

**COUNTY OF SANTA BARBARA
PLANNING AND DEVELOPMENT**

MEMORANDUM

TO: AGRICULTURAL ADVISORY COMMITTEE
AGRICULTURAL PRESERVE ADVISORY COMMITTEE

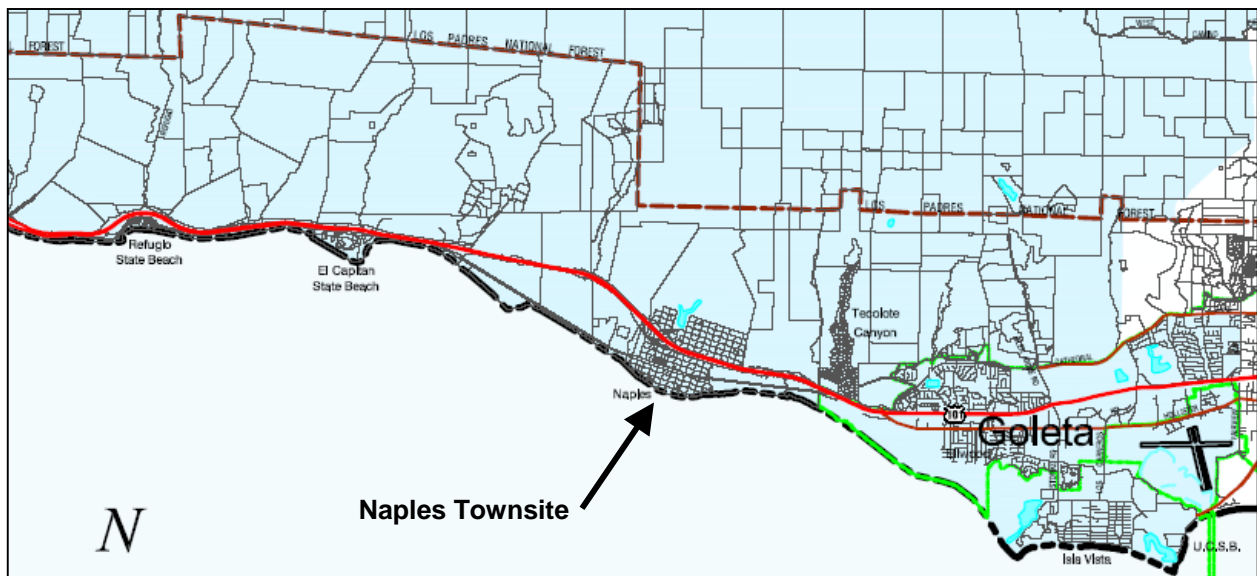
FROM: STEVE CHASE, DEPUTY DIRECTOR AND TOM FIGG, PROJECT MANAGER

DATE: AUGUST 10 & 11, 2006

RE: SANTA BARBARA RANCH PROJECT

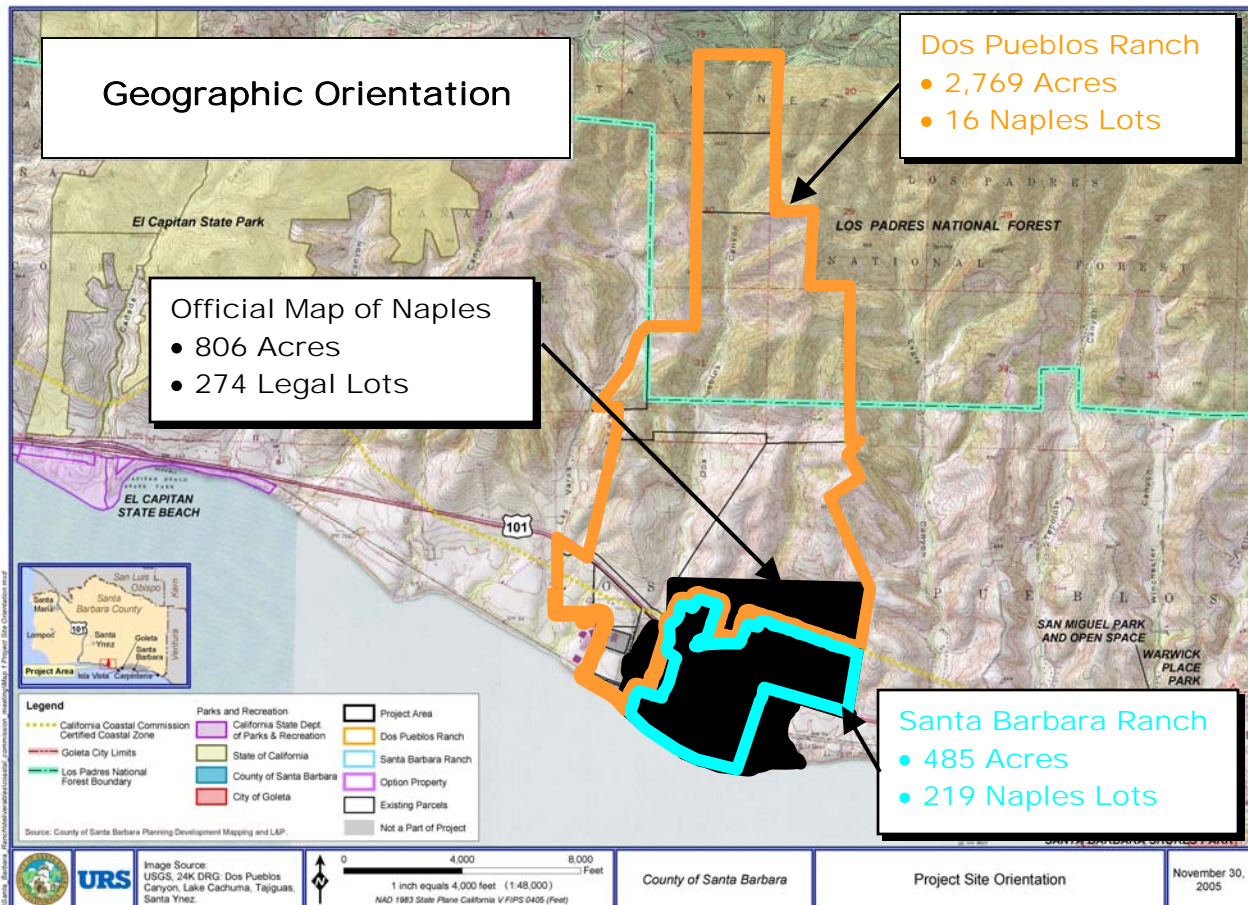
ORIENTATION

Setting and Context. The Naples Townsite encompasses an 800-acre area on the Gaviota coast, located two miles west of the City of Goleta. The Townsite has a rich history in both pre-European and Spanish-Mexican Land Grant periods. It also has a history of litigation and disputes over the area's development potential. This conflict centers around the Original Map of Naples filed by the Naples Improvement Company on July 23, 1888, the Official Map of Naples recorded by the County on October 3, 1995, and intervening legal disputes over lot merger provisions and septic system permit requirements imposed by the County. Further complicating the matter are California Coastal Act and local coastal land use policies that promote the preservation of agriculture, sensitive habitats and visual quality of the Gaviota Coast, while at the same time allowing a single family residence as a principal permitted use on individual legal lots, regardless of size.

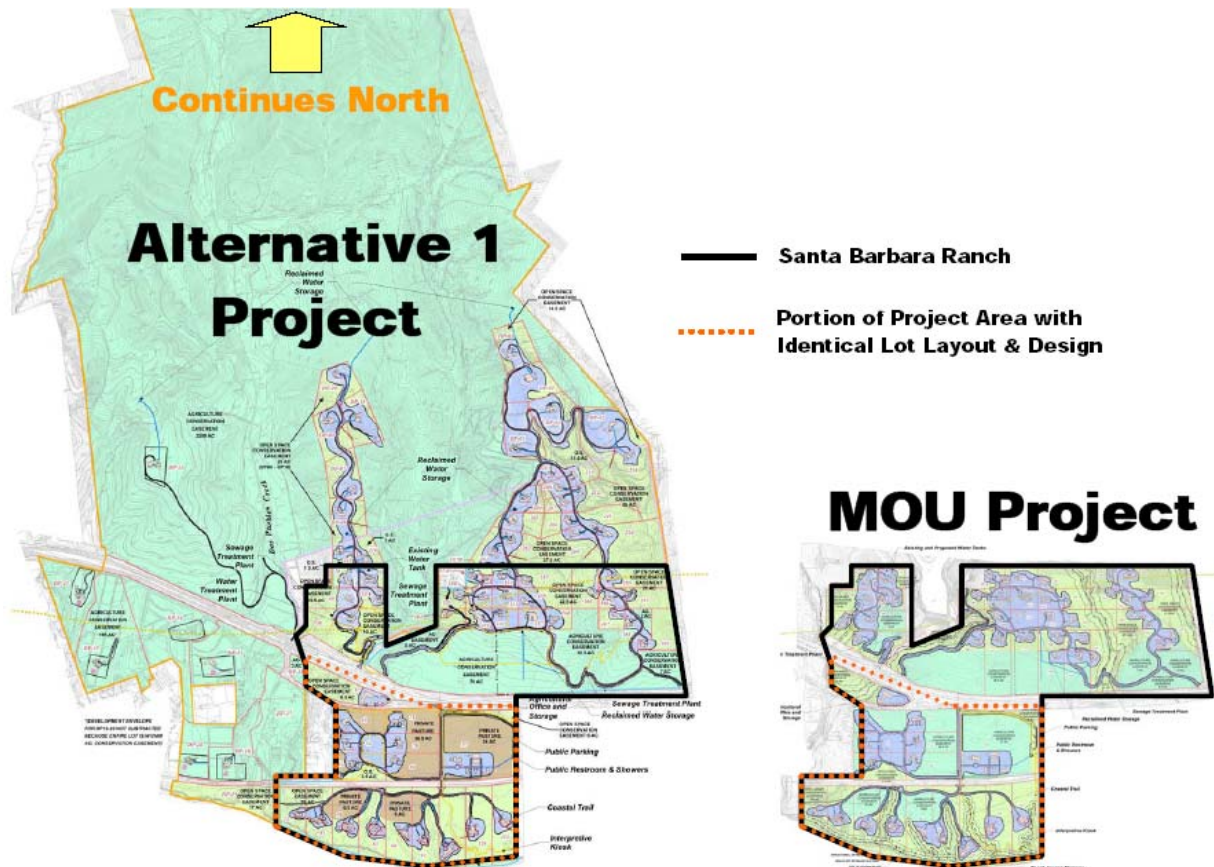


Project Scope. At present, the Naples Townsite is owned principally by four sets of owners: (i) Santa Barbara Ranch related interests which account for 219 parcels and 485 acres; (ii) Dos Pueblos Ranch related interests which account for 16 parcels and 244 acres; (iii) Makar Properties, LLC, which account for 25 parcels and 57 acres; and (iv) Morehart related interests which account for 13 parcels and 16 acres. In late 2002, the County, the Morehart related interests, and the Santa Barbara Ranch related interests entered into a Memorandum of Understanding (“MOU”) setting forth a protocol and structure for the submission of project applications as a part of a potential global resolution of pending and threatened litigation. The MOU does not create entitlements, rights or approvals, and does not impair the County’s ability to enforce its applicable ordinances, resolutions, policies or statutes. However, it does provide a protocol for the County to entertain applications for development and conservation at Naples. In this regard, two projects are under consideration:

- **Santa Barbara Ranch Project (MOU Project).** The MOU Project consists of a large lot residential development and associated land use changes on Santa Barbara Ranch (“SBR”) totaling 485 acres and encompassing 80% of the lots comprising the Official Map of Naples. The MOU Project would result in 54 new rural estate residences and includes an equestrian center, agricultural support facilities, a worker duplex, public amenities (including access road, parking and restroom, hiking, biking, equestrian trails near the coastal bluff, an educational kiosk and a coastal access stair structure), and creation of conservation easements permanently protecting 137 acres for agricultural uses and 188 acres for open space.



○ **Alternative 1 Project (Alt 1 Project).** The Alt 1 Project is proposed for review by the landowners at a project-level detail for purposes of evaluating alternatives to the MOU Project under the California Environmental Quality Act (“CEQA”). As proposed, the Alt 1 Project comprises the 485-acre SBR plus the adjacent 2,769-acre Dos Pueblos Ranch (“DPR”) property, together encompassing 86% of the lots comprising the Official Map of Naples. The Alt 1 Project would include development 72 new rural estate residences, one employee duplex, one agricultural support facility, public amenities (including access road, parking and restroom, hiking, biking, equestrian trails near the coastal bluff, an educational kiosk and a coastal access stair structure), and creation of conservation easements permanently protecting 2,629 acres for agricultural uses and 372 acres for open space.



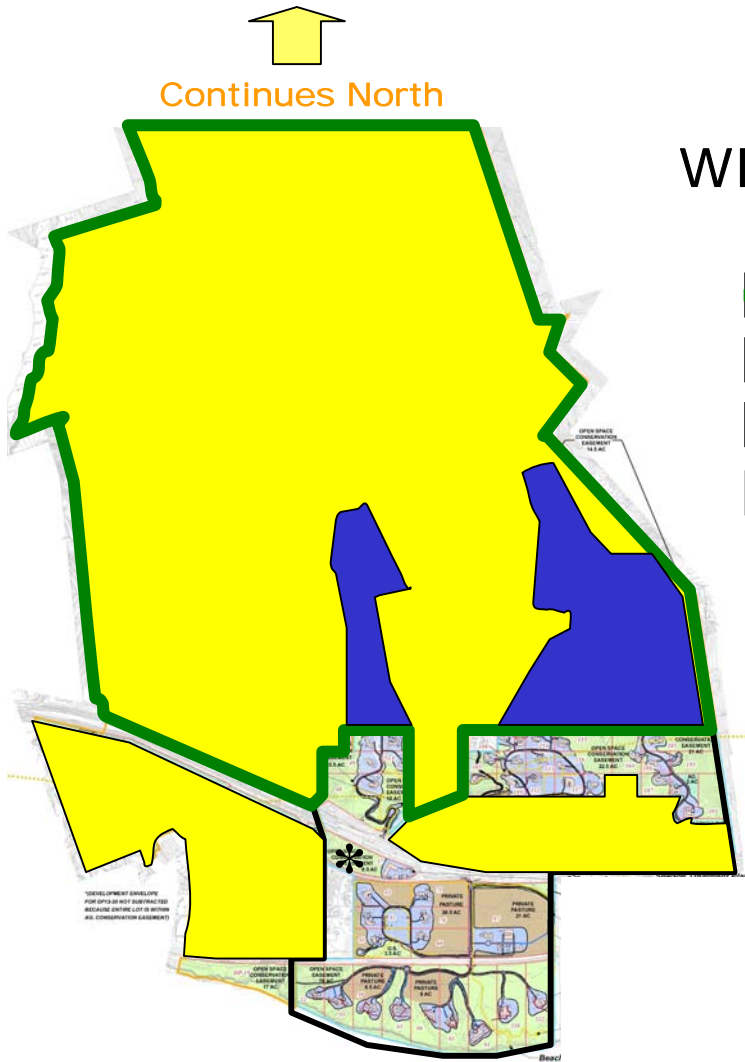
Agricultural Preservation. DPR includes 2,566 acres that are currently protected under Williamson Act (“WA”) Contract #77AP14. Under the Alt 1 proposal, the applicant/owner proposes to: (i) remove 262 acres under the existing WA Contract; (ii) place the remaining 2,304 WA Contract acres (“WA Remainder”) into a permanent Agricultural Conservation Easement (“ACE”), along with 325 additional acres that are currently unprotected, thereby bringing the total to 2,629 acres of agricultural acreage protected in perpetuity; and (iii) reissue/retain the WA Remainder in a new/replacement WA Contract. Table 1 summarizes areas that are currently under WA contract, the areas that would be taken out of contract and developed for residential uses, the areas within the proposed replacement contract (including lands that are not currently within WA contract), and the lands proposed to be within the ACE. Net changes are summarized in Table 2.

**Table 1
Change in Agricultural Lands**





Property	Total Acres			Prime Agricultural Land		
	Total Acres	In WA Acres	In ACE Acres	Total Acres	In WA Acres	In ACE Acres
Existing Conditions						
Dos Pueblos Ranch (excl. Option Property)	2,563	2,360	0	627	470	0
Option Property	206	206	0	47	47	0
SBR Property	485	0	0	29	0	0
Totals	3,254	2,566	0	703	517	0
Proposed Alternative 1 Project						
Dos Pueblos Ranch (excl. Option Property)	2,563	2,224	2,224 (Lot 11) 195 (s/o Hwy)	599	432	581
Option Property	206	80	80	30	7	7
SBR Property	485	0	129	27	0	24
Totals	3,254	2,304	2,629	656	438	612
Net Change	0	-262	+2,629	-47	-78	+612

**Table 2
Net Change in Total Agricultural Land and Prime Agricultural Land**

	Total Ag Land (Acres)	Total Prime Ag Land Preserved (Acres)
Existing Williamson Act	2,566	517
Proposed ACE	2,629	612
Net Change	+63	+95



WILLIAMSON ACT

-  Existing WA Contract
-  WA Area to be Removed
-  New ACE to be Created
-  Ag Support Facility

MOU Project



Alternative 1 Project

ACE Management. A land trust or similar entity is proposed by the applicant as the holder of the ACE. The ACE restrictions would run with the land, regardless of changes in ownership. The recorded ACE, and Covenants, Conditions, and Restrictions (“CC&Rs”) of the homeowner’s organization would provide restrictions and standards to ensure the long-term viability of the agricultural components of the project. A professional agricultural manager would oversee all agricultural operations, so that activities and agricultural uses within the ACE are consistent. A land trust or other holder of the ACE and/or the County would also have the authority to address individual violations of the ACE. The ACE is intended to prevent the potential fracturing of agricultural operations into multiple small ranchettes over the SBR and DPR residential lots, which probably would be too small to be agriculturally viable if operated independently. Under the ACE, the orchards and commercial crop production are proposed to be operated as a single unit, with restrictions to ensure that impediments to agriculture, such as fencing within cultivated areas, are not allowed.

Agricultural Cooperative. The applicant intends to form and fund an agricultural cooperative, organized as part of the homeowner's association, or as an independent entity ("Cooperative"). The members of the Cooperative would consist of the owners of each of the properties within SBR. The Cooperative would engage in production, marketing and selling of all agricultural products produced on the SBR pursuant to rules and regulations promulgated by it, which rules and regulations shall be consistent with the ACE. The Cooperative would employ a professional agricultural contractor to provide unified management for the agricultural resources on the Ranch contained within the ACE. The professional agricultural contractor would utilize such production and agricultural techniques that maximize agricultural production within the ACE, consistent with sound agricultural practices and avoidance of significant degradation of soil quality or other resource impacts. The project also includes construction of an agricultural support facility (Lot 57) that will provide agricultural storage, workshop, equipment storage, employee facilities, and a small nursery. Ample water supplies are available through the Naples Mutual Water Company, which currently serves the needs of the SBR and DPR properties. Adjacent lots outside of the Alternative 1 Project area are similar large lots devoted to orchard and grazing uses. The long-term nature of the existing orchard operations within the project area, the expansion of area devoted to agriculture proposed, and the other features of the project support the conclusion that the proposed agricultural use is viable.

GOVERNMENTAL APPROVAL PROCESS

Department of Conservation. The California Department of Conservation ("DOC") administers the WA on a statewide basis. As provided in Government Code Section 51256, a landowner may petition the County to cancel a WA Contract in order to simultaneously place other land with the County under an ACE. Known as the Williamson Act Easement Exchange Program ("WAEPP"), the County Board of Supervisors must make specified findings in order to cancel a contract; the easement value on the ACE parcel must be equal to or greater than the cancellation fee required to cancel the contract; and the land to be placed under an easement must be of equal size or larger than the Williamson Act contracted land. Also, WA easement exchanges must meet criteria established under the California Farmland Conservancy Program. DOC has final approval authority under the WAEPP and its actions do not occur until after the County Board of Supervisors make the requisite findings.

Local Advisory Committees. DOC gives great deference to the recommendations of local agricultural advisory bodies. The Agricultural Advisory Committee's role is broad and informal, while the Agricultural Preserve Advisory Committee is specifically charged with reviewing Agricultural Preserve applications and proposed projects for consistency with the intent of the WA. The opinion and findings of both bodies are necessary prerequisites for the County Board of Supervisors to pass judgment on the WA and ACE actions proposed under Alternative 1 for the Santa Barbara Ranch Project. The Committee meetings scheduled for August 10 and 11, 2006, are intended as initial orientations to the Santa Barbara Ranch Project. Follow-up meetings are tentatively planned for September 1 and 14 at which time it is hoped that each body could begin their respective deliberations. To keep the process in step with the concurrent entitlement process, it is hoped that both Committees can complete their actions by October. To assist in this endeavor, the following materials have been assembled:

1. **Draft EIR Executive Summary.** The Draft Environmental Impact Report (“DEIR”) for the Santa Barbara Ranch Project was formally released on June 28, 2006. The Executive Summary from the Draft EIR provides a historic, geographic and legal context for the project along with a descriptive narrative of component parts.
2. **Agricultural Resource Analysis.** The DEIR provides a detailed assessment of agricultural resources based on methodologies set forth in the County’s *Environmental Thresholds and Guidelines Manual* and the *Land Evaluation and Site Assessment (LESA) Model* published by DOC. The resulting impact analysis is then squared against adopted County policies. The general approach and principal findings have been extracted from Sections 5 and 6 of the DEIR
3. **WA-ACE Application.** The proposed Alt 1 Project entails 16 separate types of legislative and quasi-judicial land use actions. Among these is a formal application to implement the WA Contract cancellation/replacement and ACE exchange as provided under WAEEP. The application includes a discussion of relevant findings and map graphics depicting the contract modifications.

Should there be any questions regarding these materials, staff would be pleased to respond. Furthermore, if there are additional items that either Committee would like to see in advance of commencing deliberations, we will be glad to oblige. Steve Chase can be reached at 568-2520 and Tom Figg can be reached at 377-9116.