



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: WRAG 26-251

August 17, 2026

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Recommend the Monterey County Water Resources Agency Board of Supervisors:

- a) Approve a Grazing Lease Agreement with Heartland Mark LLC in the amount of \$28,672 for year one increasing annually by 2.5-percent, from November 1, 2026, through October 31, 2036, for grazing lands located at the Nacimientos 5 lease area; and
- b) Authorize the General Manager of the Agency to execute the lease agreement, subject to approval as to form by the County Counsel's Office.

RECOMMENDATION:

Recommend the Monterey County Water Resources Agency Board of Supervisors:

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- b) Authorize the General Manager of the Agency to execute the lease agreement, subject to approval as to form by the County Counsel's Office.

SUMMARY/DISCUSSION:

The Monterey County Water Resources Agency (Agency) manages various grazing leases on Agency-owned lands surrounding Nacimientos and San Antonio Reservoirs. The Grazing Lease Program supports responsible livestock grazing while promoting watershed protection, vegetation management, wildfire fuel reduction, infrastructure stewardship, and long-term land management objectives. The program encompasses approximately 16,400 acres of Agency-owned rangelands associated with the Nacimientos and San Antonio Reservoir systems. These lands include a mix of open grazing areas, rolling rangelands, oak woodlands, road and utility access corridors, and areas containing Agency infrastructure.

The current grazing leases are set to expire on October 31, 2026. The Agency has prepared an updated Grazing Lease Agreement (attachment 1) and is in the final phase of the bid process for five of the leases: San Antonio 1 & 2; San Antonio 3; San Antonio 4 & Nacimientos 1; Nacimientos 2; and Nacimientos 3A & 3B. Sealed bids were received followed up by live bidding on July 29, 2026. Those results will be certified by the Agency Board of Supervisors in August. Nacimientos Lease 5 was not included in the bid process due to negotiations with the current grazing lessee, on an adjacent property involving the County of Monterey and its existing critical public safety communications infrastructure. The non-standard Radio Site Lease Agreement between the County of Monterey and Heartland Mark, LLC, permits the County to use space at Assessor's Parcel Number 080-037-006, hereinafter referred to as the "Pinball Radio Site". A site plan showing the grazing lease and Pinball Radio Site is included in attachment 2.

The Pinball Radio Site has been a County-leased site with an agreement between the County and landowners since the year 2000. The Pinball Radio site is a critical communications facility that supports two-way radio coverage. The site has provided reliable public safety communications for more than two decades for Monterey County Parks Rangers, reservoir operations staff, and emergency responders operating in the region.

In 2022, Heartland Marks LLC purchased the property on which Pinball Radio site is located, requiring the County to negotiate a new lease agreement for the continued operation of its communications equipment. Through coordination between the County Information Technology Department (ITD), County Public Works, Facilities and Parks (PWFP) Department, and Heartland Mark, LLC, the parties negotiated a new lease agreement through October 31, 2036. This Pinball Radio Site Agreement (attachment 3) will be under consideration by the County Board of Supervisors at a future date.

The Pinball Radio Site Agreement recognizes the importance of maintaining a cooperative long-term relationship between the County and the property owner to ensure uninterrupted operation of this critical communications facility. Staff evaluated the operation, public safety, and land management considerations associated with the property and the determination was that a sole-source grazing lease with Heartland Mark, LLC is the Agency's best interest to support continued access to Pinball Radio Site and avoid unnecessary operational risk.

The Pinball Radio Site Agreement will allow continued operation of the radio site while avoiding the need for the County of Monterey's costly relocation or development of multiple replacement sites that would otherwise be required to achieve comparable coverage. This Pinball Radio site enables radio interoperability coverage for Monterey and San Luis Obispo Counties' first responders, emphasizing stable radio communication for Southern Monterey County.

Based on the importance of maintaining uninterrupted public safety communications, the operational relationship between the Pinball Radio Site and the adjacent grazing property, and staff's evaluation of available alternatives, the Agency recommends a sole source Grazing Lease Agreement with Heartland Mark LLC for Nacimiento Lease 5 for a ten-year term, beginning on November 1, 2026. The Grazing Lease Agreement includes updated terms and conditions that are consistent with the other five grazing leases.

The annual lease rate for Nacimiento Lease 5 will be \$28,672 for the first year and will be subject to an annual increase of 2.5%. The grazing lease auction results from July 29, 2026, yielded an average increase over minimum bids of 62% for the remaining five leases. That average increase was applied to the minimum bid established for Nacimiento Lease 5 to develop the annual lease rate for the first year.

The leasing program is statutorily and categorically exempt from CEQA (14 Cal. Code Regs. 15301 (existing facility (including leases)) and 15261 (ongoing project).)

OTHER AGENCY INVOLVEMENT:

The County Counsel's Office has reviewed the grazing lease agreement as to form.

FINANCING:

Revenue from the Grazing Lease Program is included in the FY26-27 Recommended Budget and includes current lease rates. In addition, new lease administration fees are proposed to defray certain costs of contract compliance monitoring and enforcement.

Prepared by: Shaunna Murray, Deputy General Manager (831) 755-4860

Approved by: Ara Azhderian, General Manager, (831) 755-4860

Attachments:

1. DRAFT Nacimiento 5 Grazing Lease Agreement and Exhibits
2. Site Plan
3. DRAFT Heartland Mark LLC New Pinball Radio Site Lease
4. MCWRA Board of Directors Board Order