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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 findings of Categorical Exemptions pursuant to Sections 15301/Class 1, 15304/Class 4, and 15325(b)/Class 25 of the CEQA Guidelines.
2. Approve an agricultural Lease and Agreement with James Cook in the amount of \$114,000 for lease of 125 acres for a three-year term.

**Sponsors:** Department of Public Utilities

**Indexes:**

**Code sections:**

**Attachments:** 1. 120816LandLeaseWineryBeds.pdf

Date	Ver.	Action By	Action	Result
12/8/2016	1	City Council	approved	Pass

**REPORT TO THE CITY COUNCIL**

**December 8, 2016**

**FROM:** THOMAS C. ESQUEDA, Director  
Department of Public Utilities

**THROUGH:** BRIAN S. SPINDOR, Assistant Director  
Department of Public Utilities

**BY:** ROSA LAU-STAGGS, Wastewater Manager-Environmental Services  
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 findings of Categorical Exemptions pursuant to Sections 15301/Class 1, 15304/Class 4, and 15325(b)/Class 25 of the CEQA Guidelines.
2. Approve an agricultural Lease and Agreement with James Cook in the amount of \$114,000 for lease of 125 acres for a three-year term.

**RECOMMENDATION**

Staff recommends City Council adopt findings of Categorical Exemptions pursuant to Section 15301, 15304, and 15325(b) of the CEQA Guidelines; approve an agricultural Lease and Agreement with James Cook, an individual, at the lease rate of \$38,000 per year for 125 acres of City-owned land at the Fresno-Clovis Reclamation Facility (RWRF); and 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 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. James Cook was the only respondent for that parcel. The Lease and Agreement provides for a three-year term (January 1, 2017 through December 31, 2019) 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 \$114,000 to \$190,000 depending whether the optional two one-year extension term is exercised.

## **BACKGROUND**

WMD provided local wineries with a specific parcel at RWRF for winery waste disposal until December 31, 2003, when the current 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 WDR has specific requirements for the winery waste disposal site including, but not limit 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 if other source of water such as secondary final effluent is 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 area farmers and to the parties responding to the advertisement. Mr. James Cook was the only proposer responding to this specific property.

The payment for the three-year lease will be \$114,000. Additional \$76,000 if the two one-year options are exercised for a total of \$190,000 that will go 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 assessment of this project and has determined that it falls within the Categorical Exemption set forth in section 15301 which exempts operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public structures and facilities involving no expansion of use beyond that existing at this time because the authorized use specifically included in the Lease and Agreement continues the historical use of the properties for agricultural purposes.

Staff has determined that it also falls within the Categorical Exemption set forth in section 15304 which applies to 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, because the limitations of use expressly prohibit the construction of improvements as well as the alteration, improvement, or removal of trees upon the leased premises, minimizing possible alterations.

Staff has determined that the Lease and Agreement also falls within the Categorical Exemption set forth in section 15325(b) which applies to the preservation of open space, habitat, or historical resources and specifically to the acquisition, sale, or other transfer of areas to allow continued agricultural use of the areas, because the Lease and Agreement continues the agricultural use of the property.

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

## **FISCAL IMPACT**

Anticipated gross revenues is \$38,000 per year, for a total of \$114,000 for the basic term of the Lease and Agreement of three years, and a total of \$190,000 if the two one-year extension periods are exercised. Lease revenue will go to the Wastewater Enterprise Fund.

### Attachments:

Lease and Agreement