

CITY OF PALMER
ACTION MEMORANDUM NO. 12-061

Subject: Award Bid to Jeff Smeenk, Alaska Specialty Crops, for One Year Agricultural Lease of a Certain One and One-half (1.5) Acre Portion of City Property Located at 2390 S. Glenn Highway Without Requiring an Appraisal pursuant to Palmer Municipal Code 3.20.090 C.1 and Authorize the City Manager to Negotiate Lease Agreement

Agenda of: August 28, 2012

Council Action: Awarded _____

Approved for presentation by:

City Manager
City Attorney
City Clerk

J Douglas B. Griffin

[Signature]

[Signature]

Certification of Funds:

| | |
|--|-----------------------------|
| Total amount of funds listed in legislation: | \$ <u>100</u> |
| This legislation (✓): | |
| <input type="checkbox"/> Has no fiscal impact | |
| Creates: | |
| <input type="checkbox"/> A negative fiscal impact in the amount of: | \$ _____ |
| <input checked="" type="checkbox"/> A positive fiscal impact in the amount of: | \$ <u>100</u> |
| <input type="checkbox"/> Funds are budgeted from this (these) line item(s): | |
| ➤ | \$ _____ |
| <input type="checkbox"/> Funds are not budgeted. Budget modification is required. Affected line item(s): | |
| ➤ 01-00-00-3432 Agricultural Land Revenue | \$ <u>100</u> |
| ➤ | \$ _____ |
| Unrestricted/undesignated fund balance (after budget modification) | \$ _____ |
| Director of Finance signature certifying funds: | _____ <i>[Signature]</i> |

Attachment(s):

- Agricultural Lease Agreement
- Bid Specifications for Agricultural Lease
- Proposed Field Management
- Memo from David Meneses dated June 22, 2011 on residential structure
- Email from Tom Cohenour dated July 11, 2011

Summary statement: The City received one bid in response to an Invitation to Bid advertized in the Frontiersman Newspaper and on the City's website for a one year agricultural lease on 1.5 acres of property located on land received in exchange with Granite Construction. Bid was submitted by Jeff Smeenk, Alaska Specialty Crops. Because of the short duration of the lease

and the size of the parcel to be leased, Administration requests that the Council determine that an appraisal of the property is unnecessary as permitted by PMC 3.20.090 C.1.

Background: The City recently acquired this parcel of land as an exchange with Granite Construction. The parcel is a former homestead that contains an area that was previously under cultivation. A vacant single family residence is also located on this parcel.

The formerly cultivated portion of the parcel is located south of an existing two story building on the property and is suitable for the small scale agricultural activity proposed by Mr. Smeenk. The proposed lease is for one year with the potential for two one-year extensions.

Revenue from an agricultural land lease was not anticipated when the current Budget was approved, and a Budget modification is required to establish this revenue account.

The City Building Inspector and Public Works Director inspected the property and building in June and July 2011 as part of the City's review of the proposed Granite land exchange and in their opinion, the two story residential building could be used as an office with some investment in electrical upgrades. The City needs to explore the potential of offering the building for lease as office space. Since the City is not experienced in leasing out office space, it is recommended that the services of a local property management company be used to make recommendations on any upgrades that might be required and to determine the current fair market lease value of the property. Ideally, the property management company would also act as the City's agent in renting the property.

Administration recommendation: Approve action memorandum 12-061.

SPECIFICATIONS FOR AGRICULTURAL LEASE

The City will make available to the Lessee/Proposer for a one year period approximately one and one-half (1.5) acres of land located at 2390 S. Glenn Highway for growing and harvesting vegetables. The property shall not be used for any other purpose. The Lessee/Proposer shall have an option for an additional two years (2) year period based on the City's satisfaction with past performance.

Lessee/Proposer agrees to cut grass within five feet of the existing residential structure,

Lessee/Proposer agrees to indemnify and hold harmless the City Of Palmer from any acts of liability or property damage incurred during the lease period.

Minimum bid is \$50 per acre,

Successful Lessee agrees to sign a Lease Agreement with the City of Palmer. Sample Agreement is attached.

Lessee/Proposer bid is \$ 66.66 per acre.

Bidder/Proposer's contact information

NAME: Jeff Smeenk
ADDRESS: 506 E. Fireweed Ave (Palmer)
PHONE: 746-2773
jeff.smeenk@gmail.com

Jeff Smeenk
Bidder's Signature

Aug 8, 2012
Date

To: Douglas Griffin, Palmer City Manager
From: Jeff Smeenk, Alaska Specialty Crops
Date: June 28, 2012
RE: Rental of City of Palmer land at 2239 Glen Highway

Hello Mr. Griffin,

I am interested in renting the 1.5 acre field adjacent to the two story home at 2239 Glen Highway. I recognize that the city needs flexibility in their plans so I propose to rent the land with an annual (June 1st to June 1st) lease. This arrangement would allow me to remove any perennial crops in May (after the ground thaws) if the City needs the land for other purposes.

Proposed Field Management:

Appearance:

With this field being very visible from the Glen Highway the property will be maintained in a fashion that will both reflect well on the City of Palmer and serve as a promotion to Alaska Specialty Crops.

Pest Management:

To keep the weed pressure down I may plant the perennials through black landscape fabric. With other crops a combination of organic and herbicide strategies will be used. Insect pests and diseases will be primarily controlled through organic methods but legal pesticides may be used as a last resort.

Soil Management:

Both organic nutrient sources and conventional fertilizers will be used. Since this property is adjacent to the Glen Highway keeping the dust down is a major consideration. Bare soil will be minimized through the use of cover crops. In the event that a 'Palmer Wind' occurs before the vegetative cover has been established the production area will be irrigated to minimize dust blowing on the highway.

Proposed Rental Arrangement:

While I am open to a cash rental agreement it may be to both party's advantage for me to maintain the lawn of the house on the property in exchange for the use of the farm field. Since this property is a bit removed from the rest of the city's parcels I estimate that I will take 2-3 hours per week for the city's crew to get the tractor to the site, cut the lawn, and return to Palmer.

Using the exterior hose attachments on the house adjacent to the field would simplify my irrigation needs and so I would be glad to pay the water expense for the house from May through September.

I don't plan on storing any agricultural implements at this location so I don't anticipate any interference with the parking needs of future tenants of the house. It actually may be more feasible to bring in farming equipment through the right-of-way rather than through the parking area by the house.

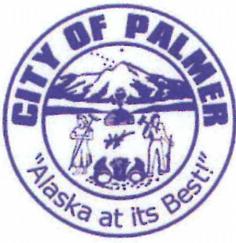
I would be glad to supply agricultural references if requested.

Jeff Smeenk

Alaska Specialty Crops

jeff.smeenk@gmail.com

746-2773



DEPARTMENT OF COMMUNITY DEVELOPMENT

Sandra Garley
Director

David Meneses
Building Inspector

Mail: 231 W. Evergreen Ave.
Location: 645 E. Cope Industrial Way
Palmer, AK 99645-8748
Phone: 907-745-3709
Fax: 907-745-5443
www.cityofpalmer.org

MEMORANDUM

TO: Sandra Garley

FROM: David Meneses

DATE: 6/22/2011

SUBJECT: Building at 2390 S. Glenn Highway

This is to provide information on the structure at the above listed location. The evaluation looked at the current condition of the structure.

The structure is a full concrete basement with a wood frame residential structure above grade.

Foundation: The foundation appears to be poured concrete 8" thick. There were no visible cracks or defect upon inspection.

1st & 2nd Floor: The 1st & 2nd floors are standard wood frame construction. There was no evidence noted that the structure was in failure.

Plumbing: The water piping is CPVC piping. The waste and Vent system is a combination of different pipes. Black Ferris Pipe is used for the gas line system. There would be some repairs need to bring the systems up to code standards.

Electrical: The electrical system in the building would is in need of upgrades to the wiring to meet the current standards. There are many different types of wiring and 2 and 3 prong outlets.

Mechanical: The Heating system is forced air. The furnce appears to be in good condition but should be serviced.

The opinions shared are based on a visual inspection only. The structure shows no evidence of failure. With some repairs this structure could be used in both residential and office space.

Please let me know if you have any questions.

Sandra Garley

From: Tom Cohenour
Sent: Monday, July 11, 2011 7:40 AM
To: Sandra Garley
Cc: Douglas Griffin; Tom Cohenour
Subject: Granite Land Swap

Sandra,

Steve Connelly, Resource Manager with Granite Construction, and I met at the parcel of land along the north side of Glenn Highway known as the Church property. This parcel of land is approximately 14.39 acres, nearly half of which is under water or land sloping to the water. The land is generally flat and a few feet lower than the Glenn Highway with a wide buffer of trees along the north property line. See attached Preliminary Plat of Granite Lakes Estates Subdivision by DOWL HKM.

Steve and I also visited the 5.56 acre parcel a short distance south of the Church property. This parcel, which is a former gravel pit, has varied elevation contours as can be seen on the attached Existing Contour Map. The land is generally much lower than the highway.

Both the 14.39 acre and 5.56 acre parcel have highway frontage and water frontage. Because approximately half of the 14.39 acre parcel is taken up by water and ground sloping to the water, I would consider both parcels to contain more or less the same useable land area. In my opinion, the 14.39 acre parcel is more attractive for the City to own than the 5.56 acre parcel because of the following:

1. Closer in elevation to the Glenn Highway for ease of traffic ingress & egress.
2. Flat ground with field would be more convenient for immediate City use.
3. House on property which City could rent thereby generating revenue.
4. Good potential for future access road along north property line thereby giving access on two sides.
5. Flat ground less costly to develop than widely varying terrain on former gravel pit parcel.

Attached is a photo showing the approximate boundary of both parcels.

Regards,

Tom



14.39 Acres
Granite Lakes Sub..



5.56 Acres
(Granite).pdf



Granite Land Swap
Parcels.pdf

Thomas E. Cohenour
Director of Public Works
City of Palmer
907-745-3400

Agricultural Lease Agreement

This is a lease between _____, herein after "Lessee", whose address is _____ Palmer, Alaska 99645 and CITY OF PALMER an Alaska Municipal Corporation, hereinafter, "Lessor", whose address is 231 W. Evergreen Avenue, Palmer, Alaska 99645.

1. Property and Rent. The property leased hereby and the rent are described in the addendum attached hereto and incorporated herein.
2. Term. The term of this lease is from the date hereof until _____ 2013. The lessee shall have an option to request Council approval of two additional one year periods based upon the City's satisfaction with the Lessee's performance.
3. Use of Property. The property shall be used only for the growing and harvesting of garden vegetables. The Property shall not be used for any other purpose.
4. Operations on Property. All operations conducted on the property by the Lessee as incidents of the use specified in paragraph 3 of this lease shall be conducted by the Lessee in accordance with the best course of husbandry practiced in the Matanuska-Susitna Borough. Should the Lessee fail to take any action required by said best course of husbandry or should the Lessee fail to conduct any operation undertaken by him on the Property in accordance with said best course of husbandry, the Lessor may, after serving ten (10) days written notice of such failure on the Lessee in the manner provided for service of notices in this lease, enter the Property and terminate this Lease.
5. Waste or Nuisance. The Lesser shall not commit or permit the commission by others of any waste on the Property, the Lessee shall not maintain, commit or permit the maintenance of commission of any nuisance on the Property; and the Lessee shall not use or permit the use of the Property for any unlawful purpose.
6. Insurance Hazards. The Lessee shall not commit or permit the commission of any hazardous acts on the Property nor use or permit the use of the Property in any manner that will increase the existing rates for or cause the cancellation of any insurance policy insuring the Property. The Lessee shall, at his own cost and expense, comply with any and all requirements of the Lessor's insurance carriers necessary for the continued maintenance at reasonable rates of reasonable insurance on the Property.
7. Maintenance. The Lessee shall, at his own cost and expense, keep and maintain the Property in good order and in as safe and clean a condition as they were when received by him from the Lessor.
8. Alterations and Liens. The Lessee shall not make or permit any other person to make any alterations to the Property or to any improvement thereon on facility appurtenance

thereto without the prior written consent of the Lessor. The Lessee shall keep the premises free and clear from any and all liens, claims, and demands for work performed, materials furnished, or operations conducted thereon at the instance or request of Lessee. The above notwithstanding, Lessee may allow a lien or mortgage on the crop only, provided said crop lien or mortgage is only for the then current year's crop only, and further provided Lessee is not in default and that the first of the semi-annual installments for the current year has been made.

9. Inspection by Lessor. The Lessee shall permit the Lessor or the Lessor's agents, representatives, or employees to enter the Property at all reasonable times for the purpose of inspecting the Property to determine whether the Lessee is complying with the terms of this lease and for the purpose of doing other lawful acts that may be necessary to protect the Lessor's interest in the Property.

10. Acceptance by Lessee. The Lessee accepts the Property in its present condition. The Lessee agrees with, and represents to the Lessor, that the Property has been inspected by him and that he has been assured by means independent of the Lessor or any agent of the Lessor of the truth of all facts material to this Lease and that the Property is being leased by the Lessee as a result of his inspection and investigation and not as a result of any representations made by the Lessor or any agent of the Lessor.

11. Hold Harmless. The Lessee agrees to indemnify and hold the Lessor and the Property free and harmless from any and all claims, liability, loss, damage, or expense resulting from the Lessee's occupation and use of the Property, specifically including without limitations any claims, liability, loss, or damage arising:

- a) By reason of the injury to person or property, from whatever cause, while in or on the Property or in any way connected with the Property or with the personal property in or on the Property including any liability for injury to the person or personal property of the Lessee, his agents, officers, or employees;
- b) By reason of any work performed on the Property or materials furnished to the Property at the instance or request of the Lessee, his agents, or employees;
- c) By reason of the Lessee's failure to perform any provision of this lease or to comply with any requirement imposed on him or on the Property by any duly authorized governmental agency or political subdivision;
- d) Because of the Lessee's failure or inability to pay as they become due any obligations incurred by him in the agricultural operations to be conducted by him on the Property.

12. Subleasing and Assigns. The Lessee shall not encumber, assign, sublet, or otherwise transfer this Lease, any right or interest in this Lease, or any right or interest in the Property, and any such transfer, whether voluntary or involuntary, by operation of law or otherwise, is void and shall, at the option of Lessor, terminate this Lease. Neither shall the Lessee allow any other persons, other than the Lessee's agents and employees, to occupy or use the Property or any part thereof.

13. Abandonment by Lessee. Should the Lessee breach any provision of this Lease or abandon the Property prior to the natural termination of the term of this Lease, the Lessor may:

- a) Continue this Lease in effect by not terminating the Lessee's right to possession of the Property, in which event the Lessor shall be entitled to enforce all his rights and remedies under this Lease, including the right to recover the rent specified in this Lease as it becomes due under this Lease; or
- b) Terminate this Lease and recover from the Lessee:
 - i. All rents that would come due under this Lease;
 - ii. Any other amount necessary to compensate the Lessor for all detriment proximately caused by the Lessee's failure to perform his obligations under the Lease.

14. Default by Lessee. All covenants and agreements contained in this Lease are declared to be conditions to this Lease and to the term hereby demised to the Lessee. Should the Lessee default in the performance of any covenant, condition, or agreement contained in this Lease the Lessor may terminate this Lease and re-enter and regain possession of the Property in the manner then provided by the laws of unlawful detainer of the State of Alaska then effect.

15. Insolvency of Lessee. The insolvency of the Lessee as evidenced by a receiver being appointed to take possession of all or substantially all of the property of the Lessee as a bankrupt under the Federal bankruptcy Act shall terminate this Lease and entitle the Lessor to reenter and regain possession of the Property.

16. Attorney's Fees. Should any litigation be commenced between the parties to this Lease concerning the Property, this Lease, or the rights and duties in relation thereto, the party, Lessor or Lessee, prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for his attorney's fees in such litigation which shall be determined by the court in such litigation or in a separate action brought for that purpose.

17. Notices. Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this Lease or by law to be served on or given to either party hereto by the other party hereto shall be in writing and shall be deemed duly served and given when personally delivered to the party to whom it is directed, or in lieu of such personal service, when deposited in the United States mail, first-class postage prepaid, addressed to the Lessee or to the Lessor at their above specified addresses. Either party, the Lessee or the Lessor, may change their address for the purpose of this paragraph by giving written notice of such change to the party in the manner provided in this paragraph.

18. Heirs and Successors. This Lease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties hereto, but nothing in this paragraph contained shall be construed as consent by the Lessor to any assignment of this Lease or any interest therein by the Lessee.

19. Pest Management and Fertilizer. Lessee agrees to utilize a combination of organic and herbicide strategies for pest management and both organic nutrient and conventional fertilizers on the lease land. Lessee shall submit an list of herbicides and fertilizers to the City prior to application.

20. Miscellaneous.

This instrument contains all of the agreements and conditions made between the parties to this lease and may not be modified orally or in any other manner than by an agreement in writing signed by all the parties to this Lease or their respective successors in interest, or assigns.

Time is of the essence of each term and provision of this Lease.

The titles of the paragraphs of this Lease shall not be considered to be part of the Lease for purposes of construction and interpretation.

If any term or provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

Lessee shall submit type and amount of fertilizer to be applied to City for approval. Verification of fertilizer application shall be the responsibility of the Lessee.

Lessee agrees not to leave equipment unattended on the property from November 1 to March 31, inclusive.

Lessee shall, each year this agreement is in effect, give notice in writing on or before January 30 that he intends to operate and harvest the crop according to the agreement. Failure to do so shall be termination of the agreement and the Lessor may immediately seek a new tenant.

Lessee agrees to pay one-half ($\frac{1}{2}$) of the annual rent upon written notification of award by the City for 2012. Thereafter, Lessee agrees to pay one-half ($\frac{1}{2}$) of the annual rent on or before May 1 each year; the second one-half ($\frac{1}{2}$) of the annual rent is due on or before December 31 of each year.

21. Waiver. The waiver of any breach or any of the provisions of this Lease by the Lessor shall not constitute an continuing waiver or a waiver of any subsequent breach by the Lessee either of the same or of another provision of this Lease.

22. Cancellation. This contract may be terminated by either party for any reason upon thirty(30) days written notice prior to the date such termination is effective.

LESSOR

LESSEE

Douglas B. Griffin, City Manager

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

On _____, 201____, _____ personally appeared before me,

- 1. [] who is personally known to me
- 2. [] whose identity I proved on the basis of _____
- 3. [] whose identity I proved on the oath/affirmation of _____,
a credible witness

to be the signer of the Agreement for _____ and he acknowledged that he signed it.

Notary Public
My Commission expires _____

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

On _____, 201____, Douglas B. Griffin personally appeared before me, who is personally known to me to be the signer of the above document and he acknowledged that he signed it on the behalf of the City of Palmer.

Notary Public
My Commission expires _____