



Item: Public Hearing for Lease of City-Owned Property
From: Ross Bartell, Sanitation Supervisor
Initiated By: Public Works Department
Presented By: Jim Rearden, Public Works Director
Action Requested: Conduct a Public Hearing

Public Hearing:

1. Mayor conducts public hearing, calling three times each for opponents and proponents.
2. Mayor closes public hearing and asks the will of the Commission.

Suggested Motion:

1. Commissioner moves:

“I move the City Commission (accept/reject) the bid from Arrow Kay Farms, Inc., for the lease of City-Owned parcels 3016300 & 3015100 located three and one half miles north of the Manchester Exit, comprising of 316.5 acres for a period of five (5) years.”

2. Mayor calls for a second, discussion, and calls for the vote. (requires 4/5 vote for approval)
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Staff Recommendation: Staff recommends that the City Commission accept the bid from Arrow Kay Farms, Inc., for the lease of City-Owned parcels 3016300 & 3015100 located three and one half miles north of the Manchester Exit.

Background: After a site selection involving approximately 50 properties, the Sanitation Division purchased two parcels north of Manchester on September 10, 1991, for a total of \$149,708.74, as a potential landfill site. The City Sanitation Division currently uses the High Plains Landfill leased by Montana Waste Systems. The current contract between the City of Great Falls and Montana Waste Systems expires on January 1, 2017.

These parcels were approved as CRP (Conservation Reserve Program) in 1993. Annual rental payments have been received from the CRP program totaling \$122,901. The program expired on September 30, 2011. Since that date, the City has been considering a request from a private company to open the area as a landfill.

By leasing the Manchester property the City of Great Falls would keep its options open and allow the City Sanitation Division to have leverage in future disposal contract negotiations with Montana Waste Systems. Entering into this crop lease with Arrow Kay Farms, Inc., gives the City Sanitation Division additional revenue.

Purpose

Staff proposes that the lease of City-Owned property parcels 3016300 & 3015100 located three and one half miles north of the Manchester Exit comprising of 316.5 acres, be for a period of five (5) years.

Evaluation and Selection Process

The specifications were advertised one time in the Great Falls Tribune, placed on the City of Great Falls website, and mailed to seventeen prospective bidders. The bids were opened on December 18, 2013, with four bidders responding. At the City Commission Meeting on January 7, 2014, the City Commission set a Public Hearing for January 21, 2014.

Arrow Kay Farms, Inc., is headquartered in Highwood, Montana. The bid by Arrow Kay Farms, Inc., is \$8,625.00 per year for a total over the five year period of \$43,125.00.

As required by Title 3, Chapter 4, OCCGF, before final consideration of a lease of City property, the City Commission shall hold a public hearing. Pursuant to City Code, a decision by the City Commission to sell, trade or lease City-Owned property must be passed by four-fifths (4/5) of all the members of the City Commission.

Fiscal Impact: The \$43,125 lease payment would go into the Sanitation Fund and would allow for the purchase of trucks and equipment needed for the operation of the enterprise.

Alternatives: The alternative would be to reject the bids.

Attachments/Exhibits: Bid Tab, Bid List, Cash Farm Lease, Insurance Documents (Insurance Documents not available online; on file in City Clerk's Office.)

CITY OF GREAT FALLS
PO BOX 5021
GREAT FALLS MT 59403

CITY-OWNED PROPERTY CASH LEASE

Project Number
Bids Taken at Civic Center
Date: December 18, 2013
Tabulated By: Debbie Kimball
Page 1 of 1

NAME & ADDRESS OF BIDDER	BID SECURITY	AFFIDAVIT OF NON- COLLUSION	BID CASH LEASE PER YEAR	LEASE TERM 5 YEAR TOTAL
Arrow Kay Farms, Inc.	Bank Check \$4,312.50	√	\$8,625.00	5 year total \$43,125.00
Somerfeld & Sons Land & Livestock	Bank Check \$580.00	√	\$5,800.00	5 year total \$29,000.00
Ron Laubach	Bank Check \$3,000.00	√	\$6,000.00	5 year total \$30,000.00
Robert E. Stephens Jr.	Bank Check \$450.00	√	\$4,501.00	5 year total \$22,505.00

CITY PROPERTY CASH LEASE BID LIST

- 1. John Bink, Holiday Realty
750 6th St. S.W. Ste 203
Great Falls, MT 59404**
- 2. Bogden, Richard E II & Terri L
161 Riverdale Hill Rd
Cascade, MT 59421**
- 3. Embler, Donald C & Jean M
PO Box 508
MT Tabor, NJ 07878**
- 4. Hathaway Family Trust
PO Box 1606
Big Timber, MT 59011**
- 5. Hillcrest Colony Inc.
1124 Wilson Rd
Power, MT 59468**
- 6. J P E Land & Livestock
3310 Fern Drive
Great Falls, MT 59404**

- 7. Jones, Daniel W & Tabitha J
393 N. Manchester Rd
Great Falls, MT 59404**

- 8. Laubach, Ronald & Debbie
1199 Wilson Rd
Power, MT 59468**

- 9. Lundby, Janis E
PO Box 1098
Great Falls, MT 59403**

- 10. Macek Property Management
104 2nd St. S. Ste 100
Great Falls, MT 59401**

- 11. McDunn Family Trust
2960 Old US Highway 91
Cascade, MT 59421**

- 12. Merja Farms Incorporated
211 Adams Rd
Sun River, MT 59483**

- 13. Phillips, Ernest R ETAL
415 N. Manchester Rd
Great Falls, MT 59404**
- 14. Somerfeld & Sons Land & Livestock LLC
550 15th LN N.E.
Power, MT 59468**
- 15. Steel Etc.
1408 52nd St. N.
Great Falls, MT 59405**
- 16. Stephens, Robert E Jr
PO Box 274
Augusta, MT 59410**
- 17. Velenovsky, Connie Marie
11 Grizzly LN
Anaconda, MT 59711**

CITY OF GREAT FALLS - MANCHESTER LOTS

CASH FARM LEASE

THIS LEASE is entered into this 21st day of January, 2014 between the City of Great Falls Public Works, landlord, of 1005 25th Avenue N.E., Great Falls, MT. 59404, and Arrow Kay Farms, Inc., tenant, of P.O. Box 1067, Great Falls, MT. 59403.

A. PROPERTY RIGHTS. The landlord hereby, leases to the tenant, to occupy and use for agricultural and related purposes, the following described property, hereinafter referred to as the “farm,” located in Cascade County, State of Montana, and commonly known as the City of Great Falls Manchester farm.

Supplementary information. _____

Parcel # 3016300 and Parcel #3015100

Located 3 ½ miles north of the Manchester Exit

And consisting of 316.5 acres, more or less, together with all improvements thereon, and all rights thereto except as specified below:

1. **Reservation of land.** The landlord reserves, the right to use the following land for the following purposes: _____ Except for those uses listed in paragraph A.2. below, N/A through term of the lease

2. **Right of entry.** The landlord reserves the right to enter the farm at any reasonable time for purposes (a) of consultation with the tenant; (b) of making repairs, improvements, and inspections; (c) of developing mineral resources; and (d) after notice of termination of the lease is given, of plowing, seeding, fertilizing and such customary seasonal work, none of which is to interfere with the tenant in carrying out regular farm operations. This right is also reserved to the landlord’s agents, employees, and assigns.

3. **No right to sublease.** The landlord does not convey to the tenant the right to lease or sublet any part of the farm or to assign the lease to any person or persons whomsoever.

4. **Transfer of farm.** If the landlord should sell or otherwise transfer title to the farm, such sale or transfer will be subject to the provisions of this lease.

5. **Heirs and successors.** The terms of this lease shall be binding upon the heirs, executors, administrators, and successors of both landlord and tenant in like manner as upon the original parties. However, in event the lease is for more than one year, the heirs or successors of the tenant shall have the option to give written notice of termination effective at the end of the lease year in which death occurs.

6. **Right to lease.** The landlord has the right to lease the farm, and so warrants to the tenant. Further the landlord will defend the tenant’s possession against any and all persons whomsoever.

7. **Rent additional land.** The tenant will not, unless written consent of the landlord is obtained first, farm more than 0 acres of additional land and will not enter into any other business, occupation, or sideline.

8. **Additional agreements regarding property rights:** N/A

B. LAND USE AND LIVESTOCK PRODUCTION. The agreed-upon use of the land is as follows:

1. **General maintenance.** The tenant will maintain the farm during the tenancy in as good condition as at the beginning, normal wear and depreciation and damages from causes beyond the tenant's control accepted.

2. **Good husbandry.** The tenant will operate the farm in an efficient and husband like way; will do the plowing, seeding, cultivating, and harvesting in a manner that will conserve the landlord's property.

3. **Cropping practices.** The tenant will not, without written consent of the landlord, (a) plow permanent pasture or meadowland, (b) cut live trees for sale or personal uses, but will take for fuel or use on the farm only dead or unmarketable timber designated by the landlord, (c) allow livestock other than the tenants own on stalkfields or stubblefields, (d) burn or remove cornstalks, corncobs, straw, or other crop residues grown on the farm, (e) pasture new seedings of legumes or grasses in the year they are seeded, and (f) plan legumes on land not known to be thoroughly inoculated without first inoculating the seed.

4. **Livestock practices.** In caring for livestock, the tenant will follow health and sanitation measures and guard against disease.

5. **Pasturing.** The tenant will prevent tramping of fields by stock and rooting by hogs, cattle or other livestock when injury to the farm will be done.

6. **Waste.** The tenant will not commit waste on or damage to the farm and will use due care to prevent others from so doing.

7. **Use of property.** In the use of the property subject to this lease, tenant shall comply with all applicable statutes, codes and/or regulations.

8. **Replace losses.** The landlord will replace or repair as promptly as possible the dwelling or any other building that may be destroyed or damaged by fire, flood, or other cause beyond the control of the tenant or make rental adjustments in lieu of replacements.

9. **Noxious weeds.** At its sole cost the tenant will use diligence to prevent noxious weeds from growing or going to seed on the farm and will destroy the same, and will keep the weeds and grass cut or destroyed on the fields, farmstead, roadside, and fence rows.

10. **Maintenance of improvements.** The tenant will keep the building, fences, and other improvements on the farm in as good repair and condition as they are when the tenant takes possession, and in as good repair and condition as they may be put during the term of the lease ordinary wear and tear, loss by fire, or unavoidable depreciation or destruction accepted.

11. **Land improvements.** The tenant will not, without written consent of the landlord, (a) erect or permit to be erected on the farm any nonremovable structure or building, or (b) incur any expense to the landlord for such purpose, or (c) add electrical wiring, plumbing or heating to any buildings, and if consent is given, the tenant will make such additions meet standards and requirements of power and insurance companies and all applicable statutes, codes and/or regulations.

12. **Conservation practices.** At its sole cost the tenant will control soil erosion as completely as practicable by stripcropping and contouring, and by filling in or otherwise controlling small washes or ditches that may form.

13. **Conservation structures.** At its sole cost the tenant will keep in good repair all terraces, open ditches, and inlets and outlets of tile drains, preserve all established watercourses or ditches including grass waterways and refrain from any operation or practice that will injure them.

14. **Removable Improvements.** Minor improvements of a temporary or removable nature which do not mar the condition or appearance of the farm may be made by the tenant at the tenant's own expense. The tenant may at any time this lease is in effect, or within a reasonable time thereafter, remove such improvements, provided the tenant leaves in good condition that part of the farm from which they are removed.

15. **Compensation for damages.** When the tenant leaves the farm the tenant will pay the landlord reasonable compensation for any damage to the farm for which the tenant is responsible, except ordinary wear and depreciation and damages beyond the tenant's control.

C. TERM OF LEASE

1. **Term.** The term of this lease shall be 5 year (s) from January 21, 2014 to January 20, 2019 and this lease shall continue in effect from year to year thereafter until written notice of termination is given by either party to the other at least 6 (six) months before expiration of this lease or any renewal.

2. **Continuous occupancy.** The farm will be possessed and occupied continuously during the term of the lease by the tenant or the tenant's agent.

3. **Surrender of possession.** The tenant agrees to surrender possession and occupancy of the premises peaceably at the termination of the lease.

4. **Review of lease.** A request for general review of the lease may be made at least 90 days prior to the final date for giving notice to terminate this lease. Amendments and alterations to this lease shall be made in writing.

D. MISCELLANEOUS PROVISIONS

1. **No partnership created.** This lease shall not be deemed to give rise to a partnership relation, and neither party shall have authority to obligate the other without written consent, except as specifically provided in this lease.

2. **Government programs.** The farm will be operated in compliance with Government programs as follows: CRP if applicable

3. **Insurance and Indemnification.** Each party agrees that the other party shall in no way be responsible for the debts of, or liabilities for accidents or damages caused by, the other party. Tenant agrees to indemnify, defend and save landlord, its officers, agents and employees harmless from any and all losses, damage and liability occasioned by, growing out of or in any way arising or resulting from any intentional or negligent act on the part of tenant or its agents or employees. For this purpose, tenant shall provide landlord with proof of tenant’s liability insurance issued by a company or companies, with a minimum of “A.M. Best Rating” of A-, and which is licensed to provide insurance in Montana. Said insurance policy must provide coverage for personal injury and property damage, in an amount not less than \$750,000 per occurrence, \$1,500,000 aggregate. An additional insured policy endorsement shall also be provided as evidence that the landlord is included or named as an additional or named insured on the Commercial General policy. The insurance must be in a form suitable to landlord.

4. **Willful neglect.** Willful neglect, failure, or refusal by either party to carry out any substantial provision of this lease shall give the other party the benefits of any proceedings provided by law.

E. IN WITNESS WHEREOF, the parties have signed this lease on the date first above written.

Tenant:

By:

Its:

Landlord:

CITY OF GREAT FALLS

Gregory T. Doyon, City Manager

ATTEST:

Lisa Kunz, City Clerk (Seal of the City)

APPROVED FOR LEGAL CONTENT:

Sara R. Sexe, City Attorney