



AGENDA ITEM SUMMARY

City Council

STAFF

Jonathan Piefer, Senior Real Estate Specialist
Ralph Campano, Real Estate Services Manager
John Gerwel, Civil Engineer
Susan Beck-Ferkiss, Social Policy and Housing Program Manager

SUBJECT

Second Reading of Ordinance No. 029, 2024, Approving the Conveyance of a Temporary Construction Easement, Dedication of a Permanent, Nonexclusive Water Line Easement, and Dedication of a Permanent, Nonexclusive Sewer Line Easement, all on City Property, for the Benefit of the Sun Foothills Fort Collins Development.

EXECUTIVE SUMMARY

This Ordinance, unanimously adopted on First Reading on February 6, 2024, approves an Ordinance that would authorize the conveyance of the following:

1. One (1) temporary construction easement (TCE) to Sun Foothills Fort Collins LLC (the "Owner") for the modification of existing grades and current stormwater drainage facilities;
2. One (1) permanent, nonexclusive water line easement to the Fort Collins-Loveland Water District (the "Waterline Easement"); and
3. One (1) permanent, nonexclusive sewer line easement to the Fort Collins-Loveland Sanitation District (the "Sewer Easement").

The easements are located on 17 acres of City property located in the North West 1/4 of Section 13, Township 6 North, Range 69 West, Larimer County, Colorado, being currently held as a City of Fort Collins Land Bank property (the "City Property").

Construction pursuant to the TCE will modify existing stormwater facilities. The Waterline Easement and the Sewer Easement are entitlements required by the City so that the Owner may proceed with the development of the adjoining lands.

The easements will include the extension of stubbed water, sewer, and drainage improvements directly onto the City Property resulting in a significant benefit to the City Property.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

The City Property

The City Property was purchased on October 18, 2002, as part of the Affordable Housing Land Bank Program. The Land Bank Program is a long-term affordable housing program that ensures land will be available in the future to provide additional affordable housing units. The basic strategy of the program is to acquire undeveloped land and hold the land for several years until surrounding developments occur and adequate infrastructure is built for the eventual development of the City owned property. In theory, this will decrease the costs of development and increase the property value of the City owned property. The property interests considered by the proposed Ordinance will allow for substantial infrastructure improvements to be installed on the City Property.

The Project

The Owner intends to develop the lands adjacent to the City Property (the "Development") into approximately 200 housing units, including attainable housing, affordable housing units, and mobile homes. The Development is part of the Sun Communities real estate investment trust with more than 400 manufactured home and recreational vehicle (RV) communities throughout the nation.

The Owner has submitted plans (the "Development Plans") to the City for the Development, which have been reviewed by staff. The TCE, the Waterline Easement, and the Sewer Easement (the "Conveyance Documents" and the "Easements") are part of the Development and have been requested from the Owner by staff as part of the development review process for the Development.

Work within the TCE will mainly include grading to modify existing stormwater drainage facilities and to direct surface water flows from the Development onto City Property. Additional improvements to be installed within the easements are the sanitary sewer and water line, which will be located below the surface of the City Property. There are no foreseeable construction impacts to access, use, and parking at the City Property because there is not currently any daily use or activities on the City Property. Although there are not currently any improvements located on the surface of the City Property, the Conveyance Documents will provide that any damaged surface areas, including any trees, will be restored in accordance with a City plans, specifications, and requirements.

Staff have relied primarily on the Owner and/or its contractors to provide accurate surveys, legal descriptions, and title review for the Conveyance Documents.

The TCE

The TCE is comprised of 96,132 square feet (the "TCE Area") of City Property adjoining the south-eastern boundary of the Development. Approximately one-half of the TCE Area includes lands currently burdened by a reciprocal drainage easement between the Owner and the City. The TCE will allow for slope modifications around the existing drainage facility as well as channel improvements and capacity increase to the existing drainage facility. The TCE will allow for the oversizing of the existing drainage facility so that the City Property may use this storage area during the development of the City Parcel. The TCE will also allow for grading along the property boundary so that elevations and slopes between the Development and the City Property are in accordance with City standards. All construction under the TCE will be conducted and paid for by the Owner during the term of the TCE, being up to four (4) years.

The Waterline Easement

The Waterline Easement is comprised of 570 square feet of City Property adjoining the south-eastern boundary of the Development and is located entirely within the boundaries of the TCE. The Waterline Easement is for the installation, operation, and maintenance of an underground water line for the benefit of the City Property, which will be owned and maintained by the Fort Collins-Loveland Water District. The

initial construction pursuant to the Waterline Easement will be conducted and paid for by the Owner during the construction of the Development.

The Sewer Easement

The Sewer Easement is comprised of 4,740 square feet of City Property adjoining the South-eastern boundary of the Development and is located entirely within the boundaries of the TCE. The Sewer Easement is for the installation, operation, and maintenance of an underground sanitary sewer for the benefit of City Property, which will be owned and maintained by the Fort Collins-Loveland Sanitation District. The initial construction pursuant to the Sewer Easement will be conducted and paid for by the Owner during the construction of the Development.

CITY FINANCIAL IMPACTS

Other than staff time and other expenses reimbursable to City by the Owner, there is no cost to the City associated with Conveyance Documents or the Easements. However, staff estimates the fair market value of the Easements to total \$157,602, being itemized as follows (the “Property Values”):

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|------------------------|-----------|
| 1. TCE: | \$146,342 |
| 2. Waterline Easement: | \$1,425 |
| 3. Sewer Easement: | \$9,835 |

The total easement value to be disposed is \$157,602. However, the easement requests and associated improvements substantially increase the development potential of the City Property. The developer drainage, sewer, and water improvements are extended onto the City property and result in a direct benefit of \$370,260 to the City Property, as valued by City Real Estate Services staff. The net value of the easement disposals results in a \$212,658 benefit to the City Property.

Staff recommends that the Easements should be conveyed to the Owner for no monetary consideration because the City’s Land Bank Program will be receiving the non-monetary consideration of construction on the City Property of stormwater drainage facilities, a stubbed in water line, and a stubbed in sanitary sewer line, the value of which is estimated to substantially exceed the Property Values. Specifically, it is estimated that because of the construction performed by the Owner under the Easements, the value of the City Property would increase by approximately \$370,260.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

The City’s Planning Department and the Social Sustainability Department have reviewed and approved the Construction Plans and the Conveyance Documents.

PUBLIC OUTREACH

None.

ATTACHMENTS

First Reading attachments not included.

1. Ordinance for Consideration
2. Exhibit A to Ordinance
3. Exhibit B to Ordinance
4. Exhibit C to Ordinance
5. Exhibit D to Ordinance