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Title: Approve a First Amendment to the Lease and Agreement with Mr. James Cook for 550 acres of City-owned land at the Fresno-Clovis Regional Wastewater Reclamation Facility, removing APN 327-030-41 from the Lease (Council District 3)

Sponsors: Department of Public Utilities

Indexes:

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Attachments: 1. 2018-05-10 Attachment 1 Land Lease Cook 550 Acres Direct Reuse.pdf, 2. 2018-05-10 Attachment 2 First Amendment to Cook Lease - Removal of APN 2018-04-17.pdf

Date	Ver.	Action By	Action	Result
5/10/2018	1	City Council	approved	

REPORT TO THE CITY COUNCIL

May 10, 2018

FROM: BRIAN S. SPINDOR, Assistant Director
Department of Public Utilities - Wastewater Management Division

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

SUBJECT

Approve a First Amendment to the Lease and Agreement with Mr. James Cook for 550 acres of City-owned land at the Fresno-Clovis Regional Wastewater Reclamation Facility, removing APN 327-030-41 from the Lease (Council District 3)

RECOMMENDATION

Approve a First Amendment to the Lease and Agreement (Lease) with Mr. James Cook, an individual, removing APN 327-030-41 as of January 2019, and authorize the City Manager or designee to execute the First Amendment on the City's behalf.

EXECUTIVE SUMMARY

On December 8, 2016, the City Council approved the Lease between the City of Fresno and Mr. James Cook for the lease of various APNs totaling 550 acres of City-owned land at the Fresno-Clovis Regional Wastewater Reclamation Facility (RWRf). The Lease permits the lessee to plant non-food crops irrigated with secondary treated wastewater or final effluent (Direct Reuse) provided by the RWRf. The term of the Lease is January 1, 2017, through December 31, 2019, with the option of two one-year extensions. The proposed First Amendment will remove APN 327-030-41 (65 acres) from the Lease. Removal of this APN will not affect the other APNs under the Lease and the remainder of the Lease will continue in full force and effect.

BACKGROUND

Wastewater Management Division (WMD) operates the RWRf which is regulated under Waste Discharge Requirements (WDR) Order 5-01-254 issued by the California Regional Water Quality Control Board, Central Valley Region (Board). The Board encourages use of recycled water to reduce the amount of secondary treated wastewater (effluent) sent to disposal ponds. WMD leases several tracts of land within the boundaries of the RWRf and recycled water is provided to farmers furthering the use of this valuable resource. Recycled water at the secondary treatment level produced at the RWRf meets Title 22 Recycled Water Criteria and can only be used to irrigate crops not for human consumption, such as cotton, or crops used for animal feed, such as alfalfa, Sudan grass, forage, winter wheat, silage corn and other fibrous crops.

The City advertised for the lease of various APNs at the RWRf in the classified section of the local newspaper. Information forms were sent to area farmers and parties inquiring about the lease of the property. Three farmers submitted lease proposals. Mr. James Cook was determined to provide the best value for the City of Fresno at \$482 per acre for a total of 550 acres (all parcels).

On December 8, 2016, the City Council approved the Lease with Mr. Cook. The Lease is for a period from January 1, 2017 through December 31, 2019, with an option of two one-year extensions at rate of \$265,100 per year, totaling \$795,300 or \$1,325,500 if the two one-year options are exercised. With the removal of 65 acres from the Lease, the annual rate will be \$233,770 for the remainder of the Lease (December 31, 2019), a total of \$1,231,510 if the two one-year options are exercised.

The City Attorney has reviewed and approved the First Amendment as to form.

ENVIRONMENTAL FINDINGS

By the definition provided in the California Environmental Quality Act (CEQA) Guidelines Section 15378, the approval of the amendment does not qualify as a "project" for the purpose of CEQA.

LOCAL PREFERENCE

Local preference was not considered because a bid or award of a construction or services contract is not included.

FISCAL IMPACT

The cost per acre remains at \$482. With approval of the First Amendment to the Lease, anticipated gross revenue is \$233,770 annually for the remainder of the Lease, with a total of \$1,231,510 if the two one-year extensions are exercised that will go to the Wastewater Enterprise Fund.

Attachments:

Lease and Agreement between the City of Fresno and James Cook for the lease of 550 acres of farmland at the Fresno-Clovis Regional Wastewater Reclamation Facility (Attachment 1)
First Amendment to Lease and Agreement (Attachment 2)