

I. Overview

A. Project Description

1. Overall Scope. The Santa Barbara Ranch Project (“Project”), as revised by Alternative 1B (“Alt 1B”), entails the development of 71 new residential dwellings, equestrian center, agricultural support facilities, a worker duplex, public amenities (including access road, parking and restroom, wildlife interpretive kiosk and coastal access trails), and creation of conservation easements for permanent protection of open space and agriculture. The Project site encompasses the Santa Barbara Ranch and the Dos Pueblos Ranch, together totaling 3,249 acres and 85% of the lots comprising the Official Map of Naples Townsite. The two ranches are zoned for AG-II-100 (Coastal Zone) and Unlimited Agriculture (non-Coastal Zone), and are located two miles west of the City of Goleta, AP Nos. 079-040-005 to 081-240-018, Third Supervisorial District.

2. Component Entitlements. The Project entails a broad array of legislative and quasi-judicial land use approvals including: (i) text and map amendments to the Comprehensive Plan, Coastal Land Use Plan and Zoning Ordinance; (ii) subdivision approvals consisting of a vesting tentative tract map, lot mergers, lot line adjustments and conditional certificates of compliance; (iii) cancellation, modification and re-issuance of Williamson Act contracts; (iv) creation of new Agricultural Conservation and Open Space Easements; (v) discretionary permit approvals encompassing development plans, conditional use permits and minor conditional use permits, land use permits and coastal development permits; and (vi) miscellaneous actions including approval of development agreements and removal of the Special Problems Area designation currently applicable to Naples.

3. WA-ACE Easement Exchange. Under the authority of Government Code Section 51256 et.seq., the applicant/landowner proposes to cancel Williamson Act (“WA”) Contract #77AP14 and simultaneously: (i) place the undeveloped balance of Dos Pueblos Ranch (“DPR”) north of Hwy 101 that is presently under contract (“WA Remainder”) into a permanent Agricultural Conservation Easement (“ACE”), along with additional non-contract acres within Santa Barbara Ranch (“SBR”) that are currently unprotected, thereby bringing the total to 2,653 acres of agricultural acreage protected *in perpetuity* (“WA-ACE Easement Exchange”); and (ii) place the WA Remainder in a new contract (“New WA Contract”). The proposed ACE land would result in a net gain of 96 acres under Alt 1B preserved for agricultural use *in perpetuity* as compared to the present acreage under Williamson Act contract.

B. Procedural History

1. Planning Commission. By operation of the County’s Land use and Development Code, the Planning Commission serves in an advisory capacity to the Board of Supervisors which has final jurisdiction over the Project. The Project was first introduced to the Commission with an informational briefing and site visit conducted on May 31, 2006, and July 14, 2006, respectively. This introduction was followed with a series of workshops that were conducted on April 3, 2008, May 5, 2008, May 29, 2008, and June 5, 2008. Formal deliberations commenced on June 30, 2008, and continued over three additional sessions on July 10, 2008, July 21, 2008, August 13, 2008 and August 20, 2008. At its meeting on July 10, 2008, the Planning

Commission narrowed its project choices to what is referred to as Alternative 1B (“Alt 1B”). Under this particular development configuration, the Commission concluded that Alt 1B is the environmentally superior alternative and is distinguished by the: (i) preservation of agricultural and open space through conservation easements; (ii) protection of sensitive environmental features through resource management; (iii) provision of coastal access and related public amenities; and (iv) reduction of overall development potential.

Table 1 Agriculture Summary	Total Land		Prime Agricultural Land	
	In WA	In ACE	In WA	In ACE
Existing Condition	2,566	0	517	0
Proposed Project	1,990	2,653	412	616
Net Change	(576)	+2,653	(105)	+616

Source: URS Corporation, Final EIR for Santa Barbara Ranch Project, 2008. California Department of Conservation, 2002, USDA NRCS SSURGO Database, 2004.

Notes:

1. Acreage figures are approximate and based on polygon computations utilizing digital base maps available through the California Department of Conservation. Individual figures may not add up directly due to statistical rounding.
2. Prime Agricultural Land is defined in Government Code Section 51201(c) for purposes of the Williamson Act and consists of:
 - a. “Soils Classification” - all land that qualifies for rating as Class I or II. (Note: There are only Class IIe soils present on the Santa Barbara and Dos Pueblos Ranch properties).
 - b. “Farming Production” - defined as either “Prime Farmland,” “Farmland of Statewide Importance,” “Unique Farmland” or “Farmland of Local Importance” as mapped by the California Department of Conservation under the California Farmland Mapping and Monitoring Program.

Table 2 Change in Prime Lands	Total Agricultural Land (Acres)	Prime Agricultural Land (Acres)			Total Acres
		Class IIe Soils Only	Mapped Farmland		
			With Class IIe Soils	With No Class IIe Soils	
Current WA Contract	2,566	30	68	419	517
Proposed ACE	2,652	80	93	443	616
Net Change	+96	+50	+25	+24	+99

Source: URS Corporation, Final EIR for Santa Barbara Ranch Project, 2008. California Department of Conservation, 2002, USDA NRCS SSURGO Database, 2004.

Notes:

1. Acreage figures are approximate and based on polygon computations utilizing digital base maps available through the California Department of Conservation. Individual figures may not add up directly due to statistical rounding.
2. See Table 3 for definition of “Prime Agricultural Land.”
3. The numbers cited in the Final EIR, and utilized herein (including Tables 1 and 2 above), are derived from GIS analysis of shape files containing lots and development envelopes provided by the Project Applicant. As a result, these acreages may not agree precisely with the areas for properties shown on record maps or other legal surveys or source documents. The differences, however, are not significant and do not affect the analysis or policy implications of the proposal.

2. Agricultural Preserve Advisory Committee. The County's Agricultural Preserve Advisory Committee ("APAC") provides input to the Board of Supervisors on matters concerning the Uniform Rules. Insofar as Alternative 1B includes WA Contract revisions and a new ACE, APAC was consulted on these matters. APAC commenced its deliberations on September 8, 2006, and issued its findings 14 months later in minutes approved on November 2, 2007. APAC concluded that the proposed WA-ACE easement exchange under the Project meets the criteria prescribed under State statutes and the County's Uniform Rules. APAC's findings were conditioned with the understanding that the project would be returned for further review should the project scope significantly change. In addition, the Committee directed that the ACE documents be returned for review to insure that certain use and operational parameters prescribed by APAC be incorporated in the easement agreements.

3. Easement Documents. The WA and ACE both provide for preservation of agricultural land through use restrictions and preferable taxation practices. They differ in three primary respects: (i) WA contracts are voluntary with 10-year automatically renewable terms compared to ACE which encumbers land with covenants for protection of farmland for a minimum of 25 years (but the applicant is proposing to apply the ACE in perpetuity); (ii) WA contracts are administered under the County's Uniform Rules while ACE covenants are held by an independent third party trustee for monitoring and enforcement purposes; and (iii) allowable uses of farmland under WA are stipulated in the County's Uniform Rules while use restrictions under ACE are tailored for each property in consultation with California Department of Conservation. Three sets of draft easement documents have been prepared for APAC consideration: two involve the California Rangeland Trust (one each for DPR and SBR) and one involving the Land Trust for Santa Barbara County. Under these easements, the Rangeland Trust would oversee 1,668 acres of productive agriculture and grazing land, while the County Land Trust would oversee 1,020 acres of sensitive wildlife and vegetative habitat.

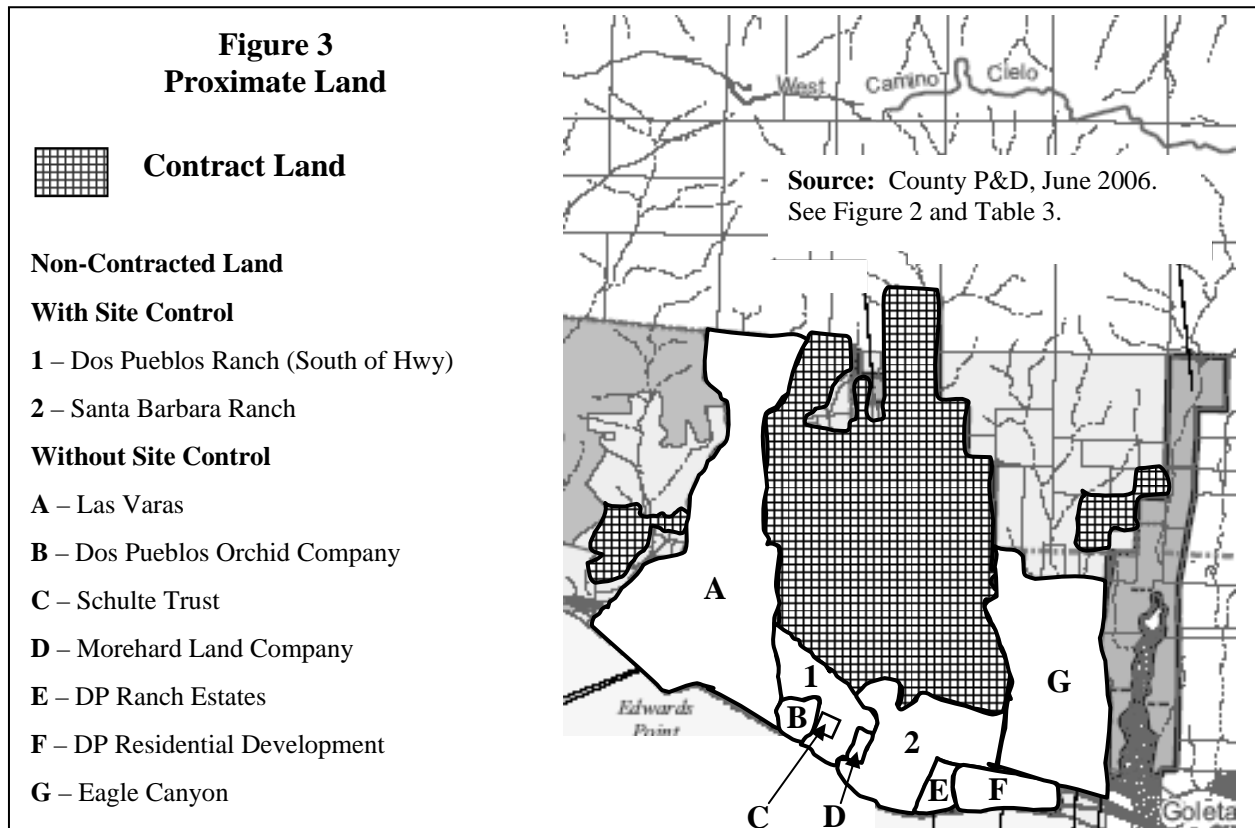
II. Statutory Parameters

A. Williamson Act Cancellation.

1. Government Code Section 51282 provides that the Board of Supervisors may grant tentative approval for cancellation of an existing Williamson Act contract only if it makes the one of the following findings: (a)(1) that cancellation is consistent with the purposes of this chapter; or (a)(2) that cancellation is in the public interest.

Facts (Public Interest): WA Contract #77AP14 totaling 2,566 acres would be replaced by a new ACE encompassing approximately 2,653 acres. The duration of WA contracts are 10 years and automatically renewed annually unless the landowner makes application for non-renewal, in which case the contract would expire at the end of the 10-year time frame. In contrast, the creation of an ACE on this land would protect them in perpetuity and would provide a significant agricultural buffer in close proximity to the western boundaries of both the City of Goleta and existing urban limit line. The WA-ACE Easement Exchange affirmatively furthers agricultural preservation objectives by: (i) increasing the number of agricultural acres under protection; (ii) extending the duration of protection from 10 years to perpetuity; and (iii) providing a swath of protected agricultural land from the ocean to the mountains.

Facts (Proximate Non-Contracted Land): The removal of 576 acres of contracted land on Dos Pueblos Ranch and subsequent development for residential purposes is proposed under impending provisions of the Naples Town Site (“NTS”) land use and zoning designation. Proposed policies and regulations of the new NTS district limits its application to parcels designated NTS on the Comprehensive Plan [or CLUP] land use map identified for relocation or reduction of Official Map parcels consistent with the intent of Local Coastal Plan Policy 2-13, and the agriculture and resource protection policies of the Local Coastal Plan. For the reasons discussed below, SBR is not “available” for purposes of Government Code 51282.b.5 insofar as its inclusion defeats the very premise of Alt 1B; DPR south of Hwy 101 is available for intensified development but is not “suitable” because it would compromise agricultural resource values and contains lands of greater productivity than the lands proposed for development. Thus, for purposes of Government Code Section 51282.b.5., proximate non-contracted land which is potentially available as an alternative to the removal of 576 acres of contracted land on Dos Pueblos Ranch is depicted in Figure 3 and consists of two broad categories:



- **With Site Control.** The applicant/landowner controls (in fee or by contract) approximately 18% of the 3,834 total acres of proximate non-contracted. This acreage consists of the entirety of SBR (485 acres) together with those portions of DPR located south of Hwy 101 (207 acres). These non-contracted lands are already proposed for development under Alt 1B. While development within these areas could be intensified and thereby preclude the need to remove land under WA Contract #77AP14, such development would conflict with other community policies and goals; namely, protection and enhancement of agricultural uses. The fundamental goal of Alt 1B is to relocate residential lot densities further north of the Naples Townsite to avoid conflict

with these objectives. Areas of DPR south of Hwy 101 possess the richest concentration of prime agricultural land anywhere within the boundaries of DPR and SBR. Intensified development in this area would undermine the preservation of such land. The WA-ACE Easement Exchange would both increase the total acreage of land that is protected for agricultural uses (i.e., a net increase of 63 acres) and add 99 acres of land that is deemed “prime” for this use (a net increase of more than 18%). In summary, SBR is not available for purposes of Government Code 51282.b.5 insofar as its inclusion defeats the very premise of Alt 1B; DPR south of Hwy 101 is available for intensified development but would compromise agricultural resource values, and as such, is unsuitable for purposes of Government Code 51282.b.5.

	Property Identification (See Figure 3)							Total
	A	B	C	D	E	F	G	
Total Land								
No. of Naples Lots				12	25			37
No. of Acres	1,800	60	33	14	63	145	1,060	3,142
Developable Potential								
Naples Lots				57%	57%			57%
Non-Naples Acreage	70%	70%	70%			70%	70%	70%
Residential Potential								
Maximum Yield	13	1	1	7	15	1	7	45
Current Proposed	7	0	0	8	10	2	4	31
Additional Capacity	5	1	1	0	5	0	3	15
Sources: County of Santa Barbara, Gaviota Coast Projects List, June 2006; County of Santa Barbara, Gaviota Land Use and Zoning Maps, August 2006.								
Notes:								
1. Development Potential for Naples Lots is based on findings for the Santa Barbara Ranch Project EIR (i.e., 82 lots/219 lots = 37%); Development Potential for Non-Naples Lots is based on Gaviota projects currently pending before the County (i.e., number of residential dwellings proposed compared to the calculated maximum with a typical A-II-100 land use designation; Naples Lots are excluded).								
2. Where Current Proposed projects exceed the calculated Maximum Yield, Additional Capacity is shown to be zero rather than reflect a negative number. No projects are currently pending for the Schulte Trust or DP Orchid Company properties (Map ID # C & D, respectively).								
3. Calculations of Residential Potential are hypothetical; actual capacity will vary.								

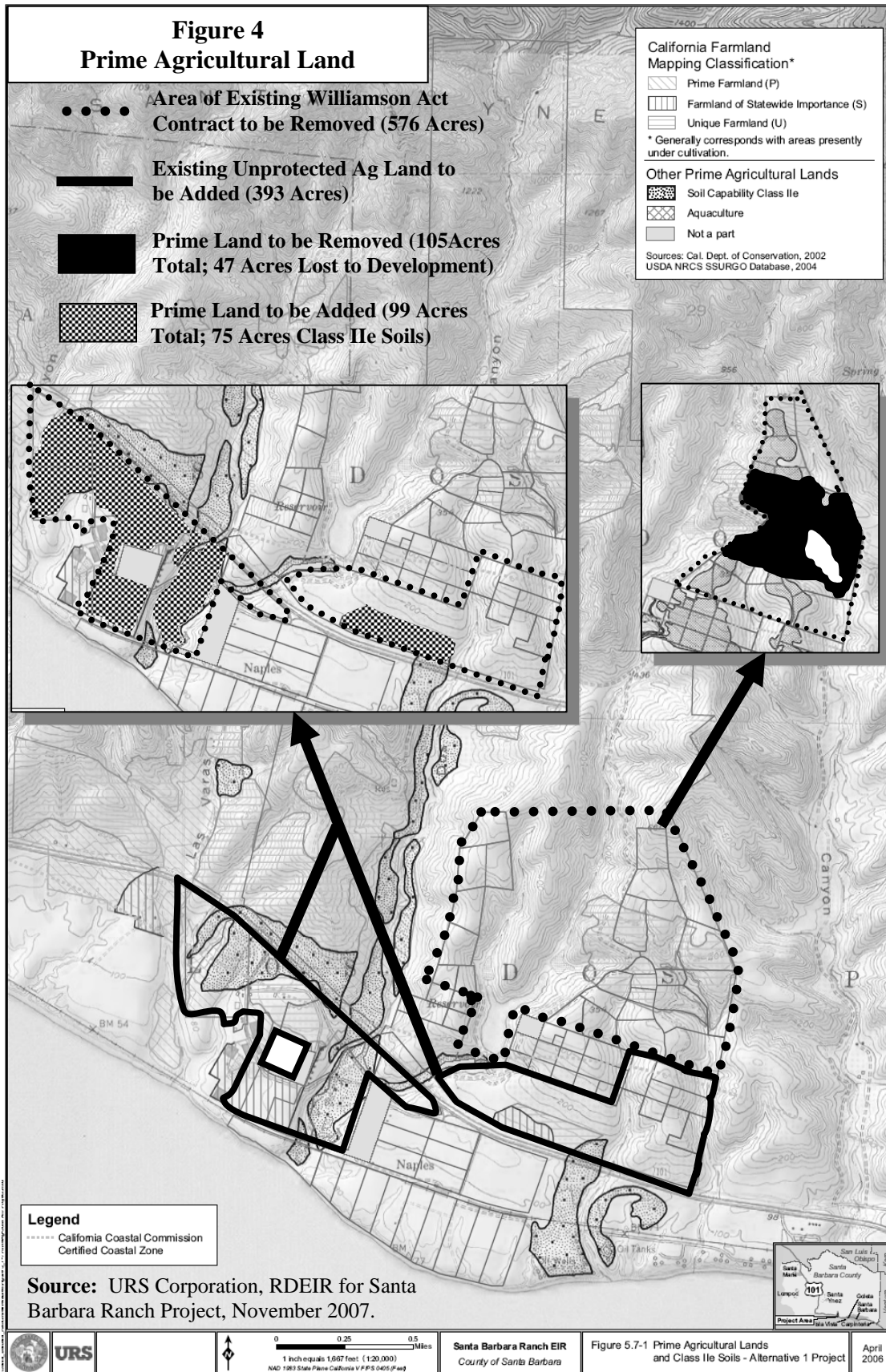
- With No Site Control. The balance of proximate land other than that controlled by the applicant/landowner is summarized in Table 3. A review of resource maps maintained by the County show that all of the properties are impacted to some degree by one or more physical, environmental or policy constraints including flood hazards, wetlands, sensitive species/habitats, visual resources, septic limitations, mapped farmlands and lot densities (i.e., Naples). These constraints are not unique to these properties and persist throughout the Gaviota Coast. These constraints translate to development that is less than the hypothetical potential that is otherwise achievable according to each property’s underlying land use designation. Based on projects currently pending before the County, residential development (outside of Naples) is proposed at roughly 70% of the maximum potential available under a typical A-II-100 agricultural designation. Utilizing the MOU Project as a benchmark and based on the analysis contained in the Santa Barbara Ranch Project EIR, the development potential of Official Map lots is calculated at

57% (i.e., 125 lots proposed for residential development vs. 219 Official Map lots). Applying these respective factors to the balance of proximate land appearing in Table 3 shows that there is little residual capacity (i.e., 15 dwellings) to transfer the 40 units proposed on Dos Pueblos Ranch within that portion of Contract #77AP14 to be removed from Williamson Act protection.

B. Agricultural Conservation Easement Agreement.

1. Government Code Section 51526 requires that the Board make all of the following findings: (i) the parcel proposed for conservation is expected to continue to be used for, is large enough to sustain, commercial agricultural production and is in an area that possesses the necessary market, infrastructure, and agricultural support services, and the surrounding parcel sizes and land uses will support long-term commercial agricultural production; (ii) the applicable city or county has a general plan that demonstrates a long-term commitment to agricultural land conservation as reflected in the goals, objectives, policies, and implementation measures of the plan related to the area of the county or city where the easement acquisition is proposed; and (iii) without conservation, the land proposed for protection is likely to be converted to nonagricultural use in the foreseeable future.

Facts (Agriculture Sustainability): The commercial viability of current agricultural operations at Santa Barbara and Dos Pueblos Ranches is evidenced by the ten-year production summary provided in Table 2 and Figure 5. Orchards on DPR are located on the broader slopes north of Highway 101, generally on the western and eastern portions of the property, and throughout most of the property south of the highway. The area that is proposed for removal from WA Contract #77AP14 includes prime agricultural lands that are currently in production; however, root fungus is prevalent in the avocado trees that occupy the area. In contrast, the most successful orchards are those on the south of the highway and those to the west of Dos Pueblos Creek, on the western side of the property north of the highway. The area of DPR south of Hwy 101 is not presently covered by WA Contract #77AP14 but would become part of the proposed ACE. Class Iie soils predominate the area of DPR south of Hwy 101, making this property superior in quality to the prime land that would be removed north of the highway. In summary, a total of 576 acres would be removed from WA Contract #77AP14, of which 105 acres are classified as “prime agricultural land;” none of this land consists of Class Iie soils. By comparison, the proposed ACE would add 393 acres beyond what is currently covered under WA Contract #77AP14, resulting in a net gain of 63 acres of protected land overall. More significantly, the WA-ACE Easement Exchange would protect 148 acres of prime agricultural land not presently under contract, 75 acres of which includes Class Iie soils. This addition more than offsets the 105 acres of prime agricultural land that would be removed under WA Contract #77AP14. In summary, less productive land would be replaced by more acreage than is lost, and more significantly, by land that is superior both in soil quality and agricultural productivity.



Under the ACE, the California Rangeland Trust and Land Trust for Santa Barbara County would monitor and enforce operational restrictions that run with the land, regardless of changes in ownership. All owners within the ACE would be required to: (i) financially support (through a cooperative or equivalent mechanism) essential infrastructure including storage facilities, farm equipment, water distribution systems and agricultural employee housing; and (ii) employ best management practices with regard to all agricultural operations. Alt 1B also includes construction of a new agricultural support facility that will provide additional agricultural storage, workshop, equipment storage, employee facilities, and a small nursery. As an optional measure, individual owners (on their own accord or in cooperation with others) may retain a professional manager to assist the owners in their respective operations as well as coordinate access and maintenance of support infrastructure. Candidate agricultural managers include Buona Terra Farming Company, Inc., Buffalo Land Management, Finkle-Newton Farming, Hampton Farming Company, Shade Farm Management and Spectrum Agricultural Services. Anticipated services include: arranging for planting, maintenance, harvesting and marketing of crops; maintaining irrigation systems, farm machinery, access roads and related infrastructure; and advising on annual budgeting, equipment purchases, crop rotations and farm profitability. In the event that an individual owner fails to meet the minimum requirements specified in Table 3, then the option to employ a professional manager shall become compulsory for so long as the owner fails to comply; the owners shall cooperate with the professional manager hired by an individual owner, although the required production value on each parcel would remain the same. Financial support of land trust administration, maintenance of agricultural infrastructure and professional agricultural management (if exercised or required) would be accomplished by parcel assessments, CC&R levies or comparable secured obligations.

**Table 4
Agricultural Production (Expressed in Lbs.)**

	North of Hwy 101		South of Hwy 101		Total		Grand Total
	Avocado	Cherimoya	Avocado	Cherimoya	Avocado	Cherimoya	
1995	1,622,309	n/a	n/a	149,705	1,622,309	149,705	1,772,014
1996	2,399,402	n/a	n/a	180,916	2,399,402	180,916	2,580,318
1997	500,465	n/a	n/a	207,962	500,465	207,962	708,427
1998	1,195,404	n/a	94,863	99,272	1,290,267	99,272	1,389,539
1999	1,297,162	n/a	82,798	173,048	1,379,960	173,048	1,553,008
2000	335,410	n/a	50,119	152,181	385,529	152,181	537,710
2001	2,187,285	n/a	480,136	190,471	2,667,421	190,471	2,857,892
2002	3,259,737	n/a	108,238	159,991	3,367,975	159,991	3,527,966
2003	1,423,841	41,754	550,039	148,035	1,973,880	189,789	2,163,669
2004	3,724,861	46,304	599,453	154,256	4,324,314	200,560	4,524,874
Total	17,945,876	88,058	1,965,646	1,615,837	19,911,522	1,703,895	21,615,417

Source: County of Santa Barbara, Case No. 05AGP-00000-00011.

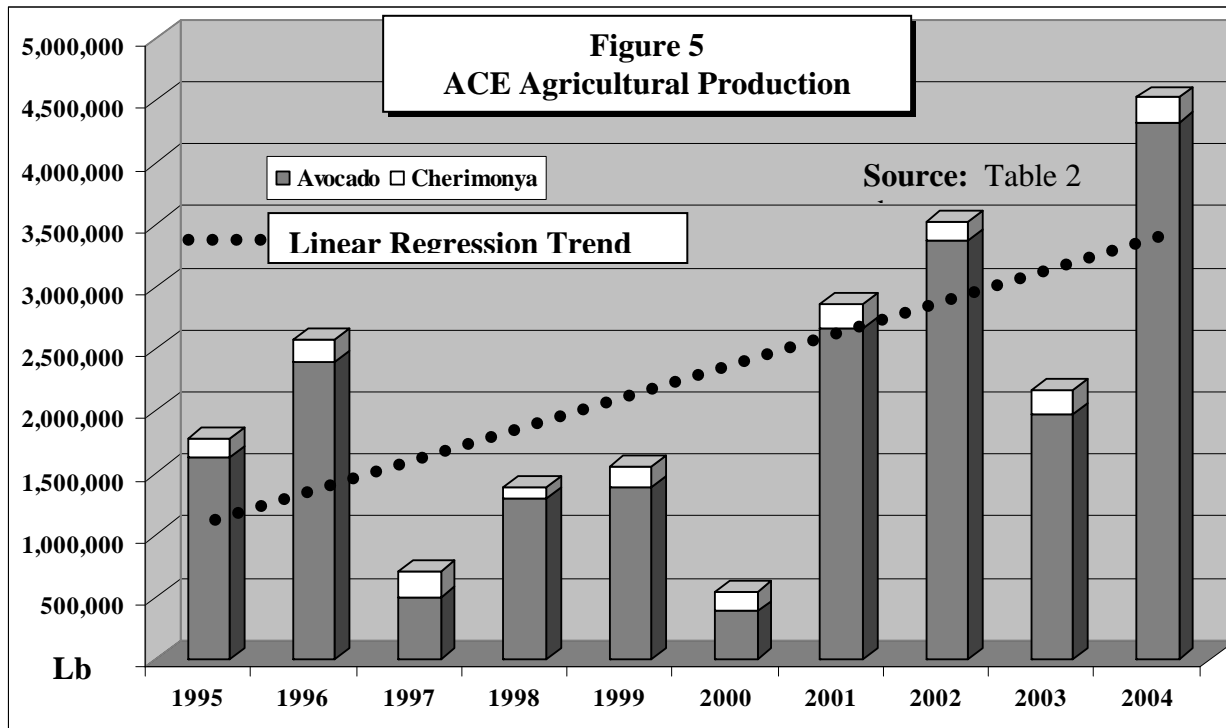


Table 5
Minimum Agricultural Production Thresholds

Column 1	Column 2	Column 3	Column 4
Lot Identification	Gross Lot Area (Acres)	Average Annual Production Value (Crops)	Minimum Productive Acreage Per Parcel (Acres)
North of Hwy 101			
DP-11	2,304.62	Not Applicable	Not Applicable
SBR-188	129.23	Not Applicable	Not Applicable
South of Hwy 101			
DP-12	20.63	\$10,315	10.50
DP-13	40.55	\$20,275	20.00
DP-14	35.72	\$17,860	18.00
DP-15	34.63	\$17,315	17.50
DP-16	16.98	\$15,000	8.00
DP-17	31.68	\$15,840	15.84
DP-20	15.02	\$15,000	7.50

Uses and improvements within the ACE will comply with the following parameters: (i) substantially conform to the land use limitations specified in the County's Uniform Rules; (ii) be governed by the terms and conditions of zoning applicable to the property as set forth in the County Land Use and Development Code; (iii) embody specific use limitations recommended by APAC and contained within the draft ACE documents; (iv) the size and location of Farmstead Envelopes for new residential construction shall substantially conform to that which is shown in exhibits accompanying the ACE documents; and (v) CC&Rs, in combination with ACE language, will restrict areas located outside of Farmstead Envelopes to allowable agricultural uses and improvements and permitted by the underlying agricultural zone designation. Within Farmstead Envelopes, the CC&Rs will confine allowable residential uses to a maximum footprint of two acres ("Residential Building Site"); the balance of areas within each Farmstead Envelope will be restricted to allowable agricultural uses and improvements as defined in the ACE documents. Water will be supplied through a variety of available sources in sufficient quantity in accordance with a Water Management Plan.

Facts (Long-Term Commitment): Agriculture is the County's major production industry, with a gross production value in 2004 of \$902,891,898; this represents a \$44.9 million (5.0%) increase when compared to 2003 figures (Agricultural Commissioner's Office, 2004). Accounting for the multiplier effect on the local economy, agriculture generates more than \$1.8 billion in annual economic activity. According to the 2002 National Agricultural Census, Santa Barbara County, ranked 13th in agricultural production value out of 58 counties in California and 19th nationwide (National Agricultural Statistics Service). The critical role that agriculture plays in the local economy is reflected in a broad array of policies programs; most notably, the Comprehensive Plan, Coastal Land Use Plan and Uniform Rules. The combined effectiveness of these land use tools is evidenced by the fact that approximately 555,400 acres of agricultural land is enrolled in the Agricultural Preserve Program, which represents roughly 74% of the total private land in the County zoned for agriculture (Proposed Final EIR, Santa Barbara County Agricultural Preserve and Farmland Security Zone Uniform Rules Update Project, 2006).

The Naples Townsite is expressly mapped by the County as a Special Problems Area for planning and permitting purposes. This designation arises from the conflict resulting from the high density of legal lots compared to agricultural land use and zoning designations for the area. In short, the minimum lot size requirements of existing agricultural land use designations and implementing zoning ordinances do not align with the legal lots already present at the Townsite Policy 2-13 of the County's Coastal Land Use Plan provides a vehicle by which to reconcile this conflict while furthering agricultural preservation goals. Under this policy, the County must first discourage residential development of existing lots; secondly, it must encourage and assist the property owner(s) in transferring development rights ("TDR") from the Naples Townsite to an appropriate site within a designated urban area which is suitable for residential development; and, finally, the County may consider a re-designation of AG-II-100 land use should TDR prove infeasible.

Facts (Likely Conversion): The Official Map of Naples recognizes 274 legal lots within the Townsite of Naples. Of this total, 219 lots (or approximately 80%) are located on Santa Barbara Ranch. One of these parcels (Lot 132, totaling 3.8 acres) was approved for development in 1999 and is currently valued at \$1.57 million (County Assessor, 2006). By

comparison, the lands covered under WA Contract #77AP14 are presently valued at \$4.83 million (County Assessor, 2006). The comparative land value (without improvements) is \$161,000/acre for Lot 132 versus \$926/acre under WA Contract #77AP14. The extremely low valuation of agricultural land reflects its modest economic use compared to residentially developed property. Unless all development rights are transferred off-site or extinguished altogether, the disparity in land values will place considerable pressure on the landowner of DPR to seek non-renewal of WA Contract #77AP14 and pursue development of the property. In this regard, the applicant/landowner asserts that there is a minimum of 23 legal lots on the DPR for which a single-family residence is a permitted use (L & P Consultants, 2006).

2. Public Resources Code Section 10252 requires that the Board find that the easement will make a beneficial contribution to the conservation of the agricultural land in the area based on the following criteria: (i) the quality of the agricultural land, based on land capability, farmland mapping and monitoring program definitions, productivity indices, and other soil, climate, and vegetative factors; (ii) the proposal meets multiple natural resource conservation objectives, including, but not limited to, wetland protection, wildlife habitat conservation, and scenic open-space preservation; (iii) the city or county demonstrates a long-term commitment to agricultural land conservation as evidenced by the general plan and related land use policies of the city or county, policies of the local agency formation commission, California Environmental Quality Act policies and procedures, the existence of active local agricultural land conservancies or trusts, the use of an effective right-to-farm ordinance, applied strategies for the economic support and enhancement of agricultural enterprise, including water policies, public education, marketing support, and consumer and recreational incentives, and other relevant policies and programs; (iv) if the land is in a county that participates in the Williamson Act (Chapter 7 (commencing with Section 51200) of Part 1 of Division 1 of Title 5 of the Government Code), the land proposed for protection is within a county or city designated agricultural preserve; (v) the land proposed for conservation is within two miles outside of the exterior boundary of the sphere of influence of a city as established by the local agency formation commission; (vi) the applicant demonstrates fiscal and technical capability to effectively carry out the proposal including, but not limited to, agricultural land conservation expertise on the governing board or staff of the applicant, or through partnership with an organization that has that expertise; (vii) the proposal demonstrates a coordinated approach among affected landowners, local governments, and nonprofit organizations, and if other entities are involved, there is written support from those entities (as well as the support of neighboring landowners who are not involved) for the proposal and a willingness to cooperate; (viii) the conservation of the land supports long-term private stewardship and continued agricultural production in the region; (ix) the proposal demonstrates an innovative approach to agricultural land conservation with a potential for wide application in the state; (x) the amount of matching funds and in-kind services contributed by local governments and other sources toward the acquisition of the fee title or agricultural conservation easement, or both; (xi) the price of the proposed acquisition is cost-effective in comparison to the fair market value; and (xii) other relevant considerations established by the director; (xiii) the land proposed to be placed under an agricultural conservation easement is of equal size or larger than the land subject to the contract to be rescinded, and is equally or more suitable for agricultural use than the land subject to the contract to be rescinded; and (xiv) the value of the proposed agricultural conservation

easement, as determined pursuant to Section 10260 of the Public Resources Code, is equal to or greater than 12.5 percent of the cancellation valuation of the land subject to the contract to be rescinded, pursuant to subdivision (a) of Section 51283.

Facts (Quality of Agricultural Land): The commercial viability of current agricultural operations at Santa Barbara and Dos Pueblos Ranches is evidenced by the ten-year production summary provided in Table 5 and Figure 5. The area that is proposed for removal from WA Contract #77AP14 includes prime agricultural lands that are currently in production; however, root fungus is prevalent in the avocado trees that occupy the area. In contrast, the most successful orchards are those on the south of the highway and those to the west of Dos Pueblos Creek, on the western side of the property north of the highway. This particular area of DPR is not presently covered by WA Contract #77AP14 but would become part of the proposed ACE. Class IIe soils predominate the area of DPR south of Hwy 101, making this property superior in quality to the prime land that would be removed north of the highway. In summary, a total of 576 acres would be removed from WA Contract #77AP14, of which 105 acres are classified as “prime agricultural land;” none of this land consists of Class IIe soils. By comparison, the proposed ACE would add 393 acres beyond what is currently covered under WA Contract #77AP14, resulting in a net gain of 63 acres of protected land overall. More significantly, the WA-ACE Easement Exchange would add 99 acres of protected prime agricultural land above the existing baseline and increase the amount of protected Class IIe soils by an additional 75 acres. Again, in summary, less productive land would be replaced by more acreage than is lost, and more significantly, a net increase in land that is superior in soil quality.

Facts (Multiple Conservation Objectives): The Williamson Act and the County’s Uniform Rules expressly provide for the inclusion of land that serves environmental conservation as well as agriculture preservation goals. Under the proposed project, the applicant/landowner proposes to enter into three separate ACE agreements: two involve the California Rangeland Trust (one each for DPR and SBR) and one involving the Land Trust for Santa Barbara County. Under these easements, the Rangeland Trust would oversee 1,668 acres of productive agriculture and grazing land, while the County Land Trust would oversee 1,020 acres of sensitive wildlife and vegetative habitat. In addition, the applicant/landowner is required to prepare an Open Space and Habitat Management Plan (“OSHMP”) in conjunction with entitlement applications for the Santa Barbara Ranch Project. The OSHMP must: (i) provide for the conservation, restoration and enhancement of habitat, and preservation of all designated open space through conservation easements (or equivalent); (ii) be prepared by a qualified biologist in collaboration with appropriate specialists; (iii) identify the location of easements on all project parcels where lands are to be protected and/or enhanced; (iv) identify the specific third party conservation organization (e.g., Land Trust or other organization), among whose purposes it is to conserve open space and/or natural resources of the conservation easement; and (v) address an assortment of conservation/preservation issues specified in the County’s new NTS zone district.

Facts (Demonstrated Commitment): The critical role that agriculture plays in the local economy is reflected in a broad array of policies programs; most notably, the Comprehensive Plan, Coastal Land Use Plan and Uniform Rules. Overarching land use policies

that are enforced through the County's regulatory apparatus (including annexation applications processed by the Local Agency Formation Commission) include the following:

- **CLUP Policy 8-2:** If a parcel is designated for agricultural use and is located in a rural area not contiguous with the urban/rural boundary, conversion to non-agricultural use shall not be permitted unless such conversion of the entire parcel would allow for another priority use under the Coastal Act, e.g., coastal dependent industry, recreation and access, or protection of an environmentally sensitive habitat. Such conversion shall not be in conflict with contiguous agricultural operations in the area, and shall be consistent with Section 30241 and 30242 of the Coastal Act.

- **Comprehensive Plan Land Use Element Regional Goal:**
Agriculture: In the rural areas, cultivated agriculture shall be preserved and, where conditions allow, expansion and intensification should be supported. Lands with both prime and non-prime soils shall be reserved for agricultural uses.

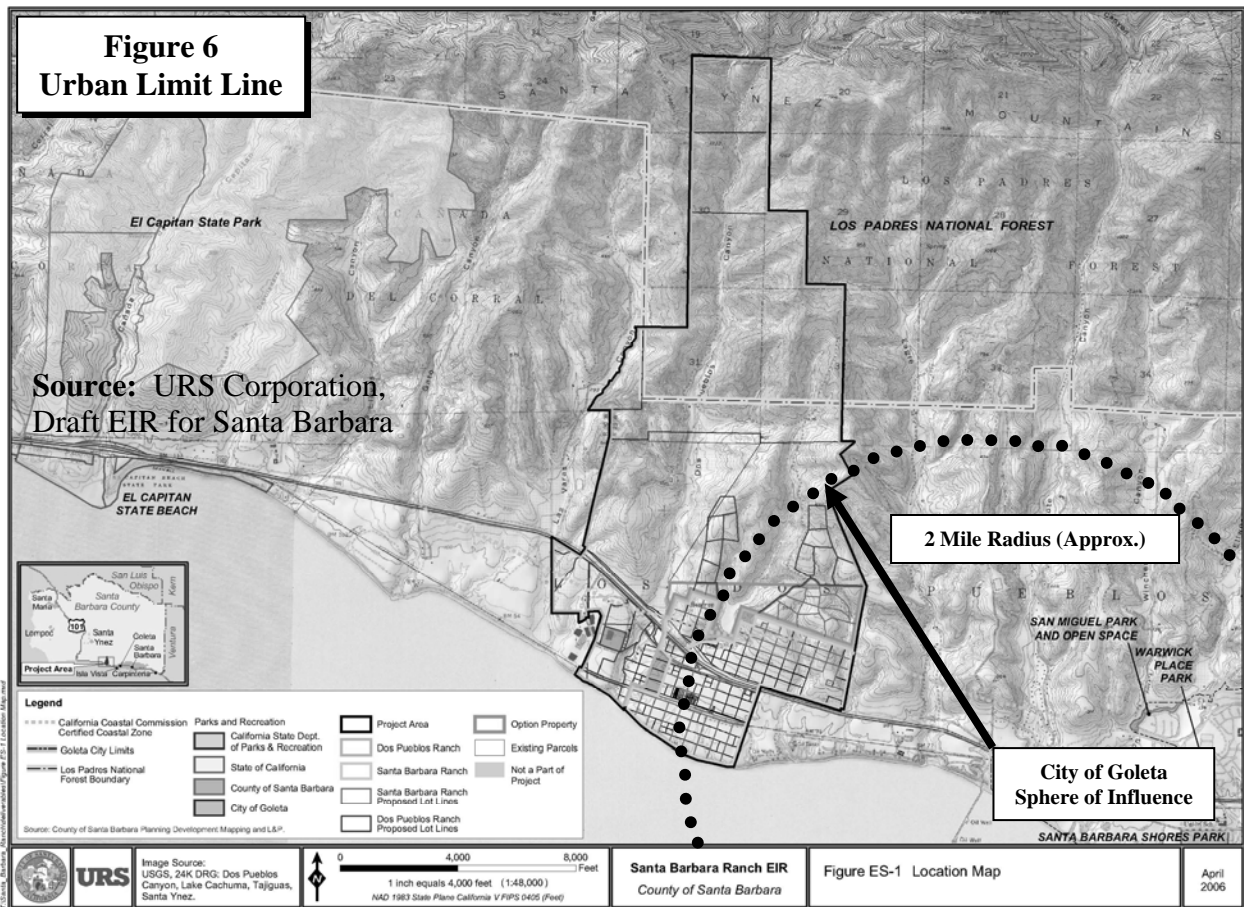
- **Comprehensive Plan Agricultural Element Goal:** *Santa Barbara County shall assure and enhance the continuation of agriculture as a major viable production industry in Santa Barbara County. Agriculture shall be encouraged. Where conditions allow, (taking into account environmental impacts) expansion and intensification shall be supported.*

These policies are reinforced in the County's adopted Environmental Thresholds and Guidelines Manual which guide the environmental review process. The threshold questions specific to agricultural is: "Will the proposal result in the conversion of prime agricultural land to non-agricultural use, impairment of agricultural land productivity (whether prime or non-prime), or conflict with agricultural preserve programs?" If a potentially significant impact is identified, more detailed, site-specific evaluation of agricultural impacts is required. The analysis is to focus on the factors and criteria in the Guidelines and any other relevant factors such as history of agricultural use on the site or land use trends. The factors to be identified are parcel size, adjacent land uses, water availability, Comprehensive Plan Designation, Agricultural Preserve Potential, existing land use, soil classification, agricultural suitability, combined farming, and operations.

The combined effectiveness of the County's tools is evidenced by the fact that 74% of the total private land in the County zoned for agriculture are currently enrolled in the Agricultural Preserve Program (Proposed Final EIR, Santa Barbara County Agricultural Preserve and Farmland Security Zone Uniform Rules Update Project, 2006). These contracts are typically administered through third party trustees; those most active in Santa Barbara County include the County of Santa Barbara Land Trust and California Rangeland Trust. Further evidence of the County's commitment to agriculture is reflected in Chapter 3, Article V, Section 3-23 of the County Code which sets forth disclosure requirements for property in the vicinity of agricultural operations (commonly known as the "Right to Farm Ordinance").

Applied strategies for the economic support and enhancement of agricultural enterprise, including water policies, public education, marketing support, and

consumer and recreational incentives is fostered through a host of private, non-profit and governmental bodies; most notably, the Santa Barbara County Farm Bureau, County Agricultural Commissioner, Calavo and Ag Land Services. The Agricultural Commissioner's Office is an operating department of the County and is tasked with promoting and protecting the production, sale and distribution of food, feed and horticultural crops, while assuring that a clean environment is conserved, workers' health and safety is protected, and a safe, economical and abundant food supply is preserved. The Farm Bureau is an independent, non-governmental, voluntary organization whose mission is to assist member with their problems and to actively promote educational improvement, economic opportunity and social advancement. Calavo and Ag Land Services provide harvesting, marketing and distribution support for area growers.



Facts (Designated Agricultural Preserve): The County is a participating entity under the Williamson Act. As such, the Williamson Act mandates that areas of the County be designated as agricultural preserves for application of the program. Land within the preserves that meets the eligibility requirements may enroll in the Agricultural Preserve Program through a Williamson Act or Farmland Security Zone contract with the County. Under its adopted Uniform Rules, it is the County's practice to establish the preserves simultaneously with enrollment in a contract, resulting in coterminous boundaries between the preserves and the contracts. WA Contract #77AP14 was enrolled on January 19, 1978, and was simultaneously placed into agricultural preserve.

Facts (Location): As evidenced in Figure 5, the easterly property lines of SBR and DPR are located within two miles of the urban limit line that coincides with the municipal boundaries and sphere of influence for the City of Goleta.

Facts (Fiscal and Technical Capability): All owners within the ACE would be required to: (i) financially support (through a cooperative or equivalent mechanism) essential infrastructure including storage facilities, farm equipment, water distribution systems and agricultural employee housing; and (ii) employ best management practices with regard to all agricultural operations. Alt 1B also includes construction of a new agricultural support facility that will provide additional agricultural storage, workshop, equipment storage, employee facilities, and a small nursery. As an optional measure, individual owners (on their own accord or in cooperation with others) may retain a professional manager to assist the owners in their respective operations as well as coordinate access and maintenance of support infrastructure. Candidate agricultural managers include Buona Terra Farming Company, Inc., Buffalo Land Management, Finkle-Newton Farming, Hampton Farming Company, Shade Farm Management and Spectrum Agricultural Services. Anticipated services include: arranging for planting, maintenance, harvesting and marketing of crops; maintaining irrigation systems, farm machinery, access roads and related infrastructure; and advising on annual budgeting, equipment purchases, crop rotations and farm profitability. In the event that an individual owner fails to meet the minimum requirements specified in Table 3, then the option to employ a professional manager shall become compulsory for so long as the owner fails to comply.

The Land Trust for Santa Barbara County and the California Rangeland Trust, as trustees of the ACE, will monitor compliance with the terms and conditions thereof. Financial support of land trust administration, maintenance of agricultural infrastructure and professional agricultural management (if exercised or required) would be accomplished by parcel assessments, CC&R levies or comparable secured obligations.

Facts (Coordinated Approach): The WA-ACE Easement Exchange is the result of a cooperative MOU into which the County and affected landowners entered into on December 3, 2002. At the time of its execution, the MOU envisioned a much smaller project, limited exclusively to the 485-acre SBR with *no* WA-ACE Easement Exchange. The willingness of other affected entities to cooperate is evidenced by the fact that the owner of the adjacent DPR has since consented to a much larger proposal represented by the 3,249-acres Alt 1B. The WA-ACE Easement Exchange is part of the larger Alt 1B for which negotiations are presently underway with two non-profit organizations to serve as trustee for the ACE.

Facts (Private Stewardship): The WA-ACE Easement Exchange would replace more WA contract acreage that is lost and would trade less productive land with property that is superior in soil quality. The recorded ACE, along with CC&Rs that encumber adjacent residential lots, would provide restrictions and standards to ensure the long-term viability of the agricultural components of Alt 1B. All owners within the ACE would be required to: (i) financial support (through a cooperative or equivalent mechanism) essential infrastructure including storage facilities, farm equipment, water distribution systems and agricultural employee housing; and (ii) employ best management practices with regard to all agricultural operations. Alt 1B also

includes construction of a new agricultural support facility that will provide additional agricultural storage, workshop, equipment storage, employee facilities, and a small nursery. As an operational measure, individual owners (on their own accord or in cooperation with others) may retain a professional manager to assist the owners in their respective operations as well as coordinate access and maintenance of support infrastructure. In the event that an individual owner fails to meet the minimum requirements specified in Table 3, then the option to employ a professional manager shall become compulsory for so long as the owner fails to comply. Most significant of all, the ACE would replace the current ten-year renewable WA Contract #77AP14 with agricultural protections that would continue in perpetuity. Notwithstanding the early withdrawal provisions of California Public Resources Code Section 10270, and by the authority of Section 10563.1, the applicant/landowner proposes to record necessary deed restrictions (or equivalent documents) to maintain the ACE in perpetuity that survive changes in ownership.

Facts (Innovation): The WA-ACE Easement Exchange is part of a global solution of planning issues resulting from the underlying conflict between agricultural land use designations and the density of the legal lots already present at Naples. To the extent that other areas of the state are faced with similarly unique circumstances, the WA-ACE Easement Exchange serves as an example of how residential development can be accommodated without compromising agricultural resource values. Through the WA-ACE Easement Exchange: (i) less productive land would be replaced by more acreage than is lost, and more significantly, by land that is superior both in soil quality and agricultural productivity; and (ii) the duration of protection would be extended from ten years to perpetuity.

Facts (Matching Funds and In-Kind Contributions): Not applicable.

Facts (Price of Proposed Acquisition): Not applicable.

Facts (Other Relevant Factors): At this time the California Department of Conservation (“DOC”) has not identified other relevant considerations that require a response. In the event that such considerations are subsequently identified, APAC will be consulted and offer its opinion.

Facts (Equality of Land Exchange): The WA-ACE Easement Exchange would replace more WA contract acreage than is lost and would trade less productive land with property that is superior in soil quality. In summary, a total of 576 acres would be removed from WA Contract #77AP14, of which 105 acres are classified as “prime agricultural land;” none of this land consists of Class IIe soils. By comparison, the proposed ACE would add 393 acres beyond what is currently covered under WA Contract #77AP14, resulting in a net gain of 63 acres of protected land overall. More significantly, the WA-ACE Easement Exchange would protect 148 acres of prime agricultural land not presently under contract, 75 acres of which includes Class IIe soils. This addition more than offsets the 105 acres of prime agricultural land that would be removed under WA Contract #77AP14.

Facts (Cancellation Valuation): Compliance with this criterion will be evidenced by appraisals conducted for the project and reviewed by the County Assessor prior to Board action.

C. Consistency with the Uniform Rules.

1. New Williamson Act Contract – Consistency with County Uniform Rules

a. Requirement (Rule 1-2). Only whole, legally created and recorded parcels shall be accepted in an agricultural preserve. Where a landowner applies to enroll their entire contiguous landholding in a single contract, and the landholding complies with these rules, the landowner shall not be required to provide a certificate of compliance or other evidence that the landholding is a legally created parcel or parcels. Documentation of parcel validity will be required should the landowner make a request for development on the parcel or parcels. **Finding:** The property proposed for inclusion in a new WA contract consists of the entire Dos Pueblos Ranch, north of Hwy 101, held under common ownership by the Schulte Trust.

b. Requirement (Rule 1-2.1). Eligible land shall have land use and zoning designations consistent with those listed in Table 1-1 of the Uniform Rules. **Finding:** The WA Remainder (Lot DP-11) is designated Agriculture II, 100 Acre Minimum (AG-II-100), and therefore complies with Uniform Rule 1-2.1.

c. Requirement (Rule 1-2.2.A and C). The minimum size for an agricultural preserve comprising nonprime land shall be 100 acres and the minimum size for an agricultural preserve comprising prime or superprime land shall be 40 acres. **Finding:** The property proposed for inclusion in a new WA Contract totals 1,990 acres and meets the minimum requirement of 100 acres for nonprime land.

d. Requirement (Rule 1-2.4.A and D). Whenever a landowner wishes to enter only part of an existing parcel, the landowner shall record a subdivision map or lot line adjustment prior to or simultaneously with submitting an application for enrollment into the Agricultural Preserve Program and prior to execution of a Williamson Act contract. Whenever a landowner wishes to enter only part of an existing parcel, the landowner shall record a subdivision map or lot line adjustment prior to or simultaneously with submitting an application for enrollment into the Agricultural Preserve Program and prior to execution of a Williamson Act contract. **Finding:** The land to be placed under the new WA Contract would be a remainder lot resulting from Vesting Tentative Tract Map (Case No. 08TRM-00000-00006/TM 14,755) that would remove 576 acres from existing WA Contract ##77AP14. The Vesting Tentative Tract Map would be recorded prior to enrollment in the new WA Contract. No lot line adjustment is proposed to the remainder lot following rescission of the existing WA Contract.

e. Requirement (Rule 1-3). A lot line adjustment proposed on parcels which are under Williamson Act contract shall only be approved provided the landowner(s) and County mutually agree to rescind the contract or contracts and simultaneously enter into a new contract or contracts pursuant to the requirements set forth in this Rule. **Finding:** The land to be placed under the new WA Contract would be a remainder lot resulting from Vesting Tentative Tract Map (Case No. 08TRM-00000-00006/TM 14,755) that would

remove 576 acres from existing WA Contract #77AP14. No lot line adjustment is proposed to the remainder lot following rescission of the existing WA Contract.

f. Requirement. (Rule 1-4 and 1-4.3). All requests for residential structures including additions to existing residences, residential agricultural units (RAU), agricultural employee housing and accessory improvements and structures shall be reviewed by the APAC for a compatibility determination that the improvement or structure is sited in accordance with this section and the compatibility guidelines set forth in Rule 2. All requests for agricultural employee housing units subject to a Williamson Act contract, including trailers, mobile homes on permanent foundations, and other types of permanent residential structures that are proposed on the premises shall be reviewed by the Agricultural Preserve Advisory Committee for a determination of need. Along with the agricultural employee, his or her family may occupy the agricultural employee housing. **Finding:** A total of five farm-employee dwellings exist on Dos Pueblos Ranch, north of Hwy 101, and are proposed for continuation under the New WA Contract. This number of dwellings supports an existing WA contract area of 2,566 acres, as compared to 2,304 acres on the New WA Contract, and no new farm-employee dwellings are proposed. The continuation of existing farm-employee dwellings is deemed reasonable and necessary to support the WA Remainder parcel insofar as only a small portion of cultivated land is to be removed from WA Contract #77AP14. No new units are presently proposed; however, a principal home site is to be reserved under the ACE. Under the proposed terms of the ACE: (i) occupants of employee and farm labor housing shall be limited to persons retained by the underlying property owner(s) of the Easement Area, to perform agricultural services for property within the Easement Area; and (ii) shall obtain, if required, the appropriate permits necessary to remedy the non-conforming condition, use and improvement of all existing dwellings located on lands contained within the Easement Area in compliance with applicable provisions of Section 35-1 of the Santa Barbara County Land Use and Development Code. The later provision would be triggered in the event that an application is subsequently made for development of a principal dwelling on the remainder lot.

2. Cancellation/Rescission of Williamson Act Contract – Consistency with County Uniform Rules

a. Requirement (Cancellation, Rule 6-1.2.A.1). The Board of Supervisors may grant tentative approval for cancellation of a Williamson Act contract only if it can make all of the findings [...*that the...*] cancellation is in the public interest: (i) other public concerns substantially outweigh the objectives of the Williamson Act; and (ii) there is no proximate noncontracted land which is both available and suitable for the proposed use, or development of the contracted land would provide more contiguous patterns of urban development of proximate noncontracted land.

(1) Finding (Overriding Consideration): CLUP Policy 2-13 provides a means to resolve the inherent conflict between legal residential lot densities and underlying land use designations and zoning at Naples. Alternative 1B would implement Policy 2-13 and resolve a long-standing dispute over the appropriate development of 85% of the lots encompassed by Official Map. Achieving this outcome must take into consideration both the unique property configuration that resulted from the Official Map as well as site-specific

environmental and policy constraints that apply to the area. Although Alternative 1B entails a density and scale of development that is considerably different than what exists today, it also allows for continued agricultural operations in perpetuity; allows for restoration of sensitive habitats; and improves recreational and coastal access opportunities for County residents. Moreover, the intensification of land use at Naples is uniquely applicable to this area of the Gaviota Coast by virtue of Policy 2-13 and is not transferable to areas further removed from existing urban development in the South Coast than the Naples Townsite. Potential policy conflicts raised by the scope of development proposed under Alternative 1B can be reconciled through application of this policy. The WA-ACE Easement Exchange will not set a precedent; rather, it is expressly part of a global solution of planning and land use issues that are specific to Naples, and more particularly, are intertwined with CLUP Policy 2-13.

(2) Land Alternatives. Based on the detailed evaluation contained in the WA-ACE Statutory Compliance Analysis, there is insufficient capacity of proximate non-contracted land which is both available and suitable to accommodate the development sought in connection with the WA-ACE Easement Exchange. This analysis takes into account: (i) the development potential of proximate land that is not under the control of the applicant/landowner; and (ii) the exclusion of certain land under the applicant/landowner's control that is not suitable as development alternatives. In the final analysis, it is shown that proximate land may have the capacity to accommodate as many as 15 additional dwellings compared to a need to transfer the 40 units proposed on Dos Pueblos Ranch within that portion of Contract #77AP14 to be removed from Williamson Act protection.

b. Requirement (Rescission, Rule 6-1.3). Notwithstanding any other provision of these Uniform Rules, the County, upon petition by a landowner, may enter into an agreement with the landowner to rescind a contract in accordance with the contract cancellation provisions of section 51282 of the Williamson Act in order to simultaneously place other land within the County under an agricultural conservation easement, consistent with the purposes and, except as provided in subsection A.2 below, the requirements of the Agricultural Land Stewardship Program pursuant to Division 10.2 (commencing with Section 10200) of the Public Resources Code, provided that the Board of Supervisors makes all of the following findings: (i) the proposed agricultural conservation easement is consistent with the criteria set forth in Section 10251 of the Public Resources Code; (ii) the proposed agricultural conservation easement is evaluated pursuant to the selection criteria in Section 10252 of the Public Resources Code, and particularly subdivisions (a), (c), (e), (f), and (h), and the Board makes a finding that the proposed easement will make a beneficial contribution to the conservation of agricultural land in its area; (iii) the land proposed to be placed under an agricultural conservation easement is of equal size or larger than the land subject to the contract to be rescinded, and is equally or more suitable for agricultural use than the land subject to the contract to be rescinded (in determining the suitability of the land for agricultural use, the County shall consider the soil quality and water availability of the land, adjacent land uses, and any agricultural support infrastructure); and (iv) the value of the proposed agricultural conservation easement, as determined pursuant to Section 10260 of the Public Resources Code, is equal to or greater than 12.5 percent of the cancellation valuation of the land subject to the contract to be rescinded, determined by the County Assessor to be the current fair market value of the land as though it were free of contractual restriction (the easement value and the cancellation valuation shall be

determined within 30 days before the approval of the County of an agreement pursuant to this section).

(1) **Finding (PRC §10251):** The criteria and findings associated with Public Resources Code Section are recited and covered in Paragraph D.2.a above.

(2) **Finding (Beneficial Contribution):** The criteria and findings concerning beneficial contribution in accordance with the criteria of Public Resources Code Section 10252 are recited and covered in Paragraph D.2.b above.

(3) **Finding (Land Equivalency):** The comparative equivalency land involved in the WA-ACE Easement Exchange is covered in Paragraph D.2.b.(13) above.

(4) **Finding (Easement Valuation):** The valuation requirements and criteria involved in the WA-ACE Easement Exchange is covered in Paragraph D.2.b.(14) above.