



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY EXECUTIVE

File #: 23-720

Board Meeting Date: 9/12/2023

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Michael P. Callagy, County Executive
Caroline Shaker, Interim Real Property Manager

Subject: Agreement with La Honda-Pescadero Unified School District to Enter into a Ground Lease on the Parcel at 350-360 Butano Cut Off, Pescadero (APN 087-053-010) to Enable Construction and Operation of Pescadero Fire Station 59 on School District Property

RECOMMENDATION:

Adopt a resolution authorizing the President of the Board of Supervisors to execute a ground lease with La Honda-Pescadero Unified School District on the parcel at 350-360 Butano Cut Off, Pescadero (APN 087-053-010) to enable construction and operation of Pescadero Fire Station 59 on school district property.

BACKGROUND:

The County seeks to relocate the existing Pescadero Fire Station 59 because its current location at 1200 Pescadero Creek Road is partially within a floodplain, which has resulted in annual interior flooding, mold, and plumbing backups to the barracks building, among other issues. Seasonal flooding of the adjacent Butano Creek also impacts Pescadero Creek Road by restricting and sometimes prohibiting vehicle movement on the road. When this flooding occurs, it also isolates Fire Station 59 from the town of Pescadero, endangering public safety by causing delays in responding to emergency calls that originate on the east side of Butano Creek. While the roadway flooding has been improved by recent projects to mitigate it, placement of a critical piece of public safety infrastructure in the flood plain of the creek will, over the long term, likely result in the same experiences.

An extensive process of public engagement on the various options for relocating the fire station has occurred over the preceding decade. Over time and with extensive public input and community meetings, the potential for using an area of the Pescadero Middle/High School property for this purpose became the preferred alternative.

In 2017, the State Water Resources Control Board (Division of Drinking Water) cited Pescadero Middle/High School's on-site well for exceeding maximum allowed nitrate and coliform contaminant levels. Past attempts to drill new wells have failed due to insufficient potable water quality and quantity on the property. As a result, the school currently relies on bottled water for potable uses. The County is therefore pursuing a waterline extension for County Service Area 11 (CSA-11) to 350-360 Butano Cut Off (APN 087-053-010), Pescadero to provide potable drinking water to Pescadero Middle/High School.

The proposed CSA-11 waterline extension would serve both the school and future fire station.

Location of the replacement fire station and waterline extension is a joint and coordinated effort between the County, the La Honda-Pescadero Unified School District, the State Water Resources Control Board, County Fire, and the Pescadero Community. The site and its components are designed in a way that builds upon the efforts of the Pescadero Fire Station Steering Committee.

DISCUSSION:

Building the replacement Pescadero Fire Station 59 on the Property requires securing a ground lease with the La Honda-Pescadero Unified District (the "District"). The County entered into negotiations with the District in November 2021. An appraisal showed that the area of the school district's property proposed for this use has a market value of \$250,000. However, in recognition that the use of school district property for this project benefitting the public generally has an impact on the school district's use of its property, discussions surrounded how the County and school district could partner to provide even greater community benefits. The concept of contributing toward the development of further public-serving facilities elsewhere on the District's property was therefore incorporated into the negotiations.

The District has followed all required procedures for entering into this arrangement, culminating in approval of the Ground Lease attached as Attachment 2. The Ground Lease provides a nominal rent for its entire 99-year term, a lump sum payment of an amount equal to the present-day value of the fee interest in the property (\$250,000), and contribution of \$500,000 for the purpose of the District's construction of a recreational field elsewhere on the premises of the Pescadero High School.

The proposed leasehold ("Premises") is approximately 76,000 square feet, or 1.75 acres, of undeveloped land at the Property. The County acknowledges that the Premises will be delivered in "as is" condition. The term of the ground lease shall be 99 years, commencing on the date in which the County issues a notice-to-proceed (NTP) for construction of the fire station. building permit to cons

The agreement and term sheet have been approved by County Attorney as to form.

EQUITY IMPACT:

The Ground Lease will advance equity in San Mateo County by increasing the public safety of and quality of services provided to, Pescadero, a community with diverse cultural, racial and language heritages.

There are no anticipated negative equity impacts from the Ground Lease.

FISCAL IMPACT:

The Ground Lease requires payment of \$250,000 of funds budgeted for the construction of the replacement fire station, and payment of \$500,000 toward the construction of a recreational field by the District from the same source of funds.