

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: January 11, 2006
Department: Public Works
Department No.: 054
Agenda Date: February 14, 2006
Placement: Administrative
Estimate Time: 30 minutes on 2/21/06
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Phillip M. Demery, Director
Public Works Department

STAFF CONTACT: Mark Schleich, Deputy Director, ext. 3604
Everett King, Senior Program Specialist, ext. 3618

SUBJECT: Declaration of Surplus; Baron Ranch (Portion)
Third Supervisorial District
Real Property Folio # R-211

Recommendations:

That the Board of Supervisors:

- 1.) Set a Public Hearing for February 21, 2006 for 30 minutes to:
 - a. Receive a report and recommendations from the Baron Ranch Project Team, and,
 - b. Consider Staff's recommended option of declaring 140 acres of Baron Ranch surplus to County needs, and authorize commencement of tasks required to dispose of the property in compliance with applicable Government Codes.

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with our organizational values regarding economy in government and with actions required by law or by routine business necessity.

Executive Summary:

Baron Ranch is a 1,092 acre County owned property located at 14550 Calle Real, adjacent to and east of the Tajiguas Landfill. The Resource Recovery and Waste Management Division of Public Works (herein "RR&WM") purchased Baron Ranch for \$7,500,000 in 1990 to provide a buffer between the landfill and private ownership, flexibility for the RR&WM Division's existing and future solid waste operations, options for project specific mitigation, and for possible future public access for community uses.

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The property is zoned for agriculture, and is planted with approximately 100 acres of avocado and 7 acres of cherimoya which are professionally managed under contract. All net revenue gained from sale of fruit is remitted to the County. There are several support structures associated with the ranching operations and a residence on the property.

In 2003, R.W. Beck was retained to conduct an analysis of RR&WM's finances. That study showed among other things that when the Debt Service payments were included, the costs for Baron Ranch continually exceeded revenues. Staff has addressed all recommendations contained in the R.W. Beck study with the exception of Baron Ranch. The current outstanding balance on the Certificate Of Participation (COP) used to purchase the Ranch is \$4,709,000, which is scheduled to be retired in 2011. Debt payment for FY 2004/2005 was \$795,512. The loss associated with ranch operations is covered by South Coast and Santa Ynez Valley ratepayers, including the residents of the City of Santa Barbara, Goleta, Solvang and Buellton, via tipping fees at County facilities. Excluding debt service, Baron Ranch operations generated annual average revenue of \$93,000. Over an eight year period, operational costs at Baron Ranch have averaged \$439,000 annually, while revenue from the sale of fruit over the same eight year period averaged \$532,000.

In May 2005, your Board directed staff to form a Project Team to study whether any portion of the Baron Ranch could be declared as surplus to County needs. In response, the Baron Ranch Project Team was formed, consisting of staff from the following departments: Resource Recovery and Waste Management, County Surveyor's Office, Real Property, Planning and Development, and Parks. The Project Team met several times between June and November 2005.

The Project Team developed a Statement of Purpose to guide its work, which was to identify the minimum critical buffer area for the landfill, identify potentially surplus property, and to eliminate the current debt service.

After considering the current and potential use of the property the Project Team defined the required buffer area. Based upon that determination, the Project Team developed three options for declaring varying sized portions of the property as surplus (see Exhibit A). Each Option includes at a minimum an existing legal parcel of 140 acres that include the existing residence. The Project Team identified the parcel with the residential house as having the greatest potential sale value. The other two options include the residential site and expand the acreage proposed for sale. The options in brief are:

Option I: declare 140 acres as surplus

Option II: declare 323 acres as surplus

Option III: declare 427 acres as surplus

A fourth option to declare 427 acres as surplus in two parcels of 323 and 104 acres was initially considered because it was thought that the sale of two separate, potentially buildable parcels might significantly increase the sale price. That option was later dropped due to sensitivity to other current and planned projects on the Gaviota Coast.

The Project Team also conducted preliminary valuations of the various proposed options to get a sense of the potential sale value of each, in order to meet the criteria of significantly reducing or eliminating the debt service. Although not an official appraisal, this work suggested that the sale of the existing parcel with the residential house (Option I) would yield a sale price very close to the remaining debt owed on the property.

The following criteria were developed for ranking the three identified options.

1. **Operational flexibility:** Maintain the maximum flexibility for the RR&WM Division’s existing solid waste related operations at Baron Ranch (greenwaste pad), and options for project specific mitigation, future operations and/or community uses.
2. **Agricultural continuity/viability:** Maintain as much of the existing agricultural operations as possible, and/or ensuring that enough agricultural land remains within any new parcel to make it viable for continued agricultural use.
3. **Public Access:** Retain a public easement/right-of-way for the purpose of constructing a public trail through the Baron Ranch that could link with existing or planned trails on U.S. Forest Service property.
4. **Revenue Stream:** Maintain a positive revenue stream from agricultural operations.

Utilizing a scale of 1-5, with five being the most optimal outcome, the criteria were applied to the identified options to arrive at an overall score.

	Option I: Sell Existing House Parcel (140 acres)	Option II: Sell Expanded House Parcel (323 acres)	Option III: Sell Expanded House Parcel (427 acres)
Operational Flexibility	5	3	3
Agricultural Continuity	5	3	2
Public Access	5	5	5
Revenue Stream	5	3	1
Total	20	14	11

The Project Team then considered the procedural requirements of executing any of the identified options.

Option I: Consists of declaring an existing legal, non-conforming parcel of 140 acres, including the residential as surplus to County’s needs. Because the parcel includes a portion of the entrance road providing access to the remainder of the property, an easement would be reserved for continued access to the Ranch for operational and public use. Each of the identified options require a determination of conformity with the County’s approved Comprehensive Plan as specified by Government code 65402(c). With respect to environmental review, the Project Team believes that a Categorical Exemption would be sufficient for this Option. No land use or zoning permits would be required. This option requires the least staff time and effort and could be accomplished within a time frame of 6 months or less.

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Option II: This would expand the existing parcel of 140 acres to a total of 323 acres through a lot-line adjustment thus bringing the parcel into conformity with the Coastal Zone zoning requirements. As part of the lot-line adjustment, that portion of the entrance road that is currently within the existing parcel would be outside of the newly drawn parcel, eliminating the need for an easement. This option would require an Environmental Impact Report, as well as additional land use and zoning permit requirements. A greater amount of staff time and effort would be required, resulting in a process that could take up to one year.

Option III: This option is simply an expansion of Option II, and would result in a parcel of 437 acres, also requiring lot-line adjustment, Environmental Impact Report, additional land use and zoning permit requirements, and greater staff time and effort, requiring a year or more to execute.

Due to the results of scoring the various options, as well as considering the procedural requirements of executing them, the Project Team recommends Option I, as it meets the Project Team's criteria and is the easiest to implement. If your Board concurs, staff will return at a later date with a request that you adopt a Resolution declaring the identified real property as surplus and authorize Public Works, Real Property to initiate disposal of the Property.

The Project Team also identified several organizations and agencies that have expressed an interest in Baron Ranch in the past and has developed strategies for outreaching to them. Staff has contacted representatives of each of those stakeholders to update them on the Project Team's work and final recommendation, including the cities of Santa Barbara and Goleta, The Land Trust for Santa Barbara County, the Arroyo Quemada community, the Gaviota Study Group, and the County Riding and Hiking Trails Advisory Committee (CRAHTAC).

Mandates and Service Levels:

No change in programs or service levels.

Fiscal and Facilities Impacts:

If the Project Team's recommendation is implemented, the goal of the sale of surplus property is to significantly reduce or eliminate the annual debt service associated with Baron Ranch, which equals approximately \$795,512 per year until 2011.

Special Instructions:

After Board action, please distribute as follows:

1. Minute Order Public Works; Real Property, Attn: Jeff Havlik
2. Minute Order Public Works; Resource Recovery & Waste Management, Attn: Everett King