TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: COMMUNITY SERVICES

DATE: MARCH 22, 2004 CMR:187:04

SUBJECT: ADOPTION OF A RESOLUTION AUTHORIZING THE CITY MANAGER TO APPLY FOR A GRANT AND EXECUTE AN AGREEMENT WITH THE STATE OF CALIFORNIA FOR A PER CAPITA GRANT IN THE AMOUNT OF $266,000 AND WITH THE STATE OF CALIFORNIA LAND AND WATER CONSERVATION FUND PROGRAM IN THE AMOUNT OF $160,000 FOR ACQUISITION OF THE PENINSULA OPEN SPACE TRUST ARASTRADERO GATEWAY PROPERTY

RECOMMENDATION
Staff recommends that council approve the attached resolutions to:
1. Authorize the submittal of a grant application under the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 for a per capita grant in the amount of $266,000 for acquisition of the Peninsula Open Space Trust (POST) Aastradero Gateway property, and approve the terms and conditions of the grant agreement.
2. Authorize the submittal of a grant application under the California Outdoor Recreation Resources Plan Act of 2002 for a Land and Water Conservation Program grant in the amount of $160,000 for acquisition of the Aastradero Gateway property, and approve the terms and conditions of the grant agreement.
3. Authorize the City Manager or his designee, the Superintendent of Open Space, to be the person responsible for administration of the grants, including certifications and any amendments, submitting quarterly status reports, requests for reimbursements and the final report on the project in order to receive final disbursement, on behalf of the City.

BACKGROUND
The Aastradero Preserve extends from the western boundary of Stanford University to the eastern edge of the City-owned Foothills Park, and from the northern town limit of Los Altos Hills to John Marthens Lane. The Preserve was purchased in 1979 as the result of an inverse condemnation lawsuit against the City of Palo Alto brought by
Arastra Ltd. One 13-acre in-holding of land along Arastradero Road not belonging to Arastra Ltd. remained privately held by Jacqueline Bressler until the property was purchased by the Peninsula Open Space Trust (POST) in October 2002 at a bankruptcy auction for $3,560,000. The parcel was purchased by POST with the intent of preventing the parcel from being developed.

POST is a non-profit land trust corporation dedicated to “preserving the beauty, character and diversity of the San Francisco Peninsula” through land conservation. Since its inception in 1977, POST has protected more than 50,000 acres of open space land on the Peninsula. Land purchased by POST is generally repurchased by the Midpeninsula Regional Open Space District, Santa Clara County Parks or local jurisdictions.

**Per Capita Grant Funds**
In March 2002, California voters approved Proposition 40, the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act. This act is intended to revive state stewardship of natural resources by investing in neighborhood and state parks, clean air and water protection, coastal beaches and scenic areas. This program is administered by the California Department of Parks and Recreation.

Funding from the Bond Act was allocated into seven separate programs in order to ensure that the demands of various constituents and environmental needs were met. The City is now seeking grant funds from the per capita grant program. The purpose of which is to fund high priority projects that satisfy the most urgent parks and recreational needs in California. The funds are allocated on a population-based formula to cities, counties and open space or recreational districts. Grants from this program are intended to supplement, not supplant, local expenditures for park and recreation facilities. The City is not required to match the $266,000 grant in order to qualify for the funds. The City will use the funds from this grant program to satisfy the fund matching requirements of the accompanying Land and Water Conservation grant program application.

**Land and Water Conservation Grant Funds**
Congress, under Public Law 88-578, authorized the establishment of a federal Land and Water Conservation Fund grant program, providing matching funds to the State of California and its political subdivisions for acquiring lands and developing facilities for public outdoor recreation purposes. Under the terms of the grant program, the maximum allowable grant request that the City can seek is 5 percent of available funds, which equals $160,000.

**DISCUSSION**
The 13-acre POST Arastradero Property is highly desirable to the City of Palo Alto for purchase not only because it would preserve this in-holding in the center of the Preserve as open space, but because it is important riparian habitat that could support a multitude of wild bird and animal species. Another key benefit from acquiring this property would be that a popular recreational trail that leads from the Preserve parking lot to Arastradero Lake could be re-routed away from more environmentally sensitive habitat and along a shorter gently sloping path that would provide better access for physically limited park visitors.

POST has offered the City of Palo Alto the opportunity to purchase the Arastradero Property for $3,560,000, the same price it paid for the property. POST will give the City of Palo Alto until October 2005 to purchase the property. If the City is unable or unwilling to purchase the property, the parcel will be offered for open sale.

In December 2003, Council authorized staff to submit a grant application for a $1,800,000 grant from the Coastal Conservancy. As part of the grant application, the City will need to identify the funding sources that will make up the matching (50 percent) funds required for the acquisition.

**RESOURCE IMPACT**

Work covered by the grant application has been included in the work program for Community Services staff. Approval of the grant will not affect other scheduled park or community facility projects or their completion timelines.

The acquisition of this property will not significantly increase Open Space Division operational expenses because the property is completely surrounded by the Arastradero Preserve and can be easily monitored by existing staff from adjoining trails and roads.

The Land and Water Conservation grant will require a 50 percent match from the City of Palo Alto which will be satisfied by the accompanying per capita grant from the State of California in the amount of $266,000.

Staff is actively pursuing a number of viable methods to raise the balance of approximately $1,800,000 needed to acquire the property. With Council approval, these methods will include:

- An application to the Habitat Conservation Grant program for $50,000;
- A partnership with Santa Clara County for Park Charter Funds for land acquisition;
- A specified funding allocation in the California State budget (from 2002 Resource Bond Act funds);
- Private donations;
• Foundation grants.

**POLICY IMPLICATIONS**
These recommendations are consistent with existing City policy and furthers Policy N-2 of the Natural Environment element of the Comprehensive Plan in that it seeks to acquire land to be conserved as open space.

**ENVIRONMENTAL REVIEW**
The application for a grant for land acquisition is considered an action exempt under Section 15307 of the California Environmental Quality Act; therefore, no environmental assessment is needed at this time. Environmental review will be conducted prior to the adoption of any conservation plan for the property.

**ATTACHMENTS**
Attachment A: Resolution Authorizing the Filing of Application to the State of California Resources Agency from the Per Capita grant program under the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 for land acquisition funding.

Attachment B: Resolution Authorizing the Filing of Application to the State of California Resources Agency from the Land and Water Conservation grant program under the California Outdoor Recreation Resources Plan Act of 2002 for land acquisition funding.

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