

Memorandum



To: City Council
From: Ken Coleman
Date: January 23, 2015
Re: Gunnison Farm Project

To finalize the discussion with Council concerning the lessee agreement for the Farm Project a couple inclusions have been made to the initial document. Initially we did not include the annual cost for this lease and Council asked to recommend a basis for the annual amount charged.

The thought that we should recover at least what we charge the Parkers for their lease is the core of the discussion. A search of the GIS map on the County site shows the entire area for the Van Tuyl Ranch is 321 acres. Figuring the 17 acre snow dump, approximately 20 acres for the headquarters area, and there is probably close to 100 acres tied up in ranch roach, trails, ditches, and wetlands then we can safely estimate there is about 200 acres of hay meadow.

The Parkers currently pay \$15,000 for the annual lease. Therefore $\$15,000/200 = \$75/\text{acre} \times 2 \text{ acres} = \150 . I have incorporated this amount into the lease for year two. We probably could charge that amount in year one, yet we are willing to give the lessee a year without payment to get established. Year three I am suggesting we raise the amount to \$200.

We will discuss whether this is a reasonable approach. I also added language that indicates the terms can be renegotiated annually.