

# Water district considers buying giant cattle ranch that straddles four counties

*Leaders say the purchase would help protect water quality for centuries*

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The Alameda County Water District is considering shelling out \$72 million for a fourth-generation, 50,500-acre cattle ranch — touted as the largest potential land sale in the state — to preserve water quality, officials say.

Much of the property lies in watersheds that feed into critical water supply facilities for millions of Bay Area residents, including Lake Del Valle, Calaveras Reservoir and Alameda Creek.

While no final decisions have been made, district officials and experts say the rare opportunity to buy such a wide swath of undeveloped upstream land — and preclude any future development that could degrade potable water — must be seriously weighed.

The N3 Cattle Co. ranch is roughly the size of Fremont. It's located east of Fremont, Milpitas and San Jose, south of Livermore, and stretches into parts of Alameda, Santa Clara, San Joaquin and Stanislaus counties.

The fourth-generation ranching family that owns the property put it on the market in July for the first time in 85 years.

“This beautiful and expansive California property spans 50,500 acres through four counties, making it the largest land offering in the State of California,” says the website of California Outdoor Properties, a private brokerage firm managing the land sale.

The district — which provides water to about 350,000 people in Fremont, Newark and Union City — has the “financial wherewithal” to buy the ranch by itself, possibly by issuing bonds, tapping reserves, raising water rates or a combination of those means, general manager Robert Shaver said in an interview Monday.

But it's also talking with other agencies about possibly partnering to make the purchase, among them the San Francisco Public Utilities Commission, which owns the Calaveras Reservoir, the Nature Conservancy, The Trust for Public Land, and the East Bay Regional Park District, Shaver said.

“On one hand, when you're a water agency, you're always concerned about the protection of water quality and water supply, and from those vantage points, this property potentially could check some of those boxes,” Shaver said.

“But on the other hand, they’re asking \$72 million, and the district has a number of other objectives that it’s also trying to achieve, and there could be some operations and maintenance costs as well,” he added.

Those objectives include paying down about \$120 million in employee pension and benefit debts, as well as maintaining and improving hundreds of miles of water mains.

To help pay for those rising costs and debt, the district has raised water rates nearly every year over the past two decades, including a 25 percent hike for 2017 and 2018. The district also raised fixed service charges for residential customers by about 354 percent between 2010 and 2018, according to an analysis of the district’s financial reports by this news organization.

“So in a perfect world, if it didn’t cost anything, you might say, ‘Yeah, there’s not a lot of downside,’ but there is a cost, and that’s one of the issues the board is also thinking about as well,” Shaver said.

The district board is scheduled to hold a special public workshop Thursday at 4 p.m. to discuss the possibility of acquiring the land.

Meanwhile, it already has received a vote of support from the Alameda Creek Alliance, a local watershed protection group that wants to see the open space preserved.

“If the land was purchased by someone other than an agency with some kind of public interest mission, it could be subdivided and split up into developments,” Jeff Miller, the alliance’s director, said Monday.

Although Shaver and other water officials acknowledge that the chances of someone developing the remote property may be slim, Miller said officials shouldn’t chance it.

“Once it’s gone it’s gone, so I think the opportunity to protect it in perpetuity should be seized,” he said.

“It’s also going to protect a lot of habitat for a lot of native wildlife. It’s going to protect a lot of streams, and potentially there’s some talk about whether it could be opened up for public access. It could be a pretty amazing regional amenity,” Miller added.

Jay Lund, director of the Center for Watershed Sciences at UC Davis, said it’s too early to tell if this is the right move for the district, or a coalition of agencies, but taking a hard look at the opportunity is the “prudent” thing to do.

“If you have a big piece of land coming on the market in your watershed, and you’re worried about what it might do in the future, it might be prudent to find a way to be involved in having a better outcome,” he said.

“But if they want all the money to come from the ratepayers, and they want the district to manage it forever in the future,” Lund added, “then that becomes a liability and a burden for a water district, and that’s a lot harder to justify.”

“We all have limited budgets,” Steve Ritchie, assistant general manager of the San Francisco Public Utilities Commission, said Monday about the possible land buy.

“Even though we could do it, (ACWD) could do it, is that the best use of your overall money?” he said.

“But that chunk of land is very intriguing for everybody. When you see 50,000 acres like that, it’s like, ‘Wow, that’s interesting.’ ”

*The Alameda County Water District board workshop will be held Thursday, Oct. 17, at 4 p.m. in the multi-purpose room at district headquarters, located at 43885 S. Grimmer Blvd., in Fremont.*