



Legislation Text

File #: Res 2020-52, **Version:** 2

RESOLUTION APPROVING AN AGREEMENT FOR THE PURCHASE OF PROPERTY AT SOUTH PLATTE CROSSING, 7190 COLORADO BOULEVARD AND PROVIDING FOR RELATED MATTERS

Summary and Background Information:

Updated Information:

On 07-20-2020, City Council heard this matter and discussed the terms of the agreement to purchase the floor within the South Platte Crossing Building. Council directed staff to attempt to renegotiate the terms of the purchase with ULC, to include an extension of the closing date to 180 days. Staff has secured an additional 30 days (a total of 135 days) from execution of the PSA during the negotiation process. If the Council wishes to proceed with the purchase of the property, City Council could pass the resolution and staff will revise the PSA prior to its execution. Additionally, Mark Marshal, ULC's director of real estate, will be present during the meeting to offer comment and answer questions.

Information from Council Communication on 07-20-2020:

Staff is presenting Council with a Purchase and Sale Agreement (PSA) with the Urban Land Conservancy (ULC) for Unit 6, the fifth floor of the South Platte Crossing building, located at 7190 Colorado Blvd. The Unit is approximately 10,800 square feet with a purchase price of \$1,000,000.

Approval of the resolution and subsequent execution of the PSA will enter the City into the process of purchasing the Unit. The City will provide \$25,000 in earnest money, which is fully refundable, and the City can terminate the PSA at any time. The City has 90 days from the execution of the PSA to complete due diligence, and the closing date is 105 days from execution. If lockdown, quarantine, or other COVID-related disruption occurs, the closing date may be extended.

The South Platte Crossing building is jointly owned by Adams County and the ULC. The County owns the basement, the first and second floors. Tenant finishes are underway on the first and second floors to enable Tri-County Health and the DMV to occupy these spaces. The ULC has ownership of the other floors and the site and is primarily leasing these spaces. ULC plans to construct an affordable housing project on the site in the future.

Staff negotiated the PSA at the direction of Council.

Background: At the 2018 Council Retreat, Council identified the provision of human and social services as a priority. At that time, Council directed Staff to look into purchasing space in the South Platte Crossing building as a way to provide these services. During an executive session on October 1, 2018, Council instructed Staff to enter into negotiations for the acquisition of space in the building. Staff began negotiations at Council's direction and ULC initially indicated a reluctance to sell a floor to the City, as a result of their boards (ULC) desire to retain at least 51% ownership of the building. City staff then worked on a lease option with ULC and presented this alternative to the City Council. City

Council provided direction to staff that they were not interested in leasing the space and preferred a purchase. ULC was informed of the Council's direction and the negotiations ended. Several months later, ULC re-contacted the City and indicated that their board had contemplated a change to their previous position and indicated an interest in selling a floor of the South Platte Crossing Building to the City. The City Manager signed a letter of intent on January 28th, 2020, and submitted it to the ULC as a next step in negotiations. Staff has negotiated and prepared the PSA contained within this City Council Packet for Council's consideration.

If the City Council is satisfied with the terms of the purchase and wants to proceed with the purchase of the fifth floor, Council should approve the resolution presented tonight, to authorize the execution of the PSA.

Staff Responsible (Department Head): Deputy City Manager Troy Smith

Staff Member Presenting: Deputy City Manager Troy Smith

Financial Impact: \$1,000,000 and ongoing costs to operate the building, estimated to be less than \$50,000 annually.

Funding Source: General Fund - The Council has \$1,000,000 appropriated in the 2020 budget for the purchase and sale of the Honnen Building. That contract is now closed out, based upon Council's direction to decline the purchase of the Honnen Building. Council could direct staff to prepare a reappropriation of those budget dollars for the purposes of purchasing this property.

Staff Recommendation: Approve the resolution authorizing the execution of the PSA

Suggested Motion: Move to approve the resolution