



Legislation Text

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A Resolution Declaring Real Property to be Surplus, Authorizing the City's Real Estate Services Office to Retain a Consultant to Aid in Disposition, and Authorizing the Disposal of Real Property for at least the Fair Market Value

Presenter:

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Summary:

Colorado Springs Utilities ("Utilities") and City Real Estate Services Office staff request City Council approval of a resolution declaring real property to be surplus and authorizing the City's Real Estate Services Office to retain a consultant to aid in the disposition.

Previous Council Action:

City Council previously authorized the purchase of the Pueblo West properties for purposes of the Southern Delivery System project.

Background:

In September of 2009, City Council approved Resolution 198-09, authorizing the acquisition of a number of properties needed for the first phase of the Southern Delivery System Project (SDS), including the six properties identified below (the "Properties"). In Resolutions 315-09, 47-10, and 115-10, City Council further authorized closing on the acquisition of the Properties.

The Properties consist of the following:

1. APN 95-290-11-047 - 1051 E. Linda Avenue, Pueblo, CO 81007
2. APN 95-320-26-011 - 1080 E. Desert Cove Drive, Pueblo, CO 81007
3. APN 05-050-10-011 - 1078 E. Marengo Drive, Pueblo, CO 81007
4. APN 05-050-05-020 - 1070 E. Sequoia Drive, Pueblo, CO 81007
5. APN 05-080-06-016 - 1112 E. Paramount Drive, Pueblo, CO 81007
6. APN 05-080-10-006 - 1133 E. Industrial Boulevard, Pueblo, CO 81007

All of the Properties are located in Pueblo County within the Pueblo West Metropolitan District community and were acquired in fee for SDS. At the time of acquisition, all of the Properties were improved with single family residences; however, due to the proximity of the improvements to the pipeline construction, the residence on five of the Properties was removed (the property on Paramount Drive still includes the house). The previous owners of the Properties were relocated as a part of the acquisition process in accordance with City Code and The City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interests (the "RES Manual"). Each of the Properties has a small segment of the SDS pipeline within its boundaries.

Following construction of the SDS pipeline, the Properties were revegetated consistent with all the other SDS pipeline easement areas in Pueblo West and Pueblo County has accepted the revegetation established pursuant to the 1041 permit between the City of Colorado Springs and Pueblo County. Provided that the City of Colorado Springs reserves a permanent utility easement for the SDS pipeline on all of the Properties, the SDS project will no longer need to maintain fee ownership of the land. Once the Properties are sold, Colorado Springs Utilities will no longer have to make annual payments in lieu of property taxes to Pueblo County, as required by the 1041 permit so long as the City owns the Properties. These payments vary annually based on the assessed valuation and mill levies adopted by Pueblo County. In 2017, the PILT payment was \$2,262.04 for the six Properties.

Pursuant to the RES Manual, before the Properties can be marketed for sale, City Council must approve a resolution declaring the property to be surplus property. Additionally, because this involves the sale of six residential properties within the same geographic area, Utilities and the City's Real Estate Services Office are requesting Council authorization to retain a consultant to aid in the sale and marketing of the property, rather than pursuing a sealed bid auction.

The attached resolution further authorizes the disposal of the Properties for at least the fair market value. Inclusion of this additional authorization means that if the City and Utilities are able to obtain a purchase of at least the fair market value, they will not be required to seek further City Council approval.

Financial Implications:

Utilities would recommend that the Properties be marketed for sale based on their current fair market value, based on the results of residential appraisals that will be obtained. For the five Properties whose single family residences were demolished, the current fair market value is expected to be much lower than the purchase price when they were acquired. On the remaining Property, the price is also expected to be lower based as it will be encumbered by a pipeline easement. Utilities will also be unable to recover funds expended on relocation.

Despite these implications, Utilities believes it would be beneficial to dispose of the properties to reduce future payment obligations associated with ownership of these Properties and to limit responsibilities for maintenance of the Properties, subject to reservation of the necessary easements.

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

1. Approve the attached resolution declaring the six properties in Pueblo West to be surplus, authorize the City Real Estate Services Office to retain a consultant to aid in the disposition, and authorize the disposal of the properties for at least the Fair Market Value.
2. Do not approve the attached resolution and retain ownership of the property.

Proposed Motion:

Move approval of the proposed Resolution declaring real property to be surplus, authorizing the City's Real Estate Services Office to retain a consultant to aid in disposition, and authorizing the disposal of real property for at least the fair market value.

N/A