



FRUITA
COLORADO

AGENDA ITEM COVER SHEET

TO: FRUITA CITY COUNCIL AND MAYOR

FROM: JOE ZAHER, FINANCE DIRECTOR

DATE: AUGUST 6, 2024

AGENDA TEXT: ORDINANCE 2024-16 – First Reading – An introduction of an Ordinance authorizing a Five-Year Farm/Crop Lease and optional five-year extension of 40 acres of property located on the northeast corner of 16 and L Roads for publication of public hearing on September 3, 2024

BACKGROUND

The City of Fruita and Mesa County School District #51 acquired a 40-acre parcel of ground located on the northeast corner of 16 and L Roads in Mesa County in 2008 with the intent of subdividing it a future date for use as parks and open space by the city and school facilities by the School District. The City of Fruita and School District entered into an Intergovernmental Agreement setting forth the terms of the purchase and use of the property. Pending use of the property by either the School District or City, the IGA assigned the City the responsibility of ensuring that the property is maintained with the primary intent that maintenance would be accomplished through a farm/crop lease of the land.

The property has been leased back to the former owners (the Etchart's) of the property from 2014-2019, followed by a five-year lease extension from 2019-2024. The longer-term lease (5 years) of the property provides the Etchart's more assurance that efforts they take to plant crops will have a better return on their investment. A lease for a period of more than one year requires the adoption of an ordinance by the City Council.

The ordinance under consideration by the Council would provide for a five-year farm/crop lease between the City of Fruita and the Etchart's but would allow for the termination of said lease, upon 6 months' notice, in the event the City or School District decide to pursue construction of facilities on the property with the term of the lease.

FISCAL IMPACT

The lease agreement will have minimal fiscal impact. The lease will bring in \$2,825 annually for five years.

APPLICABILITY TO CITY GOALS AND OBJECTIVES

The lease and subsequent revenues help to maintain the fiscal sustainability of the City by ensuring that the ownership of this property is not placing a drain on the City's finances until such time as it is developed.

OPTIONS AVAILABLE TO THE COUNCIL

- Publish a Synopsis of Ordinance 2024-16 for Public Hearing on September 3, 2024.
- Advise staff to revise the agreement and bring back to be considered at a future date.

RECOMMENDATION

It is the recommendation of City Staff that the Council by motion:

- **PUBLISH A SYNOPSIS OF ORDINANCE 2024-16 - AUTHORIZING THE LONG-TERM LEASE OF THE 40 ACRE PROPERTY LOCATED AT THE NORTH EAST CORNER OF 16 AND L ROADS AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE LEASE AGREEMENT FOR PUBLIC HEARING ON SEPTEMBER 3, 2024**