

Legislation Text

File #: Ordinance 10-2016, **Version:** 2

Agenda Date: 08/02/2016

Subject:

An ordinance on second reading authorizing five farm lease agreements for the Littleton/Englewood Wastewater Treatment Plant

Presented By: Mark Relph, Public Works and Utilities Director

POLICY QUESTION:

Does city council support renewing five farm lease agreements for Littleton/Englewood Wastewater Treatment Plant (LEWWTP)?

BACKGROUND:

Biosolids are nutrient-rich, organic materials produced during the treatment of domestic wastewater. These materials, when treated and processed properly, are environmentally safe and recycled as an organic soil amendment or fertilizer, to improve farm soils and stimulate crop growth. Since 1982, the L/E WWTP has produced Class “B” biosolids which are used in an agricultural land application program (approximately 3,400 dry tons per year) for production of human consumable crops. This program was initiated in response to the increased cost and liability for landfill disposal of wastewater biosolids.

In 1995/96, L/E WWTP was granted approval by the Cities of Englewood and Littleton to purchase approximately 6,600 acres of dryland farm property (Byers farm) for the beneficial application of domestic wastewater biosolids generated by the facility. In 2007, an additional 1,270 acres was purchased for biosolids application (added to the Byers farm). In addition, the cities also own approximately 947 acres near Bennett, Co. (Bennett farm), which is also actively farmed. There are a total of five lease agreements with: Kent Beichle (Exhibit A), Clint A. Burnet (Exhibit B), Craig Farms General Partnership (Exhibit C), Gary Meier (Exhibit D) and Progressive Farms (Exhibit E).

STAFF ANALYSIS:

The initial land purchases included farming agreements with the previous owner, based on a 1/3 share of crop sale proceeds and 1/3 share of farming expenses (fertilizer, weed control, etc.) with L/E WWTP. In 2006, cash lease agreements were developed for \$8 per acre. With this arrangement, farming expenses are borne solely by the farmer and not shared with L/E WWTP. This results in reduced costs to the cities as well as a reliable revenue source for L/E WWTP.

In 2016, cash-lease prices were reviewed to assess if rates are commensurate with the farming industry. Research to find a Colorado database for private lease rates was inconclusive. However, the State of Colorado State Land Board (SLB) maintains a program where dry cropland rental rates for State Trust Land, are linked to commodity prices, crop yields and compared to private dry cropland rates. The most current SLB documentation indicates a cash rent rate of \$12.26/acre in Arapahoe County (most of the biosolids farms are in

Arapahoe County). An adjustment to the cash-lease rate from \$8 per acre to \$12 per acre is recommended for all lease arrangements, a rate that has been agreed to by all farmers. By using SLB as a basis for lease evaluation, it brings the cash-lease arrangements in line with State of Colorado recommendations. The L/E WWTP Supervisory Committee approved this new rate in October 2015.

FISCAL IMPACTS:

Approval of the farm lease renewal agreements will generate revenue of \$90,300, regardless of commodity/economy trends.

STAFF RECOMMENDATION:

Staff recommends approving farm lease renewal agreements for the Littleton/Englewood Wastewater Treatment Plant.

PROPOSED MOTION:

I move to approve on second reading the ordinance authorizing five farm lease agreements for the Littleton/Englewood Wastewater Treatment Plant.