



Legislation Text

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*Department City Manager's Office*

Reference: A Resolution approving the Purchase and Sales Agreement for the purchase of approximately 15.54 acres, more or less, of real property, located at the Northwest corner of Main Street and Denver Street, Brighton, Colorado, Adams County Assessor Schedule Number 0156906200025

**To: Mayor Kenneth J. Kreutzer and Members of City Council**

**Through: Philip Rodriguez, City Manager**

**Jack Bajorek, City Attorney**

**Prepared By: Christopher Ernst, Special Counsel**

**Date: September 14, 2018**

**Purpose.** A Resolution of the City Council, approving a Purchase and Sale Agreement (PSA) between the City and SW Ringsby East LLC and SW Peoria LLC ("SWDP"), for the Purchase and Sale of certain commercial real property comprising approximately 15.54 acres ("Property") for \$1,600,000, and authorizing the City Manager to execute the PSA for the City.

**Strategic Focus Area.** Fiscally Responsible

**SWDP Property.** The Property is 15.54 acres, generally located near the intersection of North Main and Denver Streets in Downtown Brighton. The County Assessor's map is attached for reference. The Property is currently zoned PUD with a full menu of commercial and industrial uses (including C-1, C-2, C-3, C-O, I-1, and others). The PUD was approved in 2013, in order to incentivize the development of nearby Tractor Supply.

**Background.** In 1964, the City entered an Agreement with SWDP's predecessor, The Great Western Sugar Company. The 1964 Agreement allowed the City to locate a sanitary sewer pipeline across this Property, and there is an existing 24-inch sewer main running diagonally between North Main Street and Madison Street. Unfortunately, the terms of the 1964 Agreement are not clear and not drafted favorably to the City. SWDP and the City have disputed the exact terms and requirements of the 1964 Agreement. After impasse, SWDP applied to the Adams County District Court to obtain the Court's interpretation of the Agreement. The Court reviewed the Agreement, and determined that the Agreement requires the City to remove and relocate the sewer line, under certain circumstances. The Utilities Department was then tasked with engineering and design, in order to generate cost estimates for removing and relocating the existing sewer line. Those cost estimates (for various relocation alternatives) were presented to Council, and range between \$2.5 million and \$3.8 million. At the same time, the City Manager and City Attorney were able to negotiate a potential purchase transaction for the Property, for the price of \$1.6 million. The attached Purchase and Sale Agreement (PSA) allows the City to acquire the Property for \$1,600,000 (plus certain closing and related transaction costs). After a 30-day due diligence period (for appraisal, survey, title, environmental, and other inspections), Closing under the PSA would occur by November 2, 2018.

**Financial Impact and Staff Recommendation**

Contingent upon the Property appraising for at least \$1,600,000, Staff believes that \$1.6 million represents a substantial cost savings and measurable value to the City, when compared to the much higher costs of implementing construction and relocation alternatives. Staff recommends approval of this Resolution.

**ATTACHMENTS**

Purchase and Sales Agreement  
Resolution Approving the PSA  
Vicinity Map