

ITEM # //
DATE: 01-08-08

COUNCIL ACTION FORM

SUBJECT: 2008 FARM LEASE FOR AIRPORT PROPERTY

BACKGROUND:

The City of Ames owns approximately 480 acres of land around the airport. Of this amount, 292 acres is available for farming. This land is used for agricultural production purposes and provides income for airport facility improvements and operations.

The City of Ames has entered into a cropland lease with Kaltenheuser Farms, Ltd. each year since 1989. This lease is expected to net \$40,852.00 in revenues to the airport for operations in fiscal year 2007/08. This year a cash rent lease has been negotiated with Kaltenheuser Farms to maximize airport farm revenues.

Upon the recommendation of the farm manager, Council is being asked to enter into a \$175.00 per acre cash rent lease for crop year 2008. This lease will provide \$51,082.50 in cash rent (25% increase in rent from the previous year). This will result in \$46,996.00 in net revenues for airport operations after payment for farm management services.

ALTERNATIVES:

1. Approve the cash rent lease with Kaltenheuser Farms, Inc. for the 2008 crop year in the amount of \$51,082.50 for the Ames Municipal Airport.
2. Reject the lease and seek another form of leasing operation.

MANAGER'S RECOMMENDED ACTION:

It is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the cash rent lease with Kaltenheuser Farms, Inc. for the 2008 crop year in the amount of \$51,082.50 for the Ames Municipal Airport.