



Agenda Memorandum

Agenda Item – {{section.number}}.C.

City Council Meeting
May 19, 2025



Strategic Priority 4: Economic Vitality

Promote and support a resilient economy that attracts and retains a diversity of businesses, workers, and industries, expands living wage jobs, and diversifies the City's tax base.



Strategic Priority 5: Resilient Infrastructure

Maintain and invest in resilient infrastructure that creates the highest return for safety, community connectivity, enjoyment of life, and local economic success.

Subject:

Public Hearing and First Reading of Councillor's Bill No. 14 RE: Supplemental Appropriation of Funding; First Reading of Councillor's Bill No 15 RE: Proposed Economic Development Agreement with MJ Development LTD; and Resolution No. 6 RE: Authorizing the City Manager to execute a Proposed Repurchase and Post-Closing Agreement and Proposed Development and Reimbursement Agreement, each Involving the Proposed Development of the Shoenberg Farm Property at 5202 West 73rd Avenue

Prepared By:

Lindsey Kimball, CEcD, EDFP; Community Services Director
Heather Cronenberg, Real Estate Development Manager
Philippe Brady, Real Estate and Development Administrator

Recommended City Council Action:

1. Hold a public hearing and pass Councillor's Bill No. 14 on first reading appropriating a transfer from the Westminster Economic Development Authority South Sheridan Urban Renewal Area in the amount of \$2,000,000 to the 2025 General Capital Improvement Fund for the proposed development of Shoenberg Farm at 5202 West 73rd Avenue, contingent upon the Westminster Economic Development Authority Board's approval of Resolution No. 240.
2. Pass Councillor's Bill No. 15 on first reading authorizing the City Manager to execute an Economic Development Agreement with MJ Development, LTD for the proposed development of the Shoenberg Farm Property at 5202 West 73rd Avenue.

3. Adopt Resolution No. 6 authorizing the City Manager to execute the proposed Repurchase and Post-Closing Agreement and the proposed Development and Reimbursement Agreement with MJ Development, LTD for the proposed development of Shoenberg Farm at 5202 West 73rd Avenue.

Summary Statement:

- In 2008, the City purchased two lots at Shoenberg Farm, located at 7231 Sheridan Boulevard and 5202 West 73rd Avenue (Property), saving seven historic structures on the site from demolition.
- The Property is subject to a Conservation Easement Agreement with the Colorado Historical Foundation to preserve the exterior facades of the buildings on the site.
- The Property has also been designated as a Local Historic Landmark by the City of Westminster since 2008 under Ordinance No. 3406.
- The intention for the Property, since the purchase, has been to rehabilitate the buildings and to sell the site for the community's benefit.
- Several Requests for Proposal (RFP) have been issued since 2008 to attract a private sector buyer capable of adaptively reusing the buildings while preserving the historic character. However, none of those efforts resulted in a sale.
- In September 2023, the City entered into a Purchase and Sale Agreement (PSA) with MJ Development, LTD (Developer) to sell the Property for the adaptive reuse of the Barn as a food market hall (Project).
- Approval of a Development and Reimbursement Agreement (DA), Repurchase and Post-Closing Agreement (RA), and Economic Development Agreement (EDA) are a condition to close on the PSA.
- The Project will consist of two phases with Phase 1 covering the reuse of the Barn as a food hall and Phase 2 consists of the rehabilitation of the Residence and Garage. Staff proposes to split the \$2,000,000 between the two phases based on maintenance needs with \$500,000 towards Phase 1 for infrastructure and utility costs and \$1,500,000 towards Phase 2 for full rehabilitation and conversion of the Residence and Garage.
- The Project is located within the boundaries of the Westminster Economic Development Authority (WEDA) South Sheridan Renewal Area (URA). Reimbursement to the City by WEDA by a supplemental appropriation is permitted in accordance with an intergovernmental cooperation agreement (ICA) presented and approved by the City and WEDA on May 12, 2025. WEDA is requested to approve the reimbursement at a meeting to be held immediately after tonight's City Council meeting.
- In an executive session to City Council on April 21, 2025, Staff outlined the terms of the DA, RA, and EDA and requested direction to move forward.
- City Council Action is requested to appropriate the funds to be transferred from WEDA to reimburse the City for costs of the project and to authorize the City Manager to execute an EDA, RA, and DA with the Developer for the proposed development of Shoenberg Farm at

5202 West 73rd Avenue. The Project falls under redevelopment, rehabilitation, and historic preservation actions within the URA and complies with the South Sheridan Reinvestment Plan.

Fiscal Impact:

- Not to exceed \$2,000,000 in construction reimbursements
- Not to exceed \$75,000 in rebates from taxes and fees paid by MJ Development

Source of Funds:

- Transfer from WEDA South Sheridan URA Revenues
- City taxes and fees collected during the development process

Policy Issue(s):

- Hold a public hearing and pass Councillor's Bill No. 14 on first reading authorizing a supplemental appropriation for a transfer of funds from WEDA for the proposed development of Shoenberg Farm at 5202 West 73rd Avenue?
- Pass Councillor's Bill No. 15 on first reading authorizing the City Manager to execute an Economic Development Agreement with MJ Development, LTD for the proposed development of Shoenberg Farm at 5202 West 73rd Avenue?
- Adopt Resolution No. 6 authorizing the City Manager to execute the proposed Repurchase and Post-Closing Agreement and the proposed Development and Reimbursement Agreement with MJ Development, LTD?

Alternative(s):

City Council could choose not to hold a public hearing, pass Councillor's Bills No. 14 and No. 15, and adopt Resolution No. 6. Staff does not recommend this alternative as the Project would not move forward without support from the City, which would result in continued delay in bringing investment and activation of the site for the benefit of the community. The City would still be required to spend equivalent public funds on rehabilitating the structures to comply with the Conservation Easement Agreement. Additional delay would also jeopardize the potential availability of South Sheridan URA funds due to the South Sheridan URA sunseting in 2028 with collection of property tax increment in 2029.

Background Information:

The Property is a roughly one-acre site located at 7231 Sheridan Boulevard and 5202 West 73rd Avenue (Attachment A). The Property was designated as a Local Historic Landmark by the City of Westminster in 2008 by Ordinance No. 3406 (Attachment B). The Ordinance identified seven structures on the site with historical architectural features worth preserving:

Lot 5

- 1911 Brick Superintendent's Residence

- 1911 Brick Garage

Lot 14a

- 1911 Brick Milk & Ice House
- 1911 Brick Pump House
- 1911 Brick Dairy Barn
- 1911 Wooden Stave Silo
- 1950s Poured Concrete Silo

The City purchased the Property from the Tepper Family in 2008 using a combination of City funds along with grant funds from the State Historical Fund (SHF) with the intention of rehabilitating the buildings and partnering with the private sector to activate the site. The City contributed \$800,000 and successfully obtained multiple grants totaling over \$1,100,000 from the SHF to acquire the site and rehabilitate the Dairy Barn, Milk House, and Concrete Silo. A conservation easement with the Colorado Historical Foundation (Foundation) was placed over the entire property as a condition of receiving the grant funds. The Conservation Easement Agreement (Attachment C) requires the owner to rehabilitate the remaining buildings, which include the Residence, Garage, Pump House, and Wooden Silo. The conservation easement restricts alterations to the exterior of the buildings, and all proposed changes to the site must be submitted to and approved by the Foundation.

Since purchasing the property in 2008, the City has made various attempts to find the right partners to purchase the property and activate the site, including issuing three separate RFPs in 2015, 2018, and most recently in 2022. The plan since the purchase has been to sell the site to an experienced, private sector partner with financial capabilities and vision alignment with the City.

Staff received an unsolicited request from the Developer in late 2022 regarding a potential purchase of the site, and a Letter of Intent was negotiated and executed in March 2023. The Developer has extensive experience in the rehabilitation and adaptive reuse of historic structures for residential and commercial/retail uses. They also have experience in development and construction of residential, multi-use, and affordable housing projects in markets such as Denver, Chicago, and Kansas City, as well as in New Mexico and Texas.

Existing PSA Terms and Conditions to Close

On September 18, 2023, the City entered into a PSA (Attachment D) with the Developer to sell Lot 5 and Lot 14a for the adaptive reuse of the site. Amendments to the PSA occurred on December 18, 2023 (Attachment E) and April 12, 2024 (Attachment F) to extend the Developer's due diligence period. The Developer proposes to activate the Dairy Barn with a food market hall and utilize the adjacent Milk House for ancillary uses related to the market hall (Attachment G). In addition, they propose to convert the Residence and Garage back to residential use for the potential use and benefit of on-site staff. This concept is consistent with the City's vision to reactivate this historic property for the community.

The PSA stipulates several conditions prior to closing and transfer of ownership including:

- Approved DA, RA, and EDA

- Proposed Agreement terms are contained in this memo
- Developer must submit an application for an Official Development Plan (ODP)
 - Completed: May 15, 2024
- Developer to obtain a Certificate of Historical Appropriateness (COHA) from the City's Historic Landmark Board prior to ODP approval
 - Completed: January 22, 2025
- Developer to obtain approval of an ODP, site civil construction drawings, and a building permit for Lot 14a (Phase 1)
 - Pending: Round 4 of ODP Review Submitted 3/27/2025
- Developer to obtain all financing necessary to complete Phase 1
 - Pending: Developer is in discussions with several lenders

After closing, the Developer will be solely responsible for adhering to the terms of the Conservation Easement Agreement. The Foundation has reviewed the ODP and concluded that the proposed rehabilitation project would not diminish the ability of Shoenberg Farm to convey its local significance. The Foundation has approved the proposed plans.

Structure of Agreements

The PSA requires three agreements to be taken to City Council for approval. The DA (Exhibit A to Resolution No. 6) describes the obligations of the Developer and the economic assistance the City will be providing to the Project. The RA (Exhibit B to Resolution No. 6) defines the terms under which the City has the ability to repurchase the property if the Developer fails to deliver the Project, and the EDA (Exhibit A to Councillor's Bill No. 15) lists the fee and tax rebates proposed for Lot 14a only.

The Project has been divided into two phases. Phase 1 consists of the adaptive reuse of the Dairy Barn and Milk House on Lot 14a, and Phase 2 consists of the rehabilitation of the Residence and Garage for residential housing on Lot 5. Over the City's ownership period, Lot 14a has received approximately \$1,200,000 in City and grant investment for rehabilitation; however, only \$60,000 has been invested in Lot 5 for rehabilitation during this period. If the City were to hold these properties instead of selling them, at least \$1,500,000 would need to be invested to stabilize and rehabilitate the Residence and Garage on Lot 5, including structural repair and preservation of exteriors to comply with the conservation easement. Utility infrastructure is also absent or unusable on both lots including water, sewer, and electrical.

Based on the deferred maintenance and the necessity to comply with the Conservation Easement Agreement, the City has identified \$2,000,000 to contribute to the Project. The WEDA funds will be appropriated from the South Sheridan URA which was established in 2004 to mitigate blight in the area. The South Sheridan URA's property tax increment capture sunsets in 2028 with final collection in 2029, and all such funds must be committed by 2028. Additional information on the South Sheridan URA's objectives and financials can be found below.

Staff proposes that the \$2,000,000 be split between the two phases based on maintenance needs with \$500,000 allocated to Phase 1 for infrastructure and utility costs and \$1,500,000 allocated to Phase 2 for full rehabilitation and conversion of the Residence and Garage.

Proposed Development and Reimbursement Agreement Terms

- Project Timeline: Commence construction within nine months of receiving building permit and complete construction within 24 months of commencement
- Obligations of the Developer
 - Adhere to the approved ODP and Timeline
 - Comply with the Conservation Easement
 - Document and certify with the General Contractor all costs for reimbursement
 - No duplicate payments on any of the Phase 1 or Phase 2 costs
 - Provide free event space in the Project to the City up to twice a year for five years
- Obligations of the City
 - Phase 1 Reimbursement Obligation
 - Shall not exceed \$500,000
 - One-time payment to Developer after completion of Phase 1 infrastructure and utility construction
 - Phase 2 Reimbursement Obligation
 - Shall not exceed \$1,500,000
 - Payments made on a quarterly basis
 - Obligation terminates July 1, 2028
 - Any unused portion of Phase 2 obligation may be applied towards Phase 1 infrastructure and utility improvements

Proposed Repurchase and Post-Closing Agreement Terms

- Required Construction Schedule
 - Commencement Deadline: Developer shall commence construction for Phase 1 within nine months after receiving building permit.
 - Completion Deadline: Developer must complete construction within 24 months of commencement.
 - Extension: Developer may extend the Commencement Deadline by 30 days by providing notice no later than 60 days following the date of closing.
- Repurchase Options
 - First Repurchase Option: If Developer does not meet the Commencement Deadline, the City has the option to repurchase the Property up to six months after the deadline.
 - Second Repurchase Option: If the Developer does not meet the Completion Deadline, the City has the option to repurchase the Property up to six months after the deadline.
- Repurchase Price
 - First Repurchase Price: 100 percent of the gross purchase price (\$10.00)
 - Second Repurchase Price: Sum of the gross purchase price (\$10.00) plus hard costs incurred

Proposed Economic Development Agreement Terms – Phase 1 (Lot 14a)

- The EDA only covers Phase 1. The Developer must pay all fees on Phase 2.
- The City proposes to rebate a combination of development review fees, building permit fees, public art fees, and sales and use tax in an amount not to exceed \$75,000. These fees come

from revenues that would not otherwise be generated if the Project did not move forward.

- Water and sewer tap fees, fire permit fees, and public safety and open space taxes will be paid in full by the Developer.
- The EDA may be terminated by the City if the Developer does not comply with City regulations or codes.

Projected Fee Estimates – Phase 1	\$
Development Review Fees	2,200
Building Permit Fees	23,200
Public Art Fees	1,700
Sales & Use Tax	43,500
Total Estimated Fees Rebated	70,600
Water/Sewer Tap Fees	288,000
Fire permit fees & plan review	900
Sales & Use Tax (POST and Public Safety)	12,400
Total Not Rebated	301,300

South Sheridan URA Application to Shoenberg Farm

In 2004, the City passed a Resolution (Attachment H) establishing the South Sheridan Urban Renewal Plan (Plan) covering the South Sheridan URA. The South Sheridan Reinvestment Study (Study) prepared by the URS Corporation documented the following blighted conditions in the area:

- Slum, Deteriorated or Deteriorating Structures
- Defective or Inadequate Street Layout
- Faulty Lot Layout
- Unsanitary or Unsafe Conditions
- Deterioration of Site or Other Improvements
- Inadequate Public Improvements

The Residence on Lot 5 of Shoenberg Farm is specifically identified in the Study as Photograph 34 documenting blight. Unfortunately, the status and condition of the building has not changed in 20 years. Almost all the conditions of blight observed in the Plan are still present on the Shoenberg Farm site including deteriorating structures, faulty lot layout, unsafe conditions, deterioration of site and other improvements, and inadequate public improvements.

Sale of the Property to a Developer for the adaptive reuse of the Barn as a market food hall and the rehabilitation of two residential units would address the following objectives of the Plan:

- Renovate or redevelop the deteriorated and/or outdated retail, manufacturing, and office buildings
- Enhance the aesthetic appearance of the area to make it more appealing to residents of the City, shoppers, and employees
- Increase tax revenues collected from the area
- Reduce the retail vacancy rate in the area and enhance other non-residential areas
- Improve property values in the area
- Furtherance of the South Westminster Revitalization Plan (Adopted 2001)
 - Provide a wide range of safe and habitable residential opportunities promoting and sustaining social and economic diversity
 - Promote and facilitate development and rehabilitation activity to support and sustain a healthy economic base aimed at developing, attracting, and retaining a diverse range of neighborhood-supporting businesses
 - Develop and promote the neighborhood as a positive and desirable Westminster asset attractive to existing residents and newcomers alike
 - Improve opportunities for community participation in social, recreation and cultural programs, and use of public facilities and property in an innovative manner that is enticing and fulfilling to residents and visitors

The Plan authorizes WEDA to undertake redevelopment and rehabilitation actions on existing buildings and public improvements, and the Plan specifically calls out historic preservation as a qualified action. Additionally, the Plan provides WEDA the authority to support private developers through development agreements that are consistent with actions and objectives above.

The Project falls within the redevelopment, rehabilitation, and historic preservation actions of the Plan. Therefore, the Project and use of funds fully comply with the Plan and will provide much needed investment to revitalize a property rich with history in the City.

South Sheridan URA Financials

The South Sheridan URA sunsets at the end of 2028 and all the funds must be committed by this time. The current budget forecast (Attachment I) for the URA projects the account balance at the end of 2025 to be approximately \$2,400,000. Prior year unspent revenues along with current year revenues are available to reimburse the City for the costs expended by this project. Staff is proposing to appropriate \$2,000,000 for the Shoenberg Farm Project. The approval of the request to City Council for this project is contingent upon the WEDA Board authorizing the supplemental appropriation of funds from the South Sheridan URA. The attached supplemental appropriation request to the 2025 General Capital Improvement fund will be a transfer from the WEDA South Sheridan URA and, if approved, supports the redevelopment within the URA and the overall goal of the city to revitalize the area.

The City's Strategic Plan priority of Economic Vitality is being met with this Project by converting a vacant structure to a thriving business with retailers and residential housing. The Project also supports the City's Strategy Plan priority of Resilient Infrastructure by investing in the infrastructure of a blighted property on a major thoroughfare through the City.

Respectfully submitted,



Jody L. Andrews
City Manager

Attachments:

Councillor's Bill No. 14 Authorizing a Supplemental Appropriation of Funds for the proposed development of Shoenberg Farm

Exhibit A to Councillor's Bill No. 14 – General Capital Improvement Fund Accounting Table

Councillor's Bill No. 15 Authorizing an Economic Development Agreement with MJ Development, LTD Involving the Proposed Development of Shoenberg Farm

Exhibit A to Councillor's Bill No. 15 – Economic Development Agreement

Resolution No. 6 Authorizing the City Manager to execute the proposed Repurchase and Post-Closing Agreement and the proposed Development and Reimbursement Agreement

Exhibit A to Resolution No. 6 – Development and Reimbursement Agreement

Exhibit B to Resolution No. 6 – Repurchase and Post-Closing Agreement

Attachment A – Site Map

Attachment B – Shoenberg Historic Landmark Ordinance

Attachment C – Conservation Easement

Attachment D – Executed PSA

Attachment E – First Amendment to PSA

Attachment F – Second Amendment to PSA

Attachment G – Project Renderings

Attachment H – Resolution Establishing the South Sheridan URA

Attachment I – South Sheridan URA 2025 Budget