

ITEM #:	<u>14</u>
DATE:	<u>04-09-24</u>
DEPT:	<u>P&R</u>

COUNCIL ACTION FORM

SUBJECT: CASH RENT FARM LEASE AGREEMENT IN ONTARIO PARK

BACKGROUND:

Prior to the City purchasing 50 acres at 5658 Ontario Street in November 2023, the previous property owners had a cash rent lease agreement with Donald Uthe to farm the southern 20.5 acres of this parcel. The previous owners sent a certified letter, as required by Iowa law, to Mr. Uthe prior to September 1, 2023, informing him that lease agreement in place at the time was being terminated. This allowed the City time to determine whether it wanted to lease the land for farming or do something else with the 20.05 acres.

Staff will be conducting public meetings beginning in fall 2024 to gather feedback from residents in order to develop a site master plan with a cost opinion for the future park. Eventually, staff believes the 20.05 acres will be developed into something other than farmland. **Since the master plan will not be finalized until spring 2025, staff is recommending the City lease the land to Mr. Uthe to farm in 2024 and 2025.** After the 2025 harvest, staff could plant native prairie plants or some other vegetation on the 20.05 acres if that is what the site master plan calls for.

The Cash Rent Farm Lease Agreement, Attachment A, is for a one-year lease with the option to renew. The duration of the agreement is March 1, 2024 - last day of February 2025. Rent for the land is \$240 per acre or \$4,812 for the agreement term year. Rent for years two and beyond, if renewed, will have a 3% escalator per year.

The agreement requires Mr. Uthe to follow sound environmental practices. Mr. Uthe is not permitted to hunt, recreate, or raise livestock on the property. He is also prohibited from erecting any new structures, buildings, fences or new improvements during the lease term. Mr. Uthe is obligated to carry liability insurance and to indemnify and hold harmless the City against claims.

ALTERNATIVES:

1. Approve the Cash Rent Farm Lease Agreement with Donald Uthe, 2334 220th Street, Ames, Iowa to farm 20.05 acres in Ontario Park for March 1, 2024 - February 28, 2025 in the amount of \$4,812.
2. Do not lease the 20.05 acres in Ontario Park for farming to Mr. Uthe, but rather seek a lease arrangement with another farm operator.
3. Refer back to staff to consider other uses for the land until it is developed into a new community park.

CITY MANAGER'S RECOMMENDED ACTION:

Since the Ontario Park will not be immediately developed, staff has explored different options for the 20.05 acres of farm land on the south end of the property. It seems prudent to continue to have these 20.05 acres farmed until the Site Master Plan is completed and a long-term use is identified. It also provides revenue that could be used to cover minor expenses associated with maintaining this property. The City currently leases WPC and Airport land to generate revenue. Therefore, it is the recommendation of the City Manager that the City Council approve Alternative #1 as stated above.

ATTACHMENT(S):

[Attachment A - Cash Farm Rent Lease \(Uthe\).pdf](#)