



Legislative Council Staff

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Memorandum

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August 28, 2020

TO: Capital Development Committee

FROM: Matt Bishop, Fiscal Analyst, 303-866-4796

SUBJECT: Acquisition of Real Property for Group Home Construction

Summary

This memorandum summarizes a request on behalf of the Department of Human Services (DHS) to acquire real property in Grand Junction for the construction of a new regional center group home.

Acquisition of Real Property

DHS plans to acquire property to construct regional center group homes in Grand Junction. The new homes are being constructed in association with the planned closure of the Grand Junction Regional Center campus. The department received a \$3.5 million capital appropriation in FY 2018-19 to, in part, build two new, six-bedroom homes in Grand Junction to provide Intermediate Care Facility services to be operated by the state. The approved budget request included \$300,000 for property acquisition costs. Last year, the committee approved a similar request; during the department's due diligence, it discovered additional costs for that property and did not complete the transaction. This request identifies a new site.

Statutory requirements. Pursuant to state law,¹ with the approval of the Governor, the executive director of the Department of Personnel and Administration (DPA) may acquire real property on behalf of the state. Prior to acquiring real property, the executive director must submit a report to the Capital Development Committee (CDC) outlining the anticipated use of the property, maintenance costs related to the property, the property's current value, any conditions or limitations that may restrict the property's use, and any potential liability to the state that might result from the property's acquisition. Typically, following a review by DPA, staff agencies are directed to submit such reports directly to the CDC. The report for this disposition proposal was prepared by DHS and is attached (Attachment A). The law directs the CDC to review the report and make recommendations to the executive director of DPA concerning the disposition of the property. The executive director may not acquire the property without considering the recommendations of the CDC.

¹ Section 24-82-102 (1), C.R.S.

Land acquisition details. The department provided the following information in response to the requirements listed in statute:

- The planned future use of the property is the construction of two new regional center group homes pursuant to the 2019 Capital Supplemental Bill (SB 19-127).
- The maintenance costs associated with the property—excluding any costs associated with the new home—are expected to be minimal.
- The department signed a letter of intent to acquire the land for \$130,000. The department will validate this cost by appraisal prior to acquisition.
- The department indicates that DHS and DPA will complete an appraisal, American Land Title Association survey, environmental assessment, and other title work to ensure that there are no restrictions on the use of the property.
- The department anticipates minimal potential liability, which will be verified by subsequent, required oversight.

Potential CDC action. Recommend support for the acquisition of 639 Pioneer Road in Grand Junction for the construction of two new group homes.



August 19, 2020

Senator Rhonda Fields, Chair
Capital Development Committee
200 East Colfax Ave.
Denver, CO 80203

Re: Land Acquisition for 2018-030P18 / Grand Junction Regional Center Campus Closure and Relocation

Dear Senator Fields,

As required by CO Rev Stat § 27-10.5-312, the Colorado Department of Personnel & Administration (DPA) and Colorado Department of Human Services (CDHS) requests the Capital Development Committee's (CDC) response to our intention to acquire land in Grand Junction. The land will be used to construct two new six bedroom houses for people requiring Intermediate Care Facilities/Intellectual Developmental Disabilities (ICF/IID) care through the CDHS Regional Center operations in Grand Junction. Both the land acquisition and housing construction were funded in the 2019 Capital Supplemental Bill (SB19-127).

Over the last two years, DHS and DPA explored various residential building sites through tours and site evaluations in the Grand Junction area. An appropriate and viable site was identified at 639 Pioneer Road, Grand Junction, CO 81504. We signed a LOI with the seller for the vacant land acquisition that specifies a land acquisition cost of \$130,000. This cost is supported by market analysis but will be validated by appraisal prior to acquisition.

We do not anticipate any potential liability from this land and the maintenance costs will be minimal. As per the state's requirements for all property acquisition, CDHS and DPA will complete an appraisal, ALTA survey, environmental assessment, and other title work to ensure that there are no encumbrances or potential liabilities for the state and for the intended use. Also we will work with the City of Grand Junction and Mesa County to ensure that we meet their needs.

We are prepared to respond to any CDC questions and request that this matter be placed on the Committee's September 2nd meeting agenda.

Sincerely,

A handwritten signature in blue ink that reads 'Kara Veitch'.

Kara Veitch
DPA Executive Director

A handwritten signature in blue ink that reads 'Jeremy R. Hill'.

Jeremy R. Hill
DHS Deputy Executive Director
Office of Administrative Solutions