



Legislation Text

File #: 16-0785, Version: 1

Resolution to Approve the Purchase of Development Rights on the Lloyd and Betty Guenther Property in Lodi Township and Appropriate Funds in the Amount of \$866,014.00 **(8 Votes Required)** Attached for your review and action is a resolution to approve a purchase agreement for the purchase of development rights on the Lloyd and Betty Guenther farm in Lodi Township.

On March 2, 2015 (R-15-063), City Council approved a grant application to the NRCS - Agriculture Conservation Easement Program (ACEP) for the Purchase of Development Rights (PDR) on two properties owned by Lloyd and Betty Guenther in Lodi Township. Subsequently, on September 21, 2015 City Council approved the acceptance of grant funds (R-15-1140) in the amount of \$381,220.00 towards the purchase of the development rights on the two tracts.

Guenther Farm, Lodi Township

The property consists of two tracts totaling approximately 255 acres (a 75 acre tract and a 175 acre tract) and is located along Textile Road in Lodi Township. The deeds to the properties are held by Lloyd and Betty Guenther. An application to participate in the Program was received from the deed holders in January 2015.

This farm is considered large enough to sustain agricultural production and is in a location that will encourage additional farmland preservation activities. The property is in active agriculture.

Purchase Agreement:

An appraisal was completed for the development rights on the property in February 2016.

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

- A. Approval of the appraisal by ACEP 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:	\$1,144,500.00
<u>ACEP Amount:</u>	<u>\$ 381,220.00</u>
City portion of purchase price:	\$ 763,280.00

Other Costs:

Estimated Due Diligence:	\$ 40,000.00
Estimated Closing Costs:	\$ 15,000.00
<u>Endowment:</u>	<u>\$ 47,734.00</u>
Total Other Costs:	\$102,734.00

City Costs:

Purchase Price:	\$ 763,280.00
<u>Other Costs:</u>	<u>\$ 102,734.00</u>
Total City Costs:	\$ 866,014.00

The total project budget of \$866,014 includes the total cost for the City as well as the ACEP grant, which will be reimbursed after the completion of the project.

**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 USDA Natural Resources Conservation Service. The City's share is from the Open Space and Parkland Preservation Millage proceeds. The ACEP 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.

The Greenbelt Advisory Commission recommended the purchase of development rights on this property at its April 7th, 2016 meeting.

Attachment: Location Map

Prepared by: Ruth Thornton, The Conservation Fund

Reviewed by: Derek Delacourt, Community Services Area Administrator

Approved by: Tom Crawford, Interim City Administrator

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 Millage proceeds;

Whereas, Chapter 42 of the Ann Arbor City Code specifically authorizes City Council to enter into agreements for joint acquisition of land in the Greenbelt District with other government agencies;

Whereas, The Fair Market Value for the development rights was determined by an appraisal as required by Section 1:320 of the Ann Arbor Code;

Whereas, Sufficient funds are available in the Open Space and Parkland Preservation Millage Proceeds for the expenditure; and

Whereas, The Greenbelt Advisory Commission approved a motion recommending approval of the purchase of development rights at its April 7, 2016 meeting;

RESOLVED, That City Council approve the purchase, subject to the approval of the appraisal by the City and ACEP; and satisfactory environmental site assessment; of the development rights by Farmland Development Rights Easement of two tracts of land totaling approximately 255 acres (a 75 acre tract and a 175 acre tract) located along Textile Road in Lodi Township owned by Lloyd and Betty Guenther;

RESOLVED, That City Council authorize the Mayor and City Clerk to execute all documents necessary to complete purchase of development rights after approval as to form by the City Attorney; and

RESOLVED, That \$866,014.00 be appropriated for the purchase of development rights for the Lloyd and Betty Guenther property in Lodi Township from the Open Space and Parkland Preservation Millage proceeds for the life of the project without regard to fiscal year, include closing, incidental and endowment costs.