TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: COMMUNITY SERVICES

DATE: JULY 12, 2004 CMR: 347:04

SUBJECT: STATUS OF FUNDRAISING EFFORTS FOR THE ACQUISITION OF THE PENINSULA OPEN SPACE TRUST ARASTRADERO GATEWAY PROPERTY

This is an informational report on the status of various grant applications and fund raising efforts related to the acquisition of the Arastradero Gateway property. No Council action is required.

BACKGROUND
In October 2002, the Peninsula Open Space Trust (POST) purchased the 13-acre holding within the Arastradero Preserve formerly owned by Jacqueline Bressler at a bankruptcy auction for $3,560,000. Since that time, staff, together with Council members Mossar and Kleinberg as liaisons to a special fund raising committee, has been working to assertively pursue numerous grant opportunities and significant private donations.

The parcel was purchased by POST with the intent of preventing the parcel from being developed. 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.

Acquisition of the parcel is intended complete the Arastradero Preserve, provide for expanded recreational opportunities, and preserve a valuable piece of riparian habitat.

DISCUSSION
In December 2003, Council authorized the City Manager to submit a grant application in the amount of $1,800,000 to the California State Coastal Conservancy Program (CMR:519:03). 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. The goals and aims of this grant program are closely in line with the
objectives that would be served by the City’s conservation of this property through acquisition and dedication as protected open space and watershed.

Staff has submitted an application to the Coastal Conservancy, has provided representatives of the Coastal Conservancy with a tour of the site, and has discussed how this parcel would provide both enhanced recreational opportunities and protection of open space. The Coastal Conservancy is currently considering the City’s application. The Conservancy staff has asked the City of Palo Alto to provide additional documentation on how this parcel would serve as a truly regional trail head for the De Anza National Historic Trail and the Santa Clara County-wide Regional S-1 and C-1 trails, which are intended to connect the Arastradero Preserve with other open space properties.

In December 2003, Council authorized the City Manager to submit a grant application to the State of California Resources Agency for a $163,825 grant from the Roberti-Z’Berg-Harris Per Capita Block Grant Program (CMR:544:03). An application for this program was submitted and has been approved for the acquisition of the POST Arastradero Gateway property. These funds can be used to satisfy the matching grant requirements of other State or Federal grant programs.

In March 2004, Council authorized the City Manager to submit a grant application for both the State of California Resources Agency Land and Water Conservation Grant Program ($160,000) and the Per Capita Grant Program ($266,000) (CMR:187:04). The application for the Per Capita Grant Program has been approved for the land acquisition. The application for the Land and Water Conservation Program is still under review by the State. An announcement of grant recipients is expected by October 2004.

In April, a funding request to the Santa Clara County Park and Recreation Charter Fund in the amount of $1,600,000 was submitted to County Park and Recreation Director Lisa Killough with the support of Santa Clara County Supervisor Liz Kniss. In the City’s application a case is presented for how purchase of this valuable piece of open space would be compatible with the Santa Clara County Park Strategic Plan and long-term priorities for conservation of park land throughout the County. Funds from this source would serve as needed matching grant funds for the California Coastal Conservancy grant.

Staff has met on-site with Lisa Killough, POST Executive Director Audrey Rust, together with Nadine Hitchcock of the Coastal Conservancy to discuss the recreational opportunities that this parcel would provide to the public. While Ms. Killough has said that she tentatively supports the City’s request for funds, she has indicated that the City will have to provide her with additional information on how the City intends to work with Midpeninsula Regional Open Space to eventually implement goals in the City’s Comprehensive Plan to create a regional “Bay-to-Ridge” hiking trail connecting
Arastradero Reserve with Los Trancos Open Space and Monte Bello Open Space Preserves by way of a connection through or along the perimeter of Foothills Park. Staff is currently investigating alternatives for a regional trail connection that would satisfy the needs of both Santa Clara County Parks and the California Coastal Conservancy, while still protecting Palo Alto natural resources from over-use or degradation.

On May 14, 2004, staff submitted a Request For Qualification from the State of California Department of Fish and Game for a Wildlife Conservation Program grant of $260,000, which is the maximum amount allowable under this particular program. A site visit was conducted by Fish and Game representatives on June 29, 2004, to assess the value of land for wildlife habitat. The preliminary review is currently pending. If the property is determined to be of high in ecological value for protection of red legged frogs or other protected species, staff will be permitted to submit a detailed proposal for the land acquisition.

Staff has also made contacts with the Gordon and Betty Moore Foundation and the Compton Foundation to see whether the acquisition of this parcel would be compatible with their preferred areas of giving. Both foundations declined the City’s request stating the property would provide limited state-wide or national recreation opportunities, and as such were not compatible with their grant criteria.

Members of a special fund raising committee, working in close association with the Friends of Palo Alto Parks, have made personal contacts with key major donors who could provide pace-setter donations to the acquisition fund. The goal of the committee is to raise $500,000 which will be used as matching funds to satisfy the requirement of the grant programs outlined above.
<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Requested Amount</th>
<th>Matching Amount Required</th>
<th>Status</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coastal Conservancy</td>
<td>$1,800,000</td>
<td>$1,800,000</td>
<td>Pending</td>
<td>Stipulation to demonstrate how the parcel would contribute to regional trail connections</td>
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<tr>
<td>Roberti-Z’Berg-Harris Block Grant</td>
<td>$163,825</td>
<td>$0</td>
<td>Approved</td>
<td>These funds can be used as matching funds for other grant programs</td>
</tr>
<tr>
<td>Land &amp; Water Conservation</td>
<td>$160,000</td>
<td>All other funds to complete the acquisition must be secured</td>
<td>Pending</td>
<td>Funds will only be granted if all other sources of funds are firmly identified.</td>
</tr>
<tr>
<td>Per Capita Grant Program (Prop 40)</td>
<td>$266,000</td>
<td>$0</td>
<td>Approved</td>
<td>These funds can be used as matching funds for other grant programs</td>
</tr>
<tr>
<td>Santa Clara Co. Park Charter Fund</td>
<td>$1,600,000</td>
<td>$0</td>
<td>Pending</td>
<td>Requires partnership with Coastal Conservancy to create regional trail connections</td>
</tr>
<tr>
<td>Wildlife Conservation Fund</td>
<td>$260,000</td>
<td>All other funds to complete the acquisition must be secured</td>
<td>Pending</td>
<td>Value of land as wildlife habitat must be evaluated by the Fish &amp; Game.</td>
</tr>
<tr>
<td>Private Donations</td>
<td>$500,000 - $1,000,000</td>
<td>$0</td>
<td>In progress</td>
<td>These funds will be used to satisfy match requirements for grants</td>
</tr>
<tr>
<td>Private Foundations</td>
<td>$500,000</td>
<td>$0</td>
<td>Two requests submitted. An additional request will be submitted in October.</td>
<td>Requires compatibility with grant program goals and preferred areas of giving.</td>
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**TIMELINE**

July 30: Provide additional documentation to the Coastal Conservancy on how the parcel will serve as a trailhead for regional trails.

July 30: Provide alternative strategies to Santa Clara County on how trails can connect between the Arastradero Preserve and other County and Midpeninsula Regional Open Space District park lands.

August 30: Preliminary findings from the California State Fish & Game on whether the parcel qualifies as priority wildlife habitat.

October 31: Decision expected from the Land & Water Conservation Grant program.

October 31: Grant application submitted to the Richard and Rhoda Goldman Foundation.
ATTACHMENTS:
Attachment A: Potential Funding Sources

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CC:  Parks and Recreation Commission