

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 10

DATE: August 19, 2003

FROM: Steve Comstock

SUBJECT:

Postponement of Second Reading of Ordinance No. 098, 2003, Authorizing the Transfer of a 151-acre Portion of the Resource Recovery Farm from the Wastewater Utility to the Natural Areas Program in Exchange for a Total Payment Amount of \$1,890,306, Indefinitely.

RECOMMENDATION:

Staff recommends indefinite postponement of the Ordinance on Second Reading.

EXECUTIVE SUMMARY:

In 2000, the City of Fort Collins Natural Areas program purchased 174 acres of the Resource Recovery ("RR") Farm along with 3.6 shares of the Lake Canal water for the Running Deer Natural Area. In discussion at the City Council study session regarding the draft I-25 Corridor Plan on August 27, 2002, there was general support for the City's Natural Areas program to purchase the 151-acre portion of the RR Farm from Utilities. This 151-acre transfer to the Natural Areas program would include the 2.4 shares of Lake Canal water associated with this portion of the RR Farm. This Ordinance, which was unanimously adopted on First Reading on July 1, 2003, authorizes the transfer of a 151-acre portion of the RR Farm from the Wastewater Utility to the Natural Areas Program.

Staff is requesting the Ordinance be postponed indefinitely to allow additional staff work.

ORDINANCE NO. 098, 2003
OF THE COUNCIL OF THE CITY OF FORT COLLINS
AUTHORIZING THE TRANSFER OF
A 151-ACRE PORTION OF THE RESOURCE RECOVERY FARM
FROM THE WASTEWATER UTILITY
TO THE NATURAL AREAS PROGRAM
IN EXCHANGE FOR A TOTAL PAYMENT AMOUNT OF \$1,890,306

WHEREAS, the City of Fort Collins is the owner of that certain real property located in Fort Collins and known as the Resource Recovery Farm, which was purchased by the Wastewater Utility for Wastewater Utility purposes (the "Resource Recovery Farm"); and

WHEREAS, the Resource Recovery Farm, which is located southwest of the intersection of Interstate 25 and Prospect Road, was developed in 1982 by the Wastewater Utility for use as a beneficial reuse site for wastewater biosolids; and

WHEREAS, as the city has grown, the Resource Recovery Farm has become a less desirable location for its originally intended use, and in 1993 the Wastewater Utility began shifting its biosolids reuse operation to its Meadow Springs Ranch property; and

WHEREAS, the Wastewater Utility discontinued use of the Resource Recovery Farm for its biosolids operation in the year 2000, having completed its relocation of the program to Meadow Springs Ranch; and

WHEREAS, City staff has determined that there is no longer a wastewater related use appropriate for the Resource Recovery Farm, except as expressly set forth herein; and

WHEREAS, in March 1998, the City Council approved Resolution 98-43, authorizing a 50-year Intergovernmental Agreement with Colorado State University that required that portions of the Resource Recovery Farm be used and developed in accordance with the "Poudre River Environmental Learning District Conceptual Land Use Plan" (the "IGA"); and

WHEREAS, in March 2000, the City Council approved Ordinance No. 199, 1999, authorizing the conveyance of a mining lease on the western portion of the Resource Recovery Farm for sand and gravel mining purposes (the "Mining Lease"), which Ordinance further noted that the 174-acre site subject to the Mining Lease had a total fair market value of \$1,270,000, and that in exchange for a payment of the first of three installments in the amount of \$540,000, the first of three portions of said site would be transferred to the Natural Areas program from the Wastewater Utility; and

WHEREAS, the Wastewater Utility has now received all payments due from the Natural Areas program in the total amount of \$ 1,270,000 for the Mining Lease site, along with the associated 3.6 shares of Lake Canal Irrigation company, and a portion of said site has now been named and is in use by the public as Running Deer Natural Area; and

WHEREAS, the Wastewater Utility is currently in the process of marketing for sale the 25-acre portion at the far northeast of the Resource Recovery Farm known as Field One, which

is excluded from the terms of the IGA and which offers more development and revenue-generation potential for the Utility ("Field One"); and

WHEREAS, Natural Areas program staff has determined that the remaining 151-acres of the Resource Recovery Farm not previously transferred to the Natural Areas program and to the south of Field One offers natural area and open space values of sufficient significance to warrant purchase of that property, more specifically described on Exhibit "A", attached hereto and incorporated herein by this reference (the "Property"), for its appraised value; and

WHEREAS, the Property was appraised in October 2002 to have a fair market value of \$1,860,000; and

WHEREAS, Utility and Natural Areas staffs have proposed that the funds for the Property be paid to the Wastewater Fund in three installments, the first installment in the amount of \$620,000 to be paid on or before August 1, 2003, and the remaining two, in the amount of \$635,153 each, to be paid on or before August 1 of the next two years; and

WHEREAS, the total amount to be paid for the Property, \$1,890,306, reflects the addition of total interest in the amount of \$30,306, based on an annual interest rate of 1.625% on the amounts due in future years from August 1, 2003; and

WHEREAS, certain buildings located on the Property are currently in use by the Wastewater Utility, and, in order to allow for a smooth transition from this use of the Property, staff has proposed that the Wastewater Utility's use of the buildings be allowed to continue through October 1, 2003; and

WHEREAS, in order to avoid the creation of impediments to the sale and development of Field One, and to preserve the revenue generating potential of Field One for the Wastewater Utility, Wastewater Utility staff has requested that the transfer of the Property to the Natural Areas program be subject to the acknowledged future need for access and utility easements or other easements across the Property for the sale and development of Field One, which easements will be subject to City Council approval by ordinance; and

WHEREAS, Section 23-111 of the City Code provides that the City Council is authorized to sell, convey or otherwise dispose of real property owned by the City, including leasing of the property, provided the Council first finds by ordinance that any sale or disposition of real property owned by the City will not materially impair the viability of any City utility system as a whole of which the property is a part, will be for the benefit of the City's citizens, and will be in the best interests of the City.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS that the transfer of the Property from the Wastewater Utility, consistent with the terms and conditions set forth herein, will not materially impair the viability of the City's wastewater utility as a whole, and will be for the benefit of the City's citizens, and in the best interests of the City.

Introduced, considered favorably on first reading, and ordered published this 1st day of July, A.D. 2003, and to be presented for final passage on the 19th day of August, A.D. 2003.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading this 19th day of August, A.D. 2003.

Mayor

ATTEST:

City Clerk

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 14

DATE: July 1, 2003

STAFF: Steve Comstock

SUBJECT:

First Reading of Ordinance No. 098, 2003, Authorizing the Transfer of a 151-acre Portion of the Resource Recovery Farm from the Wastewater Utility to the Natural Areas Program in Exchange for a Total Payment Amount of \$1,890,306.

RECOMMENDATION:

Staff recommends adoption of the Ordinance on First Reading.

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FINANCIAL IMPACT:

The Wastewater Fund will receive three annual payments that total \$1,890,306 from Natural Resources. The first payment of \$620,000 is due on August 1, 2003, and two additional payments of \$635,153 each that include interest of 1.625% per year are payable on August 1, 2004, and August 1, 2005.

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EXECUTIVE SUMMARY:

In 1982, the City developed the Resource Recovery Farm ("RR Farm") at Prospect Road and I-25 as a beneficial reuse site for wastewater biosolids. The City land applied biosolids on the site through the year 2000. As the City has grown, the site has become less functional for this type of use. In 1993, the biosolids program began its move north to Meadow Springs Ranch. With the move now complete, the Utilities is no longer using the RR Farm land for biosolids application.

In 2000, the City of Fort Collins Natural Areas program purchased 174-acres of the RR Farm along with 3.6 shares of the Lake Canal water for the Running Deer Natural Area. In discussion at the City Council study session regarding the draft I-25 Corridor Plan on August 27, 2002, there was general support for the City's Natural Areas program to purchase the 151-acre portion of the RR Farm from Utilities. This 151-acre transfer to the Natural Areas program would include the 2.4 shares of Lake Canal water associated with this portion of the RR Farm.

The property was appraised at \$1,860,000 in October 2002. The purchase price has been set at this appraised value, and at Natural Resources' request will be paid in three annual installments beginning August 1, 2003. An interest rate of 1.625% will be charged to offset the cost of the delayed payments to the Wastewater Fund.

This transfer to the Natural Areas program will not adversely impact the Wastewater Utility so long as it is subject to the understanding that access and utility easements or other easements will likely be needed for the sale and development of the remaining portion of the RR Farm, which is currently being marketed for sale to the general public. This remaining property is a 25-acre parcel known as "field one". Field one is located on southwest corner of I-25 and East Prospect Road and it is currently for sale at a minimum price of \$2,000,000.

The RR Farm purchase was discussed by the Natural Resources Advisory Board at a work session in early 2003. Although no formal action was taken by the Board, members of the Board expressed support for the purchase of the parcel by the Natural Areas program, and no objections were raised in the Board's discussions.

A map of the property is attached.

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