

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES
FROM: JILL SCOTT, REAL ESTATE MANAGER
WATER DEPARTMENT
SUBJECT: APPROVAL OF THE ACQUISITION OF 7700-7750 LAKEVILLE
HWY AND LEASE BACK OF 13.6 ACRES, DELEGATION OF
SIGNING AUTHORITY TO THE ASSISTANT CITY MANAGER
OVER THE OPERATIONS PORTFOLIO AND ADOPTION OF A
MITIGATION MONITORING PROGRAM

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Real Estate Manager and Water Department that the Board of Public Utilities, by resolution, approve the acquisition of 7700-7750 Lakeville Hwy and concurrently lease back 13.6 acres more or less of the property to seller, delegate signing authority to the Assistant City Manager over the Operations Portfolio and adopt a Mitigation Monitoring Program.

EXECUTIVE SUMMARY

On August 6, 2020, in closed session, the Board of Public Utilities (BPU) gave direction to staff on price and terms to negotiate the purchase of 7700-7750 Lakeville Hwy, Petaluma for biosolid land application and lease back of the house area or purchase of less than the whole parcel with adjusted value. Staff has secured an acquisition agreement in line with the price and term parameters provided by the BPU in closed session, and a lease agreement for the lease back of 13.6 acres more or less of the property to seller. Acquisition of the property is for the benefit of the Subregional Waste Operations Fund. No changes in the existing use are proposed.

BACKGROUND

On August 6, 2020, in closed session, the Board of Public Utilities (BPU) gave direction to staff on price and terms for the purchase of property located at 7700-7750 Lakeville Hwy., Petaluma for biosolid land application and negotiation around the lease of the house area or purchase of less than the whole parcel with adjusted value.

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Since that time, staff has negotiated a purchase agreement with the seller within the approved price and terms given and has negotiated a lease of approximately 13.6 acres of the property back to seller. Staff is now seeking approval of the BPU for the real property acquisition, the lease agreement, lease extensions and any subleases thereunder, delegation of signing authority to the Assistant City Manager over the Operations Portfolio and adoption of a Mitigation Monitoring Program.

PRIOR BOARD OF PUBLIC UTILITIES REVIEW

On December 9, 1997, a Mitigated Negative Declaration for application of biosolids at 7700 and 7750 Lakeville Hwy., Petaluma, was adopted by the Sonoma County Board of Supervisors.

On October 15, 2015, the Board conducted a study session to review the solids treatment and handling processes in the Subregional System and discussed the operational constraints and potential solutions.

On April 21, 2016, the Board, in closed session gave direction to staff on price and terms for negotiations of an agricultural lease for biosolid application at 7700-7750 Lakeville Hwy., Petaluma.

On July 7, 2016, the Board by resolution approved the agricultural lease for biosolid application at 7700-7750 Lakeville Hwy., Petaluma upon the price and terms negotiated, including a Right of First Negotiation for the benefit of the City.

On August 6, 2020, the Board, in closed session gave direction to staff on price and terms for negotiations of the purchase of 7700-7750 Lakeville Hwy., Petaluma as well as negotiations around the lease back of the house area or purchase of less than the whole parcel with adjusted value.

ANALYSIS

On October 15, 2015, the Board conducted a study session to review the solids treatment and handling processes in the Subregional System and discussed the operational constraints and potential solutions. BPU provided staff with direction to look for long term options for biosolid land application.

On April 21, 2016, the Board in closed session gave direction to staff on price and terms for negotiations of an agricultural lease for biosolid application at 7700-7750 Lakeville Hwy., Petaluma.

On July 7, 2016, the Board by resolution approved an agricultural lease for biosolid application at 7700-7750 Lakeville Hwy., Petaluma, upon the price and terms

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negotiated, including a Right of First Negotiation for the benefit of the City. In support of the 2016 resolution, staff had coordinated with the Sonoma County Permit and Resource Management Department to ascertain that the County had already issued a Conditional Use Permit (file number PLP 97-0002) for biosolids application on 3,042 acres along Lakeville Highway, including these specific properties at 7700 and 7750 Lakeville Highway. The County concluded that the Conditional Use Permit had no sunset date and was still in good standing, and therefore the City did not need to initiate a new Use Permit application. Furthermore, the County Board of Supervisors had adopted a Mitigated Negative Declaration (MND) for the Conditional Use Permit. Under CEQA, the City may rely on the previously adopted MND as a Responsible Agency and adopt a Mitigation Monitoring Program including the relevant mitigation measures from the MND. The City has subsequently applied biosolids on these properties on an ongoing basis.

On August 6, 2020, in closed session staff requested direction regarding price and terms in order to move forward with the possible purchase of 243 acres of land located at 7700-7750 Lakeville Hwy., Petaluma, in an already approved area for biosolid land application as well as the potential lease back of the house area or purchase of less than the whole parcel with adjusted value.

Staff has obtained a purchase agreement for the property executed by the seller, subject to BPU approval of the purchase. Staff has also negotiated a lease agreement for the lease back of 13.6 acres more or less of the Property to the seller upon the following terms, subject to BPU approval. The lease is for an initial term of five years at \$1,000 per month, with one two-year extension option upon mutual agreement for \$2,000 per month, and it covers the portion of the Property containing the existing residence/office, garage, metal and fiberglass storage building and metal barn, consisting of approximately 13.6 acres. The lease includes an option to terminate with sixty days' advance written notice by either party and provides the lessee with the right to sublease the leased property to the existing tenant for purposes of the existing wattle business, with full responsibility for the condition and repair of the leased property, payment of possessory use taxes and utilities costs to be the tenant's responsibility.

FISCAL IMPACT

The purchase will be funded by the Subregional Waste Operations/Biosolids budget where the funds were pre- appropriated from P70345.

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ENVIRONMENTAL IMPACT

The project has been found in compliance with the California Environmental Quality Act (CEQA). Pursuant to CEQA Guidelines Section 15162, because a Mitigated Negative Declaration for the application of biosolids at 7700 and 7750 Lakeville Hwy., Petaluma, was adopted by the Sonoma County Board of Supervisors, as Lead Agency, on December 9, 1997, and there have been no changes in the approved use analyzed in the MND, no subsequent environmental review is required. As a Responsible Agency under CEQA, the City may rely on the previously adopted Mitigated Negative Declaration, so long as it considers the environmental effects of the project identified in the document and adopts a Mitigation Monitoring Program for the project. The City has added mitigation measures so that the continued application of biosolids will be consistent with other City biosolid application sites in South Sonoma County.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable

ATTACHMENTS

- Resolution

CONTACT

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