



Legislation Text

File #: 21-335, **Version:** 1

A Resolution Authorizing the Disposal of Surplus, City-owned Property Consisting of Approximately 7 acres of Land to the Entity known as Project Mustang or its Assign (“Purchaser”) in accord with the City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interests, Revised 2021, and City Code.

Presenter:

Greg Phillips
Director of Aviation
Colorado Springs Airport

Summary:

The Colorado Springs Airport (“Airport”) respectfully requests City Council adopt a resolution authorizing the disposal of surplus, City-owned land to an entity known as Project Mustang (“Project Mustang”) in accord with City Code § 7.7.1804(A) and the City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interests, Revised 2021 (“RES Manual”).

Project Mustang desires to purchase approximately 7 acres of land in Peak Innovation Park for the purpose of constructing a distribution facility totaling approximately 70,000 to 80,000 square feet. This will generate immediate proceeds intended to be used for the advancement of future revenue producing opportunities and ensuring Peak Innovation Park continues as a strong economic development engine for the Airport and the Colorado Springs community.

Background:

The City owns that certain real property and overall mixed-use development project known as Peak Innovation Park located on Airport-controlled property, containing approximately 900 acres of land which is generally described and depicted on Exhibit A attached hereto (the “Project”). Project Mustang desires to purchase approximately 7 acres of land within the Project, as generally depicted and described on Exhibit A, for the purpose of constructing an approximately 70,000 to 80,000 square foot distribution facility.

Federal statutes and grant assurances require, among other things, the Airport to remain self-sustainable. This mandate is a primary basis for establishing the business park Project. As a large-scale development endeavor, portions of the Project must be strategically sold while other portions will be leased on a long-term basis. To further this goal, in accordance with the RES Manual § 5.7, the Airport retained consultants to list the Project Property for sale and lease. The Project property has been listed for sale and lease since 2015, in coordination with the City’s master developer, Urban Frontier COS, LLC, and before that it had been listed through a predecessor master developer since 2006.

Recently Project Mustang initiated contact with the City expressing an interest in purchasing the Property. In this instance, selling the Property provides the following benefit opportunities to the Airport and City as a whole by:

- (i) Immediately increasing the Peak Innovation Park land value.
- (ii) Advancing future revenue producing opportunities. By way of example, revenues may be used to construct retail facilities owned and leased by the Airport. This business model is similar to the retail leased facilities inside the terminal building.
- (iii) Increasing the financing capabilities of the Peak Metropolitan Financing District and the Peak Metropolitan Operations/Maintenance Districts which will fund additional public infrastructure for the Project and help maintain the business park amenities. As a result, the land will become more marketable and available for future, cost efficient development.
- (iv) As with the other sale transactions at Peak Innovation Park, generally supporting the City's strategic goal to promote economic development, add new property tax revenue sources, add sales tax revenue sources, create new employment opportunities in the city with associated income tax revenue, and provide for overall community development, safety, and quality of life.

The Airport discussed selling the Property to Project Mustang with the Federal Aviation Administration ("FAA"), Airport District Office ("ADO") and the ADO verbally agreed that the intended purpose is a compatible land use with the Airport. The FAA has previously released all the Project land from aeronautical use and therefore the Property may be used for the development of Peak Innovation Park. Accordingly, the FAA currently supports the sale of the land to Project Mustang and a formal land release is forthcoming.

In accordance with the RES Manual, § 5.3, the prerequisites for disposal of the Property are, in relevant part: (i) City Council must deem the property surplus; (ii) RES will obtain any necessary title work and valuation at the Airport's expense as well as a survey, if needed; (iii) RES shall identify interests in the Property that the City will retain at closing; and (iv) the valuation must be approved by the Chief Financial Officer and the Airport Director. Accordingly, the Airport will work closely with the Real Estate Department team and other City departments to ensure compliance with these and all other City requirements.

Previous Council Action:

N/A

Financial Implications:

The Property was acquired by FAA funding. Therefore, the proceeds from the sale of this transaction will go to the Airport enterprise and will be used for eligible projects or purposes per FAA guidelines, including the FAA revenue use policy.

City Council Appointed Board/Commission/Committee Recommendation:

On May 28, 2021, the Airport Advisory Commission ("AAC") met by special meeting and unanimously voted to support the sale of approximately 7 acres of land to Project Mustang. A letter of support from the AAC is included in City Council's package.

Stakeholder Process:

N/A

Alternatives:

Choose not to move forward with the sale transaction and continue to seek viable leasing options. This alternative, however, may not be as beneficial to the current development needs of the Project.

Proposed Motion:

Move to adopt a resolution authorizing the disposal of surplus, City-owned property consisting of approximately 7 acres of land to the entity known as Project Mustang or its assign (“Purchaser”) in accord with the Real Estate Manual, City Code as an economic value to the Airport and Colorado Springs community.

N/A