

# Hearst Ranch Conservation NOW

## ATTACHMENT 1: Comparison of Recent Coastal Conservation Transactions

### Summary

After reviewing the transaction documents for the Hearst Ranch Conservation Project, we conclude that this deal provides an outstanding level of resource protection and a tremendous value. Furthermore, the legal provisions of the transaction meet and exceed the standard practice applied to publicly funded projects. To illustrate the quality of the Hearst project, we compare it to a number of recently completed transactions that were funded by State agencies. Here, we summarize the comparisons in two tables, attached.

Table 1 compares recent coastal fee acquisitions to the West Side Hearst transaction. Note that the per acre cost of protection in the Hearst project is an order of magnitude less than those of recent high-profile acquisitions in southern California (Ahmanson, Playa Vista, and the proposed Bolsa Chica, none of which include any shoreline). Compared to recent acquisitions in SLO County (Estero Bluffs, East-West Ranch, and Sea West), the Hearst project also has the lowest per acre cost.

Table 2 compares recent easement acquisitions to the Hearst East Side and the total Hearst transaction. Compared to local easement projects (CT Ranch and Maino) the Hearst project has the lowest per acre cost and most stringent management plan requirements. Also included are 3 large inland easement projects protecting working landscapes (Varian, Bear Valley, and Bridgeport). The per acre cost of these easements is certainly much lower than those for coastal projects, but they are included to show the standard level of access and management planning for such properties. Compared to other projects, note that the standard public process for funding has been augmented by extra disclosures and a public workshop for the Hearst transaction. Similarly, the extent of agency oversight after closing will be greater for the Hearst project.

COMPARISON OF RECENT CONSERVATION PROJECTS

**TABLE 1: FEE ACQUISITIONS**

<u>Project</u>	<u>Date</u>	<u>Funder(s)</u>	<u>Fee holder</u>	<u>Acreage</u>	<u>Coastline (miles)</u>	<u>Price (million)</u>	<u>Cost/acre</u>	<u>Appraisal disclosure prior to closing</u>
Estero Bluffs	2000	State and Private	DPR	355	3.5	\$7.5	\$21,127	No
East-West Ranch	2000	State, Caltrans TEA, CCSD, Private	CCSD	420	~1	\$11.0	\$26,190	No
Sea West	2003	State	State	746	~1	\$14.5	\$19,437	No
Ahmanson Ranch	2003	State	State	2800	none	\$150.0	\$53,571	No
Playa Vista	2003	State	State	483	none	\$140.0	\$289,855	No
Bolsa Chica	2004	State	State	103	none	\$65.0	\$631,068	No
Hearst Ranch (fee only-see Note 1)	2004	Caltrans TEA	State Parks, Caltrans	1579	13	\$23.0	\$14,566	Summary and review disclosed
Hearst West Side (fee and easement-see Note 2)	2004	Caltrans TEA	State Parks, Caltrans	2192	18	\$23.0	\$10,493	Summary and review disclosed

Note 1: For comparison purposes, this entry assumes \$23 million was spent only on land transferred in fee to the State (includes 832 acre public ownership area, 117 acre West Side Junge, and 2 acres adjoining Visitors Center conveyed to State Parks and 628 acres of realignment area conveyed to Caltrans). Tax credit compensation for the Junge Ranch acreage is included in Table 2. In the actual deal, \$23 million buys the scenic protection easement and the 1579 acres are gifted to the State.

Note 2: This entry calculates the per acre cost of protecting land west of Highway 1, whether by fee transfer or conservation easement. Property includes all that described in note 1, plus 613 acres of land (Pico Cove, Ragged Point and San Simeon Point) retained by Hearst, subject to scenic protection and public access easements. Development rights on all 2192 acres will be permanently

COMPARISON OF RECENT CONSERVATION PROJECTS

TABLE 2: EASEMENT ACQUISITIONS

Project	Date completed	Land Trust	Funder(s)	CE holder	Acreage	Price (million)	Cost/acre	Public access right	Potential homesites before/after % reduced	Parcels before/after % reduced	Management plan required?	Public disclosures See Note 2
<b>Coastal projects</b>												
CT Ranch (Cambria)	2000	TNC	Caltrans TEA	TNC	1454	\$4.5	\$3,095	8 days/year; 40 visitors each	22 / 6 -72 %	22 / 10 -55 %	No	Standard process
Maino (inland of Morro Bay)	2003	Bay Fndtn	State, TNC, Bay Fndtn	Bay Fndtn	1860	\$2.2	\$1,183	No	7 / 3 -57%	7 / 3 -57%	No, unless ranch transfers outside family	Standard process
Hearst Easement (East Side)	2004	ALC	State	CRT	approx 80,000	\$72.0	\$900	4 non-profit events/year	412 / 29 -93%	271 / 29 -89%	Yes, within 1 year	Standard process, plus transaction doc and appraisal review released for public workshop before hearings
Hearst Ranch Overall (fee and easement)	2004	ALC	State, Caltrans TEA	CRT, Caltrans, State Parks, and ALC	81777	\$95.0	\$1,162	Coastal Trail (18 mi); 13 miles of coastline in public ownership; limited public access on balance of west side; non-profit events	412 / 29 -93%	271 / 30 -89%	Yes, within 1 year; public lands have separate plan	Standard process, plus as above.
<b>Inland projects (see Note 1)</b>												
Varian (SE Monterey County)	2000	TPL	State	CRT	17000			No			No	Standard process
Bear Valley Jacalitos (Kester)	2003	CRT	State	CRT	10761			No			Yes, within 6 months, but only if funding provided	Standard process
Bridgeport (East Sierra)	2003	ALC	State, Caltrans TEA	CRT	7000			No			Yes, within 5 years	Standard process

Note 1: Overall, inland projects have substantially lower cost per acre due to higher value of coastal land. For this reason, cost figures are not provided. Entries are included to compare easement requirements of access, management, disclosure, and oversight.

Note 2: In the standard process, a) a transaction summary is released prior to public hearings legally required before funding; b) appraisal documents released after closing; and c) baseline inventory, management plan (if required), and monitoring reports are not released.

Note 3: In the standard protocol, agencies require a) review and (in some cases) approval of any management plan; b) annual monitoring and enforcement by easement holder (not agency); and c) penalties for default.

Note 4: For the Hearst project, WCB will also a) review and approve monitoring protocols; b) review and comment on monitoring reports; c) require audits of easement holder performance; and d) force reassignment of easement (with penalty) for non-performance.