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**Redevelopment
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Staff Report

Item # 11

To: Lemoore City Council
From: Judy Holwell, Redevelopment Project Manager
Date: December 15, 2011
Subject: Option to Lease City Property to ImMODO California 1 LLC
for Solar Project – Lot 11 Lemoore Industrial Park

Discussion:

The City of Lemoore has been approached by ImMODO California 1 LLC (ImMODO) about the possibility of leasing land in the Lemoore Industrial Park for the installation of a solar photovoltaic project. The City has approximately 84 acres (APN 024-051-031) on the Northeast corner of Highway 41 and Idaho Avenue (map attached). ImMODO desires to enter into an option to lease agreement for approximately 25-35 acres. The City needs to retain enough property to run a storm drain line down the easterly edge of the parcel and approximately 10 acres for a ponding basin, preferably at the south end of the property near the D-1 Ditch. The land at this location is below the buildable grade level due to dirt previously removed to build Highway 41, and it is currently being utilized for storm drain purposes. In addition, Caltrans has an interest in obtaining some of the dirt from this same site for the 19th Avenue Interchange Project and ImMODO has been informed that the removal of dirt may be necessary.

As previously directed, staff has been negotiating the terms of an Option to Lease Agreement (attached) with Don Watson, VP Operations of ImMODO. The document calls for a 12 month lease option while pursuing an interconnection agreement with PG&E. A \$5,000 deposit has been received and will be used to pay the City Attorney and staff time related to this projects. The Option can be extended six (6) months with the payment of an additional \$5,000 non-refundable deposit. If ImMODO is successful in obtaining the agreement with PG&E, ImMODO proposes to enter into a 25-year lease with the City at \$1,000 per acre with a 5% escalator every 5 years. The proposed Lease Agreement is Exhibit B of the Option to Lease Agreement. ImMODO will be responsible for the entire project, including construction, operation, and continued maintenance, as well as paying for any costs associated with gaining access to the site through an 84 foot strip of land off 19th Avenue leading to the site.

Benefits to the community include and estimated investment of \$20 million, 40-50 jobs during construction, and 3-4 full-time and 3-4 part-time jobs during operations. The City will not receive any energy savings from this project. Council is asked to approve the attached Option to Lease Agreement with ImMODO to allow ImMODO time to do its due diligence with regard to the site and interconnection agreement with PG&E.

Budget Impact:

\$5,000 or \$10,000 during the Option period(s) and potentially approximately \$25,000 to \$35,000 annually to the City Sewer/Storm Drain Fund upon execution of the Lease Agreement.

Recommendation:

That Council approve the attached Option to Lease Agreement with ImMODO California 1 LLC while it pursues an interconnection agreement with PG&E and authorize the City Manager to execute said Agreement.