



# COUNTY OF HUMBOLDT

AGENDA ITEM NO.

M-1

For the meeting of: April 15, 2014

Date: April 11, 2014

To: Board of Supervisors

From:  Thomas K. Mattson, Public Works Director

Subject: Proposed McKay Tract Community Forest

### RECOMMENDATIONS:

That the Board of Supervisors:

1. Receive the staff report and comments from the public.
2. Approve the attached resolution approving the award of funds from the California Natural Resources Agency, State Coastal Conservancy, and California Wildlife Conservation Board for the acquisition of real property owned by Green Diamond Resource Company within the McKay Tract for the establishment of a community forest.
3. Appoint the Public Works Director, or his designee, to negotiate and execute documents reasonably necessary to complete the property acquisition, as specified in the attached resolution.
4. Approve division of the six affected assessor parcels zoned Timberland Production Zone for which a Joint Timber Management Plan and Guide (JTMP) and Declaration of Covenants, Conditions and Restrictions have been prepared pursuant to Section 51119.5 of the California Government Code. (Note: A 4/5<sup>th</sup> vote is required)
5. Direct the Clerk of the Board to give notice of the Board's decision regarding the JTMP to

Prepared by Hank Seemann, Deputy-Director

CAO Approval Phillip Smith-Hansa

REVIEW:	Auditor _____	County Counsel <u>JS</u>	Personnel _____	Risk Manager _____	Other _____
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TYPE OF ITEM:

Consent

Departmental

Public Hearing

Other \_\_\_\_\_

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT

Upon motion of Supervisor Fennell

Seconded by Supervisor Bass

And unanimously carried by those members present,

The Board hereby adopts the recommended action

Contained in this report.

PREVIOUS ACTION/REFERRAL:

Board Order No. E-2

Meeting of: April 8, 2014

Dated: April 15, 2014

Kathy Hayes, Clerk of the Board

By: Jan Hartwell

Green Diamond Resource Company, the County Assessor's Office, and any other interested party. Direct staff to convey the Declaration of Covenants, Conditions and Restrictions associated with the JTMP to Fidelity National Title Company of California for recording during the closing process (following disbursement of acquisition funding).

6. Approve the concept of a loan to provide financing for expenditures during the start-up period of the community forest based on future re-payment through timber harvest revenues, and direct Public Works to work with the County Administrative Office and County Treasurer to evaluate loan options and return to the Board for selection of a preferred option.
7. Direct Public Works staff to prepare and file a Notice of Exemption under the California Environmental Quality Act (CEQA) with the County Clerk based on Section 15325 (Transfers of Ownership of Interest in Land to Preserve Existing Natural Conditions) of the CEQA Guidelines.
8. Direct Public Works to develop a supplemental budget adjustment for the property transaction.

SOURCE OF FUNDING:

California Wildlife Conservation Board; California Natural Resources Agency; State Coastal Conservancy; Headwaters Fund; Parkland Dedication Fees

DISCUSSION:

The proposed project is acquisition of 1,000 acres of forestland within the McKay Tract (the Phase 1 property), currently owned by Green Diamond Resource Company, to establish a community forest in collaboration with the City of Eureka. Funding for the property acquisition will be provided by the California Wildlife Conservation Board, the California Natural Resources Agency, and the State Coastal Conservancy. The project has been facilitated by The Trust for Public Land. At the meeting of April 8, 2014, the Board directed staff to return on April 15, 2014, for the Board's consideration of the grant agreements associated with the property acquisition for the proposed community forest.

Project Report

Attachment 1 contains a Project Report which provides a detailed discussion of the project including background, property information, forestry and recreation, staffing, and finances. Attachment 1 also contains a pamphlet which provides a general project overview.

Grant Agreements

Attachment 2 contains the draft agreements for the three grants providing funds for the land acquisition. Attachment 3 is the resolution approving and accepting the award of grant funds. The resolution acknowledges that the County will operate and maintain the property; agrees to the terms and conditions of the grant agreements; and appoints the Public Works Director, or his designee, to negotiate and execute the grant agreements and associated documents reasonably necessary to complete the property acquisition on behalf of the County. Delegation of authority to the Public Works Director to execute the agreements is requested due to the short time spans specified by the funding agencies for executing the agreements, in particular the Wildlife Conservation Board's need to have documents in place at least 30 days prior to their May 22, 2014 meeting.



### Acquisition Agreement

The Trust for Public Land has entered into an agreement with Green Diamond which allows for the transfer of real property by a direct deed from Green Diamond to the County. The draft Acquisition Agreement contained in Attachment 4 sets forth the terms and conditions for the County to purchase the subject property from Green Diamond.

### Joint Timber Management Plan and Guide (JTMP)

The configuration of the Phase 1 portion of the community forest was developed with the intent of creating viable management units for timber production. The boundaries were developed primarily by following existing hydrologic features, major ridgelines and roads, and therefore do not coincide with the existing configurations of legal parcels or Assessor parcels. The configuration of the Phase 1 portion includes portions of 22 Assessor parcels, and the proposed acquisition results in the division of six Assessor parcels into parcels containing less than 160 acres of lands zoned Timber Production Zone (TPZ). California Government Code Section 51119.5 and Humboldt County Code Section 314-12(c)(1) require the preparation of a JTMP for the "division" of land into Assessor parcels containing less than 160 acres of land zoned TPZ. Parcel is defined as "*that portion of an assessor's parcel that is timberland*" (Government Code Section 51104(i)). The JTMP is intended to guide the management and harvesting of timber on these smaller TPZ ownerships. The purpose of a JTMP is to ensure that the resultant parcels meet minimum stocking requirements, have adequate access to public roads and recorded access to private access roads, where needed, and are covered by a management guide which describes recommended silvicultural techniques, cutting cycle, stand regulation and regeneration, immediate stand treatments, fire protection, and other similar management practices. The JTMP fulfills the required finding that the resultant parcels are consistent with the purpose of the TPZ (continued growing and harvesting of timber).

A JTMP for the proposed land acquisition was prepared by Baldwin, Blomstrom, Wilkinson and Associates in accordance with Government Code Section 51119.5. The JTMP demonstrates that the resulting parcels will be adequately stocked with commercial timber, have road access to the timber stands, and that there is a feasible logging system that can be employed to harvest timber. The County's Forestry Review Committee reviewed the JTMP on December 12, 2013, and recommended Board approval of the Plan (Attachment 5). On the basis of the Forestry Review Committee's favorable recommendation, staff believe that the JTMP demonstrates that the parcels can be managed consistent with these requirements. Pursuant to Section 51119.5, the JTMP must receive a 4/5's affirmative vote of the Board of Supervisors to become effective. Attachment 6 contains the Declaration of Covenants, Conditions and Restrictions implementing the JTMP.

### General Plan Conformance

On November 7, 2013, the Planning and Building Department provided a General Plan Conformance Review to the Planning Commission pursuant to Government Code Section 65402, which applies to any proposed public acquisition of private property. The Planning Commission adopted the report (Attachment 7) which concluded that the proposed community forest conforms to the Humboldt County Framework General Plan, Eureka Community Plan, Freshwater Community Plan, and Humboldt Bay Area Plan.

### California Environmental Quality Act

The proposed land acquisition is exempt from the provisions of the California Environmental



Quality Act (CEQA) pursuant to Section 15325 (Transfers of Ownership of Interest in Land to Preserve Existing Natural Conditions) of the CEQA Guidelines. This finding conforms with the Notice of Exemption filed by the State Coastal Conservancy with the state Office of Planning and Research on October 4, 2013. Staff recommend submitting a Notice of Exemption to the County Clerk in the Recorder's Office. Preparation of a management plan and projects within the community forest will be subject to future evaluation under CEQA unless otherwise exempt.

FINANCIAL IMPACT:

Funds for the Phase 1 property acquisition are available from the California Natural Resources Agency, California Coastal Conservancy, and California Wildlife Conservation Board. The total amount of available grant funds is \$6,785,000. The fair market value of the Phase 1 property based on a January 2014 appraisal is \$6,870,000. The Trust for Public Land and Green Diamond are providing the difference (\$85,000) between the available grant funds and the appraised value. Funds for the County's portion of the closing costs (approximately \$7,000) are available within the Public Works Department's approved budget (expenditure line 1100713-3780) for Fiscal Year 2013-14. Public Works will work with the County Administrative Office to develop a supplemental budget adjustment for the property transaction.

The financial impact for establishing the community forest is discussed in detail in Section 7 of the Project Report (Attachment 1). Projections for revenues and costs have been developed based on the assumption of no new encumbrance to the General Fund. The Trust for Public Land has pledged to provide \$125,000 to the County to assist with start-up costs. The community forest will be a working forest with periodic revenues from timber harvest. Revenues from timber harvest are projected to increase over time as trees grow and stand volumes increase. Timber revenues will need to be re-invested for an extended period of time to address infrastructure needs (logging roads and trails). A loan will be required during the approximately 30-year start-up period when costs exceed revenues, based on the condition of paying off the loan with future timber harvest revenues. If grants and donations are not forthcoming to assist with site improvements or costs are higher than projected, then progress on site improvements will need to wait until harvest revenues become available.

Public Works proposes to work with the County Administrative Office and County Treasurer to evaluate loan options and return to the Board with options and proposed parameters for the Board's consideration.

After site improvements are completed and timber revenues increase to a sufficient level, there is the likelihood of surplus revenues that could be used to fund operation of County parks and trails and reduce or eliminate the Parks and Trails Division's dependence on the General Fund.

This project conforms to the Board of Supervisors core role of creating opportunities for improved safety and health and the Board's priorities of managing our resources to ensure sustainability of services and partnering to promote quality services.

OTHER AGENCY INVOLVEMENT:

California Wildlife Conservation Board, California Natural Resources Agency, and State Coastal Conservancy are providing the funding for the land acquisition. The Humboldt County Planning Commission reviewed the project on November 7, 2013. The JTMP was referred to responsible agencies, including the County Forestry Review Committee which approved the JTMP.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion

ATTACHMENTS:

Attachment #1 – Project Report and Project Pamphlet

Attachment #2 – Draft Grant Agreements

Attachment #3 – Resolution approving Grant Agreements

Attachment #4 – Draft Acquisition Agreement

Attachment #5 – Draft Minutes for County Forestry Review Committee Meetings of October 30, 2013, and December 12, 2013

Attachment #6 – Declaration of Covenants, Conditions and Restrictions Implementing Joint Timber Management Plan and Guide

Attachment #7 – Record of action and staff report for Planning Commission General Plan Conformance Review