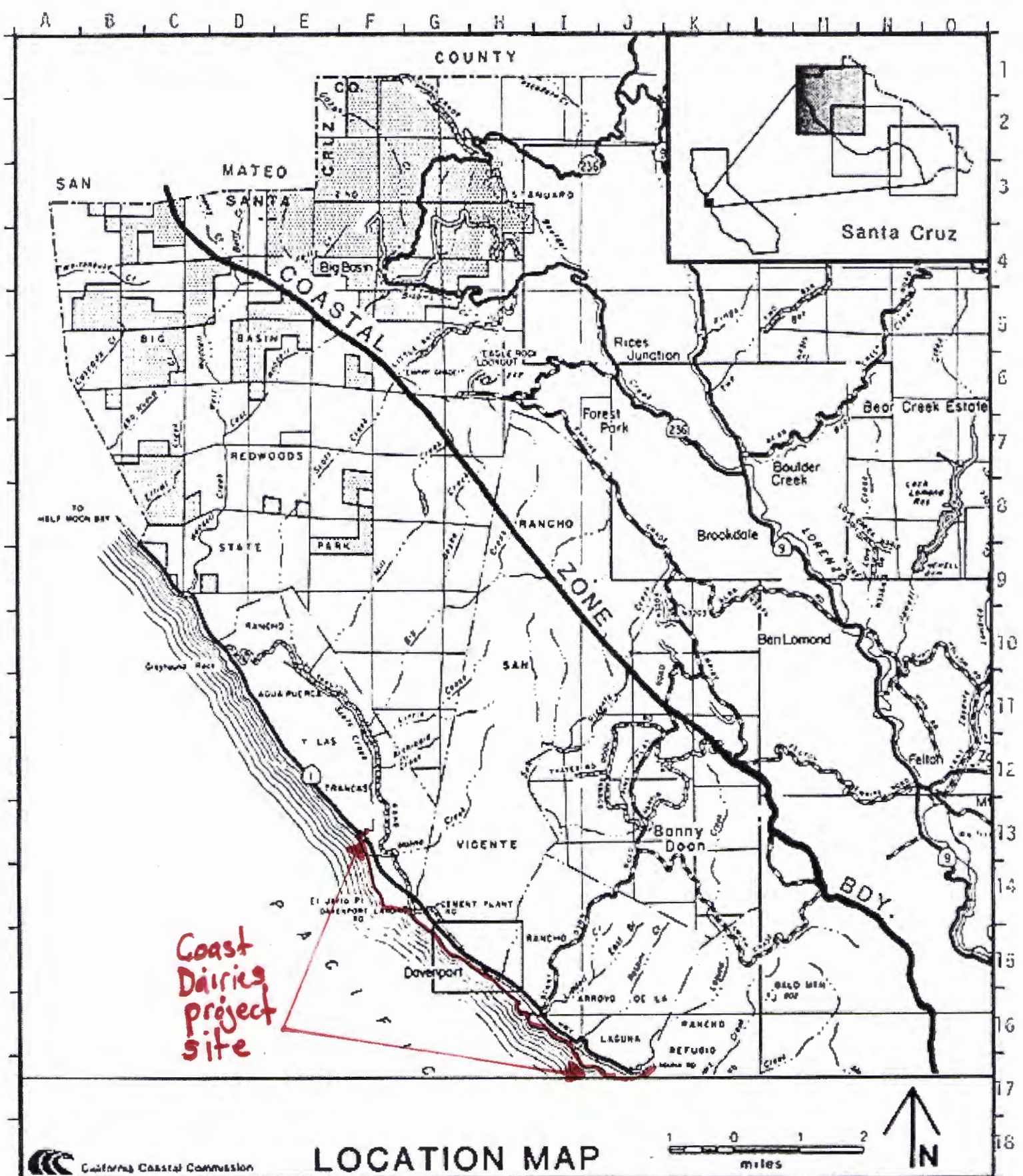


any applicable requirements of CEQA. Section 21080.5(d)(2)(A) of CEQA prohibits a proposed development from being approved if there are feasible alternatives or feasible mitigation measures available which would substantially lessen any significant adverse effect which the activity may have on the environment.

The Coastal Commission's review and analysis of land use proposals has been certified by the Secretary of Resources as being the functional equivalent of environmental review under CEQA. The Commission has reviewed the relevant coastal resource issues associated with the proposed project, and has imposed conditions to address any adverse impacts to such coastal resources. All public comments received to date have been addressed in the findings above. All above findings are incorporated herein in their entirety by reference.

The Commission finds that only as modified and conditioned by this permit will the proposed project avoid significant adverse effects on the environment within the meaning of CEQA. As such, there are no additional feasible alternatives nor feasible mitigation measures available which would substantially lessen any significant adverse environmental effects that approval of the proposed project, as modified, would have on the environment within the meaning of CEQA. If so modified, the proposed project will not result in any significant environmental effects for which feasible mitigation measures have not been employed consistent with CEQA Section 21080.5(d)(2)(A).

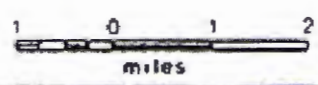




Coast Dairies project site

California Coastal Commission

LOCATION MAP



County of Santa Cruz

CCC Exhibit A Sheet 1 of 3
 (page 1 of 2 pages)

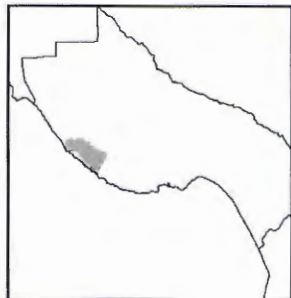
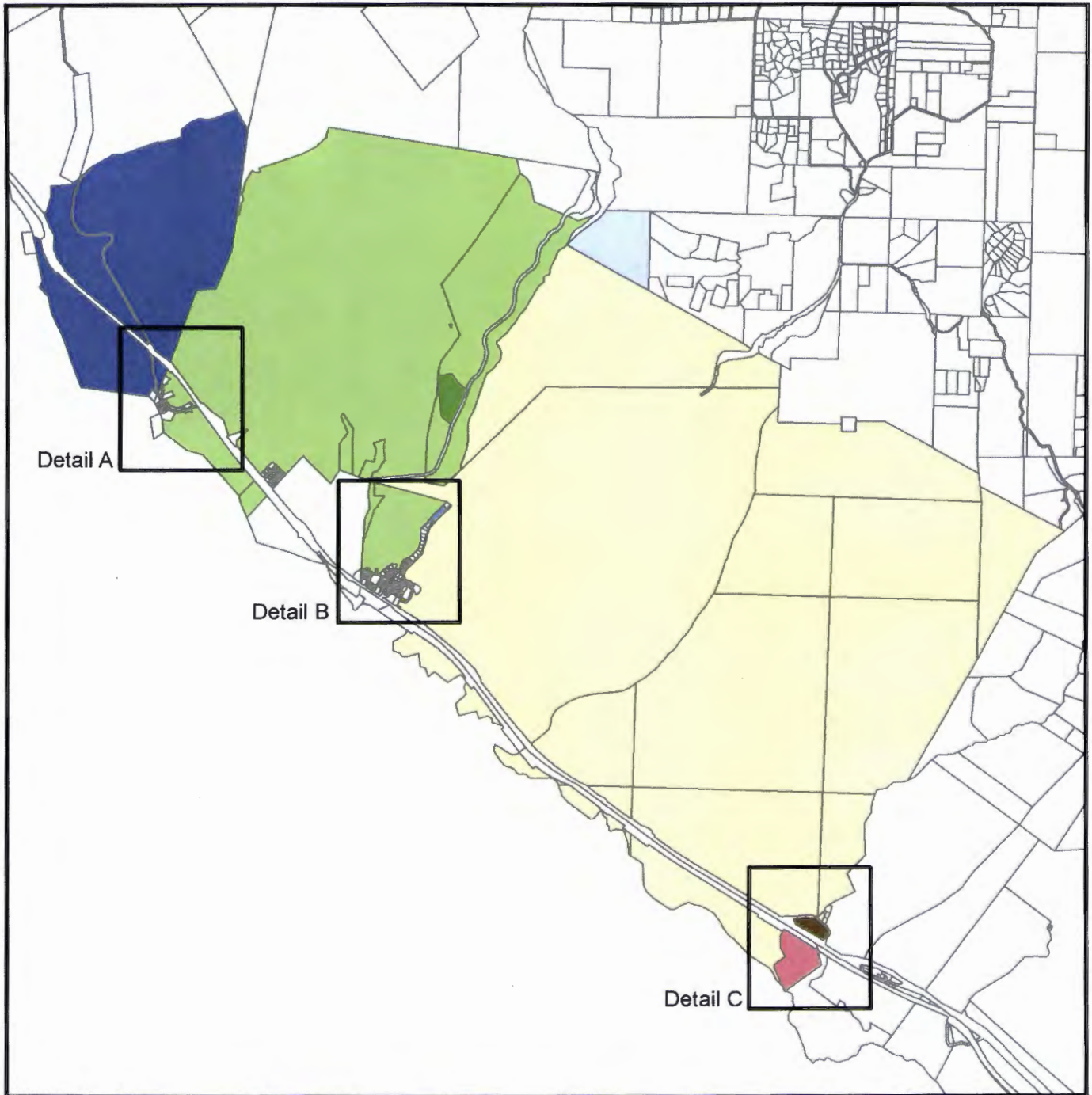


CCC Exhibit
 (page 2 of 2 pages)
 A

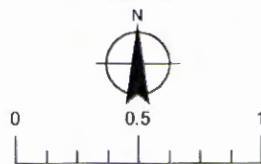
SOURCE: Environmental Science Associates, Pacific Meridian Resources, USGS

Coast Dairies / 200071 ■
Figure I-1
 The North Coast and
 Coast Dairies Property

Existing Parcels

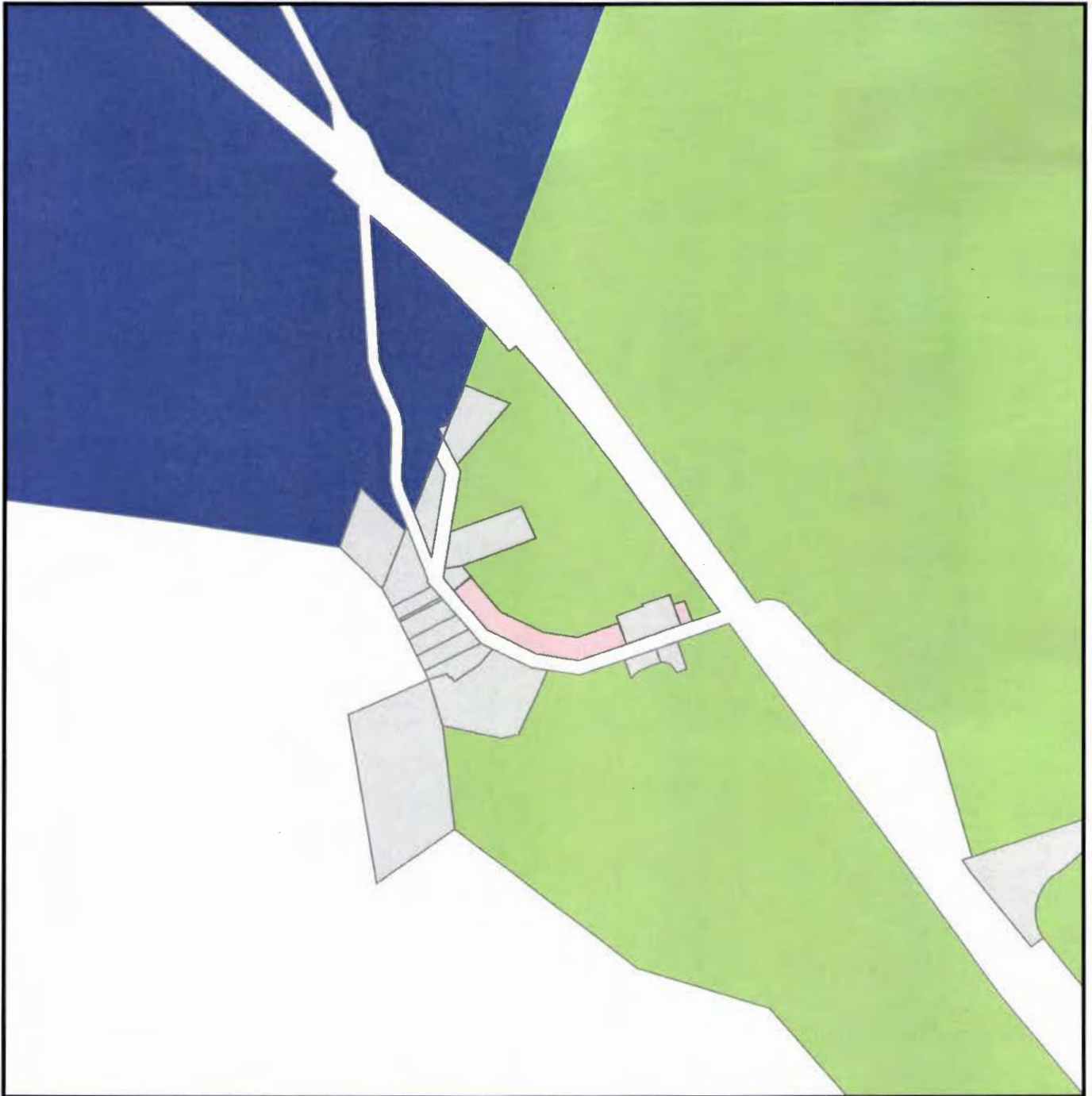






- | | |
|--|---|
|  Existing Parcel 1 |  Existing Parcel 7 |
|  Existing Parcel 2 - See Detail A |  Existing Parcels 8, 10, 11 - See Detail C |
|  Existing Parcel 3 - See Detail B |  Existing Parcels 9, 12 - See Detail C |
|  Existing Parcel 4 - See Detail B |  Existing Parcel 15 |
|  Existing Parcel 5 | |
|  Existing Parcel 6 | |

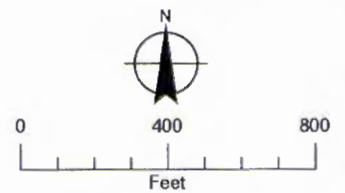


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Locations Approximate
For illustrative purposes only

Detail A - Existing Parcels



-  Existing Parcel 1
-  Existing Parcel 2
-  Existing Parcel 5
-  Not Part of Project

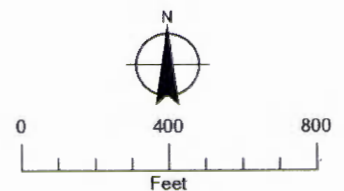


Locations Approximate
For illustrative purposes only

Detail B - Existing Parcels

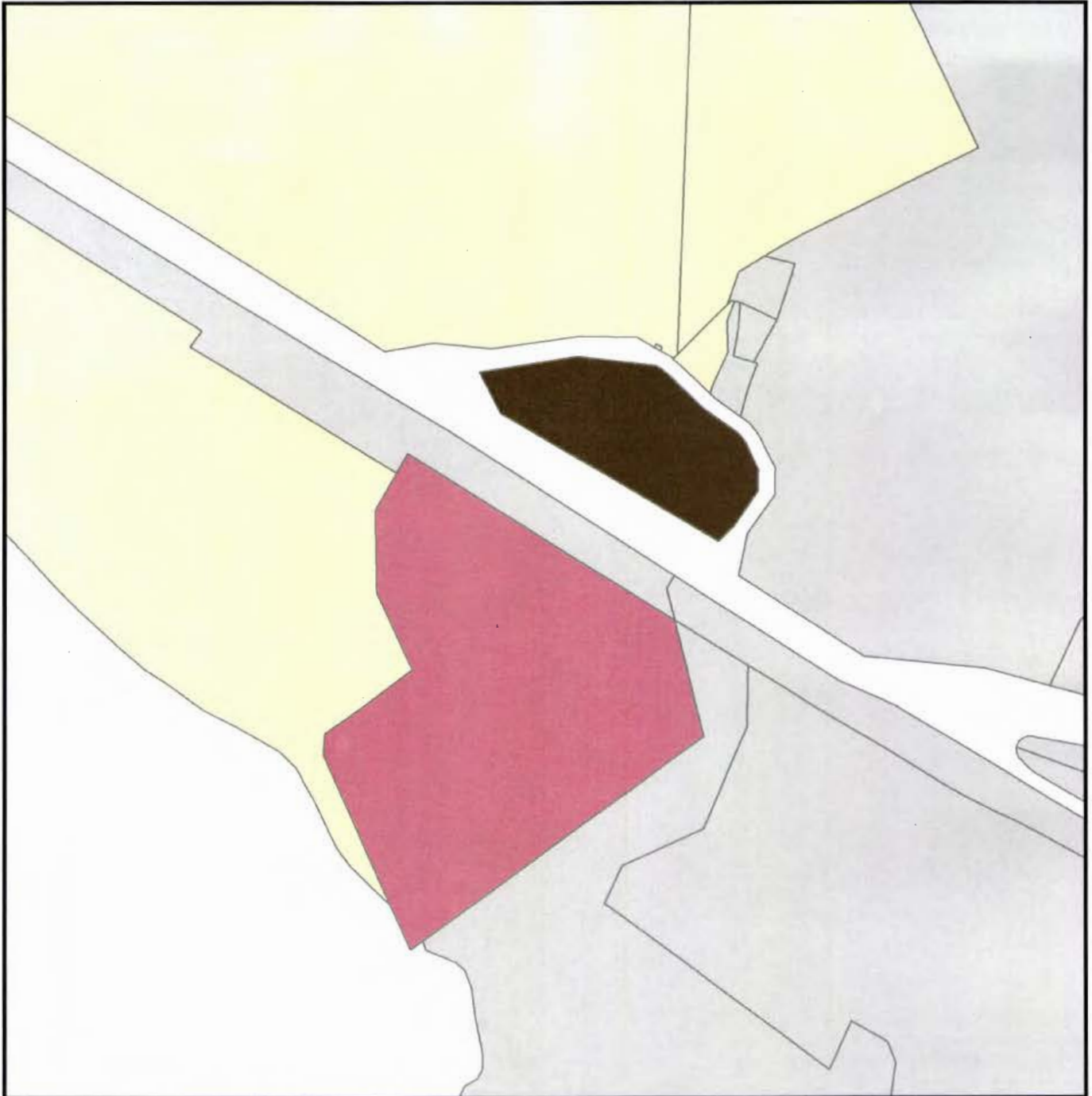




- Existing Parcel 1
- Existing Parcel 3
- Existing Parcel 4
- Existing Parcel 7
- Not Part of Project

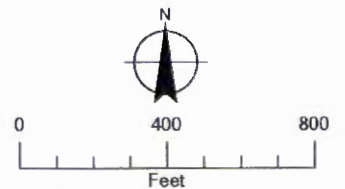


Locations Approximate
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Detail C - Existing Parcels

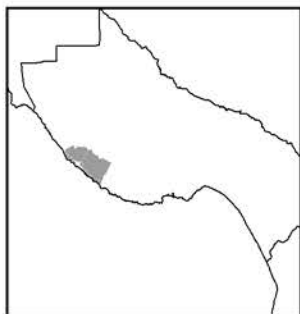
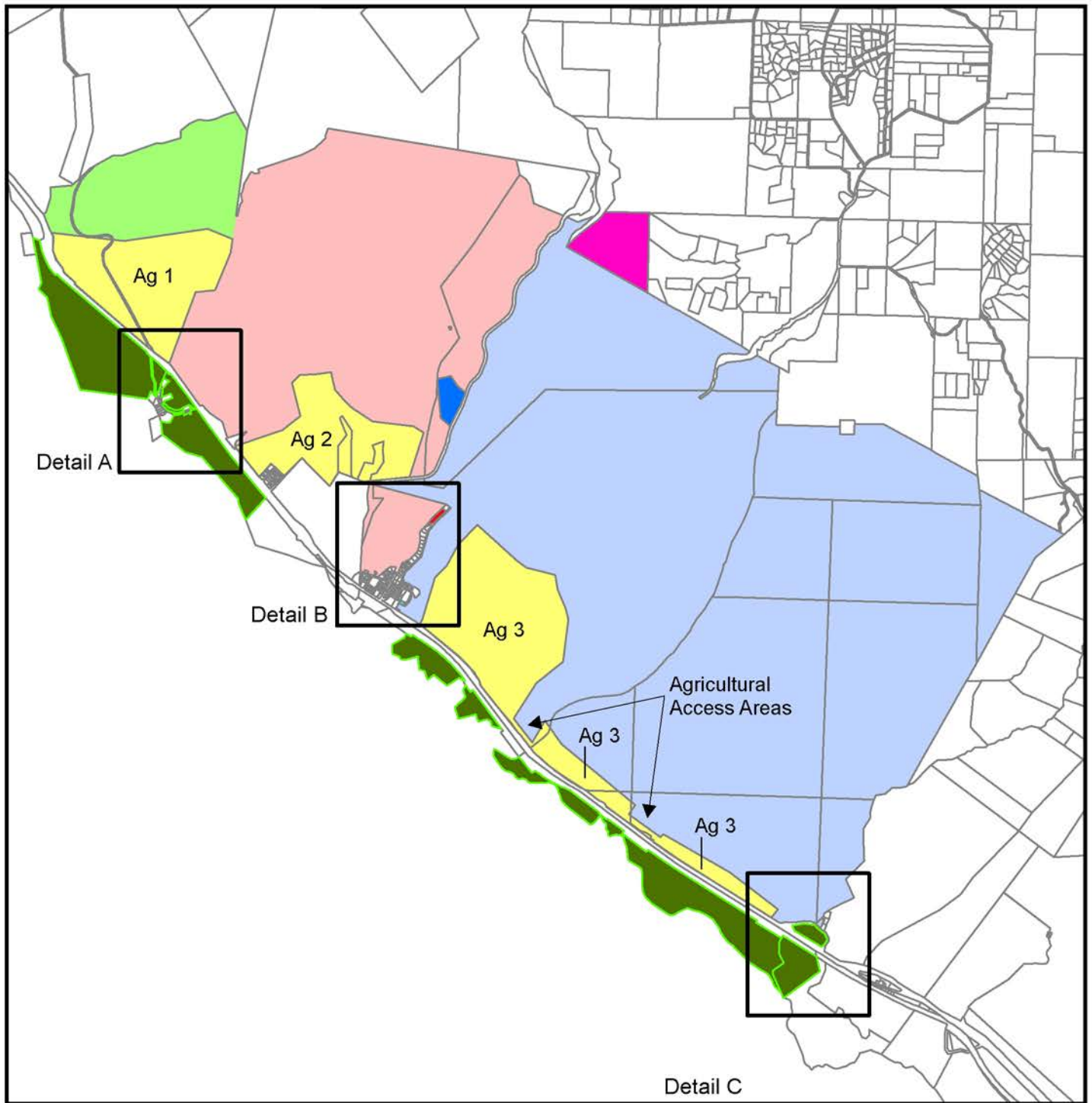


-  Existing Parcel 7
-  Existing Parcels 8, 10, 11
-  Existing Parcels 9, 12
-  Not Part of Project

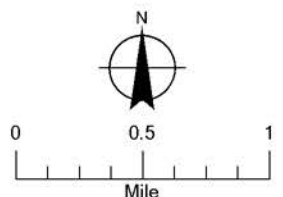


Locations Approximate
For illustrative purposes only

Post CDP Parcels

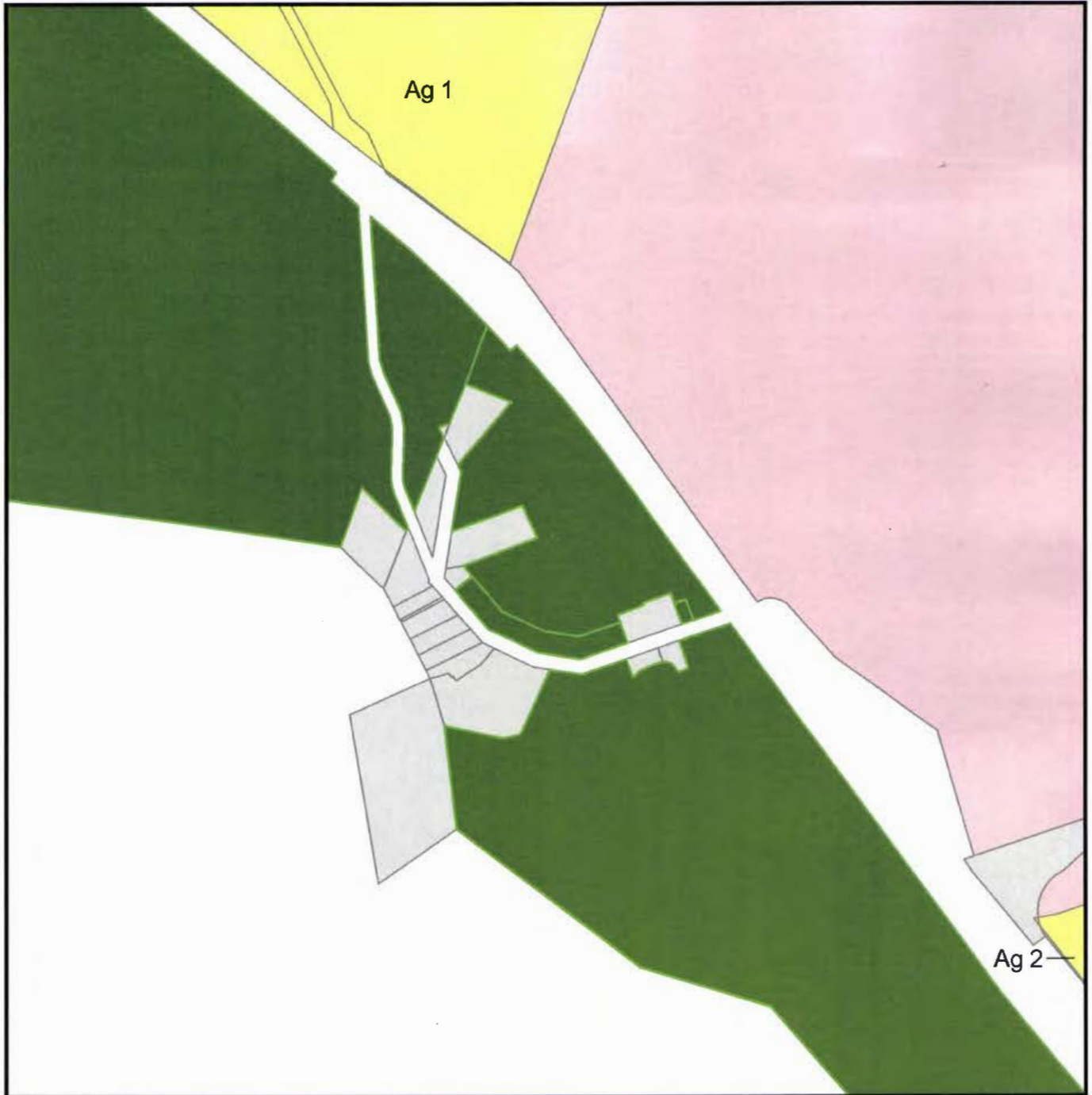


- Existing Parcel 3
- Existing Parcel 4
- Existing Parcel 6
- Existing Parcel 15
- Upland Parcel 1
- Upland Parcel 2
- Upland Parcel 3
- Agricultural Parcels 1, 2, 3
- Coastal Parcels

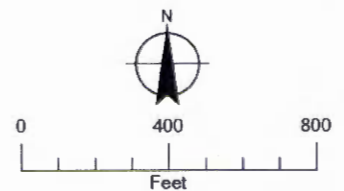


Locations Approximate
For illustrative purposes only

Detail A - Post CDP Parcels

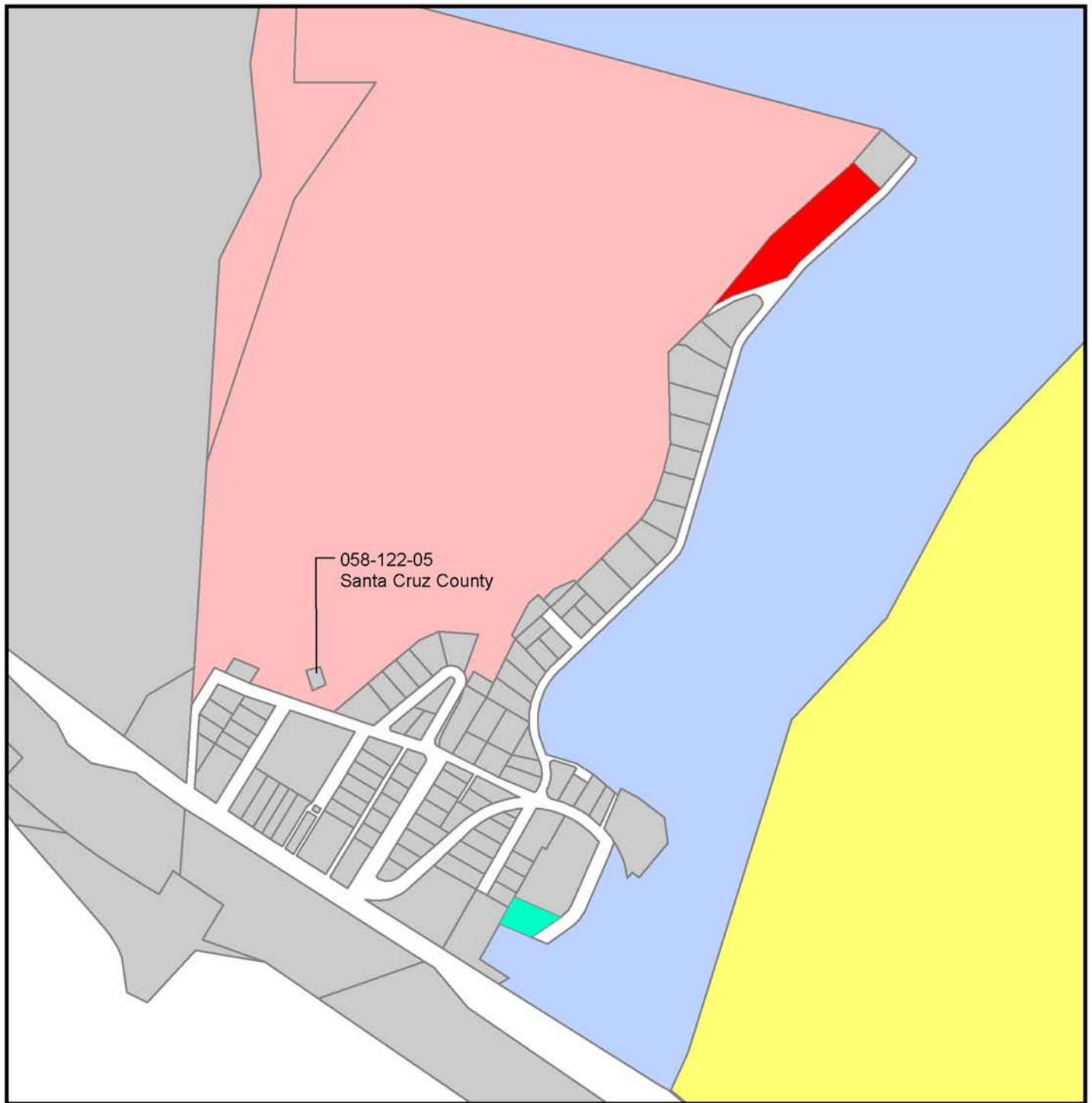


-  Upland Parcel 2
-  Agricultural Parcels 1, 2
-  Coastal Parcels
-  Not Part of Project

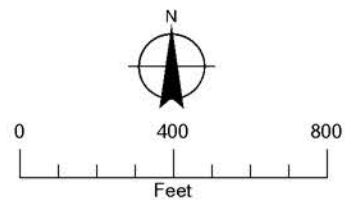


Locations Approximate
For illustrative purposes only

Detail B - Post CDP Parcels



- Existing Parcel 3
- Existing Parcel 4
- Upland Parcel 2
- Upland Parcel 3
- Agricultural Parcel 3
- Not Part of Project

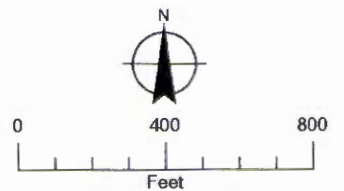


Locations Approximate
For illustrative purposes only

Detail C - Post CDP Parcels



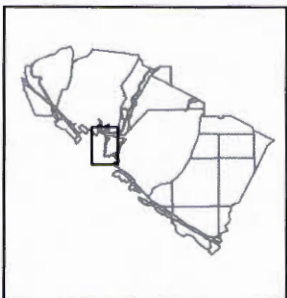
-  Upland Parcel 3
-  Agricultural Parcel 3
-  Coastal Parcels
-  Not Part of Project







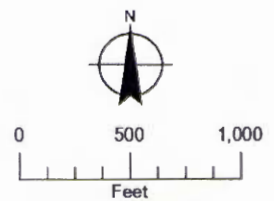
Locations Approximate
For illustrative purposes only

Pre Lot Line Adjustment

Post Lot Line Adjustment



-  LLA 2009 (to CEMEX)
-  Existing Parcel 1
-  Existing Parcel 7
-  Not Part of Project



Locations Approximate
For illustrative purposes only

LAND CONSERVATION CONTRACT

0130

THIS CONTRACT, made and entered into this 3rd day of February, 2009, by and between Coast Dairies and Land Company, Inc., hereinafter referred to as "OWNER", and the County of Santa Cruz, a political subdivision of the State of California, hereinafter referred to as "COUNTY";

WHEREAS OWNER is the owner of certain real property in the County of Santa Cruz, which property is presently devoted to agricultural use and is described in Exhibit "A" attached hereto; and

WHEREAS said property is located in an agricultural preserve heretofore established by COUNTY; and

WHEREAS both OWNER and COUNTY desire to limit the use of said property to agricultural uses and those compatible uses allowed in the CA (Commercial Agricultural) Ristrict and the P (Agricultural Preserve) Combining District in order to discourage premature and unnecessary conversion of such land to urban use, recognizing that such land has substantial public value as open space, and that the preservation of such land in agricultural production constitutes an important physical, social, esthetic, and economic asset to COUNTY; and

WHEREAS the parties have determined that the highest and best use of such land during the life of this contract, or any renewal thereof, is for agricultural purposes;

NOW, THEREFORE, the parties, in consideration of the mutual covenants and conditions set forth herein and the substantial public benefits to be derived therefrom do hereby agree as follows:

I. The within contract is made and entered into pursuant to the California Land Conservation Act of 1965 (Article 3, commencing with Government Code Section 51240).

2. During the term of this contract the above described land shall be used for the commercial production of food and fiber commodities and/or those compatible uses allowed in⁰¹³¹ the CA (Commercial Agricultural) and P (Agricultural Preserve) Combining District of the County Zoning Ordinance. No structures shall be erected upon said land except such structures as may be incidental to and compatible with such uses.

3. In consideration of the execution hereof by OWNER and the execution of similar contracts by other property owners within the same agricultural preserve, COUNTY agrees not to authorize any uses, other than those permitted by the County Zoning Ordinance in the CA (Commercial Agricultural District) and the P (Agricultural Preserve) Combining District, during the term of this contract or any renewal thereof. Nothing herein shall prohibit a change of boundaries of said Agricultural preserve to omit lands not subject to a contract or to include additional lands.

4. In consideration of the execution hereof by COUNTY, OWNER agrees to restrict his/her property to those uses authorized in the CA (Commercial Agricultural) District and the P (Agricultural Preserve) Combining District. OWNER further agrees that they will not convey any part of the above described property unless any parcel proposed to be conveyed complies in all respects with the provisions of the CA (Commercial Agricultural) District and the P (Agricultural Preserve) Combining District.

5. In the event that an action in eminent domain for the condemnation of any land described herein is hereafter filed by any public agency, or when such land is acquired in lieu of eminent domain for a public improvement, this contract shall be deemed null and void as of the date the action is filed or the land is so acquired, provided that the condemnation or acquisition is of the fee title or other interest less than the fee which would prevent the land from being used for agricultural or compatible uses and provided that the contract shall be null

and void only as to land so condemned or acquired or as such land and remaining portion that is rendered unsuitable for agricultural or compatible uses.

0132

6. The initial term of this contract shall be effective commencing on the 3rd day of February, 2009, and shall remain in effect for a period of 10 years therefrom.

This contract shall be automatically renewed at the end of each year for an additional one year period, thus maintaining the term of the contract at ten years, unless notice of non-renewal is given as provided below.

7. Either party hereto may cause this contract to expire at the end of nine years from the next renewal date by serving a written notice of non-renewal on the other party at least ninety days prior to such renewal date, if OWNER is serving notice, and sixty days prior to such renewal date if the COUNTY is serving notice.

8. OWNER shall not receive any payment from COUNTY in consideration of the obligations imposed hereunder, it being recognized and agreed that the consideration for the executive of this contract is the substantial public benefit to be derived therefrom and the advantage which will accrue to OWNER in the event of any reduction in assessed value of said property due to the imposition of the limitations on its use contained herein.

9. The within contract shall run with the land described herein and shall be binding upon the heirs, successors, and assignees of the parties hereto.

10. This contract may not be canceled except upon a petition by the OWNER to the Board of Supervisors of COUNTY, and provided that such Board, after a public hearing held in accordance with the provisions of Sections 51280 et. seq. of the Government Code, finds:

- (a) That the cancellation is not inconsistent with the purposes of the California Land Conservation Act of 1965; or
- (b) That cancellation is in the public interest.

The existence of an opportunity for another use of the land shall not be sufficient reason for cancellation. A potential alternative use of the land may be considered only if there is no proximate land not subject to a Land Conservation Act contract or agreement suitable for the use to which it is proposed the subject land be put. The uneconomic character of an existing agricultural use shall not be sufficient reason for cancellation. The uneconomic character of the existing use may be considered only if there is no other reasonable or comparable agricultural use to which the land may be put.

Prior to giving tentative approval to the cancellation of the contract, the Board of Supervisors shall direct the County Assessor to certify to the Board the cancellation valuation of the land based on the current full cash value of the land at the time of the petition for cancellation.

As a condition to the cancellation of the contract, the OWNER shall pay to the COUNTY an amount equal to 12 ½ percent of the cancellation valuation of the land.

The Board of Supervisors of the COUNTY may waive or defer such payment or any portion thereof pursuant to the provisions of Section 51283 of the Government Code provided the Board finds:

- (a) It is in the public interest and the best interest of the program to conserve agricultural land that such payment be waived or deferred; and
- (b) The reason for the cancellation is an involuntary transfer or involuntary change in the use of the land and the land is not suitable and will not be immediately used for a purpose which produces a greater economic return to the OWNER; and
- (c) Any waiver is approved by the Secretary of the State Resources Agency.

The Board of Supervisors of the COUNTY may make such waiver or deferral of payment contingent upon the future use made of the land and economic return to the land

owner for a period of time not to exceed the unexpired period of contract, had it not been canceled, and a lien shall be on the subject land to secure the performance of the act or acts upon which the waiver or deferral is made contingent.

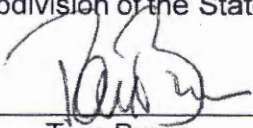
In addition to the cancellation fee provided for in the foregoing paragraphs, the land owner shall be required to pay additional deferred taxes determined in accordance with the provisions of Section 51283.1 of the Government Code unless the Board finds it is in the public interest to waive the payment of the additional deferred tax or any portion thereof.

The additional deferred taxes shall be collected in the same manner and at the same time as the cancellation fee provided for by the foregoing paragraphs.

IN WITNESS WHEREOF, the parties hereto have executed the within contract the day and year first above written.

COUNTY OF SANTA CRUZ, a political
Subdivision of the State of California


COAST DAIRIES & LAND COMPANY, INC., by

By 
Tom Burns
Planning Director

OWNER

OWNER

APPROVED AS TO FORM:


Assistant County Counsel

owner for a period of time not to exceed the unexpired period of contract, had it not been canceled, and a lien shall be on the subject land to secure the performance of the act or acts upon which the waiver or deferral is made contingent.

In addition to the cancellation fee provided for in the foregoing paragraphs, the land owner shall be required to pay additional deferred taxes determined in accordance with the provisions of Section 51283.1 of the Government Code unless the Board finds it is in the public interest to waive the payment of the additional deferred tax or any portion thereof.

The additional deferred taxes shall be collected in the same manner and at the same time as the cancellation fee provided for by the foregoing paragraphs.

IN WITNESS WHEREOF, the parties hereto have executed the within contract the day and year first above written.

COUNTY OF SANTA CRUZ, a political Subdivision of the State of California

By [Signature]
Tom Burns
Planning Director

COAST DAIRIES & LAND COMPANY, INC., by

[Signature]
~~OWNER~~ Vice-President
[Signature]
~~OWNER~~ Vice President

APPROVED AS TO FORM:

[Signature]
Assistant County Counsel

ACKNOWLEDGMENT

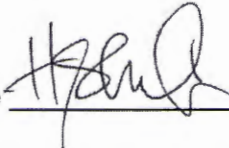
State of California
County of San Francisco

On **April 14, 2009** before me, **Hsiao-Wen Shih, Notary Public** personally appeared **Tily Shue**, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature  (Seal)

ACKNOWLEDGMENT

State of California
County of San Francisco

On **April 14, 2009** before me, **Hsiao-Wen Shih, Notary Public** personally appeared **Nelson J. Lee**, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



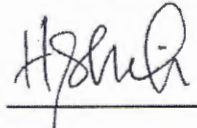
Signature  (Seal)

EXHIBIT "A"

Assessor's Parcel Numbers:

058-021-07	059-011-10
058-022-11	059-011-11
058-122-13	059-011-13
058-021-01	059-012-02
058-021-03	059-012-03
058-042-01	059-012-04
058-121-01	058-051-05
058-121-02	058-051-07
058-122-12	059-012-01
059-011-03	059-151-01
059-011-04	(formally: 059-
059-011-05	01 1-01)
059-011-06	

Excepting the following:

1. A portion of APN 058-122-12, shown on the attached map as Area "A".
2. A portion of APN 058-122-13, shown on the attached map as Area "B".

0245

RECORDED AT THE REQUEST OF
FIRST AMERICAN TITLE COMPANY

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
County of Santa Cruz
701 Ocean Street, Room 4068
Santa Cruz, CA 95060

MAIL TAX STATEMENTS TO:
Coast Dairies & Land Co.,
116 New Montgomery St.
Third Floor
San Francisco, CA 94105
149201-7

1999-0033958

Recorded Official Records County Of SANTA CRUZ RICHARD W. BEDAL Recorder	REC FEE .00
01:46PM 13-by-1999	DJR Page 1 of 18

**DEED OF AGRICULTURAL CONSERVATION
EASEMENT AND DEVELOPMENT RIGHTS**

THIS DEED OF AGRICULTURAL CONSERVATION EASEMENT DEVELOPMENT RIGHTS (the "Deed") is made by COAST DAIRIES & LAND CO., a California nonprofit, public benefit corporation, formerly known as Coast Dairies & Land Co., a California corporation, also known as Coast Dairies and Land Company, Inc., a California corporation, ("Grantor") to THE COUNTY OF SANTA CRUZ, a political subdivision of the State of California ("Grantee").

WITNESS THAT:

WHEREAS, Grantor is the owner in fee simple of certain real property in Santa Cruz County, California, more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property"); and

WHEREAS, the Property possesses agricultural values as herein described of great importance to Grantor, the people of Santa Cruz County, and the people of the State of California; and

WHEREAS, it is the intent of the County of Santa Cruz to further the agricultural land preservation policies established in the Santa Cruz County General Plan, Local Coastal Plan and County Code through the execution of this agreement; and

WHEREAS, Grantor and Grantee have prepared a "Present Conditions Report", dated as of that date indicated at the end of this instrument, on file with the Planning Department of Santa Cruz County, describing the Property and its improvements as of the date of this instrument, and hereby agree and acknowledge that said document accurately represents the condition of the Property for purposes of determining compliance with the covenants contained herein; and

WHEREAS, Grantor intends that the agricultural values of the Property be protected;

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and

WHEREAS, the County of Santa Cruz (the "County") has established an Agricultural Conservation Easement Program to help preserve Santa Cruz County's agricultural lands by purchasing agricultural conservation easements using funds authorized by the California Wildlife, Coastal and Park Land Conservation Bond Act of 1988, (commencing with Section 5900 of the California Public Resources Code) hereinafter referred to as the "Act", and the Property meets the criteria of agricultural land as described in the Act; and

WHEREAS, the County, acting on behalf of the People of the County of Santa Cruz and the People of the State of California and pursuant to the Act, has approved the acquisition of the herein described easement; and

WHEREAS, Grantor intends, as owner of the Property, to convey to Grantee the right to ensure that the agricultural values of the Property are protected and preserved in perpetuity; and

WHEREAS, Grantee intends, by acceptance of the grant made hereby, forever to honor the intentions of Grantor to preserve and protect in perpetuity the agricultural values of the Property; and

WHEREAS, both Grantor and Grantee intend for the restrictions imposed by this Deed to be binding on Grantor and all Grantor's heirs, assigns, and successors in interest; and

WHEREAS, it is intended that this Deed is irrevocable and shall constitute enforceable restrictions within the meaning of Article XIII, Section 8 of the California Constitution and that said Deed shall thereby qualify as an enforceable restriction under the provisions of the California Revenue and Taxation Code Section 402.1;

NOW, THEREFORE, for good and valuable consideration, and in consideration of the mutual covenants, terms, conditions, and restrictions contained herein, and pursuant to the laws of the State of California including, inter alia, Sections 815-816 of the California Civil Code, Grantor does hereby voluntarily grant to Grantee an Agricultural Conservation Easement in gross in perpetuity over the Property of the nature and character and to the extent hereinafter set forth (the "Easement").

1. Purpose. It is the purpose of this Easement to enable the Property to remain in agricultural use for the production of food, fiber, or other animal or plant products by preserving and protecting in perpetuity its agricultural values, use and utility, and to prevent any use of the Property that would significantly impair or interfere with its agricultural values, use or utility.

2. Affirmative Rights and Interests Conveyed. To accomplish the purpose of this

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Easement, the following rights and interests are conveyed to Grantee by this Easement:

- (a) To identify, to preserve and to protect in perpetuity the agricultural values, use and utility, including the soil and water quality, of the Property. (The agricultural values, use and utility of the Property are hereinafter referred to collectively as the "protected values".)
- (b) To enter upon, inspect, observe, and study the Property for the purposes of (1) identifying the current uses and practices thereon and the baseline condition thereof, and (2) monitoring the uses and practices regarding the Property to determine whether they are consistent with this Easement. Such entry shall be permitted upon reasonable prior notice to Grantor, and shall be made in a manner that will not unreasonably interfere with Grantor's use and quiet enjoyment of the Property.
- (c) To prevent any activity on or use of the Property that is inconsistent with the purpose of this Easement and to require, at Grantor's expense, the reasonable restoration of such areas or features of the Property that may be materially damaged by any inconsistent activity or use. However, it is the intention that this Easement not limit Grantor's discretion to employ the choice of farm and ranch uses and management practices so long as those uses and practices are consistent with federal, state and local laws and with the purpose of this Easement.
- (d) To erect and maintain, with the consent of Grantor, a sign or other appropriate marker on the Property, visible from a public road, bearing information indicating that the Property is protected by an Agricultural Conservation Easement owned by Grantee. The wording of the information and the location of the sign shall be determined by mutual consent of Grantor and Grantee. Grantee shall be responsible for the costs of erecting and maintaining such sign or marker.

3. Uses and Practices. The uses of the Property are confined to agriculture, ranching, limited residential use associated with the agricultural use of the Property, and the other uses which are described in this Easement. Examples of permitted uses and practices are provided in Exhibit B, which is attached hereto and incorporated herein by reference. Examples of prohibited uses and practices are provided in Exhibit C, which is attached hereto and incorporated herein by reference. Exhibits B and C are not necessarily exhaustive recitals of consistent and inconsistent activities, and they are intended to establish specific permitted and prohibited activities and to provide guidance in determining the consistency of other activities with the conservation purpose of the Easement.

4. Current Practices and Conditions. Grantee acknowledges by acceptance of this Easement that Grantor's present uses of the Property are compatible with the purpose of this Easement. In order to establish the present condition of the Property's protected values, Grantor and Grantee have prepared the Present Conditions Report, on file with the Planning Department of Santa Cruz County. Grantor and Grantee recognize that changes in economic

conditions, in agricultural technologies, in accepted farm and ranch management practices, and in the situation of Grantor may result in an evolution of agricultural uses of the Property. Any change in agricultural use of the Property shall be consistent with the purpose of this Easement.

5. Reserved Rights. Grantor reserves to itself, and to its personal representatives, heirs, successors, and assigns, all rights accruing from their ownership of the Property, including the right to engage in or permit or invite others, including members of the general public, to engage in all uses of the Property that are not expressly prohibited herein and are not inconsistent with the purpose of this Easement. Without limiting the generality of the foregoing, the following rights are expressly reserved: (a) all right, title, and interest in and to all tributary and non-tributary water, water rights, and related interests in, on, under, or appurtenant to the Property, provided that such water rights are used on the Property or other areas of Grantor's adjacent property in a manner consistent with the purpose of this Easement; and (b) all right, title, and interest in and to subsurface oil, gas and minerals; provided that the manner of exploration for, and extraction of any oil, gas or minerals shall be only by a subsurface method, and shall not damage, impair or endanger the protected values of the Property. Existing third party rights in the Property shall not be affected by any limitations on use set forth in this Easement.

6. Grantee's Remedies. If Grantee determines that Grantor is in material violation of the terms of this Easement or that a material violation is threatened, Grantee shall give written notice to Grantor of such violation and demand corrective action sufficient to cure the violation. Where said violation involves injury to the Property resulting from any use or activity inconsistent with the purpose of this Easement, Grantee may require reasonable restoration of the portion of the Property so injured. If Grantor fails to cure said violation within thirty (30) days after receipt of written notice thereof from Grantee, or, if the violation cannot reasonably be cured within a thirty (30) day period, fails to begin curing such violation within the thirty (30) day period, or fail to continue diligently to cure such violation until finally cured, Grantee may bring an action at law or in equity in a court of competent jurisdiction to enforce the terms of this Easement, to enjoin the violation, by temporary or permanent injunction, to recover any damages for any loss of the protected values, and/or may require the reasonable restoration of the Property to the condition that existed prior to any such injury. If Grantee, in its reasonable discretion, determines that circumstances require immediate action to prevent or mitigate significant and material damage to the protected values of the Property, Grantee may pursue its remedies under this paragraph without waiting for the period provided for cure to expire, provided that prior written notice is given to Grantor. Grantee's rights under this paragraph apply equally in the event of either actual or threatened material violations of the terms of this Easement. Grantor agrees that Grantee's remedies at law for any violation of the terms of this Easement may be inadequate and that Grantee may be entitled to the injunctive relief described in this paragraph, both prohibitive and mandatory, in addition to such other relief to which Grantee may be entitled, including specific performance of the terms of this Easement. Grantee's remedies described in this paragraph shall be cumulative and shall be in addition to all

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remedies now or hereafter existing at ~~law~~ or in equity.

6.1 Costs of Enforcement. In any action respecting enforcement of the terms of this Easement, the prevailing party shall receive from ~~the~~ other party costs of suit, including, without limitation, attorneys' fees, and, in such actions in which Grantee is the prevailing party, any costs or restoration necessitated by Grantor's material violation of the terms of this Easement, shall be borne by Grantor, all as allowed by the court.

6.2 Grantee's Discretion. Enforcement of the terms of this Easement shall be at the discretion of Grantee, and any forbearance by Grantee to exercise its rights under this Easement in the event of any breach of any terms of this Easement by Grantor shall not be deemed or construed to be a waiver by Grantee of such term or of any subsequent breach of the same or any other term of this Easement or of any Grantee's rights under this Easement. Reasonable delay or omission by Grantee in the exercise of any right or remedy upon any breach by Grantor shall not impair such right or remedy or be construed as a waiver.

6.3 Acts Beyond Grantor's Control. Nothing contained in this Easement shall be construed to entitle Grantee to bring any action against Grantor for any injury to or ~~ch g e~~ in the Property resulting from causes beyond Grantor's control, including, without limitation, fire, flood, storm, pest infestation, and earth movement, or from any reasonable action taken by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to the Property resulting from such causes.

7. Costs and Taxes. Grantor retains all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep and maintenance of the Property. Grantor shall pay any and all taxes, assessments, fees and charges levied by competent authority on the Property or on this Easement. It is intended that this Easement constitute an enforceable restriction within the meaning of Article XIII, Section 8 of the California Constitution and that this Easement qualify as an enforceable restriction under the provisions of California Revenue and Taxation Code Section 402.1.

8. Hold Harmless. Grantor shall hold harmless, indemnify, and defend Grantee and its officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them (collectively "Grantee's Indemnified Parties") from and against all liabilities, penalties, costs, losses, damages, expenses, causes of actions, claims, demands, or judgments, including, without limitation, reasonable attorneys' fees, arising from or in any way connected with: (a) injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, regardless of cause, unless arising out of or related to the negligence, gross negligence or intentional misconduct of any of Grantee's Indemnified Parties; and (b) the obligations specified in Section 7.

Grantee shall hold harmless, indemnify, and defend Grantor and its officers, employees, agents, and contractors and the heirs, personal representatives, successors, and

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assigns of each of ~~them~~ (collectively "~~Grantor's Indemnified Parties~~") from and against all liabilities, penalties, costs, losses, damages, expenses, causes of actions, claims, demands, or judgments, including, without limitation, reasonable attorneys' fees, arising from or in any way connected with injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, arising out of or related to the negligence, gross negligence or intentional misconduct of any of ~~Grantee's~~ Indemnified Parties,

9. Access. No right of access by the general public to any portion of the Property is conveyed by this Easement. Nothing in this Easement shall be construed to preclude Grantor's right to grant access across the Property to third parties or the general public provided that access is allowed in a reasonable manner and is not inconsistent with the conservation purposes of this Easement.

10. Extinguishment. If circumstances arise in the future such as render the purpose of this Easement impossible to accomplish, this Easement can only be terminated or extinguished, whether in whole or in part, by judicial proceedings in a court of competent jurisdiction, and the amount of the compensation to which Grantee shall be entitled from any sale, exchange, or involuntary conversion of all or any portion of the Property subsequent to such termination or extinguishment, shall be determined, unless otherwise provided by California law at the time, in accordance with Section 11. Grantee shall use all such proceeds in a manner consistent with the purposes of Public Resources Code Section 5907(b)(3)(K) (the California Wildlife, Coastal and Park Land Conservation Bond Act of 1899).

11. Compensation. This Easement constitutes a real property interest immediately vested in Grantee. For the purposes of Section 10, the parties stipulate that this Easement has a fair market value determined by multiplying (a) the fair market value of the Property unencumbered by the Easement (minus any increase in value attributable to improvements made after the date of this grant) by (b) the ratio of the value of the Easement at the time of this grant to the value of the Property, unencumbered by the Easement, at the time of this grant.

For the purposes of this Section, Grantor and Grantee agree that the ratio of the value of the Easement to the value of Grantor's property unencumbered by the Easement is evidenced by that certain real property Appraisal prepared by John Hanna, M.A.I., dated June 5, 1998, on file with the Planning Department of Santa Cruz County. This ratio shall remain constant.

12. Condemnation. If the Property is taken, in whole or in part, by exercise of the power of eminent domain, Grantee shall be entitled to compensation in accordance with applicable law, and in accordance with Section 11 above, for the value of the Easement taken; and the Grantor shall be entitled to compensation in accordance with applicable law for the value of the underlying fee title taken.

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13. Assignment of Grantor's Interest. Grantor may assign its interest in this Easement only to a "qualified organization", within the meaning of Section 170(h) of the Internal Revenue Code of 1954, as amended, or any successor provision, and which is authorized to acquire and hold conservation easements under California law, upon obtaining the prior written consent of Grantor. Any assignment without such consent shall be void and of no effect. Such consent shall not be unreasonably withheld by Grantor.

14. General Provisions.

(a) Controlling Law. The interpretation and performance of this Easement shall be governed by the laws of the State of California.

(b) Liberal Construction. Any general rule of construction to the contrary notwithstanding, this Easement shall be liberally construed in favor of the grant to effect the purpose of this Easement and the policy and purpose of the California Conservation Easement Act of 1979, as amended. If any provision in this instrument is found to be ambiguous, an interpretation consistent with the purpose of this Easement that would render the provision valid shall be favored over any interpretation that would render it invalid.

(c) Severability. If any provision of this Easement, or the application thereof to any person or circumstance, is found to be invalid, the remainder of the provisions of this Easement, or the application of such provision to persons or circumstances other than those as to which it is found to be invalid, as the case may be, shall not be affected thereby.

(d) Entire Agreement. This instrument and the Present Conditions Report on file with the Planning Department of Santa Cruz County, sets forth the entire agreement of the parties with respect to the Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Easement, all of which are merged herein.

(e) No Forfeiture. Nothing contained herein will result in a forfeiture or reversion of Grantor's title in any respect.

(f) Successors. The covenants, terms, conditions, and restrictions of this Easement shall be binding upon, and inure to the benefit of the parties hereto and their respective personal representatives, heirs, successors, and assigns and shall continue as a servitude running in perpetuity with the Property.

(g) Termination of Rights and Obligations. A party's rights and obligations under this Easement terminate upon transfer of the party's interest in the Easement or Property, except that liability for acts or omissions occurring prior to transfer shall survive transfer.

(h) Future Conveyance. Grantor agree that reference to this Deed will be made in any subsequent deed or other legal instrument by means of which they convey any interest in the Property (including but not limited to a leasehold interest).

EXHIBIT B
PERMITTED USES AND PRACTICES

The following uses and practices are not necessarily an exhaustive recital of uses and practices consistent with the Easement. However, these uses and practices are permitted under this Easement, provided that they are undertaken in accordance with the Easement and that all applicable governmental approvals and permits are properly obtained.

1. Residing on the Property consistent with the agricultural conservation purpose of this Easement.
2. Engaging in any and all agricultural uses of the Property in accordance with sound, generally accepted agricultural practices and consistent with the Present County Conditions Report on file with the County. For the purpose of this Easement, "agricultural uses" means: breeding, raising, pasturing, and grazing, harvesting, and producing agricultural, aquacultural, horticultural, and forestry crops and products of every nature and description; and the processing, storage, and sale, including direct retail sale to the public, of crops and products harvested and produced principally on the Property, provided that the processing, storage, and sale of any of these crops or products that are not food, fiber, or plant material shall require the consent of the Grantee.
3. Maintaining or repairing existing structures, houses, barns, packing sheds, cooling facilities, roadside marketing stands, water-pollution-control facilities, water impoundments, fences, corrals, roads, ditches, sloughs, pumps, levees, and other improvements on the Property. The Grantor may replace any such structures, whether existing at the date of this writing or constructed later, pursuant to this paragraph, with facilities of similar size, function, capacity, and location, in the event of destruction, deterioration, or obsolescence.

Additional structures, housing, facilities, water impoundments, fencing reasonably necessary to ranching and agricultural activities, and roads reasonably necessary to, or not inconsistent with the agricultural uses of the Property, shall be permitted, provided that the Grantor obtains the Grantee's express written approval of the she, function, capacity, and location.
4. Developing and maintaining water resources on the Property, including but not limited to wastewater storage and use, necessary or convenient for ranching, agricultural, irrigation, and residential uses on the Property or Grantor's adjacent property in a manner consistent with the conservation purpose of this Easement.
5. Controlling problem animals by the use of selective control techniques consistent with policies promulgated by the Santa Cruz County Agricultural Commissioner.
6. Utilizing the Property for public or private recreational or educational (including, without limitation, hiking, horseback riding, fishing, and nature study) that require neither surface alteration subject to the County grading ordinance nor other development of the land. Construction of trails in accordance with the law shall not be deemed to be prohibited by this paragraph.

7. Utilizing the Property for protecting or enhancing wildlife habitat or the natural, scenic or open-space values of the Property.

8. Boarding and pasturing horses on the Property, subject to Grantee's consent.

EXHIBIT C

PROHIBITED USES AND PRACTICES

The following **uses** and practices, though not necessarily an exhaustive list, are inconsistent with the purposes of this Easement and are prohibited on the Property, except as permitted by existing third party rights in the Property or except with Grantee's consent.

1. The material impairment of the protected values, except as otherwise expressly provided in this Easement.
2. The establishment of any nonagricultural commercial or industrial uses, (except for commercial horse boarding as provided in paragraph 8 of Exhibit B).
3. The construction, placement, or erection of any sign or billboards excepting the following:
 - a) A sign or signs reasonably necessary for the identification of the Property or to advertise its sale or lease or the sale of its agricultural products.
 - b) Signs necessary to control unauthorized or dangerous activities.
 - c) Other signs approved by Grantee.
4. The construction, reconstruction, or replacement of any structure, except as provided in Exhibit B.
5. The division, subdivision, partition, or de facto subdivision of the Property. However, this paragraph does not prohibit the lease of a portion of the Property for agricultural use, or a voluntary conveyance to a governmental or nonprofit entity for conservation or public access purposes.
6. The use of motorized vehicles, except by the Grantor or others under the Grantor's control for agricultural, ranching, emergency, or attendant residential use of the Property, or for access to Grantor's adjacent property. Any use of motorized vehicles off roadways is prohibited except when necessary for agricultural, ranching or emergency purposes or for access to Grantor's adjacent property for use consistent with the purpose of this Easement.
7. Tree cutting, pruning, cutting down, or other destruction or removal of live trees except when required for safety, fire protection, environmental conservation purposes, or when the particular trees were planted as a Christmas tree or fuelwood crop to be harvested or to be used by Grantor or the residents of the Property.
8. The relocation or new placement of any roadway or levee, unless the Grantee consents, which consent shall not be unreasonably withheld.
9. The dumping or accumulation of trash, ashes, garbage, or waste on the Property. However, agricultural products and by-products may be temporarily placed or stored on the

land, if consistent with law, public health, and sound agricultural and conservation practices.

10. Any operations which would require registration as a "research facility" under the Federal Animal Welfare Act or qualify as a "registered animal research facility" with the United States Department of Agriculture or, the establishment or maintenance of any greenhouses or commercial feedlot, except in association with existing agricultural structures or as expressly consented to by Grantee.

11. Major alteration of land forms by grading or excavation of topsoil, earth, or rock, unless the Grantee consents.

IN WITNESS WHEREOF, Grantor has executed this Deed of Easement this 28th day of April, 1999.

GRANTOR:
COAST DAIRIES & LAND CO., a California nonprofit public benefit corporation, formerly known as Coast Dairies & Land Co., a California corporation, also known as Coast Dairies and Land Company, Inc., a California Corporation

By: Deed Holder
Title: PRESIDENT

By: Susan Bestler
Title: ASSISTANT Secretary

Acknowledged, accepted and agreed:
COUNTY OF SANTA CRUZ

By: Alvin D. Garcia
Title: Planning Director
Date: May 3, 1999

The date of the "Present Conditions Report" referenced in paragraph 4, page 1 of this instrument is April 5, 1999.

Recording Requested by and
When Recorded Return to:
County of Santa Cruz
Government Center
701 Ocean Street
Santa Cruz, CA 95060
Attn: Planning Department

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the foregoing Deed of Agricultural Conservation Easement from Coast Dairies & Land Co. to the County of Santa Cruz is hereby accepted by the undersigned officer on behalf of the County of Santa Cruz, and the Grantee consents to the recording of the Deed of Agricultural Conservation Easement by the County's duty authorized officer.

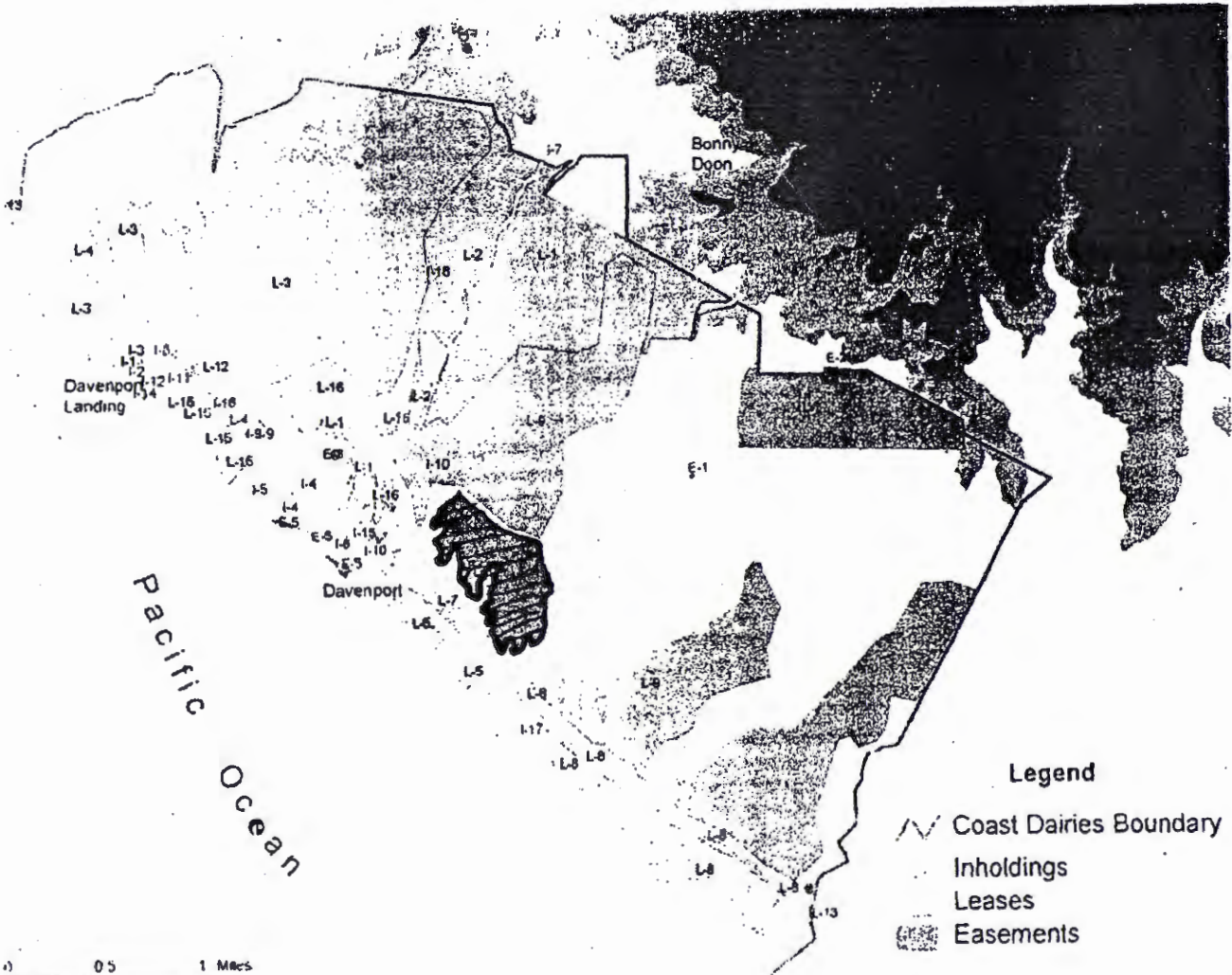
I have executed this certificate on May 3, 1999

By: Alvin D. James
Alvin D. James
Planning Director

APPROVED AS TO FORM:

Dwight L. Herr
Dwight Herr
County Counsel

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Legend

- Coast Dairies Boundary
- Inholdings
- Leases
- Easements

Figure III-13
Land Tenure on the Coast Dairies Property

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RECORDED AT THE REQUEST OF:
county of Santa Cruz

WHEN RECORDED MAIL TO:
County of Santa Cruz Government Center
701 Ocean Street, Room 4068
Santa Cruz, CA 95060
Attn: Planning Department

DEED OF AGRICULTURAL CONSERVATION EASEMENT
AND DEVELOPMENT RIGHTS

THIS DEED OF AGRICULTURAL CONSERVATION EASEMENT AND DEVELOPMENT RIGHTS (this "Easement") is dated (for reference purposes) as of _____, 2008 and is made by COAST DAIRIES & LAND CO., a California nonprofit public benefit corporation, ("Grantor") to the COUNTY OF SANTA CRUZ, a political subdivision of the State of California ("Grantee").

WITNESS THAT:

WHEREAS, Grantor is the owner in fee simple of certain real property in Santa Cruz County, California, more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property"), and generally shown on the map attached hereto as Exhibit A-1; and

WHEREAS, the Property possesses agricultural values as herein described of great importance to Grantor, the people of Santa Cruz County, the people of the State of California, and the public; and

WHEREAS, it is the intent of the County of Santa Cruz to further the agricultural land preservation policies established in the Santa Cruz County General Plan, Local Coastal Plan and County Code through the execution of this agreement; and

WHEREAS, Grantor and Grantee have prepared a ["Present Property Conditions Report"], dated as of that date indicated at the end of this instrument, on file with the Planning Department of Santa Cruz County, describing the Property and its improvements as of the date of this instrument, and hereby agree and acknowledge that said document accurately represents the condition of the Property for purposes of determining compliance with the covenants contained herein; and

WHEREAS, Grantor intends that the agricultural values of the Property be protected; and

WHEREAS, the County of Santa Cruz (the "County") has established an Agricultural Conservation Easement Program to help preserve Santa Cruz County's agricultural lands by accepting agricultural conservation easements; and

WHEREAS, Grantor and Grantee have entered into that certain Deed of Agricultural Conservation Easement and Development Rights recorded in Official Records of the County on _____ as instrument No. _____ ("Existing Ag Easement"), which covers a portion of the Property; and

WHEREAS, the County has approved the acquisition of the herein described easement; and

WHEREAS, Grantor intends, as owner of the Property, to convey to Grantee the right to ensure that the agricultural values of the Property are protected and preserved in perpetuity; and

WHEREAS, Grantee intends, by acceptance of the grant made hereby, forever to honor the intentions of Grantor to preserve and protect in perpetuity the agricultural values of the Property; and

WHEREAS, both Grantor and Grantee intend for the restrictions imposed by this Easement to be binding on Grantor and all Grantor's heirs, assigns, and successors in interest; and

WHEREAS, it is intended that this Easement is irrevocable and shall constitute enforceable restrictions within the meaning of Article XIII, Section 8 of the California Constitution and that said Easement shall thereby qualify as an enforceable restriction under the provisions of the California Revenue and Taxation Code Section 402.1;

NOW, THEREFORE, for good and valuable consideration, and in consideration of the mutual covenants, terms, conditions, and restrictions contained herein, and pursuant to the laws of the State of California including, inter alia, Sections 815-816 of the California Civil Code, Grantor does hereby voluntarily grant to Grantee an Agricultural Conservation Easement and Development Rights in gross in perpetuity over the Property of the nature and character and to the extent hereinafter set forth.

AGREEMENT

1. Purpose. It is the purpose of this Easement to enable the Property to remain in agricultural use for the production of food, fiber, or other animal or plant products by preserving and protecting in perpetuity its agricultural values, use and utility, and to prevent any use of the Property that would materially impair or interfere with its agricultural values, use or utility.
2. Affirmative Rights and Interests Conveyed. To accomplish the purpose of the Easement, the following rights and interests are conveyed to Grantee by this Easement:

(a) To identify, to preserve and to protect in perpetuity the agricultural value, use and utility, including the soil and water quality, of the Property. (The agricultural value, use and utility of the Property are hereinafter referred to collectively as the "protected values".)

(b) To enter upon, inspect, observe, and study the Property for the purposes of (1) identifying the current uses and practices thereon and the baseline condition thereof, and (2) monitoring the uses and practices regarding the Property to determine whether they are consistent with this Easement. Such entry shall be permitted upon reasonable prior notice to Grantor, and shall be made in a manner that will not unreasonably interfere with Grantor's use and quiet enjoyment of the Property.

(c) To prevent any activity on or use of the Property that is inconsistent with the purpose of this Easement and to require, at Grantor's expense, the reasonable restoration of such areas or features of the Property that may be materially damaged by any inconsistent activity or use. However, it is the intention that this Easement not limit Grantor's discretion to employ the choice of farm and ranch uses and management practices so long as those uses and practices are consistent with federal, state and local laws and with the purpose of this Easement.

(d) To erect and maintain, with the consent of Grantor, a sign or other appropriate marker on the Property, visible from a public road, bearing information indicating that the Property is protected by an agricultural conservation easement owned by Grantee and donated by CDLC. As used herein, the term "CDLC" shall refer to Coast Dairies & Land Co., a California nonprofit public benefit corporation, and not any of its successors in interest to the fee title to the Property. The wording of the information and the location of the sign shall be determined by mutual consent of Grantor and Grantee. Grantee shall be responsible for the costs of erecting and maintaining such sign or marker.

3. Uses and Practices. The uses of the Property are confined to agriculture, ranching, limited fanner and farmworker housing associated with the agricultural use of the Property, and the other uses which are described in this Easement. Examples of permitted uses and practices are provided in Exhibit B, which is attached hereto and incorporated herein by reference. Examples of prohibited uses and practices are provided in Exhibit C, which is attached hereto and incorporated herein by reference. Exhibits B and C are not necessarily exhaustive recitals of consistent and inconsistent activities, respectively. Instead, they are intended to establish specific permitted and prohibited activities and to provide guidance in determining the consistency of other activities with the conservation purpose of the Easement.

3.1 Housing. Farmworker housing shall comply with current county farmworker housing ordinances.

3.2 Organic Agriculture. Organic agriculture shall be given preference on the Property, which shall mean that if, when Grantor is leasing all or a portion of the Property

there are multiple prospective tenants who are willing to rent such land on identical economic terms, credit history and farm and land management history and the only difference between such prospective tenants is that one tenant would use the land for organic agriculture and the other would not, Grantor shall lease the land to the organic grower. As used herein, the term "organic agriculture" shall mean agriculture practices established as "organic" by the USDA. This Section 3.2 shall not apply in the case of a renewal or extension of a lease involving a then-existing tenant of the Property.

3.3 Pesticides. Grantor agrees to limit any agricultural use of pesticide on the Property within a distance of not less than two hundred seventy five (275) feet from currently existing residences and schools within the town of Davenport.

4. Current Practices and Conditions. Grantee acknowledges by acceptance of this Easement that Grantor's present uses of the Property are compatible with the purpose of the Easement. In order to establish the present condition of the Property's protected values, Grantor and Grantee have prepared the Present Property Conditions Report. Grantor and Grantee recognize that changes in economic conditions, in agricultural technologies, in accepted farm and ranch management practices, and in the situation of Grantor may result in an evolution of agricultural uses of the Property. Any change in agricultural use of the Property shall be consistent with the purpose of this Easement.

5. Reserved Rights. Grantor reserves to itself, and to its personal representatives, heirs, successors, and assigns, all rights accruing from their ownership of the Property, including the right to engage in or permit or invite others, including members of the general public, to engage in all uses of the Property that are not expressly prohibited herein and are not inconsistent with the purpose of this Easement. Without limiting the generality of the foregoing, the following rights are expressly reserved: (a) all right, title, and interest in and to all tributary and non-tributary water, water rights (including all groundwater rights, be they appropriative, prescriptive, or contractual), and related interests in, on, under, or appurtenant to the Property, provided that such water rights are used on the Property or other areas of Grantor's adjacent property in a manner consistent with the purpose of this Easement; and (b) all right, title, and interest in and to subsurface oil, gas and minerals; provided that the manner of exploration for, and extraction of any oil, gas or minerals shall be only by a subsurface method, and shall not damage, impair or endanger the protected values of the Property. Existing third party rights in the Property shall not be affected by any limitations on use set forth in this Easement.

6. Grantee's Remedies. If Grantee determines that Grantor is in material violation of the terms of this Easement or that a material violation is threatened, Grantee shall give written notice to Grantor of such violation and demand corrective action sufficient to cure the violation. Where said violation involves injury to the Property resulting from any use or activity inconsistent with the purpose of this Easement, Grantee may require reasonable restoration of the portion of the Property so injured. If Grantor fails to cure said violation within thirty (30) days after receipt of written notice thereof from Grantee, or, if the violation cannot reasonably be cured within a thirty (30) day period and Grantor

ATTACHMENT 1

fails to begin curing such violation within the thirty (30) day period, or fails to continue diligently to cure such violation until finally cured, Grantee may bring an action at law or in equity in a court of competent jurisdiction to enforce the terms of this Easement, to enjoin the violation, by temporary or permanent injunction, to recover any damages for any loss of the protected values, and/or may require the reasonable restoration of the Property to the condition that existed prior to any such injury. If Grantee, in its reasonable discretion, determines that circumstances require immediate action to prevent or mitigate significant and material damage to the protected values of the Property, Grantee may pursue its remedies under this paragraph without waiting for the period provided for cure to expire, provided that prior written notice is given to Grantor. Grantee's rights under this paragraph apply equally in the event of either actual or threatened material violations of the terms of the Easement. Grantor agrees that Grantee's remedies at law for any violation of the terms of the Easement may be inadequate and that Grantee may be entitled to the injunctive relief described in this paragraph, both prohibitive and mandatory, in addition to such other relief to which Grantee may be entitled, including specific performance of the terms of this Easement. Grantee's remedies described in this paragraph shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity.

6.1 Costs of Enforcement. In any action respecting enforcement of the terms of this Easement, the prevailing party shall receive from the other party costs of suit, including, without limitation, attorneys' fees, and, in such actions in which Grantee is the prevailing party, any costs or restoration necessitated by Grantor's material violation of the terms of the Easement, shall be borne by Grantor, all as allowed by the court.

6.2 Grantee's Discretion. Enforcement of the terms of the Easement shall be at the discretion of Grantee, and any forbearance by Grantee to exercise its rights under the Easement in the event of any breach of any terms of this Easement by Grantor shall not be deemed or construed to be a waiver by Grantee of such term or of any subsequent breach of the same or any other term of the Easement or of any Grantee's rights under the Easement. Reasonable delay or omission by Grantee in the exercise of any right or remedy upon any breach by Grantor shall not impair such right or remedy or be construed as a waiver.

6.3 Acts Beyond Grantor's Control. Nothing contained in this Easement shall be construed to entitle Grantee to bring any action against Grantor for any injury to or change in the Property resulting from causes beyond Grantor's control, including, without limitation, fire, flood, storm, pest infestation, and earth movement, or from any reasonable action taken by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to the Property resulting from such causes.

7. Costs and Taxes. Grantor retains all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep and maintenance of the Property. Grantor shall pay any and all taxes, assessments, fees and charges levied by competent authority on the Property or on this Easement. It is intended that this Easement constitute an enforceable restriction within the meaning of Article XIII, Section 8 the

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California Constitution and that this Easement qualify as an enforceable restriction under the provisions of California Revenue and Taxation Code Section 402.1.

8. Hold Harmless. Grantor shall hold harmless, indemnify, and defend Grantee and its officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them (collectively "Grantee's Indemnified Parties") from and against all liabilities, penalties, costs, losses, damages, expenses, causes of actions, claims, demands, or judgments, including, without limitation, reasonable attorneys' fees, arising from or in any way connected with: (a) injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, regardless of cause, unless arising out of or related to the negligence, gross negligence or intentional misconduct of any of Grantee's Indemnified Parties; and (b) the obligations specified in Section 7.

Grantee shall hold harmless, indemnify, and defend Grantor and its officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them (collectively "Grantor's Indemnified Parties") from and against all liabilities, penalties, costs, losses, damages, expenses, causes of actions, claims, demands, or judgments, including, without limitation, reasonable attorneys' fees, arising from or in any way connected with injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, arising out of or related to the negligence, gross negligence or intentional misconduct of any of Grantee's Indemnified Parties.

9. Access. No right of access by the general public to any portion of the Property is conveyed by this Easement. Nothing in this Easement shall be construed to preclude Grantor's right to grant access across the Property to third parties or the general public provided that access is allowed in a reasonable manner and is not inconsistent with the conservation purposes of this Easement.

10. Extinguishment. If circumstances arise in the future such as render the purpose of this Easement impossible to accomplish (such as if agriculture on the Property becomes no longer feasible), this Easement can only be terminated or extinguished, whether in whole or in part, by judicial proceedings in a court of competent jurisdiction, and the amount of the compensation to which Grantee shall be entitled from any sale, exchange, or involuntary conversion of all or any portion of the Property subsequent to such termination or extinguishment, shall be determined, unless otherwise provided by California law at the time, in accordance with Section 11; provided, however, because CDLC donated the Easement to Grantee, Grantee hereby assigns and pledges to CDLC any rights it has to any compensation under this Section 10, and agrees that any sums payable to Grantee under this Section 10 shall be paid directly to CDLC. CDLC shall not transfer CDLC's right to receive funds pursuant to this Section 10 to the fee owner of the Property.

11. Compensation. This Easement constitutes a real property interest immediately vested in Grantee. For the purposes of Sections 10 and 12, the parties stipulate that this Easement has a fair market value determined by multiplying (a) the fair market value of the Property unencumbered by the Easement (minus any increase in value attributable to improvements made after the date of this grant) by (b) the ratio of the value of the Easement at the time of this grant to the value of the Property, unencumbered by the Easement, at the time of this grant.

12. Condemnation. If the Property is taken, in whole or in part, by exercise of the power of eminent domain, Grantee shall be entitled to compensation in accordance with applicable law, and in accordance with Section 11 above, for the value of the Easement taken; provided, however, because CDLC donated the Easement to Grantee, Grantee hereby assigns and pledges to CDLC any rights it has to any compensation under this Section 12 in the event of eminent domain, and agrees that any sums payable to Grantee under this Section 12 in connection with a taking shall be paid directly to CDLC; and the Grantor shall be entitled to compensation in accordance with applicable law for the value of the underlying fee title taken. CDLC shall not transfer CDLC's right to receive funds pursuant to this Section 12 to the fee owner of the Property.

13. Assignment of Interest. Grantee may assign its interest in this Easement only to a "qualified organization", within the meaning of Section 170(h) of the Internal Revenue Code of 1954, as amended, or any successor provision, and which is authorized to acquire and hold conservation easements under California law upon obtaining the prior written consent of Grantor. Any assignment without such consent shall be void and of no effect. Such consent shall not be unreasonably withheld by Grantor.

14. General Provisions.

(a) Controlling Law. The interpretation and performance of this Easement shall be governed by the laws of the State of California. The Property and the terms and provisions herein shall be subject to all applicable laws, rules, codes and ordinances, including but not limited to the land use regulations of the County and the State of California. Nothing herein shall be deemed to diminish restrictions, rules or regulations set forth in the Santa Cruz County Code or any other applicable law.

(b) Liberal Construction. Any general rule of construction to the contrary notwithstanding, this Easement shall be liberally construed in favor of the grant to effect the purpose of the Easement and the policy and purpose of the California Conservation Easement Act of 1979, as amended. If any provision in this instrument is found to be ambiguous, an interpretation consistent with the purpose of this Easement that would render the provision valid shall be favored over any interpretation that would render it invalid.

(c) Severability. If any provision of this Easement, or the application thereof to any person or circumstance, is found to be invalid, the remainder of the provisions of this Easement, or the application of such provision to persons or circumstances other than

those as to which it is found to be invalid, as the case may be, shall not be affected thereby.

(d) Entire Agreement. This instrument and the Present Property Conditions Report on file with the Planning Department of Santa Cruz County sets forth the entire agreement of the parties with respect to the Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Easement, all of which are merged herein.

(e) No Forfeiture. Nothing contained herein will result in a forfeiture or reversion of Grantor's title in any respect.

(f) Successors. The covenants, terms, conditions, and restrictions of this Easement shall be binding upon, and inure to the benefit of the parties hereto and their respective heirs, successors, transferees and assigns and shall continue as a servitude running in perpetuity with the Property.

(g) Survival of Rights and Obligations. Upon transfer of a part interest in the Easement or Property the transferring party's rights and obligations under this Easement shall survive, except that the transferring party's liability for taxes or omissions accruing prior to the transfer shall survive said transfer.

(h) Future Conveyance. Grantor agrees that reference to this Easement will be made in any subsequent deed or other legal instrument by means of which Grantor conveys any interest in the Property (including but not limited to a leasehold interest).

(i) Existing Ag Easement. If there is any conflict between the provisions herein and the Existing Ag Easement, the provisions herein shall control.

IN WITNESS WHEREOF, Grantor has executed this DEED OF AGRICULTURAL CONSERVATION EASEMENT AND DEVELOPMENT RIGHTS this _____ day of _____, 2008.

GRANTOR:

COAST DAIRIES & LAND CO.,
a California nonprofit public benefit corporation

By: _____
Name: _____
Title: PRESIDENT

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the foregoing Deed of Agricultural Conservation Easement and Development Rights from Coast Dairies & Land Co., as Grantor, to the County of Santa Cruz, as Grantee, is hereby accepted by the undersigned officer on behalf of the County of Santa Cruz, and the Grantee consents to the recording of the Deed of Agricultural Conservation Easement and Development Rights by the County's duly authorized officer.

I have executed this certificate on _____, 2008.

By: _____

Name: _____

Chair of the Board of Supervisors,
Santa Cruz County Counsel

EXHIBIT B

PERMITTED USES AND PRACTICES

The following uses and practices are not necessarily an exhaustive recital of uses and practices consistent with the Easement. However, these uses and practices are permitted under this Easement, provided that they are undertaken in accordance with the agricultural conservation purposes of this Easement and that all applicable governmental approvals and permits are properly obtained.

1. Residing of farmers and farmworkers on the Property consistent with the agricultural conservation purpose of this Easement.
2. Engaging in any and all agricultural uses of the Property in accordance with sound, generally accepted agricultural practices and consistent with the Present Property Conditions Report on file with the County. For the purpose of this Easement, "agricultural uses" means: breeding, raising, pasturing, and grazing, harvesting, and producing agricultural, aquacultural, horticultural, and forestry crops and products of every nature and description (provided, timber may **only** be harvested to the extent allowed in Section 7 of Exhibit C below); and the processing, storage, and sale, including direct retail sale to the public, of crops and products harvested and produced principally on the Property.
3. Maintaining or repairing existing structures, houses, barns, packing sheds, cooling facilities, roadside marketing stands, water-pollution-control facilities, water impoundments, fences, corrals, roads, ditches, sloughs, pumps, levees, and other improvements on the Property. The Grantor may replace any such structures, whether existing at the date of this writing or constructed later, pursuant to this paragraph, with facilities of similar size, function, capacity, and location, in the event of destruction, deterioration, or obsolescence.

Additional structures, facilities, water impoundments, greenhouses, fencing reasonably necessary to ranching and agricultural activities, and roads reasonably necessary to, and not inconsistent with, the agricultural uses of the Property, shall be permitted, provided that the Grantor obtains the Grantee's express written approval of the size, function, capacity, and location.
4. Developing and maintaining water resources on the Property, including but not limited to wastewater storage and use, necessary or convenient for ranching, agricultural, irrigation, and farmer and farmworker residential uses on the Property or Grantor's adjacent property in a manner consistent with the conservation purpose of this Easement.
5. Controlling problem animals by the use of selective control techniques consistent with policies promulgated by the Santa Cruz County Agricultural Commissioner.

6. Utilizing the Property for public or private recreational or educational (including, without limitation, hiking, horseback riding, fishing and nature study) uses that require neither Surface alteration subject to the County grading ordinance nor other development of the land. Construction of trails in accordance with the law shall not be deemed to be prohibited by this paragraph, provided such trails shall be constructed and located to reasonably minimize impact on the agricultural operations of the Property.

7. Utilizing the Property for protecting or enhancing wildlife habitat or the natural, scenic or open-space values of the Property.

8. Boarding and pasturing horses on the Property, subject to Grantee's consent.

EXHIBIT C

PROHIBITED USES AND PRACTICES

The following uses and practices, though not necessarily an exhaustive list, are inconsistent with the purposes of this Easement and are prohibited on the Property, except as permitted by existing third party rights in the Property or except with Grantee's consent.

1. The material impairment of the protected values, except as otherwise expressly provided in this Easement.
2. The establishment of any nonagricultural commercial or industrial uses, (except commercial horse boarding is permitted, as provided in paragraph 8 of Exhibit B, but horse shows or other similar activities and facilities therefor are prohibited).
3. The construction, placement, or erection of any sign or billboards; however, the placement or erection of the following signs/billboards is not prohibited:
 - a) A sign or signs reasonably necessary for the identification of the Property or to advertise its sale or lease or the sale of its agricultural products.
 - b) Signs necessary to control unauthorized or dangerous activities.
 - c) Other signs approved by Grantee.
 - d) Signs indicating CDLC's and Grantee's involvement in the protection of the Property as provided in the Easement.
4. The construction, reconstruction, or replacement of any structure, except as provided in Exhibit B or elsewhere in the Easement.
5. The division, subdivision, partition, issuance of a certificate of compliance for additional parcels or de facto subdivision of the Property. However, this paragraph does not prohibit the lease of a portion of the Property for agricultural use, or a voluntary conveyance to a governmental or nonprofit entity for conservation or public access purposes.
6. The use of motorized vehicles, except by the Grantor or others under the Grantor's control for agricultural, ranching, emergency, or attendant farmer or farm worker residential use of the Property, or for access to Grantor's adjacent property. Any use of motorized vehicles off roadways is prohibited except when necessary for agricultural, ranching or emergency purposes or for access to Grantor's adjacent property for use consistent with the purpose of this Easement.
7. Tree cutting, pruning, cutting down, or other destruction or removal of live trees except (i) when required for safety, fire protection, environmental conservation purposes, (ii) in the case of non-native trees that shade crops, or (iii) when the particular trees were

planted as a Christmas tree or fuelwood crop to be harvested or to be used by Grantor or the residents of the Property.

8. The relocation or new placement of any roadway or levee, unless the Grantee consents, which consent shall not be unreasonably withheld.
9. The dumping or accumulation of trash, ashes, garbage, or waste on the Property. However, agricultural products and by-products may be temporarily placed or stored on the land, if consistent with law, public health, and sound agricultural and conservation practices.
10. Any operations which would require registration as a "research facility" under the Federal Animal Welfare Act or qualify as a "registered animal research facility" with the United States Department of Agriculture or, the establishment or maintenance of any commercial greenhouse or commercial feedlot, except in association with existing agricultural structures or as expressly consented to by Grantee.
11. Material alteration of land forms by grading or excavation of topsoil, earth, or rock.

First American Title Company
#4402-1192893

Recorded Official Records
County of Santa Cruz
GARY E. HAZELTON
Recorder

REC FEE 0.00

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO

08:00AM 31-Aug-2006 Page 1 of 14

STATE OF CALIFORNIA
Department of Parks and Recreation
Office of Acquisition and Real Property Services
One Capitol Mall, Suite 500
Sacramento, CA 95814



SPACE ABOVE THIS LINE FOR RECORDER'S USE
OFFICIAL STATE BUSINESS - EXEMPT FROM RECORDING FEES PURSUANT TO GOV'T. CODE SECTION 27383 AND DOCUMENTARY TRANSFER
TAX PURSUANT TO REVENUE AND TAXATION CODE SECTION 11922.

Grant Deed

Agency: Department of Parks and Recreation
Project: Wilder Ranch State Park / Coast Dairies Project
Parcel(s): A47101; DGS Parcel No.10226

APN(S): 58-021-01, 03, 07; 58-051-08; 58-121-01, 02; 59-012-01, 02, 03 & 04; and 59-011-06
County of Santa Cruz

FOR VALUE RECEIVED, **COAST DAIRIES & LAND CO.**, a California nonprofit public benefit corporation ("Grantor") hereby GRANTS to THE STATE OF CALIFORNIA, acting by and through the DEPARTMENT OF PARKS AND RECREATION ("Grantee"), the following described real property situated in the State of California, County of Santa Cruz:

DESCRIBED IN EXHIBIT "A" CONSISTING OF Nine (9) PAGES ATTACHED HERETO
AND BY THIS REFERENCE MADE A PART HEREOF (the "Subject Property")

THE SUBJECT PROPERTY IS CONVEYED SUBJECT TO THE FOLLOWING PROVISIONS:

- (a) The Subject Property shall be preserved and maintained in perpetuity as open space, and for other compatible uses including the uses set forth hereinbelow:
 - (i) the land in agricultural row crop production as of October 26, 1998, the date that all corporate stock of Grantor was acquired by The Trust for Public Land, a California nonprofit public benefit corporation ("TPL"), adjusted for consistency with environmental setbacks established by Grantee to allow for protection of the coastal bluff edge and the anticipated future development of the coastal trail, will be managed in such a way that such continued agricultural use is feasible, to the maximum extent possible, unless and until it is determined that conversion to other uses to enhance the Subject Property's natural resource and biodiversity values would be desirable, feasible and beneficial;
 - (ii) no commercial timber harvest operations (as defined in California Public Resources Code Section 4527) shall be allowed on the Subject Property if commercially harvestable timber exists on the Subject Property. The redwood trees will not be harvested from the Subject Property, except to the extent determined necessary or desirable for public safety or for the health of the forest as a natural reserve rather than a timber production forest;
 - (iii) opportunities for public access for recreation and enjoyment will be maximized to the extent consistent with protection and preservation of the natural resources, agricultural uses and the rights and interests of the Subject Property's current lessees or their successors in interest; and
 - (iv) to the extent permitted by the State Legislature, any monetary compensation received as income resulting from the commercial uses of the Subject Property shall be used: (1) to meet obligations associated with operations and management of the Subject Property; (2) for endowment and/or funding of property management; and/or (3) for measures to maximize the public enjoyment of and/or the preservation and enhancement of the Property's natural resource values.

CCC Exhibit H
(page 1 of 4 pages)

The conditions set forth above (the "Conditions") shall be binding upon Grantee and its successors and assigns holding fee title to the Subject Property. The parties intend that the ultimate use of the Subject Property will be guided by, that certain Coast Dairies Long-Term Resource Protection and Access Plan dated February 2004 and prepared by Environmental Science Associates, a California corporation, in consultation with TPL, Save-the-Redwoods League, the Land Trust of Santa Cruz County, the State Coastal Conservancy, the California Department of Parks and Recreation and the Bureau of Land Management.

(b) The exception and reservation unto Grantor, its successors and assigns, of all minerals and mineral rights of every kind and character in and under the Subject Property, whether such minerals are now known to exist or are hereafter discovered, including, without limitation, all minerals, oil, gas, petroleum and other hydrocarbon substances and rights thereto geothermal steam and all products derived from any of the foregoing, together with the sole, exclusive and perpetual right to develop, remove and dispose of the same without, however, the right of entry into any portion of the Subject Property above a plane of five hundred (500) feet below the surface thereof.

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances thereto belonging, or in any way appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and subject to restrictions, covenants and easements of record or in use.

IN WITNESS WHEREOF, the undersigned has executed this Deed as of May 22, 2006.

GRANTOR:

COAST DAIRIES & LAND CO., a California nonprofit public benefit corporation

By: *Neel Holmum*
President

Dated: May 22, 2006

CCC Exhibit 4
(page 2 of 4 pages)

72 - - 6057

Acknowledgment

State of California

County of San Francisco

On 5/22/06 before me, Patricia A. Strickland, a Notary Public in and for said State, personally appeared Reed Holderman personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Patricia A. Strickland (Seal)



CCC Exhibit H
(page 3 of 4 pages)

72 - - 6057

CERTIFICATE OF ACCEPTANCE

Agency Department of Parks and Recreation
Project Wilder Ranch State Park / Coast Dairies
Agency Parcel No. DPR No. A47101; DGS No. 10226
APN AP Nos. 058-021-01, 03, 07; 058-051-08; 058-121-01, 02; 059-012-01, 02, 03 & 04; and 059-011-06
County of Santa Cruz

This is to certify that, pursuant to Sections 11005, 15853 and 27281 of the California Government Code, the interest in real property conveyed by the Grant Deed dated May 22, 2006, from COAST DAIRIES & LAND CO., a California nonprofit public benefit corporation, as Grantor, to the STATE OF CALIFORNIA, as Grantee, is hereby accepted by the undersigned officer on behalf of the State Public Works Board pursuant to authority conferred by resolution of said Board duly adopted July 14, 2006, and the Grantee consents to the recordation thereof by its duly authorized officer.

Note to Recorder: *If this certificate is for a correction deed, all corrections and/or changes to the previously recorded deed must be reviewed and accepted by the State prior to recording a correction deed. All correction deeds require a new Certificate of Acceptance dated subsequent to recordation of the original deed or the most recent correction deed, if any.*

Accepted STATE OF CALIFORNIA
State Public Works Board

By: Marianne Wetzel Dated: 7/15/06
MARIANNE WETZEL,
Assistant Administrative Secretary

Approved DEPARTMENT OF PARKS AND RECREATION

By: Stephen R. Lehman Dated: 6/12/06
STEPHEN R. LEHMAN,
Deputy Director, Acquisition
and Development Division

Approved DEPARTMENT OF GENERAL SERVICES

By: James S. Martin Dated: 7-18-06
JAMES S. MARTIN,
Assistant Chief
Real Property Services Section

Approved DEPARTMENT OF FINANCE

By: Michael C. Genest Dated: 8/15/06
MICHAEL C. GENEST,
Director

CCC Exhibit H
(page 4 of 4 page)

72 - - 6057

**Coast Dairies & Land Co. Deed Restrictions and Reservations as approved by the
US Bureau of Land Management and the Department of Justice**

**THE SUBJECT PROPERTY IS CONVEYED SUBJECT TO THE FOLLOWING
COVENANTS:**

(a) The Subject Property shall be used and managed for open space and public recreation in a manner consistent with the protection and preservation of natural habitats, adjacent sustainable agricultural uses, and the rights and interests of the Subject Property's current lessees and or their successors in interest.

(b) No commercial timber harvest operations (as defined in California Public Resources Code Section 4527) shall be allowed on the Subject Property. The redwood trees will not be harvested from the Subject Property, except to the extent determined necessary or desirable for public safety or for the health of the forest as a natural reserve rather than a timber production forest;

(c) The use of motorized off-road vehicles shall not be permitted on the Subject Property outside of established or designated roadways, except to the extent necessary for management of the Subject Property, or to protect public health and safety, or in response to other emergency situation.

RESERVING unto Grantor, its successors and assigns, all minerals and mineral rights of every kind and character in, on and under the Subject Property, whether such minerals are now known to exist or are hereafter discovered, including, without limitation, all minerals, oil, gas, petroleum and other hydrocarbon substances and rights thereto, geothermal steam and all products derived from any of the foregoing, without, however, the right of entry into any portion of the Subject Property above a plane of 500 feet below the surface thereof, except in respect to those portions of the Subject Property subject to leases existing as of the date hereof, and to the extent permitted by the terms of the leases existing as of the date hereof. Such reservation shall not preclude Grantee's use, without prior approval, of surface mineral material such as aggregate on the Subject Property for non-commercial uses consistent with the management objectives described above;

RESERVING FURTHER unto Grantor all rights and interests of lessor under the Lease dated December 2, 1968 by and between Coast Dairies as the lessor, and Pacific Cement and Aggregates, a Division of Lone Star Cement Corporation, as lessee, as the same may be now or hereafter amended.

Santa Cruz Coast Dairies — National Public Lands System Interim Access Plan



Prepared by Bureau of Land Management, Hollister Field Office

November 15, 2011

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A Landmark for Conservation and Collaboration on California's Central Coast

The Coast Dairies Property is marked by a pastoral landscape, formed on broad marine terraces traditionally used for livestock grazing and agriculture. It extends two miles east, stretching from ocean beaches into large stands of redwood and oak trees in the Santa Cruz Mountains.

In addition to livestock and farming activities, the property has produced lease revenue from a large rock quarry, and has the potential to support diverse recreational opportunities.

For years, the California Coastal Conservancy, the County of Santa Cruz, the California State Parks, and others interested in coastal preservation sought after the 7,000-acre tract of land

surrounding the community of Davenport, CA.

On October 26, 1998, the non-profit organization Trust for Public Lands (TPL) purchased the Property.

In August of 1998, TPL agreed with BLM and CA State Parks to be the permanent stewards of the Property.

BLM, State Parks, and TPL signed a Memorandum of Understanding (MOU) in 2000 that outlines the roles, expectations, and obligations of the parties related to interim management of the Property and development of a land use plan to establish long-term resource management and protection goals for the Property, subject to certain deed

restrictions.

The MOU directs, in part, that the Property will be preserved and used in perpetuity as:

- (a) open space, with
- (b) agricultural use, and
- (c) a natural forest reserve,
- (d) to help meet the Property's operational and management needs, and
- (e) to maximize the opportunities for recreation and enjoyment.

Current Uses of the Property

The Property is subject to multiple lease agreement and several dozen easements. Current uses include approximately 1300 acres available for livestock grazing; 700 acres for row-cropping, organic farming, and aquaculture; and 780 acres under a long-term lease to CEMEX, Inc. The company also owns 9,000 acres of private-lands adjacent to the Property where timber-harvesting, shale quarrying, and cement operations are conducted.

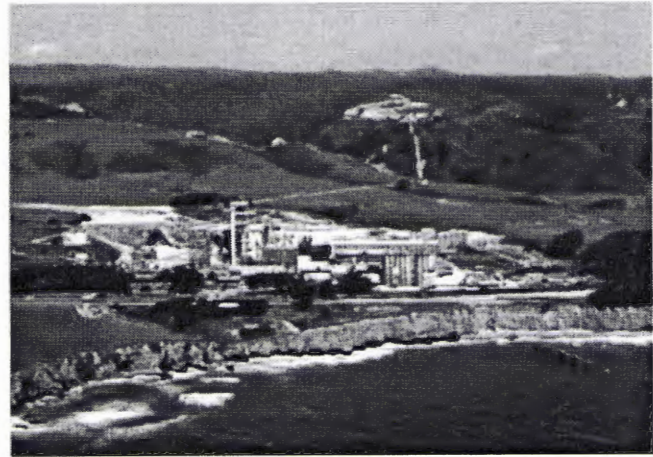
Primary roads serving the Property (and

surrounding areas) include Highway 1 and Bonny Doon Road, both of which are paved, two-lane roads. Access to the interior of the Property is provided over numerous graded dirt roads, most of which are secured by locked gates at public road frontages.

The informal trails at San Vincente and Warnella Creeks would remain closed under BLM's interim access plan in order to protect public safety and prevent user conflicts associated with trespass

on private property in the community of Davenport, CA. Major routes beside Hwy 1 and Bonny Doon Rd. include Warnella Road and Swanton Road.

The majority of existing access routes documented are either farm roads used by agricultural and grazing lease-holders, maintenance roads used by the Santa Cruz Water Company, or CEMEX, Inc.



Existing Issues and Management Concerns

Preliminary Planning Issues:

- Public Safety
- Resources Protection
- Transportation & Access
- Recreational Opportunities
- Livestock Grazing
- Wildland Fire
- Law Enforcement Patrol
- Resources Monitoring & Data Collection

Management concerns on the Property are predominantly associated with the current uses on the 'working landscape', although many potential natural hazards and attractive nuisances on adjacent private lands pose health and safety risks to Coast Dairies visitors. For example, the large quarry operation includes a conveyor belt that traverses the Property to be acquired by BLM, transporting crushed rock to the cement plant in the town of Davenport. Likewise, traffic on roads from mining, timber harvesting, or farming operations, present the need to ensure

public health and safety are adequately protected from natural and man-made hazards.

Based on the existing resources conditions and resources uses, BLM anticipates the need to temporarily restrict public access to the Property until an amendment to the Hollister RMP (2007) is complete.

Temporary use restrictions would benefit natural and cultural resources on the Property. Future management actions necessary to implement the temporary use restrictions include coordination with local law enforcement and

California State Parks to patrol the Property and continuing cooperation with other local, state, and federal agencies (and non-governmental organizations) to monitor resources and collect data for resource management and land use planning activities to determine appropriate future uses of the Property.

The main emphases of the Interim Access Plan will be protection of threatened and endangered species; and recreational use commensurate with BLM's ability to provide services and ensure public health and safety.

Property Transfer & Immediate Actions

In 2007, TPL transferred a portion of the Property (west of Hwy. 1) to CA State Parks. Currently, BLM and TPL have agreed to a transfer of the portion of the Property east of Hwy 1 (ref. Interim Mgt. Strategy Map, pg. 5). Upon transfer and acquisition of the Coast Dairies Property, BLM will issue a Temporary Closure Order, pursuant to 43 CR 8364.1. The temporary use restrictions are necessary to protect public safety and reduce conflicts with existing mining, livestock, and agricultural activities. More details on the temporary use restrictions are

included below.

The closure order will also identify limited opportunities for public use of the Property during the development of a long-term strategy for resources management, pursuant to the National Environmental Policy Act (NEPA), and incorporate them into an amendment for the Hollister Resource Management Plan (RMP) for the Southern Diablo Mountain Range and Central Coast of California (2007). More details on the BLM land use planning process are included on pg. 7.

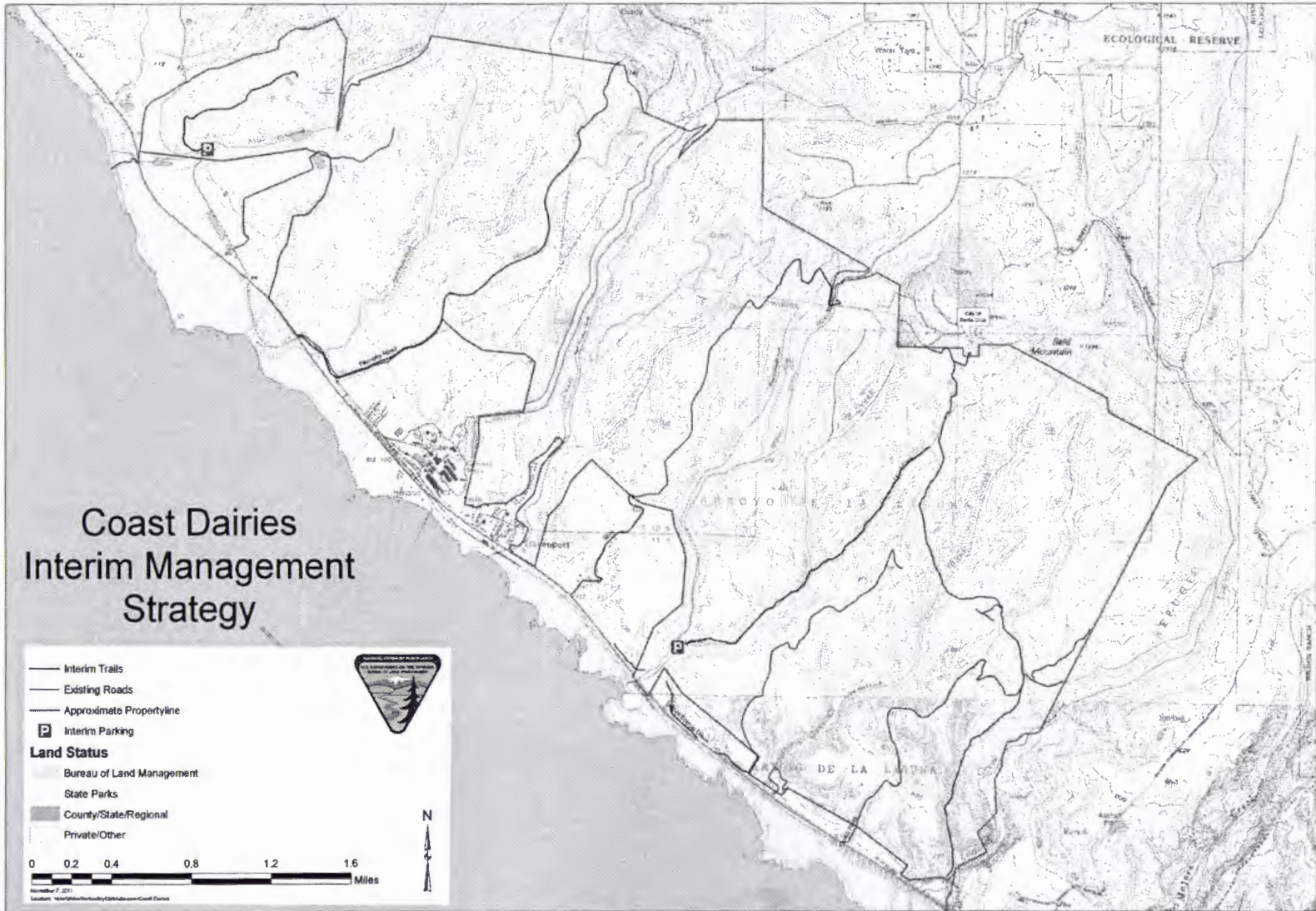


Temporary Use Restrictions

Under authority of section 303(a) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1733 (a)) and 43 CFR 8364.1, the Bureau of Land Management will restrict all public use and forms of entry on the newly acquired Coast Dairies Public Lands. Under the Interim Access Plan, public access will be limited to hiking on two trails shown on the attached map, scheduled tours of the property, and/or volunteer opportunities on management projects that will be announced through local media and posted on the Hollister Filed Office web site.

Persons who are exempt from these rules include:

- (1) Federal, State, or local law enforcement officers or employees while engaged in the performance of their official duties.
- (2) BLM personnel or their representatives while engaged in the performance of their official duties.
- (3) Any member of an organized rescue or fire-fighting force, and/or emergency medical services while in the performance of an official duty.
- (4) Any member of a federal, state, or local public works department while in the performance of an official duty.
- (5) Any person in receipt of a written authorization of exemption obtained from the Hollister Field Office.
- (6) Local landowners, persons with valid existing rights or lease operations, or representatives thereof who have a responsibility or need to access their property or to continue their operations on public land.



Deed Restrictions:

The Coast Dairies transfer agreement between BLM and TPL recognizes the following restrictions regarding the Property's future use:

- ✦ The land shall be used and managed for open space and public recreation in a manner consistent with the protection and preservation of natural resources
- ✦ No commercial timber harvest operations shall be allowed
- ✦ Except for management, health, safety or emergency purposes the use of off-road vehicles shall not be permitted on land outside established roadways

Interim Access Stage (0-5 years):

The term "access" as used here comprises both public access and other uses. The simplest and most benign uses, or those which can be considered identical to existing conditions on the Property, are allowed first. This is the "Immediate Access Stage," and will be operational shortly after conveyance. As funding becomes available (0 -5 years after conveyance) additional access may be provided, but only to the extent that significant impacts to the environment can be avoided. If the agencies offer additional (but limited) access during this period this will be called the "Interim Access Stage."

At this stage, BLM will consider actions to broaden the allowable uses of the Property. Because this will inevitably result in some impacts to the land – for example, establishing parking at a trailhead – a planning document is required, along with all the associated analyses, permits, consultations and public involvement. BLM will add specific project detail and refinements during Interim Plan development. The assumption is that the provisions of the Interim Access Plan will be designed to avoid the potential for significant environmental impacts, and will be reviewed under appropriate environmental regulations.

In the longer term (5-10 years after conveyance) an approved Resource Management Plan will emerge that more closely resembles this document and will guide operations until amended or revised. Even at this "Long-term Access Stage," future specific projects or implementation plans that interpret the general planning direction (such as a visitor center) will need to comply with NEPA, which could require additional environmental review and other potential studies.



Other Management Actions Included in the Interim Access Plan:

1. Protect spawning and rearing habitat for steelhead and coho salmon in Coast Dairies streams, consistent with the results of consultations with the National Marine Fisheries Service; Protect California red-legged frog breeding habitat, consistent with the results of consultations with the U.S. Fish and Wildlife Service; Protect other sensitive, rare, threatened, and endangered species.

2. Provide recreational use consistent with the ability of the BLM and other agencies to provide services and infrastructure necessary to ensure public health and safety and the protection of threatened and endangered species;

3. Access to the interior of the Property will be limited to the following trails depicted on the Interim Access Map:

- ◆ Liddell Creek Trail; and
- ◆ Molina Pasture Trail.

These trails provide public access onto the Coast Dairies Property, but they are only suitable for limited non-motorized, non-mechanized, non-equestrian day-use hiking.

4. Continue existing economic uses of the Property, including agriculture, grazing, and mining; unless and until it is determined that conversion to other uses to enhance the Property's natural resources and biodiversity values would be desirable, feasible and beneficial; the redwood trees will not be harvested from the Property, except to the extent determined necessary or desirable for public safety or for the health of the forest as a natural reserve rather than a timber production forest;

5. Collaborate with community groups regarding strategies for management of the Property, and provision of services such as patrol, cleanup, and monitoring.

6. Specific provisions for visitor services to protect public health and safety will address staffing levels, cooperative agreements with agencies and citizens groups, and operational standards for provision of the following facilities and services:

- ◆ Refuse collection and sanitary facilities for beach and trailheads;
- ◆ Signage, boundary markings, and public information;
- ◆ Cleanup of litter and illegally dumped materials;
- ◆ Fire, search, and rescue services;
- ◆ Police services; Park patrols; and
- ◆ Permits for special events and large gatherings.



Next Steps



Coast Dairies Planning Activities

Major Milestones:

Conveyance of Property

BLM to accept fee title acquisition of approx. 6,000 acres

Federal Register Notice

Temporary Use Restrictions & Interim Access Plan

Land Use Plan Scoping

Opportunities for Public Involvement

&

Development of Coast Dairies Amendment to the Hollister RMP

Watershed Restoration:

Cooperating Agency Participation w/ Resources Projects & Programs

Record of Decision for the Hollister RMP Amendment for Coast Dairies (est. ~ 2015)

BLM will work with a number of Federal and State agencies, including the Fish and Wildlife Service, National Marine Fisheries Service, California Departments of Fish and Game, Forestry and Fire Protection and others to address the local, state, and Federal government roles in protecting public health and safety and the environment from authorized and unauthorized activities at Coast Dairies

Private landowners adjacent to the Coast Dairies property who have a responsibility or need to access their property, and persons with valid

existing rights-of-way, mining claims, or lease operations, are anticipating the temporary use restrictions and the subsequent land use plan amendment. Per BLM's regulations, their access can be authorized during the interim stage and associated land use planning process.

Upon completion of the transfer and acquisition of the Property, BLM will consider actions to broaden the allowable uses on Coast Dairies public lands.

Due to the potential impacts of visitor use, a planning document is required, along with all the

associated analyses, permits, consultations and public involvement.

BLM will add specific project detail and refinements during land use plan development.

The assumption is that the provisions of the Activity Plan will be designed to avoid the potential for significant environmental impacts, and will be reviewed under appropriate environmental regulations. Interest varies in the central coast counties of Monterey, Santa Cruz, and San Mateo.

Public Involvement and Community Outreach

Many communities on the Central Coast have an interest in the future of the Coast Dairies Property because they rely heavily on tourism and recreational opportunities on public lands to support their local economies.

Opportunities to participate in the development of the Coast Dairies activity plan and Hollister RMP Amendment for Coast Dairies will be announced through local media and on-line.

Mountain bikers, equestrians, OHV users, hunters, and other non-motorized recreationists are likely to have a varied response to the temporary use restrictions. In addition, several environmental interest groups are anticipating the transfer of the Coast Dairies properties into BLM ownership, including Trust for Public Lands, Save-the-Redwoods League, The Nature Conservancy, Sierra Club, the California

Native Plant Society, as well as several wilderness advocacy groups.

Public notices will be posted at main entry points to the Property to provide information about the temporary use restrictions and future public planning meetings.

Santa Cruz Coast Dairies – National Public Lands System Interim Access Plan

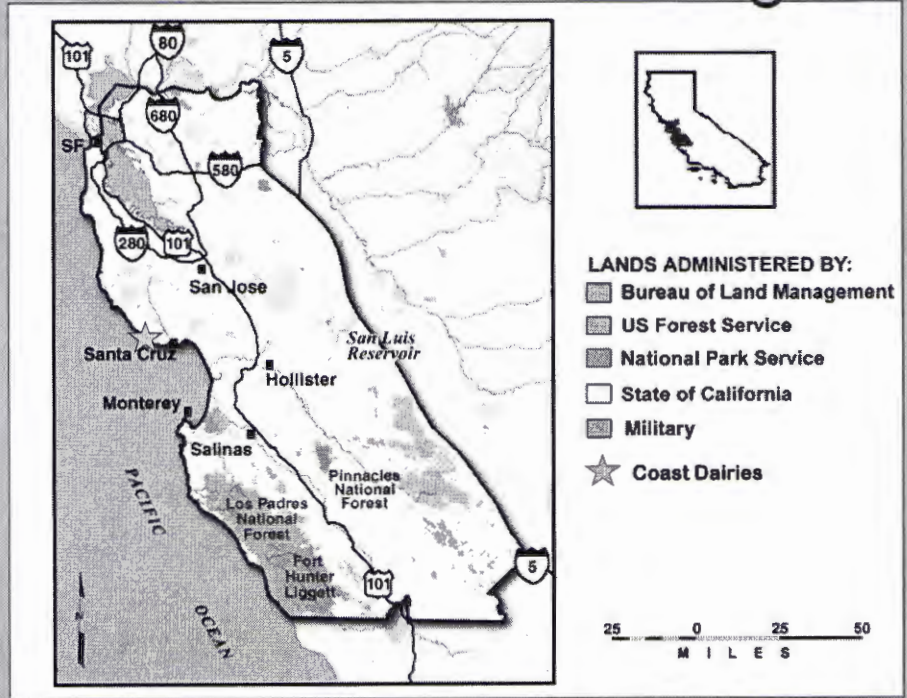


The BLM manages over 245 million acres, known as the National System of Public Lands, primarily located in the West. The BLM's multiple-use mission is to sustain the health and productivity of the public lands for the use and enjoyment of present and future generations. The Bureau accomplishes this by managing livestock grazing, promoting outdoor recreation opportunities, and by conserving natural, historical, cultural, and other resources on public lands.

The Hollister Field Office (HFO) area encompasses approximately 284,000 acres of BLM public lands located in central California.

Bureau of Land Management
Hollister Field Office
20 Hamilton Court
Hollister, CA 95023
Phone: 831-630-5000
Fax: 831-630-5055

Hollister Field Office Locator Map



Hollister Field Office

Bureau of Land Management
Hollister Field Office
20 Hamilton Court
Hollister, CA 95023

