



Midpeninsula Regional
Open Space District

R-14-94
Meeting 14-16
July 9, 2014

AGENDA ITEM 6

AGENDA ITEM

Interim Grazing License for the Apple Orchard Grazing Unit at La Honda Creek Open Space Preserve

GENERAL MANAGER'S RECOMMENDATIONS

A handwritten signature in black ink, appearing to be "GMA".

1. Determine that the recommended actions are categorically exempt from the California Environmental Quality Act (CEQA), as set out in this report.
2. Authorize the General Manager to execute an interim grazing license to Wilson Cattle Company for the Apple Orchard Grazing Unit based on the terms and conditions set forth in the attached interim grazing license.

SUMMARY

On December 11, 2014, the District entered into a Lease and Management Agreement with Peninsula Open Space Trust (POST) for the Apple Orchard and Event Center properties (see report R-13-106) to manage as additions to La Honda Creek Open Space Preserve (Preserve). Prior to the approval of the management agreement with POST, Driscoll Ranches, LLC, relinquished their grazing lease of the Apple Orchard on November 1, 2013. The Board-approved Preliminary Use and Management Plan for the Apple Orchard property includes continued year-round grazing. As access to this property is constrained, the General Manager recommends entering into an interim license to graze the property with Wilson Cattle Company, who owns adjacent grazing land with livestock corrals and direct access to the Apple Orchard that does not require crossing a creek to graze the property. The interim license would remain in effect until the proposed purchase of the Apple Orchard property from POST is brought to the Board for consideration.

DISCUSSION (SEE MAP, ATTACHMENT 1)

The 292-acre Apple Orchard property is located on the western edge of the Town of La Honda with San Gregorio Creek bordering its southerly boundary and La Honda Creek Open Space Preserve (Preserve) bordering its northerly boundary. This property has been historically grazed by Driscoll Ranches, LLC, until November 1, 2013. Prior to Driscoll Ranches, LLC, the property was grazed by neighboring landowners who had access to improved corral facilities from Sears Ranch Road. Under the District's Lease and Management Agreement with POST,

the District assumes all property management responsibilities for the Apple Orchard property, including leasing or licensing the property for grazing.

Access to the Apple Orchard property (as noted in Attachment 1) is constrained by San Gregorio Creek to the south and seasonal tributaries to the east and north. On March 14, 2014, staff visited the property to evaluate access from the Driscoll Ranch area of the Preserve. An easily accessible route was not found across a Harrington Creek tributary, which would have provided an opportunity for the adjacent Driscoll Ranch grazing tenant, Allan Renz, to potentially graze the property. The ranch road from Sears Ranch Road is narrow with no livestock corrals, and it transverses a seasonal wetland/drainage to access the main grazing pasture of the Apple Orchard. The access point from Highway 84 also has no corrals for managing livestock and fords San Gregorio Creek, which is impassable during large winter storms. Each of these access points would require additional evaluation to determine if they can be improved for year-round access. This assessment is in process as part of a series of stewardship projects co-managed with POST, and grant funded through the Resource Legacy Fund.

Wilson Cattle Company's ranch location abuts the Apple Orchard on its northeastern boundary (see APNs 083-361-080, 083-361-090, 083-361-110, 078-290-050, and 083-361-070 on Attachment 1). There are two access points from the ranch to the Apple Orchard that do not cross any drainages and/or creeks. In addition, the ranch has a set of corrals for loading and unloading of livestock via Sears Ranch Road. Given the Apple Orchard's access limitations, Wilson Cattle Company provides a viable grazing tenant for this property. Therefore, the General Manager proposes to enter into an interim grazing license with Steve Wilson of Wilson Cattle Company, a neighboring rancher, to graze year-round with a maximum of 300 Animal Unit Months (AUMs) (equivalent to 25 cow/calf pairs year round). Additionally, Mr. Wilson historically grazed this property prior to Driscoll Ranches, LLC.

The interim grazing license would initially be for one year, but may be reissued for subsequent years under the General Manager's authority. A long-term grazing lease for the property would be brought to the Board for consideration together with the proposed land purchase.

Rangeland Management Plan

The Driscoll Ranch Resource Management Plan (Rana Creek et al 2005) was amended to include the Apple Orchard as part of the Preliminary Use and Management Plan when the District entered into a Lease and Management Agreement with POST to manage the Apple Orchard and Event Center properties as additions to La Honda Creek Open Space Preserve. Grazing at the Apple Orchard would be conducted in accordance with the conservation grazing principles outlined in this plan with the following objectives:

- Continue grazing the Apple Orchard property with a maximum of 300 Animal Unit Months (AUMs) annually (equivalent to 25 cow/calf pairs year round).
- Enhance grassland habitat value and reduce fire fuel load by applying District performance standards for residual dry matter (RDM), which are the same standards set forth by the US Department of Agriculture Natural Resources Conservation Service (NRCS).

- Control non-native, invasive plants species on the property by working closely with the interim tenant to identify, map, and treat infestations on the property.
- Protect and enhance riparian and aquatic habitat on the property by maintaining a fenced vegetative buffer between the Apple Orchard property and San Gregorio Creek to keep grazing livestock out of the stream channel.
- Develop or improve ranch infrastructure on the property to allow the livestock operator to implement the District's conservation grazing program. The District would work with the current tenant and/or contractor to repair and strengthen the perimeter fencing and add new fencing where needed. Also, although drinking water for livestock is sufficient on the property, additional troughs may be installed to encourage more even livestock distribution across the property and maximize the ecological benefit of the conservation grazing program.

Compliance with the Coastside Protection Area Service Plan

The Apple Orchard property is located within the Coastside Protection Area. The District's *Service Plan* for the Coastside Protection Area establishes a number of policies and procedures that guide the District's purchase, use, and management of open space land within the Coastside Protection Area. The Service Plan requires consultation with interested public agencies, officials, organizations, and community interest groups to solicit input into the decision-making and planning process prior to the Board's consideration of significant decisions regarding use or improvements on District-owned lands within the Coastside Protection Area. The need to evaluate the creek crossings constraints to the Apple Orchard before selecting a grazing operator was discussed with the San Mateo County Farm Bureau at a May 20, 2013 property tour, and at their regular Board meeting on June 3, 2013. The Farm Bureau understood the access constraints and was generally supportive of the District's approach.

CEQA COMPLIANCE

Project Description

The proposed project consists of an interim grazing license for the 292-acre Apple Orchard property that is owned by POST and managed by the District for open space preservation purposes, and the concurrent adoption of a Preliminary Use and Management Plan to manage the property as part of the District's La Honda Creek Open Space Preserve. The District would manage the property under the terms of the lease and management agreement, which maintains the land in a natural condition and open to the public on a permit basis. Cattle grazing would be reinstated at the Apple Orchard property, including minor maintenance and repair of existing infrastructure.

In accordance with the Coastside Protection Program, the project incorporates all of the Coastside EIR mitigation measures, which apply to lease and management agreements within the Coastside Protection Area and is subject to the Coastside EIR mitigation monitoring program.

CEQA Determination

The District concludes that this project would not have a significant effect on the environment. It is categorically exempt from CEQA under Article 19, Sections 15301, and 15061(b) (3) of the CEQA Guidelines as follows:

Section 15301 exempts operation, repair, restoration, maintenance, permitting, leasing, licensing or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. The issuance of an interim grazing license would not result in an expansion of the prior use, but would ensure that the livestock grazing continues during the term of the Lease and Management Agreement with POST.

The project is also exempt under Section 15061(b) (3), as there is no possibility the actions may have a significant effect on the environment.

TERMS AND CONDITIONS

Grazing Tenant

The General Manager recommends that the Board approve entering into a one-year interim grazing license, which may be reissued for subsequent years under the General Manager's authority until the District considers the purchase of the property from POST in the future. Mr. Wilson, of Wilson Cattle Company, is a local operator with years of experience and familiarity with the Apple Orchard Grazing Unit. He has the necessary qualifications to run a grazing operation consistent with the license and the District's resource management objectives. The Wilson ranch property abuts the Apple Orchard property, and is not constrained by riparian crossings to access the grasslands on the property. The Wilson ranch also provides livestock corrals for easy loading and unloading of livestock from Sears Ranch Road.

Grazing License Terms and Conditions (see Attachment 2)

The interim grazing license term is for one (1) year. The license may be reissued at the District's election, if the tenant is willing, on the terms and conditions set forth in the license. The effective date would be July 9, 2014. First year rent would be \$5,055.00 calculated as follows:

Apple Orchard - 25 AUMs per month for twelve months = 300 AUMS
Total Grazing Capacity = 300 AUMS
Per AUM Rent = \$16.85
Rent for first lease year = 300 AUM X \$16.85 = \$5,055.00

Annual rent for subsequent license terms would be adjusted annually thereafter to reflect any changes in the authorized grazing season, grazing capacity, and fluctuations in the market price of beef cattle from year to year.

Rent credit for performance of work by the tenant may be granted on a case-by-case basis for improvements to the ranch infrastructure, such as repairing perimeter fencing or constructing a new fence. Rental credits may not exceed the annual rent for the Apple Orchard Grazing Unit.

The licensee would be required to manage and operate the Apple Orchard Grazing Unit according to the range practices set forth in the grazing license.

BOARD COMMITTEE REVIEW

The Real Property Committee met on June 11, 2013 to review the lease and management agreement for the Apple Orchard and Event Center properties with POST, which included a discussion of the need to evaluate the access constraints to the Apple Orchard before making a recommendation of a grazing operator.

FISCAL IMPACT

The annual revenue for the Apple Orchard Grazing Unit would be \$5,055.00. Rental credits for identified grazing infrastructure improvements cannot exceed the annual fee of the license. Therefore, there is no fiscal impact for Fiscal Year 2014-15.

PUBLIC NOTICE

Written notice of this item has been sent to property owners of land located adjacent to or surrounding the Preserve, adjacent grazing tenants, as well as to Coastside public officials, community interest groups, nonprofit land trusts, conservation-oriented organizations, elected officials, government agencies, and government sponsored organizations within the Coastside Protection Area.

NEXT STEPS

If the interim grazing license is approved by the Board of Directors for the Apple Orchard Grazing Unit, the District would notify Wilson Cattle Company of Board approval of this item and the General Manager would subsequently enter into a one year license.

Attachments:

1. Map
2. Grazing License Apple Orchard Grazing Unit, La Honda Creek Open Space Preserve

Responsible Department Head:

Michael Williams, Real Property Manager
Kirk Lenington, Natural Resources Manager

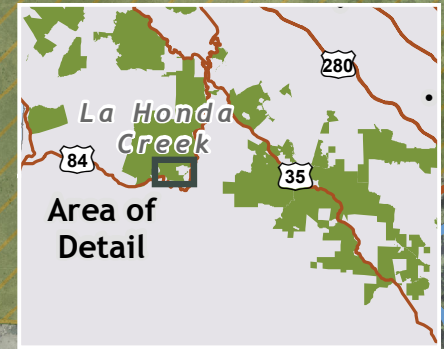
Prepared by:

Elaina Cuzick, Real Property Specialist
Kirk Lenington, Natural Resources Manager
Clayton Koopmann, Rangeland Ecologist

Contact person:
Elaina Cuzick

Graphics prepared by:
Michelle Childs, GIS Planning Technician

La Honda Creek Open Space Preserve (Driscoll Ranch Area)



Created By: jmontgomery Path: G:\Projects\La_Honda_Creek\Driscoll\AppleOrchard\EventCenter\ExhibitA_AppleOrchardGrazingArea_Aerial.mxd

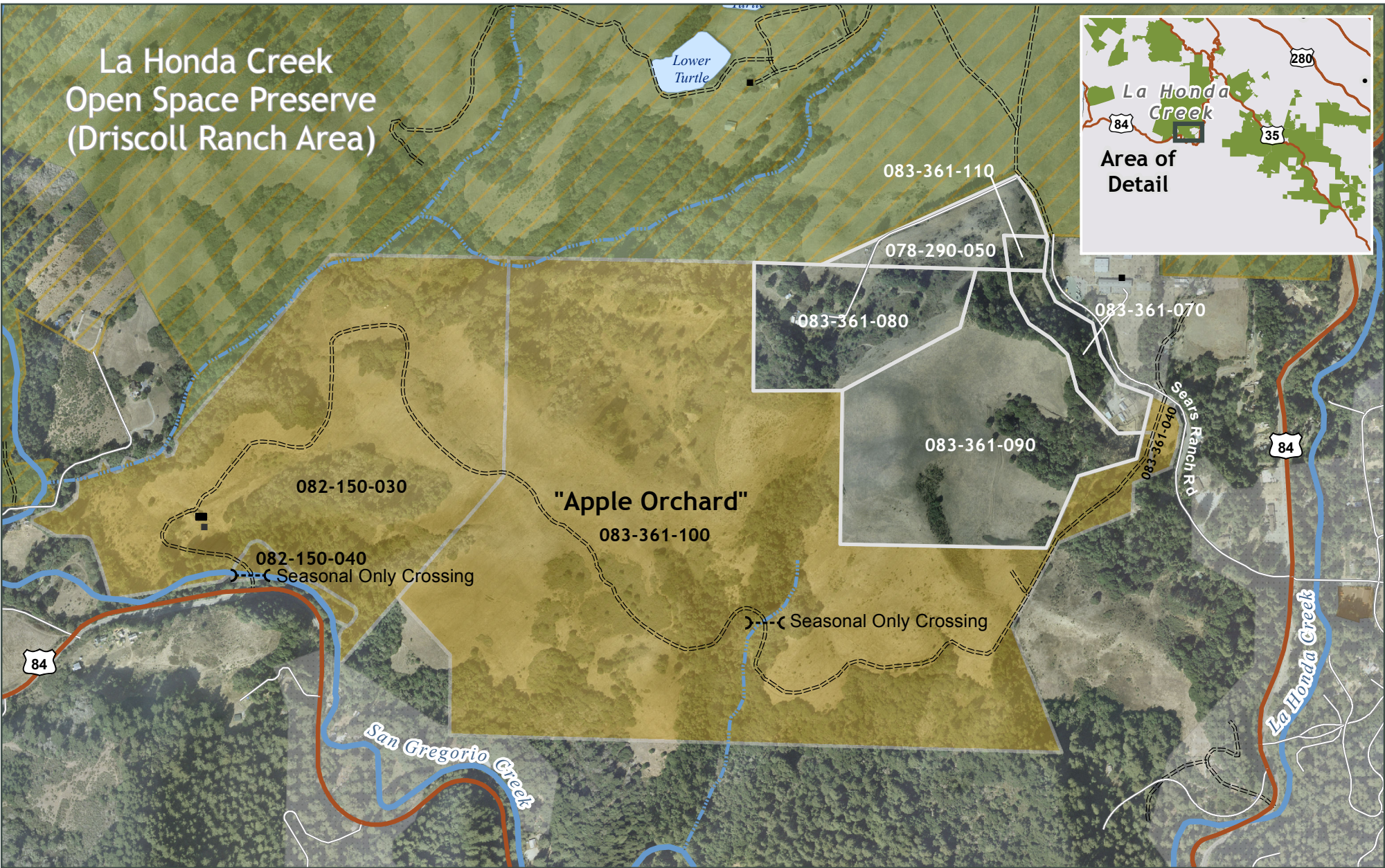







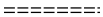


Exhibit A: Apple Orchard Grazing Area

- | | | |
|---|---|--|
|  Apple Orchard |  Highway or Major Road |  Perennial Stream |
|  Driscoll Ranch |  Paved Road |  Intermittent Stream |
|  MROSD Preserves |  Unmaintained Road Width | |

Midpeninsula Regional
Open Space District
(MROSD)



Miles  0 0.1 0.2

June, 2014

While the District strives to use the best available digital data, this data does not represent a legal survey and is merely a graphic illustration of geographic features.

**SUMMARY OF INTERIM GRAZING LICENSE TERMS
APPLE ORCHARD GRAZING UNIT**

This is a summary (“Summary”) of the principal terms and conditions of the Interim Grazing License for the Apple Orchard Grazing Unit at La Honda Open Space Preserve. Each item below shall be deemed to incorporate all of the terms and conditions set forth in the Interim Grazing License pertaining to such item. In the event of any conflict between the information in this Summary and any more specific provision of the Interim Grazing License, the more specific Interim Grazing License provision shall control.

Licensor:	Midpeninsula Regional Open Space District
Licensee:	Wilson Cattle Company
Term:	July 9, 2014 (“Commencement Date”) through July 8, 2015
Grazing Season:	Annual
First Year Grazing Capacity:	25 AUMs
Use:	Cattle grazing and authorized adjunct activities
Annual Rent:	Total Annual Rent = \$5,055
Rent Payments Due:	Bi-annual on January 2 nd and July 31 st

Licensor Contact Information:
 Primary Contact: Real Property Specialist
 Tel: (650) 691-1200
 Alternate: Skyline Area Superintendent
 Tel: (650) 949-1848
 Alternate: Rangeland Ecologist
 Tel. (650) 696-1200

Licensee Contact Information:
 Primary Contact: Steve Wilson
 Tel: (650) 747-0740
 Alternate Contact:
 Tel:

Notice Addresses of Licensor:
 Midpeninsula Regional Open Space District
 Attn: Real Property Specialist
 330 Distel Circle
 Los Altos, CA 94022

Notice Address of Licensee:
 Wilson Cattle Company
 Sears Ranch Road
 La Honda, CA 94020

With a copy to:
 MROSD – Skyline Field Office
 Attn: Area Superintendent
 21150 Skyline Boulevard, La Honda, CA 94020

**INTERIM GRAZING LICENSE
APPLE ORCHARD GRAZING UNIT
LA HONDA CREEK OPEN SPACE PRESERVE**

THIS INTERIM GRAZING LICENSE (“License”) is granted on July 9, 2014 (“Commencement Date”), by the Midpeninsula Regional Open Space District (“Licensor”) to Wilson Cattle Company (“Licensee”).

1. PREMISES

a. Licensor licenses to Licensee, upon the terms and conditions stated herein, a right to graze livestock on the 292-acre property commonly known as the Apple Orchard, as generally depicted on the map in **Exhibit A** (“Premises”), both attached hereto and incorporated herein. Licensor makes no warranties and/or representations to Licensee concerning the suitability of the Premises for grazing purposes.

b. Licensee’s use of the Premises is subject to all existing easements, servitudes, licenses and rights of way for ditches, levees, roads, public utilities, pipelines and any other purposes, whether of record and including the right of Licensor, its directors, officers, employees, volunteers and the general public to use the Premises as public open space as more specifically set forth herein.

2. TERM AND TERMINATION

- a. The term (“Term”) of this License shall commence on the Commencement Date (as set forth in the Summary of Interim Grazing License Terms) and shall terminate on July 8, 2015 unless extended by mutual written consent of both parties (“Termination Date”).
- b. Either party may elect to terminate the License prior to the Termination Date for any reason whatsoever upon seven (7) days prior written notice to the other party. In the event Licensor elects to terminate the License prior to the Termination Date, Licensee shall be allowed a reasonable time in which to vacate the Premises but in no event shall such time exceed fourteen (14) days following delivery by Licensor of written notice of termination to Licensee. In the event of termination of this License prior to the Termination Date by either party, Licensee’s sole and exclusive remedy shall be a pro-rata refund of grazing rent paid in advance.

3. ACCEPTANCE AND SURRENDER OF PREMISES

Licensee hereby accepts the Premises in its present condition, “as is”, and agrees, on the last day of the Term or upon earlier termination of this License, to surrender the Premises and all appurtenances to Licensor in the same or better condition as when received, reasonable use, wear and tear, damage by fire, acts of nature, or the elements excepted, and to remove all of Licensee’s property from the Premises.

4. RENT

- a. **Amount of Rent and Calculation of Rent.** Licensee agrees to pay to Licensor an Annual Rent of \$16.85 per Animal Unit Month (AUM) during the first year of the Term. For each lease year thereafter, annual Rent shall be adjusted upward or downward as further described in **Exhibit B** – Calculation of Annual Grazing Rent. Rent shall be payable in two lump sum payments, and shall be paid on or before the dates set forth in the Summary (“Rent Payment Date”) at the address shown for District in the Summary of License Terms above.
- b. **Stocking Rate.** The stocking rate during the entire Term will not exceed 25 AUM (animal unit months) without the prior written consent of Licensor, which shall be in Licensor’s sole discretion. The authorized stocking rate may be adjusted downward by Licensor at any time at its sole discretion. Upon Licensor’s written notice to Licensee indicating such downward adjustment, Licensee shall have until fourteen (14) days from such notification to remove the number of livestock from the Premises necessary to comply with the adjusted authorized stocking rate.
- c. **License Rent Credit for Performance of Work.** Licensee may request permission from Licensor to substitute performance of work (“Work”) on the Premises, and only such matters for which Licensee is not otherwise obligated or responsible, in lieu of all or a portion of cash rental payments by the following procedure and subject to the following conditions:
 - i. Prior to commencing any such Work, Licensee shall submit a written proposal to Licensor for approval of specific Work and shall provide an estimate of the value of such Work (**Exhibit C**).
 - ii. Licensor shall review such Licensee proposal and value estimate, and may elect, in its sole discretion, to authorize the performance of such Work, or may counter the offer of Licensee, either as to the scope of Work or valuation thereof. If acceptable to Licensee, Licensor may authorize the performance of such Work in lieu of all or a portion of Rent in the agreed upon amount. Any such authorization shall be in writing and signed by a duly authorized Licensor representative or shall be of no force and effect.
 - iii. In the event Licensor approves specific Work to be performed by Licensee in lieu of all or a portion of Rent, all such Work shall be performed in a timely and professional manner, to the reasonable satisfaction of Licensor.
 - iv. Licensee shall notify Licensor upon completion of the authorized Work and shall arrange for inspection of such Work by Licensor. If Licensor, after inspection, accepts the Work as fully and correctly performed, it shall authorize, in writing, that such Work be substituted for all or a portion of Licensee’s Rent obligations in the agreed upon amount. If Licensor determines that the Work has not been fully or correctly performed, it shall notify Licensee of the deficiencies and Licensee shall have a reasonable period of time to correct the identified deficiencies. Licensee shall thereafter notify Licensor and request further inspection.
 - v. Licensee may thereafter apply the credit authorized herein to Rent accruing under this License.
 - vi. In no event shall credit for Work performed in lieu of Rent exceed the

amount of Rent due for the remainder of the then current Term and any excess claimed may not be carried over or otherwise applied to rental obligations arising thereafter. Should Licensor terminate this License for any reason permitted hereunder, Licensor shall, prior to the full application of any such credit to Rent due, reimburse Licensee for Work that was approved by Licensor and correctly performed by Licensee, provided that Licensor's termination of this License is not due to a material default or breach of Licensee that results in a determination by a court of competent jurisdiction that any such credit accrues to the benefit of the Licensor.

- vii. Nothing contained herein shall be construed to make Licensee an employee or agent of Licensor and Licensee shall be and remain an independent contractor.
- viii. The type of work that may be considered for rental credit shall include but not be limited to:
 - 1. Road brushing, minor grading, and maintenance
 - 2. Invasive plant treatment
 - 3. Repairing perimeter fencing and constructing new fencing.
 - 4. Water improvements

5. USE

a. The Premises are licensed to Licensee for cattle livestock grazing in accordance with the Driscoll Ranch Resource Management Plan (Exhibit E) and for no other purpose or purposes without the prior written consent of Licensor. Upon prior written or oral notice to Licensor, Licensee may at his discretion vary the kind and number of livestock grazed upon the Premises provided the stocking rate permitted hereunder is not exceeded. This License is personal to Licensee and may not be assigned or transferred by Licensee in whole or part. Livestock grazed on the Premises must be owned either by the Licensee or grazed under the supervision of the Licensee through a written third-party agreement acceptable to the Licensor.

b. Licensee agrees to conduct the livestock grazing operation in a safe, responsible, professional and environmentally conscious manner and shall distribute livestock grazing throughout the Premises so that a Residual Dry Matter (RDM) of un-grazed herbaceous vegetation should not be less than 1,000 lbs. on the ground at the end of the License Term. Licensee is responsible at all times for containment of livestock on the Premises.

c. Licensee may provide weed-free supplemental feed to maintain the health and vitality of permitted livestock. Licensee may not conduct supplemental feeding on the Premises to prolong grazing use in areas where the forage levels mentioned in Paragraph 5.b. above have been reached.

d. Licensee will comply with all applicable laws, permits, statutes, ordinances, rules, governmental orders, regulations, and requirements pertaining to the occupancy and use of the Premises, including but not limited to any State Water Resources Control Board Livestock Stockpond Use Registration Certificates including Certificate Numbers L23 and L25, the Land Conservation Agreement recorded in the Official Records of San Mateo County in Volume 5207 at page 279, and all Regulations for Use of Midpeninsula Regional Open Space District Lands, as in force on the Commencement Date of this License or as hereafter amended, and shall not use or permit others to use the Premises for any unlawful or prohibited purpose or purposes.

6. ENTRY AND INSPECTION

Licensee agrees that Licensor and its directors, officers, employees, agents and authorized volunteers may enter the Premises at any time, with or without notice, to inspect them, make any changes, alterations or repairs which Licensor in its sole discretion considers appropriate for the protection, improvement or preservation of the Premises, and to post any notice provided for by law or otherwise to protect rights of Licensor.

7. ALTERATIONS

a. Licensee shall obtain the prior written consent of Licensor prior to making any alterations to the Premises and to obtain, if necessary, and fully comply with, all applicable permits, authorizations, relevant government laws, ordinances, and regulations before making any alterations of, changes in, or additions to the Premises.

b. All alterations, additions and improvements made in, to, or on the Premises, except unattached, moveable fixtures, are the property of the Licensor and will remain upon and be surrendered with the Premises upon termination of this License.

8. INDEMNIFICATION

During the term of the License, Licensee agrees to indemnify, protect, defend and hold Licensor, its employees, agents, and officers harmless from and against any and all claims, losses, damages, demands, liabilities, suits, penalties, costs, expenses (including, without limitation, attorneys' fees), causes of action, claims and/or judgments arising out of or in connection with any injury or damage to any person or persons including, without limitation, Licensor and its agents, employees, officials, guests, invitees, consultants and contractors from any cause or causes whatsoever while in or about the Premises or from licensee's operations on the Premises, except any claim which is the direct result of Licensor's sole negligence or willful misconduct.

9. WAIVER OF CLAIMS.

Licensors shall not be liable to Licensee, and Licensee hereby waives any claims against Licensors for any damage to property or injury or death to any person in, on, or about the premises by or from any cause whatsoever.

10. INSURANCE

- a. Licensee agrees to obtain, and keep in force during the term of the License, at Licensee's own cost and expense, a policy or policies of commercial general liability insurance and business auto liability insurance, each in an amount of not less than \$1,000,000 per occurrence or accident for all covered losses. These policies must be endorsed to name the District and Peninsula Open Space Trust as additional insured. Evidence of such endorsement, by a duly executed Certificate of Insurance (ACORD 25-S, or a successor or comparable form, subject to prior approval by District) shall be provided to District upon execution of the License and shall be updated thereafter as necessary. Each of the above policies must contain a provision that the policy will not be cancelled or materially changed without thirty (30) days' prior written notice to Licensors. Licensee shall also comply with all applicable statutory workers compensation requirements.
- b. Upon request by Licensors, Licensee shall direct his insurer or his insurance agent to furnish Licensors with a copy of any policy cited above, certified to be a true and complete copy of the original.

11. WEED AND PEST CONTROL

- a. Licensors can submit for rent credit the control of noxious weeds and animal pests upon the Premises. Licensee shall fully cooperate with Licensors in any programs designed to control or eradicate weed and pest populations.
- b. Licensee is absolutely prohibited from transporting, mixing, applying, storing, or disposing of pesticides or hazardous substances upon the Premises without the prior written consent of Licensors.

12. ATTORNEY'S FEES/COSTS OF SUIT

If legal action shall be brought by either of the parties, the party prevailing in said action shall be entitled to recover the costs of the suit and reasonable attorney's fees.

13. DEFAULT

- a. The occurrence of any of the following shall constitute a material default and breach of this License by Licensee:
 - i. The abandonment of the Premises by Licensee; or
 - ii. A failure by Licensee to observe and perform any provision of this License to be observed or performed by Licensee.
- b. In the event of any such default by Licensee, then in addition to any other remedies available hereunder to Licensors or at law or in equity, this License and

all rights of Licensee hereunder shall be terminated upon delivery by Licensor of notice of such termination to Licensee. Upon such termination, Licensor may recover from Licensee all amounts necessary to compensate Licensor for all the detriment proximately caused by Licensee's failure to perform Licensee's obligations under this License or which in the ordinary course of things would be likely to result there from.

- c. In addition to the remedies provided above, in the event Licensee shall fail to perform any obligation to be performed by Licensee under this License, or shall fail to pay any sum required to be paid by Licensee under this License, Licensor may, but shall not be obligated to do so, perform or pay the same or cause the same to be performed or paid, and Licensee shall promptly upon demand by Licensor therefore, reimburse to Licensor all costs

14. WAIVER. Waiver by Licensor of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained. Licensor's acceptance of a partial payment of rent shall not be deemed an accord and satisfaction, and shall not be deemed a waiver of Licensor's right to recover the full amount thereof.

15. NOTICES

Wherever this license provides for notices between the parties, or wherever the law requires or gives the right of serving a notice, the same shall be served personally or by registered or certified mail, addressed as follows:

Licensor:
Midpeninsula Regional Open Space District
330 Distel Circle
Los Altos, CA 94022-1404
Attn: Real Property Specialist
Tel: (650) 691-1200
Fax: (650) 691-0485

Licensee:
Wilson Cattle Co.
Sears Ranch Road
La Honda, Ca 94020
Tel: (650) 533-2869

Licensor and Licensee may at any time in the manner provided herein change the place designated for receiving notice.

Notice given by mail in accordance with the requirements set forth above shall be deemed to have been delivered three (3) days after the posted date of mailing.

IN WITNESS WHEREOF the parties hereto have subscribed their names.

LICENSOR:

LICENSEE:

Stephen B. Abbors, General Manager
Midpeninsula Regional Open Space District

Steve Wilson, Wilson Cattle Co.

Date: _____

Date: _____

**EXHIBIT A
PREMISE MAP
(Under separate cover)**

**EXHIBIT B
CALCULATION OF ANNUAL GRAZING RENT**

The Lease Summary specifies the Rent to be paid by Tenant during the first lease year. For each lease year thereafter, annual Rent shall be adjusted upward or downward based upon two factors:

- 1) The Grazing Capacity in AUMs authorized by District for the upcoming lease year.
- 2) An increase or decrease in the per AUM rental rate based upon whether the average selling price of beef cattle is higher or lower than the average selling price for the preceding year. The per AUM rental rate shall be adjusted upward or downward by 50% of the percentage change in beef cattle prices.

For the purpose of calculating the per AUM rental rate, the average selling price of beef cattle shall be taken as the average selling price of Medium Frame No.1 Muscling Steers and Heifers, 500-800 lbs., as reported by the Cattle Marketing Information Service, Inc. (Cattle-Fax) for the month of June prior to the start of the new lease year. In the event that the average sales price of beef cattle is not obtainable in any year from Cattle-Fax as now constituted, then the average sales price to be used in determining the rental rate shall be obtained from some other authentic source to be selected by District as providing a comparable price for this purpose.

EXAMPLE:

Assume the Grazing Capacity authorized by the District for the first lease year is as follows:

Apple Orchard - 25 AUMs per month for 12 months (month - month) = 300 AUMS

Total Grazing Capacity = 300 AUMS

Per AUM Rent = \$16.85

Rent for first lease year = 300 AUM X \$16.85 = \$5,055

The total authorized AUMs for each upcoming lease year shall be established by the District on the basis of the Grazing Capacity of the Premises as determined by District, and stocking levels shall be computed by calculating the relative forage requirements of each of the kind or kinds of livestock intended to be grazed on the Premises in any one grazing year, as expressed by the following conversion factors:

<u>Type of Livestock</u>	<u>Animal Unit Months (AUMs)</u>
Adult Cow with Calf up to 6 months old	
Heifer or Steer, 2 years & older (1,000 lbs. or more)	1.00
Yearling to 2-year-old (750 to 1,000 lbs.)	0.75
Weaned Calf to Short Yearling (up to 750 lbs.)	0.50
Bull	1.00
Horse	1.25
Sheep	0.20
Goats	0.20

Tenant shall use the Premises only for grazing the type of livestock permitted by District under the terms of the Lease.

**EXHIBIT D
RENTAL CREDIT PROPOSAL**

Date:	Licensee:
Grazing Season:	
Grazing Property (ex. October Farm):	
Project Description:	
Proposed Cost: (Labor & Equipment (including hourly rates)and Materials)	
Proposed Date of Work:	

EXHIBIT E
DRISCOLL RANCH RESOURCE MANAGEMENT PLAN
(Under a separate cover)