



## CITY OF MARSHALL AGENDA ITEM REPORT

<b>Meeting Date:</b>	Tuesday, March 12, 2019
<b>Category:</b>	CONSENT AGENDA
<b>Type:</b>	ACTION
<b>Subject:</b>	City Farm Leases Parcel 2 Lease Extension and Parcel 7 Addendum
<b>Background Information:</b>	<p>The City of Marshall has a number of City owned properties that are leased on an annual basis for agricultural production purposes. Generally City receives bids and does lease property pursuant to bids for a three year term. Amendments need to be made to two of the parcels and lease extensions and amendments are proposed as follows:</p> <ol style="list-style-type: none"> <li>1. Farm lease extension Parcel 2 9.47 acres. City of Marshall has previously leased the Parcel 2 9.47 acres to Paul &amp; Fran Deutz, Inc., a Minnesota corporation at a rate of \$140 per acre. While it was intended that the lease would be for a three year period of time, the lease as drafted was only for a one year 2018 time period. It is proposed that the terms of that lease would be extended for a two year period of time for farming years 2019 and 2020. That would then make this lease comply with the same time periods for lease of the other City owned properties. Attached is farm lease extension for two year period of time, containing the same terms as the one year 2018 lease contained. The annual lease payments of \$1,325.80 are due April 16, 2019 and 2020.</li> <li>2. Farm lease amendment Parcel 7. On October 24, 2017, City of Marshall entered into a three year lease with tenant Paul Wambeke. Lease pertained to parcels 5, 6, 7, 8 and 9 for three year lease term for payments of \$180 per acre per year for each of the five parcels.</li> </ol> <p>Parcel 7 was property identified as Parkway III Addition. A portion of that property (8.26 acres) was conveyed to Unique Opportunities for apartment development. 0.57 acres was conveyed to Charles Hess (Hess Concrete) for expansion of their property. Therefore, 7.27 acres remain for agricultural production. The lease does provide that the amount of acres to be farmed can be reduced if property is sold by the City. Therefore, it is necessary to amend the acres to be farmed and payments to be made regarding that parcel. It is recommended that Parcel 7 be reduced to 7.27 acres to be placed in agricultural production. The remainder of the land has limited access and is of poor quality land than remainder of agricultural property. It is recommended that the 7.27 acres be leased at a rate of \$100 per acre for each of 2019 and 2020. Rental payments due would total \$727 per year due March 15<sup>th</sup> of each year. Addendum to said lease is attached.</p>
<b>Fiscal Impact:</b>	Rental rates to be paid as negotiated.
<b>Alternative/Variations:</b>	None recommended.
<b>Recommendations:</b>	That the City approve lease extension with Paul & Fran Deutz, Inc. and that the City approve an amendment to the lease regarding the reduction of acres in Parcel 7 to be farmed by tenant Paul Wambeke.