

Background

On March 13, 2011, the Sierra Nevada Conservancy (SNC) Governing Board awarded Grant #434 to The Nature Conservancy (TNC) for \$500,000 toward the acquisition of Rudnick Ranch (Kern County APNs: 179-140-01 through 179-140-08, 179-140-11, 179-140-13 through 179-140-19, 179-150-02 through 179-150-14, 179-150-16, 179-150-18 through 179-150-31, 179-160-01 through 179-160-04, 179-160-06, 179-160-07, 179-170-04 through 179-170-06, 179-180-02, 179-180-22, 179-190-07, 179-260-01, 397-110-05, 397-110-06, 397-110-09, 266-160-02, 266-170-02 through 266-170-04, and 266-180-01 & 02).

Per the Project Summary:

This project will acquire approximately 15,000 acres of the Rudnick Ranch in the southern Sierra Nevada range. The ranch supports chaparral, grasslands, oak woodlands, and riparian communities in the Middle Kern – Upper Tehachapi – Grapevine watershed. Protection of the ranch eliminates the threat of multiple subdivisions and associated water use safeguarding local aquifers and allowing natural ground water recharge and runoff processes to continue. Caliente Creek follows the Southern property boundary for approximately 4.3 miles and conservation of the ranch will protect large areas of the creek's watershed and floodplain. Over six miles of Walker Basin Creek occur on the ranch with a majority supporting perennial flow. The goal is to continue operations as a working ranch ensuring grazing is carried out in a sustainable manner that maintains the important resources. Living resources include a broad matrix of plant and animal species located in the several habitat types found on the ranch.

In the application to the SNC, TNC described its intent to place a conservation easement on the property and sell the property to a conservation buyer. Agreement #434 allows for future sale of the property in Clause D.2. as follows:

The Property (including any portion of it or interest in it) may not be sold or transferred without the written approval of the SNC, provided that (a) such approval shall not be unreasonably withheld as long as the Grantee and the transferee provide reasonable assurance that the Property will continue to be operated and maintained for the purposes for which the grant was awarded; and (b) any such approval shall be accompanied by an agreement between the SNC and the transferee sufficient to protect public interest in the Property.

A 2010 appraisal, reviewed and approved by California Department of General Services, valued the property at \$12,150,000. TNC purchased Rudnick Ranch in September 2011 for \$11,208,750. Funds used for the purchase were sourced from:

Source	Amount	Type
Packard Foundation	\$ 5,234,750	Loan
National Fish & Wildlife Foundation	\$ 500,000	Grant, Acres for America
Caltrans	\$ 500,000	Grant, Environmental Enhancement & Mitigation Program
Wildlife Conservation Board	\$ 5,000,000	Grant, Proposition 84
Sierra Nevada Conservancy	\$ 500,000	Grant, Proposition 84
TOTAL	\$ 11,284,750	

The Nature Conservancy used additional funds over the purchase price to cover expenses and fees related to the acquisition.

Current Status

In February 2017, TNC expressed to the funding partners its interest in marketing the property to transfer fee title ownership, with a reserved conservation easement in place, to a conservation buyer.

The Nature Conservancy developed a draft conservation easement to “*preserve, protect, identify, monitor, enhance, and restore in perpetuity the Conservation Values.*” The easement provides for comprehensive protections to conservation values on the property, identifies the SNC role as a funder for the easement, and maintains the SNC’s and other funder’s rights to enforce terms of the easement.

The Nature Conservancy commissioned a new appraisal of the property in March 2017. The appraisal includes three valuation scenarios: (1) the property without conservation restrictions, (2) the property considering the current grant agreement deed restrictions, and (3) the property with the full conservation easement in place. The appraisal results in values between \$15,100,000 (without a conservation easement) and \$7,520,000 (with the conservation easement in place). Any proceeds from sale of the property would be returned to granting agencies based upon a split proportional to the amounts provided by each of the funders and any limitations or requirements on the different funding sources. All partners will review and approve an estimated accounting of funds to be returned prior to completion of sale.

The SNC is in close communication with the other state funding partners (including the California Natural Resources Agency) and the National Fish and Wildlife Foundation to ensure that any move forward with a cohesive approach towards potential sale of the

property is subject to a conservation easement that is satisfactory to all funders, to ensure that public resources and interests remain protected. The conservation easement and appraisal are currently undergoing internal reviews by funding agencies, and the appraisal is in review by California Department of General Services (DGS), Real Estate Services.

Next Steps

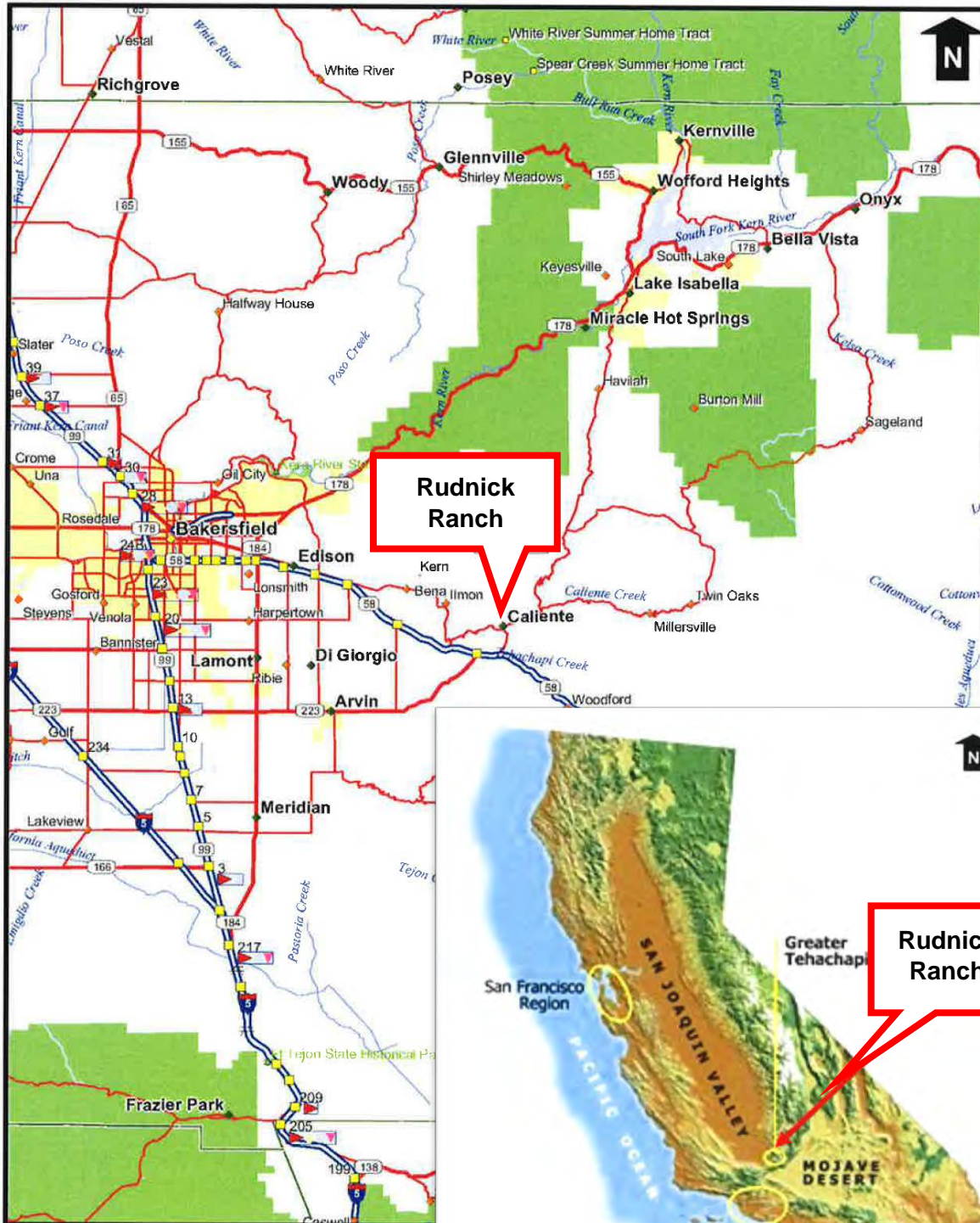
Staff will continue to coordinate with all funding partners to develop a unified approach towards the potential sale of the property, with assurances that public values are protected. This includes:

- receipt of a positive appraisal review from DGS Real Estate Services
- agreement by all funders with the language contained in the draft conservation easement
- agreement by all funders with the TNC financial accounting of proceeds and the proposed methodology for splitting among the funders any proceeds realized from the property sale

Recommendation

Staff recommends that the Board authorize the Executive Officer to take all steps necessary to assess the proposed sale and proposed conservation easement and to execute the documents necessary to proceed with sale of the underlying fee title to the Property, subject to a reserved conservation easement, provided all parties determine there is reasonable assurance that the property will continue to be operated and maintained for the purposes for which the grant was awarded and public funds, interests, and conservation values are appropriately protected.

Kern County Map



Maps courtesy of Schenberger,
Taylor, McCormick & Jecker, Inc.