



## Legislation Text

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Resolution to Approve Grant Application to the Federal Farm and Ranch Land Protection Program (FRPP) for the Purchase of Development Rights (PDR) on the Honke Family LLC Property in Northfield Township, Approve Purchase Agreement and Appropriate Funds in the Amount of \$958,747.00 Contingent upon Award of Grant Funds **(8 Votes Required)**

Attached for your review and action is a resolution to approve the Federal Farm and Ranch Land Protection Program (FRPP) application for the purchase of development rights (PDR) on the Honke Family LLC Property located in Northfield Township. The resolution also requests approval of a purchase and sales agreement with the landowner and the appropriation of funds for the purchase in the amount of \$958,747.00 contingent upon award of grant funds.

### **Grant Application:**

Applications to the Federal program are for funds up to 50% of the appraised fair market value of the development rights to a maximum of \$5,000.00 per acre. Completed applications must be submitted before June 1, 2009. It is anticipated that a request for acceptance of grants funds, if awarded, will be presented to City Council in August, 2009. This resolution requests approval of this grant application.

The Farm and Ranch Lands Protection Program has \$2.2 million available this year in grant funds for Michigan.

### **Purchase Agreement:**

The grant application requires a purchase agreement for the purchase of development rights to establish easements on the properties be executed by the landowners and the City and submitted with the application. An appraisal has been completed for the development rights on the property.

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 (pending offer) is contingent on the following:

- A. Award of grant funds from FRPP;
- B. Approval of the appraisal by FRPP and the City for the establishment of a fair market price for the development rights;
- C. Conveyance of good and marketable title to the development rights;
- D. An environmental site assessment acceptable to the City of Ann Arbor in its sole discretion;
- E. 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: \$896,000.00

FRPP Request: \$448,000.00  
City portion of purchase price: \$448,000.00

Other Costs:

Estimated Due Diligence: \$12,000.00  
Estimated Closing Costs: 26,880.00  
Endowment: 23,867.00  
Total Other Costs: \$62,747.00

City Costs:

Purchase Price: \$448,000.00  
Other Costs: 62,747.00  
Total City Costs: \$510,747.00

The total project budget of \$958,747.00 includes the total cost for the City as well as, the FRPP grant, which will be reimbursed after the completion of the project. Finally, the attached resolution requests the appropriation of \$958,747.00 from the Open Space and Parkland Preservation Bond Proceeds, contingent on award of grant funds, to complete this transaction.

**Conservation Easement:**

The easement is made pursuant to section 36111 b of the Natural Resources and Environmental Protection Act (MCL 324.36111b; MSA 13A.36111b) 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, Northfield Township**

The farm is approximately 98 acres and is located at the intersection of Northfield Church and Nollar Roads. 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 2006.

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 other properties, already protected by a conservation easement under the Greenbelt Program and is within one of the strategic plan blocks within the Greenbelt District. If FRPP matching grant funds are awarded, the PDR acquisitions must be completed by March 30, 2011.

The Greenbelt Advisory Commission recommended approval of this application to the FRPP Program at its February 11, 2009 meeting and approved the purchase agreement at its May 1, 2009 meeting.

Prepared by: Ginny Trocchio, The Conservation Fund  
Reviewed by: Jayne Miller, Community Services Area Administrator

Whereas, FRPP has matching grant funds available for up to 50% of Purchase of Development Rights on eligible agricultural land not to exceed \$5,000.00 per acre;

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 owners have executed a Purchase Agreement for the Sale of Farmland/ Agricultural Land Development Rights and agree to establish a Farmland Development Rights Grant of Easement that conforms to standards established by the City of Ann Arbor and the Natural Resources Conservation Service;

Whereas, The Greenbelt Advisory Commission approved motions recommending approval of this application and the proposed purchase agreement;

Whereas, The Fair Market Value of the development rights as determined by the City as required by Section 1:320 of the Ann Arbor City Code is \$896,000.00; and

Whereas, There are sufficient funds in the Open Space and Parkland Preservation Bond Proceeds to match the total purchase price, plus estimated closing costs, including the environmental study, and a boundary survey, and the monitoring endowment;

RESOLVED, That City Council approve the application to the Farm and Ranch Lands Protection Program for matching grant funds for the Purchase of Development Rights for the Honke Family LLC property as indicated on the attached map;

RESOLVED, That City Council approve the purchase and sales agreement subject to the the following conditions (i) award of grant funds to the City; (ii) approval of the appraisal by FRPP; (iii) environmental site assessment approved by the City at its sole discretion; (iv) conveyance of good and marketable title to the development rights by Farmland Development Rights Easement and (v) acceptance of the Farmland Development Rights Easement by Ann Arbor City Council;

RESOLVED, That \$958,747.00, be appropriated for the purchase of development rights, contingent on award of grant funds, for this 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 \$448,000.00 to be reimbursed to the Open Space and Parkland Preservation Bond Proceeds by the Federal Farm and Ranch Land Protection Program upon completion of the acquisition;

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.

RESOLVED, That the City Administrator be authorized to take all necessary administrative actions to implement this resolution.