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## **Staff Report**

Item No. 15

**To: Lemoore City Council**  
**From: Judy Holwell, Redevelopment Project Manager**  
**Date: August 29, 2007**  
**Subject: Leprino Property Lease Agreement**

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### **Discussion:**

If the RDA Board approves the Second Amendment to Owner Participation Agreement (the "OPA") between the RDA and Leprino Foods Company for its planned Expansion Project, Council will be asked to approve the attached Property Lease (the "Lease"), which will allow Leprino the use of the Expanded Wastewater Pretreatment System (the "Pretreatment System") as described in the OPA. The Pretreatment System and all upgrades will be located on City property south of Highway 198 near the City's Wastewater Treatment Plant. The City will retain ownership of the land and Leprino will retain ownership of the existing upgrades. The upgrades made as a part of the OPA will become City assets once accepted by the City.

The Lease is necessary for the Project to proceed. First, the upgrades are required in order to handle the increased flows to the City's system, which will occur as a result of the major Expansion Project to Leprino's west plant. Second, Leprino needs assurance that it will be able to enjoy the long term use of the System. In addition, Leprino will staff the area daily to monitor proper operation and maintenance.

Leprino has requested the right to assign the Lease if at any time it was to sell or lease its east or west plants. The Lease specifies that the assignee be another dairy ingredient manufacturer. In addition, as part of the terms of the Lease, if excess pretreatment capacity exists, it will be available to other industrial users as well.

### **Budget Impact:**

\$1.00 per year to the City Sewer Fund.

### **Recommendation:**

That Council approve the Property Lease Agreement between the City of Lemoore and Leprino Foods Company for purposes set forth in the Owner Participation Agreement regarding use of the Expanded Wastewater Pretreatment System.