TO: Parks & Open Space Advisory Committee

DATE AND LOCATION: Thursday, September 27, 2007, 6:30 p.m. Commissioners Hearing Room, 3rd floor Boulder County Courthouse, 1325 Pearl Street, Boulder, CO

AGENDA ITEM TITLE: Proposed County Contribution of $500,000 to the City of Boulder’s Purchase of a Conservation Easement on the Hogan Ranch

PRESENTER: Jan Burns, Land Officer, Real Estate Division

ACTION REQUESTED: Recommendation to the Board of County Commissioners

Background
For many years, the City of Boulder has been working to preserve the lands west of Highway 93 and adjacent to Boulder County. They have recently entered into an agreement to purchase a conservation easement over 464 acres of the Hogan Ranch, located directly south of the Boulder County line, for $10,000,000. Please see the attached memo and maps addressed to the Boulder City Council from Open Space and Mountain Parks describing the proposed acquisition.

Although the Hogan Ranch is appropriately not included in the Boulder County Comprehensive Plan since it lies in Jefferson County, the property has importance to Boulder County because it is located immediately south of the Boulder Mountain Park/South Boulder Environmental Conservation Area.

Staff Discussion and Recommendation
POS staff recommends that the County contribute $500,000 to this purchase to show support for the City of Boulder’s efforts in preserving the mountain backdrop west of Highway 93 and adjacent to thousands of acres of City of Boulder open space near the south Boulder County line. Because this property is located outside of Boulder County’s boundaries, non sales tax funds would be used if the County participates in this purchase. In return, the County would become a backup holder of the conservation easement.

POSAC Action Requested
Recommendation to the Board of County Commissioners of the proposed County contribution of $500,000 of non sales tax money to the City of Boulder’s purchase of a conservation easement over the Hogan Ranch.
AGENDA TITLE: Consideration of a motion approving the purchase of a conservation easement on 464 acres located west of Highway 93 just south of the Boulder County line for $10,000,000 from the Hogan Family, together with the recommendation to dispose of approximately 28.5 acres of existing Open Space as part of a land exchange with the Hogan Family.

PRESENTER: Open Space and Mountain Parks
Michael D. Patton, Director
Ann Goodhart, Division Manager, Real Estate Services
Jim Schmidt, Property Agent

EXECUTIVE SUMMARY:
The Hogan Ranch, comprising some 573 acres, is situated just south of the Boulder County line (see Attachment C). This ranch is contiguous to city of Boulder owned open space lands on its north, west and south sides. Highway 93 forms the eastern border of the ranch. The conservation easement negotiated by the Open Space and Mountain Parks (OSMP) staff would encumber 464 acres on the ranch; the remaining 109 acres is subject to a long-term lease for aggregate mining (see map, Attachment D). The property is bisected by the Denver Water Board’s (Water Board) supply canal, which the Water Board owns in fee. Jefferson County has permitted the ranch to be zoned for a number of uses: industrial - 60 acres, commercial - 22 acres, R-1 residential - 75 acres and the balance of 306 acres zoned A-2 agricultural, that zoning also allows sub-dividing into ten-acre parcels. The ranch currently has zoning for 295 homes in addition to the commercial and industrial zoning.

The Hogan Ranch is a Colorado Centennial Ranch that has been in the same family’s ownership since the land was first homesteaded. This property enjoys and provides beautiful vistas as well as habitat for abundant and diverse flora and fauna as it is located where the mountain foothills meet the high plains.

The conservation easement agreement removes most of this property’s vast development potential while allowing for the ability to build a new home on each of five identified residential sites, establish an equestrian center and develop five acres of the commercial zoning along Highway 93.

The purchase of this conservation easement is ten million dollars, negotiated based upon an appraisal. This particular easement is so expensive because the land is very desirable since it is both very scenic and enjoys the aforementioned zoning. As confirmation of this value, developers have been seeking to acquire this ranch for many years. Staff has attached a conceptual development scenario (Attachment F) that, while it does not represent any specific proposal, is intended to represent the type of development plan that a developer might propose for the property given its location, size, zoning and topography as well as the current real estate market for residential and commercial uses. The scenario shows a commercial strip retained along Highway 93 and a layout of large, high-end residential lots distributed across the balance of the property so as to maximize the view sheds of the Hogan Ranch itself as well as the surrounding public Open Space.

At one point in staff’s negotiations for this conservation easement, the Jefferson County Open Space program was a fully participating partner with the city, sharing in the cost of the appraisal.
and assigning a property agent to work with OSMP staff on a joint acquisition of this conservation easement. Jefferson County has since withdrawn from directly participating in this transaction in order to focus its financial resources on acquiring in fee other properties within the Front Range mountain backdrop area for its open space program. Nonetheless, Jefferson County is fully aware of, and supportive of, Boulder’s acquiring a conservation easement on the Hogan Ranch.

Boulder County Parks and Open Space staff is recommending to the Board of County Commissioners that it contribute $500,000 towards the purchase of the conservation easement. Boulder County cannot use its open space sales tax outside of the county so, if approved, funds will come from its general fund.

As part of this transaction, the city will exchange fee parcels with the Hogan Family resulting in the disposition of approximately 28.5 acres of city-owned Open Space lands from its Jefferson County Van Vleet parcel (see Attachment D). The parcels conveyed to the Hogans will be subject to the conservation easement and are not physically contiguous with city lands.

**STAFF RECOMMENDATIONS:**

Staff recommends that City Council approve a motion authorizing the acquisition of a conservation easement on 464 acres of land located west of Highway 93 just south of the Boulder County line from the Hogan Family for $10,000,000 upon the terms and conditions set forth herein and staff further recommends that Council approve a motion to dispose 28.5 acres of the Van Vleet-Jeffco OSMP property as part of this transaction.

**COUNCIL FILTER IMPACTS:**

- **Environmental:** The Open Space Acquisition and Management Plan is a significant community-supported program that is recognized worldwide as a leader in preservation of open space lands contributing to the environmental sustainability goal of the City Council. The acquisition of this conservation easement helps preserve and protect the Open Space values of the surrounding publicly-owned lands.

- **Economic:** This purchase is a component of the Open Space and Mountain Parks Acquisition and Management Plan that contributes to the economic vitality goal of the city as it provides the physical context for the diverse and vibrant economic system that sustains services for residents. The land system and the quality of life it represents attract visitors and help businesses to recruit and retain quality employees.

- **Social:** Because the Open Space land system is equally accessible to members of all classes it helps support the city’s community sustainability goal because all residents “who live in Boulder can feel a part of and thrive in” this aspect of their community.

**OTHER IMPACTS:**

- **Fiscal:** The purchase price is $10,000,000 payable at the time of closing. The acquisition of this conservation easement for $10,000,000 equates to a per acre price of $21,500. The appraised value of the entire fee was $13,200,000. In January of 2007, the city participated with Boulder County and the Town of Superior in acquiring the Verhey property of 155 acres for $7,600,000. This purchase price equated to $49,000 per acre and was a direct reflection of this land being already annexed into the Town of Superior and zoned for residential usage. In June of 2006, the city in partnership with Boulder County acquired a conservation easement on 40 acres of the Culvers’ Boulder Valley Farm adjacent to the heron rookery and Boulder Creek for $4,000,000. This equated to a purchase price of $100,000 per acre, reflecting the fact that the 40 acres had been platted for ten residential sites. Boulder County Parks and Open Space staff is recommending the county contribute $500,000 towards the purchase. There are sufficient monies in the Open Space fund for this acquisition; a cash flow projection is attached to this memo (Attachment A). OSMP sold $20,000,000 in bonds in June of 2006 with the anticipation that $10,000,000 would go
to this acquisition. Based upon the remaining bonding authority and future revenue projections, this acquisition does not jeopardize other proposed acquisitions in the Open Space Acquisitions and Management Plan 2006-2011.

• **Staff Time**: The negotiations for this conservation easement have taken an above-average amount of staff time because of the complexity of the agreement and the appraisal process the parties engaged in to determine the value of the easement.

**BOARD AND COMMISSION FEEDBACK:**
This item was heard at the Open Space Board of Trustees (OSBT) public meeting on August 8, 2007 advertised in the Daily Camera. The motion to purchase the conservation easement passed unanimously.

**PUBLIC FEEDBACK:**
This item was heard at the public OSBT meeting on August 8, 2007, advertised in the *Daily Camera* on August 5, 2007. A Notice of Disposition of Open Space was published in the *Daily Camera* on July 29, 2007 pursuant to City Charter Section 177.

**ANALYSIS:**
Acquisition of land as open space has long played a role in managing and shaping the urban and rural landscape that surrounds Boulder. Preservation of the mountain backdrop, open space, and managed growth makes the Boulder Valley a special place to live. Boulder’s rich history, since 1898, of balancing environmental values with development and protecting the mountain backdrop continues with the proposed acquisition of a conservation easement on this property. If left open to development, the environmental values and scenic vistas across this property most likely would be destroyed.

A conservation easement is a permanent agreement between the land owner and the easement holder wherein the landowner agrees to limit or forego for all time certain activities or development on a property that would otherwise be within the landowner’s right to pursue. The monetary value of a particular conservation easement is determined by comparing the property’s worth without the easement in place with the same property’s worth as limited by the conservation easement restrictions. In general, the more development rights which are removed from a property, the greater the monetary value of the conservation easement.

The city has three times before acquired lands for its open space program in Jefferson County. In 1992 the city acquired 265 acres in fee just west of the Hogan Ranch from the Susan M. Lindsay Trust; in 1999 the city acquired 382 acres located just south of the Hogan Ranch from the Van Vleet estate; and in 2000 the city acquired the 1,089 acre Jewel Mountain ranch just south of the Van Vleet property.

The Hogan Ranch is the last non-protected parcel with development potential that is contiguous to the west side of Highway 93, between the Boulder County line and Highway 72, and is part of a significant block of the Front Range foothills grasslands owned mostly by public agencies. The land is primarily agricultural, contains a stream corridor, and is part of a key visual corridor and community separator along the Front Range mountain backdrop. The fact that the property is not extensively developed is its most important natural value. As the property has been primarily used for grazing, it retains high natural values.

The property has been in the same family for over 100 years since it was homesteaded in the 1800s. The acquisition of this conservation easement enables that “Centennial Ranch” ownership to continue.
Acquisition of a conservation easement over the Hogan Ranch presents a unique opportunity at a time that the property is facing enormous development pressures. Some family members no longer reside on the ranch and would like to realize their share of the substantial financial asset which the ranch represents. Other family members would like to continue to ranch the property. The sale of a conservation easement to the city could satisfy all the family members. If a deal for conservation easement is not consummated at this time, the family will probably look at developing some portion the property in the near future, as they have decided they need to do something with the ranch to satisfy the monetary expectations of the various family members. Once the property is developed, based on existing zoning, staff believes its open space values will be lost. Additionally, and perhaps of greater importance, existing city-owned open space could be very adversely impacted by extensive development on the Hogan Ranch as open space borders the ranch on three sides.

The Conservation Easement
Following are highlights of the terms and conditions of the conservation easement:
- The right to build five new homes, no limit on size, height limit 30 feet, located on three to five-acre building envelopes, remaining acreage for each site subject to conservation easement and part of main ranch.
- Five-acre commercial area fronting Highway 93 with use limitations, height limitation.
- Existing two houses may have limited expansion and cannot be sold separately from ranch.
- 25-acre building envelope for equestrian center and related buildings.
- Water rights historically used for the agricultural operation will be encumbered by the conservation easement. These rights consist of Hogan Ditch No. 2 and the Hogan Reservoir No. 2.
- Limited hunting.
- Provides for a one-acre family cemetery.
- Prohibits mining or extraction of all minerals and sand and gravel except oil and gas operations, which are allowed with restrictions.
- 25 standard prohibitions from all OSMP conservation easements, such as no feed lots, no junk yard, no golf course, no schools, no churches, no cell phone towers, etc.
- A future trail connection across the Hogan Ranch is permitted for part of the Colorado Front Range Trail Project.
- An easement for OSMP staff use for official business only is being granted across the upper western meadow, as shown on map, Attachment D.

Open Space Charter Values
The acquisition of this conservation easement on the Hogan Ranch will meet the following Open Space Charter purposes:
  a) Preservation of natural areas characterized by terrain, flora, or fauna that is spectacular and unique.
  b) Preservation of water resources in their natural state, scenic vistas, wildlife habitats, and fragile ecosystems.
  c) Preservation of land suitable for agricultural uses.
  d) Utilization of land for limiting sprawl and disciplining growth.
  e) Preservation of land for its aesthetic value and its contribution to the quality of life of the community.
  f) Preservation of land for passive recreation use (trail easement along Highway 93 frontage).

Cost Comparison with other recent Open Space Purchases
The acquisition of this conservation easement for $10,000,000 equates to a per acre price of $21,500. In January of 2007, the city participated with Boulder County and the Town of Superior in acquiring the Verhey property of 155 acres for $7,600,000. This purchase price equated to
$49,000 per acre and was a direct reflection of this land already being annexed into the Town of Superior and zoned for residential usage. In June of 2006, the city in partnership with Boulder County acquired a conservation easement on 40 acres of the Culvers’ Boulder Valley Farm adjacent to the heron rookery and Boulder Creek for $4,000,000. This equated to a purchase price of $100,000 per acre, reflecting the fact that the 40 acres had been platted for ten residential sites.

The Jewel Mountain-Jefferson County purchase was $5,500 per acre and the Van Vleet -Jefferson County purchase was $7,800 per acre. These lower prices compared to this purchase reflect an escalation of values over the last seven years and were primarily due to the fact that these properties had agricultural zoning at the time of purchase.

**Ecological Values of the Hogan Ranch**

Acquisition of a conservation easement over the approximately 464-acre ranch guarantees that the Front Range mountain backdrop will be protected from north of Boulder to northwest of Golden. The Front Range mountain backdrop is a unique area of Colorado. As stated in the *Front Range Mountain Backdrop Phase 2 Final Report:* *

“The Front Range Mountain Backdrop represents a unique ecological system not found elsewhere in Colorado. In ecological terms, the Backdrop is a regional ecotone or transition area where plant and animal communities of the Great Plains meet the foothills of the Rocky Mountains. The result is a diverse assemblage of plants, animals, geologic features, and scenic beauty near the rapidly growing Front Range urban corridor.”

The Hogan Ranch contains the foothills ecotone and a riparian area which means it has high wildlife and plant diversity. Acquisition of a conservation easement will allow preservation of these important resources.

Protection of the property from intensive development will aid in the preservation of those species that currently use the larger area and assist in maintaining the connectivity between the forested habitats to the west and grassland to the east on Rocky Flats and south on city and Jefferson County Open Space.

Portions of the Doudy Draw wildlife corridor and Coal Creek with its riparian area cross the property. Riparian areas provide important habitat for nesting and migrating songbirds and are critical stop-over sites for migrating birds. The Colorado Bird Atlas Partnership survey block that includes this area recorded 97 species of birds, the second highest number of species recorded for any of its Colorado survey blocks. Additionally, the Coal Creek drainage supports a Great Plains Riparian Community, that is declining in Colorado and the Midwest. Black bears regularly use the surrounding lands for foraging and the land is winter range for mule deer and elk. Elk also use the general area as a migration corridor and calving/nursery ground.

**Zoning**

The property is currently zoned as shown in Table 1. The property owners have drawn up a mixed-use development plan that takes advantage of the current zoning. Placement of a conservation easement over the property would extinguish almost all of the development rights granted by the current zoning, particularly with respect to potential residential and commercial development, permitting only for the ability to build a new home on each of five identified residential sites, establish an equestrian center and develop five acres of the commercial zoning along Highway 93.

* Funded by Great Outdoors Colorado, the Front Range Mountain Backdrop Project was a collaborative effort of Boulder, Douglas, El Paso, Jefferson, and Larimer counties.
Table 1: Current Zoning for Hogan Ranch

<table>
<thead>
<tr>
<th>Zoning</th>
<th>Approximate Acres</th>
<th>Hwy. 93 Frontage</th>
<th>Development Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-2 (Agricultural-Two)</td>
<td>343</td>
<td>No</td>
<td>Up to 34 houses on 10-acre lots</td>
</tr>
<tr>
<td>I-1 (Industrial-One)</td>
<td>60</td>
<td>No</td>
<td>Medium industrial development including manufacturing and warehousing.</td>
</tr>
<tr>
<td>P-D (Planned Development)</td>
<td>100</td>
<td>Yes</td>
<td>This zoning covers the existing gravel mine. It allows land development of any nature (residential, commercial, mining, industrial, public, quasi-public, etc.).</td>
</tr>
<tr>
<td>R-1 (Residential-One)</td>
<td>75</td>
<td>Yes</td>
<td>Up to 261 houses on 12,500 sq. ft. lots.</td>
</tr>
<tr>
<td>C-1 (Commercial-One)</td>
<td>22</td>
<td>Yes</td>
<td>Commercial uses at the convenience (e.g., gas station), neighborhood (e.g., supermarket), and community (e.g., motel) levels.</td>
</tr>
</tbody>
</table>

The mineral rights have not been severed from the fee title to the property. The right to mine sand and gravel from the northeast portion of the property remains with an existing third party. It is anticipated the existing mining operation will continue since approximately 30 years of material remains. The conservation easement prohibits further mining or extraction of all minerals including sand and gravel. However, oil and gas operations are allowed with the following restrictions: 1) all facilities shall be concealed to eliminate visibility from Highway 93, 2) no operations in upper meadow or within 200 feet of Coal Creek and, 3) new roads located to minimize adverse effects and altered features of the land shall be reclaimed with appropriate vegetation.

Open Space Plans
The city of Boulder Open Space Acquisitions and Management Plan shows an area in northern Jefferson County, that includes the Hogan Ranch, as an acquisition area. Regionally, Phase I of the Front Range Mountain Backdrop Project (“Project”) identified the Hogan Ranch as being within a significant visual corridor, with a portion of the western part of the Hogan Ranch falling within the “Eldorado Mountain Critical Preservation Candidate Lands.” Phase II of the Project examined the critical preservation candidate lands in greater depth and identified strategic lands within them that characterize unique ecological systems that are priorities for preservation. The “Plainview” site, north and west of the intersection of Highway 93 and Highway 72 (Coal Creek Canyon), was identified as strategic lands. The southwesterly portion of the Hogan Ranch falls within the Plainview site.

Trail Connection
The contract with the Hogans also grants a view shed and trail easement along the Highway 93 frontage. A berm and trail are allowed to be built in this area. This will afford a visual barrier from the mining activity as well as permit the Colorado Front Range Trail Project to make a connection through the Hogan property. Additional trail access in this area may be possible in the future in cooperation with an adjoining landowner.

Land Exchange
The city will exchange approximately 28.5 acres of its Van Vleet – Jeffco land for approximately 3.5 acres of land owned by the Hogan Family. The value of the land that the city is deeding to the Hogans is roughly $7,800 per acre or $225,000 total. As part of the negotiations for this land trade,
the city was able to persuade the Hogans to decrease the number of retained new building sites from 12 new sites to only 5 new sites and relocate two of these sites to an area more acceptable to the city.

Approved by:

______________________
Frank W. Bruno,
City Manager

ATTACHMENTS:
A. Cash Flow Projection
B. Vicinity Map
C. Location Map
D. Conservation Easement Specifics Map
E. Existing Zoning Map
F. Conceptual Development Scenario
VICINITY MAP - Hogan Property

SUBJECT

Proposed CE
City of Boulder OSMP
Other Public Lands

Approximate property boundaries from Boulder County Assessor's data.

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E: Mapfiles/Property/Hogan-Jeffco/vicinity-Hogan.mxd

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