



## Legislation Details (With Text)

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**Title:** Actions related to leasing 550 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 \$795,300 for lease of 550 acres for a three-year term.

**Sponsors:** Department of Public Utilities

**Indexes:**

**Code sections:**

**Attachments:** 1. 120816LandLeaseDirectReuse.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, PE, 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 550 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 \$795,300 for lease of 550 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 \$265,100 per year for 550 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 550 acres, various parcels, at the RWRF for APN 327-030-41, APN 327-030-22s, APN 327-040-08, APN 327-040-11 and APN 327-040-26. Of three proposers, James Cook submitted the highest proposal amount per acre. The Lease and Agreement provides for an initial 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 \$795,300, or up to \$1,325,500 if the two one-year extension terms are exercised.

## **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.

Currently, the affected parcels are leased separately under agreements to two farmers. Both agreements expire December 31, 2016. The parcels were advertised for lease 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. 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), for an annual payment of \$265,100.

The proposed Lease and Agreement between the City of Fresno and James Cook includes a three-year term, starting January 1, 2017, and ending December 31, 2019, with options for two one-year extensions. 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 \$265,100 per year, with a total of \$795,300 for the basic term of the Lease and Agreement of three years; a total of \$1,325,500 if the two one-year extension periods are exercised that will go to the Wastewater Enterprise Fund.

Attachment:

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.