



Legislation Text

File #: 12-1087, Version: 1

Resolution to Approve Purchase Agreement for the Purchase of Development Rights on the Robert H. Schultz Property in Superior Township and Appropriate Funds in the Amount of \$523,567.00 (**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 Robert H. Schultz farm in Superior Township.

On February 21, 2012 (R-12-054), City Council approved a grant application to the Natural Resources Conservation Service (NRCS) - Farm and Ranchland Protection Program for the Purchase of Development Rights (PDR) on the Schultz farm in Superior Township. Subsequently, City Council approved the acceptance of grant funds (R-12-0532) in the amount of \$229,320.00 towards the purchase of the development rights on the farm.

Purchase Agreement:

An appraisal was completed for the development rights on the property in February 2012.

The 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 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:	\$468,000.00
<u>FRPP Amount:</u>	<u>\$229,320.00</u>
City portion of purchase price:	\$238,680.00

Other Costs:

Estimated Due Diligence:	\$ 20,000.00
Estimated Closing Costs:	\$ 11,700.00
<u>Endowment:</u>	<u>\$ 23,867.00</u>
Total Other Costs:	\$ 55,567.00

City Costs:

Purchase Price:	\$ 238,680.00
<u>Other Costs:</u>	<u>\$ 55,567.00</u>

Total City Costs: \$ 294,247.00

Budget:

Purchase Price: \$ 468,000.00

Other Costs: \$ 55,567.00

Total Cost: \$ 523,567.00

The total project budget of \$523,567.00 includes the total cost for the City as well as, the FRPP 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 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.

Robert H. Schultz, Superior Township

The farm is approximately 136 acres and is located along Harris Road and Geddes Road in Superior Township. The deed to the property is held by Robert H. Schultz. An application to participate in the Program was received from the deed holders in December 2011.

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 surrounded by additional farmland that has been protected by Southeast Michigan Land Conservancy, Washtenaw County and the Greenbelt program.

The Greenbelt Advisory Commission recommended the purchase of development

Prepared by: Ginny Trocchio, The Conservation Fund

Reviewed by: Sumedh Bahl, Community Services Area Administrator

Approved by: Steven D. Powers, City Administrator

Attachment: Location Map

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

Whereas, \$229,320.00 will be reimbursed by FRPP for the purchase of development rights on the

Robert H. Schultz Property in Superior Township;

Whereas, The Greenbelt Advisory Commission approved a motion recommending approval of the purchase of development rights at its June 7, 2012 meeting; and

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

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 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 \$523,567.00 be appropriated for the purchase of development rights for the Robert H. Schultz property in Superior 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.