

URBAN RENEWAL AUTHORITY BOARD

August 25, 2022

5:00 PM

- **ROLL CALL**

PRESENT: Arndt, Wise, Pignataro, Francis, Ohlson, Smith, Draper (arrived at 5:03 PM), Canonico (arrived at 5:04 PM)
ABSENT: Peel, Gutowsky, Stephens

- **AGENDA REVIEW**

Chair Arndt outlined the public participation options.

Interim Executive Director Birks stated there were no changes to the published agenda.

- **PUBLIC PARTICIPATION** - No public in attendance.

- **COMMISSIONER REPORTS**

1. **Consideration and Approval of the Minutes for the July 28, 2022 Urban Renewal Authority Board Meeting. (Adopted)**

The purpose of this item is to approve the minutes of the July 28, 2022 Urban Renewal Authority Board meeting.

Commissioner Pignataro stated she was unable to search the minutes document and requested staff examine that for future sets of minutes.

Vice Chair Wise made a motion, seconded by Commissioner Canonico, to approve the minutes of the July 28, 2022 meeting.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Joe Wise
SECONDER:	Tricia Canonico
AYES:	Wise, Pignataro, Francis, Draper, Ohlson, Canonico, Arndt, Smith
EXCUSED:	Peel, Gutowsky, Stephens

2. **Resolution No. 122 Approving the Appropriation of Funds for Appraisal Services and Special Legal Counsel. (Adopted)**

The purpose of this item is to consider an appropriation to support potentially acquiring property in the North College Plan Area. During a workshop series in 2019, community members identified the former Albertsons site at 1636 North College Avenue as a prime location for a community hub, a library branch, affordable housing, and a workforce development center. A Real Estate Investment Trust (REIT) currently owns 1636 North College Avenue and has a favorable lease for the property. This lease expires in 2030 which means the likelihood of the former Albertsons site redeveloping or housing needed community amenities is low. On July 28, 2022, the Authority Board considered an item that permitted the following related to the former Albertsons site: 1. Conducting a commercial real estate appraisal for the three properties; 2. Discussing funding options with City staff and the City Council Finance Committee; and 3. Begin discussions with the property owners about the Authority potentially acquiring the properties. This item proposes an appropriation of \$31,000 to conduct the commercial real estate appraisal and retain legal counsel that specializes in eminent domain proceedings. This

appropriation will have minimal impact on the Authority's finances and will permit staff to work towards completing the three tasks highlighted above.

Clay Frickey, Redevelopment Program Manager, stated this item considers appropriating funds to support property acquisition for the North College Plan Area. He provided background on, and a summary of, the community outreach completed in the Plan Area, products of which were the suggestion for the development of a community hub in the North College area and the identification of the former Albertson's site at Willox and College as a large impediment to achieving many of the goals for the Plan Area.

Frickey stated the Urban Renewal Authority previously provided approval for the following to take place: beginning discussions with the property owners of the Albertson's site and two adjoining buildings, beginning funding options discussions with City staff and the Council Finance Committee at the appropriate time, and conducting a commercial real estate appraisal for the Albertson's and adjoining buildings. He stated this item would appropriate funds for conducting that appraisal.

Frickey provided information on the tenants and owners of the buildings under discussion noting the Albertson's site has been vacant for several years. He stated the current owner of the Albertson's site, a real estate investment trust, has little incentive to consider either a new lease or sale of the property, because Albertson's is currently paying above market rent and is funding all property expenses.

Frickey outlined the scope of work provided by the on-call appraiser, stating the appraisal cost will be about \$16,000, including all three properties. Additionally, Frickey noted this appropriation also includes funds for special legal counsel necessary to provide guidance on potential eminent domain proceedings; however, the Board would need to weigh in on any additional funding needed for possible legal proceedings. Frickey stated the URA Finance Committee supported bringing this item forward to the full Board and staff recommends adoption of the Resolution.

Commissioner Ohlson asked if the appraised value will include the existing conditions prior to improvements. Frickey replied in the affirmative and noted the appraiser will develop the appraisal report values based on three methods, one of replacing and redeveloping the existing buildings, one based on the current income generation of the property, and a third which looks at sales prices of comparable properties.

Commissioner Ohlson stated the second method does not seem to make much sense in this situation given the long-term lease. He noted the property would not generate the same revenue stream if it opened tomorrow as a different use.

Caitlin Quander, legal counsel, stated the appraisal will likely have to be taken in stages as the appraiser will not likely be granted access to the interior of the property early in the process and may not be able to see the current lease documents without them being required to be provided in a court proceeding.

Interim Executive Director Birks noted it would be fair to say that any type of offer would be structured to consider the fact that there is some significant information that is unknown about the property which would need to be refined before moving forward with a final offer.

Commissioner Smith noted the Albertson's building is probably currently leased at an over-market rate and the scope of the appraisal would likely adjust for the lease amount that should be received in this market. Additionally, he stated the interiors are not really an issue, particularly if there is a triple net lease wherein the tenant has been maintaining the interior. He asked if the appraisal will immediately become public record after it is completed. Frickey replied there are certain aspects that can be privileged information. Ms. Quander replied the appraisals can remain confidential initially; however, any offer made that would contemplate condemnation in the future would need to ensure the appraisals are shared. Additionally, the current owners would also have the right to get an appraisal themselves.

Vice Chair Wise stated there would typically not be a firm offer made initially on any commercial real estate property; instead, the process would begin with a letter of intent that would anticipate significant due diligence, including access to the entire facility. Frickey concurred and noted that process would be followed to meet eminent domain requirements.

Chair Arndt requested a timeline of the purchase and/or eminent domain process. Ms. Quander noted the Board would take an express resolution up on the action or approval of moving forward with the eminent domain process, with an offer amount, and with any type of purchase agreement.

Commissioner Smith asked if the Board authorized a discussion between staff and the property owners and tenants, or if an additional action would need to be taken to authorize discussions with the current tenants. Frickey replied staff tried to reach out to the real estate investment trust that owned the Albertson's building in 2020 and did not hear anything back. He stated no attempts have yet been made to contact the owners of the other buildings. He noted much more due diligence would need to occur in terms of reaching out to the current owners as part of any eminent domain process. Ms. Quander stated having discussions with tenants was not part of the initial authorization and she would be cautious to involve them until discussions have started with property owners to not alarm current tenants unnecessarily.

Commissioner Smith stated he has some sensitivities to the position of the URA in an eminent domain negotiation and he believes the tenants would be more likely to want to have discussions with the URA than the owners.

Vice Chair Wise stated he would be concerned about the possible ramifications of interfering in the landlord/tenant relationship.

Commissioner Smith stated he was not sure it would be characterized as interfering but could be considered common courtesy by a governmental entity to provide some knowledge of the initial processes. Ms. Quander suggested that could be a good next step after this first phase is complete.

Vice Chair Wise made a motion to, seconded by Commissioner Pignataro, to adopt Resolution No. 122.

Commissioner Draper thanked the Finance Committee for its work on this item.

Commissioner Ohlson concurred with the helpfulness of the robust conversation at the Finance Committee meeting. He stated he would remain open but is somewhat skeptical because of the dollar amounts. He also commented on the irony of the URA assisting in the King Soopers development which ultimately aided in putting the Albertson's out of business.

Chair Arndt thanked the Finance Committee for its work on this item.

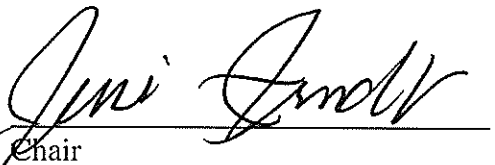
RESULT:	RESOLUTION NO. 122 ADOPTED [UNANIMOUS]
MOVER:	Joe Wise
SECONDER:	Julie Pignataro
AYES:	Wise, Francis, Draper, Ohlson, Smith, Canonico, Arndt, Pignataro
EXCUSED:	Peel, Gutowsky, Stephens

- **OTHER BUSINESS**

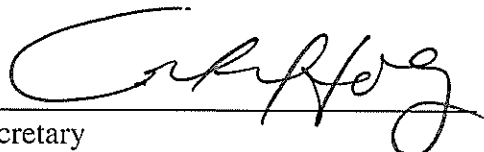
None.

- **ADJOURNMENT**

The meeting adjourned at 5:35 PM.


Chair

ATTEST:


Secretary

