



## AGENDA MEMORANDUM

First Reading Item for the City Council Meeting of October 22, 2013  
Second Reading Item for the City Council Meeting of October 29, 2013

**DATE:** October 4, 2013  
**TO:** Ronald L. Olson, City Manager  
**FROM:** Fred Segundo, Director of Aviation  
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Approval of a farm and grazing lease agreement for 28.28 acres at Corpus Christi International Airport at a rate of \$15 per acre. The agreement is for a five-year period.

### **CAPTION:**

Ordinance authorizing the City Manager, or designee, to execute a Farm and Grazing Lease Agreement with James P. Kelly to farm and graze approximately 28.28 acres of farm land located at the Corpus Christi International Airport, in consideration of an annual payment to the City of \$15 per leased acre for a term of five 5 years.

### **PURPOSE:**

The City leases airport acreage to farming entities for agricultural use. The farm lease agreements are mutually beneficial as the Airport is able to reduce mowing costs on unimproved property and also generate revenue. The farmers are able to plant crops or graze livestock and receive market value.

### **BACKGROUND AND FINDINGS:**

Corpus Christi International Airport is located on approximately 2,400 acres of land. A significant portion of the land remains unimproved and available for agricultural use. The Federal Aviation Administration (FAA) periodically requires portions of the acreage be removed from agricultural use to enhance runway safety or capital projects. Consequently acreage amounts may be adjusted during the term of the lease. These restrictions reduce the level of interest from other prospective tenants. We have reviewed professional appraisals for similar acreage and the market rate varies between \$6 and \$10 per acre. Though nominal, Airport staff is of the opinion that the \$15 per acre is a fair rate when mowing of the acreage is factored in.

### **ALTERNATIVES:**

The only alternative is for the Airport to retain the property and include the acreage as part of the regular mowing and maintenance cycle thus increasing operating costs.

### **OTHER CONSIDERATIONS:**

Not Applicable

**CONFORMITY TO CITY POLICY:**

Lease of agricultural acreage is consistent with the Airport Master Plans. ,

**EMERGENCY / NON-EMERGENCY:**

Non-Emergency

**DEPARTMENTAL CLEARANCES:**

Legal

**FINANCIAL IMPACT:**

Operating       Revenue       Capital       Not applicable

<b>Fiscal Year: 2012-2013</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget		\$83,414	\$321,656	\$405,070
Encumbered / Expended Amount				
This item ( <i>additional revenue</i> )		\$424.20	\$1,697.60	2,121,80
BALANCE		\$83,838.20	\$323,353.60	\$407,191.80

Fund(s): Airport Fund

**Comments:** None

**RECOMMENDATION:**

Staff requests approval of Ordinance.

**LIST OF SUPPORTING DOCUMENTS:**

Ordinance  
James P. Kelly. – Farm and Grazing Lease Agreement