



Agenda Report

21-1039

Agenda Date: 9/28/2021

REPORT TO COUNCIL

SUBJECT

Action on Amendments to Agreements with Hulberg and Associates, Inc. DBA Valbridge Property Advisors for Property Appraisal Services and Altamont Ranch Grazing Lease with Joseph R. Paulo

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

SVP uses property appraisal services typically to evaluate property values associated with easements on properties not owned by the City as required for the proper placement of power lines. In 2018, the City conducted a competitive Request for Proposal (RFP) process and entered into a three-year agreement with Hulberg and Associates, Inc. DBA Valbridge Property Advisors (Valbridge) to provide easement and parcel assessment services for City and non-City property located within and outside the City limits. In February 2020, Amendment No. 1 was executed between the parties to add additional funding to support property evaluations associated with SVP's Transmission System Reinforcement project. Since the agreement was executed, Valbridge has performed over forty property evaluations as part of the acquisition of easements associated with various projects.

SVP owns several remote sites primarily used for power generation purposes, including a plot of land in Alameda County called the Altamont Property. SVP has previously leased a portion of the property to operate a wind farm that is no longer operating and has been removed. In 2016, a ground lease and Power Purchase and Sale Agreement (PPA) was executed with Rooney Ranch, LLC for the power output of 19 megawatts (MW) of renewable wind generation on this property. Construction for that facility is anticipated in 2022. In addition to the wind farm used for power generation, SVP leases portions of the property for grazing. The grazing of the land controls vegetation growth, minimizes fire risks on the property, and provides a stable stream of revenue to the City. In 2011, the City and Joseph R. Paulo entered into the Grazing Lease by and between the City of Santa Clara, California and Joseph R. Paulo, an Individual for a Portion of the Property Known as the Altamont Ranch, Alameda County, California (Altamont Grazing Lease). The lease period was five years with an option to renew for an additional five-year period.

DISCUSSION

Property Appraisal Services (Valbridge)

The proposed Amendment No. 2 to the Agreement with Valbridge extends the term of the agreement from three years to five years with no increase to the maximum compensation. While the City has previously entered into three-year agreements, the City has moved to five-year agreements as a way to maximize the value of the time investment in the bid or RFP process.

Grazing Lease by and between the City of Santa Clara, California and Joseph R. Paulo (Altamont

Grazing Lease)

Due to pending construction for the wind farm under the PPA with Rooney Ranch, LLC, staff recommends extending the term of the Altamont Grazing Lease for two additional years. Construction at the site is anticipated to be completed in December of 2022. Once construction is completed, staff will issue a competitive solicitation for a future grazing lease for the Altamont property. Under the provisions of the current Altamont Grazing Lease, staff can notify lessee of changes to the leased areas boundaries associated with the wind farm and grazing lease as the acres available for grazing may be impacted by construction.

ENVIRONMENTAL REVIEW

The action on the easement and parcel assessment services being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

The action on the grazing lease being considered is exempt from CEQA review under section 15301 of the CEQA Guidelines, lease of an existing facility with no expansion of an existing or former use.

FISCAL IMPACT

There is no budget impact to the proposed Amendment No. 2 to the Agreement for Services with Hulberg and Associates, Inc. dba Valbridge Property. Sufficient funds have been budgeted in the Electric Utility Capital Fund associated each project requiring easements. Funds required for this agreement in future years will be included in proposed budgets for those corresponding years.

The proposed Amendment No. 1 to the Grazing Lease will result in annual revenue of about \$8,000 annually. Revenue may be decreased during construction if the available land for grazing is reduced by construction. Revenue is budgeted in Account 091-1321-54700-5900.

COORDINATION

This report has been coordinated with the Finance Department and City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Authorize the City Manager to:

1. Execute Amendment No. 2 to the Agreement for Services between the City of Santa Clara, California and Hulberg and Associates, Inc. DBA Valbridge Property Advisors;
2. Execute Amendment No. 1 to the Grazing Lease by and between the City of Santa Clara, California and Joseph R. Paulo, an Individual for a Portion of the Property Known as the Altamont Ranch, Alameda County, California;
3. Make minor changes to the attached proposed amendments subject to approval by the City Attorney as to form; and
4. Add or delete services consistent with the scope of the agreement and allow future rate

adjustments subject to request and justification by contractor, approval by the City, and the appropriation of funds.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Original Agreement with Hulberg and Associates, Inc. DBA Valbridge Property Advisors
2. Amendment No. 1 to Agreement with Hulberg and Associates, Inc. DBA Valbridge Property Advisors
3. Proposed Amendment No. 2 to Agreement with Hulberg and Associates, Inc. DBA Valbridge Property Advisors
4. Original Grazing Lease with Joseph R. Paulo
5. Proposed Amendment No. 1 to Grazing Lease with Joseph R. Paulo