AGENDA ITEM SUMMARY City Council



STAFF

Katie Donahue, Director, Natural Areas Department Tawnya Ernst, Land Conservation Lead Specialist, Natural Areas Department Ralph Campano, Manager, Real Estate, Operations Services

SUBJECT

Second Reading of Ordinance No. 115, 2025, Vacating the City's Property Rights in a Railroad Easement at 3842 Redman Drive, Fort Collins.

EXECUTIVE SUMMARY

This Ordinance, unanimously adopted on First Reading on July 1, 2025, reviews and potentially recommends the vacation of the City's rights in an unused and unusable railroad easement on the Super Vacuum Manufacturing Inc./Bonfire, LLC (Super Vac) property at 3842 Redman Drive.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

FIRST READING BACKGROUND / DISCUSSION

Natural Areas owns approximately 60 acres of land along the Cooper Slough near I-25 including 36 acres along Vine Drive and another 24 acres just off Mulberry Street/Highway 14. The Cooper Slough is a warm water slough (groundwater emerging from underground springs) that stays open longer in the winter, providing rich plant and aquatic invertebrate feeding areas for birds (songbirds, migratory waterfowl and other waterbirds) when other resources are frozen. The site is not currently open to the public.

Natural Areas' holdings along the Slough are bifurcated by a 31+/- acre property owned by Super Vac. Super Vac specializes in manufacturing emergency ventilation products, particularly for firefighting. They are also involved in building specialized rescue and hazmat trucks. The family-run business was founded in 1954.

Super Vac recently recognized a need to expand their facilities to keep up with their growing operations. To pursue this expansion, they need to address any easements or property rights on their parcel that could conflict with the expansion. One such property right is a railroad easement that crosses their property. The railroad easement was granted by Redman Homes, Inc. to Frontage Road Industrial Associates, Ltd. in 1979. The easement permitted Frontage Road to construct a railroad spur extension from the existing Burlington Northern Railroad line across Redman Homes property to benefit land owned by Frontage Road. The railroad spur was never constructed. The City is one of three successors in interest to Frontage Road. Mulberry Connection, LLC and Poudre Valley Coop (who own land east of the Natural Areas' property) are

the other interest holders. Super Vac reached out to City staff in early 2025 to gauge the City's willingness to divest itself of its interest in the railroad easement.

The railroad easement is of no benefit to the City or Natural Areas. Staff is willing to vacate the easement right, as the easement is unused and unusable, and to cooperate with Super Vac as City staff continues discussions about acquiring the western 14 acres of the Super Vac site that encompass the Slough. Super Vac will pursue vacation of the remaining interests in the railroad easement with the other two parties.

CITY FINANCIAL IMPACTS

Real Estate Services provided an in-house market valuation to calculate the underlying fee value of the City rights in the railroad easement. Real Estate staff determined that the monetary benefit to the Natural Areas' property was negligible at most and that the cost of extending a rail line to the Natural Areas property would be measured as a diminution in value that would offset any increase in value. In addition, the comparable sales in the appraisal of the property include a sale with railroad frontage and there was no discernable value premium for railroad access. These findings support a **\$0 value** conclusion for vacating the unimproved railroad access right, associated with the Natural Areas' Front Range Storage Solutions site.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

At its June 11, 2025, meeting, the Land Conservation and Stewardship Board voted unanimously to recommend that City Council approve the vacation of the railroad easement.

PUBLIC OUTREACH

None.

ATTACHMENTS

First Reading attachments available in July 1, 2025, agenda materials at the following link: <u>https://fortcollins-co.municodemeetings.com/</u>.

1. Ordinance No. 115, 2025