



Midpeninsula Regional  
Open Space District

R-17-58  
Meeting 17-11  
May 10, 2017

### **AGENDA ITEM 3**

#### **AGENDA ITEM**

Contract with AGCO Hay, LLC for grazing infrastructure, resource management, and public access improvements to La Honda Creek Open Space Preserve

#### **GENERAL MANAGER'S RECOMMENDATION**

Authorize the General Manager to award a sole source contract for FY2016-17 to grazing tenant AGCO Hay, LLC for improvements to La Honda Creek Open Space Preserve for the installation of livestock corrals, invasive plant control, and road repairs in a not-to-exceed amount of \$57,192.00.

#### **SUMMARY**

The General Manager recommends entering into a sole source contract with AGCO HAY LLC, the grazing tenant at the former Driscoll Ranch Area of La Honda Creek Open Space Preserve (LHCOSP) for the construction of livestock corrals, repair of ranch roads, and the removal of invasive thistles. The total cost to complete the work would not exceed \$57,192.00, of which \$44,551.00 is allocated for constructing livestock corrals as part of Measure AA Project #7-005 La Honda Creek, Driscoll Area grazing infrastructure. This project qualifies as a sole source contract under the General Manager's authority as specified in District policies. AGCO HAY LLC has been grazing on Driscoll Ranch for almost 5 years with extensive knowledge of the land and grazing program and is best suited to perform this work.

#### **DISCUSSION**

The former Driscoll Ranch grazing lease encompasses 3,861 acres of livestock grazing. To manage livestock on a ranch of this size it is necessary to provide adequate livestock corrals for the weaning, inoculating, branding, and shipping of livestock to market. In addition, livestock corrals can also provide an excellent opportunity for the public to learn and understand the workings of a livestock grazing operation. The proposed corral would be centrally located at the former site of the Wool Ranch Residence. The residence was recently demolished as part of the Driscoll Ranch demolitions (See map - Attachment A).

If approved, the grazing tenant, AGCO Hay, LLC would construct a set of new livestock corrals consisting of a trailer-loading chute, process and bypass lanes, a 60' x 80' sort corral and a 60' x 80' brand corral.

In addition, the grazing tenant will repair storm damage on the lower road off the Sears Ranch Road access and a number of minor slides according to District standards. The tenant will also remove invasive plants in compliance with the District's Integrated Pest Management (IPM) Program, including spraying for Italian, Milk, and Bull thistles. Twenty acres of spraying are included in the District's IPM Program for 2017.

The total cost to complete the corrals, as well as the road repair and invasive plant removal is \$57,192 as shown in the table below.

**Cost Grazing Improvements Driscoll Ranch**

<b>Project</b>	<b>MAA #7-005</b>	<b>Operating</b>	<b>Totals</b>
Livestock Corral Construction	\$38,740		\$38,740
Sears Lake Ranch Road Repair		\$4,827	\$4,827
Minor Landslide Removal		\$1,575	\$1,575
Thistle Spraying		\$4,590	\$4,590
<i>Contingency (15%)</i>	<i>\$5,811</i>	<i>\$1,649</i>	<i>\$7,460</i>
<b>Totals</b>	<b>\$44,551</b>	<b>\$12,641</b>	<b>\$57,192</b>

Under both the Board Policy #3.03, "Public Contract Bidding, Vendor and Professional Consultant Selection, and Purchasing Policy," and the Administrative Procedure #4.03 of the same name the General Manager may approve entering into sole source contracts without obtaining competitive bids under specified circumstances. Contracting with grazing tenants for work to improve District properties qualifies for sole source awards per the memorandum "Sole-source contracting with grazing tenants," dated August 22, 2016 (See Attachment B). Under the specified circumstances outlined in these policies and procedures, allowing the District's grazing tenant to sole source contracts for work under their grazing lease is in the best interest of the District and the taxpayers. It maintains consistency with the grazing operation and provides operational efficiency by having the grazing tenant, who knows the most about the land and the operational needs of the grazing program, perform the work.

### **FISCAL IMPACT**

The FY 2016-17 budget includes \$69,878 for new livestock corrals (MAA Project # 7-005.) There are sufficient funds in the project budget to cover the recommended action and expenditures.

	<b>FY2016-17</b>
<b>MAA # 7-005 Budget</b>	\$69,878
Spent-to-Date (as of 4/19/17):	\$ -0-
Encumbrances:	\$ -0-
AGCO Hay LLC Contract (Measure AA portion)	\$44,551
<b>Balance Remaining (Proposed):</b>	<b>\$25,357</b>

The following table outlines the Measure AA Portfolio 07, (La Honda Creek: Driscoll Ranch Area Public Access, Endangered Wildlife Protection, and Conservation Grazing Projects) budget, costs-to-date, and the fiscal impact related to the new livestock corrals (MAA Project # 7-005.) The construction of these centrally located livestock corrals serves the goals of Measure AA Portfolio 07 by supporting resource management grazing on the property.

<b>MAA 07 Portfolio Allocation:</b>	<b>\$14,825,000</b>
Life-to-Date Spent (as of 4/30/17):	\$10,731,170
Total Encumbrances:	\$32,821
Proposed AGCO Contract:	\$44,551
<b>Balance Remaining (Proposed):</b>	<b>\$4,016,458</b>

The recommended actions for road repair and invasive plant removal are not covered by measure AA funds. There are sufficient funds in the FY2016–17 Land & Facilities Services operational budget to cover the \$12,641 cost of the road repair and invasive plant removal. The total cost estimate for these tasks is equal to the amount budgeted.

## **BOARD COMMITTEE REVIEW**

Committee review was not needed for this item.

## **PUBLIC NOTICE**

Public notice was provided as required by the Brown Act.

## **CEQA COMPLIANCE**

### **Project Description**

The project consists of construction of livestock corrals, invasive plant removal, and road repairs at the Driscoll Ranch Area (LHCOSP), owned and managed by the Midpeninsula Regional Open Space District (District) in the San Mateo County Coastside Protection Area. The property is located just north of the town of La Honda. The construction of the livestock corrals, invasive plant removal and road repairs assist the overall conservation grazing practices for this property as outlined in the Driscoll Ranch Rangeland Management Plan. Road and road infrastructure maintenance are covered activities under an existing Routine Maintenance Agreement with the California Department of Fish and Wildlife. Implementation of invasive plant species removal is covered under the District approved (IPM) Program and Environmental Impact Report.

### **CEQA Determination**

The District concludes that this project will not have a significant effect on the environment. It is categorically exempt from CEQA (California Environmental Quality Act) under Article 19, Sections 15301, 15302, 15304 of the CEQA Guidelines as follows:

Section 15301 exempts operation, repair, 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.

Section 15302 exempts construction and location of limited numbers of new, small facilities or structures.

Section 15304 exempts minor public or private alterations in the condition of land, water, and/or vegetation, which do not involve removal of healthy, mature, scenic trees except for forestry or agricultural purposes. Section 15304(a) exempts grading on land with a slope of less than 10

percent, except that grading shall not be exempt in a waterway, in any wetland, in an officially designated scenic area, or in officially mapped areas of severe geologic hazard as delineated by the State Geologist. Section 15304(b) exempts new landscaping, and 15304(f) exempts minor trenching and backfilling where the surface is restored.

**NEXT STEPS**

District staff will contract with AGCO Hay, LLC to complete the Driscoll Ranch Livestock Corral construction (Project MAA#7-005), repair ranch roads and perform invasive plant removal. All work will be completed in FY2016-17.

**Attachments**

1. Map.
2. District Memorandum: Sole-source contracting with grazing lease tenants.

**Responsible Department Head:**

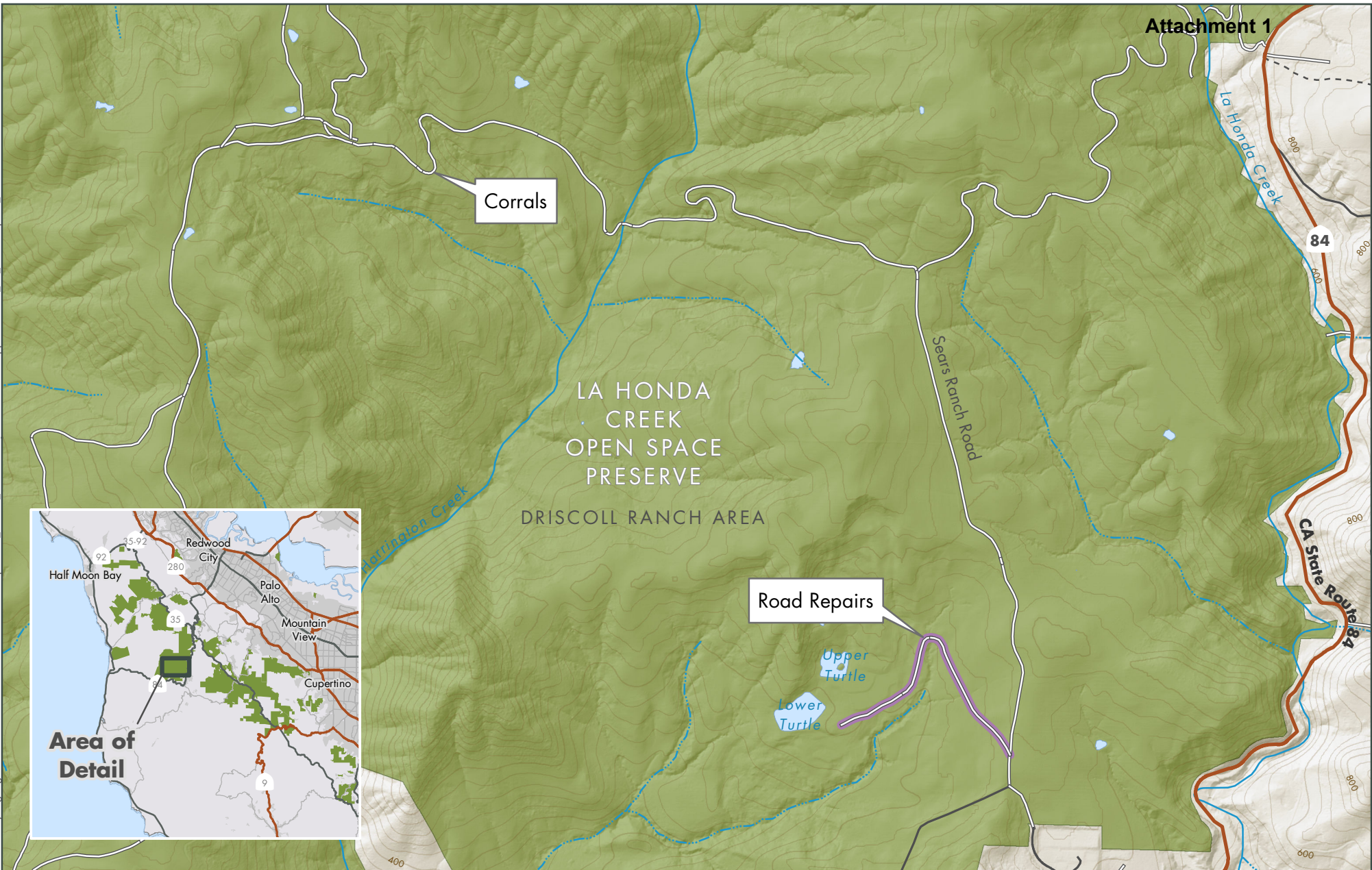
Brian Malone, Land and Facilities Services Department Manager

**Prepared by:**

Susan Weidemann, Property Management Specialist II

**Contact person:**

Elaina Cuzick, Sr. Property Management Specialist



Attachment 1

Corrals

LA HONDA  
CREEK  
OPEN SPACE  
PRESERVE

DRISCOLL RANCH AREA

Road Repairs

Upper  
Turtle  
Lower  
Turtle




Sears Ranch Road

84

CA State Route 84

Area of  
Detail

## Driscoll Ranch Corral and Road Repair

-  MROSD Preserves
-  Highlighted Road
-  Private Property

Midpeninsula Regional  
Open Space District  
(MROSD)  
April 2017



Miles  
0 0.25 0.5



Midpeninsula Regional  
Open Space District

# Memorandum

DATE: August 22, 2016

MEMO TO: Brian Malone, Land and Facilities Manager

FROM: Stephen E. Abbors, General Manager

SUBJECT: Sole-source contracting with grazing lease tenants.

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## QUESTION PRESENTED

May contracts with grazing tenants for the performance of work on the property leased by the tenants be "sole-sourced" to the tenant, without requiring the solicitation of competitive bids?

## SHORT ANSWER

Sole-source contracts are permissible with grazing tenants for work done on the property leased by tenant. The contracted work must be contemplated by and consistent with the terms of the lease, and the amount of work contracted for may not cumulatively exceed \$50,000 in any fiscal year. It is the responsibility of the staff project manager to anticipate and subsequently track the ongoing cumulative total for each fiscal year of all such contracts executed with the tenant, provide that total on each contract approval routing slip, and reference this approval in the bid process box on that form.

## BASIS OF AND CONSTRAINTS ON THIS APPROVAL

Under both Board "Public Contract bidding, Vendor and Professional Consultant Selection, and Purchasing" Policy #3.03 (Board Policy), and the implementing Administrative Procedure #4.03 (Administrative Procedure), contracts for all work over \$5,000 require the solicitation and documentation of bids or quotes for the work to be performed. Contracts over \$50,000, of course, also require Board approval. The level of formality and documentation required varies, depending on whether the contract is between \$5,000 and \$25,000, or between \$25,000 and \$50,000, but they all require three bids or quotes.

Under both the Board Policy and the Administrative Procedure the General Manager may approve entering into contracts without obtaining the required competitive bids under certain specified circumstances, including if they meet the requirements under the "Limited Availability/Sole Source" exception. (Board Policy section IV.B, and Administrative Procedure section III.B.) That exception provides:

"Occasionally, necessary supplies, materials, equipment, or services are of a unique type, are of a proprietary nature, or are otherwise of such a required and specific design or construction, or are for purposes of maintaining consistency and operational efficiency, so as to be available from only one source. After reasonable efforts to find alternative suppliers, the District may dispense with the requirement of competitive bids and recommend negotiating and making the purchase from the sole source. The basis for the sole source recommendation shall be documented in writing and approved, in advance, by the Board for purchases exceeding \$50,000, and the General Manager or other authorized District employee, for purchases not exceeding \$50,000."

In the case of grazing tenant contracts for work on leased premises under terms set out in the lease, it is often in the best interests of the District and the taxpayers to sole source with the tenant. Doing so maintains consistency with the tenant's grazing operations on the leased premises, and obtain operational efficiency by having the tenant who knows the most about the land and the operational needs of the grazing program, and is most present and available on the site. I therefore find it appropriate to apply the sole source exception to such contracts.

The Board has endorsed this exception by approving the grazing leases with provisions for compensating the tenants (by rent offset and/or contract) for certain work on the leased premises, and has further expressly delegated the day-to-day implementation of the sole source exception to the General Manager. It is under both authorities and under the conditions set out herein that this exception is approved.

While these contracts are customarily small and project-specific, I find it to be potentially inconsistent with the bidding policies and Board approval requirements if the amounts so expended are not tracked and viewed cumulatively or, if staff knows from the outset that the annual expenditures will exceed \$50,000 and do not seek Board approval at the beginning of the fiscal year.

Therefore, it is the obligation of the staff person managing the contract to track all funds spent under this sole source exception on a lease/premise specific basis, and to provide on the contract routing sheet the current cumulative total for the fiscal year in which the contract is being executed. The routing slip should also reference this General Manager's sole source exception approval memo. If it is known from the outset that the annual expenditures will exceed \$50,000 per year for the project, beyond the value of the rent offset maximums already approved as part of the lease, then Board authorization must be obtained in advance. Similarly, if expenditures approach \$50,000 part-way through the year, further contracts and work will need to be stopped until Board authority for the expenditures in excess of \$50,000 is obtained.