



Legislation Text

File #: 18-2188, **Version:** 1

Resolution to Approve the Purchase of a Conservation Easement on the Lepkowski Property in Northfield Township and to Appropriate \$478,867.00 (**8 Votes Required**)

This resolution approves the purchase of a conservation easement on approximately 75 acres of farmland owned by Thaddeus and Margaret Lepkowski, located in Northfield Township. The resolution also appropriates up to \$478,867.00 for the purchase from the Open Space and Parkland Preservation Millage proceeds.

On September 6, 2016 (R-16-1240), City Council approved a resolution to participate in the Huron River Initiative Regional Conservation Partnership Project (Huron River RCPP). On February 20, 2018 (R-18-0215), City Council approved a grant application to the NRCS - Agriculture Conservation Easement Program (ACEP) under the Huron River RCPP for this and other properties in Northfield Township. On September 17, 2018 (R-18-378), City Council approved the acceptance of grant funds in the amount of \$307,950.00 under a cooperative agreement with NRCS to be applied toward the purchase of the development rights on the Kempf and Lepkowski properties.

Lepkowski Farm, Northfield Township

The farm is approximately 80 acres and is located along Spencer Road in Northfield Township. The property is considered large enough to sustain agricultural production and is in a location that will encourage additional farmland preservation and agricultural preservation activities. It is located approximately one mile from two existing Greenbelt farmland preservation easements. The property scored in the top 40% of all Greenbelt applications in the scoring system developed and approved by the Greenbelt Advisory Commission due to the size and quality of the farmland, proximity to other protected properties, and the potential to leverage funds from federal sources of funding. The property also meets the priorities for both the Greenbelt program and the ACEP program.

Appraisal:

An appraisal for a conservation easement on the property was completed in December 2017 and updated in October 2018. The fair market value was appraised at \$427,500.00, being \$5,700.00 per acre for 75 acres.

The purchase is contingent upon all parties participating in the purchase approving the following:

- The appraisal;
- An environmental site assessment of the property;
- A survey of the property;
- Conveyance of good and marketable title to the conservation easement; and
- Agreement to the terms and conditions of the conservation easement;

Proposed Project Budget:

Estimated Purchase Price:

Appraised Fair Market Value: \$427,500.00
ACEP Amount: \$213,750.00 (50% of purchase price)
City portion of purchase price: \$213,750.00

Other Costs:

Estimated Due Diligence: \$20,000.00
Estimated Closing Costs: \$7,500.00
Endowment: \$23,867.00
Total Other Costs: \$51,367.00

City Funds Needed at Closing:

Purchase Price: \$427,500.00
Other Costs: \$51,367.00
\$478,867.00

Total Final City Costs:

City Funds Needed at Closing: \$478,867.00
Reimbursement from ACEP: \$213,750.00
Total City Costs: \$265,117.00

The total project budget of \$478,867.00 reflects the estimated up-front costs required to be paid by the City. The ACEP grant is a reimbursement paid to the City after purchase.

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 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 up to 50% of purchase price for local governments to acquire agricultural conservation easements. The landowners retain the right to use their property for agriculture.

The Greenbelt Advisory Commission recommended this purchase at its December 6th, 2018 meeting.

Attachment: Location Map
Prepared by: Emy Brawley, Greenbelt Program Manager (interim),
The Conservation Fund
Reviewed by Derek Delacourt, Community Services Area Administrator
Christopher Frost, Senior Assistant City Attorney
Approved by: Howard S. Lazarus, City Administrator

Whereas, Chapter 42 of Ann Arbor City Code establishes the Greenbelt District and authorizes the City to purchase conservation easements on property within the district with Open Space and

Parkland Preservation Millage proceeds;

Whereas, Chapter 42 of 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 conservation easement was determined by an appraisal as required by Section 1:320 of the Ann Arbor Code;

Whereas, The City has secured a USDA ACEP grant that may be applied to reimburse up to 50% of the appraised fair market value for the purchase of a conservation easement on the Lepkowski Property;

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

Whereas, The Greenbelt Advisory Commission approved a motion recommending approval of the purchase at its December 6, 2018 meeting;

RESOLVED, That City Council approves the purchase of a conservation easement on the approximately 75-acre Lepkowski Farm located along Spencer Road in Northfield Township for a price not to exceed \$5,700.00 per acre;

RESOLVED, That the total purchase price for the conservation easement may be adjusted based upon the acreage determined by survey subsequent to this resolution, provided that the total expenditure for the project shall not exceed the amount appropriated in this resolution;

RESOLVED, That approval of the purchase is contingent upon the approval by City staff, ACEP, and all entities participating in the purchase of the following:

- The appraisal;
- An environmental site assessment of the property;
- A survey of the property;
- Conveyance of good and marketable title to the conservation easement; and
- Agreement to the terms and conditions of the conservation easement;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute a purchase agreement with the owner of Lepkowski Farm reflecting the requirements of this resolution, after approval as to form by the City Attorney and as to substance by the City Administrator;

RESOLVED, That the City Administrator be authorized to execute all other documents necessary to complete this purchase after approval as to form by the City Attorney; and

RESOLVED, That \$478,867.00 be appropriated for this purchase from the Open Space and Parkland Preservation Millage proceeds for the life of the project without regard to fiscal year, including closing, incidental, and endowment costs.