

To: Mayor and Members of Council

April 18, 2011

Re: Irrigation Agreement Compensation – Mark Kelsch

Background

The Town of White City entered into an agreement with Mark Kelsch in 2009 to farm the land known as SE 07-17-17W2 and to accept effluent irrigation from our lagoon. The agreement is for 8 years, 2009 - 2016.

The decision to plant the beans was made due to the high amounts of effluent release expected in 2010. The beans that were planted served two purposes, the crop is able to take more moisture than normal cereal crops, and the beans will provide nitrogen to the soil for future crops.

The 2010 summer provided record amounts of rain as well the Town of White City released record amounts of effluent, approximately 15M gallons.

Mark Kelsch provided me with a list of expenses he incurred to seed the navy bean crop which total \$18,576.76, please find attached. The total revenue from this crop was \$2,700.

The farmer is requesting compensation for his expenses in the amount of 50%.

The 2011 crop year could be a repeat of 2010. The Town lagoons are filling up, and we will need to start releasing effluent as soon as the temperature is warm enough for there to be no damage to the pivot. This poses another risk to the farmer, being that the agreement states "For years 2011, 2012, 2013, 2014, 2015 and 2016 if Council wishes, the Contractor will pay \$18.00 per acre for 110 acres for each of the years described above." The contractor is requesting Council to waive the 2011 rental fees of \$18/acre

Administration brought a report to the March 21, 2011 Meeting for Council consideration. The report was tabled to the April 18th meeting to allow for Administration to obtain further information about the claim.

Further information requested was as follows:

- 1) Any offer of compensation from the previous Town Manager
- 2) Information on Crop Insurance Program in regards to the insurability of this land.

Discussion

Further investigation into this file has resulted in the following findings:

- 1) Previous Town Management did not enter into any verbal agreements about what to seed on the property, nor offer any compensation for lost crop due to excessive moisture conditions.
- 2) The farmer can indeed insure his crops on this land through Crop Insurance.

Budget Implications

None.

Conclusion

The Town owns the SE 07-17-17 W2, and has an agreement with the Mark Kelsch to farm the land. The land is irrigated by the Town lagoons, therefore the crops grown on this land is not allowed for sale for human consumption. Mark farms the land for feed for his cattle.

The 2010 spring/summer provided record amounts of moisture, and the Town also irrigated record amounts of effluent on the field. However Saskatchewan Crop Insurance is a program that allows farmers to insure their land, for situations exactly like this.

Recommendation

Administration recommends to Council, not to offer any compensation for input costs. The farmer could have insured the field through Crop Insurance, which would have minimized the farmer's losses.

Administration feels it is too early to determine whether the field will be able to be seeded yet, therefore does not recommend waiving the rental fees at this time.

Respectfully submitted,



Shauna Bzdel,
Town Manager

December 10, 2010

Town of White City

Attention: Town Manager
Shauna Bzdel

From: Mark Kelsch - 771-2829 (hm).
Box 540 White City 530-6150 (cell).
SOG 5B0
Irrigator for the Town of White City

This summer, Brian asked me to meet with him and Darryl at the irrigation pivot. The meeting was to discuss the enormous volume of water that still needed to be pumped from the second cell of the lagoon system. Brian knew that volume of water would damage the crop and he offered me "fair compensation" for my losses.

I have compiled the costs to seed the field as follows:

Seed (navy bean Skyline)	\$4,680.00
Seed treatment (Tagteam Inoculants)	770.91
Fertilizer	3,549.25
Herbicide	5,976.60
Custom spreading (Edge herbicide)	840.00
Seeding (custom rate \$15.00/ acre)	1,800.00
Fuel (estimate only: \$9.00 acre)	840.00
Pre working the field (cultivating) (Custom rate \$8.00 acre)	960.00
Total Expenses	\$18,576.76
<i>Revenues</i>	<u>2,700</u>

I was able to combine some of the outside areas of the field and recover 125 bushels of beans. The value of the beans is \$9.00 per bushel making the total \$1,125.00.

This crop, in a good year, will provide 50 bushels per acre (about 3,000 lbs/acre).

As I tried to combine the beans, the combine continually got stuck, and finally did so, up to the front axles and a track hoe was rented to dig the combine out. This did some damage to the combine, so I stopped to avoid any further damage.

The field has been left in poor condition, and will require a tandem disc to smooth out the ruts that have been left in the field from constantly pulling out the stuck pivot system. This would have to be done prior to seeding.

During the summer, the main switch failed at the pivot control box. This resulted in two sections of the pivot folding into itself. The Town of White City made an insurance claim and was successful in recovering some losses. I also submitted a cost account of the damage done to the crop as a result of this, however, no one has spoke to me about my claim.

I wish to meet with you to discuss these issues and try to plan for the 2011 irrigation year.

Respectfully submitted,



Mark Kelsch.