



## Legislation Text

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### **CITY COUNCIL AGENDA ITEM**

#### **ACTION REQUESTED:**

Pass the ordinance approving a purchase and sale agreement between the City of Naperville and LTF Real Estate Company for the sale of 12.55 acres of City property located at the southeast corner of Route 59 and 103<sup>rd</sup> Street to LTF Real Estate Company for \$6,560,000 (requires seven positive votes)

**DEPARTMENT:** Transportation, Engineering and Development

**SUBMITTED BY:** William J. Novack, Director/City Engineer

#### **BOARD/COMMISSION REVIEW:**

N/A

#### **BACKGROUND:**

During the rapid growth era of the City of Naperville in the 1980's the City purchased forty acres of land at the southeast corner of Route 59 and 103<sup>rd</sup> Street. The City believed the property would be needed for utility uses, fire protection and possibly satellite facilities for some operating departments. Over the years the site has been improved with a fire station, an elevated water tank and water reservoir. No satellite facilities were constructed since departments preferred to remain centralized.

In the 2000's Wheatland Township was looking for land for a new road district garage and township office buildings. The City sold two acres of land to the township and today the Wheatland Township Road District and Supervisor work out of the building at the south end of Tower Court just past the water utility facilities. Approximately 22 of the original 40 acres remained vacant for years and are essentially surplus land to the City.

Over the years, several unsolicited offers have been made to the City by buyers interested in purchasing the property, but none that were of interest or value. Recently, however, the City received two worthwhile offers for portions of the City's 22 acres. The first was from Gorman & Company in response to an RFP issued by the City to develop affordable housing at this location. On February 7, 2023, the City entered into a purchase and sale agreement with Gorman & Company to sell and convey 4.65 acres adjacent to the Wheatland Township parcel for the development of affordable housing and housing for individuals with development disabilities. The second offer is discussed below.

#### **DISCUSSION:**

In 2022 the City was approached by Life Time Fitness ("LTF") which expressed strong interest in purchasing 12.55 acres at the hard corner of Route 59 and 103<sup>rd</sup> Street to build one of its fitness facilities. The City engaged in negotiations with LFT resulting in an offer of \$12 per square foot, the

highest price ever offered for this property.

The fitness facility is allowed in the B2 zoning district. The retail and big box market is saturated in this area, and LFT offers a very good alternate use at this intersection. In addition, to the proceeds from the sale, the City will benefit from LFT's development in that its use will generate property and sales tax on a parcel that has not generated taxes since the City purchased it in the 1980's. The sale will also eliminate the City's costs associated with the City's ownership of the property (responsibility for the maintenance, repair, and reconstruction, and for liability).

The purchase and sale agreement includes all the standard provisions including due diligence and inspection periods. One additional item included in this agreement is a provision that gives LFT a "right of first refusal" to purchase the remainder of the vacant land (approximately four acres). This is a safeguard for LFT against non-complimentary uses being located adjacent to its fitness facility. The right of first refusal does not apply if the City desires to sell the property for residential uses, including another phase of senior affordable housing or a facility for individuals with developmental disabilities.

### **Sale of City Property**

Illinois municipalities have the general authority to sell any real estate owned by the municipality when the real estate is no longer necessary, appropriate, required for the use of, profitable to, or for the best interest of the municipality. A municipality can sell property in a multitude of ways.

As a home rule municipality, the City Council has broad discretion to determine what is in the best interest of the City, including the most appropriate means of selling its property. In this instance, staff recommends that Council find that the City's continued ownership of the subject real estate is no longer necessary, appropriate, required for the use of, profitable to, or for the best interests of the City and authorize the sale and conveyance of said real estate pursuant to the City's home rule authority. A three-quarters vote (7 votes) of Council is required to approve a sale of City real estate pursuant to the City's home rule authority.

### **FISCAL IMPACT:**

The sale of 12.55 acres at \$12 per square foot results in \$6.56 million dollars of revenue to the City plus corresponding tax generation and the elimination of costs associated with the City's ownership of the property.