City of FRESNO **REPORT TO THE CITY COUNCIL**

AGENDA ITEM NO.	1 K
COUNCIL MEETING	1/28/2010
APPROVED BY	
DEPARTMENT DIRECTOR	
CITY MANAGER	

January 28, 2010

FROM: RENE A. RAMIREZ, Director
Department of Public Utilities

BY: STEPHEN A. HOGG, Assistant Director
Department of Public Utilities, Wastewater Management

SUBJECT: APPROVE AN AGRICULTURAL LEASE AGREEMENT WITH JAMES COOK IN THE AMOUNT OF $76,822.92 FOR LEASE OF 125 ACRES OF CITY-OWNED LAND AT THE FRESNO-CLOVIS REGIONAL WASTEWATER RECLAMATION FACILITY (COUNCIL DISTRICT 3)

RECOMMENDATION

Staff recommends the approval of the Lease Agreement with James Cook, an individual, at the lease rate of $15,625 per year for 125 acres of City-owned land at the Fresno-Clovis Regional Wastewater Reclamation Facility (RWRF), and that the Council authorize the Director of Public Utilities or his designee to execute the Lease Agreement and subsequent extensions on behalf of the City.

EXECUTIVE SUMMARY

The Wastewater Management Division (WMD) has completed an advertising and competitive proposal process for leasing 125 acres of 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. The agreement provides for a five-year lease term (February 1, 2010 through December 31, 2014) with an option for two additional one-year extensions. Approval of the agreement will result in lease revenue to the Wastewater fund of between $76,822.92 and $108,072.92 depending whether the optional two one-year extension terms are exercised.

BACKGROUND

The 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 went into effect prohibiting acceptance of winery waste starting on the above-mentioned date.

The WDR has specific requirements for the winery waste disposal site including, but not limited to, monitoring and reporting provisions and regularly planting and harvesting crops to reduce nutrient (specially 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 the leased tracts as a means of recycling water from the RWRF and to increase the marketability of the land.

The parcels of the land are located at the southwest corner of Jensen and Hayes Avenues. The properties were advertised for lease in the classified section of the local newspaper, and information forms were sent to area farmers and to the parties responding to the advertisement. Mr. James Cook was the only proposer responding to the advertisement. Attachment "A" contains lease details.

The payment will be $15,625 per year, and will be $108,072.92 for six years and eleven month if the extensions are exercised.

James Cook signed a new lease contract at the above-mentioned lease rate payable in semiannual installments with a term ending on December 31, 2014 with an option to extend the lease agreement for two additional one-year terms. The lease agreement has been reviewed by the City Attorney's Office and has been approved as to form. The Categorical Exemption Environmental Assessment No. EA-09-059 dated November 10, 2009, under California Environmental Quality Act (CEQA) has been issued under Section 15301/Class 1 of the CEQA Guidelines.

FISCAL IMPACT

Anticipated gross lease revenue is $15,625 per year, with a total of $76,822.92 for the basic term of this Lease Agreement; a total of $108,072.92 if the two one-year extension periods are exercised into Wastewater operating fund.

Attachments:
Lease Agreement
Environmental Assessment