



Midpeninsula Regional
Open Space District

R-25-140
Meeting 25-30
November 12, 2025

AGENDA ITEM 3

AGENDA ITEM

Approve the Purchase of the Santa Clara County Tax-Defaulted Valoff-Pezzoli Property located in unincorporated Santa Clara County as an addition to Sierra Azul Open Space Preserve (Assessor's Parcel Number 558-31-008)

GENERAL MANAGER'S RECOMMENDATIONS *se den*

1. Determine that the recommended actions are categorically exempt under the California Environmental Quality Act (CEQA).
2. Adopt a resolution approving an Agreement with Santa Clara County to Purchase the Tax-Defaulted property and authorizing the General Manager or other appropriate officer to execute any and all documents necessary or appropriate to purchase the tax-defaulted property and amending the FY2025-26 Budget to increase the Measure AA Fund Capital budget in the amount of \$386,091.
3. Adopt a Preliminary Use and Management Plan for the Property.
4. Withhold dedication of the Valoff-Pezzoli Property as public open space at this time.

SUMMARY

The Midpeninsula Regional Open Space District (District) is proposing to purchase the Santa Clara County (County) 34.11-acre Tax-Defaulted Valoff-Pezzoli Property (Property) at a purchase price of \$376,091 (\$11,026 per acre) as an addition to Sierra Azul Open Space Preserve (Preserve) and authorizing an additional adjustment of \$10,000 for miscellaneous costs related to this transaction. An overall increase of \$386,091 to the Fiscal Year 2025-26 (FY26) budget would be required to proceed with the acquisition. The following report provides a description of the Property, a Preliminary Use and Management Plan, the purchase terms and conditions, and financial considerations.

DISCUSSION

At the regular meeting of December 20, 1995, the Board of Directors (Board) adopted a Resolution authorizing a settlement agreement for the Pezzoli property (R-95-149) in which Mrs. Rosalie V. Valoff was granted a life estate (Life Estate Holder), and the Peninsula Open Space Trust (POST) held a remainder interest (i.e., fee title in the property vests in POST when the life estate ends). Since that time, the Life Estate Holder has failed to comply with the terms of the settlement by repeatedly failing to pay the property taxes associated with the Property. In May 2001, the Board approved a Chapter 8 tax sale purchase for \$50,800 (R-01-49A). However,

soon after Board approval, the Life Estate Holder paid the outstanding taxes, negating the County's need to recoup lost revenue through a Chapter 8 sale.

Due to a subsequent default on the payment of property taxes, that extends back to 2009, the Property has again become available through the County's tax-default sale process. The District can exercise its right to purchase the Property through the Chapter 8 tax-defaulted sale provision. District staff has determined through a diligent investigation that the Life Estate Holder has been absent from the Property since late 2024 and has not returned during the intervening months. Pursuant to the settlement agreement, the Life Estate Holder forfeits and is deemed to have abandoned the Life Estate interest if the Life Estate Holder leaves the Property and fails to occupy it for a continuous six-month period. Upon tax sale, the life estate and POST's remainder interest would be extinguished. POST holds a conservation easement over the Property, which would survive the tax sale. POST has confirmed that it supports the District holding fee title to the Property.

The District proposes to purchase the 34.11-acre Tax-Defaulted Property consisting of one legal parcel that is zoned Hillside (HS). The Property is located in unincorporated Santa Clara County near Mount Thayer east of Lexington Reservoir, adjacent to the 19,546-acre Sierra Azul Open Space Preserve. Purchase of the Property would permanently protect forested lands and wildlife habitat within the Upper Los Gatos Creek and Upper Guadalupe River watersheds and further the connection of protected open space and wildlife corridors. This purchase advances Measure AA Portfolio #22: *Sierra Azul — Cathedral Oaks Public Access and Conservation Projects* as it would protect additional land and habitats in the Cathedral Oaks area and would help to make the connection from Lexington Reservoir to Mt. Thayer.

Property Description and Regional Context (see Attachment 3 – Location Map)

Situated off Soda Springs Road west of Mount Thayer, the rectangle-shaped, southwest-facing Property rises to approximately 3,000 feet in elevation, providing panoramic views of the adjoining San Jose Water Company lands to the South and District lands to the west. The Property is adjacent to the Cathedral Oaks area of the Preserve and, together with other San Jose Water Company land, forms a major part of the headwaters and watershed of Los Gatos Creek. The Property is accessed via Soda Springs Road.

Land Use and Improvements

Existing improvements on the Property include an older 800 square foot residence that has not been maintained and is in poor condition, a spring shed in fair condition, garage/shed structure in poor condition, and an older RV type trailer in poor condition with miscellaneous debris scattered throughout. The structures on the Property provide no utility to the District. A dirt road traverses through the northeast portion of the Property, then continues through private property before reaching District land and the top of Mount Thayer. The County-maintained Soda Spring Road also crosses the northeast corner of the Property.

Habitat and Natural Resources Value

Dense strands of scrub oak and madrone are characteristic of the upper flat area and transition to chaparral on the steep exposed slope. This acquisition is important in terms of protecting valuable wildlife habitat, watershed, and scenic open space.

Water Resources and Rights

The Property's topography is comprised of steep southwest facing slopes that drain into Hooker Gulch. The Property falls within the Upper Los Gatos Creek watershed feeding into Lexington Reservoir the west. There is a developed spring, including an associated spring shed/pump house on the Property.

USE AND MANAGEMENT

Planning Considerations

The Property is located in unincorporated Santa Clara County (County) and has a County General Plan designation of Hillside. The zoning designation is Hillside (HS). In 1999, the Santa Clara County Planning Department found that all open space acquisitions by the District in unincorporated areas that are classified as a Resource Conservation Area in the County's General Plan comply with the General Plan. Per the County's Zoning Ordinance Section 1.20.070, low-intensity outdoor recreation and open space preserves are allowable uses in HS zoning designation and shall be exempt from the Zoning Ordinance.

If purchased, the Property will be incorporated into Sierra Azul Open Space Preserve. Subsequent planning for the Property would be coordinated with planning efforts for the Preserve and include consultation with appropriate agencies and organizations.

Preliminary Use and Management Plan

The Preliminary Use and Management Plan (PUMP) establishes a status quo land management approach in the interim between the purchase and the completion of a subsequent long-term plan. The PUMP would take effect at the close of escrow and remain effective until the PUMP is amended or a Comprehensive Use and Management Plan or Preserve Plan is approved for Sierra Azul Open Space Preserve. The PUMP includes actions such as site clean-up for the purposes of restoring the Property to its natural condition, as described more fully below. If changes to land use or the physical environment were proposed in the future, the plan would be subject to further environmental review and public input.

Name:	Name the Property as an addition to Sierra Azul Open Space Preserve.
Dedication:	Indicate the District's intention to withhold dedication of the subject Property as open space at this time.
Public Access:	Designate the Property as closed to public use at this time.
Signs and Site Security:	Install preserve sign boards and District signage, including boundary, entrance, operational, and regulatory signs as needed.
Fences and Gates:	Install and maintain fences and gates as needed.
Roads and Trails:	Continue to maintain the existing dirt road in a serviceable condition in accordance with the adopted Resource Management Policies standards and regulatory permits to facilitate access to the site for the demolition and clean-up and ongoing patrol as necessary.

Patrol:	Routinely patrol the Property.
Structures and Improvements:	Conduct demolition and site clean-up of the house and accessory structures/improvements, including seeking bids for future Board approval.
Resource Management:	Conduct plant and animal management activities to protect natural resources, as well as minor erosion and sediment control measures to protect water resources, consistent with the adopted Resource Management Policies, Integrated Pest Management Program Guidance Manual, Open Space Maintenance and Restoration Program, and regulatory permits. Survey the Property for the presence of Santa Cruz Kangaroo rat and implement BMPs to protect habitat and food source plant species.
Water Resources and Water Rights:	Protect the watershed consistent with the adopted Resource Management Policies, Integrated Pest Management Program Guidance Manual, Best Management Practices and regulatory permits. If desired, exploring retaining the existing spring fed water system and consider utilizing to support fire suppression activities and fire preparedness.
Wildfire Fuel Management:	Implement standard District-wide fuel management and defensible space practices consistent with the adopted Wildland Fire Resiliency Program and Environmental Impact Report.

CEQA COMPLIANCE

Project Description

The project consists of the purchase of the 34.11-acre Property as an addition to the District's Sierra Azul Open Space Preserve and concurrent adoption of a PUMP, including minor erosion control and sediment control measures that may be conducted if necessary to prevent erosion, as well as site clean-up and demolition of a residence and accessory structures. Minor resource management activities may be conducted to protect natural resources on the Property in accordance with adopted District programs and policies and their associated CEQA documents. The land would be permanently preserved as open space and maintained in a natural condition.

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, 15325 and 15330 of the CEQA Guidelines as follows:

Section 15301 exempts the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, or topographical features, involving negligible or no expansion of use beyond the existing uses. Section 15301 also exempts the demolition and removal of a single-family residence and accessory structures. The PUMP will maintain the Property as status quo with no expansion or changes to its existing uses. The PUMP includes minor site improvements, such as signage and fencing, as needed, as well as

the demolition and removal of the residence and accessory structures. The PUMP also includes minor erosion control work as necessary, wildland fuel management, and minor natural resource management activities, covered under the adopted Resource Management Policies, Integrated Pest Management Program Guidance Manual, Wildland Fire Resiliency Program, the mitigation measures adopted pursuant to Final Environmental Impact Reports of the cited plans and policies, and the Open Space Maintenance and Restoration Program and Mitigated Negative Declaration, and regulatory permits as applicable.

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 an addition to the District's Sierra Azul 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 the Sierra Azul Open Space Preserve.

Section 15330 exempts minor clean-up actions to prevent, minimize, stabilize, mitigate or eliminate the release or threat of release of a hazardous waste or substance associated with the former site use if removal actions cost \$1 million or less. The PUMP includes clean-up actions on the Property as necessary to minimize or eliminate the threat of release of hazardous waste.

TERMS AND CONDITIONS

The 34.11-acre Valoff-Pezzoli Tax-Defaulted Property is being acquired through Chapter 8 sale at a purchase price of \$376,091 (\$11,026 per acre) plus \$10,000 to cover other miscellaneous associated transaction costs. A Chapter 8 sale allows qualified public agencies to acquire tax-defaulted properties at the minimum bid amount set by the County tax collector without the necessity of public auction. The purchase price is set by statute as the cost of defaulted taxes and assessments and any cost of sale. The final cost figure is determined on the effective date of the sale. The Property would be purchased as-is on an all-cash basis.

Based on past inspections of the Property, demo and clean-up costs are anticipated to be under \$400,000.

FISCAL IMPACT

Land acquisitions brought before the Board for approval include a budget adjustment increase to the adopted budget. If approved, an increase to the FY26 budget of \$376,091 for the acquisition plus \$10,000 to cover other miscellaneous associated costs related to this transaction are required.

Santa Clara County Tax-Defaulted Valoff-Pezzoli Property Purchase Amount Only	\$376,091
Total Land purchases approved to date for FY26	\$2,500,000
Total FY26 Land Purchases (<i>if approved</i>)	\$2,876,091

The following table outlines the *Measure AA Portfolio 22 Sierra Azul—Cathedral Oaks Public Access and Conservation Projects* allocation, costs-to-date, projected future project expenditures and projected portfolio balance remaining.

MAA22 Sierra Azul - Cathedral Oaks Public Access and Conservation Projects Portfolio Allocation:	\$6,714,000
Grant Income (through FY29):	\$517,701
Total Portfolio Allocation:	\$7,231,701
Life-to-Date Spend (as of 10/22/2025):	(\$2,024,518)
Encumbrances:	\$0
Santa Clara County Tax-Defaulted Valoff-Pezzoli Land Purchase:	(\$376,091)
Project MAA22-XX Title Insurance, Escrow fees, and other miscellaneous project costs:	(\$10,000)
Remaining FY26 Budget:	(\$288,767)
Future Fiscal Year Projections (through FY29):	(\$3,361,648)
Total Projected Expenditures:	(\$6,061,025)
Proposed Portfolio Amount Remaining:	\$1,170,677

The following table outlines the Measure AA Portfolio 22 allocation, projected life of project expenditures and projected portfolio balance remaining.

MAA22 Sierra Azul - Cathedral Oaks Public Access and Conservation Projects Portfolio:	
Portfolio Allocation:	\$6,714,000
Grant Income (through FY29):	\$517,701
Total Portfolio Allocation:	\$7,231,701
Projected Expenditures (Life of Project):	
22-001 Hendrys Creek Property Land Restoration	(\$513,343)
22-003 Freudenburg Land Purchase	(\$540,587)
22-004 Beatty Parking Area and Trail Connections	(\$3,852,204)
22-005 Beatty House Removal	(\$48,621)
22-006 San Jose Water Lands	(\$720,178)
22-XXX Santa Clara County Tax-Defaulted Valoff-Pezzoli Property Purchase	(\$386,091)
Total Projected Expenditures:	(\$6,061,025)
Proposed Portfolio Amount Remaining:	\$1,170,677

PRIOR BOARD AND COMMITTEE REVIEW

Due to the timing of this potential purchase, this item was not presented to the Real Property Committee. Prior Board discussions about the property occurred in 1995 and 2001 as follows:

December 20, 1995: Settlement Agreement on Terms of the Will of John Joseph Pezzoli Regarding Lands Adjacent to Sierra Azul Open Space Preserve – Cathedral Oaks Area ([R-95-149](#), [meeting minutes](#))

May 9, 2001: Proposed Addition of Santa Clara County Tax-Defaulted Pezzoli Property to Sierra Azul Open Space Preserve ([R-01-49A](#), [meeting minutes](#))

PUBLIC NOTICE

Property owners and occupants of land located adjacent to or surrounding the subject Property as well as the Sierra Azul interested parties list have been mailed or emailed a copy of the agenda for this meeting. Accordingly, all notice required by the Brown Act and District policy has been provided.

NEXT STEPS

Upon approval by the Board, staff will work with the County to purchase the tax-defaulted property pursuant to applicable Chapter 8 procedures. Staff will implement the PUMP in the management of the Property. The General Manager will report back to the Board if the District does not effectuate the purchase of the tax-defaulted property in this report. The District's South Area Field Office would manage the property as an addition to the Sierra Azul Open Space Preserve.

Attachments:

1. Resolution Of The Board Of Directors Of Midpeninsula Regional Open Space District Approving The Agreement With Santa Clara County To Purchase The Valoff-Pezzoli Tax-Defaulted Property And Authorizing The General Manager Or Other Appropriate Officer To Execute The Certificate Of Acceptance Of Grant To District And To Execute Any And All Other Documents Necessary Or Appropriate To Closing Of The Transaction (Sierra Azul Open Space Preserve – Tax-Defaulted Property, Santa Clara County, Assessor's Parcel Number 558-31-008)
2. Valoff-Pezzoli Property Location Map

Responsible Department Head:

Allen Ishibashi, Real Property Manager, Real Property Department

Prepared by/Contact Person:

Lupe Hernandez, Real Property Agent II, Real Property Department

Graphics prepared by:

Nathan Greig, Senior Technologist

RESOLUTION 25-XX

RESOLUTION OF THE BOARD OF DIRECTORS OF MIDPENINSULA REGIONAL OPEN SPACE DISTRICT APPROVING THE AGREEMENT WITH SANTA CLARA COUNTY TO PURCHASE THE VALOFF-PEZZOLI TAX-DEFAULTED PROPERTY, AMENDING THE FISCAL YEAR 2025-26 MEASURE AA FUND CAPITAL BUDGET, AND AUTHORIZING THE GENERAL MANAGER OR OTHER APPROPRIATE OFFICER TO EXECUTE THE CERTIFICATE OF ACCEPTANCE OF GRANT TO DISTRICT AND TO EXECUTE ANY AND ALL OTHER DOCUMENTS NECESSARY OR APPROPRIATE TO CLOSING OF THE TRANSACTION (SIERRA AZUL OPEN SPACE PRESERVE – TAX-DEFAULTED PROPERTY, SANTA CLARA COUNTY, ASSESSOR’S PARCEL NUMBER 558-31-008)

The Board of Directors of 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 Agreement To Purchase Tax-Defaulted Property between Santa Clara County and the Midpeninsula Regional Open Space District, a copy of which is 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 (“Tax-Defaulted Valoff-Pezzoli Property”).

SECTION TWO. The Board authorizes the expenditure of \$376,091 covering the purchase of the Tax-Defaulted Valoff-Pezzoli specified herein.

SECTION THREE. The General Manager or the General Manager’s designee is authorized to expend up to \$10,000 to cover the cost of title insurance, escrow fees, and miscellaneous costs related to this transaction.

SECTION FOUR. The Board approves an amendment to the Budget and Action Plan for Fiscal Year 2025-26 consisting of an increase to the Measure AA Fund Capital budget in the amount of \$386,091. Except as herein modified, the FY 2025-26 Budget and Action Plan, Resolution No. 25-11 as amended, shall remain in full force and effect.

SECTION FIVE. The General Manager, President of the Board of Directors, or other appropriate officer is authorized to execute a Certificate of Acceptance and the Grant Deed on behalf of the District.

SECTION SIX. 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 November 12, 2025, at a regular meeting thereof, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

Zoe Kersteen-Tucker, Secretary
Board of Directors

Jed Cyr, President
Board of Directors

APPROVED AS TO FORM:

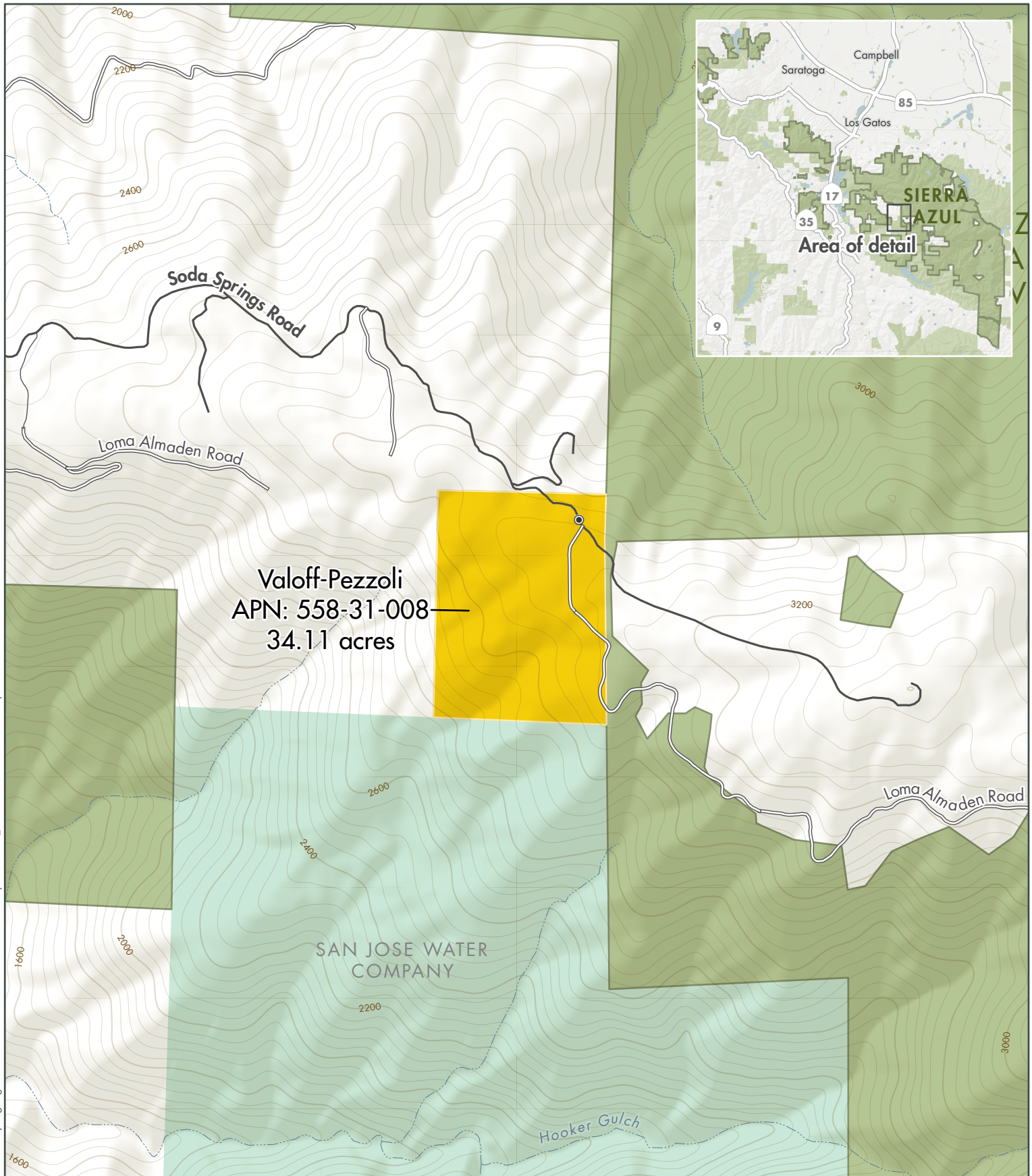
Hilary Stevenson, General Counsel

I, the 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, District Clerk

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Created By: ngreig



Valoff-Pezzoli Property

- Sierra Azul Open Space Preserve
- Watershed land
- Valoff-Pezzoli property

Midpeninsula Regional
Open Space District
(Midpen)
3/26/2025

Miles
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0.1
0.2



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