



**DATE:** January 12, 2017  
**TO:** Programs & Administration Committee  
**FROM:** Pat Cabrera, Administrative Services Director  
**BY:** Brian Mathews, Senior Program Manager  
**SUBJECT:** ACWMA Property – Grazing License Amendment

**SUMMARY**

This memo updates the Programs and Administration committee on the Grazing License approved by the WMA in June of 2015, and proposes an amendment to the License. At the January 12, 2017 Programs & Administration Committee meeting, staff will seek approval and advancement of lease recommendations to the WMA for consideration at its January meeting.

**DISCUSSION**

In 2015 the WMA entered into a Grazing License with Joseph and Charlene Paulo of Paulo Farms to graze cattle on Authority property. Grazing provides revenue to the Authority and facilitates vegetation management. The Grazing License charges rent, six months in advance, based on the Animal Unit Month (AUM) carrying capacity of the land as set forth in the Range Management Plan. The Range Management Plan has three carrying capacity levels based on expected conditions; Favorable, Average, and Unfavorable. The table below sets forth the AUM carrying capacity at each level and the 12 month revenue at each level based on the 2015 June Cattle Marketing Index price of \$30.25/AUM. An Animal Unit Month is the amount of forage available for a cow and her calf for one month.

Condition	Maximum AUM	Revenue
Favorable	2,948	\$89,177
Average	2,109	\$63,797
Unfavorable	1,270	\$38,417

Due to repowering, conservation easement development, and drought conditions, the actual revenue from grazing for the 2015-2016 grazing season is \$24,381.

The rent collection term under the License charges the grazing tenant *in advance* for anticipated grazing activity for each six-month grazing period. The License allows for adjustments to be made to the amount of rent charged under certain circumstances beyond the control of the tenant, such as lower than expected rainfall, forage growth, interruptions in grazing from fire or construction, etc. Staff has frequently had to make such adjustments in the form of rent reductions or rent rebates primarily due to drought conditions which caused less than favorable forage levels to be available.

Our grazing tenant Paulo Farms has asked that the Authority consider changing the rent term to be consistent with East Bay Regional Park District and San Francisco Water Department, two of the larger public land holders which allow grazing on public property by charging rent in arrears based on actual usage.

Staff has reviewed the request and determined its adoption would streamline the administrative process of rent collection from grazing. The proposed amendment would change the rent from being charged in advance to being charged in arrears beginning with the November 2016 to April 2017 grazing season. All other rent terms would remain unchanged.

#### **RECOMMENDATION**

That the Programs and Administration Committee recommend to the Authority Board to authorize the Executive Director to amend the Grazing License between the Authority and Joseph and Charlene Paulo to change the rent collection mechanism from “in-advance” rent payment to “in arrears” rent payment.