



Midpeninsula Regional
Open Space District

PROCUREMENT AGENDA ITEM

R-25-66
Meeting 25-14
May 14, 2025

AGENDA ITEM 10

AGENDA ITEM

Partnership Agreement for the Johnston Ranch Habitat and Agricultural Water Supply Improvement Project

GENERAL MANAGER'S RECOMMENDATION

Authorize the General Manager to enter into a Partnership Agreement with the San Mateo Resource Conservation District for the completion of a habitat restoration and agricultural water supply improvement project on Miramontes Ridge Open Space Preserve with a monetary contribution of \$287,270 to complete design and permitting.

DISCUSSION

The Johnston Ranch Habitat and Agricultural Water Supply Improvement Project (Project) aims to improve water storage capacity to support agricultural activities while simultaneously enhancing sensitive aquatic habitats. In the early 2000s, the California Department of Fish and Wildlife and National Marine Fisheries Service required the decommissioning of two dams on Arroyo Leon Creek that significantly reduced water availability for farming at Johnston Ranch. Since then, Peninsula Open Space Trust (POST) and San Mateo Resource Conservation District (RCD) have investigated ways to replace agricultural water supplies.

In 2020, the RCD prepared conceptual designs to expand the Johnston Ranch Stock Pond from 1 (one) to 40 acre-feet for new off-stream storage. An initial 2020 cost estimate projected \$2.5-3.3 million (in 2020 dollars) to expand the stock pond to 40 acre-feet. The RCD secured a \$3 million grant from the California Department of Water Resources (DWR) to complete the Project, including \$2.25 million for construction. However, more recent construction cost estimates show the grant to be insufficient to fund the work as envisioned. Subsequent site investigations indicate that a substantial volume of engineered fill needs to be imported onsite due to poor-quality sediment in the Stock Pond, further dramatically increasing construction challenges and costs. As of 2024, updated cost estimates show that it would cost approximately \$6.8 million to achieve the originally planned 40 acre-feet of storage, including a conservative (low) cost estimate for the mitigation actions required to offset Project impacts. As a result, the RCD is unable to complete the Stock Pond expansion as a standalone project under the available DWR funding.

In 2024, Midpeninsula Regional Open Space District (District) purchased the Johnston Ranch Uplands portion of Johnston Ranch from POST. Following the purchase, the District and RCD partnered to identify an alternative approach for providing new off-stream storage that reduces

costs and includes important habitat restoration goals. In 2024, the District covered the costs to develop those conceptual alternative designs (\$24,395) by RCD's engineering consultant. Although the consultant was able to design a project that met both agricultural and habitat objectives, the estimated construction costs to implement the Project were still too high, at up to \$8 million. To reduce costs, the proposed Partnership Project was rescoped to reconstruct and expand the existing Stock Pond and build a new separate agricultural reservoir to create a combined total of roughly 20 acre-feet of new water storage. Rainfall collected in the Stock Pond during winter months would be piped to the agricultural reservoir as a new source of off-stream water storage to support agricultural uses. The proposed water system improvements along with a forbearance agreement that restricts summer diversions from Arroyo Leon Creek would keep water in the creek for aquatic and riparian species health during critical summer months.

With the added habitat restoration actions included as part of the project, the District and RCD can reduce the overall permitting burden, lower permitting and mitigation costs, and create greater ecological benefits than would have been achieved under the original concept. Expanding the Stock Pond will improve habitat for an existing California red-legged frog (CRLF) population (federally listed as threatened) and potential habitat for San Francisco garter snake (federally listed as endangered). Restoring the stream channel and riparian corridor will improve site drainage, reduce erosion and sedimentation in Arroyo Leon Creek, and expand the riparian habitat. Importantly, the updated Partnership Project design incorporates restoration actions that address likely regulatory mitigation requirements. In the original Project, expanding the stock pond to 40 acre-feet would have impacted CRLF breeding habitat, necessitating costly mitigation to satisfy permitting obligations. Instead, the proposed Partnership Project is designed to be self-mitigating. Constructing a new agricultural reservoir while establishing a forbearance agreement to restrict summer stream diversions for the farming operations will provide an agricultural water supply that provides water for agricultural uses in the summer while protecting summer flows within Arroyo Leon Creek to support protected salmonids in the stream. The Project therefore accomplishes both the habitat and agricultural goals in MAA Portfolio #1 Miramontes Ridge for the District's Johnston Ranch Uplands property and the Johnston Ranch farm property that is retained by POST.

The DWR grant received by the RCD for this project does not cover indirect grant administration, and design costs increased as the project was rescoped to include restoration actions. As a partner and proponent for achieving the dual project goals, the General Manager proposes to contribute \$287,270 at this time as part of the proposed Partnership Agreement to allow the Project to advance through the design and permitting phase. This initial contribution is comprised of \$240,000 for grant administration (expensed in Fund 10 – General Fund Operating) and \$47,270 for design fees (Fund 30 – Measure AA Capital eligible). As a public agency, RCD would follow procedures for the competitive selection of qualified professionals at a fair and reasonable price to design the improvements in partnership with the District.

RCD Grant Contribution	District Contribution				
Design/CEQA/Permitting/Irrigation Upgrades	Concept Design (spent to date)	Design/Permitting (proposed contribution) MAA eligible	Grant Admin. (proposed contribution)	Proposed Initial Partnership Agreement Total	Total District Soft Costs
\$750,000	\$24,395	\$47,270	\$240,000	\$287,270	\$311,665

Construction of the partnership project is currently estimated at approximately \$5.5 million (base cost of approximately \$4.6 million plus a 20% contingency). Of the \$3 million grant received by the RCD, \$2.25 million is available to cover a portion of the construction costs, which includes the agricultural reservoir, irrigation pumping infrastructure, and, if possible, erosion repairs. To proceed with construction, the Partnership Agreement would return to the Board at a later date for consideration of an amendment to include a capital construction contribution of up to \$2.37 million, an expense that is eligible for Measure AA reimbursement. This contribution amount is based on preliminary construction cost estimates to accomplish the habitat restoration goals and for the reconstruction of the Stock Pond to provide 5-acre feet of water storage. Deducting the RCD grant and the District's contribution, an 0.88 million funding gap remains if the entire 20% construction contingency is necessary. The District and RCD will continue to work towards reducing implementation costs and/or seek additional funding sources to cover the potential funding gap.

Below is a breakdown of the construction costs and funding sources for the Partnership Project comparing it to the original project scope, which is now deemed infeasible due to the cost. Included is a cost comparison of the revised partnership project scope and original project scope to highlight the major funding gap that exists between the two approaches. The proposed District contribution to the Partnership Project is based on expanding the Stock Pond for agricultural uses and habitat restoration work.

			RCD Grant Contribution	District Contribution	
Scenario	Target Water Storage	Estimated Construction Cost	Construction	Construction (future partnership contribution MAA eligible)	Funding Gap
Partnership Project (with 20% contingency)	20 AF	\$5.5 million	\$2.25 million	\$2.37 million	\$0.88 million
RCD Standalone Project	40 AF	\$6.8 million	\$2.25 million		\$4.55 million

BUDGET / FISCAL IMPACT

The current fiscal year budget contains:

- ☒ sufficient funds.
- ☐ insufficient funds; the next quarterly budget update will include a reallocation of unspent funds from other project budgets to cover for this expenditure.
- ☐ insufficient funds; approval of this item requires a fiscal year budget augmentation.
- ☒ future fiscal year budgets will include additional funds to complete the contracted work.

Measure AA

- ☒ No, most of the initial contribution amount of \$240,000 to cover grant administration costs is not eligible for Measure AA reimbursement.
- ☒ Yes, the design fee (\$47,270) of the initial contribution amount and a future contribution amount to offset construction costs, if approved at a later time, are eligible for Measure AA reimbursement.

The following table outlines the Measure AA Portfolio #1 Miramontes Ridge: Gateway to the Coast allocation, costs-to-date, projected life-to-date project expenditures and projected portfolio balance remaining.

Measure AA Portfolio #1	
Portfolio Allocation:	\$27,774,000
Grant Income (through FY28):	\$738,925
Total Portfolio Allocation:	
01-004 Remediation Plan and Ranch Debris Clean Up, Madonna Creek Ranch	(\$419,791)
01-005 Johnston Ranch Land Acquisition	(\$4,947,101)
01-006 Madonna Creek Habitat Enhancement, Water Supply and Bridge Replacement	(\$1,046,096)
01-007 Alves Property Open Space Acquisitions	(\$2,600,000)
01-008 Johnston Ranch Habitat and Agricultural Water Supply Improvements	(\$2,427,615)*
Total Projected Expenditures (life of project):	(\$11,440,603)
Portfolio Balance Remaining (proposed):	\$17,072,322

**Total project costs currently projected in the proposed FY26-FY28 CIAP which is coming to the full board for review 5/28/2025. Includes projected staff time MAA reimbursement not reflected in estimated construction costs. Does not include project design spent to date which will only be MAA eligible if project constructed.*

PROCUREMENT PROCESS AND SELECTION

RCD is a longstanding partner agency with extensive experience implementing agricultural water supply and habitat improvement projects in coastal San Mateo County. Their history of work at Johnston Ranch, along with their expertise in securing and managing grant funding for this and similar projects, makes the RCD a key collaborator in ensuring the success of the Project.

PRIOR BOARD ACTION SUPPORTING THE PROJECT

An FYI describing the project and implementation funding gap was provided to the Board of Directors on October 23, 2024 ([R-24-28](#), [Minutes](#)).

PUBLIC NOTICE

Public notice was provided as required by the Brown Act.

CEQA COMPLIANCE

A compliance document evaluating the potential environmental impacts of the Project will be prepared by RCD as the lead agency under the California Environmental Quality Act (CEQA). This CEQA analysis would be completed prior to initiating any on-the-ground construction work.

NEXT STEPS

If authorized by the Board, the General Manager will enter a Partnership Agreement with the RCD for advancing the Project through designs and permitting. The General Manager would return at a later date for approval to amend the Partnership Agreement to include a construction cost contribution and approval of the work on District land. Permitting, bidding, construction, and project management would be completed by RCD and, if approved, is anticipated to take place through summer 2026.

Attachment(s)

1. Project Site Map

Responsible Department Head:

Kirk Lenington, Department Manager, Natural Resources Department

Prepared by/Contact person:

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