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Kroger pays \$1.29M to city of Fort Collins

Money goes to fees, taxes for new King Soopers store on North College

BY PAT FERRIER
PatFerrier@coloradoan.com

King Soopers, which expects to break ground any day on its new North College Avenue grocery store, has paid more than \$1.29 million in fees and taxes to the city of Fort Collins.

The city is waiting for one subcontractor to get his license before it issues a building permit for the 123,000-square-foot anchor project at the North College Marketplace, 1842 N. College Ave.

As soon as Heath Construction of Fort Collins gets the go-ahead from the city, Heath President Randy DeMario said work will begin on the excavation for utilities and foundations.

"Hopefully, you will see walls going up within 30 days," he said.

Heath is under contract to have the building done in March, and King Soopers hopes to open on Memorial Day weekend 2011.

Kroger on Monday wrote a check to the city for \$1,279,883.06, including \$77,300.07 in sales and use taxes and \$778,630 for street oversizing. In January, it paid \$16,362.45.

The permit is the single-biggest project in the city this year, finance director Chuck Seest said.

The budget impact, Seest said, "is more significant in this environment than it would be if we were to roll back the clock to 2007" when commercial and residential development was rolling along in the city.

"The rest of development was fairly healthy, so it wouldn't stand out as significantly as it does now. For the current year, it is very significant for the budget," Seest said.

The city does not expect to see much new sales-tax revenue from the store because it is likely to draw customers who already shop in Fort Collins, Seest said. "But we do foresee as development occurs and redevelopment occurs on the corridor, the increased assessed (property) value will provide the tools for urban renewal (authority) to complete public improvements in the area."

Tax revenue aside, Seest said, the North College Marketplace "is one of the centerpiece projects on North College" expected to jump-start the financial development and infill redevelopment of North College "and bring forth the vital improvements needed along that area in terms of streets and storm-drainage improvements."

Kroger also closed on the purchase of 10 acres from property owner Loveland Commercial LLC for its

parking lot, gas station and building. Loveland principal Eric Holsapple declined to disclose the sale price.

King Soopers officials did not return phone calls seeking comment for this story.

The purchase takes some of the financial pressure off his company, Holsapple said, "and makes it a reality for us and our lenders. Even though we were under contract, there was no lease, and there's more risk" for lenders.

Holsapple said he has signed leases with Chase Bank and Great Clips for stores at the marketplace and has three other tenants in various stages of negotiations, including Bullfrog Liquors, currently located across the street in the Albertsons plaza.

Bullfrog owner Dwight Whitney was unavailable for comment but has said previously he was waiting for the outcome of a bill in the state Legislature to allow convenience stores to sell full-strength beer. That measure failed.

Construction of the King Soopers is expected to stimulate other potential tenants, Holsapple said.

"It starts getting a lot more active now," Holsapple said. "Smaller tenants often wait, some even wait until they can see our buildings going up. A lot wait until the anchor tenant commences because a lot of these projects don't get off the ground."

The estimated value of construction is \$5.5 million, according to the pending building permit.

The project is expected to generate about \$16.4 million for the area in the next 21 years and employ between 300 and 400 people.

Improvements to North College Avenue and Willox Lane, tied into the marketplace project, began last month, funded by \$4.7 million in development impact fees and the Fort Collins Urban Renewal Authority.

The City Council, acting as the Urban Renewal Authority, also has approved using \$8 million in tax funding for wetlands mitigation, street improvements to Willox and North College and utilities.

Additional Facts

King Soopers costs

Kroger, the parent company of King Soopers, is paying a total of \$1.29 million in taxes and fees for its new grocery store on North College Avenue. Here's a breakdown of some of the major fees and taxes:

- > Building permit fee: \$17,641
- > City sales/use tax: \$77,300
- > County sales/use tax: \$20,613
- > Larimer County road: \$80,928
- > Stormwater public improvement fund: \$55,340
- > Street oversizing: \$778,630.
- > Water public-improvement fund: \$69,070
- > Water right: \$62,400