



Midpeninsula Regional  
Open Space District

R-22-140  
Meeting 22-29  
December 10, 2022

**SPECIAL MEETING AGENDA ITEM 1**

**AGENDA ITEM**

Proposed phased purchase of the Peninsula Open Space Trust - Cloverdale Ranch Uplands properties, located along Cloverdale, Gazos Creek, Bean Hollow and Pescadero Roads and the Cabrillo Highway, in unincorporated San Mateo County, to create Cloverdale Ranch Open Space Preserve (involves San Mateo County Assessor's Parcel Numbers: 086-280-320, 086-300-200, 086-300-210, 086-310-010, 086-320-020, 086-320-040, 086-320-050, 086-330-060, 086-330-080, 086-050-030, 086-290-010, 087-190-080 and 087-220-050, 086-041-030, 086-041-040, 086-080-020, 086-080-030, 086-080-040, 086-080-050, 086-270-010, 086-270-020, 086-290-060, 086-290-090, 086-201-070, 086-340-010, 020, 030, 040, 050, 070, 080, 090, 100, 110, 120, 130, 140, 150, 160, 170, 180, 190, 230, 240, 280, 300 and 320)

**GENERAL MANAGER'S RECOMMENDATIONS**

1. Determine that the recommended actions are categorically exempt from the California Environmental Quality Act (CEQA), as set out in the staff report.
2. Adopt a Resolution authorizing the following transactions and related agreements:
  - A. Purchase the Peninsula Open Space Trust's southern portion of the Cloverdale Ranch Property in fee title for \$4,000,000 (Phase 1) with a corresponding authorization for a Fiscal Year 2022-2023 budget increase in the same amount.
  - B. Purchase the Peninsula Open Space Trust's eastern and northern portion of the Cloverdale Ranch Property in a combination of fee title and partial interest for \$10,700,000 (Phase 2) with a corresponding authorization for a Fiscal Year 2022-2023 budget increase in the same amount.
  - C. Enter into an option agreement with Peninsula Open Space Trust to purchase the western portion of the Cloverdale Ranch property (Phase 3) with an option fee of \$500,000 for a potential future purchase in 2025 with a corresponding authorization for a Fiscal Year 2022-2023 budget increase in the same amount.
  - D. For related consultant and miscellaneous costs associated with these transactions, authorize an additional Fiscal Year 2022-2023 budget adjustment of \$260,000, for a grand total budget adjustment of \$15,460,000.
3. Authorize the General Manager to enter into a Lease and Management Agreement with Peninsula Open Space Trust to manage the western portion of the Cloverdale Ranch property.

4. Authorize the General Manager to enter into an Assignment of Grazing Leases with Markegard Grassfed and Reno Dinelli, and an Assignment of a Pasture License with Genia Silva over portions of the properties.
5. Adopt a Preliminary Use and Management Plan, as set out in the staff report.
6. Withhold dedication of the properties as public open space at this time.

## **SUMMARY**

The General Manager recommends a phased purchase of 6,300 acres of the Cloverdale Ranch Uplands properties (Uplands) from Peninsula Open Space Trust's (POST) larger, 6,700-acre Cloverdale Ranch (Cloverdale Ranch). The first phase would include the 1,800-acre southern portion of the Uplands for \$4,000,000 in fee title, the second phase would include the 3,300-acre fee and partial interest purchase of the eastern and northern portion of the Uplands for \$10,700,000. The Phase 1 and 2 transactions would total over 5,100-acres and create the Cloverdale Ranch Open Space Preserve. The combined purchase price for the Phase 1 and 2 transactions would be \$14,700,000.

The Midpeninsula Regional Open Space District (District) has secured grant funds in the amount of \$9,928,282 consisting of: i) an \$8,000,000 State of California Specific Grant, ii) a \$1,428,282 State Recreational Infrastructure Revenue Enhancement (RIRE) grant, and iii) a \$500,000 San Mateo County Measure K grant. The total grant amount of \$9,928,282 would offset the purchase costs of the Phase 1 and Phase 2 transactions.

For the third phase, the General Manager recommends the District enter into an Option Agreement with POST, with a \$500,000 option fee, for the potential future purchase of the western 1,200 acres of the Uplands in 2025 and enter into a Lease and Management Agreement with POST for this Property until the District's Board of Directors (Board) determines whether to exercise the purchase option. If the District exercises the option, the option fee would be applied towards the future purchase price of \$1,500,000 for this Property.

In addition, the District would reimburse POST for site, environmental, and engineering assessments in an amount not to exceed \$170,000. Separately, the District is projecting a cost of \$200,000 for title insurance, escrow fees, costs associated with planning, environmental, survey and legal consultant fees, County permits and miscellaneous costs related to these transactions. The Fiscal year 2022-23 (FY23) project budget already includes \$110,000 towards these miscellaneous costs. The additional budget adjustment required to cover these costs is \$260,000.

This report provides a description of the Uplands properties, a Preliminary Use and Management Plan, findings of the environmental review for these actions, the purchase terms and conditions, and financial considerations. If approved, the total budget increase for all transaction costs in FY23 is \$15,460,000.

## **DISCUSSION** (see attachment 2)

The District proposes to purchase the 6,300-acre Uplands property portion of the 6,700-acre Cloverdale Ranch from POST, with POST retaining 400 acres of farmland. The Uplands property would involve a phased purchase as follow:

1. Phase 1: Purchase of the southern 1,800-acre property, including the Wilbur's Watch trail, in fee title in 2023.
2. Phase 2: Purchase of the eastern and northern 3,300-acre properties consisting of 1,164-acres in fee title, and 2,136-acres in partial interest as a tenancy-in-common with POST in 2023. For the partial interest property, the tenancy-in-common agreement would provide the District exclusive use and management of the Uplands area of the properties and POST exclusive use and management of the Farm areas of the properties. Once the parcel boundaries of the Uplands and Farm properties are determined by the parties, the Uplands properties would be transferred in fee title to the District, and the Farm properties would be transferred in fee title to POST for future sale to farmers subject to agricultural conservation easements.
3. Phase 3: Option to purchase the western 1,200-acre property in 2025/2026. During the option term, the parties would enter into a lease and management agreement for the District's patrol and management of the western property.

This proposed purchase advances land conservation opportunities in the District's Vision Plan Portfolio #13 *Cloverdale Ranch: Wildlife Protection, Grazing, and Trail Connections*. The proposed purchase is eligible for Measure AA funding. The purchase would preserve coastal open space, protect grazing and agricultural lands, protect habitat for multiple sensitive species, and provide opportunities for future public trail opportunities in partnership with California State Parks.

### **Property Description**

The larger 6,700-acre Cloverdale Ranch property, of which the Uplands is a portion, is located at the southern end of the Town of Pescadero. Purchase of the property would result in the creation of a new preserve, the Cloverdale Ranch Open Space Preserve. The property encompasses a series of terraced ecosystems from the coastal bluffs to the western ridge of the Coastal Range. The property connects to over 31,000-acres of open space and park land, including Butano State Park to the east, Big Basin Redwoods State Park to the east and south, Año Nuevo and Cascade Ranch to the south, Pigeon Point Light House and Bean Hollow State Beach to the west, and Pescadero Marsh to the north. The property is bounded by Pescadero Road to the north, Cloverdale Road to the east, Gazos Creek Road to the south, and Highway 1 and Bean Hollow Road to the west.

### **Existing Land Use and Improvements**

Land use on the 6,700-acre Cloverdale Ranch includes cattle grazing, irrigated row and dry farmed crops, and limited recreation on the 1.1-mile Wilbur's Watch Trail located at the southwestern corner of the property.

The grasslands on the north and east sides of the Uplands are actively grazed in four grazing units leased by two separate tenants: Butano Farms is leased by one tenant, and Holm Ranch, Hidden Valley, and Goat Ranch are leased by another. Grazing on Cloverdale Ranch is supported by a system of agricultural wells, springs, ponds and reservoirs. Additional grazing improvements include a system of ranch roads and fencing, four corrals, and a barn. The approximately 400 acres of farmland that would be retained by POST on Cloverdale Ranch includes over 250 acres of cultivated crop land and 140 acres of dry farmed land, which are currently fallow and leased to four separate farmers. This cropland comprises much of the prime

agricultural land of Cloverdale Ranch and is supplied by a water system of wells, in-stream water pumps, and reservoirs.

Existing public access on the Uplands property is limited to Wilbur's Watch, a 1.1-mile trail on the west side of the property, accessible from Highway 1 and across from Pigeon Point. An 8-vehicle public parking lot serves the trail. Currently, POST manages both the trail and the parking lot. POST also provides special use permits for access to other parts of the property.

### **Habitat and Natural Resources Value**

Cloverdale Ranch has a diverse patchwork of habitats, including California annual grassland, coastal scrub (dominated by coyote brush), riparian (dominated by white alder), pockets of Monterey pine and Douglas fir, and the largest intact native Coastal Terrace Prairie in San Mateo County. Cloverdale Ranch contains seven sensitive natural communities and five special-status plant taxa, including Scouler's catchfly, Pt. Reyes meadowfoam (Endangered), Choris's popcorn flower, harlequin lotus, and johnny-nip.

Cloverdale Ranch's diverse ecology provides habitat for a wide range of wildlife, including several special status species: the San Francisco garter snake (SFGS), California red-legged frog (CRLF), western pond turtle, American badger, and California coast steelhead. Other species of interest that occur on the property include mountain lion, bobcats, coyotes, deer, monarch butterflies and other insects, numerous migratory bird species, and several bat species.

Cloverdale Ranch encompasses over 15 miles of streams in several watersheds, primarily Butano Creek, Little Butano Creek, Arroyo de los Frijoles Creek, Gazos Creek, and several unnamed coastal creeks. Arroyo de los Frijoles Creek was impounded in the 1930s to create Lake Lucerne and the two Bean Hollow reservoirs. This water system is managed by the Lake Lucerne Mutual Water Company for the purpose of irrigating agricultural row crops on private farms located to the west and north of Cloverdale Ranch.

The property's network of springs, wells, ponds, and surface-water diversions support agricultural uses while sustaining habitat connectivity across the property. The Bean Hollow reservoirs are of high conservation value, creating extensive aquatic and riparian habitat that maintains water year-round. Taken together, the naturally occurring waterways and constructed reservoirs at Cloverdale Ranch provide a robust assemblage of aquatic resources for coastal agriculture and regionally significant populations of SFGS and CRLF.

### **Wildlife Conservation Easement**

The majority of the western 1,200-acre portion of Cloverdale Ranch is encumbered by a conservation easement held by the Wildlife Conservation Board (WCB), which was recorded when POST purchased the property in 2002. The residential parcel and two adjacent parcels are not subject to the easement (see attachment 3). The conservation easement protects the land's conservation values: natural vegetative communities (e.g., coastal terrace prairie grasses), and wildlife habitat (e.g., SFGS, steelhead). The conservation easement provides for conservation grazing subject to a rangeland management plan being approved by the WCB. The easement prohibits the growing and harvesting of agricultural crops on the property subject to the easement. Staff will further evaluate the conservation easement as part of its due diligence before returning to the Board on exercising the option to purchase the western portion of Cloverdale Ranch in 2025/26.



## COASTAL ANNEXATION AREA SERVICE PLAN COMPLIANCE

The Uplands is within the boundaries of the District's Service Plan for the San Mateo County Coastal Annexation Area (Service Plan). The Service Plan and conditions approved by the San Mateo Local Agency Formation Commission (LAFCo) establishes policies for the District's Coastsides Protection Program (Program). The Program guides the District's coastal purchases and use and management of open space land within the Service Plan Area. The proposed acquisition of the Uplands is consistent with the Service Plan Policies and Guidelines to first consider use of conservation easements when preserving agricultural lands to enable land to remain in private ownership and in agricultural production. The proposed Uplands purchase would allow the District to acquire the Uplands portion of the Cloverdale Ranch, while POST would retain the farmland areas for future sale to private farmers subject to agricultural conservation easements.

The District's activities on the coast are subject to a Memorandum of Understanding between the San Mateo County Farm Bureau and the District. In accordance with the memorandum, District staff mailed a request for written comments and questions to the Farm Bureau on November 2, 2022. Farm Bureau comments were received on November 16, 2022, and District responses are attached as Attachment 4.

As part of the Coastsides outreach for this acquisition, District staff presented the potential purchase to multiple agencies and community groups. District staff also led community members on two site visits: one on the property, and a second at the La Honda Creek Open Space Preserve. The focus of the outreach was to engage the South Coast and Pescadero communities. More specifically, this outreach included the following:

- Community Site Visits on June 18 and September 24 to La Honda Creek Open Space Preserve and Cloverdale Ranch to present the District's process from acquisition, through restoration, to opening for public access.
- Half Moon Bay City Council, October 4
- Midcoast Community Council, October 12
- Sustainable Pescadero, November 2
- Pescadero Municipal Advisory Council, November 9

The general consensus of the community engagement meetings was supportive of the proposed Uplands purchase. The community expressed concerns about maintaining property tax revenues for the La Honda-Pescadero Unified School District (see *Coastsides Protection Area Fiscal Considerations* section of this report), and providing opportunities for public access until additional, long-term public access to the property is developed by the District (see the *Development of Interim Public Access* section below and the Public Access section of the *Preliminary Use and Management Plan*).

### Development of Interim Public Access

Long-term public access on the Uplands will require comprehensive planning and public engagement that considers existing conditions, habitat and resource protections, existing uses, and public input. While the long-term public access planning process is taking place, the District would continue to maintain access at the Wilbur's Watch trail and parking area, and implement a

three-phase interim public access plan for access to other portions of the Uplands property. Appropriate seasons and locations for interim public access will be identified following completion of a SFGS Habitat Management Plan to ensure protection of SFGS and other sensitive resources. The three-phase interim public access plan includes:

1. Phase 1 Spring/Summer 2023 – community field days: “open house” style field days with limited access to key vistas and other locations led by staff and/or docents.
2. Phase 2 Spring 2024 – docent-led hikes.
3. Phase 3 Summer 2024/Spring 2025 – limited permit access: pending the creation of an interim access plan, offer day use permits for limited self-guided access to designated areas.

To assist with the docent-led portions of the interim public access plan, District staff is planning to offer a community docent program with a shortened, preserve-specific training for community members interested in assisting with docent naturalist led activities.

## **USE AND MANAGEMENT**

### **Planning Considerations**

The Uplands has a San Mateo County General Plan designation of Agricultural Rural, with a zoning designation of Planned Agricultural Development/Coastal Development (PAD/CD). Natural resource management, habitat preservation, and low intensity recreation are allowable uses within this land use designation. On October 12, 2022, the County Planning Commission confirmed that the proposed purchase of the Uplands by the District for open space complies with the General Plan.

If purchased, the Uplands would be incorporated as the Cloverdale Ranch Open Space Preserve and the Preliminary Use and Management Plan as set out in this report would be implemented. Future planning processes would analyze opportunities for compatible public use when undertaken and further environmental review would be prepared as needed. Subsequent planning would be in accordance with the District’s Service Plan, including consultation with appropriate agencies, organizations, and adjoining landowners.

### **Preliminary Use and Management Plan (Next Steps)**

The Preliminary Use and Management Plan (PUMP) establishes a status quo land management approach in the interim between the purchase of a property and the completion of a future long-term plan. The PUMP takes effect at the close of escrow and remains effective until changes warrant an amendment or development of a comprehensive Preserve plan. If changes to land use or the physical environment are proposed in the future, these would be subject to further environmental review and public input.

Application of the PUMP:	Apply the PUMP to the approximately 6,300-acre Cloverdale Ranch Uplands properties that are purchased by the District.
Name:	Name the 6,300-acre Uplands properties as Cloverdale Ranch Open Space Preserve.
Dedication:	Withhold dedication of property within Cloverdale Ranch Open Space Preserve as open space at this time.

Coastal Service Plan:	Operate and manage the Cloverdale Ranch Open Space Preserve in compliance with the District's Service Plan for the Coastal Annexation Area and the mitigation measures adopted pursuant to the Service Plan's Final Environmental Impact Report.
Public Access:	<p>Continue to provide public access at the 1.1-mile Wilbur's Watch Trail and associated parking area and designate as hiking only. Designate the remainder of the Cloverdale Ranch Open Space Preserve as closed to general public use at this time.</p> <p>After identifying appropriate seasons and locations for public access that remain protective to sensitive species through a San Francisco garter snake (SFGS) Habitat Management Plan, provide limited public access through docent-led hikes and/or visitor permits (see <i>Development of Interim Public Access</i> section above).</p>
Signs and Site Security:	Install and maintain Preserve boundary and closed area signs where appropriate on the Uplands properties.
Fences and Gates:	Install and maintain gates and fencing as necessary for conservation grazing and to prevent unauthorized entry into the Cloverdale Ranch Open Space Preserve.
Ranch Roads:	Implement erosion and sediment control measures and maintenance of existing roads in the Preserve in accordance with regulatory permits and the District's adopted Open Space Maintenance and Restoration and Integrated Pest Management (IPM) Programs.
Patrol:	Routinely patrol the Cloverdale Ranch Open Space Preserve. Patrol would adhere to necessary protocols and seasonal closures to protect the Preserve's natural resource values, including protection of the San Francisco garter snake.
Existing Grazing Leases:	<p>Accept a grazing lease with Reno Dinelli from POST by mutual agreement of all parties for assigned portions of the Cloverdale Ranch Open Space Preserve.</p> <p>Accept a lease with Markegard Family Grass-Fed from POST for the remainder of the initial lease period ending in December 2024 by mutual agreement of all parties for assigned portions of the Cloverdale Ranch Open Space Preserve.</p> <p>Adopt a Rangeland Management Plan for Cloverdale Ranch Open Space Preserve at a future date.</p> <p>Issue a Request for Proposals for grazing leases for the two grazing units on the Cloverdale Ranch Open Space Preserve upon adoption of</p>

the districtwide Agricultural Policy and adoption of a Rangeland Management Plan.

Accept a pasture license with Genia Silva from POST by mutual agreement of all parties for an assigned small area of the Cloverdale Ranch Open Space Preserve.

Conservation Management Units:	Evaluate locations in the Cloverdale Ranch Open Space Preserve to be designated as Conservation Management Units (CMUs) and managed for the preservation of sensitive natural resources. Determine the recommended boundaries and limited uses within these area(s) and bring the proposed CMU designation to the Board of Directors for review and consideration of approval at a public meeting.
Resource Management:	Conduct plant and animal management activities to protect the natural resources, facilitate recovery of special status species, promote resilience to climate change, and reduce erosion and sedimentation to protect water quality and soil carbon resources. Resource management activities would be consistent with the District's adopted Resource Management Policies, Integrated Pest Management (IPM) Program Guidance Manual, Wildland Fire Resiliency Program, Open Space Maintenance and Restoration Program, and regulatory permits.
Wildland Fuel Management:	Implement District-wide fuel management and defensible space practices on the property consistent with the District's adopted Wildland Fire Resiliency Program.
Water Resources:	Maintain and restore water resources to improve habitat for special status species consistent with the Open Space Management and Restoration Program, Resource Management Policies, Integrated Pest Management (IPM) Program Guidance Manual, Wildland Fire Resiliency Program, Best Management Practices, Recovery Permits, and other regulatory permits issued to the District.
Lake Lucerne Mutual Water Company:	Coordinate with the Lake Lucerne Mutual Water Company (LLMWC) to facilitate management, maintenance, repair, and operations on District-owned land consistent with LLMWC's rights.
Wildlife Conservation Board Easement:	Where required, manage the property consistent with the existing Wildlife Conservation Board Easement. Coordinate with the easement holder regarding any proposed physical alterations to the property prior to implementation to confirm consistency with easement provisions.
Residences:	10436 Cabrillo Highway: Designate the residence as future staff housing as part of a lease and management agreement, to be effective once the house is vacated by POST.  3393 Cloverdale Road: Designate the residence as staff housing.

Subsequent Planning Considerations: Subsequent infrastructure improvements, changes in land management leases, development of management plans, designation of CMUs, and public access planning will include the appropriate level of consultation with necessary agencies, organizations, and the community, including public workshops to gather input and review draft and final plans. When preferred plans are identified, the District will complete the necessary environmental assessment under CEQA at that time.

Subsequent planning considerations shall include partner recognition and interpretive signs that recognize POST, San Mateo County, California Department of Parks and Recreation, and California Department of Conservation where appropriate for their role in protecting the Property as open space, as appropriate and in compliance with District policy.

San Mateo County Local Coastal Program The Uplands properties are within the San Mateo County Coastal Zone. Consult with County Planning on all subsequent actions to ensure compliance with the Local Coastal Plan (LCP) and Coastal Development (CD) permitting requirements.

## PRIOR BOARD AND COMMITTEE REVIEW

The District distributed a notice of the Real Property Committee meeting that discussed this proposed purchase on October 14, 2022 to interested parties and property owners and occupants located adjacent to the subject property. The notice was also issued to the larger Pescadero community using the same distribution area as the Pescadero Municipal Advisory Council. The Real Property Committee meeting was held on October 18, 2022 at 2310 Pescadero Creek Road (adjacent to the Uplands) to review information about the Uplands properties and receive public input on the proposed purchase. Director Kersteen-Tucker attended as a substitute for Director Holman. Staff presented the reasons for purchase, terms, and described how the Uplands would remain closed at this time, and that an interim public access would be implemented to allow docent-led and/or limited permitted activities. Approximately 15 to 20 members of the public attended the meeting ([Committee meeting fact sheet](#), [minutes](#)). Comments received included questions about the official name of the new preserve, ensuring adequate coastal Ranger staffing, and how future trails on the Uplands would connect to surrounding California State Parks. The Committee unanimously recommended forwarding the proposed purchase to the Board.

## CEQA COMPLIANCE

### Project Description

The project consists of a purchase of 5,100-acres and a lease and management of 1,200-acres of the 6,300-acre Uplands portion of POST's Cloverdale Ranch property, located in an unincorporated area of San Mateo County, as an addition to the District's open space preserve system. The project includes the adoption of a PUMP for the approximately 6,300-acre Uplands that establishes a status quo land management approach, with no expansion or changes to the Uplands existing uses, which includes limited public access, agricultural uses, and natural habitat.

The Uplands are located within the boundaries of the District's Service Plan for the San Mateo County Coastal Annexation Area. The Service Plan and the Service Plan Final Environmental Impact Report (FEIR), certified in 2004, includes policies, guidelines, and mitigations to ensure compatibility with the County General Plan and Local Coastal Program. The actions proposed will be conducted in compliance with the Service Plan and the adopted findings of the Service Plan's FEIR and Mitigation Monitoring Plan.

Any minor erosion and sediment control measures, infrastructure repair and maintenance, wildland fuel management, and resource management activities implemented by the District or tenants as part of the PUMP will be conducted in accordance with the District's approved Resource Management Policies and related FEIR, the adopted Wildland Fire Resiliency Program and related FEIR, Open Space Maintenance and Restoration Program and related Mitigated Negative Declaration (MND), and in accordance with applicable regulatory permits. Any invasive species control will be conducted in accordance with the District's adopted Integrated Pest Management (IPM) Policies and IPM Program Guidance Manual and related FEIR, and the Open Space Maintenance and Restoration Program and related MND.

### **CEQA Determination**

The District concludes that this project will not have a significant effect on the environment. It is categorically exempt under the California Environmental Quality Act (CEQA) under Article 19, Sections 15301, 15316, and 15325 of the CEQA Guidelines as follows:

Section 15301 exempts the repair, maintenance, or minor alteration of existing public or private structures, facilities, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. The PUMP will maintain the Property as status quo with no expansion to its existing use as open space. The PUMP includes repair and maintenance of the existing infrastructure as necessary, as well as maintenance of or minor alterations to the property for wildland fuel management and other natural resource management activities in accordance with the District's adopted policies and programs and their associated CEQA documents.

Section 15316 exempts the acquisition of land in order to create parks if the land is in a natural condition and the management plan proposes to keep the area in a natural condition. The PUMP specifies that the land will remain in a natural condition and will be designated as Cloverdale Ranch Open Space Preserve.

Section 15325 exempts transfers of ownership of interests in land in order to preserve open space. This acquisition will transfer fee ownership of the Property to the District to be preserved as open space and incorporate it into Cloverdale Ranch Open Space Preserve.

### **TERMS AND CONDITIONS**

The District proposes to purchase 6,300-acre Uplands of the 6,700-acre Cloverdale Ranch property, with POST retaining the 400-acre farm area for future sale to farmers subject to agricultural conservation easements. The 6,300-acre Uplands properties have a fair market value of over \$50 million, and POST has agreed to sell the properties to the District at a substantial bargain sale price of approximately \$16,200,000. The District has secured three (3) grants totaling \$9,928,282: i) \$8,000,000 State Specific Grant, ii) \$1,428,282 Proposition 68

Recreational Infrastructure Revenue Enhancement (RIRE) Grant, and (iii) \$500,000 San Mateo County Measure K grant. Therefore, the District's net purchase price would be approximately \$6,271,718 (depending on any discount for State grant administrative fees).

The proposed phased purchase of the 6,300-acre Uplands properties would include two transactions (Phase 1 and 2) totaling over 5,100-acres in 2023 and an option to purchase the western 1,200-acres (Phase 3) in 2025/2026 as outlined below (see attachment 3):

**Phase 1 Purchase 2023:**

The approximately 1,800-acre southern portion of the Uplands, including the 1.1-mile Wilbur's Watch Trail, has a bargain-sale purchase price of \$4,000,000 (\$2,222 per acre). This property purchase would use the \$1,428,282 Proposition 68 RIRE grant funds. The RIRE grant requires a public trail component, which is met by the Wilbur's Watch Trail, and will require the recording of a Deed Restriction with a 30-year term held by State Parks. The property would be purchased in fee title during the first half of 2023.

**Phase 2 Purchase 2023:**

The approximately 3,300-acre eastern and northern portion of Cloverdale Ranch, including a single-family residence along Cloverdale Road, has a bargain-sale purchase price of \$10,700,000 (\$3,242 per acre). Portions of this property would be purchased in fee title and as an undivided interest with POST as a tenancy in common, as described below (see Attachment 3):

1. Fee Interest: Approximately 1,164-acres of the property, including the upper Bean Hollow reservoirs 2 and 3, the single-family residence along Cloverdale Road, and a 10-acre parcel along Butano Creek and Cloverdale Road.
2. Partial Interest: Approximately 2,136-acres of the property, including the Arroyo de Frijoles drainage and areas to the north reaching Bean Hollow and Pescadero Roads bisected by Butano Creek. This property also includes coastal bluff areas along the Cabrillo Highway at the southwest corner of the property.

For the partial interest properties, the District and POST would enter into a tenancy-in-common agreement providing the District with exclusive use and management of the upland areas and POST with exclusive use and management of the farm areas of the property. Once the parcel boundaries of the Uplands and Farm properties are determined by the parties, POST would transfer 100% fee title of the Uplands properties to the District, and District would transfer fee title of the Farm properties to POST.

The purchase price for the fee and partial interest properties would be \$10,700,000, which would be offset by the \$8 million State Specific grant and the \$500,000 County Measure K grant for a net purchase price of \$2,200,000 using Measure AA funds. The Measure K grant requires recording an Open Space Easement Agreement with the County over the northern portion of the property for a 10-year term. The State Specific Grant does not require a deed restriction.

As part of this transaction, the District would reimburse POST up to \$170,000 for consultant work, including a Phase I Environmental Assessment Report, Roads and Trail Inventory, Water System Infrastructure Assessments, Livestock Corral Upgrade Plan, and related costs for the entire Cloverdale Ranch Upland properties.

**Assignment of Leases:** For the approximately 5,100-acre Phase 1 and 2 Uplands properties identified above, POST will assign the two existing grazing leases on the properties to the District subject to a rangeland management plan. In addition, POST will assign a 1-year pasture license to the District on a 10-acre parcel along Butano Creek.

The Phase 2 properties would be purchased in the Spring/Summer of 2023.

**Phase 3 Option to Purchase 2025/2026:** As part of Phase 3, the District would enter into an option agreement with a \$500,000 option fee with POST to purchase the western 1,200-acre area of the Uplands in 2025/2026. The option would provide time for the District and POST to work with the farmer shareholders of the Lake Lucerne Mutual Water Company to address needed water infrastructure improvements, and better define the ongoing maintenance responsibilities and liabilities between the water users and the fee property owner. The Option would extend to 2025 and include an additional two 6-month extensions if needed (out to 2026). During the option term, the District would enter into a lease and management agreement with POST to patrol and manage this property. This item would come back to the Board of Directors in 2025 (unless extended by the parties) to determine whether to exercise the option to complete this purchase. If the District exercises the purchase option, the option fee of \$500,000 would apply to the purchase price of approximately \$1,500,000, and the \$1,000,000 purchase price balance would utilize District Measure AA funds. No grant funds are used for the Phase 3 purchase.

## FISCAL IMPACT

Land acquisitions brought before the Board for approval include a budget adjustment to the adopted budget for the purchase cost at minimum. If approved, a total increase of \$15,460,000 to the FY23 budget is required for the Phase 1 and 2 acquisitions, the Phase 3 option deposit of \$500,000, and \$260,000 for consultant and associated costs related to this transaction. The current FY23 budget includes \$215,000 for miscellaneous due diligence/transactional costs, of which \$110,000 is allocated for miscellaneous costs associated with these transactions.

Cloverdale Ranch Land Opportunity (Phases 1, 2, and 3, including \$10,000 option deposit each for Phase 1 and Phase 2)	\$15,200,000
Total Land purchases approved to date for FY23	\$720,000
Total Land Purchases (if approved)	\$15,920,000

The District was successful with being selected for three purchase grants totaling \$9,928,282:

1. \$8,000,000 from State of California – Specific Grant,
2. \$1,428,282 from State Parks – Recreational Improvement Revenue Enhancement (Proposition 68), and
3. \$500,000 from San Mateo County – Measure K.

These grant funds would be applied to the Phase 1 and 2 purchase of the Cloverdale Ranch property.

The following table outlines the Measure AA Portfolio 13 *Cloverdale Ranch: Wildlife Protection, Grazing, and Trail Connections* allocation, cost to date, projected future project expenditures and projected portfolio balance remaining. Life-to-date expenses for VP13-001 (as



of 11/21/22) incurred for the acquisition of Cloverdale Ranch in the amount of \$209,441 will be reclassified to MAA13-003.

<b>MAA13 Cloverdale Ranch: Wildlife Protection, Grazing and Trail Connections Portfolio Allocation:</b>	<b>\$15,712,000</b>
Grant Income (through FY26):	\$9,928,282
<b>Total Portfolio Allocation:</b>	<b>\$25,640,282</b>
MAA13 Life-to-Date Spent (as of 11/21/22):	\$0
MAA13 Encumbrances:	\$0
Cloverdale Ranch Land Opportunity (Phase 1 and Phase 2, including \$10,000 option deposit each for Phase 1 and Phase 2):	(\$14,700,000)
Option deposit for Phase 3:	(\$500,000)
MAA13-003 consultant and miscellaneous costs associated with transactions:	(\$260,000)
VP13-001 Cloverdale Ranch Land Opportunity Life-to-Date Spent (as of 11/21/22):	(\$163,805)
Remaining FY23 Project Budgets for VP13-001:	(\$94,250)
Future MAA13 project costs (projected through FY26):	(\$385,000)
<b>Total Portfolio Expenditures:</b>	<b>(\$16,103,055)</b>
<b>Portfolio Balance Remaining (Proposed):</b>	<b>\$9,537,227</b>

The following table outlines the Measure AA Portfolio 13 allocation, projected life of project expenditures and projected portfolio balance remaining.

<b>MAA13 Cloverdale Ranch: Wildlife Protection, Grazing and Trail Connections Portfolio Allocation:</b>	<b>\$15,712,000</b>
Grant Income (through FY26):	\$9,928,282
<b>Total Portfolio Allocation:</b>	<b>\$25,640,282</b>
Projected Project Expenditures (life of project):	
13-001 Cloverdale - Infrastructure Upgrades and Improvements	(\$385,000)
13-003 Cloverdale Ranch Land Opportunity	(\$15,718,055)
<b>Total Portfolio Expenditures:</b>	<b>(\$16,103,055)</b>
<b>Portfolio Balance Remaining (Proposed):</b>	<b>\$9,537,227</b>

### Coastside Protection Area Fiscal Considerations

The Cloverdale Ranch property is located in the service area of the La Honda-Pescadero Unified School District (LHPUSD) and subject to a School service fee per an agreement between the District and LHPUSD. Under the terms of the District/School agreement, the District would pay the LHPUSD \$55,341.23 during the first year and annually increase the amount by 2%. This amount would be reduced by the amount of the possessory interest tax paid by the two grazing tenants and pasture tenant. The possessory tax would not be calculated by the County until 2024 and would be deducted from the District's School service fee at that time.

Similarly, the property is located in the service area of San Mateo County Fire. However, under the terms of a separate District/County Fire agreement, the District is not required to pay a County Fire fee when the District leases the property for a private agricultural or residential use, which is subject to a possessory interest tax. This would apply to the two grazing leases, pasture lease and lease of residence on Cloverdale Road. For these leased areas, no County Fire fee is

required. Under the terms of the District/County Fire agreement, the District would pay \$1,044.06 the first year and annually increase the amount by 2%.

The School District and County Fire service fees for the Phase 3 purchase of the western portion of Cloverdale Ranch would be calculated if the option is exercised and at the time the property is purchased by the District.

## **PUBLIC NOTICE**

Public notice was provided as required by the Brown Act. A copy of the agenda for this meeting was mailed to property owners and occupants located adjacent to the subject property. The notice was also provided to the larger Pescadero community using the same distribution area as the Pescadero Municipal Advisory Council, to interested parties, and to those listed on the Coastsides Protection Area mailing list.

## **NEXT STEPS**

1. Upon approval by the Board, staff would proceed with the close of escrow for the Phase 1 purchase in the spring of 2023, and Phase 2 purchase in summer 2023 of the Uplands, and take the next steps identified in the PUMP as contained in this report. The District's Skyline Field Office and Coastal Area Outpost would manage the new Cloverdale Ranch Open Space Preserve.
2. Upon the close of escrow for the Phase 2 purchase, the General Manager would enter into a Lease and Management Agreement with POST, initiating patrol and management of the western portion of the Uplands. The District's Skyline Field Office and Coastal Area Outpost would manage the Property as a new Preserve.
3. Staff would work with POST to complete the process of establishing the Uplands and Farm properties, and the General Manager is authorized to proceed with the future transfer of fee title to the partial interest Uplands properties to the District.

## **Attachment(s)**

1. Resolution of the Board of Directors of Midpeninsula Regional Open Space District Accepting Two Purchase and Sale Agreements, and Option Agreement, Amending The Fiscal Year 2022-23 General Fund Capital Budget, Authorizing General Manager or Other Appropriate Officer To Execute Certificates Of Acceptance For Grants To District and Grants to POST, and To Execute Attachments to the Agreement and any and all Other Documents Necessary or Appropriate to Closing of the Transaction (Creating Cloverdale Ranch Open Space Preserve - Lands Of Peninsula Open Space Trust)
2. Cloverdale Ranch Uplands Map
3. Cloverdale Ranch Fee and Partial Interest Map
4. Response to Farm Bureau Comments

Responsible Department Head:  
Michael Williams, Real Property Manager

Prepared by:

Michael Williams, Real Property Manager  
Aaron Peth, Real Property Planner

Contact person:

Michael Williams, Real Property Manager

Graphics prepared by:

Nathan Greig, Data Analyst II

**RESOLUTION 22-\_\_**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDPENINSULA REGIONAL OPEN SPACE DISTRICT ACCEPTING TWO PURCHASE AND SALE AGREEMENTS, AND AN OPTION AGREEMENT, AMENDING THE FISCAL YEAR 2022-23 GENERAL FUND CAPITAL BUDGET, AUTHORIZING GENERAL MANAGER OR OTHER APPROPRIATE OFFICER TO EXECUTE CERTIFICATES OF ACCEPTANCE FOR GRANTS TO DISTRICT, TO EXECUTE GRANTS TO POST, AND ATTACHMENTS TO THE AGREEMENT, TO EXECUTE DEED RESTRICTION WITH STATE OF CALIFORNIA AND AN OPEN SPACE EASEMENT AGREEMENT WITH THE COUNTY OF SAN MATEO FOR GRANT FUNDING FOR THE PURCHASE, AND ANY AND ALL OTHER DOCUMENTS NECESSARY OR APPROPRIATE TO CLOSING OF THE TRANSACTION (CREATING CLOVERDALE RANCH OPEN SPACE PRESERVE)**

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**WHEREAS**, the Board of Directors (Board) approves the Midpeninsula Regional Open Space District's (District) purchase of the Cloverdale Ranch Uplands Properties ("Uplands") as set forth in the report, attached hereto and incorporated herein by this reference; and

**WHEREAS**, as part of the transaction, the District and Peninsula Open Space Trust (POST) have agreed to establish Uplands properties to be owned in fee by the District, and Farm properties to be owned in fee by POST, and accordingly the Board wishes to authorize to the appropriate District officer or General Manager to execute certificates of acceptance for grants to District and grants to POST; and

**WHEREAS**, as part of an Option Agreement, the Board wishes to authorize the General Manager to enter into a Lease and Management Agreement with POST.

The Board of Directors of the Midpeninsula Regional Open Space District does hereby resolve as follows:

**SECTION ONE.** The Board of Directors of the Midpeninsula Regional Open Space District (District) does hereby accept the offer contained in the Purchase and Sale Agreements and Option Agreement between Peninsula Open Space Trust (POST) and the Midpeninsula Regional Open Space District, a copy of such agreements are attached hereto and by reference made a part hereof, and authorizes the President of the Board of Directors, General Manager, or other appropriate officer to execute the Agreement and all related transactional documents on behalf of the District to acquire the real property described therein ("the POST Cloverdale Ranch Uplands Properties").

**SECTION TWO.** The Board authorizes the expenditure of \$15,200,000.00 covering the purchase of two of the Uplands properties, including option deposits totaling \$20,000.00.

**SECTION THREE.** The Board authorizes the expenditure of \$500,000.00 covering the option deposit for the Option Agreement for the western portion of the Uplands properties.

**SECTION FOUR.** The General Manager, or General Manager's designee is authorized to expend up to \$200,000.00 to cover the cost of title insurance, escrow fees, appraisal, San Mateo County permit application fees, planning consultant services, outside legal services, environmental consultant services, survey, recordation fees and miscellaneous costs related to this transaction. The General Manager, or General Manager's designee is also authorized to expend an additional \$170,000 to reimburse POST for consultant, environmental and engineering costs. The current FY23 budget includes \$110,000 for these expenses, requiring an additional adjustment of \$260,000.

**SECTION FIVE.** The Board approves an amendment to the Budget and Action Plan for Fiscal Year 2022-23 by increasing the Measure AA Fund Capital budget in the amount of \$15,460,000. Except as herein modified, the FY 2022-23 Budget and Action Plan, Resolution No. 22-21 as amended, shall remain in full force and effect.

**SECTION SIX.** The General Manager or President of the Board of Directors and/or other appropriate officer is authorized to enter into Lease and Management Agreement with POST for management of the Property and any extensions thereof until the Purchase of the property and the Assignment of Grazing and Pasture Leases from POST.

**SECTION SEVEN.** The General Manager or President of the Board of Directors and/or other appropriate officer is authorized to execute Grant Deeds for the future transfer of parcels to POST.

**SECTION EIGHT.** The General Manager, President of the Board of Directors, or other appropriate officer is authorized to execute Certificates of Acceptance, and Grant Deeds on behalf of the District.

**SECTION NINE.** The General Manager or the General Manager's designee is authorized to provide notice of acceptance to the seller, execute all escrow documents and to extend escrow if necessary

**SECTION TEN.** The General Manager or the General Manager's designee is authorized to execute a Deed Restriction as specified in the Recreational Improvement Revenue Enhancement grant from the State of California, and an Open Space Easement Agreement with the County of San Mateo for the grant funding provided towards the purchase of the real property described therein.

**SECTION ELEVEN.** The General Manager and General Counsel are further authorized to approve any technical revisions to the attached Agreement and documents, which do not involve any material change to any term of the Agreement or documents, which are necessary or appropriate to the closing or implementation of this transaction.

\* \* \* \* \*

PASSED AND ADOPTED by the Board of Directors of the Midpeninsula Regional Open Space District on \_\_\_\_\_, 2022, at a regular meeting thereof, by the following vote:

**AYES:**

**NOES:**  
**ABSTAIN:**  
**ABSENT:**

**ATTEST:**

**APPROVED:**

---

Karen Holman, Secretary  
Board of Directors

---

Zoe Kersteen-Tucker, President  
Board of Directors

**APPROVED AS TO FORM:**

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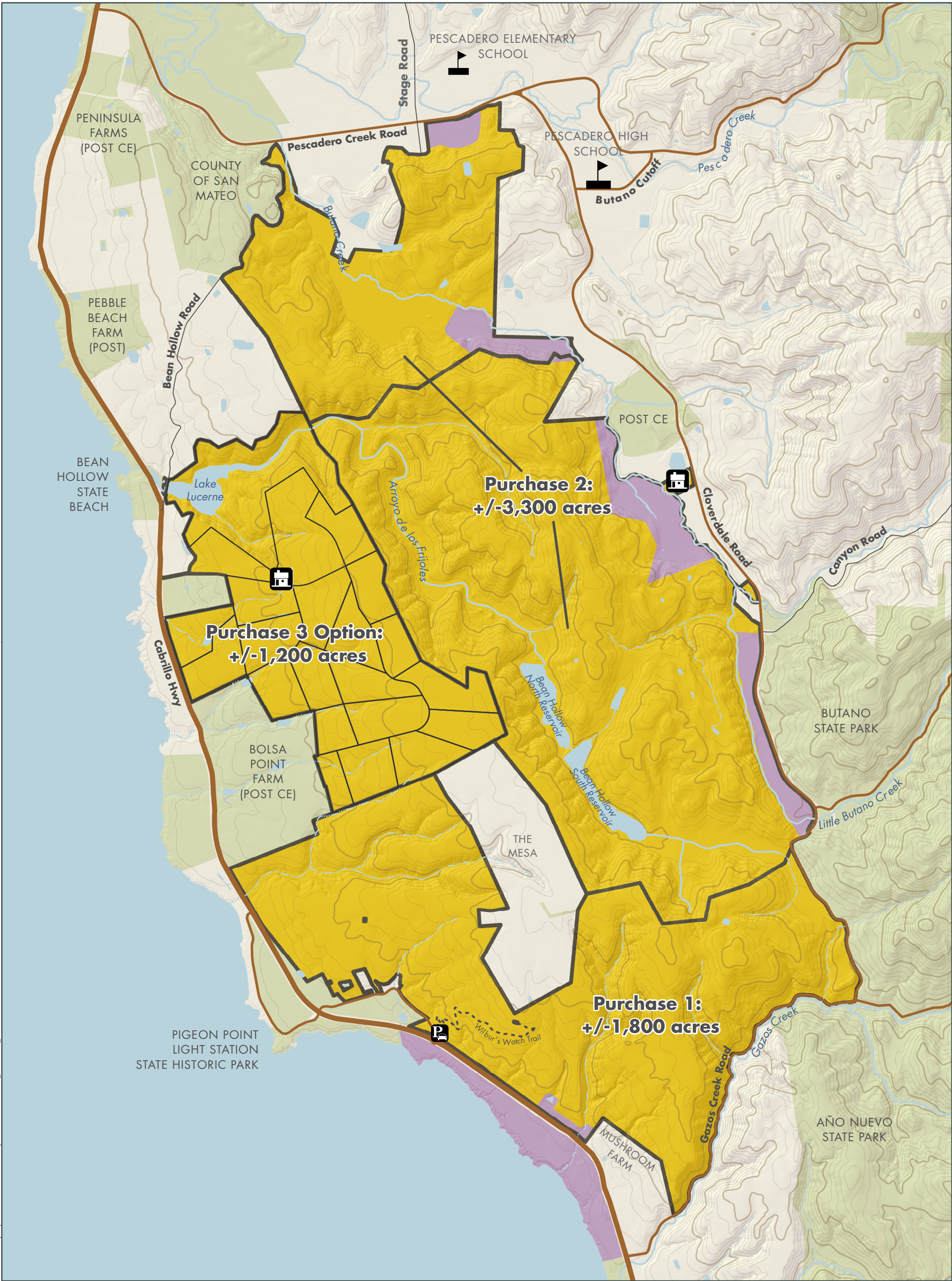
Hilary Stevenson, General Counsel

I, the Acting District Clerk of the Midpeninsula Regional Open Space District, hereby certify that the above is a true and correct copy of a resolution duly adopted by the Board of Directors of the Midpeninsula Regional Open Space District by the above vote at a meeting thereof duly held and called on the above day.

Maria Soria, Acting District Clerk



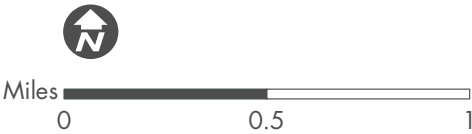
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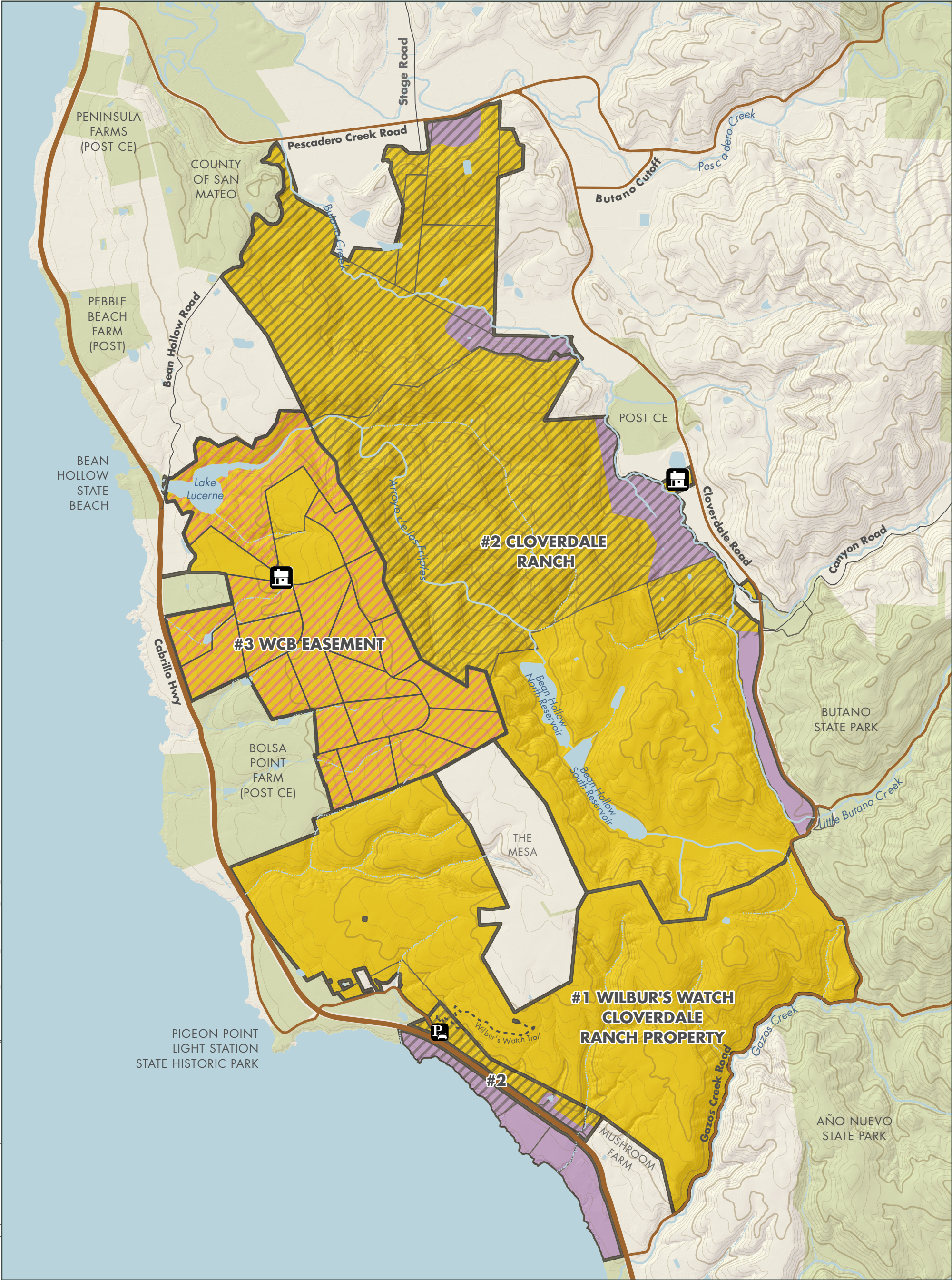
Cloverdale Ranch Purchase Overview

- |   |  |   |                             |
|---|--|---|-----------------------------|
|  | Cloverdale Ranch area                              |  | Wilbur's Watch parking area |
|  | Proposed lands to be transferred to Midpen         |  | Residence                   |
|  | Proposed agricultural lands to be retained by POST |  | School                      |
|  | Protected land                                     |   |                             |

Midpeninsula Regional  
Open Space District  
(Midpen)  
9/26/2022













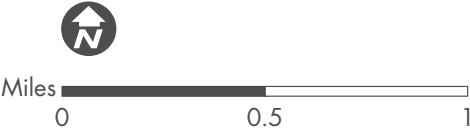


Cloverdale Ranch Purchase Overview

ATTACHMENT 3

- |   |  |   |                             |
|---|--|---|-----------------------------|
|  | Cloverdale Ranch area                              |  | Protected land              |
|  | Proposed lands to be transferred to Midpen         |  | Wilbur's Watch parking area |
|  | Proposed agricultural lands to be retained by POST |  | Residence                   |
|  | Wildlife Conservation Board (WCB) Easement         |   |                             |
|  | Partial interest parcel                            |   |                             |

Midpeninsula Regional  
Open Space District  
(Midpen)  
11/30/2022







GENERAL MANAGER  
Ana M. Ruiz

BOARD OF DIRECTORS  
Jed Cyr  
Larry Hassett  
Karen Holman  
Zoe Kersteen-Tucker  
Yoriko Kishimoto  
Curt Riffle  
Pete Siemens

December 1, 2022

BJ Burns, President  
San Mateo County Farm Bureau  
765 Main Street  
Half Moon Bay, CA 94019

RE: Cloverdale Ranch Phased Purchase Consultation

Dear President Burns,

Thank you for your comments on the phased purchase of the Cloverdale Ranch Property. Responses to your comments are provided below:

**HOUSING** – We see that two houses are going to be used for staff. We recommend that any housing be used for staff be offset with housing for farm workers.

**RESPONSE** – *Both of these houses have been used by Peninsula Open Space Trust (POST) as staff housing. The District will determine the occupancy of residences based on the operational and management needs of District open space lands, which includes patrol and land management, as well as support of the conservation grazing program and agricultural leases.*

*As you may recall, a District ranger moved into the 3393 Cloverdale Road house in December 2021 after a POST staff member had vacated the premises. The 10436 Cabrillo Highway house is currently occupied by a POST staff member, which is expected to continue during the purchase option for the western portion of Cloverdale Ranch. In recent years, POST built two new farmworker housing units at R&R Fresh Farm and dedicated the residence at 6525 Cabrillo Highway as farmworker housing. The District may consider opportunities to partner with POST to support future farmworker housing projects.*

**IRRIGATION POND** – Some of the ponds installed by the RCD have been leaking. We strongly recommend that ponds on this property be fixed to prevent further leakage. Water is a scarcity and preventing it from being wasted should be a priority.

**RESPONSE** - *The irrigation pond serving the R&R Fresh Farm and livestock operation on the northern portion of Cloverdale Ranch recently received maintenance work by POST and the San Mateo County Resource Conservation District (RCD) with vegetation removal to maintain water capacity and the re-compaction of clay layers to maintain water retention.*

**WATER RESOURCES** – The Farm Bureau supports that the diversion point for water taken out of Butano Creek should remain, and not be moved. The current gravity energized system is a more efficient way of delivering water than pumping water out of the creek.

*The diversion system in Butano State Park will remain as a Lake Lucerne Mutual Water Company asset. The District intends to work with the Water Company shareholders in their efforts to maintain their water sources.*

**WILDLIFE CONSERVATION** – Please clarify how the Wildlife Conservation Easement will affect agriculture.

**RESPONSE** – *The Wildlife Conservation Board holds a conservation easement over the western portion of the Cloverdale Ranch, which was recorded when POST purchased the property from Muzzi and Silvestri in 2002. The conservation easement provides for “Conservation grazing pursuant to a conservation grazing plan approved by the State.” However, this portion of Cloverdale Ranch is not currently grazed and lacks grazing infrastructure. The easement prohibits the growing and harvesting of agricultural crops on the property subject to the easement.*

Sincerely,

*Michael Williams*

Michael Williams  
Real Property Manager

cc: Zoe Kersteen-Tucker, Board President  
Ana Ruiz, General Manager