



AGENDA MEMORANDUM

First Reading for the City Council Meeting of January 9, 2018
Second Reading for the City Council Meeting of January 16, 2018

DATE: December 8, 2017

TO: Margie C. Rose, City Manager

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<p style="text-align: center;">Grazing Lease Agreement <u>Former Westside Landfill – 75 acres</u></p>

CAPTION:

Ordinance authorizing the City Manager or designee to execute a five-year lease agreement with John Steven (Steve) Twilligear to utilize 74.84 acres at the former Westside Landfill for grazing cattle in consideration of a total annual lease payment of \$2,170.36 for a total lease term amount of \$10,851.80 based on \$29 per acre.

PURPOSE:

The former Westside Municipal Landfill has approximately 75 acres in a fenced area that has been used for cattle grazing operations since 2005. The current 5-year lease will expire on December 31, 2017. City staff advertised for invitation of bids for the expiring lease. Two bids were received and the high bid of \$10,851.80 was submitted by Mr. Steve Twilligear. Mr. Twilligear's bid for the new five-year term amounts to \$2,170.36 per year or \$29 per acre per year. The lease of City property requires City Council approval.

BACKGROUND AND FINDINGS:

The City acquired 90.74-acres of land in July 1968 to develop it into a solid waste municipal landfill named the Westside Landfill. The landfill was in operation until 1992 and then officially closed on

November 2005. In 1999, the City granted 7.20 acres to the Texas Department of Transportation to create the Joe Fulton Corridor. This split the City's 90.74 acre tract into a 74.74 acre tract and a 8.7 acre tract. As part of the closure process, an "Affidavit to the Public" was posted by the City of Corpus Christi and acknowledged by the Texas Commission on Environmental Quality (TCEQ) on November 9, 2005. The affidavit placed restrictions on development or lease of the closed landfill. This tract of land is out of City limits and is suitable for cattle grazing operations.

In November 2005, Mr. Rob Thomas, operating as RWT Cattle Company, approached the City to lease the entire 74.84 acres. Mr. Thomas offered to fence in the entire tract in exchange for \$1.00 per year rent for a five year term. The fence was calculated to cost approximately \$6,000 for four sides. An agenda item was prepared for City Council approval presenting these terms. On December 13, 2005, City Council approved Ordinance No. 026557 which awarded RWT Cattle Company a grazing lease for five years with an option to renew for another 5 years based on a market rent for grazing leases. The term of the lease was from January 1, 2006 to December 31, 2010.

RWT Cattle Company operated and continued the initial five year lease on good terms. A request was received from Mr. Thomas in November 2010 to continue the lease based on the five year renewal option. The City obtained a grazing lease appraisal report that indicated that the market rent for 90 acres was between \$600 to \$700 per year. Based on the appraisal report, an additional five year lease term was offered to Mr. Thomas at \$700 per year, which was acceptable to him. A new lease was awarded to him at \$700 per year for the term of January 1, 2011 to December 31, 2015. The revenues were deposited into the City's General fund. Mr. Thomas continued to use the land on a verbal agreement for the years 2016 and 2017 at \$700.00 per year. His current lease term will expire on December 31, 2017.

For the new lease, City staff advertised twice in Legal Notices of the Caller-Times for an invitation for bids. Bidders were given the opportunity to add an optional, one-time bonus payment in addition to the five year amount in order to increase their total bid. The high bidder was Mr. Steve Twilligear, with the total base bid amount of \$10,851.80. This consideration consists of five annual lease payments of \$2,170.36 based on \$29 per acre for 74.84 acres. The lease funds are deposited annually into the City's General Fund. The two bids received at the City Secretary's office on December 1, 2017 are listed below:

	Bidder	Rent per Acre (74.74 ac.)	Annual Payment	Bonus payment	Total Base Bid
1	Steve Twilligear	\$29.00	\$2,170.36	\$0	\$10,851.80
2	RWT Cattle Co.	\$20.00	\$1,496.60	\$0	\$7,483.00

Leases of City owned property require approval by City Council. It is recommended this lease agreement be approved to keep vacant land at the former Westside Landfill in full grazing operation and generating revenue.

ALTERNATIVES:

1. Approve Grazing Lease Agreement (Recommended)
2. Disapprove Grazing Lease Agreement with high bidder and re-advertise for new bids. (Not Recommended)

OTHER CONSIDERATIONS:

None

CONFORMITY TO CITY POLICY:

The Ordinance conforms to the City Charter, Article IX, Section 2, Power to grant franchise or lease by City Council.

EMERGENCY / NON-EMERGENCY:

Non-Emergency

DEPARTMENTAL CLEARANCES:

Engineering Services and Solid Waste Services

FINANCIAL IMPACT:

☐ Operating ☒ Revenue ☐ Capital ☐ Not applicable

Fiscal Year 2017-2018	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
This Item		2,170.36	8,681.44	10,851.80
Encumbered / Expended Amount				
BALANCE		2,170.36	8,681.44	10,851.80

Fund(s): General Fund Revenue

Comments: None

RECOMMENDATION:

Staff requests Council passage of Ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Project Location Map
Project Vicinity Map
Grazing Lease Agreement
Presentation
Ordinance
Form 1295