



Midpeninsula Regional
Open Space District

R-26-72
Meeting 26-15
May 27, 2026

AGENDA ITEM 4

AGENDA ITEM

Proposed Extension of the Option Agreement and Lease and Management Agreements with Peninsula Open Space Trust for the Cloverdale Ranch Phase 3 Lands, in unincorporated San Mateo County (involves San Mateo County Assessor's Parcel Numbers: 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 RECOMMENDATION

Adopt a Resolution authorizing the General Manager to extend the Option to Purchase Agreement and Lease and Management Agreement with Peninsula Open Space Trust for the western portion of the Cloverdale Ranch property (Phase 3 Lands).

SUMMARY

The General Manager recommends amendments to extend both the existing Option Agreement and Lease and Management Agreement with Peninsula Open Space Trust (POST) for the western approximately 1,200 acres of Cloverdale Ranch (Phase 3 Lands). The recommended extension would be for an initial period of six (6) months for the Option Agreement, with the ability to extend for three additional six-month periods (out to June 2028) to allow additional time for due diligence and negotiations before the District's Board of Directors (Board) determines whether to exercise the purchase option. The recommended extension to the Lease and Management Agreement would be for an initial period of one (1) year to allow a longer guaranteed period for retaining control of the onsite residence as District employee housing, with the option to extend for two six-month periods (also out to June 2028). No other amendments are proposed beyond the extensions of the agreements.

DISCUSSION

In December 2022, the District Board of Directors approved the purchase of the approximately 6,300-acre Cloverdale Ranch Uplands from POST in three phases divided as follows:

1. Phase 1 (Completed): Purchase of the southern 1,800-acre property, including the Wilbur's Watch trail, in fee title (completed in June 2023).
2. Phase 2 (Completed): Purchase of the eastern and northern 3,300-acre properties in fee title following a land division with the Uplands portions going to the District and the Farm portions going to POST for future sale to farmers subject to agricultural conservation easements (completed in December 2024).

3. Phase 3 (Remaining): Option to purchase the western 1,200-acre Phase 3 lands in June 2025 with the potential to extend to June 2026. During the option term, the parties entered into a lease and management agreement for the District's patrol and management of the Phase 3 lands.

The District's Option Agreement with POST provided a \$500,000 option fee to purchase the western 1,200-acre area of Cloverdale Ranch in 2025/2026. The intent of the Option Agreement was to provide time for the District and POST to work with the shareholders of the Lake Lucerne Mutual Water Company (Water Company) to better define the movement of water through Cloverdale Ranch Open Space Preserve, and ongoing maintenance responsibilities and liabilities between the water users and the fee property owner. The Option Agreement initial term was to June 2025 but included an additional two 6-month extensions (to June 2026), which were both utilized. With the Option and Lease and Management agreements expiring in June 2026, the proposed extensions to both agreements would allow additional time for negotiations and discussions with POST and the Water Company shareholders.

Property Location (see attachment 2: Phase 3 Lands Map)

The western approximately 1,200 acres of Cloverdale Ranch associated with the Phase 3 purchase option are located south of the Town of Pescadero with primary access off Highway 1 and Bean Hollow Road to the west. The Cloverdale Ranch Open Space Preserve lands previously acquired by the District comprise approximately 5,100 acres along the southern and eastern boundaries of the Phase 3 lands.

Existing Land Use and Improvements

The Phase 3 lands are improved with a single-family home that is used as a District staff residence under the existing Lease and Management Agreement. The residence's water source is a developed spring to the east of the residence. The Phase 3 lands are also improved with Lake Lucerne, which is a reservoir created by an impoundment of Arroyo de los Frijoles. A segment of Bean Hollow Road runs on top of the dam associated with Lake Lucerne. Water from Lake Lucerne is sent by two pump houses on the lake's edge to farms located to the north and west of Cloverdale Ranch for irrigation. This water system is managed by the Water Company.

Habitat and Natural Resources Value

The Phase 3 lands are a patchwork of California annual grassland, coastal scrub (dominated by coyote brush), and pockets of Monterey pine. Arroyo de los Frijoles flows through the northern portion of the Phase 3 lands, with additional smaller drainages flowing from the property directly to the Pacific Ocean. Lake Lucerne forms the largest waterbody on the property, with additional smaller ponds to the south.

Wildlife Conservation Easement

The majority of the Phase 3 lands are 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. 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.

PRIOR BOARD AND COMMITTEE REVIEW

October 18, 2022: The Real Property Committee held a meeting in Pescadero adjacent to Cloverdale Ranch Preserve where they received a presentation on the proposed purchase and recommended forwarding the proposed purchase to the Board for approval. ([Meeting Minutes](#))

December 10, 2022: The Board held a special meeting in Pescadero where they approved the phased purchase of Cloverdale Ranch Open Space Preserve, including the Option Agreement and Lease and Management Agreement. A Preliminary Use and Management for the Cloverdale Ranch Open Space Preserve, including Phase 3 lands, was included in this Board approval. ([R-22-140](#), [Meeting Minutes](#))

CEQA COMPLIANCE

The District's option to purchase and lease and management of the Phase 3 lands were previously determined to be categorically exempt from the California Environmental Quality Act (CEQA) as detailed in Board Report [R-22-140](#).

TERMS AND CONDITIONS

The proposed Option Agreement extension would be for an initial period of six (6) months with the ability to extend for three additional six-month periods (out to June 2028). The Lease and Management Agreement extension is proposed for an initial period of one year to allow a longer guaranteed period in which District staff could reside in the house on the Property. The initial year of the Lease and Management Agreement would be followed by two possible six-month extensions. The extensions would constitute the only amendments to the agreements, with all other terms and provisions of the existing agreements remaining in place.

If the District exercises the purchase option during these proposed extensions, the previously paid option fee of \$500,000 would apply to the Property's purchase price. No grant funds are proposed to be used for the Phase 3 purchase.

FISCAL IMPACT

There is no fiscal impact associated with the recommended extensions to the existing Option Agreement and Lease and Management Agreement with POST. The District previously paid an option fee of \$500,000 that will apply to the Property's purchase price if the District exercises the option to purchase the Property, at which time staff will return to the full Board for approval.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act.

NEXT STEPS

Upon approval by the Board, District staff would proceed with the amendments to the Option Agreement and Lease and Management Agreement.

Attachments

1. Resolution Authorizing the General Manager or Other Officer to Amend the Option Agreement and the Lease and Management Agreement for the Cloverdale Ranch Phase Three Lands for the Purpose of Extending Their Terms
2. Phase 3 Lands Map

Responsible Department Head:
Allen Ishibashi, Real Property Manager

Prepared by/Contact person:
Aaron Peth, Real Property Planner

RESOLUTION 26-__

RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDPENINSULA REGIONAL OPEN SPACE DISTRICT AUTHORIZING THE GENERAL MANAGER OR OTHER OFFICER TO AMEND THE OPTION AGREEMENT AND LEASE AND MANAGEMENT AGREEMENT FOR THE CLOVERDALE RANCH PHASE THREE LANDS FOR THE PURPOSE OF EXTENDING THEIR TERMS

WHEREAS, the Board of Directors (Board) approved the Midpeninsula Regional Open Space District’s (District) purchase of the Cloverdale Ranch from Peninsula Open Space Trust (POST) in three phases on December 10, 2022; and

WHEREAS, Phases One and Two of the purchase are complete and form the approximately 5,100-acre Cloverdale Ranch Open Space Preserve; and

WHEREAS, Phase Three consisted of an Option Agreement to purchase the western approximately 1,200 acres of Cloverdale Ranch known as the Phase Three Lands by June 2026 and the District entered into a Lease and Management Agreement with POST to manage the Phase Three Lands during the Option Agreement term; and

WHEREAS, District and POST desire to extend the terms of the Option Agreement and Lease and Management Agreement (collectively “Agreements”) for the Phase Three Lands to allow additional time for negotiations and due diligence.

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 authorize the General Manager and/or other officer to amend the Option Agreement with POST to extend the term for an initial period of six months, with the ability to execute up to three additional six-month extensions.

SECTION TWO. The General Manager and/or other officer are authorized to amend the Lease and Management Agreement with POST for the management of the Phase Three Lands to extend the term for an initial period of one year, with the ability to execute up to two additional six-month extensions.

SECTION THREE. The General Manager and General Counsel are further authorized to approve any technical revisions to the Agreements which do not involve any material change to any term of the Agreements, which are necessary or appropriate to the implementation of this transaction.

* * * * *

PASSED AND ADOPTED by the Board of Directors of the Midpeninsula Regional Open Space District on May 27, 2026, at a regular meeting thereof, by the following vote:

- AYES:**
- NOES:**
- ABSTAIN:**
- ABSENT:**

ATTEST:

APPROVED:

Margaret MacNiven, Secretary
Board of Directors

Zoe Kersteen-Tucker, 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



Cloverdale Ranch Open Space Preserve

- Cloverdale Ranch
- Agricultural lands retained by POST
- Phase III L&MA, owned by POST
- Historic Muzzi Lands Bean Hollow water rights
- Grazing lease
- WCB conservation easement

Midpeninsula Regional
Open Space District
(Midpen)
8/1/2023



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.