

January 17, 2023



AGENDA ITEM SUMMARY

City Council

STAFF

Keith Hanson, Real Estate Manager
Kai Kleer, City Planner
Ryan Malarky, Legal

SUBJECT

First Reading of Ordinance No. 004, 2023, Authorizing the Sale of the Real Property Located at 945 East Prospect Road to Kum & Go, L.C.

EXECUTIVE SUMMARY

The purpose of this item is to authorize the sale of the City-owned property located at 945 East Prospect Road to Kum & Go, L.C., an Iowa limited liability company (Kum & Go), for \$403,000. The sales price was determined by an appraisal by CBRE Valuation and Advisory Services, which provides on-call property appraisals for the City. A purchase and sale agreement was executed by Kum & Go and the City Manager on November 3, 2022. Completion of the purchase is contingent on City Council's approval of the sale by its final adoption of this Ordinance in accordance with Section 23-111 of the City Code, and approval of the final development plans by the City's Director of Community Services and Neighborhood Development.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

Kum & Go intends to redevelop the current gas station at the southwest corner of East Prospect Road and Lemay Avenue. The current gas station property is to the east of the City's property at 945 East Prospect Road. The plans also include expanding the redevelopment footprint across the properties directly to the west along East Prospect Road, including a portion of the rear lot of 945 East Prospect Road (see attached diagram), and creating a right turn lane from eastbound East Prospect Road to southbound Lemay Avenue. The current development plans are in development review with the City. An Administrative Hearing Officer conditionally approved the project (file number PDP210013) on December 11, 2022. Conditions include limits to the hours of operation, added bike parking, and additional landscaping.

The City bought 945 East Prospect Road in 1991 for \$41,000 as part of the Prospect/Lemay Intersection Project. The project has since been completed apart from the eastbound right turn lane, which at the time was expected to be constructed as part of the proposed redevelopment plan for a 13,800-square-foot Rite Aid store. This plan was never approved and the City has held the property for the purpose of constructing the right turn lane that was originally envisioned by the Prospect/Lemay Intersection Project.

With Kum & Go's proposal that includes the development of the eastbound right turn lane and the purchase of 945 East Prospect Road, the City negotiated the sale directly with Kum & Go for fair market

value and did not market the property to sell to the general public. A purchase and sale agreement was executed by Kum & Go and the City Manager on November 3, 2022. The 60-day contingency period for general due diligence has expired and Kum & Go has released these contingencies. The two remaining contingencies are (1) approval of the sale by City Council, and (2) approval of the final development plans by City staff.

A residence is located on the City-owned property at 945 East Prospect Road. The City currently rents the residence and the lease is now on a month-to-month term. The lease will be assigned to Kum & Go upon closing. Built in 1936, the house is not designated as a City Landmark, but it was recently determined that it is eligible for designation, requiring it to be preserved and rehabilitated under the City of Fort Collins Land Use Code. It can be relocated, but not demolished at this time. Therefore, Kum & Go can carve out the section of the rear of the lot to use as needed for the redevelopment, and either keep the house, or divide the parcel and sell the remaining area with the house separately.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

None.

CITY FINANCIAL IMPACTS

The sales price is \$403,000, which is the fair market value as determined by CBRE Valuation and Advisory Services. Net proceeds after costs associated with the sale, including title/escrow fees, will be deposited in the General Fund.

PUBLIC OUTREACH

None.

ATTACHMENTS

1. Ordinance for Consideration
2. Diagram - 945 East Prospect Road