



Agenda Report

19-385

Agenda Date: 7/16/2019

REPORT TO COUNCIL

SUBJECT

Action on Award of Grazing Lease Agreement at the Loyalton Ranch Property with Darwin Ceresola

BACKGROUND

In 1977, the City purchased approximately 10,000 acres of undeveloped land located within Lassen, Sierra and Plumas Counties, known as the Loyalton Ranch Property (the "Property"). The original intent for the land was to develop geothermal power, however studies done by the City determined that the geothermal potential was much lower than anticipated, and as a result the geothermal plant was not developed.

Since the City purchased the Property, it has leased the land to various lessees to provide grazing cattle. Grazing controls vegetation growth, minimizes fire risks, and provides a stable stream of revenue to the City. The most recent Grazing Lease Agreement, with Gregg & Dorothy Von Tour, expired on December 31, 2016; since 2017, the Property has sat idle with no rents received.

DISCUSSION

On January 3, 2019 the City issued a Request for Proposal (RFP) to select a qualified lessee to provide grazing cattle services at the Loyalton Ranch Property. The City published the RFP using BidSync, the City's e-procurement tool. The City received no proposals by the February 11, 2019 deadline.

Following the close of the RFP, staff engaged directly with potential lessees, and received a proposal from Darwin Ceresola. Staff reviewed the proposal and determined it to be acceptable. No other proposals were received from potential lessees.

The Grazing Lease Agreement is for an initial five-year term ending July 31, 2024, with an option to extend for an additional five-year term, subject to the same terms and conditions. The Agreement also allows the City to terminate for convenience should it decide use or sell the Property during the term of the Lease Agreement.

ENVIRONMENTAL REVIEW

The action being considered is exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15301(h) because it involves maintenance of existing landscaping and native growth.

FISCAL IMPACT

Darwin Ceresola shall pay the City a semiannual rental payment of \$21,750 (\$43,500 annually) during the first year of the Grazing Lease Agreement. The rental payment shall increase by 3% per year, starting in the second year of the Agreement.

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>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

1. Authorize the City Manager to execute a Grazing Lease Agreement with Darwin Ceresola for an initial five-year term ending July 31, 2024; and
2. Authorize the City Manager to execute an option to extend the Grazing Lease Agreement for an additional five-year term, ending July 31, 2029.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Grazing Lease Agreement with Darwin Ceresola