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OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 101
915 I STREET
SACRAMENTO, CA
95814-2684

916-449-5704

September 12, 1988

Budget & Finance
Sacramento, California

Honorable Members In Session

Subject: **Execution of Lease-Purchase Agreement and Option to Purchase Agreement with WEMCO for the Former City Incinerator Property Located at North 7th and North B Streets**

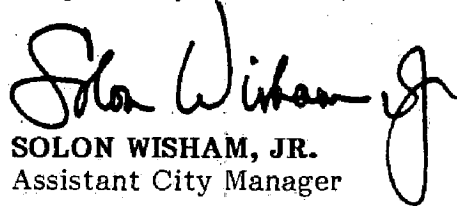
SUMMARY

The attached report to the City Council is provided for review and evaluation by the Budget & Finance Committee prior to presentation for action by the full Council.

RECOMMENDATION

It is recommended that the Budget & Finance Committee review and approve the attached report concerning the lease-purchase of City owned property for action by the City Council on September 27, 1988.

Respectfully submitted,


SOLON WISHAM, JR.
Assistant City Manager

September 20, 1988
District 1



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CALIFORNIA

CITY HALL
ROOM 101
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95814-2684

September 16, 1988

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City Council
Sacramento, California

Honorable Members In Session:

Subject: Execution of Lease-Purchase Agreement and Option to Purchase Agreement with WEMCO for the Former City Incinerator Property Located at North 7th and North B Streets

SUMMARY

This report recommends that the City Council authorize the City Manager to execute two agreements with WEMCO, a Division of Envirotech Corporation, for the Lease-Purchase and an Option to Purchase parcels 001-0031-001 and 002-0010-006, consisting of 10.02 acres located at the northeast corner of North 7th and North B Streets.

BACKGROUND

The City owns and previously operated a landfill and incinerator plant on property located on the corner of North 7th and North B Streets in the Richards Boulevard industrial area of Sacramento. The City discontinued use of the site in the early 1950's and in 1953 entered into a forty year lease agreement with Allan Construction Company of Sacramento. The agreement was signed by Mr. Allan T. Olson (deceased). Mr. Olson, and subsequently his son, have subleased the properties to several users over a period of years including LEABO, SAWDCO and WEMCO. The City's lease with Olson expires on March 4, 1993 at which time the City will have sole discretion on the management and use of the property.

The principal user of the land and facilities is WEMCO, a Division of the Envirotech Corporation. WEMCO is the manufacturer of mineral processing, waste water handling, oil/water separation and specialized pumping equipment. WEMCO exports equipment to numerous foreign countries and Sacramento is the worldwide headquarters providing more than two hundred jobs for area residents. Recently, WEMCO successfully negotiated a three year extension to their 1990 sublease for the property with Allan Construction Company. WEMCO's sublease will expire with the expiration of the Master Lease between Allan Construction Company and the City on March 4, 1993.

WEMCO has continuously occupied this site for more than 30 years. They desire an opportunity to continue at that location beyond the 1993 sublease with Allan. They approached the City in May of 1987 and requested that we give priority to their long term future in the City. We explored various methods which would assure their continued use of the site and concluded that a Lease-Purchase would be most beneficial to both parties.

Appraisals of the property were made and a series of meetings were held to gather information which led to the development of a Lease-Purchase Agreement and Option to Purchase Agreement between the City and WEMCO which are described herein.

DESCRIPTION OF AGREEMENTS

The purpose of this section is to describe the major elements of each of the two agreements.

A. Lease-Purchase Agreement for the City-Owned Property

1. Property

This agreement proposes that the City lease directly to WEMCO parcels owned by the City consisting of 10.02 acres located at the northeast corner of North 7th and North B Streets including property currently occupied LEABO, Inc. and SAWDCO.

2. Term

Term of the lease is twenty years commencing March 5, 1993 and expiring March 4, 2013. Lessee has the right to a lease extension for two additional ten (10) year terms at the same terms and conditions of this lease.

3. Lease Payments

The total rent for the first 60 months of the term is \$490,020 in installments of \$8,167 per month. At the end of the first 5 years, and every five years thereafter, rent shall be adjusted upward or downward for the subsequent five year period according to statistics published by the Department of Labor of the United States and a method of computation is described within the lease. In any event, rent shall not be less than the minimum amount for the first five years.

4. Credit for Demolition of the Incinerator Structure

The agreement provides that the City will allow WEMCO to demolish the incinerator structure and receive credit against rent for all costs of said demolition pro-rated over a thirty-six month period. The demolition is subject to prior City approval.

5. Option to Purchase

WEMCO has the option to purchase the property within the first five years of the term of this Lease-Purchase Agreement. The purchase price is set at \$2,035,000 which is the amount of a full appraisal made by appraiser David E. Lane, M.A.I., on September of 1987. WEMCO is allowed to deduct \$50,000 per year from the sales price of \$2,035,000 for each year of the lease, but in no event shall the deduction exceed \$250,000.

6. Special Assessments

The City is allowed to increase the purchase price by the amount of any special improvement required of the property through a public improvement assessment procedure prior to the date of purchase by WEMCO.

7. Termination

In the event that WEMCO voluntarily surrenders this lease agreement, WEMCO shall pay the City a \$200,000 termination fee.

8. Guarantees

The lease has a number of sections providing guarantees for the City including appropriate insurances.

9. Assignment or Subletting

WEMCO shall have no right to assign this agreement and shall not sublet the premises without first receiving the written consent of the City. WEMCO may assign or sublet all or any portion of the premises to a successor to their business or an affiliate of their company.

B. Option to Purchase

WEMCO requested that the City enter into a separate Option to Purchase Agreement which is referenced in the Lease-Purchase Agreement for the property. This is not a standard practice of the City. It is more a consideration of form than substance, and therefore the City has no objection to the short form Option to Purchase Agreement to meet WEMCO's requirements. The Option to Purchase consists of an exclusive right to purchase the property at a price and under the terms and conditions set forth in the Lease-Purchase Agreement for the property as described in Section A above.

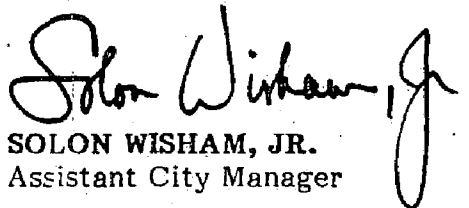
FINANCIAL DATA

The combined total rent to the City from Allan Construction Company is less than \$10,000 per year through the expiration of the lease on March 4, 1993. The proposed Lease-Purchase Agreement with WEMCO for the two parcels owned by the City is \$8,167 per month for the first sixty months. Five years thereafter, the rent is adjusted based on a formula contained in the agreement which utilizes statistics published by the Department of Labor of the United States and adjusted with specified economic indexes. WEMCO is provided an Option to Purchase the 10.02 acres of City property for an appraised amount of \$2,035,000 within the first five (5) years of the twenty year lease.

RECOMMENDATION

It is recommended that the City Council, by resolution, authorize the City Manager to execute a Lease-Purchase Agreement and an Option to Purchase Agreement with WEMCO, a Division of Envirotech Corporation, for the City owned property located on the northeast corner of North 7th and North B Streets in Sacramento.

Respectfully submitted,


SOLON WISHAM, JR.
Assistant City Manager

September 27, 1988
District 1

RESOLUTION No.

Adopted by The Sacramento City Council on date of

**AUTHORIZATION TO EXECUTE A LEASE-PURCHASE WITH
WEMCO, A DIVISION OF ENVIROTECH CORPORATION, FOR
THE CITY PROPERTY LOCATED AT THE NORTHEAST CORNER
OF NORTH 7TH AND NORTH B STREETS**

BE IT RESOLVED by the Council of the City of Sacramento that the City Manager and the City Clerk are authorized and directed to execute a Lease-Purchase Agreement with WEMCO, a Division of Envirotech Corporation, a Delaware Corporation for the City owned property described as Assessor's Parcels #001-0031-001 and #002-0010-006 consisting of 10.02 acres located at the northeast corner of North 7th and North B Streets within the City of Sacramento.

MAYOR

ATTEST:

CITY CLERK

RESOLUTION No.

Adopted by The Sacramento City Council on date of

**AUTHORIZATION TO EXECUTE AN OPTION TO PURCHASE
AGREEMENT FOR CITY OWNED PARCELS LOCATED AT THE
NORTHEAST CORNER OF NORTH 7TH AND NORTH B STREETS**

BE IT RESOLVED by the Council of the City of Sacramento, that the City Manager and the City Clerk are hereby authorized and directed to execute an Option to Purchase Agreement with WEMCO, a Division of Envirotech Corporation, a Delaware Corporation for the City owned property located at the northeast corner of North 7th and North B Streets consisting of 10.02 acres and described as Assessor's Parcels #001-0031-001 and #002-0010-006.

MAYOR

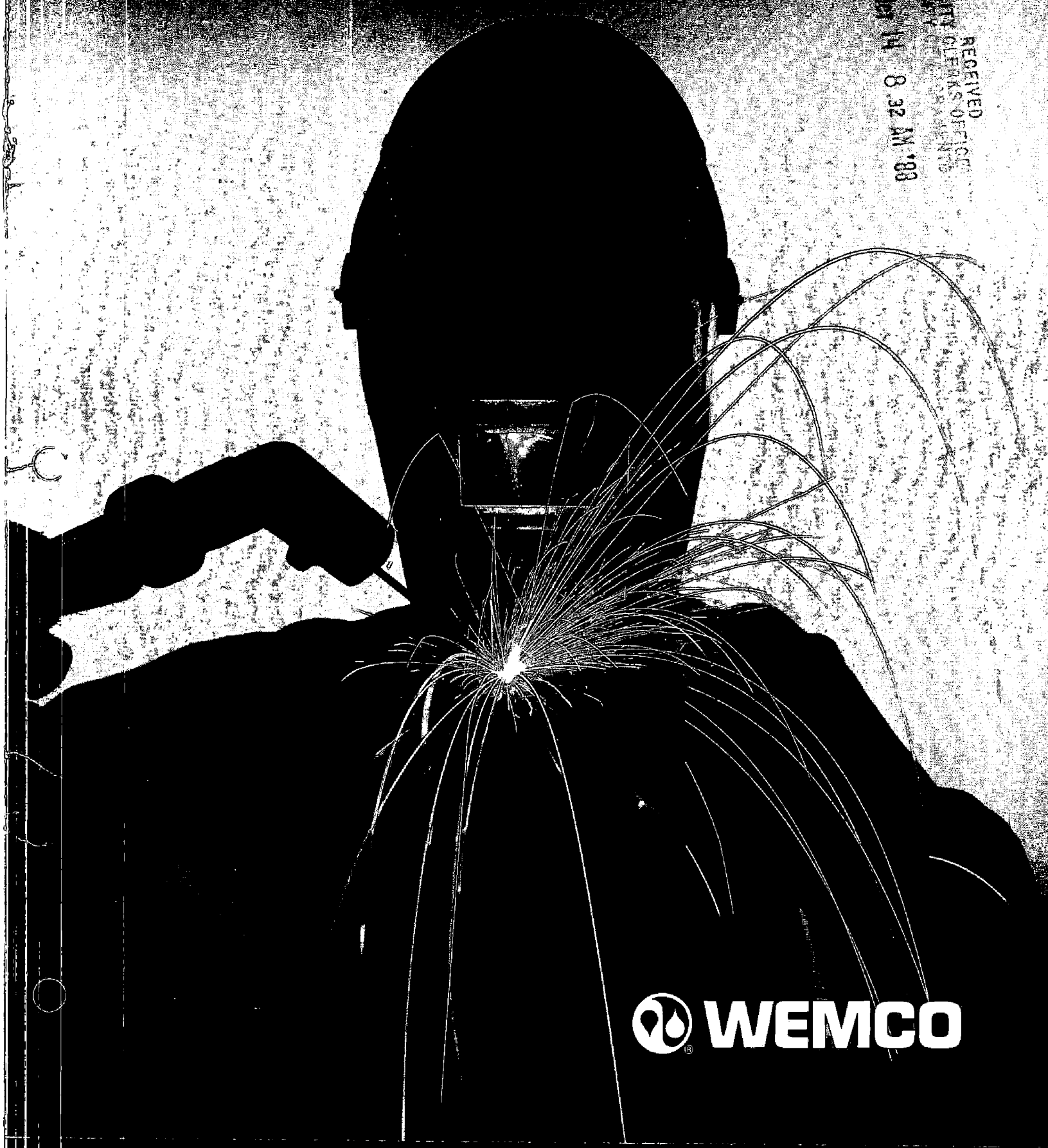
ATTEST:

CITY CLERK

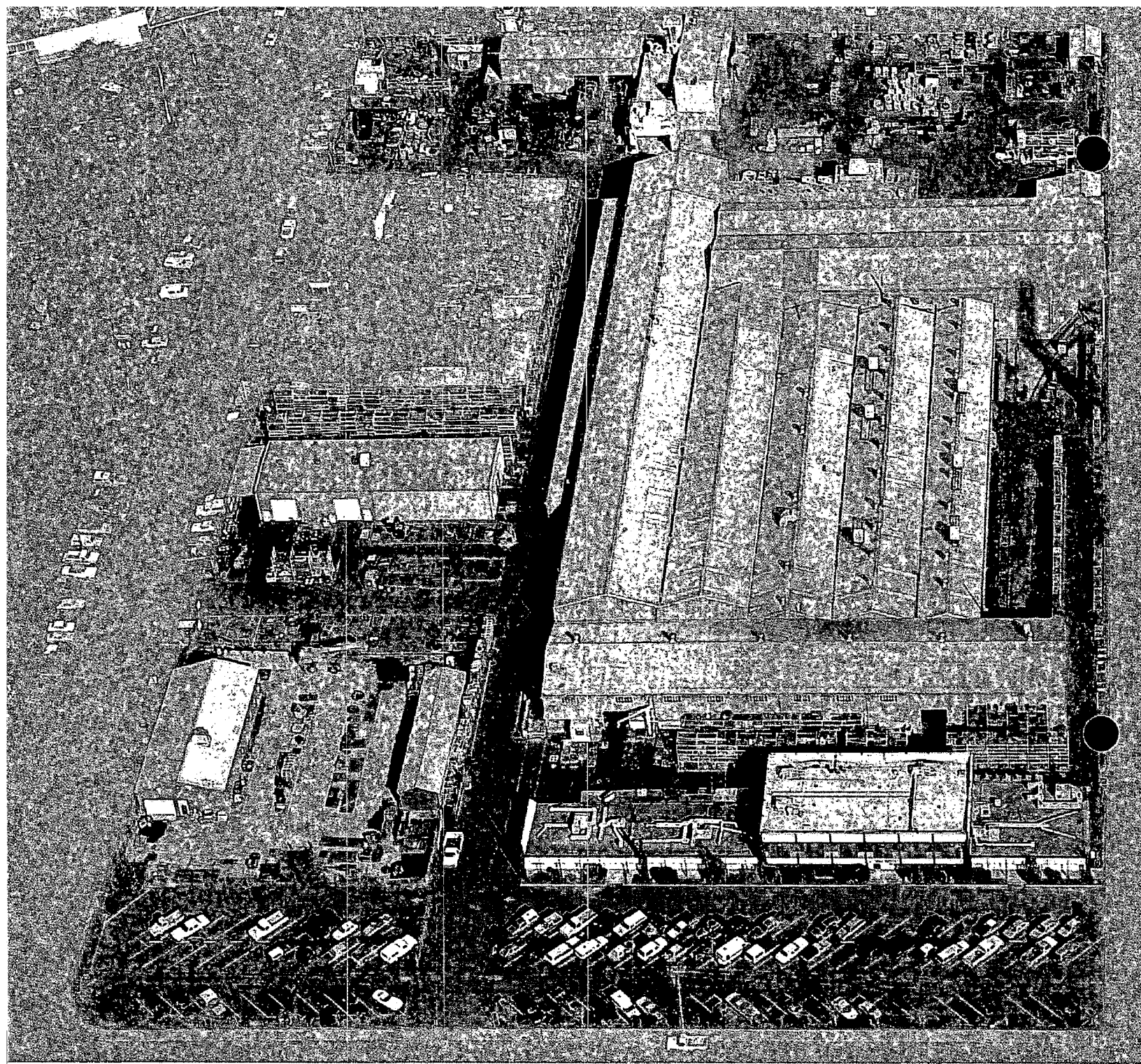
WEMCO

FACILITIES/CAPABILITIES

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 **WEMCO**



PLANT LAYOUT

The WEMCO manufacturing plant in Sacramento, California, occupies more than six acres and contains a complex of buildings totaling 118,000 square feet. It is a modern, fully equipped, and carefully planned facility capable of handling

any phase of heavy industrial manufacturing, from design to finished product. Located adjacent to major rail lines, freeways, seaports and airports, it offers a full choice of transportation modes for prompt shipment in the U.S. or overseas.

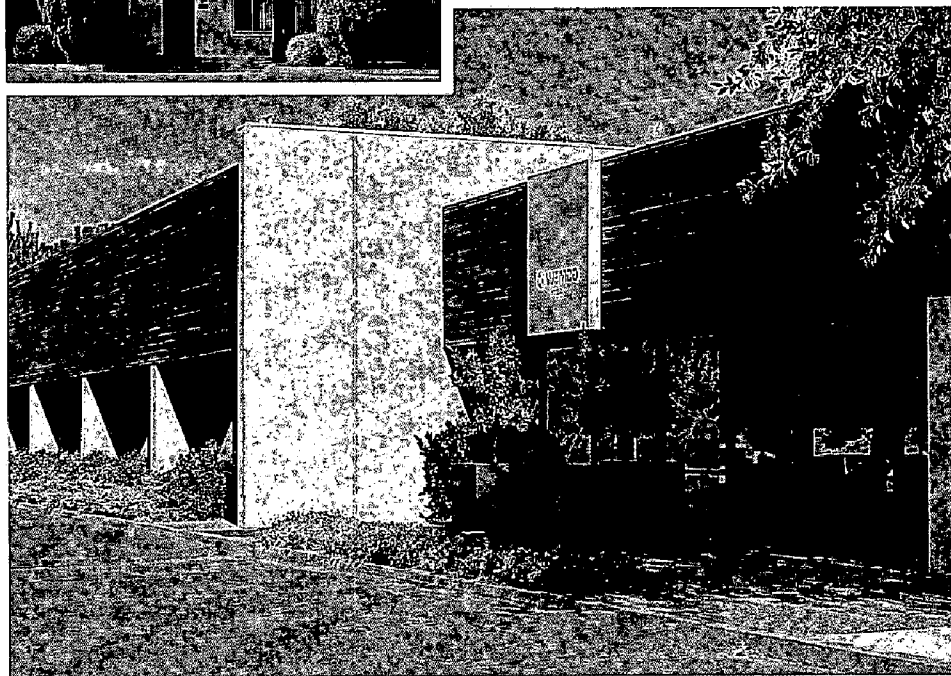


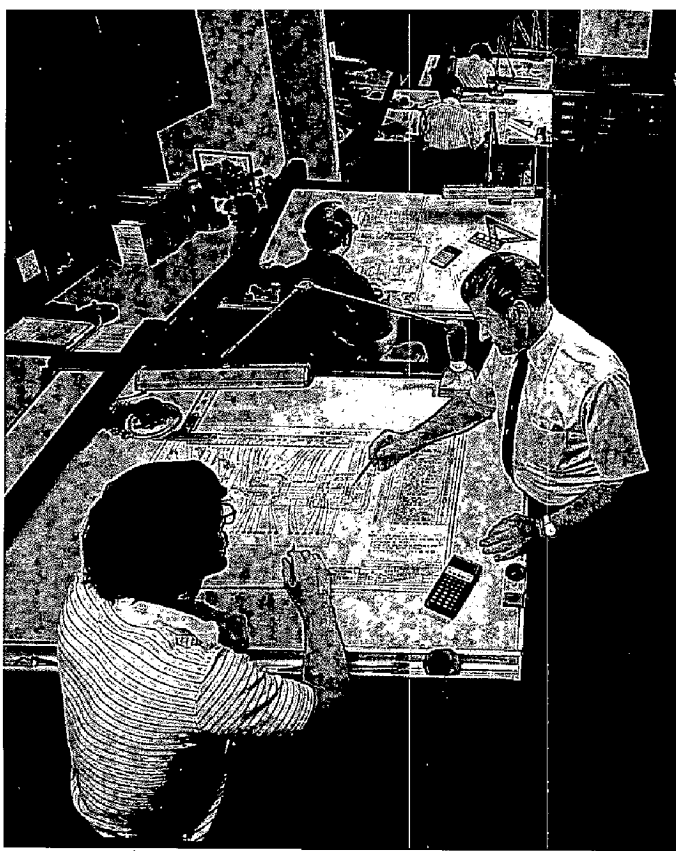
WEMCO is a Sacramento based manufacturing firm with over 15 sales offices and branches in ten countries. It is known and respected worldwide as a leading producer of equipment for the mineral processing, municipal sewage treatment, and petroleum and industrial water treatment markets.

During WEMCO's 70 years of operation, its personnel, plant area and capabilities have multiplied many times. WEMCO is now one of the largest commercial manufacturing concerns in the Sacramento area, shipping millions of dollars worth of equipment each year to all corners of the globe.

MANAGEMENT

WEMCO administrative, marketing, sales, and financial departments are located at 1796 Tribute Road in Sacramento. (Bottom photo) WEMCO management has long experience in the markets it serves; many of its members have spent more than 30 years in the manufacture and application of WEMCO equipment. Because they maintain such a close working relationship with clients and keep abreast of new developments in the field you can be assured that WEMCO equipment always contains the latest and finest technology and construction available.





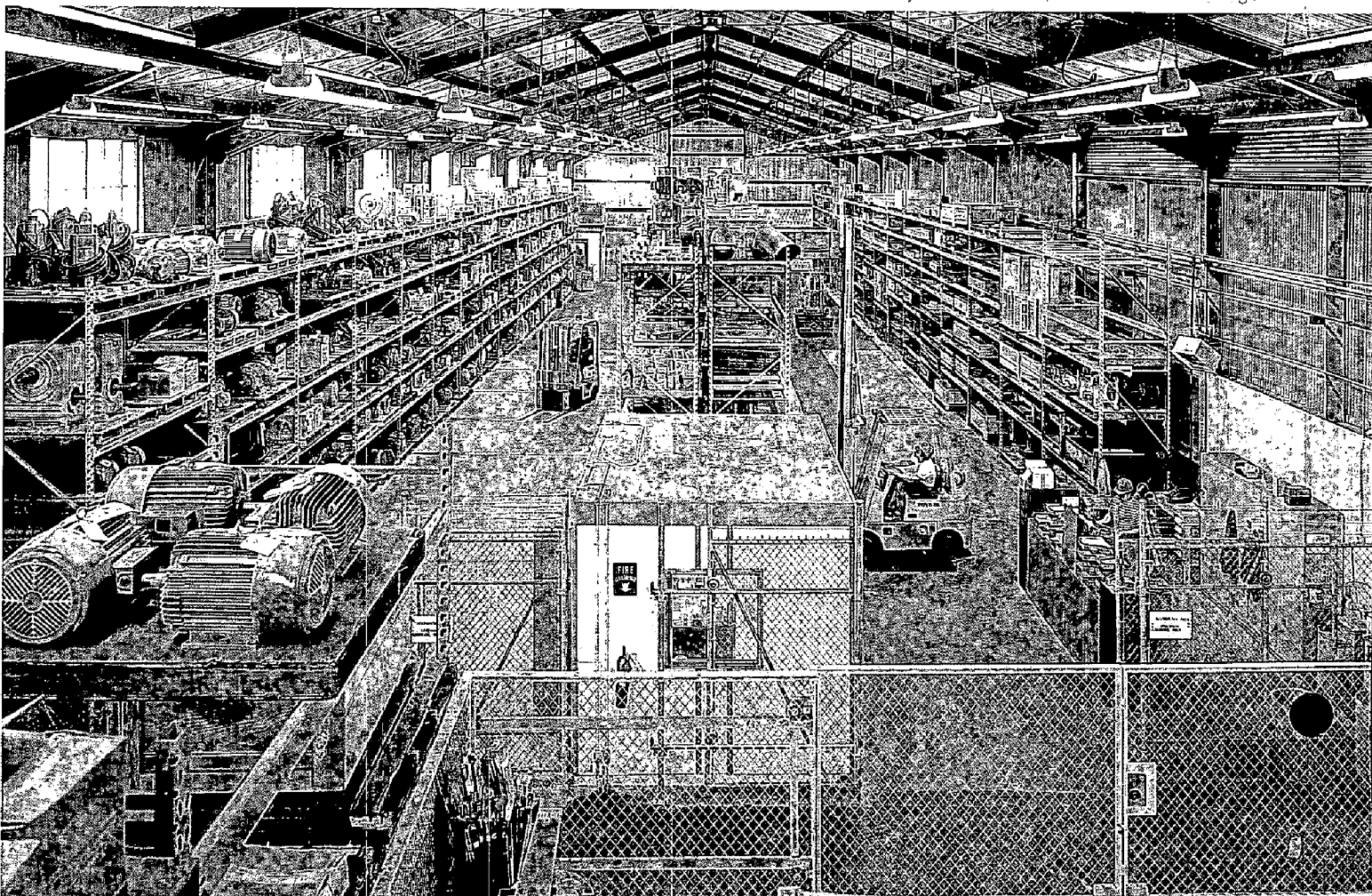
Many WEMCO products, such as 1+1® flotation systems, Torque-Flow® vortex pumps, heavy media systems, Depurator™ induced-air flotation type wastewater cleaning machines, Hidrostal® screw-centrifugal pumps, Putzmeister® piston pumps, and Pacesetter® oil/water separators, are acknowledged pacesetters in their field.

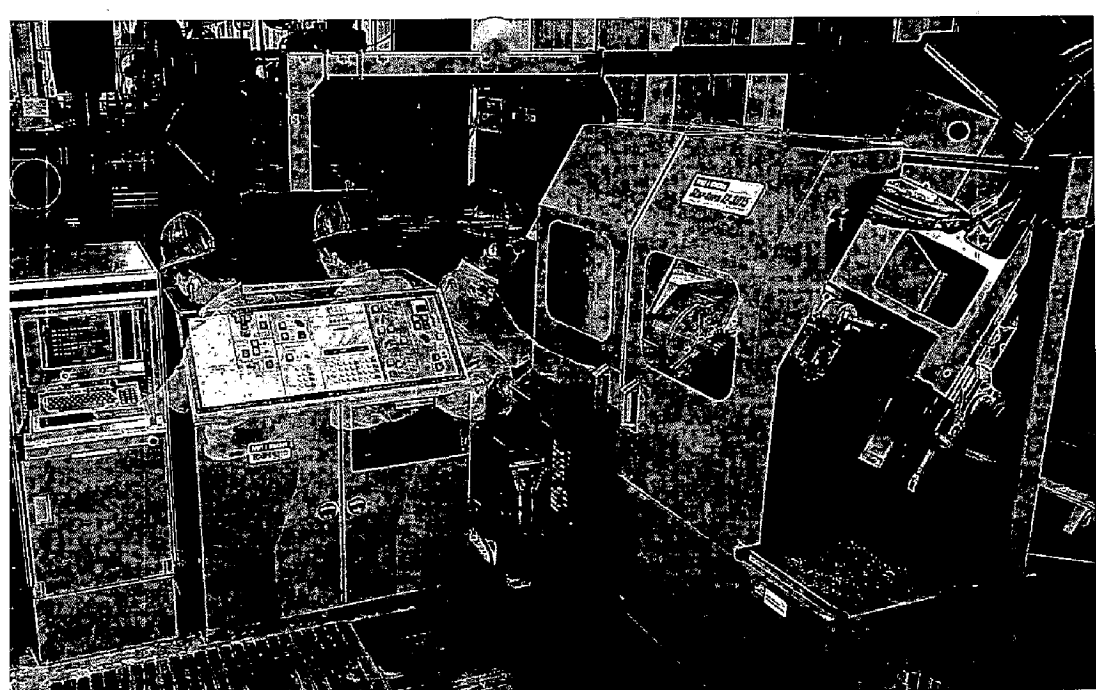
ENGINEERING

WEMCO engineers and draftsmen have extensive experience in the design of equipment for mineral processing, wastewater treatment and sludge and slurry pumping. This experience is available to analyze your problem and suggest practical engineered solutions based upon individual requirements and specifications.

STORAGE

Parts and sub-assembly storage at WEMCO are characterized by neat rows of 16-foot-high, double-locking, adjustable steel storage racks. Serviced by a fleet of forklifts, the parts are carefully arranged for speedy placement and retrieval. More than 2,100 pallet positions, nearly 600 under roof, are available for storage.





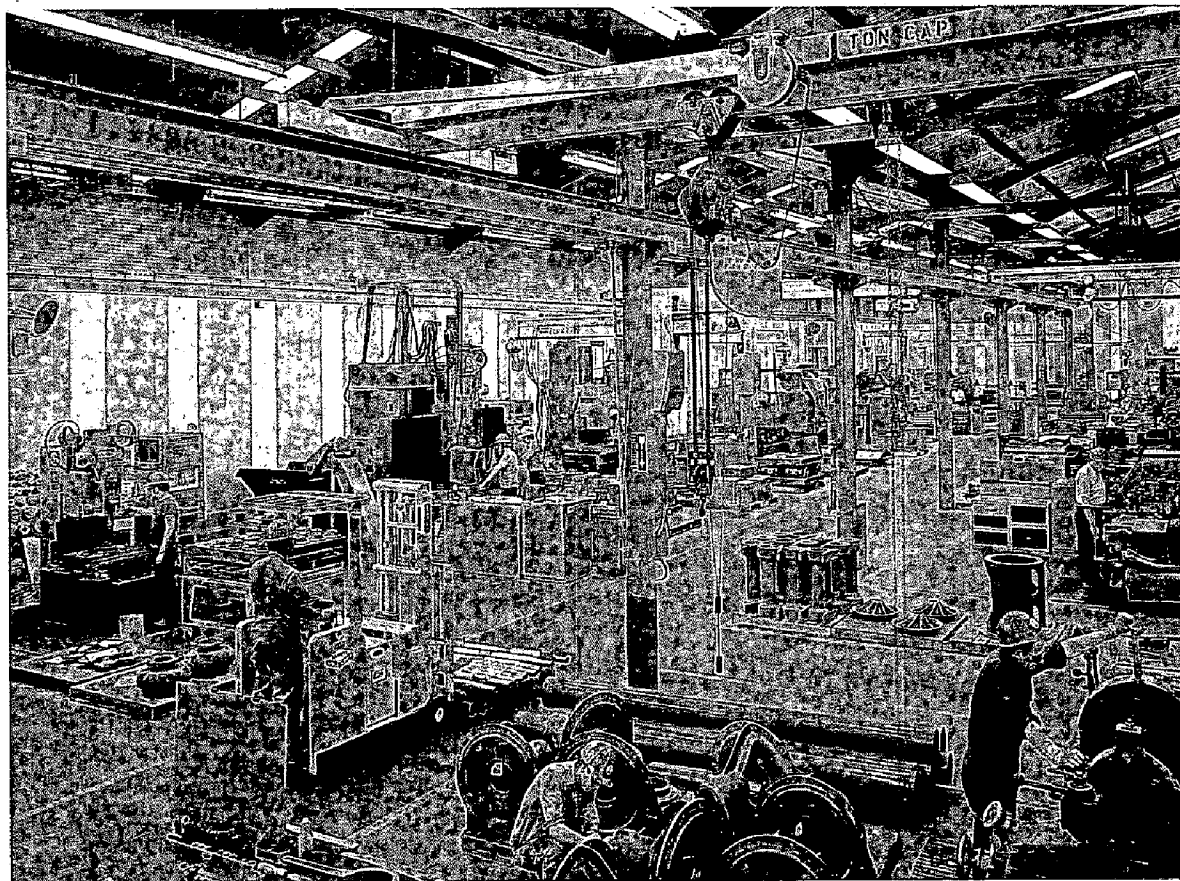
MACHINING

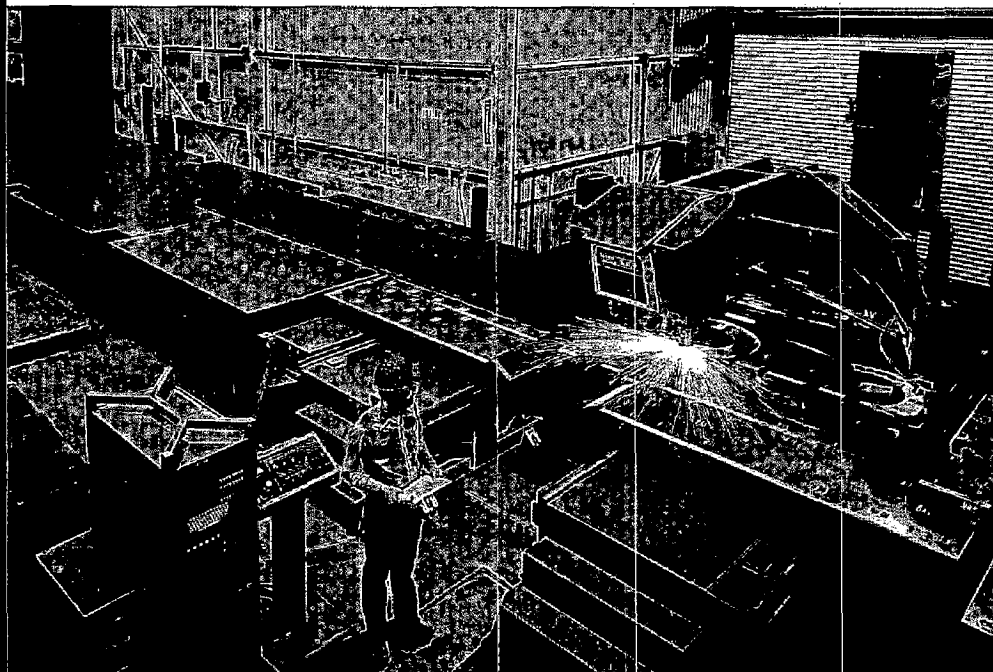
Over ninety percent of WEMCO machining output is produced on high-precision numerically controlled (N/C) machine tools. The use of these sophisticated machines, with high output, repeatability, and extreme accuracy, enables WEMCO to give customers outstanding quality at reasonable cost. Typical of this capability is this tape-controlled horizontal turret lathe.

MACHINING

WEMCO machines a variety of parts, in a variety of finishes, from steel fabrications and from castings of materials such as Ni-Hard, 28% chrome iron, stainless steels, steel, iron, and ductile iron. Exacting tolerances and finishes

are assured by skilled journeyman machinists. The machine shop is supported by our computer-aided Programming and Methods Engineering departments employing the latest manufacturing technologies and concepts.





PREFABRICATION

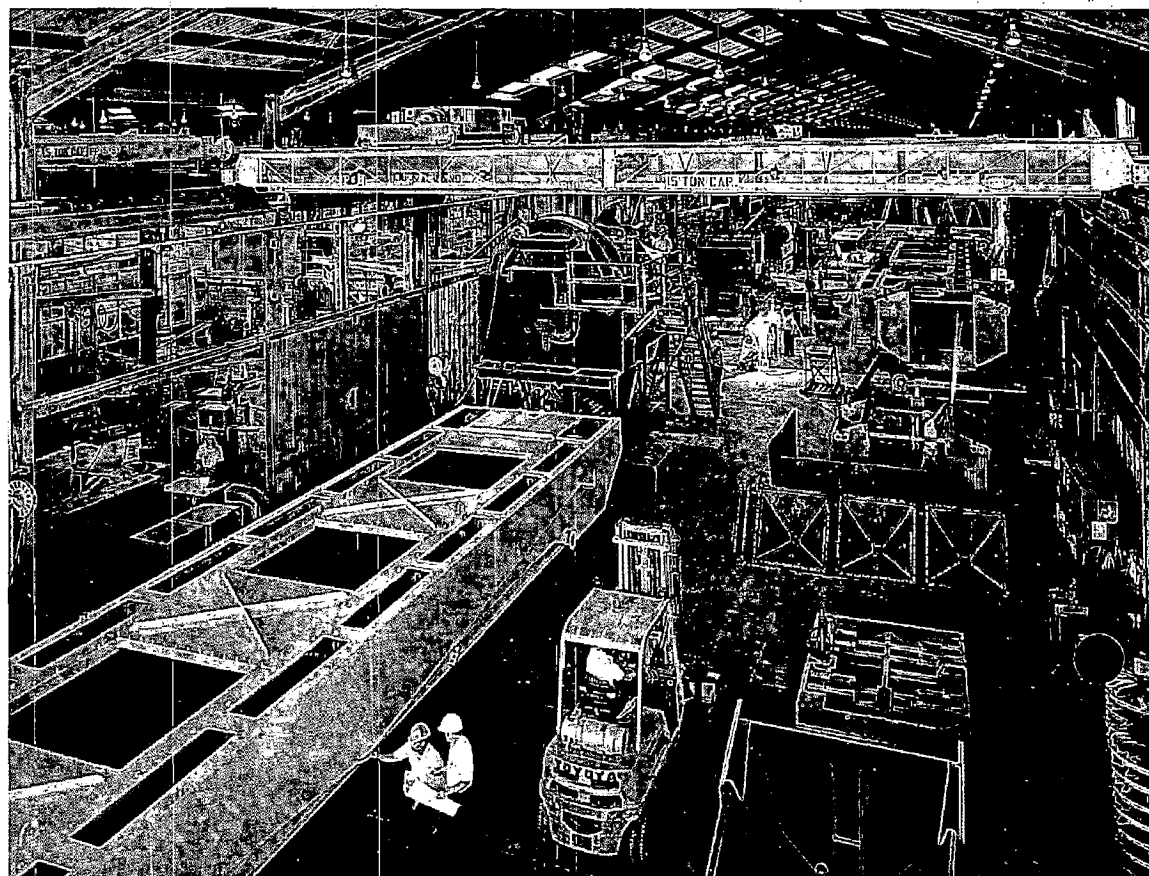
A numerically controlled 40-ton punch and plasma-arc cutter punches stainless or mild steel up to 1/2 inch thick. It also performs plasma-arc cutting at rates up to 500 inches per minute. Additional prefabrication equipment includes: an N/C structural line which automatically cuts and punches various sizes of structural material; a multiple torch, N/C, flame-cutting machine; a 1/2" x 12' shear; and an automatic band saw. Since many WEMCO products are fashioned from steel plate, these high-speed fabrication and mass production techniques result in faster delivery and lower costs to the customer than are otherwise possible.

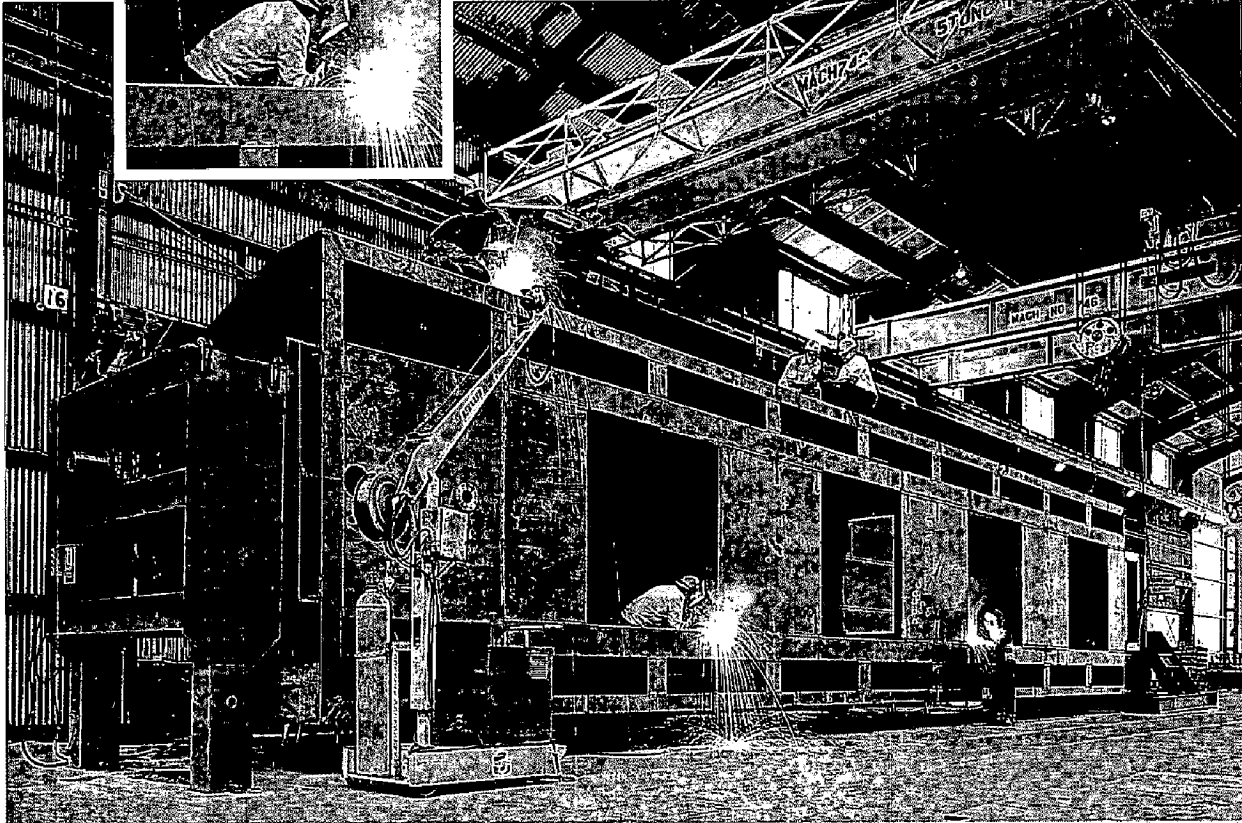
WEMCO pioneered the development and application of the vortex pump, now in use in practically every sewage treatment plant in the country. The WEMCO® 1 + 1 flotation mechanism, introduced in 1968, set a new standard of ore concentration efficiency for the mineral processing industry. The innovative application by

WEMCO of these same mineral flotation principles to the development of the WEMCO Depurator and Hydrocleaner wastewater treatment machines was a major contribution to the problems of industrial wastewater cleanup. All of these developments were made possible by a continuing program of research and development.

FABRICATION

This department has complete facilities for fabricating structural steel plates in thicknesses up to 1/2 inch. Forming equipment includes a 500-ton hydraulic press brake equipped with a microprocessor computer, and plate rolls with capacities up to 3/4" x 8'. The equipment shown here in process — wastewater treatment machines, classifiers, flotation cells, and solid-waste resource recovery equipment — is typical of that manufactured by WEMCO in Sacramento.



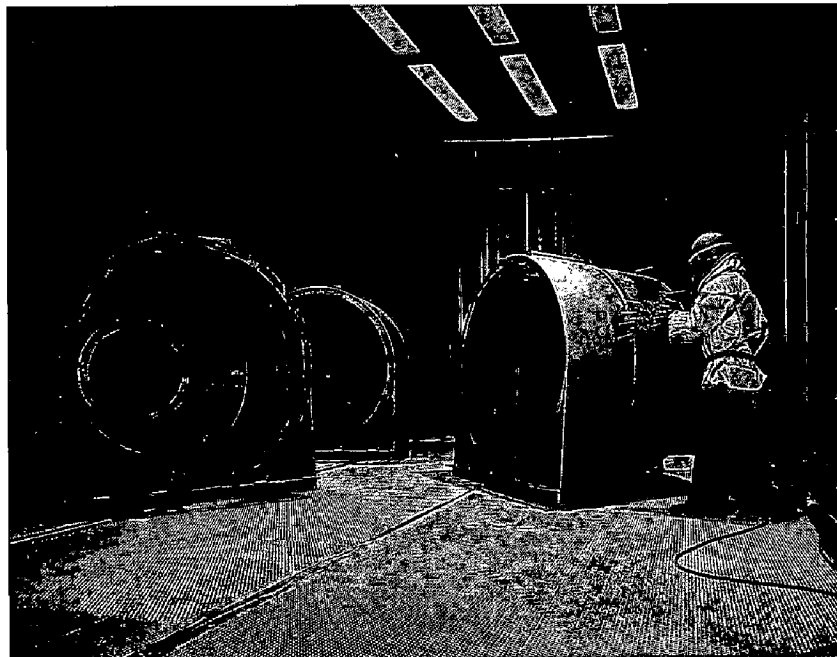


WELDING

WEMCO welding capabilities include semi-automatic flux-cored or solid-wire processes, gas-shielded tungsten arc, submerged arc, and manual metal arc. The area is serviced by overhead cranes with lifting capacities up to 20 tons. Material handling and welding time are minimized by the use of welding positioners, turning rolls, and headstock/tailstock combinations. Here, a large four-cell Depurator wastewater treatment machine is welded on a specially designed turning fixture.

SURFACE PREPARATION

Pre-painting preparation of steel surfaces is performed in this blast facility that can accommodate equipment up to 64 feet long and over 10 feet high. Chilled iron grit used for cleaning is recovered and reused by a unique air and grit cleaning system that eliminates the possibility of air pollution in the area. The facility is also serviced by in-plant rail cars.

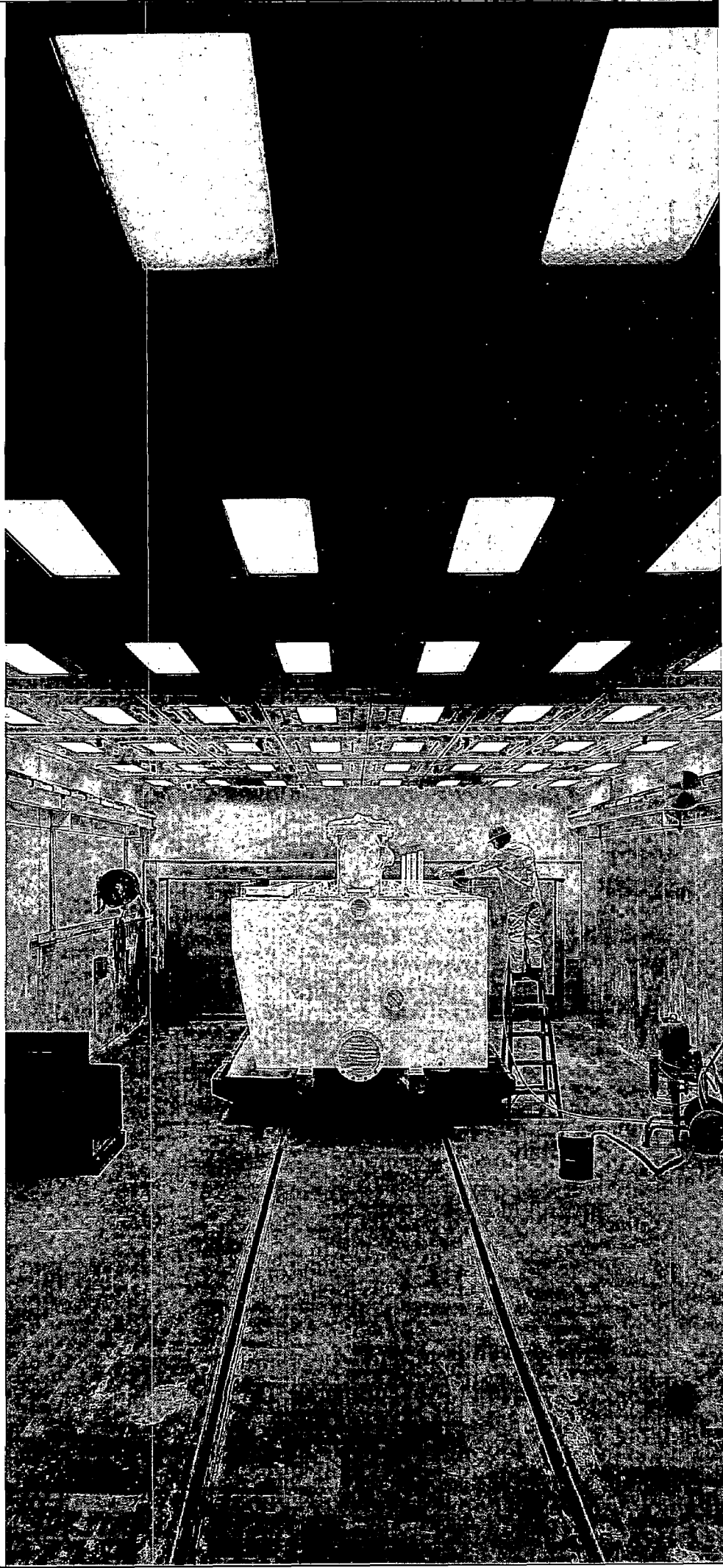


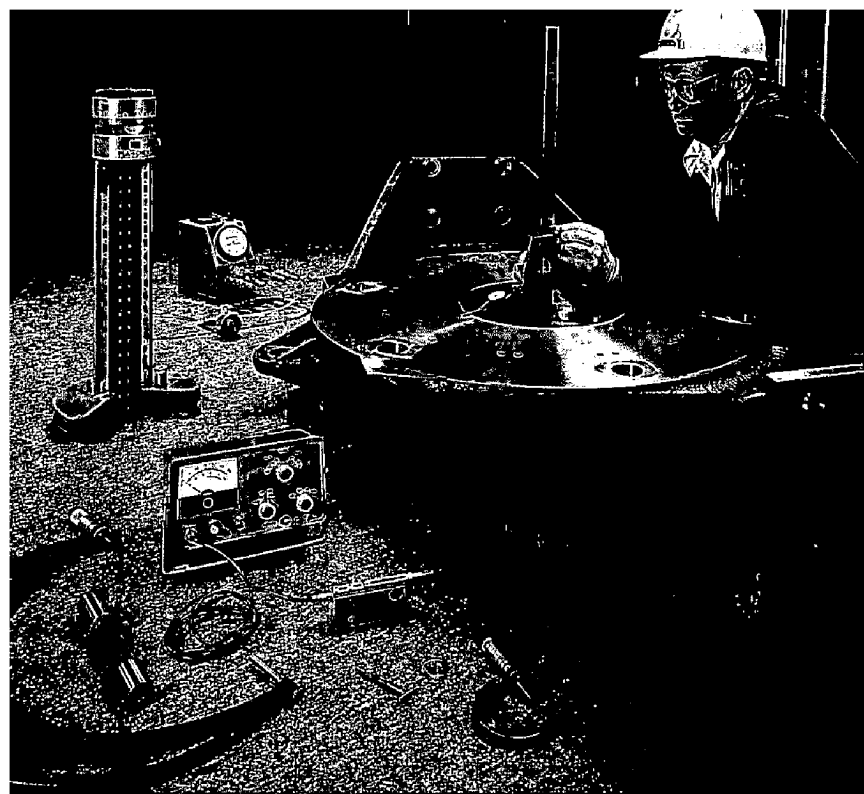
WEMCO achieved its reputation for quality products with the help of a manufacturing/engineering capability matched by few firms in Northern California. The manufacturing facilities and processes have been carefully developed to permit maximum production with highest quality. Many of the structures, assembly methods, production equipment, and tools are unique with WEMCO and were specially designed by WEMCO engineers and technicians to gain greatest product performance and economy.

WEMCO plant facilities include a machine shop, plate and structural shop, assembly shop, paint rooms, blast facilities, and testing laboratories. They also include extensive shipping and handling areas plus spur trackage and storage sites.

PAINTING

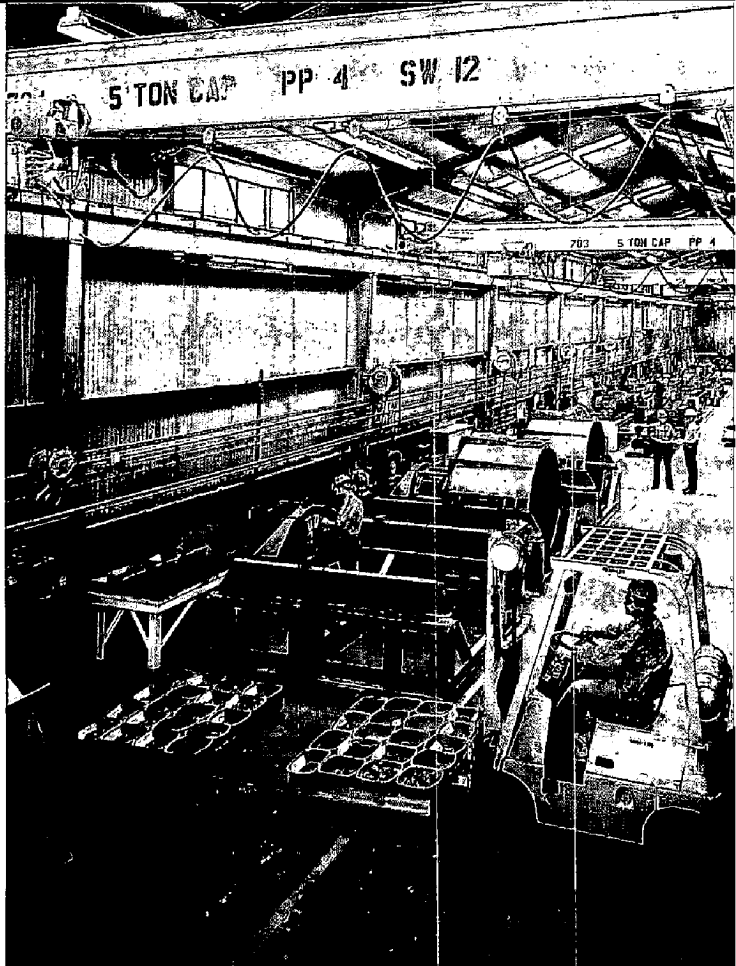
All three paint facilities at WEMCO offer airless or conventional painting with automatic dry-filter paint systems. A controlled environment permits the application of vinyls, epoxies, or other sophisticated coatings, as well as conventional paints. In order to accommodate large WEMCO equipment, such as the Depurator wastewater treatment machine shown here, the largest paint structure provides in-plant rail-car service to its 70-foot-long, 24-foot-wide interior.





EMCO products, take pride in the durability and quality of their handiwork, such as this vibrating centrifuge.



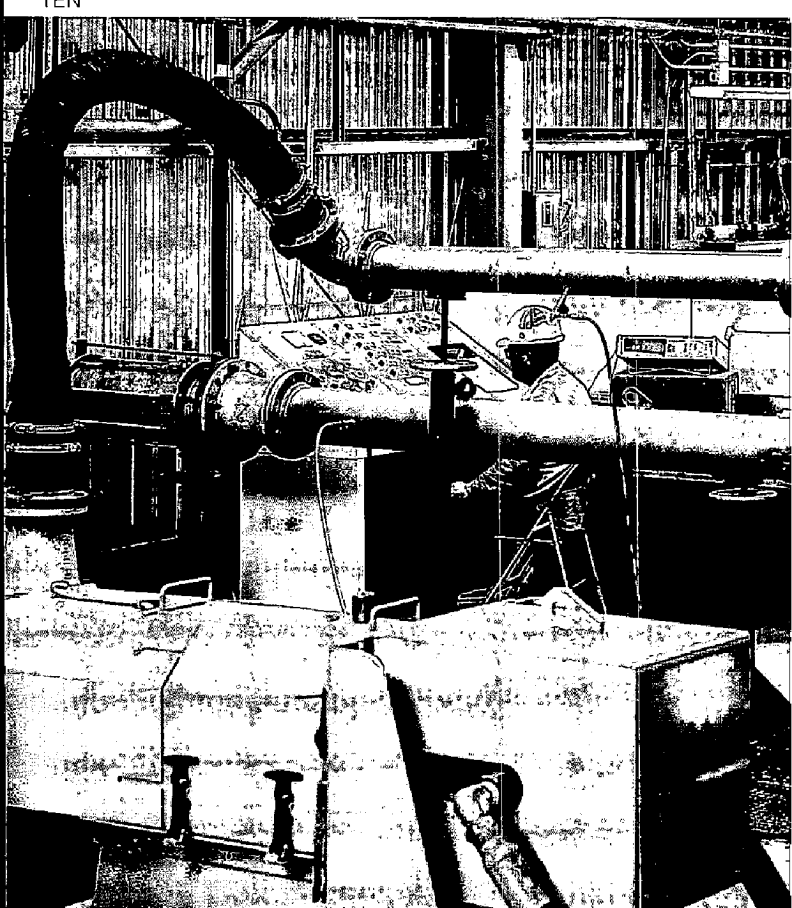


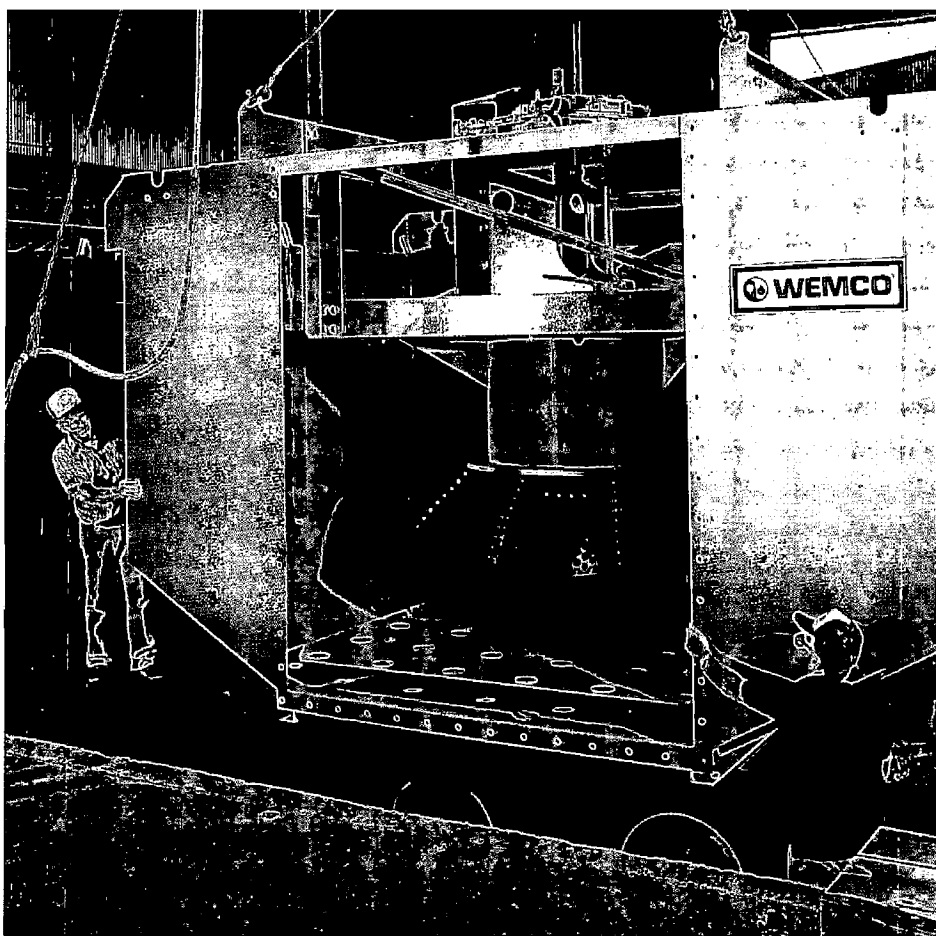
ASSEMBLY

A carefully planned production area is arranged in a material flow pattern that makes the most effective use of floor space for efficient assembly of WEMCO equipment. Individual assembly stations are equipped with

convenient outlets for power tools, hydro-testing, and mechanical testing. The department contains its own paint facilities for an uninterrupted flow of material, from warehousing to shipment of completed products.

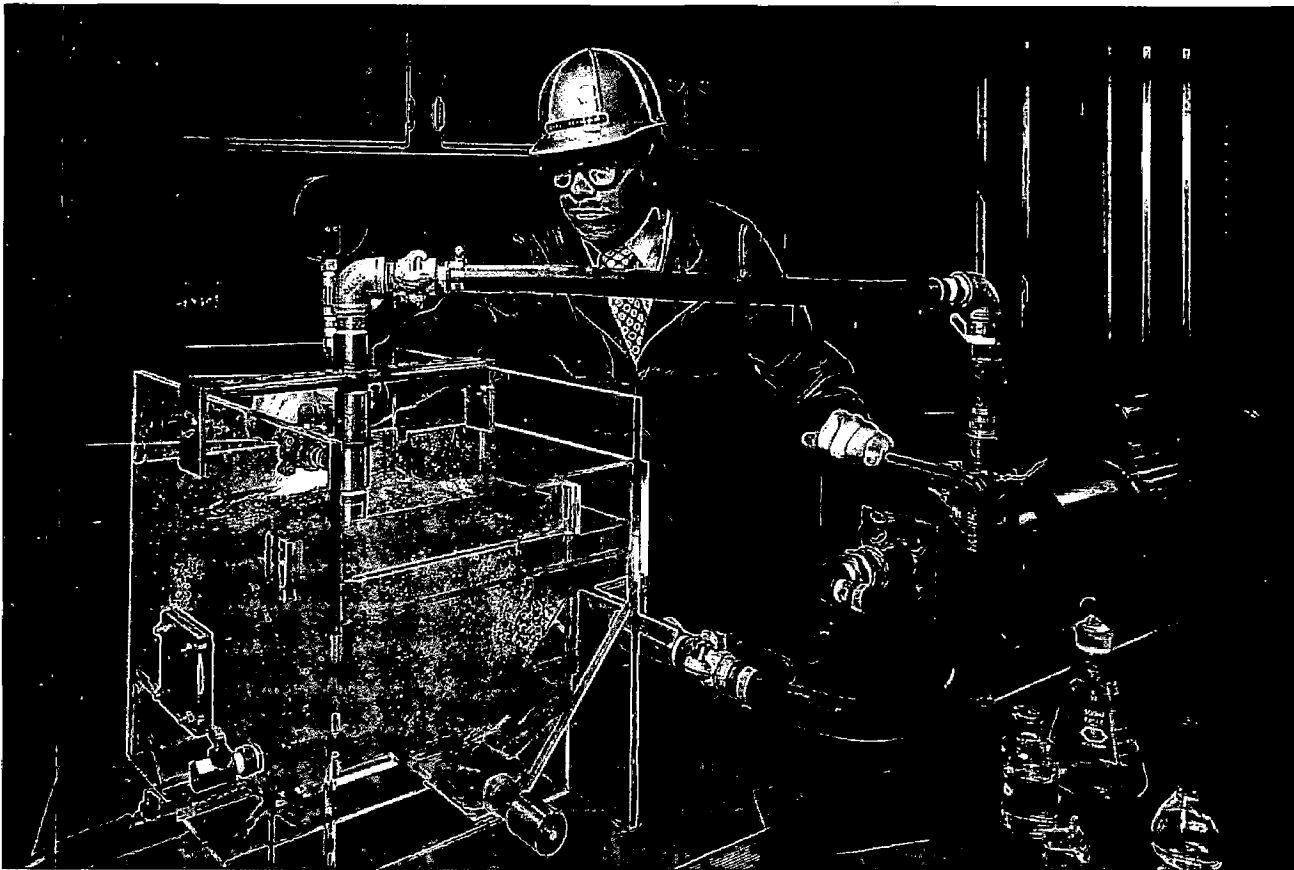
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SHIPPING

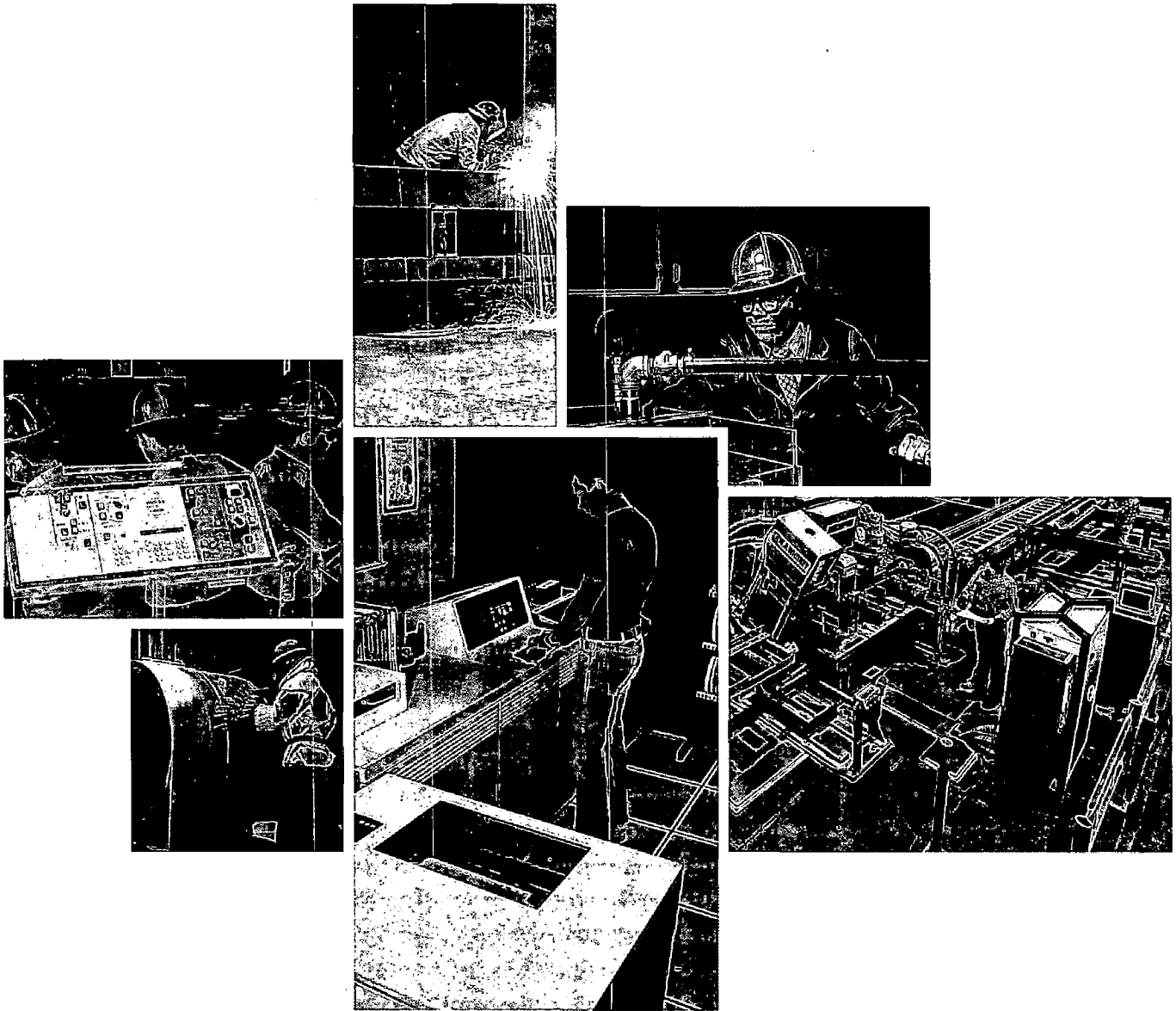
Equipment of all sizes and quantities is easily loaded and shipped from WEMCO rail and motor freight docks. Loading is accomplished by forklifts, mobile cranes, and overhead cranes, such as this one shown placing a large WEMCO flotation cell aboard a flatbed truck. Skillful crating and loading help assure safe arrival of shipments.



RESEARCH AND DEVELOPMENT


The WEMCO R & D program is continuous and is designed to maintain product technological leadership in the fields of minerals beneficiation and industrial wastewater cleanup. Research advances in froth flotation technology have led directly to new WEMCO products

such as the Nozzle Air[®] aeration system now used in WEMCO Depurator and Hydrocleaner wastewater treatment machines. This research began with the use of transparent flotation cells, like the one shown, to evaluate gas and liquid flow paths.



 **WEMCO**
A BAKER PROCESS
TECHNOLOGY COMPANY

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