

DATE: March 1, 2011
STAFF: Daylan Figgs
Lindsay Kuntz

AGENDA ITEM SUMMARY
FORT COLLINS CITY COUNCIL

11

SUBJECT

Second Reading of Ordinance No. 016, 2011, Authorizing an Agricultural Lease of City-Owned Property Known as the Maxwell Farm for Up to Five Years.

EXECUTIVE SUMMARY

This Ordinance, unanimously adopted on First Reading on February 15, 2011, authorizes a lease of Maxwell Farm, an agricultural property owned by the Natural Areas program and located near County Road 56 and I-25 (approximately two miles north of Fort Collins).

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

ATTACHMENTS

1. Copy of First Reading Agenda Item Summary - February 15, 2011
(w/o attachments)

DATE: February 15, 2011
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AGENDA ITEM SUMMARY
 FORT COLLINS CITY COUNCIL

12

SUBJECT

First Reading of Ordinance No. 016, 2011, Authorizing an Agricultural Lease of City-Owned Property Known as the Maxwell Farm for Up to Five Years.

EXECUTIVE SUMMARY

Maxwell Farm, an agricultural property located in the Wellington Community Separator, was purchased in February 2009 by the Natural Areas Program (NAP). The intent of the purchase was to conserve the agricultural value and limit development within the Separator, and not to develop as a traditional Natural Area property. As such, the intent of the NAP is to sell the property with a conservation easement in place. However, to date, the NAP has not been successful in locating a buyer.

At the time of purchase, the previous owner reserved a right of entry on the property to produce and sell crops and agricultural products for a period of two years. That right will expire in February 2011. The proposed lease would extend the previous owner's use of the property for agricultural production until the NAP is able to sell the property. Lease rates are based on the fair market value and would be adjusted on an annual basis.

BACKGROUND / DISCUSSION

Maxwell Farm is a 140 acre irrigated farm located within the Wellington Community Separator, near County Road 56 and I-25 (approximately two miles north of Fort Collins). In February 2009, the City acquired Maxwell Farm with the intent of placing a conservation easement on the property and selling it as soon as possible. At the time of purchase, the seller (Larry Maxwell) reserved a two-year right to farm the property, which expires in February 2011. To date, the Natural Areas Program has not been successful in attracting a buyer for the property. It is in the best interest of the NAP to lease the property in order to avoid managing fallow agricultural land and to maintain the record of use for the 12 North Poudre Irrigation Company (NPIC) water shares. The proposed lease would extend the previous owner's use of the property for agricultural production until such a time that the NAP is able to sell the property. Lease rates will be based on the fair market value established by Real Estate Services and adjusted on an annual basis.

This lease is not being put out for competitive bids since the uncertainty of when the farm will be sold would make it difficult to attract competitive bidders looking for longer term farm leases. There are also many other benefits to the NAP in having the former owner continue to lease the farm.

Lease Terms

Key features of the lease include:

- Land: This lease includes all irrigated farmland, 12 shares of NPIC water, use of 3 wells, and all irrigation equipment.
- Buildings: All agriculture outbuildings, corrals and feedlots, and 2 residential buildings.
- Term: The lease is a one-year lease, with renewals for up to four additional years or until such a time the property is sold, whichever comes first.
- Rent:
 - The lease rate for the farmland will be \$105-per-acre (\$15,120) per year. This rate is based on information obtained from the United State Department of Agriculture National Agricultural Statistics Service. This rate will include the use of the irrigated farmland, corrals and feedlots, and one residential building.
 - The rent for the main farm house will be six hundred dollars (\$600) per month. Lessee will be responsible for all utilities, water augmentation costs, NPIC annual share costs, insurance on structures, minor repair of houses and agricultural buildings.

- The lease will be terminated once the City sells the property.
- The Lessee will be allowed to sublease the farmhouse on the property and permit an employee to live in the other residence.

FINANCIAL / ECONOMIC IMPACTS

This lease will generate revenue on an annual basis; all fees will be based on fair market values and adjusted on annual basis. Funds received will be placed into the Natural Areas Program fund.

The economic health of Fort Collins and northern Larimer County will be positively impacted by this lease arrangement. Larry Maxwell is a local farmer and conducts business in and around Fort Collins.

ENVIRONMENTAL IMPACTS

This lease will continue agricultural activities on the property in accordance with all applicable state and federal regulations.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BOARD / COMMISSION RECOMMENDATION

At its October 13, 2010 meeting, the Land Conservation and Stewardship Board voted unanimously to recommend approval of an agricultural lease on the Maxwell Farm to Larry Maxwell, the former owner.

ATTACHMENTS

1. Location map
2. Land Conservation and Stewardship Board minutes, October 13, 2010

ORDINANCE NO. 016, 2011
OF THE COUNCIL OF THE CITY OF FORT COLLINS
AUTHORIZING AN AGRICULTURAL LEASE OF CITY-OWNED
PROPERTY KNOWN AS THE MAXWELL FARM FOR UP TO FIVE YEARS

WHEREAS, the City is the owner of certain property located in Section 16, Township 8 North, Range 68 West, Larimer County, Colorado, more particularly described on Exhibit "A" attached hereto and made a part hereof (the "Property"); and

WHEREAS, the Property was purchased in 2009 by the City's Natural Areas Program from Larry Maxwell ("Maxwell") with the intent of reselling it with a conservation easement in place to conserve the agricultural value and limit development within the Wellington Community Separator; and

WHEREAS, when the City purchased the Property, Maxwell reserved a right of entry onto the property for two years to continue farming on the Property; and

WHEREAS, the City has not yet been able to find a buyer for the Property and Maxwell's right-of-entry is scheduled to expire; and

WHEREAS, City staff would like to lease the property to Maxwell as it is in the best interests of the City that the Property continue to be actively used for agricultural production; and

WHEREAS, the proposed lease to Maxwell would extend Maxwell's use of the property for agricultural production for up to five years or until the City is able to sell the property, whichever comes first; and

WHEREAS, the lease would include the use of two residences, irrigated farmland, twelve shares of North Poudre Irrigation Company water, use of three wells, and all irrigation equipment; and

WHEREAS, the lease would also permit Maxwell to sublet one of the residences and use the other as a residence for an employee working on the Property; and

WHEREAS, Maxwell would be responsible for maintenance of the Property, including all utilities, insurance, and minor repairs of equipment and buildings on the Property; and

WHEREAS, City staff proposes to lease the Property for a period of up to five years at an annual rate starting at \$22,320 and adjusted on an annual basis; and

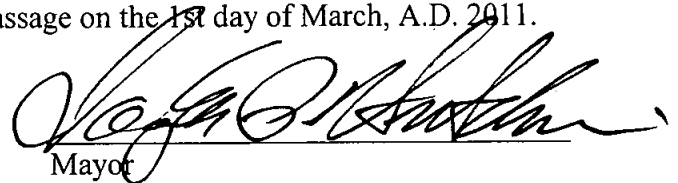
WHEREAS, under Section 23-111 of the City Code, the City Council is authorized to sell, convey or otherwise dispose of any and all interests in real property owned in the name of the City, provided that the City Council first finds, by ordinance, that such sale or other disposition is in the best interests of the City.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the City Council hereby finds that leasing the Property as provided herein is in the best interests of the City.

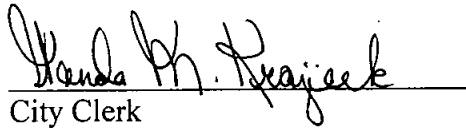
Section 2. That the City Manager is hereby authorized to execute a lease agreement consistent with the terms of this Ordinance, together with such additional terms and conditions as the City Manager, in consultation with the City Attorney, determines to be necessary and appropriate to protect the interests of the City or effectuate the purposes of this Ordinance, including any necessary changes to the legal description of the Property, as long as such changes do not materially increase the size or change the character of the property to be leased.

Introduced, considered favorably on first reading, and ordered published this 15th day of February, A.D. 2011, and to be presented for final passage on the 1st day of March, A.D. 2011.



Mayor

ATTEST:



City Clerk

Passed and adopted on final reading on the 1st day of March, A.D. 2011.

Mayor

ATTEST:

City Clerk