

# AGENDA ITEM SUMMARY

## FORT COLLINS CITY COUNCIL

ITEM NUMBER: 15 A-C

DATE: December 2, 2003

STAFF: Mark Sears  
Wally Cameron

### SUBJECT

Items Relating to the Pulliam Ranch Leases.

### RECOMMENDATION

Staff recommends adoption of the Resolutions and the Ordinance on First Reading.

### FINANCIAL IMPACT

The gross annual rent paid by the City for the lease and optioned properties, assuming options to purchase are not exercised before the end of the lease period, will be \$207,380 for the initial lease year, \$142,100 for the second lease year, \$84,800 for the third lease year, and \$55,898 for the fourth lease year.

The City will receive \$650 per month from the residential sublease, a total of \$15,600 over the 2 year lease period. The City could receive up to \$18,000 over the two-year term of the agricultural lease, depending on the actual number of livestock on the property during the months June – October. These lease amounts will be applied to offset the annual lease and option payments from the City to the Pulliam Trusts.

### EXECUTIVE SUMMARY

- A. Resolution 2003-131 Approving the Sublease of City-Leased Property at 8281 West County Road 32 C, Loveland, Colorado.
- B. Resolution 2003-132 Approving the Lease of City-Owned Property and Sublease of City-leased Property in Sections 15, 16, 17, 18, 20, 21, 22, and 27 of Township 6 North, Range 70 West of the 6th P.M., Larimer County, Colorado.
- C. First Reading of Ordinance No. 167, 2003, Approving the Terms of the Lease Agreements for the Pulliam Ranch.

Adoption of the Resolutions will allow the City to recover a portion of the annual lease amounts due to the Pulliam Trusts by leasing the areas of the Pulliam Ranch which are to be purchased and subleasing those areas and the existing residence which are leased and optioned for purchase.

Adoption of the Ordinance will allow the City to submit the lease to the County in order for the leased property to be removed from the property tax rolls during the term of the lease and option contracts to purchase the Pulliam Ranch over a five year period. The City will have exclusive use rights to the leased portions of the Ranch up to the time of purchase and thus has agreed to remove the property tax burden from the Lessors.

## **BACKGROUND**

Staff has negotiated Purchase & Option Agreements with two Pulliam Trusts for 12 tracts of land which total approximately 2,580 acres to be acquired for the Natural Areas program. The Seller has agreed to sell the 12 tracts over five years, with a lease and option to purchase the tracts that are not purchased at the initial closing of the transactions. One of the selling trusts will donate over three years a total of \$500,000 toward the purchase price of the tracts. The optioned tracts will be leased to the City at an annual rate of 5% of the current appraised value of the tracts. The total maximum amount of the leases will be \$490,278 over the five year period. The total purchase and lease amount being paid, assuming all options to purchase all tracts are exercised, will be \$5,790,278. The property was appraised this year for \$5,800,000.

A tenant is currently leasing a residence located on Tract A of the Pulliam Marital Trust property. Resolution 2003-131 would allow the same tenant to continue to lease the residence. There is also an existing farming and grazing tenant on the Pulliam Ranch property. Resolution 2003-132 would allow that tenant to continue its operations on the property.

The Pulliam Ranch is located just west of Masonville in the Foothills Focus Area on the Natural Areas Land Conservation Map. This unique ranch is one of the few remaining large undeveloped parcels of foothills properties in close proximity to Fort Collins. The ranch has high ecological, geological, and recreational values. It has redstone cliffs and large grass meadows that transition to the foothills and Ponderosa Pine and Douglas Fir forests. The property adjoins US Forest Service land to the west. Portions of the forest were burned during the Bobcat fire a few summers ago. There are several high open meadows that are attractive to wildlife. Mountain lion, bear, deer, elk, wild turkey, and coyote are just some of the wildlife found on the ranch.

Natural Areas staff with input from the public and other agencies will prepare a management plan for the site over the next two years. Staff anticipates that the property ultimately will be used as a natural area that will be opened to the public for hiking, biking, horseback riding, picnicking, wildlife watching and other appropriate natural area activities. However, other land conservation options may be considered, such as placing a conservation easement on all or part of the land and then conveying all or a portion of the land to a conservation buyer.

RESOLUTION 2003-131  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
APPROVING THE SUBLEASE OF CITY LEASED PROPERTY AT  
8281 WEST COUNTY ROAD 32 C, LOVELAND, COLORADO

WHEREAS, pursuant to the terms of the Lease Agreement and the Agreement of Purchase and Option of Real Property between the City and the Pulliam Marital Trust, the City of Fort Collins is intending to lease with an option to purchase the property at 8281 West County Road 32 C, Loveland, Larimer County, Colorado (the "Property"); and

WHEREAS, the Property includes an existing residence and is part of a ranch which shall be leased by the City with an option to purchase for the City of Fort Collins Natural Areas program; and

WHEREAS, there is an existing tenant in the residence, and there is currently not an active City use identified for this Property; and

WHEREAS, the City desires to sub-lease the Property for a term of two years at an annual rate of \$7,800; and

WHEREAS, the sub-lease of the Property will benefit the City in that it will generate revenue and will provide for occupation and care of the Property; and

WHEREAS, pursuant to Section 23-114(b) of the Code of the City of Fort Collins, the Council is authorized to lease for a definite term of two years or less, any and all interests in real property owned in the name of the City except property that is part of the City's water or electric utility systems, provided that Council first finds by resolution that the lease is in the best interests of the City.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the Council hereby finds that sub-leasing the Property at 8281 West County Road 32 C as provided herein is in the best interests for the City of Fort Collins.

Section 2. That the City Manager is authorized to execute a lease agreement for the Property, consistent with the terms of this Resolution, in substantially the same form as the Residence Lease Agreement a draft of which, dated November 28, 2003, is on file in the office of the City Clerk and available for public inspection, together with such additional terms and conditions as the City Manager, in consultation with the City Attorney, determines to be necessary and appropriate to protect the interests of the City.

Passed and adopted at a regular meeting of the City Council held this 2nd day of December,  
A.D. 2003.

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Mayor

ATTEST:

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Chief Deputy City Clerk

RESOLUTION 2003-132  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
APPROVING THE LEASE OF CITY-OWNED PROPERTY AND SUBLEASE  
OF CITY-LEASED PROPERTY IN SECTIONS 15, 16, 17, 18, 20, 21, 22, AND 27  
OF TOWNSHIP 6 NORTH, RANGE 70 WEST OF THE 6TH P.M.,  
LARIMER COUNTY, COLORADO

WHEREAS, pursuant to the terms of the Lease Agreements and the Agreements of Purchase and Option of Real Property between the City and the Pulliam Marital and Charitable Trusts, the City of Fort Collins is intending to purchase real property in Sections 17, 18, 20 and 22 of Township 6 North, Range 70 West of the 6<sup>th</sup> P.M., with a lease and option to purchase property located in Sections 15, 16, 21, 22 and 27 of Township 6 North, Range 70 West of the 6<sup>th</sup> P.M., Larimer County, Colorado (the "Property"); and

WHEREAS, the Property is a ranch which shall be purchased in part, with the balance of the ranch leased and optioned for purchase for the City of Fort Collins Natural Areas program; and

WHEREAS, there is an existing and suitable farming and grazing tenant for the Property, and there is a need to continue historical operations of the Property while a management plan is developed; and

WHEREAS, the City desires to lease the Property and sublease it to the current tenant for a term of two years at an annual rate of up to \$9,000 per year; and

WHEREAS, the lease of the Property is beneficial in that it will generate revenue and provide for ongoing use and care of the Property; and

WHEREAS, pursuant to Section 23-114(b) of the Code of the City of Fort Collins, the Council is authorized to lease for a definite term of two years or less, any and all interests in real property owned in the name of the City except property that is part of the City's water or electric utility systems, provided that Council first finds by resolution that the lease is in the best interests of the City.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the Council hereby finds that the lease and subsequent sublease of the Property located in Sections 15, 16, 17, 18, 20, 21, 22 and 27 of Township 6 North, Range 70 West of the 6th P.M as provided herein is in the best interests for the City of Fort Collins.

Section 2. That the City Manager is hereby authorized to execute a lease agreement for the Property, consistent with the terms of this Resolution, in substantially the same form as the Lease Agreement a draft of which, dated November 28, 2003, is on file in the office of the City Clerk and available for public inspection, together with such additional terms and

conditions as the City Manager, in consultation with the City Attorney, determines to be necessary and appropriate to protect the interests of the City.

Passed and adopted at a regular meeting of the City Council held this 2nd day of December, A.D. 2003.

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Mayor

ATTEST:

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Chief Deputy City Clerk

ORDINANCE NO. 167, 2003  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
APPROVING THE TERMS OF THE LEASE AGREEMENTS  
FOR THE PULLIAM RANCH

WHEREAS, the City will be leasing and will have an option to purchase certain lands known as the Pulliam Ranch located in Sections 15, 16, 21, 22 and 27 of Township 6 North, Range 70 West of the 6th P.M., Larimer County, Colorado (the "Property") pursuant to Lease Agreements with the Pulliam Charitable Trust and the Pulliam Marital Trust (the "Lease Agreements"); and

WHEREAS, the City will lease certain of these lands for a period of at least one year up to a period of four years with a lease rate based on 5% of the 2003 appraised value of any lease and optioned property; and

WHEREAS, under the Lease Agreements, the gross annual rent paid by the City for the lease and optioned properties, assuming options to purchase are not exercised before the end of the lease period, will be \$207,380 paid in advance for the initial lease year; \$142,100 for the second lease year; \$84,800 for the third lease year; and \$55,898 for the fourth lease year; and

WHEREAS, the Lease Agreements extend through December 15, 2007, contingent upon the City's annual appropriation of sufficient funds to meet the City's lease obligations; and

WHEREAS, sufficient funds have been budgeted and appropriated by the City to meet its obligations for the first year of the Lease Agreements; and

WHEREAS, in order for the Property to be exempt from taxation, Section 31-15-801, C.R.S., requires that the Lease Agreements and the terms thereof be approved by ordinance by the City Council; and

WHEREAS, the City Council wishes to approve the Lease Agreements by ordinance so that the Property may be removed from the tax rolls.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS that the City Council hereby approves the terms and conditions of the Lease Agreements between the City and the Pulliam Charitable Trust and the Pulliam Marital Trust, for the lease of lands in Sections 15, 16, 21, 22 and 27 of Township 6 North, Range 70 West of the 6th P.M., Larimer County, Colorado, drafts of which Lease Agreements, dated November 28, 2003, are on file in the office of the City Clerk and available for public inspection.

Introduced and considered favorably on first reading and ordered published this 2nd day of December, A.D. 2003, and to be presented for final passage on the 16th day of December, A.D. 2003.

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Mayor

ATTEST:

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Chief Deputy City Clerk

Passed and adopted on final reading this 16th day of December, A.D. 2003.

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Mayor

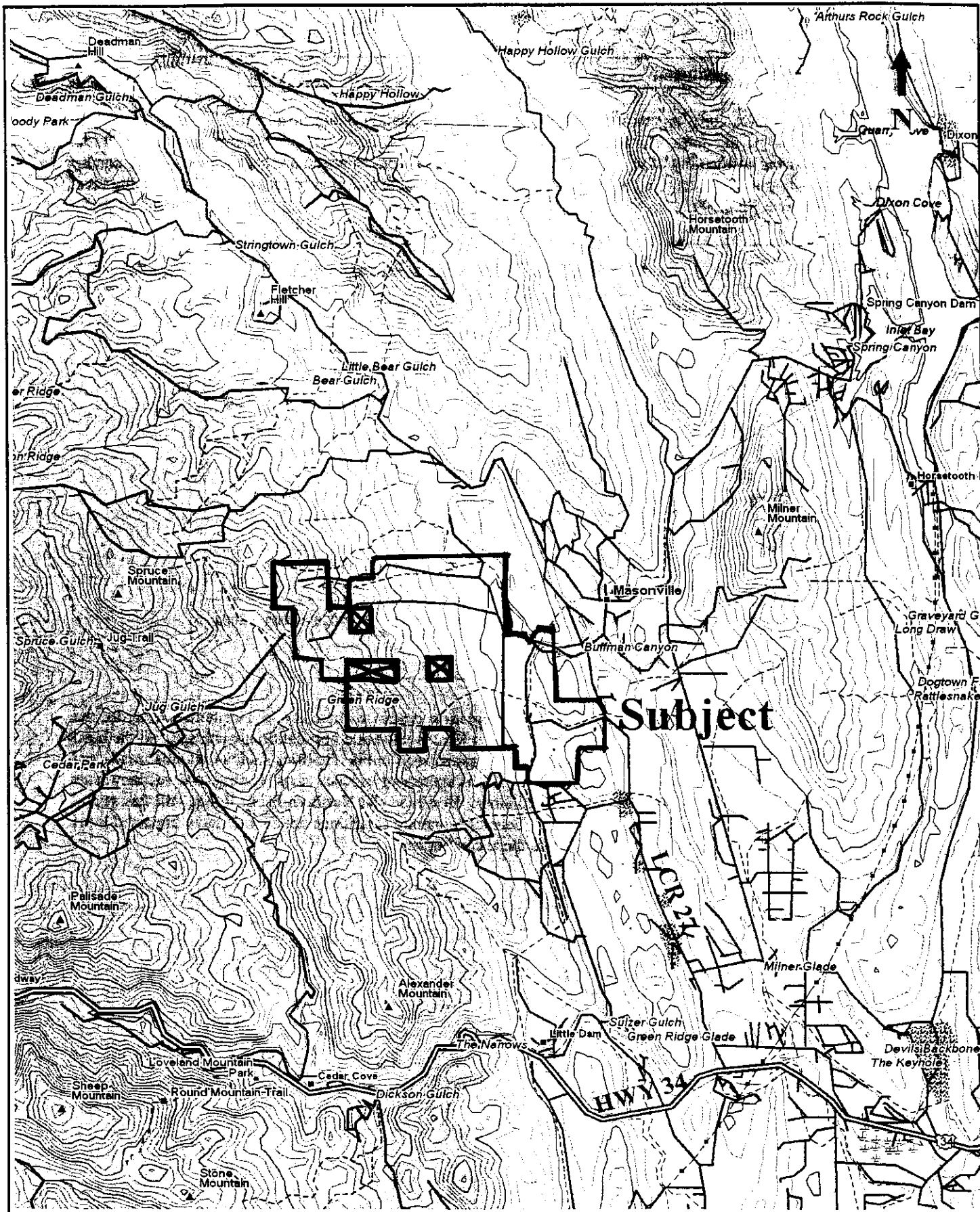
ATTEST:

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City Clerk



# PULLIAM RANCH



Neighborhood Map