

TO: Mayor and City Council

FROM: Ray Heitner – Planner, City of Joliet

SUBJECT:

A Resolution Approving and Authorizing the Execution of an Agreement for the Lease of a City-Owned Parcel at the Southeast Corner of I-55 and Caton Farm Road for Farming

BACKGROUND:

The subject city-owned property comprises approximately 17.76 acres and is located at Caton Farm Road and I-55 Frontage Road (Southeast Quadrant of I-55 and Caton Farm Road – See EXHIBIT A). The subject property was part of a larger land assemblage slated for the development of a condominium/townhome project called “Central Park of Joliet” in 2006 which did not become a reality. There have been other development inquiries over the years, but nothing has materialized.

Several years ago, City staff was approached by a local businessman/farmer, B.J. Udelhofen, who wanted to farm the subject land. The City agreed to enter into one-year lease agreements with Mr. Udelhofen in 2019, 2020, and 2021. In 2022, the city entered into a three-year lease agreement, which will be expiring on April 15, 2025. Mr. Udelhofen is now seeking to enter into another three-year lease agreement, with annual payments. Should Mr. Udelhofen not make a payment for any of the years within the three-year agreement, the agreement would terminate.

The property has consistently wet areas on the northern portion comprising approximately 2.4 acres. The net area that is farmable is approximately 15.36 acres. The proposed lease amount is \$3,732.48 for the three-year term of the lease, or \$1,244.16 per year. The lease amount is based off an amount of \$81/acre. This is an increase of approximately 8% over the previous lease, which was \$75/acre. The University of Illinois Extension Office shows a corresponding 8% increase in average lease figures in Will County since the office was last contacted for the original lease rate. The attached draft lease agreement contains a clause that would provide a reimbursement (farming costs + annual rent) to Mr. Udelhofen in the event that a developer enters into a development agreement with the City and requires the property to be vacated before the end of the lease period. Any reimbursement to Mr. Udelhofen would be limited to \$9,000.

CONCLUSION:

The proposed lease would be for three years, with annual payments made in April of each year. The City does not currently have any plans for this property but intends to market the property for a higher and better use in the future. The property is currently zoned for Single-Family Residential (R-2) and Low-Density Multi-Family Residential (R-4) uses.