



Council Agenda Report

From: Mark Scandalis, Airport Manager

Subject: Approval of Airport Farm License Agreement with Premier Ag Products & Services, Inc.

CEQA Determination: The City find that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (b)(2)-(3), 15378.

Date: January 17, 2023

Facts

1. On December 8, 2022, the Airport Commission reviewed a request by Premier Ag Products & Services, Inc. to license approximately 800 acres of undeveloped Airport property for dry farming.
2. The acreage at the airport facility totals 1,300 acres; 500 acres are dedicated to aircraft operations (runways, taxiways, safety areas, etc.) and long-term industrial leased areas, leaving approximately 800 acres that require ongoing maintenance for weed and varmint control and general appearance.
3. Since December 2013, the City has had a farming license agreement with John Lahargou for approximately 800 acres of undeveloped area for dry land farming.
4. As of April 3, 2018, the City Council approved an Assignment and Assumption Agreement allowing Premier Ag Products & Services, Inc. to assume John Lahargou's rights and obligations under the Airport Farming License Agreement. With the expiration of the Airport Farming License Agreement, Premier Ag has requested that a new license agreement be executed.
5. The term of the proposed agreement is four years, with the City receiving 10% of the gross revenue of the sale of all crops produced in the licensed area.
6. The Airport Commission approved the deal points of the proposed license agreement at their meeting on December 8, 2022 and voted to recommend to the City Council that the proposed license agreement be approved.

Options

1. Take no action;
2. Authorize the City Manager to enter into license agreement with Premier Ag Products and Services, Inc.; and
3. Find the action exempt from CEQA under a Class 1 exemption (State CEQA Guidelines section 15301); or
4. Provide alternative direction to staff.

Analysis and Conclusions

Allowable uses and activities are limited at this location because the property is close to aircraft areas and is subject to Federal safety and security considerations. Farming provides a solution to the maintenance needs of the Airport by reducing the total acreage that staff must mow, disk, or otherwise work. The City's Airport main source of funds comes from leasing property and improvement. As such, the City will benefit from the revenue generated from the license agreement.

The current operator has been very effective, and the operations have been beneficial to the Airport.

Fiscal Impact

The license agreement calls for lease income based on crop production. Historically, revenues have ranged from as little as \$2,128 per year, up to \$12,019 per year. It is estimated that this license agreement will generate approximately \$7,500 per year.

CEQA

Staff recommends City find the farming license agreement with Premier Ag Product to be exempt from the California Environmental Quality Act (CEQA) under the Class 1 exemption (State CEQA Guidelines section 15301), which applies to the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing structures, facilities, mechanical equipment, or topographical features where the project involves negligible or no expansion of existing or former use.

Recommendation

Authorize the City Manager to enter into a farming license agreement with Premier Ag Products and Services, Inc. for approximately 800 acres of undeveloped Airport land for a term of 4 years with compensation to the Airport equaling 10% of gross sales of crop produced within the license area, subject to any minor, technical, or non-substantive changes as approved by the City Manager or City Attorney.

Attachments

1. Resolution 23-XXX
2. Draft License Agreement