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**Title:** Actions related to leasing 158 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 Bakersfield Properties Inc. in the amount of \$466,890 for lease of 158 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 - Bakersfield.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 158 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 Bakersfield Properties Inc. in the amount of \$466,890 for lease of 158 acres for an initial term ending on December 31, 2025, with two one-year option terms

## RECOMMENDATION

Staff recommends that the 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 Bakersfield Properties Inc. in the amount of \$466,890 for lease of 158 acres of City-owned land at the Fresno-Clovis Regional Wastewater 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 completed the advertising and competitive proposal process for leasing 158 acres (APN 327-050-02T) at the RWRF. Of the two proposals received, Bakersfield Properties Inc. submitted the highest proposal amount per acre. 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 \$466,890, or up to \$656,490 if the two one-year extension terms 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

Wastewater Management Division (WMD) operates the RWRF which is regulated under Waste Discharge Requirements (WDR) Order No. R5-2018-0080 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 parcel 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 two responsive proposals submitted with Bakersfield Properties Inc. 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 will automatically renew for up to two (2) one-year option terms upon Lessee's written notice of renewal served on Lessor not later than 90 days prior to expiration of the then current Initial or Option 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 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 exemption from CEQA requirements applies to the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public structures and facilities involving no expansion of use existing or former use. Further, Section 15325(b)/ Class 25 exemption from CEQA requirements applies to preservation of open space, habitat, historical resources, and specifically to the acquisition, sale, or other transfer of areas to allow continued agricultural use of the areas. The authorized use specifically included in the Lease and Agreement, cultivation and harvest of fiber, feed, and seed crops for non-human consumption irrigated with recycled undisinfected secondary effluent continues the historical use of the properties 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. The limitations contained in the Lease and Agreement expressly prohibit the construction of improvements and the alteration of existing trees.

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 revenues are \$94,800 per year, with a total of \$466,890 for the initial term of the Lease and Agreement; a total of \$656,490 if the two one-year extension periods are exercised that 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 - Bakersfield