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**Title:** Actions related to leasing 125 acres of City-owned land at the Fresno-Clovis Regional Wastewater Reclamation Facility (Council District 3):

1. Adopt a finding of Categorical Exemption pursuant to Sections 15301/Class 1, 15304/Class 4, and 15325(b)/Class 25 of the California Environmental Quality Act Guidelines
2. Approve an agricultural Lease and Agreement with Brad Weis, a sole proprietorship, in the amount of \$261,640.62 for the lease of 125 acres for an initial term ending on December 31, 2025, with two one-year option terms

**Sponsors:** Department of Public Utilities

**Indexes:**

**Code sections:**

**Attachments:** 1. Lease - Weis.pdf

Date	Ver.	Action By	Action	Result
1/28/2021	1	City Council	continued	

**REPORT TO THE CITY COUNCIL**

**January 28, 2021**

**FROM:** MICHAEL CARBAJAL, Director  
Department of Public Utilities

**THROUGH:** ROSA LAU-STAGGS, Wastewater Manager-Environmental Services  
Department of Public Utilities - Wastewater Management Division

**BY:** SETRAG CHERCHIAN, Wastewater Reclamation Coordinator  
Department of Public Utilities - Wastewater Management Division

**SUBJECT**

Actions related to leasing 125 acres of City-owned land at the Fresno-Clovis Regional Wastewater Reclamation Facility (Council District 3):

1. Adopt a finding of Categorical Exemption pursuant to Sections 15301/Class 1, 15304/Class 4, and 15325(b)/Class 25 of the California Environmental Quality Act Guidelines
2. Approve an agricultural Lease and Agreement with Brad Weis, a sole proprietorship, in the amount of \$261,640.62 for the lease of 125 acres for an initial term ending on December 31, 2025, with two one-year option terms

## RECOMMENDATION

Staff recommends City Council:

1. Adopt a finding of Categorical Exemption pursuant to Sections 15301/Class 1, 15304/Class 4, and 15325(b)/Class 25 of the California Environmental Quality Act (CEQA) Guidelines;
2. Approve an agricultural Lease and Agreement with Brad Weis, a sole proprietorship, in the amount of \$261,640.62, at the lease rate of \$53,125 per year for 125 acres of City-owned land at the Fresno-Clovis Reclamation Facility (RWRF) for an initial term ending on December 31, 2025, with two one-year option terms; and
3. Authorize the Director of Public Utilities or designee to execute the Lease and Agreement and subsequent extensions on the City's behalf.

## EXECUTIVE SUMMARY

Wastewater Management Division (WMD) completed the advertising and competitive proposal process for leasing a 125-acre parcel land at the RWRF for portions of APN 327-021-05T, APN 327-021-04T and APN 327-021-45T. There were four (4) responsive proposals received and Brad Weis was the highest submitted proposal. The Lease and Agreement provides for an initial term running from the Effective Date through December 31, 2025, with an option of two additional one-year extensions. Approval of the Lease and Agreement will result in lease revenues to the Wastewater Enterprise Fund of \$261,640.62 to \$367,890.62 depending whether the optional two one-year extensions are exercised. For Year 2021, the first rental installment shall be prorated because the Lease will not be in place for the full calendar year.

## BACKGROUND

WMD provided local wineries with a specific parcel at RWRF for winery waste disposal until December 31, 2003, when the prior Waste Discharge Requirements (WDR) Order No. 5-01-254 issued by Central Valley California Regional Water Quality Control Board (Board) prohibited acceptance of winery waste starting on the above-mentioned date.

The current WDR Order No. R5-2018-0080 has specific requirements for the winery waste disposal sites including, but not limited to, monitoring and reporting provisions and regularly planting and harvesting crops to reduce nutrient (such as nitrogen) content in the soils affected by years of winery waste discharge.

Although food crops for direct human consumption will not be grown on these parcels, they are suitable for silage corn, alfalfa, forage, and similar crops. Extracted well water from reclamation wells is provided to this property to lessen the impact of additional nutrient introduction that would result if another source of water, such as secondary final effluent, was utilized.

The parcels are located at the southwest corner of Jensen and Hayes avenues. The property was advertised for lease in the classified section of the local newspaper and information and forms were sent to the Fresno Farm Bureau, the Fresno Asian Business Institute and Resource Center and to the parties responding to the advertisement. There were four responsive proposals submitted with Mr. Brad Weis submitting the highest proposal for this specific property.

The Lease and Agreement provides for an initial term running from the Effective Date through December 31, 2025, with an option of two additional one-year extensions. The Lease shall renew for two (2) renewal terms of one (1) year each upon Lessee's written notice of renewal served on Lessor

not later than 90 days prior to expiration of the then current Initial or Renewal Term, subject to Lessor's discretion and/or earlier termination as provided in the Lease. The Lease and Agreement authorizes the Director of Public Utilities to accept Lessee's notice and execute any documents necessary to effectuate renewals. Additionally, the Lease and Agreement allows for termination upon mutual written agreement of the Lessee and Lessor. The Director of Public Utilities or designee is authorized to terminate the Agreement as provided therein.

The payment for the initial term of the lease will be \$261,640.62. If the two one-year options are exercised, an additional \$106,250 will be collected, for a total of \$367,890.62 in revenue to the Wastewater Enterprise Fund.

The Lease and Agreement has been reviewed by the City Attorney's Office and has been approved as to form.

## **ENVIRONMENTAL FINDINGS**

Staff has performed a preliminary environmental review of this project and has determined that it falls within the Categorical Exemptions set forth in Sections 15301/Class 1, 15304/Class 4 and 15325 (b)/Class 25 of the State of California CEQA Guidelines.

Section 15301/Class 1 exempts the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public structures and facilities involving no expansion of existing or former use. Section 15325(b)/Class 25 exempts the acquisition, sale, or other transfer of areas to allow for continued agricultural use of an area. The authorized use stated in the Lease and Agreement, cultivation and harvest of Sudan Grass, Sorghum or Sudan-Sorghum hybrid, Silage corn, forage, hay, and/or the like continues the historical use of these parcels for agricultural purposes.

Section 15304/Class 4 exempts minor alterations in the condition of land, water, and/or vegetation, which do not involve the removal of healthy, mature, scenic trees except for forestry or agricultural purposes. Limitations within the Lease and Agreement expressly prohibit the construction of improvements, alteration of existing trees, and the application of fertilizer minimizing possible alterations.

Furthermore, Staff has determined that none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, section 15300.2 apply to this project.

## **LOCAL PREFERENCE**

Local preference was not implemented because this action does not involve the bid or award of a construction or services contract.

## **FISCAL IMPACT**

Anticipated gross revenue is \$53,125 per year, for a total of \$261,640.62 for the initial term of the Lease and Agreement and a total of \$367,890.62 if the optional two one-year extension periods are exercised. Lease revenue will go to the Wastewater Enterprise Fund. For Year 2021, the first rental installment shall be prorated because the Lease will not be in place for the full calendar year.

Attachment 1: Lease - Weis

