



## **CITY OF WASHINGTON, ILLINOIS**

### **Public Works Committee Communication**

**Meeting Date:** December 02, 2019

**Prepared By:** Ray Forsythe, City Administrator

**Agenda Item:** W223 Farm Lease Extension

**Explanation:** The City issued an RFP for the cash rent of the W223 property in November 2017. A one-year lease was approved with Aaron Vercler for \$59,744.64/year. During the planting season, damage was done to the bike path on Cruger Road which was determined to be caused by an overweight piece of farm equipment during the regular course of planting the crop while accessing the farm through one of the two previous entrances. The City did not account for overweight vehicles when the bike path was designed along the W223 farm as it was anticipated that the farm access would be abandoned once development occurred. Increased concrete depth was installed on the Montgomery's two access points further to the east on Cruger. The City worked with Mr. Vercler during the balance of the growing season to utilize the existing farm access off Dallas Road. This is not the most convenient location due to the length of the field and the requirement that all crops be hauled to the west end of the field. The City installed temporary improvements to this access to accommodate the harvest this year. The farmer, Aaron Vercler, has cooperated with the City in filing an insurance claim and has agreed to the following terms during the lease extension.

- Extend the contract for 24 months with the same cancellation clause as the existing contract with an option for two 1-year extensions, depending on the status of development.
- Reimburse the City for the out of pocket insurance claim on the bike path at the time the contract is executed.
- Include the cost of one farm access on Cruger Road which will be contracted by the City utilizing prevailing wages for an 8" concrete pad 8' x 72'. This \$5,184 cost will be included in the lease payment, paid in four installments on an annual basis. Should the City choose to cancel the lease due to development, a prorated reimbursement will be granted to the farmer for the remaining months of the current lease. (Total cost/48 months x months unused). A per acre formula will be used should the farm be sold in phases.

My recommendation is to enter into a 24-month extension with the existing lessee and two 1-year options. We have successfully negotiated a resolution to the damage done to the existing bike path and have found a solution moving forward on providing suitable access to the farm which was not done when the bike path was designed and installed. The Washington 223 property is a high priority for the City Council and there are planning activities planned for this property in the 2020/2021 fiscal year. This work is necessary to be completed in order to find a suitable buyer for the property. It is my opinion that the land should continue as income producing property for the immediate future. Should the plans be completed and a full-fledged marketing program be put into place, the price of the land will include consideration to the lease terms for a buyout should a master developer come forward. We have a good relationship with Mr. Vercler and he is willing to work with the City should all or portions of the property be developed during the term of the extension.

**Date Prepared:** 11/26/2019

**Fiscal Impact:** \$59,744.64/lease income annually; \$5,800 reimbursement for damage to the bike trail; \$5,184 reimbursement for the cost of an upgraded entrance to the farm on Cruger Road.

**Recommendation:** The City Administrator recommends the approval of an extension to the existing lease for 24 months with two 1-year options.

**Action Requested:** Review by the Public Works Committee and then City Council - Resolution extending the existing lease for an additional 24 months.