



# COUNTY OF HUMBOLDT

For the meeting of: 6/23/2020

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File #: 20-726

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**To:** Board of Supervisors

**From:** Public Works

**Agenda Section:** Time Certain Matter

**SUBJECT:**

1:30 p.m. McKay Community Forest Phase II Property Acquisition and Eggert Trail Easement and Supplemental Budget (4/5 Vote Required)

**RECOMMENDATION(S):**

That the Board of Supervisors:

1. Open the public hearing;
2. Receive the staff report and comments from the public;
3. Close the public hearing;
4. Find that Notice of Intention to Purchase Real Property was given pursuant to Government Code section 25350;
5. Approve the purchase of real property designated with Assessor Parcel No. 303-012-029 (“the Phase II property”) to expand the McKay Community Forest;
6. Approve, and authorize the Public Works Director to sign, the attached Disposition Agreement with The Trust for Public Land;
7. Appoint the Public Works Director, or his designee, to negotiate and execute documents reasonably necessary to complete the property acquisition, including, but without limitation, a Conservation Easement with California Department of Forestry and Fire Protection (“CAL FIRE”) and an Amendment to the Reciprocal Access Agreement with Green Diamond Resource Company;
8. Direct Public Works to file the attached Notice of Exemption under the California Environmental Quality Act (“CEQA”) with the County Clerk based on Section 15325 (Transfer of Ownership of Interest in Land to Preserve Existing Natural Conditions) of the CEQA Guidelines;
9. Direct Public Works to integrate the Phase II property with the overall management of the McKay Community Forest;
10. Approve, and authorize the Public Works Director to sign, the attached Trail Easement Agreement for the Eggert trail connection;
11. Direct that Ten Thousand Five Hundred Dollars (\$10,500) from trust account 3704 (Parkland Dedication trust account) be committed for acquisition of the Eggert trail connection easement; and

12. Authorize the attached supplemental budget for 1710716 (Forest Resources and Recreation) for Fiscal Year 2019-2020.

SOURCE OF FUNDING:

California Natural Resources Agency; California Department of Forestry and Fire Protection (“CAL FIRE”); Long Foundation; The Trust for Public Land; Quimby Act (Parkland Dedication Fees)

DISCUSSION:

On Aug. 21, 2014, the County of Humboldt used federal and state funds to acquire 1,000 acres of forestland southeast of Eureka to establish the McKay Community Forest, in collaboration with The Trust for Public Land (“TPL”), Green Diamond Resource Company, and the City of Eureka. This acquisition was considered Phase 1 of a multi-phase conservation plan for the Ryan Creek watershed. Phase 2 of the Ryan Creek conservation plan is the proposed acquisition by the County of Humboldt of an additional 197 acres of forestland from Green Diamond to expand the McKay Community Forest. Phase 3 of the Ryan Creek conservation plan involves the establishment of a conservation easement on 5,967 acres of forestland that will be retained by Green Diamond within the McKay Tract. The County of Humboldt is not involved with the Phase 3 conservation easement, which would be granted by Green Diamond to CAL FIRE. Maps depicting the three phases of the Ryan Creek conservation plan are provided (Attachment 1).

Public notice of the Humboldt County Board of Supervisors’ intention to consider approving the acquisition of the Phase 2 property was given pursuant to Government Code section 25350 by publishing the Notice of Intention to Purchase Real Property in the Eureka Times-Standard on June 2, June 7, June 9, June 14, and June 16, 2020 (Attachment 2).

The McKay Community Forest is managed for multiple objectives including public access and recreation, sustainable timber harvest, and watershed and resource protection. The McKay Community Forest was established based on the premise that the enterprise would be economically self-sustaining over the long-term without reliance on the Humboldt County General Fund. Revenues generated through timber harvest will be used to offset the costs of management and maintenance and to invest in the development of trails and access points.

The Phase 2 property acquisition would benefit the McKay Community Forest by expanding the area available for public access, providing a larger land base for timber harvest revenues, and simplifying management of the road and trail network. The Phase 2 property is situated contiguous to the southern end of the existing community forest and east of the urban interface with Ridgewood Heights. The property includes portions of the headwaters of Henderson Gulch and an unnamed tributary to the west fork of Ryan Creek. Humboldt Community Services District owns an in-holding parcel which contains a water tank.

The primary access point to the Phase 2 property for public use would be the designated parking area for the McKay Community Forest located on Northridge Road. Opportunities for access points within Ridgewood Heights are limited and not being actively considered at this time. Any proposed access

point within Ridgewood Heights would be subject to a future public review process.

The Phase 2 property encompasses one Assessor Parcel Number (APN 303-012-029). In preparation for the proposed Phase 2 property acquisition, Green Diamond initiated several lot-line adjustments which necessitated the preparation of a Joint Timber Management Plan (“JTMP”) because certain resultant parcels contained less than 160 acres of lands zoned as Timberland Production Zone (“TPZ”). The JTMP was recorded as 2008-002076 in the Humboldt County Official Records. Although a portion of the Phase 2 property is identified in the JTMP, the JTMP is focused on parcels which are not part of the acquisition and is, therefore, inconsequential for future management of the Phase 2 property. The zoning for the Phase 2 property is TPZ and the land use designation is Timberland. On Feb. 20, 2020, the Humboldt County Planning and Building Department provided a report to the Planning Commission pursuant to Government Code 65402 regarding the conformance of the proposed Phase 2 property acquisition with the General Plan. The Planning Commission adopted the report which concluded that the proposed property acquisition is consistent with the 1995 Eureka Community Plan, 2017 Humboldt County General Plan, and 2019 Housing Element.

The appraised value of the Phase 2 property based on an appraisal report dated Apr. 1, 2020, is One Million Four Hundred Thousand Dollars (\$1,400,000). Funding for the acquisition will be provided by the California Natural Resources Agency, CAL FIRE, and the Long Foundation. On Oct. 4, 2016, the Board of Supervisors approved Resolution 16-116 authorizing Public Works to submit a grant application to the California Natural Resources Agency for the Phase 2 property acquisition (Attachment 3). A grant agreement has been executed between the County of Humboldt and the Natural Resources Agency for the amount of Eight Hundred Eighty-Four Thousand Three Hundred Eighty-Two Dollars (\$884,382). CAL FIRE is contributing Four Hundred Seventy-One Thousand Dollars (\$471,000) based on a funding application submitted by TPL. The Long Foundation is contributing Forty-Four Thousand Six Hundred Eighteen Dollars (\$44,618) through an agreement with TPL.

TPL 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 of Humboldt. The attached Disposition Agreement between TPL and the County of Humboldt sets forth the terms and conditions for the County of Humboldt to purchase the Phase 2 property from Green Diamond (Attachment 4). Exhibit B of the Disposition Agreement contains the draft grant deed. Exhibit E of the Disposition Agreement contains an amendment to the existing Reciprocal Access Agreement between Green Diamond and the County of Humboldt to account for the new property boundaries.

TPL commissioned an environmental site assessment of the Phase 2 property to identify any evidence of hazardous substances or petroleum products that would be considered a potential environmental impairment on the property. The report prepared by Amicus dated Jan. 27, 2020, did not identify any recognized environmental conditions.

In conjunction with the Phase 2 property acquisition and Phase 3 conservation easement, an easement is proposed along a logging road on property retained by Green Diamond that would provide an approximately two-mile trail connection between the McKay Community Forest and Eggert Road.

The proposed Eggert trail easement agreement is contained in Exhibit F of the Disposition Agreement and Attachment 5 of this staff report. The easement would provide legal access on Green Diamond property for a future trail connection; however, the trail would not be developed until a formal access point can be established along Eggert Road. No current opportunities for an access point along Eggert Road have been identified. The parcel owned by Green Diamond with Assessor Parcel Number 303-012-022 located contiguous to Eggert Road has a land use designation of Open Space, Residential Low Density, and Timberland. If this parcel is subdivided for development in the future, an access point to the Eggert trail easement could likely be incorporated. Any proposed access point along Eggert Road would be subject to a future public review process. The estimated value of the proposed Eggert trail easement is Ten Thousand Five Hundred Dollars (\$10,500) based on a letter of opinion by a certified appraiser dated Mar. 24, 2020.

On Aug. 27, 2013, the Humboldt County Board of Supervisors made a finding that the use of Parkland Dedication funds for the development of park and recreation facilities within the McKay Community Forest is consistent with Quimby Act requirements. In addition, your Board amended the list of projects eligible for Parkland Dedication funds collected within the Eureka Community Planning Area to include the McKay Community Forest. Public Works recommends that your Board direct commitment of funding in the amount of Ten Thousand Five Hundred Dollars (\$10,500) from the Parkland Dedication trust account (3704) for acquisition of the Eggert trail easement.

As a condition of providing funding for the Phase 2 property acquisition, CAL FIRE requires that the County of Humboldt grant a conservation easement to CAL FIRE (Attachment 6). The stated purpose of this easement is to preserve and protect in perpetuity the forest management potential, timberland, recreational, open space, wildlife habitat, carbon sequestration, water quality and scenic values of the Phase 2 Property. The conservation easement would be executed at the close of escrow (on or around June 30, 2020).

The proposed Phase 2 property 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. Public Works recommends submitting the attached Notice of Exemption (Attachment 7) to the County Clerk in the Recorder’s Office.

On Jan. 30, 2019, Public Works released the draft McKay Community Forest Trail Plan (“Trail Plan”) for public review. The purpose of the Trail Plan is to provide a blueprint for the development of trails, access points, and amenities to support recreational and educational activities within the community forest. The Phase 2 property was included within the planning area for the draft Trail Plan in anticipation of the proposed acquisition. Approximately three (3) miles of trails are proposed for the Phase 2 property within the draft Trail Plan. Public Works will bring the final Trail Plan and associated CEQA environmental study to the Board for adoption at a future meeting.

On Apr. 29, 2020, Public Works issued a Request for Proposals for professional forest management and technical support services for the McKay Community Forest. Public Works proposes to develop a Forest Stewardship and a Non-industrial Timber Management Plan (“NTMP”). The Forest Stewardship Plan will be an easily accessible, understandable and revisable document describing the

County's long-term goals and objectives. The Forest Stewardship Plan will address how silviculture, fire risk reduction, wildlife habitat restoration, carbon sequestration, monitoring and adaptive management will be implemented over the term of the plan. The Forest Stewardship Plan will also address how forest management goals and objectives will be integrated with other management goals and how the County intends to strive for compatibility with the neighborhoods bordering the McKay Community Forest. The NTMP will be a technical document demonstrating how the County of Humboldt intends to comply with the California Forest Practice Rules and associated laws and regulations. If acquired, the Phase 2 property would be incorporated within the Forest Stewardship Plan and NTMP, which are expected to be completed in late 2021.

FINANCIAL IMPACT:

Funding for the purchase price of One Million Four Hundred Thousand Dollars (\$1,400,000) for the Phase 2 property acquisition is available from the Natural Resources Agency, CAL FIRE, and the Long Foundation. The Natural Resources Agency would deposit its contributing funds directly into the escrow account, with the exception of a 5% retention in the amount of Forty-Four Thousand Two Hundred Nineteen Dollars (\$44,219). The County of Humboldt would need to provide this amount to the escrow company at the close of escrow. The retention funds would subsequently be released to the County of Humboldt after the Natural Resources Agency receives all grant closing documents and the funding acknowledgment sign is posted. Except for the reimbursable portion of the retention funds from the Natural Resources Agency grant, County of Humboldt funds would not be used for the purchase price. The County of Humboldt would be responsible for a portion of the closing fees in accordance with the Disposition Agreement. Funds for the County of Humboldt's portion of the closing costs, approximately Four Thousand Dollars (\$4,000) are available within the Fiscal Year 2019 -2020 budget (expenditure line 1710716-3133).

Funding to acquire the Eggert trail easement in the amount of Ten Thousand Five Hundred Dollars (\$10,500) is proposed from Parkland Dedication fees. The available balance in fund 3704 as of May 31, 2020, is One Hundred and Fifty-Two Thousand, Four Hundred and Sixty-Three Dollars (\$152,463). A supplemental budget is provided in Attachment 8.

TPL has offered the County of Humboldt a total of Fifteen Thousand Dollars (\$15,000) for start-up management costs if the Phase 2 property acquisition closes by June 30, 2020.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by providing for and maintaining infrastructure and creating opportunities for improved safety and health.

OTHER AGENCY INVOLVEMENT:

California Natural Resources Agency; CAL FIRE

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to approve the proposed Phase 2 property acquisition. This alternative is not recommended because it would foreclose an immediate opportunity to increase public recreation trails and the land base for timber harvest revenues by expanding the McKay Community Forest. Opportunities to expand the McKay Community Forest are extremely rare and this proposed acquisition has been under development since 2015.

The Board could choose not to approve the proposed Eggert trail easement. This alternative is not recommended because it would reduce the opportunity for trail connections to future access points.

ATTACHMENTS:

- 1 Maps
- 2 Affidavit of Public Notice
- 3 Resolution 16-116
- 4 Disposition Agreement between The Trust for Public Land and the County of Humboldt
- 5 Trail Easement Agreement between Green Diamond Resource Company and the County of Humboldt
- 6 Grant Deed of Conservation Easement between the State of California and the County of Humboldt
- 7 CEQA Notice of Exemption
- 8 Supplemental Budget

PREVIOUS ACTION/REFERRAL:

Board Order No.: D-21  
Meeting of: October 4, 2016  
File No.: N/A