

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

00-142

SYNOPSIS -

AGENDA:

APRIL 17, 2000

SUBJECT:

CASH FARM LEASE
- SE 43RD STREET
AND VANDALIA
ROAD IN THE
PROPOSED DES
MOINES
AGRIBUSINESS
PARK

On the April 17, 2000 Council agenda is a roll call to enter into a cash farm lease of 166 acres of land located at the southwest corner of SE 43rd Street and Vandalia Road, which the City anticipates acquiring title to from the Archer Daniels Midland Company in April 2000. Ken Murrow of P.O. Box 28, Alleman, Iowa (Tenant) will lease the land until November 30, 2000 with the option for additional terms not to exceed two additional growing seasons. The City and the Des Moines Water Works purchased this land for future development of the proposed Des Moines Agribusiness Park. The lease does not preclude the City from selling the land for development purposes and limits the City's liability to the total rent paid by the Tenant. Ellen Walkowiak with the City's Office of Economic Development is coordinating the City activities relative to this project.

TYPE:

FISCAL IMPACT -

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

The Tenant will pay a total of \$20,750 (\$125/acre) to the City for each term of the lease, provided that the City consents each year to extend the lease term. One-half of the rent (\$10,375) shall be paid prior to April 1 (or with execution of the lease) and the other half (\$10,375) on or before November 30. One-third of the proceeds during each term (\$6,917) shall be remitted to the Des Moines Water Works based on its investment of one-third of the price to acquire the land.

SUBMITTED BY:

ERIC A. ANDERSON
CITY MANAGER

RECOMMENDATION -

Approval.

BACKGROUND -

On December 6, 1999, by Roll Call Nos. 99-3719 and 99-3720, Council entered into an Intergovernmental 28E Agreement with the Des Moines Water Works for the purchase of approximately 166 acres owned by the Archer Daniels Midland Company (ADM) of Decatur, Illinois and approved the Offer to Purchase. Acquisition of this land is a critical component in redeveloping the proposed Des Moines Agribusiness Park. The City is working with ADM to acquire title, subject to review of the abstract that is in the process of being completed. Title is anticipated to be transferred in April 2000.

Ken Murrow of Alleman, Iowa (Tenant) has agreed to the following lease provisions.

- The lease shall commence retroactively on April 1, 2000 and expire on November 30, 2000. There is an option to renew it for two additional growing seasons, subject to the Tenant providing written notice to the City on or before February 15 and the City's written consent to extend the term.
- Rent shall be \$20,750 (\$125/acre) payable in two installments of \$10,375 prior to April 1 (or with execution of the lease) and no later than November 30.
- All applicable environmental laws regarding application, storage and handling of chemicals shall be complied with and the environment protected. The Tenant shall assume liability and shall indemnify and hold the City harmless for any claim or violation of environmental standards arising from the Tenant's use of the premises.
- If the City sells all or part of the land and the crop requires removal prior to harvesting, the City's liability is limited to the total rent paid. The Tenant shall be reimbursed at \$125/acre not to exceed \$20,750 during the lease term.

There are many benefits to entering into this cash farm lease. It will provide additional revenue to the City and the Des Moines Water Works, minimize expenses associated with mowing and other maintenance, protect the land from rampant dumping and allow for a valuable crop to be produced. The lease limits the City's liability and preserves options to develop the land in the future.

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