



## CITY OF MARSHALL AGENDA ITEM REPORT

<b>Presenter:</b>	E.J. Moberg
<b>Meeting Date:</b>	Tuesday, October 10, 2023
<b>Category:</b>	NEW BUSINESS
<b>Type:</b>	ACTION
<b>Subject:</b>	Consider farm lease proposals
<b>Background Information:</b>	<p>Following is an example farm lease for the years 2024, 2025, and 2026. Staff worked with the City Attorney on the lease language and terms.</p> <p>All existing leases expire at the end of 2023. A request for proposals for rental of approximately 446.1 acres of city owned agricultural property was issued on August 24<sup>th</sup>, with sealed proposals received until 11 AM on September 21<sup>st</sup> for 2024 through 2026. The proposals were publicly opened and read aloud after the proposal closing in Council Chambers. Two members of the public were present.</p> <p>An abstract of the proposals received with pricing per acre, the annual rent and the 3-year sum is also following, along with maps of the parcels.</p> <p>The following language will be included in the lease for parcel #12 (land near Wastewater):</p> <p style="padding-left: 40px;">Biosolid application: Lessor shall provide, and Lessee shall accept, wastewater biosolids for application on parcel 12 (82.27 acres). Lessee shall pay \$50 to \$100 per acre (sliding rate based on cost of fertilizer and nutrient quality of biosolids) per year for the biosolid application. Lessor shall provide and apply biosolids. Biosolids application shall occur at such time after harvest has occurred so as to not interfere with Lessee’s crop production and harvest. Lessee shall pay for biosolid application within 30 days of the date of application. Lessor shall provide verified information the biosolid nutritional composition and shall verify the total number of acres to which the biosolids have been applied.</p> <p>The existing renter was given the opportunity to match the high proposal for parcels #2 and #4. The City chose to offer that option to save on the costs of surveying and staking the properties, potential costs of an additional field approach, the irregular parcel widths, possible access issues, and previous experience with the farmer of those properties near the airport.</p> <p>Finally, some items of interest we disclosed during the proposal process:</p> <p style="padding-left: 40px;">Some parcels may NOT have access to a public road or right of way so the responder may need to request and obtain approval from an adjacent property owner to access the City property.</p> <p style="padding-left: 40px;">The acres available for lease could change yearly, especially for parcels within areas marketed for development.</p>

	<p>The City may terminate any farm lease for any reason up on 60 days' notice to the tenant. The City intends to provide such notice on or before mid-January each year.</p> <p>Rent will be due on or before April 1<sup>st</sup> each year.</p>
<b>Fiscal Impact:</b>	Rental income of \$121,800.95 would be collected each year of the lease if the recommended proposals are selected for each of the 12 parcels. (For comparative purposes, \$63,564.90 was collected for 2023.)
<b>Alternative/ Variations:</b>	No alternative action recommended
<b>Recommendations:</b>	Accept the recommended proposals for the 12 farm lease parcels (with update noted for parcels 2 and 4) and authorize staff to finalize applicable lease agreements effective January 1, 2024 through December 31, 2026.