



Legislation Text

File #: 10-0664, Version: 1

Resolution Approving Cooperative Agreement with and Purchase Agreement for the Honke Family LLC Property in Northfield Township and Appropriate Funds - \$718,267.00 **(8 Votes Required)**

Attached for your review and action is a resolution to approve a Cooperative Agreement between the United States of America Commodity Credit Corporation and the City of Ann Arbor for the Farm and Ranch Lands Protection Program (FRPP) grant funds for the Honke Family LLC farm in Northfield Township.

On February 1, 2010 (R-10-023), City Council approved grant application to the Farm and Ranch Land Protection Program for the Purchase of Development Rights (PDR) for the Honke farm. The City recently received notice that NRCS has awarded \$260,910.00 toward the purchase of the development rights on the farm.

Purchase Agreement:

An appraisal was completed for the development rights on the property in February 2010.

The attached resolution also approves the Purchase Agreement for the Sale of Agricultural Land Development Rights for the farm. The Purchase and Sale of the development rights is contingent on the following:

- A. Approval of the appraisal by FRPP and the City for the establishment of a fair market price for the development rights;
- B. Conveyance of good and marketable title to the development rights;
- C. An environmental site assessment acceptable to the City of Ann Arbor in its sole discretion;
- D. Agreement to the terms and conditions of a Grant of Easement for the Development Rights required by all respective governmental entities connected with the purchase of the development rights.

Project Budget:

Purchase Price:

Appraised Fair Market Value:	\$669,000.00
FRPP Amount:	\$260,910.00
City portion of purchase price:	\$408,090.00

Other Costs:

Estimated Due Diligence:	\$ 12,000.00
Estimated Closing Costs:	\$ 13,400.00
Endowment:	\$ 23,867.00
Total Other Costs:	\$ 49,267.00

City Costs:

Purchase Price:	\$ 408,090.00
Other Costs:	\$ <u>49,267.00</u>
Total City Costs:	\$ 457,357.00

The total project budget of \$718,267.00 includes the total cost for the City as well as the FRPP grant, which will be reimbursed after the completion of the project. Northfield Township is a likely partner on the project, but no allocation of funds have been approved.

Conservation Easement:

The easement is made pursuant to section 36111 b of the Natural Resources and Environmental Protection Act (MCL 324.3611b; MSA 13A.3611b) and Chapter 42 of the Ann Arbor City Code. The easement is for the purpose of preservation of the Property's agricultural use, including the protection of prime, unique or important soils, by preventing any use that would significantly impair or interfere with the agricultural value.

Matching grant funds are through the Federal Natural Resources Conservation Service. The City's share is from the Open Space and Parkland Preservation Bond proceeds. The FRPP program is voluntary and provides matching funds for local governments to acquire development rights on farmland. The landowners retain the right to use their property for agriculture.

Honke Family LLC Farm, Northfield Township

The farm is approximately 96.51 acres and is located at the intersection of Northfield Church Road and Nollar Road. The deed to the property is held by Honke Family LLC. An application to participate in the Program was received from the deed holders in 2005.

This farm is considered large enough to sustain agricultural production and is in a location that will encourage additional farmland preservation and agricultural preservation activities. The property is in close proximity to two other farms protected by the Greenbelt Program - the John and Bev Alexander Farm in Northfield Township and Kapp Farm in Ann Arbor Township. In addition, the property is within one of the strategic plan blocks identified in the Greenbelt Strategic Plan.

The Greenbelt Advisory Commission recommended the purchase of development rights on this property and appropriation of funds at its February 10, 2010 meeting.

Prepared by: Ginny Trocchio, The Conservation Fund

Reviewed by: Sumedh Bahl, Community Services Area Administrator

Whereas, FRPP has matching grant funds available for the Purchase of Development Rights on eligible agricultural land;

Whereas, Chapter 42 of The Ann Arbor City Code establishes the Greenbelt District and enables the City to purchase development rights on property within the district;

Whereas, Purchase of Development Rights may be funded through the Open Space and Parkland Preservation Bond proceeds;

Whereas, The Greenbelt Advisory Commission approved a motion recommending approval of the purchase of development rights and appropriation of funds; and

Whereas, The Fair Market Value for the development rights as determined by the City as required by Section 1:320 of the Ann Arbor Code is \$669,000.00;

RESOLVED, That City Council approve a Cooperative Agreement between the United State of America Commodity Credit Corporation and the City of Ann Arbor for the Farm and Rand Lands Protection Program match funds for the acquisition of development rights by conservation easement of the property identified in this Resolution;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute the Cooperative Agreement after approval as to substance by the City Administrator and approval as to form by the City Attorney;

RESOLVED, That City Council approve the purchase agreement to be subject to the approval of the appraisal by the City and FRPP; environmental site assessment approved by the City at its sole discretion; conveyance of good and marketable title to the development rights by Farmland Development Rights Easement;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute the Purchase Agreement after approval as to form by the City Attorney

RESOLVED, That City Council authorize the Mayor, City Clerk and City Administrator to execute all documents necessary to complete the requirements of the Federal Farm and Ranch Land Protection Program after approval as to form by the City Attorney; and

RESOLVED, That \$718,267.00 be appropriated for the purchase of development rights for the Honke Family LLC property from the Open Space and Parkland Preservation Millage bond proceeds for the life of the project without regard to fiscal year, include closing, incidental and endowment costs with \$260,910.00 to be reimbursed to the Open Space and Parkland Preservation Bond Proceeds by the Federal Farm and Ranchland Protection Program upon completion of the acquisition.