

DATE: June 18, 2013
STAFF: Tawyna Ernst

AGENDA ITEM SUMMARY
FORT COLLINS CITY COUNCIL

11

SUBJECT

Second Reading of Ordinance No. 081, 2013 Authorizing Dryland Farm Leases to Harry Sauer on Long View Farm Open Space, Prairie Ridge Natural Area, and Coyote Ridge Natural Area.

EXECUTIVE SUMMARY

The City of Fort Collins Natural Areas Department is a minority owner in Long View Farm Open Space and Prairie Ridge Natural Area, and is the sole owner of the McKee parcel within Coyote Ridge Natural Area. The majority owners of Long View and Prairie Ridge are Larimer County and the City of Loveland respectively. All three properties are leased by Harry Sauer for dryland wheat production and have been since the time of purchase of the properties by the Cities and County. Intergovernmental Agreements state which agency has management authority and receives the lease revenues for each property. As current leases expire on the properties, all three entities have worked collaboratively to create leases with similar terms and have advertised the properties for lease via one Request for Proposals process. This Ordinance, unanimously adopted on First Reading on June 4, 2013, authorizes dryland farm leases to Harry Sauer on these areas. The new leases have a higher lease rate and more contemporary language. Restoration of the dryland wheat to native grasses on the McKee parcel will continue at the same pace as in the past and it will nearly be completely restored to native grasslands by the end of the lease term of five years.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

ATTACHMENTS

1. Copy of First Reading Agenda Item Summary - June 4, 2013 (w/o attachments)

DATE: June 4, 2013
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AGENDA ITEM SUMMARY
FORT COLLINS CITY COUNCIL

18

SUBJECT

First Reading of Ordinance No. 081, 2013 Authorizing Dryland Farm Leases to Harry Sauer on Long View Farm Open Space, Prairie Ridge Natural Area, and Coyote Ridge Natural Area.

EXECUTIVE SUMMARY

The City of Fort Collins Natural Areas Department is a minority owner in Long View Farm Open Space and Prairie Ridge Natural Area, and is the sole owner of the McKee parcel within Coyote Ridge Natural Area. The majority owners of Long View and Prairie Ridge are Larimer County and the City of Loveland respectively. All three properties are leased by Harry Sauer for dryland wheat production and have been since the time of purchase of the properties by the Cities and County. Intergovernmental Agreements state which agency has management authority and receives the lease revenues for each property. As current leases expire on the properties, all three entities have worked collaboratively to create leases with similar terms and have advertised the properties for lease via one Request for Proposals process. The new leases have a higher lease rate and more contemporary language. Restoration of the dryland wheat to native grasses on the McKee parcel will continue at the same pace as in the past and it will nearly be completely restored to native grasslands by the end of the lease term of five years.

BACKGROUND / DISCUSSION

In 1997, the 479-acre Long View Farm Open Space was purchased by Larimer County, the City of Fort Collins and the City of Loveland, with an ownership split of 50%, 33%, and 17%, respectively. At the time of acquisition, an Intergovernmental Agreement (IGA) was also drafted. Per the terms of the IGA, the County manages the property and administers the agricultural lease, and receives all rental income from the property.

In 2000, the 785-acre Prairie Ridge Natural Area was acquired from Harry Sauer by Loveland (75% ownership) and Fort Collins (25% ownership). Per the terms of the IGA, Loveland manages the property and the agricultural lease, and receives all rental income from the property.

In 1997, Fort Collins acquired the 973-acre McKee Farm parcel of Coyote Ridge Natural Area. Fort Collins owns and manages the property entirely with no shared ownership or management with other entities.

Mr. Sauer farmed all three properties prior to City and County ownership, and has continued farming under the existing leases that are set to expire in 2013.

RFP Process

In the fall of 2011, a Request for Proposal (RFP) was conducted by Fort Collins for dryland farming leases on all three properties. Mr. Sauer's proposal was selected. The new agricultural lease reflects the terms and conditions outlined in the proposal. Fort Collins, Loveland, and Larimer County worked together to draft leases for each Property that are nearly identical in terms with several minor exceptions. The lease rate and the large majority of terms for all three leases are the same. These consistent lease terms will allow consistency and ease of management across the three adjacent properties and provide Mr. Sauer with essentially one set of lease terms to adhere to.

Lease Terms

Mr. Sauer will lease Long View, Prairie Ridge, and McKee for a period of five (5) years beginning August 1, 2013 and expiring no later than July 31, 2018.

The lease rate will be \$20/acre of farmed land annually for each property. Mr. Sauer will receive 100% of the Crop Flexibility payments from the Farm Service Agency, and is responsible for any and all costs associated with crop production, insect control and noxious weed control. In addition, the lease terms have been updated to a more contemporary format with more preferable terms.

Restoration

Over the past five years, Fort Collins has restored approximately 50 acres of farmland annually to native grasslands on McKee. Currently, Fort Collins plans to continue restoration efforts on McKee at the same pace; approximately 50 acres of farmable acreage will remain on the property by the end of this lease term, which will be restored the following year. The McKee lease details this restoration and Mr. Sauer will work cooperatively with Fort Collins to farm the remaining portion of the property.

FINANCIAL / ECONOMIC IMPACTS

The rent payments from Long View and Prairie Ridge will be retained by Larimer County and Loveland, respectively, per the respective IGAs. The McKee lease rate is roughly double the previous rate, and Mr. Sauer will be responsible for all management on the lease area of the property. The City will receive all rental income from the McKee property.

ENVIRONMENTAL IMPACTS

There are no significant environmental impacts to Fort Collins. The properties' land use will not change and existing farming practices and restoration efforts will continue unchanged.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BOARD / COMMISSION RECOMMENDATION

At its May 8, 2013 meeting, the Land Conservation and Stewardship Board voted unanimously to recommend that City Council approve three leases with Harry Sauer to farm dryland winter wheat on portions of Long View Farm Open Space, Prairie Ridge Natural Area and Coyote Ridge Natural Area.

ATTACHMENTS

1. Location Map
2. Farmable Acreage Map
3. Land Conservation and Stewardship Board minutes, May 8, 2013

ORDINANCE NO. 081, 2013
OF THE COUNCIL OF THE CITY OF FORT COLLINS
AUTHORIZING DRYLAND FARM LEASES TO HARRY SAUER ON
LONG VIEW FARM OPEN SPACE, PRAIRIE RIDGE NATURAL AREA,
AND COYOTE RIDGE NATURAL AREA

WHEREAS, in 1997 the City, Larimer County (“County”) and the City of Loveland (“Loveland”) purchased a parcel of land located in Larimer County, Colorado known as Long View Farm Open Space, as described on Exhibit “A” attached and incorporated herein by reference (“Longview Farm”), with the City owning a 33% interest, the County 50%, and Loveland 17%; and

WHEREAS, the City, County and Loveland purchased Longview Farm in accordance with an intergovernmental agreement dated April 14, 1997; and

WHEREAS, in 2000, the City and Loveland purchased a parcel of land located in Larimer County, Colorado, known as Prairie Ridge Natural Area, as described on Exhibit “B” attached and incorporated herein by reference (“Prairie Ridge”), with the City owning a 25% interest and Loveland owning 75%; and

WHEREAS, the City and Loveland purchased Prairie Ridge in accordance with an intergovernmental agreement dated March 22, 2000; and

WHEREAS, the City is the owner of a parcel of land located in Larimer County, Colorado known as McKee Farm, which is part of Coyote Ridge Natural Area, as described on Exhibit “C” attached and incorporated herein by reference (“McKee Farm”); and

WHEREAS, Longview Farm, Prairie Ridge and McKee Farm (collectively, the “Properties”) were all farmed by Harry Sauer prior to their acquisition by the City, County and Loveland, and Mr. Sauer has continued farming the Properties under various leases and lease extensions previously approved by the City Council; and

WHEREAS, the Properties were purchased for open space and general natural areas purposes, which would be advanced by the continuation of dryland farming; and

WHEREAS, in 2011 the City conducted a Request for Proposal process for new dryland farming leases on the Properties, and Mr. Sauer’s proposal was selected; and

WHEREAS the City, County and Loveland have worked together to draft new leases for each of the Properties that are nearly identical in terms and conditions in order to allow consistency in management across the three Properties; and

WHEREAS, the lease rate for each lease would be \$20 per acre annually for a lease term of five years; and

WHEREAS, the lease payments for Longview would be retained by the County, the lease payments for Prairie Ridge would be retained by Loveland, and the City would receive the lease payments for McKee Farm; and

WHEREAS, copies of the proposed lease agreements are on file in the office of the City Clerk and are available for inspection; and

WHEREAS, under Section 23-111(a) 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 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 Longview Farm, Prairie Ridge, and the McKee Farm portion of Coyote Ridge Natural Area to Harry Sauer for dryland farming under the terms listed above is in the best interests of the City.

Section 2. That the City Manager is hereby authorized to execute lease agreements for the Properties on terms and conditions consistent with this Ordinance, together with such additional terms and conditions as the City Manager, in consultation with the City Attorney, determines to be necessary or appropriate to protect the interests of the City, including, but not limited to, any necessary changes to the legal descriptions of the Properties, 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 4th day of June, A.D. 2013, and to be presented for final passage on the 18th day of June, A.D. 2013.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 18th day of June, A.D. 2013.

Mayor

ATTEST:

City Clerk

Exhibit A

LEGAL DESCRIPTION OF LONGVIEW FARM

A tract of land located in Section 23, Township 6 North, Range 69 West of the 6th P.M., Larimer County, Colorado being more particularly described as follows:

Considering the East line of the Southeast quarter of said Section 23 as bearing South 00°16'24" West from a 3" brass cap at the East Quarter corner of said Section 23 to a 3" brass cap at the Southeast corner of said Section 23 and with all bearings contained herein relative thereto:

COMMENCING at the Southeast corner of said Section 23; thence along the South line of said Southeast quarter, South 89°18'09" West 50.01 feet to the West right-of-way line of U.S. Highway 287; thence along said West right-of-way line, North 00°16'24" East, 30.00 feet to the Northerly right-of-way line of 69th Street, said point being the POINT OF BEGINNING; thence along said Northerly right-of-way line, South 89°18'09" West, 100.50 feet to a curve concave to the South having a central angle of 25°37'34", a radius of 305.00 feet and the chord of which bears South 76°29'23" West, 135.28 feet; thence continuing along said Northerly right-of-way line and the arc of said curve 136.41 feet to a point on the South line of said Southeast Quarter of Section 23; thence along the South line, South 89°18'09" West, 2362.39 feet to the South Quarter corner of said Section 23; thence along the South line of the Southwest Quarter of Section 23, North 89°19'35" West, 1306.95 feet to the West 1/16 corner between Section 23 and Section 26; thence, North 00°11'51" East, 2650.27 feet to the Center West 1/16 corner of Section 23; thence, North 00°11'54" east, 2636.51 feet to the West 1/16 corner between said Section 23 and Section 14; thence along the North line of the Northwest Quarter of said Section 23. North 89°21'56" east, 1319.70 feet to the North Quarter corner of said Section 23; thence along the North line of the Northeast Quarter of said Section 23, North 89°29'53" East, 2588.28 feet to a point on the West right-of-way line of said U.S. Highway 287; thence along said West line, South 00°16'06" West, 2654.25 feet; thence continuing along said West line, South 00°16'24" West 2623.63 feet to the Point of Beginning.

EXCEPT:

A tract of land located in the Northeast Quarter of Section 23, Township 6 North, Range 69 West of the 6th Principal meridian, County of Larimer, State of Colorado, being more particularly described as follows:

Considering the East line of the Northeast Quarter of said Section 23 as bearing South 00°16'06" West from a 3" brass cap at the Northeast corner of said Section 23 to a 3" brass cap at the East Quarter corner of said Section 23 and with all bearings contained herein relative thereto:

Commencing at the East Quarter corner of said Section 23; thence, South 89°42'32" West, 50.00 feet to the West right-of-way line of U.S. Highway 287, said point being the POINT OF BEGINNING; thence along said West right-of-way line south 00°16'24" West, 25.25 feet; thence, South 89°42'32" West, 41.82 feet to a point on a curve concave to the Southeast having a central angle of 54°45'22", a radius of 610.00 feet and the chord of which bears South 62°19'50" West 561.03 feet; thence along the arc of said curve 582.96 feet; thence along a non-tangent line, North 55°02'52" West 279.71 feet; thence, North 27°44'06", West 137.30 feet; thence South 89°42'32" West, 812.49 feet; thence, North 00°17'28", West 1006.92 feet; thence, North 62°19'19" East, 680.61 feet; thence, North 89°42'32" East, 1053.02 feet to a point on the West right-of-way line of U.S. Highway 287; thence along said West right-of-way line. South 00°16'06" West, 1320.07 feet to the Point of Beginning

Count of Larimer, State of Colorado, AND

A tract of land located in the East Half of Section 23, Township 6 North, Range 69 West of the 6th Principal Meridian, County of Larimer, State of Colorado, being more particularly described as follows:

Considering the East line of the Northeast quarter of said Section 23 as bearing North $00^{\circ}16'06''$ East from a 3" brass cap at the East quarter corner of said Section 23 to a 3" brass cap at the Northeast corner of said Section 23 and with all bearings contained herein relative thereto:

Commencing at the East Quarter corner of said Section 23; thence, South $89^{\circ}42'32''$ West, 50.00 feet to the West right-of-way line of U.S. Highway 287, said point being the POINT OF BEGINNING; thence along said West right-of-way line South $00^{\circ}16'24''$ West, 25.25 feet; thence, South $89^{\circ}42'32''$ West, 41.82 feet to a point on a curve concave to the Southeast having a central angle of $54^{\circ}45'22''$, a radius of 610.00 feet and the chord of which bears South $62^{\circ}19'50''$ West, 561.03 feet; thence along the arc of said curve 582.96 feet; thence along a non-tangent line, North $55^{\circ}02'52''$ West 279.71 feet; thence, North $27^{\circ}44'06''$ West 137.30 feet; thence South $89^{\circ}42'32''$ West, 812.49 feet; thence, North $00^{\circ}17'28''$ West 1006.92 feet; thence, North $62^{\circ}19'19''$ East, 680.61 feet; thence, North $89^{\circ}42'32''$ East, 1053.02 feet to a point on the West right-of-way line of U.S. Highway 287; thence along said West right-of-way line, South $00^{\circ}16'06''$ West, 1320.07 feet to the Point of Beginning.

County of Larimer, State of Colorado

EXHIBIT B

Legal Description of Prairie Ridge

Legal Description of a parcel of land being portions of Sections 21 and 28, Township 6 North, Range 69 West of the 6th Principal Meridian, Larimer County, Colorado being more particularly described as follows:

Beginning at the Southwest Corner of said Section 28 and considering the West line of the Southwest Quarter of said Section 28 as bearing South 00°03'32" West and with all bearings contained herein relative thereto; thence along the South line of the Southwest Quarter of said Section 28 North 89°36'54" East 50.00 feet; thence departing said South line North 00°03'32" East 1013.51 feet; thence North 89°50'35" East 2626.58 feet to a point on the North-South centerline of said Section 28; thence along said North-South centerline North 00°05'42" West 1153.00 feet; thence departing said North-South centerline North 89°50'35" East 2674.10 feet to a point on the East line of the Southeast Quarter of said Section 28; thence along said East line North 00°14'02" West 529.32 feet to the East One Quarter Corner of said Section 28; thence along the East line of the Northeast Quarter of said Section 28; North 00°14'13" West 2651.15 feet to the Northeast Corner of said Section 28; thence along the East line of the Southeast Quarter of said Section 21 North 00°12'58" West 2626.00 feet to the East One Quarter Corner of said Section 21; thence along the East-West centerline of said Section 21 South 89°53'47" West 2660.74 feet to the center One Quarter Corner of said Section 21; thence continuing along said East-West centerline South 89°53'38" West 2708.47 feet to the West One Quarter Corner of said Section 21; thence along the West line of the Southwest Quarter of said Section 21 South 01°00'49" East 2636.00 feet to the Southwest Corner of said Section 21; thence along the West line of the Northwest Quarter of the Northwest Quarter of said Section 28 South 00°03'02" West 1335.90 feet to the Northwest Corner of the Southwest Quarter of the Northwest Quarter of said Section 28; thence along the West line of the Southwest Quarter of the Northwest Quarter of said Section 28 South 00°00'43" West 1335.51 feet to the West One Quarter Corner of said Section 28; thence along the West line of the Southwest Quarter of said Section 28 South 00°03'32" West 2670.98 feet to the POINT OF BEGINNING.

The above described tract of land contains 784.751 acres more or less and is subject to the right-of-way for Larimer County Road No. 19 and all other easements and rights-of-way of record.

H.E.S.

9/15/2011

EXHIBIT C

LEGAL DESCRIPTION OF MCKEE PROPERTY

PARCEL I:

Section 22, Township 6 North, Range 69 West of the 6th P.M., Larimer County, Colorado, except portion conveyed by Warranty Deed recorded February 25, 1971, in Book 1493 at Page 667; and further except that portion conveyed in Quit Claim Deed recorded March 8, 1962, in Book 1166 at Page 356, and Deed of Dedication for public highway recorded August 22, 1990, under Reception Number 90037644. .

PARCEL II:

The North half (N1/2) of Section 27, Township 6 North, Range 69 West of the 6th P.M., County of Larimer, State of Colorado; EXCEPT those portions contained in Deeds recorded as Reception No. 90031185 and in Book 1493 at Page 667.