

STEERING COMMITTEE

Agenda Report

File #: 2021-1998

Agenda Date: 11/17/2021

Agenda Item No: 20.

FROM: James D. Herberg, General Manager
Originator: Lorenzo Tyner, Assistant General Manager

SUBJECT:

AMENDMENT NO. 4 TO THE REAL PROPERTY LEASE AGREEMENT, SPECIFICATION NO. L-018, WITH TREESAP FARMS, LLC.

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Approve Amendment No. 4 to the Real Property Lease Agreement, Specification No. L-018, with TreeSap Farms, LLC, providing for a lease extension effective December 1, 2021 through November 30, 2026, with the option to renew for one additional 5-year period, at an annual rate of \$8,623.74 plus the seasonally-adjusted change in the Consumer Price Index for all Urban Consumers.

BACKGROUND

The Orange County Sanitation District (Sanitation District) entered into a 10-year lease agreement with Village Nurseries effective December 1, 1996, in connection with real property located across Garfield Street from Plant No. 1, expiring November 30, 2006. The term of the lease provides for lease extensions in four, five-year, mutually negotiable increments, or up to 20 additional years. The proposed Amendment No. 4 would be for the fourth five-year lease extension with TreeSap Farms, as successor to Village Nurseries Wholesale.

RELEVANT STANDARDS

- Protect OC San assets

PROBLEM

The current Amendment No. 3 expires on November 30, 2021.

PROPOSED SOLUTION

Approve Amendment No. 4 to the Real Property Lease Agreement, Specification No. L-018, with TreeSap Farms, LLC, providing for a lease extension effective December 1, 2021 through November 30, 2026.

TIMING CONCERNS

Expiration of current lease term on November 30, 2021.

RAMIFICATIONS OF NOT TAKING ACTION

Property would be vacant and TreeSap Farms would be required to remove the nursery from OC San's property.

PRIOR COMMITTEE/BOARD ACTIONS

February 2017 - Executed Amendment No. 3 to the agreement, extending the lease for 5 years.

September 2011 - Approved Amendment No. 2 to the agreement, extending the lease for 5 years.

November 2006 - Approved Amendment No. 1 to the agreement, extending the lease for 5 years.

December 1996 - Approved 10-year lease agreement with Village Nurseries effective December 1, 1996 through November 30, 2006.

ADDITIONAL INFORMATION

This property is being held by OC San for potential expansion of Plant No. 1 should new treatment requirements necessitate that OC San build additional facilities. At this time, there are no requirements foreseen in the next five years that would necessitate the use of this property for wastewater treatment or conveyance.

Commencing Year 16 through Year 20, the base rent is subject to upward adjustment on December 1, 2011, and every year thereafter, (Adjustment Date) based on the seasonally adjusted change in the Consumer Price Index for all Urban Consumers (CPI-U) in the Los Angeles-Riverside-Orange County area for the month of October preceding the Adjustment Date.

CEQA

N/A

FINANCIAL CONSIDERATIONS

N/A

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Orange County Sanitation District Lease Amendment No. 4 - TreeSap Farms