

# CHEYENNE HERALD

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## Safeway or the State? Who shafted shoppers?

In a story with constantly shifting villains, the facts surrounding what actually transpired leading up to the State of Wyoming purchasing property at Pioneer and 25th St. from Safeway Corporation is trickling out. The "he said, she said" finger pointing has taken on clarity.

In an effort to shift public sentiment that was forming against them, the five elected state officials issued a press release on Wednesday, February 10, 2010 (and provided two real estate letters in support) that deflects criticism of the State's purchase back at Safeway.

Safeway has owned and operated a grocery store at the current Pioneer Avenue location since 1961. Safeway has operated at least three grocery stores in Cheyenne for decades. For a twenty year period (1965-1985), they had four stores in the market. Over time, they had stores at 17th & Pioneer and on Carey by Schrader's funeral home. In 1958, they bought Brown's grocery store in T&C Shopping Center in South Cheyenne and rebranded it a Safeway. In 1961, they built the new store on Pioneer that was recently sold to the State. Along with stores in Cole Shopping Center and on Carlson in Indian Hills Shopping Center, Safeway operated four stores here for two decades, closing the Carlson store in 1985 and they have operated three stores every since, building a new one next to T&C Shopping Center a few years ago.

For the past few years, stories have circulated that Safeway was going to replace the Pioneer Ave. store. To accommodate those plans, they acquired nine residences on roughly three-quarters of the block to the west of the current store. That gave Safeway the entire square block of the existing store and that 3/4 of a square block to the west to accomplish that goal. For the past several years, locals thought the delay was because of contamination found in that area and how to deal with it.

Progress to build a new store at that location was abandoned and rumors circulated that Safeway was looking to find another location for a replacement store or multiple locations to reconfigure their presence in the Cheyenne market. One was that Safeway would trade for or acquire land at Evans and Pershing from the school district and build a new "Superstore" there. Another was that they would build a new store in Cole Shopping Center, then tear down the old one, ala Wal-Mart and/or maybe build a new store near Pershing and Whitney Rd.

They would continue to have three stores in the market -

as they have had for most of the past 70 years or so. Safeway has done none of those things.

According to letters provided to the Cheyenne Herald by the Governor's office, Safeway had determined they would not build a new store at Pioneer (or Thomes) and 25th to replace the current one as far back as August of 2004 when local real estate people inquired if the State would be interested in purchasing the property. Over time, the State has acquired property representing a swath of land that runs east and west between 24th St. and 26th St. - from Central past Thomes now. So, the Safeway property was a natural extension to their holdings. It is hard to imagine the State needs more land in that area at this time and even more unfathomable that they would want to buy a old grocery store to remodel it for offices when it should be cheaper to build on the St. Mary's land they now own which is nearer the Capitol, Herschler Building and other state office buildings.

While the State has taken its share of hits on this unpopular transaction, Safeway is the real "heavy." Had they not made the land available for sale, the State would likely not have pursued it. The contamination Safeway has used to explain their delay in building a new, replacement store at that location is not the reason they chose to look elsewhere. (See pages 6 and 12 for details about contamination on that site and nearby.)

As one who had become a semi-regular patron, the level of business there surprised me. It's not the equivalent of the South Cheyenne Safeway or King Sooper's (and undoubtedly not on par with Wal-Mart) but the old store is smaller and paid for. It can be profitable at a much lower sales volume. But obviously Safeway reached the conclusion that a new store built elsewhere could hold onto those customers and generate greater sales.

For a Safeway representative to imply that the State "made them an offer they couldn't refuse" is disingenuous. Most citizens will believe the worst about government but in this case, documents prove that Safeway made the initial approach to the State through a retained real estate agent - not the other way around.

On that subject, there is a local real estate broker who has done more damage to Cheyenne and its surrounds than the 1985 flood. He threatened Nob Hill property owners into selling under color of the hospital using condemnation and imminent domain - a threat hospital

officials personally assured me he was not authorized to make on their behalf. It seems that every distressed and empty building in the city has his sign on it. The Safeway property was just one more example of his participation in emptying as many buildings as he can - if or when he can make a commission on the abandonment and resale. And, in the case of some properties, another resale when the first project is abandoned.

In today's (February 11, 2010) WTE, the press release sent by the five elected state officials was treated as a "letter to the editor." It was not a letter to the editor and it trivialized the value of the information shared by printing it as one. It deserved more respect and better exposure. But the WTE editor had his nose bent out of joint when he was dumped from a couple boards/commissions by the governor and now criticizes his every move.

For those without access to the internet, it should be pointed out that in the September 24, 2004 letter signed by Vince Osborn of #1 Properties, he wrote that Safeway "may be interested in selling said property." He went on to add, "If they could acquire a property somewhere along Pershing Boulevard between Central Avenue and Converse Boulevard to replace the downtown store, they would certainly consider selling the Pioneer Avenue property." In late 2004, while Safeway was still promising a new store at that location, they were seeking to sell.

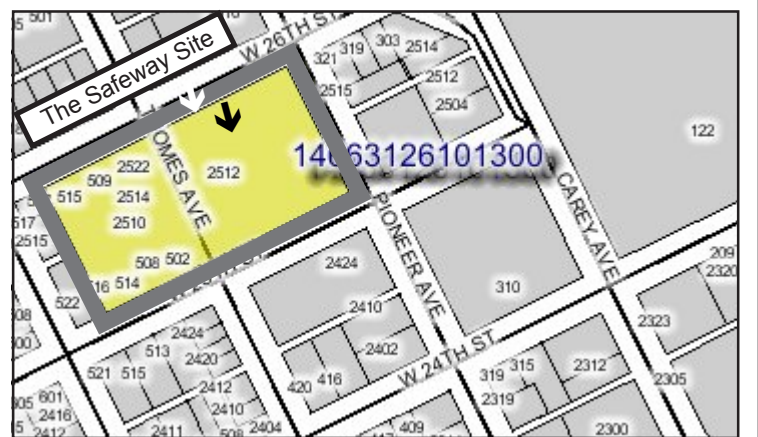
The August 18, 2009 letter signed by Jim Weaver of #1 Properties was somewhat different. He wrote that the property "is available for sale." No conditions about an alternate location were mentioned. His letter also stated: "The terms shall include a provision that allows Safeway to remain on the premises to continue operations with terms agreeable to both parties." The State would have allowed a longer period to close, not just a month. Safeway chose to move quicker - to the detriment of loyal and longtime Safeway customers and nearby seniors who walk to the store, pushing a Safeway cart each way. The decision to vacate quickly was solely Safeway's. A State official told me that they had expected Safeway to ask for more time to wind down the store - maybe a year and the State was prepared to agree and lease the store and parking lot back to Safeway. Safeway initially asked for only 30 days, then extended that to 60 days, which the State readily approved. Safeway realized that they could reduce the inventory in 30 days but would need more time to strip the store, including refrigeration units. (See pages 6 and 12 also.)

### Details about the Safeway property purchased by the State

The land involved in the State's purchase is 151,588.8 sq. ft., or 3.48 acres. It includes the Safeway store, the parking lot and area around the store, nine (9) "residences" to the west of Thomes Avenue, between W. 25th and W. 26th Streets (about 3/4 of the block southwest toward O'Neil), and four detached garages with certain houses. Seven of the nine structures were built in 1919 or earlier, with one being built in 1884. The other two were built in 1921 and 1927. Obviously, some of these houses are historic by definition. The Safeway store itself was built in 1961.

Based on current Laramie County Assessor valuations, the property holds a building with value of \$787,847 and has land value of \$598,862, for a total value of \$1,386,709. The assessed value for property tax purposes was \$131,738. Property taxes (yearly) would be about \$12,500.00.

The State paid \$2.6 million for all of the property - store, houses and land. That is above fair market value placed on the property by the Assessor's office. The State paid ~\$750,000 / acre. ~\$17 / sf.



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