

**DEPARTMENT OF LOCAL AFFAIRS  
FY 2013-14 JOINT BUDGET COMMITTEE HEARING AGENDA**

**Tuesday, December 4, 2012  
10:00 am – 12:00 pm**

**10:00-10:20 INTRODUCTIONS AND OPENING COMMENTS**

**10:20-10:30 QUESTIONS COMMON TO ALL DEPARTMENTS**

1. The JBC occasionally hears complaints that base personal services reductions to capture vacancy savings result in more vacancy savings as managers reduce staff to absorb the reduction and then still experience turnover. Some departments refer to this as the "death spiral." Has your department experienced this problem? How does your department attempt to minimize and avoid the "death spiral?"

**10:30-10:40 DEPARTMENT OVERVIEW**

2. Does the Department of Local Affairs (DOLA) receive Great Outdoors Colorado (GOCO) funds? Could the moneys that the Department spends on parks come from the GOCO funds? Can money from GOCO be used for operations of parks?

**10:40-11:20 R-1: ADDITIONAL AFFORDABLE HOUSING UNITS**

Background Information: The Department is requesting \$2.0 million General Fund for FY 2013-14 to finance the development of 1,200 new rental units per year, of which 800 will be designated affordable units.

3. Has DOLA compared its numbers with LCS projections of housing construction starts? Is private sector capital going into multi-family housing units?
4. What is the relationship between income and affordable housing? Is the only thing being built right now high end or affordable housing?
5. How do not-for-profit organizations that provide transitional housing impact the amount of affordable housing in the State?
6. When the Department defines affordability, does it factor in transportation costs? Additionally, is transportation (or proximity to different options for transportation) considered when looking at different multifamily housing projects? Is that burden taken into account when looking at the location of these projects?

7. Is this request primarily due to the loss of federal moneys for affordable and workforce housing grant programs? How has the federal support for affordable housing changed in Colorado? Will sequestration impact federal moneys in this area?
8. Please detail the Private Activity Bond process for affordable housing in Colorado. How will the Division of Housing leverage these requested funds? For example, what is the step by step process developers will have to go through to access a subsidy under this program? What limitations will be placed on the property as a result of the subsidy provided to developers (i.e. covenants or rent control)? Can these limitations be revisited at a later date? If the end result is a rent-controlled situation, will that limit the appeal to private sector investors?
9. How do the federal and state affordable housing grants and loans programs interact with this request? This program sounds a lot like the Housing Development Grant Fund—why is it placed in the low income rental subsidies line rather than in one of the development/construction grants lines? Is the Department utilizing General Fund dollars in the request to backfill lost federal funds?
10. The Department mentions that this request would increase public/private sector investment in affordable housing to pre-recession levels. Can the Department provide data (in a chart or otherwise) for the past 10 to 20 years, which show how much state and federal money was invested each year, how much private sector money was invested each year, and what the totals would be? Additionally, can the Department provide information on how many units were rehabilitated or constructed annually over that same timeframe?
11. What exactly is the source of the affordable housing problem? Do we need a fix at the federal level? Is it better to let not-for-profits invest in affordable housing rather than have the State do it? Did the Department provide an impartial analysis of whether there is a benefit associated with affordable housing? Are there other advocates that say this should not be done with public sector dollars—or at all?
12. How do other states handle affordable housing? Please provide information on what is working elsewhere to incentivize private sector investments in multifamily affordable or workforce housing. Is it done elsewhere with trust funds, revolving loan funds, or pools of capital (Ohio is used as an example)?
13. On the supply side, new apartments are being brought on line each year that are "Class A product"—forcing a certain number of apartments to move down in class. Essentially, as apartments age they demand less in terms of rent on the private market. Please discuss whether this generates more affordable housing through a domino effect? Was this factored into the analysis presented by the Department? Do these older units officially become affordable housing or are they just de-facto affordable housing?
14. Please discuss the Department's plans related to the \$13.2 million in custodial funds awarded to the Division of Housing to address Colorado's need for affordable rental housing. How

will these moneys impact the State's affordable/workforce housing needs? Will they reduce the loan-to-value ratio for private sector investors and have an impact on the utilization of Private Activity Bonds? Will the \$13.2 million spark additional investment by the private sector? Was the impact of the custodial funds factored into the analysis presented to the JBC regarding the Department's request for \$2 million General Fund to finance the development of 1,200 new rental units per year?

**11:20-11:30 R-2: ECONOMIC DEVELOPMENT – ASSISTANCE TO RURAL COMMUNITIES**

Background Information: The Department of Local Affairs is requesting \$3.0 million General Fund within the Division of Local Governments (DLG) for two years beginning in FY 2013-14 for the administration of a grant program to grow and diversify the economies of rural communities, with an emphasis on those communities that depend on a single large employer such as a state prison.

15. Is DOLA the correct place for this program? Given existing programs, should this be in OEDIT? Why is granting money to local communities the correct way to go about doing this? Please explain why this effort should not be done on a more statewide basis?

**11:30-12:00 R-3: FORT LYON TRANSITIONAL COMMUNITY**

Background Information: The Department of Local Affairs, in collaboration with the Department of Corrections, Department of Human Services, and Department of Health Care Policy and Financing, is requesting \$2,740,852 million General Fund in FY 2013-14 to pay for case management, substance abuse treatment costs, limited medical care, and the operations and maintenance of a transitional therapeutic residential treatment community for homeless individuals at Fort Lyon.

16. What happened to the idea that this facility would be solely for veterans? Please describe the process by which the Department will find clients? Will this be voluntary? What is the cost of infrastructure for intake system and for transportation back and forth to the facility?

17. What is status of returning the facility back to federal government? Has there been any determination on the question of ownership that is related to the "reversion clause" in the 2002 quit claim deed that appears to automatically return Fort Lyon to the Federal Government when the State stops using it for correctional purposes?

18. Please provide a recap, in table format, of all costs incurred thus far as part of the Fort Lyon transition effort.

19. Please provide more detailed information about the programs after which this is being modeled. What are participation rates, program compliance rates, and success/failure rates? How do other programs entice the homeless to go to a rural location to participate?

**ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED**

1. The Joint Budget Committee has recently reviewed the State Auditor's Office *Annual Report of Audit Recommendations Not Fully Implemented* (October 2012). If this report identifies any recommendations for the Department that have not yet been fully implemented and that fall within the following categories, please provide an update on the implementation status and the reason for any delay.
  - a. Financial audit recommendations classified as material weaknesses or significant deficiencies;
  - b. Financial, information technology, and performance audit recommendations that have been outstanding for three or more years.
  
2. Please provide an update on the impacts of H.B. 11-1230. Have there been savings as a result? Is there more affordable housing as a result?

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- 1. The JBC occasionally hears complaints that base personal services reductions to capture vacancy savings result in more vacancy savings as managers reduce staff to absorb the reduction and then still experience turnover. Some departments refer to this as the "death spiral." Has your department experienced this problem? How does your department attempt to minimize and avoid the "death spiral?"**

**Response:** Currently, the Department has experienced increased turnover and workload along with reductions in its base personal services, but has not yet experienced the “death spiral.” The current allocations for Personal Services and POTS have been sufficient to support the Department’s appropriated FTE. The Department does not have very large personal services lines, as many of the funding lines are considered program lines which contain personal services, operating and grant distribution expenditures. Like many other State Departments, the Department of Local Affairs has undertaken innovative Lean quality initiatives to assist in meeting the Department’s mission of strengthening communities through technical assistance and local grant initiatives in an effective, elegant and efficient manner. Federal sequestration reductions loom on the horizon for two of the Department’s divisions, in addition to those required by HB 11-1230 regarding housing program consolidation. The Department continues to manage its personal services vacancies by utilizing temporary, non- permanent personnel and contract personnel in conjunction with its present staffing to fulfill its statewide charge. Third party annual surveys of our local community customers, special districts and non- profit customers consistently indicate that the Department is meeting their needs. Even so, DOLA continues to lose its seasoned technical experts to employers who are able to offer larger salaries. This trend coupled with further base personal services reductions have the potential of becoming a material impediment to the ability of the Department to fulfill its mission.

Should federal sequestration occur in conjunction with additional reductions of vacant FTE and the associated funding by the General Assembly, the activities administered by the Division of Housing and the Division of Local Government would be especially adversely affected. These divisions already face significant challenges given the impact that the economic downturn has had on affordable housing and the workload associated with the reinstatement of the severance tax distributions and grants to local communities. Additionally, reductions in FTE and associated funding for the Board of Assessment Appeals will adversely affect recent gains in backlog reduction and hamper the constitutional property tax review activities within the Division of Property Taxation. As the years unfold and the economic realities become clearer, the Department

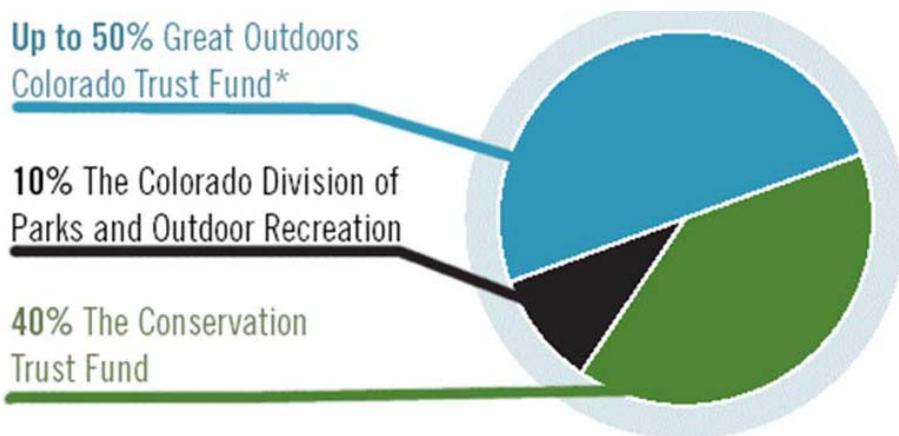
will continue to transparently work with OSPB, JBC staff, JBC and the General Assembly to determine solutions that best serve the people and communities of Colorado.

**10:30-10:40 DEPARTMENT OVERVIEW**

**2. Does the Department of Local Affairs (DOLA) receive Great Outdoors Colorado (GOCO) funds? Could the moneys that the Department spends on parks come from the GOCO funds? Can money from GOCO be used for operations of parks?**

**Response:** The Department of Local Affairs does not receive GOCO funding. The Constitution directs net State Lottery proceeds to be split 50 % to GOCO, 40% to the Conservation Trust Fund (CTF administered by DOLA), and the remaining 10% to State Parks (DNR). The GOCO funds are administered by the GOCO Board with no DOLA involvement. The funds administered by DOLA are constitutionally mandated (Article XXVII, Section 3, as Amended in 1992) to be distributed to municipalities, counties and other eligible entities for parks, recreation (facilities), and open space purposes.

This mandate requires these net Lottery proceeds to be allocated to over 460 eligible local governments: counties, cities, towns, and Title 32 special districts that provide park and recreation services in their service plans. These DOLA administered funds are distributed quarterly on a per capita basis.



Net Lottery proceeds that are allocated to the Conservation Trust Fund can be used by local governments only for the acquisition, development, and maintenance of new conservation sites or for capital improvements or maintenance for recreational purposes on any public site that contains local government owned interests in land and water, acquired after establishment of a locally created conservation trust fund, for park or recreation purposes, for all types of open space, including but not limited to flood plains, green belts, agricultural lands or scenic areas, or for any scientific, historic, scenic, recreation, aesthetic or similar purpose ([CRS 29-21-101](#)).

Note (A public site is defined by the department as a publicly owned site, or a site in which a public entity/local government holds an interest in land or water.)

The Conservation Trust Funds (CTF) distributed by DOLA to local governments may be used for acquisition, development, and maintenance of new conservation sites or for capital improvements or maintenance for recreational purposes on any public site owned by a local government, special districts, and school districts. The funds cannot be used to support state parks. Maintenance includes paying for local maintenance staff, or paying to clean the local park, mow, fertilize, landscape, water, and any other upkeep or maintenance activity that keeps the park from decline. The funds cannot be used to pay for lifeguards, park security, watering, or lighting.

<i>Eligible Expenditures</i>	<i>Ineligible Expenditures</i>
<p><i>Acquisition of property for the following uses:</i></p> <ul style="list-style-type: none"> <li>• <i>Parks and Open Space</i></li> <li>• <i>Athletic fields and courts</i></li> <li>• <i>Community and Recreation Centers</i></li> <li>• <i>Swimming pools</i></li> <li>• <i>Libraries</i></li> <li>• <i>Museums</i></li> <li>• <i>Fairgrounds</i></li> <li>• <i>Campgrounds</i></li> <li>• <i>Golf Courses</i></li> <li>• <i>Zoos</i></li> <li>• <i>Skate parks</i></li> <li>• <i>Skating rinks</i></li> <li>• <i>Shooting ranges</i></li> <li>• <i>Community gardens</i></li> <li>• <i>Conservation Easements</i></li> </ul> <p><i>Associated costs/fees including:</i></p> <ul style="list-style-type: none"> <li>• <i>Purchase of property</i></li> <li>• <i>Legal, architectural, and design</i></li> <li>• <i>Grant writing</i></li> <li>• <i>Development rights</i></li> </ul>	<p><i>Insurance for property</i></p> <ul style="list-style-type: none"> <li>• <b>Why not?</b> <i>This does not keep the property from decline nor is it a capital improvement to the property.</i></li> </ul> <p><i>Acquisition of real property through condemnation by eminent domain</i></p> <ul style="list-style-type: none"> <li>• <b>Why not?</b> <i>The statute states, "No moneys received from the state by any eligible entity pursuant to this section shall be used to acquire real property through condemnation by eminent domain."</i></li> <li>• <i>Non maintenance operating expenditures</i></li> </ul> <p><b>Why not?</b></p> <ul style="list-style-type: none"> <li>• <i>Not statutorily permitted</i></li> </ul>

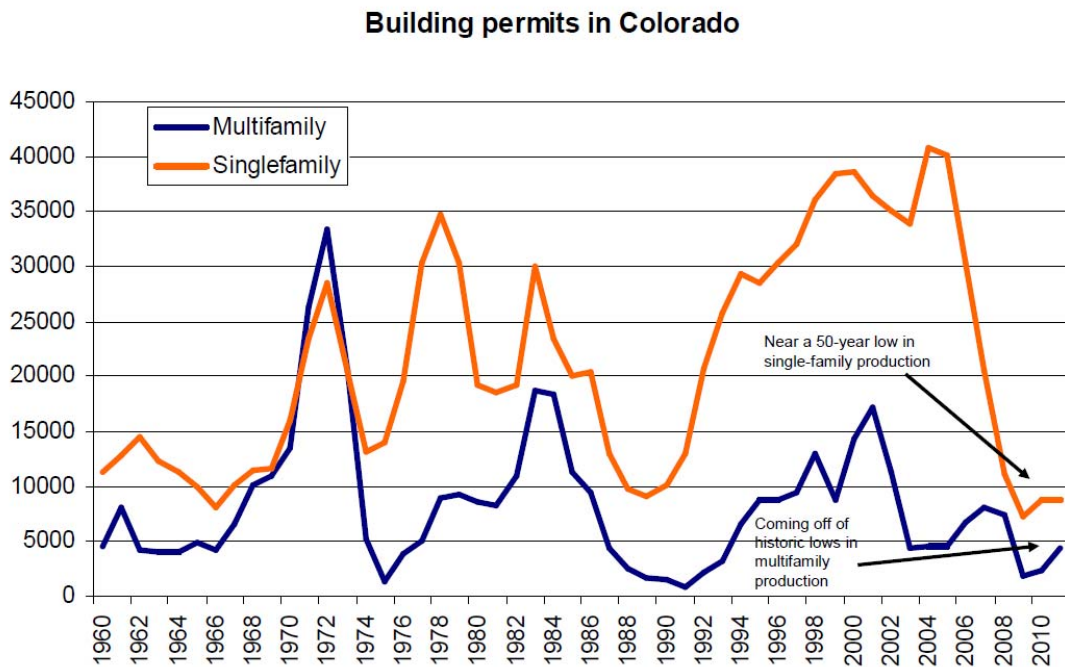
DOLA’s website link [www.dola.colorado.gov/ctf](http://www.dola.colorado.gov/ctf) contains more detail on the uses of these CTF moneys. Other uses of lottery proceeds outside of these DOLA administered Conservation Trust Fund dollars are governed by the provisions of GOCO and Department of Natural Resources.

**10:40-11:20 R-1: ADDITIONAL AFFORDABLE HOUSING UNITS**

Background Information: The Department is requesting \$2.0 million General Fund for FY 2013-14 to finance the development of 1,200 new rental units per year, of which 800 will be designated affordable units.

**1. Has DOLA compared its numbers with LCS projections of housing construction starts? Is private sector capital going into multi-family housing units?**

**Response:** DOLA uses the same source for housing construction starts as the LCS, the U.S. Department of Commerce. DOLA also tracks multifamily building permit data. The chart below compares the issuance of Building Permits for Single and Multifamily housing units.



Private-sector capital is going into multifamily housing markets, but the investment is not keeping up with demand. Primary private lenders for multifamily affordable housing are: First Bank, US Bank, and Wells Fargo. In metro Denver and northern Colorado especially, rents are



growing at the fastest rate since the dot-com boom in Colorado. This rent growth is attracting multifamily developers. However, in spite of large growth rates in multifamily production, Colorado will still produce fewer new housing units than there were new households formed in 2012.

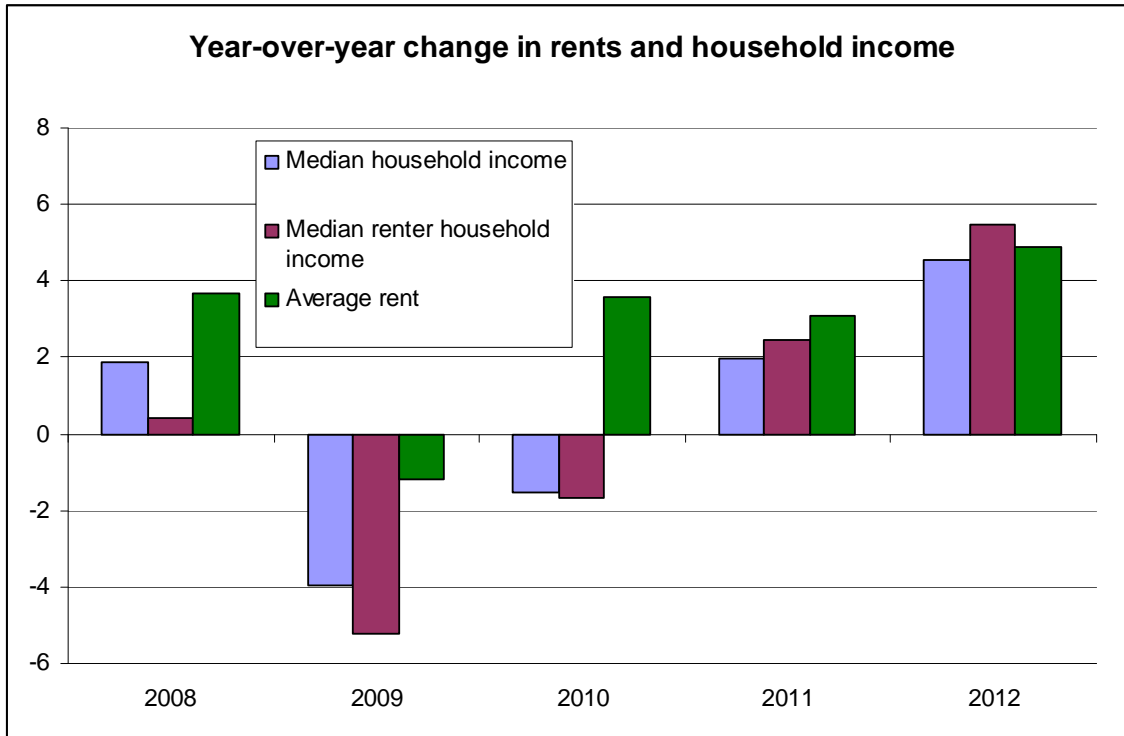
The graph above shows that total multifamily permitting is at a low level, but it also shows increases since 2009 were significant with permits increasing 19 percent from 2009 to 2010 and 89 percent from 2010 to 2011. Although this is not represented in the above graph, permits are expected to increase by more than 75 percent from 2011 to 2012.

## **2. What is the relationship between income and affordable housing? Is the only thing being built right now high end or affordable housing?**

**Response:** “Affordability” on any unit (subsidized and unsubsidized) is based on the industry standard which dictates that a household should not spend more than 30 percent of household income on housing. As an example, a household earning \$20,000 per year can afford a rent of \$500 per month. The average market rent in Colorado was \$944 during the third quarter of this year. To afford this level of rent a household’s income would need to be \$37,760. New units currently being built are at price points well above the average rent level. Given the cost of construction, land, and operations, a newly constructed apartment must rent for about \$1,050 to breakeven.

The following charts compare average rents to household income over the last five years. The Rents continue to outpace incomes. Even in the recession year of 2009 with a substantial drop in income, rents only dropped 1% and the following year rents increased 3% while incomes decreased another 2%.

The situation improves if the economy improves, but the average rent has increased 15% since 2007 while the median renter household income has increased 1%. Renter incomes would need to increase at an unlikely rate to close this gap. A look at rents and incomes over a longer period of time shows that the renter median income has been flat over the past decade while the average rent has increased ten percent.



**3. How do not-for-profit organizations that provide transitional housing impact the amount of affordable housing in the State?**

**Response:** The not-for-profit organizations that provide transitional housing play a critical role in ending homelessness. Some of the primary organizations providing transitional housing are: Mercy Housing, Warren Village, Catholic Charities, Volunteers of America, and Denver Rescue Mission. Transitional housing is the most difficult type of housing to finance, since the ability of their tenants to pay rent is very limited. The Division of Housing provides financing to these organizations and many other non-profits, for-profits, and housing authorities for the development of permanent affordable housing. The following chart details the type of organizations funded for development of rental properties for the last three years.

Division of Housing – Grants by Entity Type RENTAL DEVELOPMENT PROJECTS				
DOLA/Division of Housing	Nonprofit	For-profit	Housing Authority	Total rental projects awarded
2010	12	2	4	18
2011	8	2	6	16
2012	11	1	8	20

DOH funds all housing types from homeless shelters through down payment assistance for low income homebuyers. The following chart shows only the rental projects DOH has funded over the past 10 years, breaking out tenant based rental assistance and the construction of transitional housing and shelter.

**Division of Housing - Grant Awards by Project Type**  
**RENTAL HOUSING ONLY**

	2011	2010	2009	2008	2007	2006	2005	2004
Rental New Construction	6	9	14	10	11	12	12	5
Rental Acq/Rehab	9	5	16	4	10	14	19	10
Rental Acquisition Only	0	2	0	2	5	1	3	4
Shelter or Transitional	1	2	3	1	2	1	2	4
TBRA (tenant based rental assistance)	1	4	0	0	0	10	1	4
<b>RENTAL TOTAL</b>	<b>17</b>	<b>22</b>	<b>33</b>	<b>17</b>	<b>28</b>	<b>38</b>	<b>37</b>	<b>27</b>

4. **When the Department defines affordability, does it factor in transportation costs? Additionally, is transportation (or proximity to different options for transportation) considered when looking at different multifamily housing projects? Is that burden taken into account when looking at the location of these projects?**

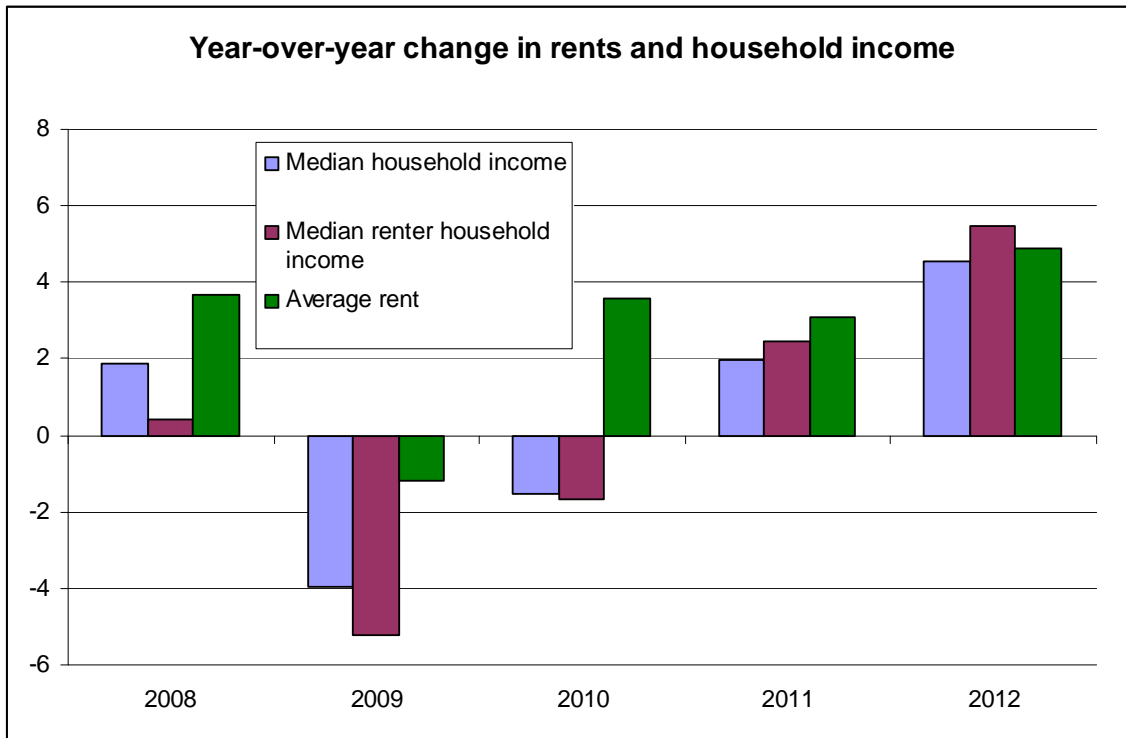
**Response:** DOLA’s Division of Housing underwrites each project that applies for funding based on many factors including proximity to public transportation. Knowing light rail is not available in most Colorado communities, DOH assesses proximity to high frequency bus corridors. The Division does prioritize projects located close to public transportation, but the demand for subsidy is increased due to higher land cost.

Along with public transportation, reduced utility cost is also priority for the Division. Every proposed development is reviewed for access to public transportation, not only to limit cost for the household, but to address the needs of persons with disabilities and other persons on fixed incomes.

5. **Is this request primarily due to the loss of federal moneys for affordable and workforce housing grant programs? How has the federal support for affordable housing changed in Colorado? Will sequestration impact federal moneys in this area?**

**Response:** The primary reason for this additional funding request is the growing “affordability gap” in today’s housing market. The Chart below indicates that there is a growing gap between

rents and income, and between new household formation and housing production. Federal support for housing has remained constant for the Section 8 Rental Assistance program and the Emergency Shelter Grant program, but has declined 38% in HOME funding for tenant based rental assistance and a 10% decline in the Community Development Block Grant program targeting economic development and revitalization of affordable housing in non-entitlement counties. The impact of sequestration on affordable housing is projected to total as much as \$2.6 million in FY 2012-13.



**6. Please detail the Private Activity Bond process for affordable housing in Colorado. How will the Division of Housing leverage these requested funds? For example, what is the step by step process developers will have to go through to access a subsidy under this program? What limitations will be placed on the property as a result of the subsidy provided to developers (i.e. covenants or rent control)? Can these limitations be revisited at a later date? If the end result is a rent-controlled situation, will that limit the appeal to private sector investors?**

**Response:** The Division of Housing has a single process for applying for any of the Division’s sources of funding. For Private Activity Bond (PAB) applicants and all others, each application provides a ten-year profoma, operating and revenue budgets, a total development budget and detailed information about the affordability, financial viability, market feasibility, local contribution, leverage of private investment, and experience of the developer. The staff assigned to a project prepares an underwriting analysis, which is reviewed by the Division’s development staff. Staff recommendations are then made to the PAB Allocations Committee.

The PAB Allocation Committee reviews the proposals and makes recommendations to the Executive Director of DOLA for final project funding approval.

Regarding restrictions on the units as a result of the public subsidy, the conditions of affordability are included in a Use Covenant that is recorded with the county clerk. This is required by the U.S. Tax Code and HUD if additional subsidies are required. This Use Covenant will only be revised if absolutely necessary, so long as the project still complies with federal requirements. Private sector investors buy the tax-exempt PABs as well as the tax credits, which they use to offset their federal income tax obligation. Private, for-profit developers also use these programs to fund their rental housing projects. The following is an example of a recent PAB funded property:

**Westview Apartments, new construction of 34 units in Boulder, CO**

Developer: Boulder Housing Partners (City of Boulder Housing Authority)

Affordability: 100% of units at 50% AMI

AB Investor & First Mortgage Holder: First Bank, \$2,965,000

Low Income Housing Tax Credit Investor: First Bank Holding Company, \$1,544,821

DOH Grant: \$335,000

City of Boulder Grants: \$510,000

Boulder Housing Partners, equity & deferred developer fee: \$835,289

The following is Westview Apartments



7. How do the federal and state affordable housing grants and loans programs interact with this request? This program sounds a lot like the Housing Development Grant Fund—why is it placed in the low income rental subsidies line rather than in one of the development/construction grants lines? Is the Department utilizing General Fund dollars in the request to backfill lost federal funds?

**Response:** The funding request for the additional \$2 million to supplement affordable housing could be in the line item entitled Housing Construction Grant (HDG) program to better reflect the intended use of the funds. These funds will be used to improve the loan to value ratios. The use of these funds as a development subsidy guarantees that future rents can be reduced for the affordability period, which is often a minimum of thirty-years. DOH is not proposing to use these funds as direct rental subsidies, and is not using these funds to backfill lost federal funds.

The following is a summary of the current Housing Development Grant funds for the first six months of 2012.

2012-2013 Housing Development Grant (HDG) Project Summaries

	<b>Beginning Balance:</b>	<b>\$2,200,000</b>		
<b>Project #</b>	<b>County and Name</b>	<b>Amount</b>	<b>Total Project Cost</b>	<b>Leveraging</b>
13-003	<b>Mesa County</b> – Grand Junction Housing Authority - Village Park Apartments	\$626,859 (\$720,000)*	\$14,467,158	20:1
13-024	<b>Denver County</b> – Urban Peak – Rocky Mountain Youth Housing Program	\$750,000	\$1,755,500	2:1
13-031	<b>Broomfield County</b> – Imagine! – Imagine! Housing Corp. III	\$150,000	\$1,317,195	9:1
13-052 **	<b>Boulder County</b> – Boulder Housing Partners - Lee Hill	\$465,000	\$7,048,195	15:1
13-057 **	<b>Mesa County</b> – Karis – The House	\$157,066	\$299,101	2:1
**	<b>Weld County</b> – Greeley Center for Independence – Sephens Campus Rehab	\$51,075	TBD	TBD
	<b>Ending Balance:</b>	<b>0</b>		

\*\$93,141 was awarded from 2011/12 funds. The remainder of \$626,859 was awarded from 2012/13 HDG funds.

\*\*Currently being underwritten for funding.

**13-003 – Grand Junction Housing Authority – Village Park**

The Grand Junction Housing Authority (GJHA) was awarded a \$720,000 grant for the construction of Village Park, a 72-unit Low Income Housing Tax Credit-funded apartment complex including 71 affordable units at 30-60% AMI and an on-site manager's unit. The project will be constructed on 6.663 acres near the intersection of Patterson and 28-1/4 Road, in

three, three-story and three, two-story buildings with a separate maintenance building and leasing office. Additionally, GJHA will dedicate eight apartment homes for homeless veterans and their families.

**13-024 – Urban Peak – Rocky Mountain Youth Housing Program**

Urban Peak has been awarded a grant of \$750,000 for the acquisition and rehabilitation of the Rocky Mountain Youth Housing Program (RMYHP) located at 1548 Ogden Street in Denver. The RMYHP is a transitional living program designed specifically for youth between the ages of 16 and 24 who are homeless or aging out of the foster care system. The RMYHP is a partnership between the Denver Department of Human Services (DDHS) and Urban Peak. The property is a three-story brick structure that was built in 1955 and contains 35 studio units for youth plus one manager's unit.

**13-031 - Broomfield County – Imagine! – Imagine! Housing Corp. III**

Imagine!, the Community Centered Board serving Broomfield County, has been awarded an HDG grant in the amount of \$150,000 to assist with the construction costs of its HUD 811 group home for very low-income individuals with physical, cognitive, and developmental disabilities. The home will be located in the northeast part of Broomfield County adjacent to the Adams County border. Imagine! Housing Corp. III (a non-profit subsidiary corporation) will own and operate the property. The home will be a 3,500 square foot fully-accessible home and will provide six (6) consumer bedrooms and one (1) bedroom for overnight staff. The residents will share common areas including a kitchen, dining area, living area, computer area, laundry room, and two bathrooms.

**\*\*13-042 - Boulder County – Boulder Housing Partners - Lee Hill**

Boulder Housing Partners has applied for a \$465,000 grant for 1175 Lee Hill. Lee Hill is a 31-unit Housing First apartment building that will bring together permanent housing and supportive services to create an environment in which disabled adults who experience enduring homelessness in Boulder County can successfully transition to independent living in an apartment setting. Approximately 30,000 sf in size, the building will include case management offices, a community room, covered bicycle parking, laundry facilities, property management storage facilities and an outdoor courtyard.

**\*\*13-057 - Mesa County – Karis – The House**

Karis has applied for a grant of \$157,066 to purchase a home to be used as a licensed shelter for 10 unaccompanied homeless teens in Western Colorado. At The House, teens will receive case management, medical care, therapy, and educational, employment and housing assistance.

**\*\* Weld County – Greeley Center for Independence – Stephens Campus Rehabilitation**

DOH staff is currently providing technical assistance to the Greeley Center for Independence assessing funding needs for its Stephens Residence program. The program is certified by the State of Colorado as a Supported Living Program for adults with brain injuries. The Hertzke House and Louie House have a total of 18 studio apartments with a private bath and a butler kitchen with microwave and under counter refrigerator. Most of the apartments are wheelchair accessible with a roll in shower and grab bars. Meals are prepared and shared family style in the

large dining area of the Louie House.

8. The Department mentions that this request would increase public/private sector investment in affordable housing to pre-recession levels. Can the Department provide data (in a chart or otherwise) for the past 10 to 20 years, which show how much state and federal money was invested each year, how much private sector money was invested each year, and what the totals would be? Additionally, can the Department provide information on how many units were rehabilitated or constructed annually over that same timeframe?

**Response:** The following chart represents the funding investment in newly constructed affordable housing since 2003:

<b>NEW CONSTRUCTION OF AFFORDABLE HOUSING</b>		
<b>Low Income Housing Tax Credit Program (CHFA)</b>	<b>Number of New Construction Projects</b>	<b>Total units</b>
2003	16	1253
2004	11	659
2005	13	629
2006	12	736
2007	14	663
2008	8	402
2009	12	670
2010	10	674
2011	12	732
2012	13	804

The following PAB numbers are for ALL of the bonds that were used for multi-family rental housing, regardless of what entity issued them. Since they did not all apply to DOLA-DOH to get PABs, DOH does not have complete information on other sources of funding used, or on the number of units created.

<b>YEAR</b>	<b>PAB issued for MF</b>
1999	\$56,814,400
2000	\$53,860,733
2001	\$76,949,502
2002	\$165,456,497
2003	\$107,805,253
2004	\$20,561,000



2005	\$137,245,400
2006	\$67,646,309
2007	\$95,473,193
2008	\$30,575,000
2009	\$2,730,000
2010	\$15,708,850
2011	\$21,413,750
2012	\$53,167,000

Beyond Private Activity Bonds (PAB), the Division administers federal and state funds. The following chart outlines the number of projects and units funded by the Division together with the federal and state funds available to the Division for funding projects.

<b>Division of Housing</b>					
<b>Funds Available by Projects and Units Funded</b>					
<b>Year</b>	<b>Total Projects Funded</b>	<b>Total Units</b>	<b>State Fiscal Year</b>	<b>State Funds</b>	<b>Federal Funds</b>
<b>2003</b>	31	1,147	<i>.2003/04</i>	\$ 10,000	\$ 10,598,133
<b>2004</b>	39	1,615	<i>.2004/05</i>	\$ 100,000	\$ 11,652,467
<b>2005</b>	50	2,003	<i>.2005/06</i>	\$ 100,000	\$ 12,343,039
<b>2006</b>	54	1,639	<i>.2006/07</i>	\$ 1,100,000	\$ 11,213,236
<b>2007</b>	45	1,586	<i>.2007/08</i>	\$ 1,223,324	\$ 10,479,411
<b>2008</b>	35	955	<i>.2008/09</i>	\$ 2,225,000	\$ 9,968,372
<b>2009 *</b>	67	2,120	<i>.2009/10</i>	\$ 2,225,000	\$ 44,027,072
<b>2010 *</b>	31	1,071	<i>.2010/11</i>	\$ 2,225,000	\$ 10,851,311
<b>2011 *</b>	31	1,012	<i>.2011/12</i>	\$ 2,000,000	\$ 15,221,414
<b>2012 *</b>	38	1,486	<i>.2012/13</i>	\$ 2,200,000	\$ 6,726,295

\* Funding includes federal Neighborhood Stabilization Program funds.  
2012 is as of December 1, 2012. HDG funds per chart in question 7 above.

**9. What exactly is the source of the affordable housing problem? Do we need a fix at the federal level? Is it better to let not-for-profits invest in affordable housing rather than have the State do it? Did the Department provide an impartial analysis of whether there is a benefit associated with affordable housing? Are there other advocates that say this should not be done with public sector dollars—or at all?**

**Response:** There are federal and state regulations that contribute to the shortage of affordable housing, such as zoning codes. Zoning codes were created in response to public health and safety concerns. These codes protect the public from land uses like residential homes being located adjacent to industrial waste treatment sites. These codes also protect land and home values, which conversely increases the cost of affordable housing development. Federal and

state regulations, like zoning codes, are not the primary reason for a shortage of affordable housing. The shortage is a due to a market failure.

The affordability gap in multifamily housing is a result of increasing rents and declining household incomes. When very low income households pay more than 30% of their income for rent, less money is available for food, education, transportation, health care, and many other households' expenses. Also contributing to the affordable housing problem is the construction cost of new apartments presently ranges from \$140,000 per unit (suburban garden apartments) to \$280,000 per unit (downtown urban). Upon completion of these units, developers expect rent levels at \$1.50 per square foot or above. At \$1.50 per square foot (at the low end for new units) a 700 square foot apartment will cost a renter \$1,050. The monthly household income necessary to afford one of these new units is \$40,000 (after taxes) which is well above the pre-tax renter median income of \$32,300. Most new units built in the Denver area, however, are at price points significantly above this, and are closer to \$1.70-\$1.90 per square foot.

**10. How do other states handle affordable housing? Please provide information on what is working elsewhere to incentivize private sector investments in multifamily affordable or workforce housing. Is it done elsewhere with trust funds, revolving loan funds, or pools of capital (Ohio is used as an example)?**

**Response:** All 50 states use funding for affordable housing through HUD's HOME & CDBG program and the Low Income Housing Tax Credit (LIHTC) Program. HUD regulations and IRS Tax Code are the primary rules that apply to how development projects are financed. In addition to the federal sources, many other states also dedicate additional state funds to housing. A list published on HUD's website shows 38 different statewide housing trust funds in 34 states. <http://housingtrustfundproject.org/wp-content/uploads/2011/10/2010-CFED-report-on-State-Housing-Trust-Funds.pdf> Ten were funded from the state's general fund, seven from real estate transfer taxes, five from document recording or stamp fees, five from interest on real estate escrow accounts, and the rest from a mix of sources. A number of Colorado cities and counties are also listed by HUD as having locally or regionally-sourced housing funds, including Colorado's own Aspen, Boulder, Denver, Longmont, Summit County and Telluride.

The Ohio Housing Trust Fund's source of funding is both State General Funds and Interest from a Budget Stabilization Fund. More detailed information is available from the following website: [www.ohiohome.org/hdap/default.aspx](http://www.ohiohome.org/hdap/default.aspx)

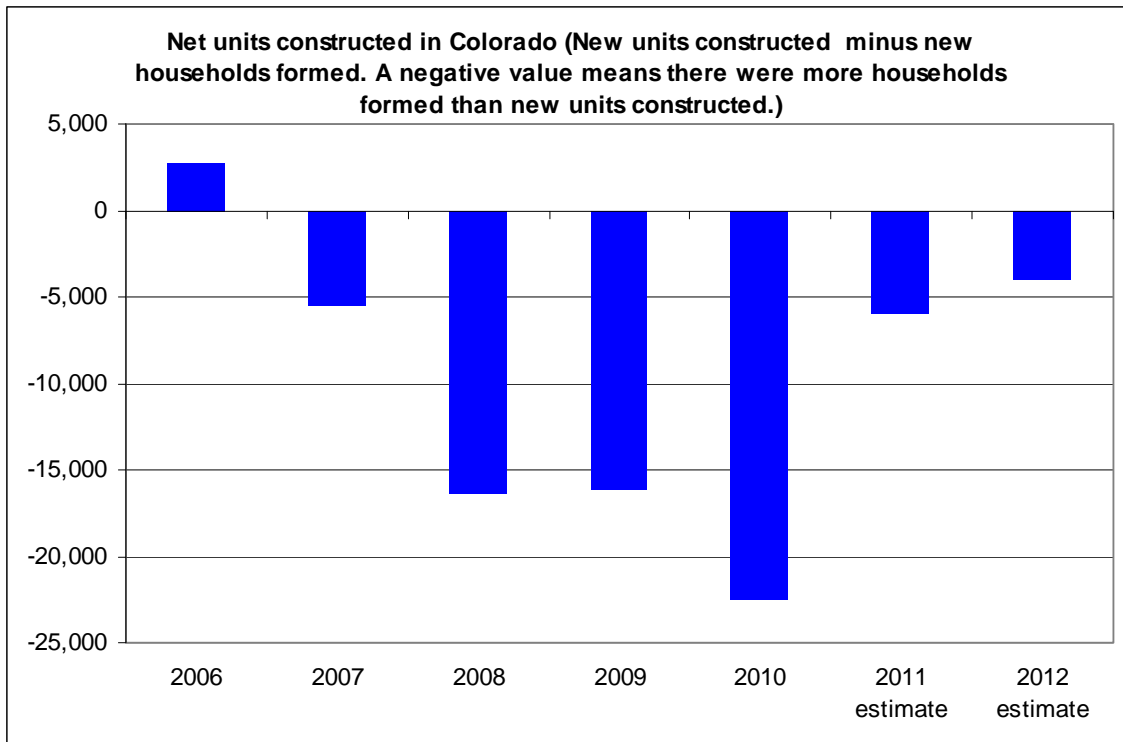
The goal of Ohio's Housing Development Assistance Program (HDAP) is to provide financing for eligible affordable housing developments to expand, preserve, and/or improve the supply of decent, safe, affordable housing for very low- to moderate-income persons and households in the State of Ohio.

Like Colorado's Housing Development Grant, the Ohio Housing Trust Fund started with an allocation of State General Funds. Ohio's fund was set up in 1990, and its first budget allocation was \$5 million for 1992-93. Funding varied widely in the following years, until

2003, when the Ohio Legislature increased recordation fees and created a permanent, dedicated funding source. For 2010, 2011 & 2012, the Ohio Legislature appropriated \$53 million each year to the Housing Trust Fund.

**11. On the supply side, new apartments are being brought on line each year that are "Class A product"—forcing a certain number of apartments to move down in class. Essentially, as apartments age they demand less in terms of rent on the private market. Please discuss whether this generates more affordable housing through a domino effect? Was this factored into the analysis presented by the Department? Do these older units officially become affordable housing or are they just de-facto affordable housing?**

**Response:** The production of new housing increases the supply of housing and may lead to lower prices in older units. However, the new household formation in Colorado has been exceeding the number of new units produced in recent years. As the following table shows, since 2007, there were more households created in Colorado compared to new rental units. This comparison shows that approximately 66,000 more households have been formed than there have been new housing units produced. (Source: Colorado Demographer and U.S. Dept. of Commerce.) This situation has led to continual increases in rent levels in spite of the level of multifamily housing production. Rent increases in metro Denver this past year averaged 5% and in Fort Collins was over 10%.



Rental units that were new and commanded high rents during the 1970s and 1980s are now

affordable in some cases to households below the median renter income. Few of these units, however, are available, even today, to households earning 50% or below of area median income. The current production of high-end units does not offer a short-term solution, although it is important that unit production, even at the high end, take place in order for housing supply to catch-up with household formation in Colorado.

The domino effect does not account for older buildings becoming substandard and requiring renovation and market upgrades. Combine these improvements with operating cost and debt coverage, the revenue breakeven point for these buildings exceed the affordability range for lower income households. The Department's analysis includes all rental units counted by the U.S. Department of Commerce for Colorado and is not specific to subsidized units. The age, location, building size, and amenities are included in the analysis.

- 12. Please discuss the Department's plans related to the \$13.2 million in custodial funds awarded to the Division of Housing to address Colorado's need for affordable rental housing. How will these moneys impact the State's affordable/workforce housing needs? Will they reduce the loan-to-value ratio for private sector investors and have an impact on the utilization of Private Activity Bonds? Will the \$13.2 million spark additional investment by the private sector? Was the impact of the custodial funds factored into the analysis presented to the JBC regarding the Department's request for \$2 million General Fund to finance the development of 1,200 new rental units per year?**

**Response:** The Colorado Housing Investment Fund (CHIF) was created with \$13.2 million of the custodial funds received by Department from the Mortgage Settlement funds secured by the State's Attorney General to address Colorado's great need for affordable rental housing. In February 2012, the State of Colorado, together with 48 other states, reached a settlement with the five largest mortgage servicing companies. Through this settlement, Attorney General John Suthers, announced that over \$50 million, all custodial funds through the Attorney General's Office, would be used for homeowner relief, foreclosure prevention and affordable housing.

The Colorado Department of Local Affairs, Division of Housing (DOH) received applications for nearly \$17 million of the newly funded Colorado Housing Investment Fund (CHIF). The requested funding far exceeds the \$13.2 million available in the fund. The deadline for applying for the new CHIF funds was November 1<sup>st</sup>. Applicants were given just two months to prepare their applications. DOH will underwrite the remaining applications through March 2013 for the soundness of the financial plan and the need of the proposed projects.

The CHIF funds will be used primarily as short-term, low interest loans to bridge the long-term permanent financing sources needed to maintain the ownership of the properties. Nearly all applicants are using CHIF to bridge Private Activity Bond (PAB) financing and to reduce the loan to value ratio making their projects financially feasible and affordable to their residents.

The first of these projects were reviewed and approved by the Colorado State Housing Board at its November 13<sup>th</sup> meeting. The Board recommended awarding \$3,948,757 of CHIF funds to three projects:

- Villages, Ltd - \$2,000,000 for the acquisition of Cunningham Corners in Fort Collins. With 284 units within three properties, Cunningham Corners accounts for 15% of the affordable housing units in Fort Collins. Fort Collins is the tightest market for rental housing in the state.
- Villages, Ltd - \$648,757 for the acquisition of Madison Avenue apartments, a 59-unit housing development in Loveland. The acquisition of Madison Avenue apartments is a component of the portfolio acquisition of Cunningham Corners.
- The Urban Land Conservancy - \$1,300,000 for the acquisition of Villas at Wadsworth, a 100-unit housing development near the Wadsworth light-rail stop in Lakewood.

#### **11:20-11:30 R-2: ECONOMIC DEVELOPMENT – ASSISTANCE TO RURAL COMMUNITIES**

**Background Information: The Department of Local Affairs is requesting \$3.0 million General Fund within the Division of Local Governments (DLG) for two years beginning in FY 2013-14 for the administration of a grant program to grow and diversify the economies of rural communities, with an emphasis on those communities that depend on a single large employer such as a state prison.**

**13. Is DOLA the correct place for this program? Given existing programs, should this be in OEDIT? Why is granting money to local communities the correct way to go about doing this? Please explain why this effort should not be done on a more statewide basis?**

**Response:** Yes, the Department of Local Affairs is the correct place for the Assistance to Rural Communities program. One of the primary duties of the Department is to provide communities throughout Colorado the necessary technical and financial assistance so that local governments are able to achieve sustainable community development. As part of its statutory charge, DOLA staff has amassed essential core competencies in strategic planning, land use planning, community revitalization and grant management as they pertain to redevelopment assistance. Often, local governments rely on DOLA's Regional Managers to leverage the expertise of other state agencies and to assist in solving local government problems and challenges. DOLA has previously entered into a Memorandum of Understanding with OEDIT to assist with rural economic development efforts, and DOLA's staff has partnered with OEDIT to help communities develop their Regional Economic Development Blueprints. Part of each blueprint is the retention and expansion of existing businesses. The role of local government is essential to create the appropriate environment for business. A major effort to accomplish this is asset identification and community and infrastructure development to revitalize communities.

The possible decommissioning of state facilities in rural communities is a concern because the state strategically located these facilities within these communities to stimulate rural economic development; it is appropriate for the state to strategically provide assistance to mitigate the adverse impacts associated with the decommissioning of those facilities now. As part of the administration of this program, DOLA intends to bring in experts in redevelopment to assist these communities with the development of their local strategies.

Local government assumes the responsibility for community development and revitalization. Therefore it is appropriate that grant dollars be awarded to the local government who is responsible for addressing the challenge the prison closure will impact. The current blueprint encourages regional solutions for regional problems and opportunities. In order to provide for the best use of these limited resources, it is appropriate to grant these funds to those impacted communities on a competitive basis.

As stated by C.R.S. 24-32-101, “The state (through DOLA) has primary responsibility for strengthening local government, encouraging local initiative, and providing coordination of state services and information to assist local government in effectively meeting the needs of Colorado citizens.” Since the impact of a potential prison closing will have regional impacts, the success of the implementation of the solution builds on regional efforts and state-wide partnership between DOLA and OEDIT to solve regional economic development challenges. The proposed solutions are in areas of expertise that DOLA has in partnership with OEDIT: 1) Help communities to assess their economic development opportunities; 2) Engage local stakeholders with state and federal partners to develop a plan for mitigating the adverse impacts of the prison closure; 3) Provide competitive grant funding for community infrastructure to support new and expanding business development and job training to support those businesses; 4) Provide grants to local governments to provide income assistance vouchers to employees who have lost their job as the result of a prison closure. This model can be used on a more statewide basis when the efforts are necessary and additional funds are available.

### **11:30-12:00 R-3: FORT LYON TRANSITIONAL COMMUNITY**

**Background Information: The Department of Local Affairs, in collaboration with the Department of Corrections, Department of Human Services, and Department of Health Care Policy and Financing, is requesting \$2,740,852 million General Fund in FY 2013-14 to pay for case management, substance abuse treatment costs, limited medical care, and the operations and maintenance of a transitional therapeutic residential treatment community for homeless individuals at Fort Lyon.**

**14. What happened to the idea that this facility would be solely for veterans? Please describe the process by which the Department will find clients? Will this be voluntary? What is**

**the cost of infrastructure for intake system and for transportation back and forth to the facility?**

**Response:** This year the U.S. Veterans Affairs limited the number of transitional housing units to no more than 25. In previous years applicants could apply for up to 100 units. Unfortunately, Colorado’s application for 25 units at Fort Lyon was not approved. This has limited our total number of units for homeless veterans. However, our priority remains homeless veterans. Throughout the state, local non-profit homeless agencies are conducting surveys of homeless individuals, and using an index of physical and mental health to assess those veterans most at risk. These assessments will be used by outreach teams to offer housing and services at Fort Lyon for the most vulnerable. Fort Lyon transitional housing is a voluntary program that will be managed by the Colorado Coalition for the Homeless (CCH). A van will be leased to transport veterans to Fort Lyon from the state’s major urban areas. A lease rate of \$6,000 has been budgeted for the ten-person van.

**15. What is status of returning the facility back to federal government? Has there been any determination on the question of ownership that is related to the "reversion clause" in the 2002 quit claim deed that appears to automatically return Fort Lyon to the Federal Government when the State stops using it for correctional purposes?**

**Response:** The Department of Corrections continues discussions with the VA concerning the reversion clause and considers the VA as a partner in repurposing efforts for Fort Lyon.

**16. Please provide a recap, in table format, of all costs incurred thus far as part of the Fort Lyon transition effort.**

**Response:**

<b>DOLA Ft. Lyon Project Costs</b>		
<b>Item</b>	<b>FY 12</b>	<b>FY 13</b>
		<b>YTD</b>
<b>Personal Services</b>	\$ 103,361	\$ 46,239
<b>Operating</b>		
<b>Travel</b>	\$ 550	\$ 500
<b>Miscellaneous</b>	\$ 200	\$ 100
<b>Total</b>	\$ 104,111	\$ 46,839
<b>FTE</b>	0.8	0.4

**17. Please provide more detailed information about the programs after which this is being modeled. What are participation rates, program compliance rates, and success/failure rates? How do other programs entice the homeless to go to a rural location to participate?**

**Response:** The Department is querying other programs similar to the Fort Lyon model to provide a complete response. Once this information is received, the Department will forward the information and the analysis.

**ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED**

**1. The Joint Budget Committee has recently reviewed the State Auditor's Office *Annual Report of Audit Recommendations Not Fully Implemented (October 2012)*. If this report identifies any recommendations for the Department that have not yet been fully implemented and that fall within the following categories, please provide an update on the implementation status and the reason for any delay.**

- a. Financial audit recommendations classified as material weaknesses or significant deficiencies;**
- b. Financial, information technology, and performance audit recommendations that have been outstanding for three or more years.**

**Response:** The Department of Local affairs has no financial audit recommendations classified as material weaknesses or significant deficiencies outstanding.

With respect to other outstanding State Auditor financial recommendations, the Department

continues to address the financial finding related to the compliance with SB 98-194,

uncommitted cash reserve requirements, pertaining to just one of its funds- The Building Regulation Fund in the Division of Housing. This fund, while not in compliance, has received a waiver from the reserve requirements contained in SB 98-194 through June of FY 2013-14.

Also, as called for in the Audit, the Division of Housing has continued to monitor the fees received and is working with the manufactured home seller, installer, and producer community to revise the current program fee structure to match the projected Divisional service levels in order to determine the fee levels necessary to best manage the fund to effectively and efficiently regulate and serve the manufactured home industry.



Although the Property Tax Exemption Fund was also initially listed as not in compliance, the State Auditor’s Office has subsequently received a legal opinion indicating that this fund was not subject to the reserve requirements contained in SB 98-194. This change was communicated to the JBC on November 15, 2012 as part of the State Auditor’s presentation of the report to the Committee and will again be mentioned as part of the State Auditor’s Office presentation in January to the Committee of Reference. An Email from the State Auditor’s Office to the Department is attached.

**2. Please provide an update on the impacts of H.B. 11-1230. Have there been savings as a result? Is there more affordable housing as a result?**

**Response:** Effective July 1, 2012, S.B. 12-158 finished what H.B 11-1230 began in 2011 by incorporating HUD required language to make the merger complete. The overall impact to the program, and to the citizens of Colorado who will benefit from the program, has been positive. The expertise of working with people with disabilities that the SHHP staff brought to DOH combined with the strong program administration of DOH has made a great union. Yes, there have been both monetary savings and program efficiencies resulting in time savings.

**Monetary Savings**

The first year monetary savings resulting from the merger are outlined below. Additional savings are expected as the full program streamlining implementation plan is rolled out. Anticipated savings include: mailing supplies, postage, and check processing expenses and staff time savings.

Category	Pre-Merger	Post-Merger
Staffing	18	14
Staffing Costs	\$1,501,617	\$1,043,670
Total Staffing Savings		\$457,947
<b>Other Savings</b>		
Memberships		\$ 6,627
Database Merge		\$60,000
Operations Savings		\$75,000
Vacancy Savings		\$175,505
Total Savings		\$775,079

**Programmatic Changes**

The Housing Choice Voucher team participated in a LEAN initiative. The LEAN process involved an extensive examination of each agency’s processes, customer and contractor feedback. This analysis resulted in a wealth of data and ideas used to implement necessary changes during the merger of the two work units. As a result of this LEAN process, 56 of 103 forms were eliminated and we are currently in the process of redesigning the remaining forms for clarity, usefulness, and automation. In addition, DOH has implemented trainings to increase

contractor program knowledge and knowledge of DOH administrative policies and procedures. The Department has also initiated ongoing program specific software trainings for contractors and internal staff. Further, DOH has begun a cross-departmental collaboration to automate its client reimbursements onto an existing debit card in lieu of mailing a paper check, resulting in a huge time, resource, and monetary savings. By fully utilizing the technology available post-merger, DOH has committed to an overall goal of increasing program efficiency and effective program management.

**1. What will be the cost of providing ongoing transportation for the clients and who will pay for it?**

**Response:** Bent County will be responsible for transportation within the Lower Arkansas Valley. Bent County currently operates a small bus for local transportation and can make it available to the program participants if necessary or desired. The transportation costs that will be associated with this service are in addition to the program costs contained in the request. The county anticipates expanding local transportation services as the Fort Lyon program grows to include transportation to nearby communities. Providing transportation for Fort Lyon residents to neighboring communities will increase opportunities for employment and other activities. The primary areas for referrals will be Larimer, Weld, Mesa, El Paso, Pueblo, La Plata Counties, the Central Mountain Region, and Metro Denver. In each of these areas outreach efforts are underway to identify potential referrals. Once a person has agreed to reside at Fort Lyon the program foresees the need for a 48 hours response time. Once the program reaches capacity then a waiting list will be maintained. The program will then coordinate these referrals with local homeless organizations and the Veterans Administration.

In addition, the Colorado Coalition for the Homeless will operate a daily van service that will make schedule stops to transport residents to and from Fort Lyon. They will coordinate this service with statewide referrals. Before a referral is approved each referral to complete an assessment of their personal motivation. As mentioned above CCH will coordinate its outreach with local homeless organizations, local police, and faith-based organizations. Ideally clients can come to the campus or leave to their desired destination within 48 hours of initial request. The Department will want some flexibility for "special" stops to accommodate infrequent referrals from various parts of the State. The program estimates that 6-10 new clients per week can be accommodated. The annual travel cost for the startup years is estimated at \$11,200 and for 2013-14 the costs are estimated at \$32,800.

**2. Need a copy of the Jones-LaSalle study. Did this study take into consideration uses of the facility other than a prison?**

**Response:** The Jones LaSalle report is available electronically. The team from Jones LaSalle analyzed three subcategories of uses within the institutional market: Health Care, Higher Education, and Correctional. Page 38 of the report provides the detail of their analysis.

**3. Is the Department proposing to transport people to Fort Lyon against their will? What were the results of the CCH's man-on-the-street survey to test the appeal of a place like Fort Lyon? And related to the transportation question, how frequent does the program envision transportation being available for clients to leave the facility?**

**Response:** No one will be transported to Fort Lyon against their will; participation in this program is completely voluntary. Referrals will complete a SOCRATES assessment to determine the level of their motivation.

Similarly, no one will be required to stay at Fort Lyon; residents can get there and leave on the next van back if they don't want to stay, and then return again. The Colorado Coalition for the Homeless (CCH) manages Denver's homeless outreach teams. The Outreach Teams continue to report that there are multiple clients ready and willing to go, but there is just no place to refer them.

For the past several months the Homeless Outreach teams managed by CCH have been asking persons living on the street or in shelters about their interest in living a Fort Lyon. In addition six communities have completed a Vulnerability Index of their homeless populations over the last eight months. The Index reports on the severity of their physical and mental conditions. Many of the homeless people interviewed during these surveys have expressed a willingness to live at Fort Lyon. The motivation is to seek treatment for their substance abuse and the potential of securing permanent housing.

**4. Who was on the Repurposing Team? Were the meetings public? Were the meetings recorded?**

**Response:** The following is a list of every person participating over the last 16 months in the Fort Lyon repurposing. The participation of individuals varied during this period. The participants are organized as internal and external team members depending on their assignments. Meetings were held every two weeks and minutes are available upon request.

Name		Affiliation
Alison	George	DOLA/DOH
Jorge	Rueda	Sen. Bennet Office
Beth	Walsh	Governor's office
Bill	Long	Bent County Comm
Carolyn	Boller	Sen. Udall Office
Casey	Howard	Sen. Udall Office
Christina	Thiebaut	Sen. Udall Office
Christine	Arbogast	Pub.Affairs Consultant Bent County
Dave	Zupan	Corrections
Diane	Leavesley	DOLA/DOH
Dianne	Rogers	DOLA
Doris	Morgan	Rep. Gardner Office
Dwight	Gardner	Sen. Bennet Office
Gloria	Gutierrez	Sen. Udall Office
Jennifer	Rokala	Sen. Udall Office
Jim	Rizzuto	Otero Junior College

Ken	Lund	OEDIT
Lawrence	Sena	Mayor, Town of Las Animas
Lee	Merkel	DOLA
Linda	Rice	DOLA
Lisa	Trigilio	Bent County Dev. Foundation
Lynden	Gill	Bent County Comm
Mark	MacDonnell	Bent County
Mickey	Hunt	Military Veteran Affairs
Mike	Edwards	Military Veteran Affairs
Mike	Feeley	Brownstein
Pat	Coyle	DOLA/DOH
Reeves	Brown	DOLA
Roxane	White	Gov Office
Sarah	Hughes	Sen. Bennet Office
Steve	Hill	Gov Office
Gina	Weingart	Corrections
Tom	Clements	Corrections
Tom	Wallace	Bent County Comm
Tony	Hernandez	DOLA/DLG
Barry	Pardus	Corrections
Judy	Zerzan	HCPF
Ken	Cole	DHS
Lisa	Clements	DHS
Marc	Condojani	DHS
Nancy	McDonald	CDPHE
Nikki	Hatch	DHS
Randy	Kuykendall	CDPHE
Reggie	Bicha	DHS
Sue	Birch	HCPF
Suzanne	Brennan	HCPF
Beth	Kline	DHS
Diane	Rodriguez	HCPF
		DHS
Sarah	Nelson	

**5. Does the Department have adequate resources to ensure the public's safety with the introduction of 200-300 new formerly homeless clients in the community?**

**Response:** The Bent County Sheriff's Department provides 24/7 law enforcement coverage countywide and has the capacity to provide all necessary services to the Fort Lyon facility. The Sheriff's Department provided service to the Veterans Administration (VA) facility located at Fort Lyon for many years and when the facility had a population of 500 plus residents. The Fort Lyon VA facility was an open campus just as the proposed project will utilize Bent County will work with CCH to establish safety protocols.

The current budget includes 24/7 paid security within the housing and training facilities; this security is in addition to the Sheriffs' Department's resources. All staff will be trained and certified in non-violent crisis intervention, and the Department will be working with the County Sheriff and emergency response teams to develop specific safety protocols. Safety is the Department's first priority.

**6. Does CCH have the capacity to address the medical needs of the client base?**

**Response:** CCH will provide primary and mental health care on-site to meet chronic care needs; local community and mental health centers will address emergency and acute care needs. CCH has the capacity and over 25 years of experience to provide the mental health and substance abuse treatment services to the homeless population. In addition to the on-site services provided by CCH, medical services are provided by Valleywide Medical in Las Animas and mental health services are available through the Southeast Mental Health Center.

**7. Does the VA's desire to reserve some of the land for future cemetery development conflict with their current efforts to develop additional cemetery land in El Paso County?**

**Response:** Greg Dorman, Resource Director/Legislative Liaison from the Colorado Department of Military and Veterans Affairs provided the following response to this question:

“The Veterans Cemetery in El Paso County would not be jeopardized by a potential increase in acreage at the Fort Lyon Veterans Cemetery. The El Paso County site has been funded and final selection is underway. Since this project is in its final stages, any action at Fort Lyon would be considered separate and not germane to the El Paso County site.”

**8. What are other partners in this project contributing to this effort, such as CCH and the local community?**

**Response:** Bent County and the City of Las Animas will provide all necessary heavy maintenance for the campus, such as road repair, snow removal, water line repair and replacement, mowing and other activities necessary to maintain the facility. Las Animas will provide licensed water and waste water treatment plant operators. Bent County will also act as landlord and provide all necessary general maintenance for the facility. As mentioned previously, Bent County will assist in providing transportation services. All county and community amenities will be available to the program participant/residents. Otero Junior College is planning on job training on site.

**9. What is the extent of the asbestos mitigation that is required?**

**Response:** The Department of Corrections had two choices given to them by the Colorado Department of Public Health and Environment (CDPHE); remove asbestos-containing materials from the buildings/site or manage the asbestos materials in place. A letter dated October 1, 2010 from CDPHE is separately electronically attached.

As a result, the Department decided to manage the asbestos in place. The Department employed the services of Gobbell Hays Partners, Inc. a registered Asbestos Consulting Firm, to perform the required inspections, assessments and development of a management plan. The plan detailed recommendation for response actions to remove or maintain asbestos-containing materials found throughout the facility. The plan also addressed asbestos on soils. These soil recommendations are contained in the attached letter from Public Health.

**10. Will the homeless clients occupy non-prison space? Will the unused space be isolated so that Department are only paying for utility costs in the occupied areas?**

**Response:** The residents will occupy space previously occupied as a prison. In addition to the living areas the residents will also use the kitchen, gym, ball field, staff housing, and agriculture/barn facilities. Also there will be specific areas for treatment and counseling and classrooms space for job training.

Fort Lyon consists of 105 buildings. There are approximately nine major residential buildings and about twenty smaller single family homes. Buildings 3,4,5,6 will be the primary buildings used for residential and training purposes. The Department is planning to reduce the operating cost of Fort Lyon by converting buildings 3,4,5,6 to individual boilers and limit the use of the central heating and cooling system at Fort Lyon.

**11. Clarify the expected cost-savings per client, and then extrapolate this to the projected client occupancy #'s?**

**Response:** Based on the 2006 study by the Colorado Coalition for the Homeless (CCH) the Housing First model provides annual cost savings to public expenditures. The study reports the medical, jail, shelter, and detox costs of the chronically homeless for two years prior to being housed and two years after being housed. The total cost for each of these expenses for the chronically homeless on the street is estimated to be \$43,240 while the cost after being housed for two years is \$17,600 (medical, jail shelter, and detox combined). The Department is projecting to house up to 200 homeless persons after the first full year of operations and expects similar results. The estimated net cost savings would be \$5,128,000 for 200 persons that are successfully housed. The Department knows from the current housing first results 93% of residents maintain their housing after three years. The electronically attached table provides a summary of these cost savings.

# STATE OF COLORADO

Bill Ritter, Jr., Governor  
Martha E. Rudolph, Executive Director

Dedicated to protecting and improving the health and environment of the people of Colorado

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<http://www.cdphe.state.co.us>



Colorado Department  
of Public Health  
and Environment

October 1, 2010

Kellie R. Wasko, Warden  
Fort Lyon Correctional Facility  
P.O. Box 1000  
Fort Lyon, CO 81038

RE: Summary of Colorado Asbestos Abatement and Asbestos Contaminated Soil Regulatory Requirements

Dear Warden Wasko:

As a follow-up to a conference call we had on September 3, 2010, with Major Robert Bucholz and Commissioner Bill Long, we had been asked if we might be able to come to your facility to talk about the asbestos requirements. We are sending this letter because we thought that it might be helpful to provide a written summary of the requirements. We currently have agreed to attend a meeting, tentatively scheduled for October 12 at your facility, to discuss asbestos requirements. If, after familiarizing yourself with the requirements described in this letter you still feel that a face-to-face meeting would be helpful, please let us know. Alternatively, we would be glad to respond to any specific questions that you or others may have after reviewing the information in this letter.

## Asbestos in Buildings

Colorado Regulation No. 8, Part B, Section V, pages 82 – 88, covers requirements for state-owned or state-leased buildings. Please note that Regulation No. 8, Part B, does not require a facility owner to remove asbestos-containing materials from a building unless the material will be impacted by renovation or demolition activities. When renovation or demolition activities are planned, prior to conducting any response action (which includes removal, encapsulation, enclosure, repair or operations and maintenance) for friable asbestos-containing materials (ACM) in an area of public access that exceeds the trigger levels, the state agency is required to do the following:

- a) Designate and train an Asbestos Coordinator (Section V.B.2).
- b) Conduct an inspection of the affected areas for friable or potentially friable ACM (Section V.C.1.).
- c) Collect bulk samples from each homogeneous area (Section V.D.) and have them analyzed (Section V.E.) for the presence of asbestos.
- d) Develop a written assessment of materials present (Section V.F.).



- e) Conduct air sampling (Section V.D.4).
- f) Develop a management plan to recommend appropriate response actions (Section V.F.4.).
- g) Keep records of all response actions undertaken (Section V.G.).
- h) Utilize only certified individuals to perform inspections, abatements and to develop management plans (Section V.B.1.).

The above represents just a brief summary of the key requirements of Section V, State Building Requirements. More detailed information can be found by consulting this section of Regulation No. 8, Part B, Asbestos.

As we understand it, Fort Lyon Correctional Facility has employed the services of Gobbell Hays Partners, Inc., a registered Asbestos Consulting Firm, to perform the required inspections, assessments and development of a management plan. This plan has details of recommendations for response actions to remove or maintain asbestos-containing materials found throughout the facility. Fort Lyon should continue to follow the plan, discussing any changes in the facility's needs with Gobbell Hays as they might affect current recommendations.

### Asbestos in Soils

Section 5 of the Regulations Pertaining to Solid Waste Sites and Facilities (6 CCR 1007-2, Section 5; Solid Waste Regulations) describes standards for non-friable and friable waste disposal areas, the standards for the storage of asbestos waste and the management requirements for asbestos contaminated soil. A key aspect of these requirements, as described further below, is that they apply only to those activities that would disturb asbestos-contaminated soil. Section 5.5 related to the management of asbestos contaminated soil specifically identifies the solid waste requirements for asbestos contaminated soil as follows:

Section 5.5.1 indicates that the management of asbestos contaminated soil requirements apply to the owner or operator of any property with asbestos-contaminated soil at which soil-disturbing activities are occurring or are planned for any area containing asbestos-contaminated soil.

Section 5.5.2 includes the exemptions from Section 5.5 of the regulations.

Section 5.5.3 delineates the required responses for unplanned asbestos discovery, including but not limited to immediate response actions, twenty-four hour notification of the Hazardous Materials and Waste Management Division, and interim actions.

Section 5.5.4 includes the required responses for planned asbestos management when conducting planned soil disturbing activities in areas of known or suspected asbestos contaminated soil or material containing asbestos. These actions include notification of the Hazardous Materials and Waste Management Division (the Division) at least ten days prior to any soil disturbing activities and providing the Division with a Soil Characterization and Management Plan (SCMP) at least ten days prior to the planned activities. The SCMP may be implemented once approved.

Section 5.5.5 describes the activities associated with the remediation of asbestos contaminated soil. Section 5.5.5 states that:

If the owner of a property chooses to remediate (rather than just manage) all or a portion of the property containing asbestos-contaminated soil, an Asbestos Remediation Plan shall be submitted to the Department's Hazardous Materials and Waste Management Division for review and approval prior to commencement of soil disturbing activities.

The remediation activities shall comply with Section 5.5 pursuant to an approved Asbestos Remediation Plan (ARP). The ARP needs to include an SCMP, a detailed description of the remediation activities, the proposed use of the remediated property and any planned engineering controls to prevent exposure to any asbestos left in place.

Section 5.5.6 details training and certification requirements.

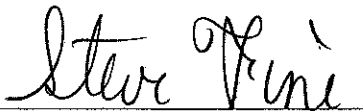
Section 5.5.7 describes the disposal of asbestos contaminated soil and Section 5.5.8 identifies the Department's fees associated with asbestos contaminated soil projects.

Section 5.5.4 of the Solid Waste Regulations provides a means of managing asbestos contaminated soil when conducting soil disturbing activities, and only those soils involved in the soil disturbing activities need to be managed. The Solid Waste Regulations do not require a facility owner to chase or remove asbestos contaminated soil beyond those involved in the soil disturbing activities. Some facilities have opted to place clean soil, or other material, over asbestos contaminated soil instead of disturbing asbestos contaminated soil. Section 5.5.5 clearly indicates that remediation of asbestos contaminated soil is at the discretion of the property owner and does not require the owner to "remediate" the asbestos contaminated soil.

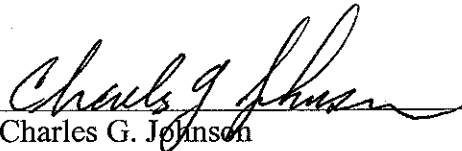
The above represents just a brief summary of the key requirements of Section 5.5 of the Regulations Pertaining to Solid Waste Sites and Facilities. Additional details, information and requirements of each subsection may be obtained by a more detailed review of these regulations.

I hope that this summary is helpful to you in considering asbestos issues at the Fort Lyon Correctional Facility. At your convenience, please let us know if you would still like to proceed with a face-to-face meeting. In addition, please feel free to contact us at any time with any additional questions or concerns regarding asbestos issues.

Sincerely,



Steve Fine  
Asbestos Program Manager  
Air Pollution Control Division



Charles G. Johnson  
Solid Waste and Material Management Unit Leader  
Hazardous Materials and Waste Management Division

cc: Howard Roitman, Acting Director Environmental Programs  
Commissioner Bill Long, Bent County  
Major Robert Bucholz, Fort Lyon Correctional Facility

Per Person Cost Comparison and Net ROI of Ft. Lyon Program vs Remaining Homeless on the Street

Costs	Street Living	Ft. Lyon (1)	Annual NROI
Medical	\$ 17,381	\$ 4,550	\$ 12,831
Jail	\$ 1,798	\$ -	\$ 1,798
Shelter (2)	\$ 13,688	\$ 8,500	\$ 5,188
Detox	\$ 10,373	\$ 4,550	\$ 5,823
<b>Total</b>	<b>\$ 43,240</b>	<b>\$ 17,600</b>	<b>\$ 25,640</b>
Median Number of Patients Served			200
<b>Annual Net Return on Investment- Ft Lyon</b>			<b>\$ 5,128,000</b>

Note (1)- Per Person Ft Lyon Cost based upon serving 200 clients (Median over 3 yrs)

Y1- Start up 80 Clients	\$ 1,490,000	Table 1 - R-3 Funding Request
Y2- 200 Clients	\$ 4,000,000	Table 1 - R-3 Funding Request
Y3- 300 Clients	\$ 5,050,000	Table 1 - R-3 Funding Request
Total 3 Year Costs (Rounded)	\$ 10,540,000	
Median Number of Clients	200	
Years	3	
Avg Annual Cost per Client (Rounded)	\$ 17,600	

Note (2)- Shelter costs at Ft. Lyon includes security and maintenance for the entire campus and all buildings , not just resident living space  
Street Living shelter costs include \$25/night with 278 nights annually in the Denver/metro area



# Department of Veterans Affairs

## Former Fort Lyon VA Medical Center Reuse Study

(Contract Number: GS-23F-0289N;  
Purchase Order Number: VA101(004B)-BP-0010 VA101-X10722)

**FINAL REPORT**

July 13, 2011

Submitted by



1801 K St. NW  
Washington, DC 20006  
202.719.5000

TABLE OF CONTENTS

**Executive Summary ..... 1**

**I. Introduction..... 7**

**A. Background..... 7**

**B. Need for Action..... 7**

**II. Site Analysis..... 8**

**A. Site Overview ..... 8**

**B. Physical Description of the Site..... 8**

        1. Land and Improvement Analysis ..... 8

        2. Transportation and Site Access ..... 24

        3. Utilities and Infrastructure ..... 25

        4. Community Services (Fire, EMS, Police)..... 25

        5. Environmental Considerations ..... 25

        6. Historic Considerations ..... 26

        7. Zoning ..... 26

**C. Summary of Key Site Characteristics..... 27**

**III. Community Implications..... 28**

**A. State of Colorado..... 28**

**B. Bent County ..... 28**

**IV. Surrounding Land Uses..... 29**

**A. North..... 29**

**B. South..... 29**

**C. East ..... 30**

**D. West ..... 31**

**V. Compatible Use Assessment..... 32**

**A. Approach..... 32**

**B. Compatibility Assessment..... 32**

**VI. Local Market Dynamics ..... 34**

**A. Overview ..... 34**

        1. Las Animas ..... 34

**B. Demographics ..... 34**

        1. Population and Household Income..... 34

        2. Industry and Employment ..... 36

        3. Local Economic Outlook Summary ..... 38

**C. Institutional Market ..... 38**

        1. Healthcare ..... 38

        2. Higher Education ..... 39

        3. Correctional..... 39

**VII. Potential Disposal Strategies ..... 41**

**VIII. Appendices ..... 43**

**A. Appendix A: Government Furnished Information List..... 43**

**B. Appendix B: Statement of Limitations..... 45**

**LIST OF FIGURES**

Figure 1: Location of Former Ft. Lyon VAMC ..... 8  
Figure 2: Former Ft. Lyon VAMC Map with Subject Parcels..... 9  
Figure 3: Map of Parcel A - Fields and Vacant Land ..... 10  
Figure 4: Parcel A – Fields East of Ft. Lyon Rd..... 13  
Figure 5: Parcel A – Dairy Barns ..... 13  
Figure 6: Map of Parcel B – Residential Area..... 14  
Figure 7: Parcel B – View West on D St. .... 17  
Figure 8: Parcel B – Two-Story Duplex Quarters..... 17  
Figure 9: Parcel B – Single-Story Quarters ..... 17  
Figure 10: Map of Parcel C – Core Correctional Facility Area ..... 18  
Figure 11: Parcel C – Correctional Facility Infield..... 20  
Figure 12: Building 7 Exterior ..... 20  
Figure 13: Interior Corridor ..... 20  
Figure 14: Interior Residential Room ..... 20  
Figure 15: Map of Parcel D – Property Management and Ancillary Buildings..... 21  
Figure 16: Parcel D – Boiler Plant Exterior ..... 24  
Figure 17: Parcel D – Boiler Plant Interior ..... 24  
Figure 18: View Northeast from Site Entrance – Abandoned Retail..... 29  
Figure 19: Aerial View of Site – Facing South..... 30  
Figure 20: Historical Unemployment in Bent County ..... 37

**LIST OF TABLES**

Table 1: Summary of Land and Buildings at the Former Ft. Lyon VAMC..... 9  
Table 2: Parcel A – Primary Building Inventory ..... 12  
Table 3: Parcel B – Primary Building Inventory ..... 15  
Table 4: Parcel C – Primary Building Inventory ..... 19  
Table 5: Parcel D – Primary Building Inventory ..... 23  
Table 6: Summary of Key Site Characteristics..... 27  
Table 7: Compatibility Assessment ..... 32  
Table 8: Population and Household Demographics..... 35  
Table 9: Employed Population by Industry Type ..... 36  
Table 10: Employment Characteristics ..... 37  
Table 11: Potential Disposal Options Summary Table..... 42

## Executive Summary

### Introduction

Located in Ft. Lyon, CO, the former Ft. Lyon VA Medical Center site (Site) was deeded to the State of Colorado (State) by the Department of Veterans Affairs (VA) in 2002. Since then, the State of Colorado Department of Corrections (DOC) has operated the Site as the Ft. Lyon Correctional Facility (FLCF). The State has recently decided to close the FLCF and DOC is scheduled to vacate the Site on March 1, 2012. Because of a reversion clause in the 2002 quitclaim deed, ownership of the Site may revert to VA upon closure, and efforts by VA and State general counsel to determine the legal implications are ongoing. VA has indicated that it does not have a use for the Site and VA's Office of Asset Enterprise Management (OAEM) enlisted the services of Jones Lang LaSalle (Team) to evaluate the Site's non-VA reuse potential. Closure of the FLCF without any subsequent employment presence at the Site, by VA, or any other public or private entity, would have a detrimental effect on the local economy. Given the impending FLCF closure deadline, and the potential implications for VA and the local community, a viable course of action that meets VA, State, County and local goals and objectives should be identified.

### Site Analysis

The Site is located in a rural area 4 miles east of the City of Las Animas (pop. 2,333) and 200 miles southwest of Denver. Las Animas is served by US Highway 50 (US 50), which runs east-west and provides access to the Site via County Rd. 15 and Ft. Lyon Rd. The Site is also located immediately south of the Ft. Lyon National Cemetery, and north of the Arkansas River. The entire Site includes a total area of approximately 493 acres, about 145 of which consist of marsh areas along the Arkansas River, outside of a protective flood dike. The remaining 348 acres represent the primary Site area and contain the Site's 110 total buildings and usable vacant land. For purposes of this study, the "Site" refers to this primary area. For analysis purposes, the Team divided the Site into four parcels, based on current land and building use, and the location of existing physical features, such as fencing, roads, and vacant land. The following table provides an overview of the parcels and of the land and buildings on each.

Parcel	Total Acreage	Total Buildings	Total Building Square Footage
A – Fields/Land	237	17	22,128
B – Residential	34	42	104,190
C – Core Correctional Facility	43	24	397,387
D – Facility management / Ancillary	34	27	60,089
<b>Total Primary Site Area</b>	<b>348</b>	<b>210</b>	<b>583,794</b>

The location of the four parcels is shown on the following map.



**Summary of Key Site Characteristics**

The table below provides a summary of Site’s key characteristics.

Category	Site Characteristics
<b>Land and Improvement Analysis</b>	<ul style="list-style-type: none"> <li>• Remote location (5 mi from nearest town, 90 mi from nearest interstate highway and large population center)</li> <li>• Site currently used as state correctional facility</li> <li>• Site includes core correctional facility buildings, residential buildings (for facility employees) and facility management and support buildings</li> <li>• Most residential improvements are in “poor” to “average” condition</li> <li>• Core correctional facility buildings are in “average” condition, but appear well maintained</li> </ul>
<b>Transportation and Access</b>	<ul style="list-style-type: none"> <li>• Site entrance road (Ft. Lyon Rd.) extends to County Rd. 15, a two-lane road that intersects with US 50 approximately one mile north of the Site</li> <li>• No public transportation system in Las Animas or in surrounding area</li> <li>• No major airports in the surrounding area</li> </ul>
<b>Utilities and Infrastructure</b>	<ul style="list-style-type: none"> <li>• On site boiler provides steam and has excess capacity</li> <li>• Site maintains its own sewage plant and water well system</li> <li>• Electric power extends from County Rd. 15 to the Site</li> <li>• Natural gas lines run along US 50 and extend down County Rd. 15 to the Site</li> <li>• All Site buildings are connected to central steam and water infrastructure and may not be easily severable</li> </ul>



Category	Site Characteristics
<b>Community Services</b>	<ul style="list-style-type: none"> <li>• Site maintains its own security force; non-prison related police protection is provided by the local police department in Las Animas</li> <li>• EMS and fire protection provided by Hasty-McClave volunteer fire department in Hasty, CO (10 miles east) or by the La Junta fire department in La Junta, CO (23 miles west)</li> </ul>
<b>Environmental Considerations</b>	<ul style="list-style-type: none"> <li>• EA conducted prior to the conveyance of the Site in 2002 identified areas of environmental concern, which were abated prior to transfer</li> <li>• With the exception of the dairy barns, remaining asbestos and lead-based paint are effectively managed in-place and there are no known environmental conditions that would negatively impact a transfer of ownership of the Site</li> </ul>
<b>Historic Considerations</b>	<ul style="list-style-type: none"> <li>• Most buildings at the Site are registered historic buildings</li> <li>• Historic status of the Site and buildings may limit the potential for renovation or alteration of the Site and buildings for alternative uses</li> </ul>
<b>Zoning</b>	<ul style="list-style-type: none"> <li>• No zoning maps available for the Site or surrounding area; surrounding area contains mostly agricultural uses</li> <li>• Zoning not expected to negatively affect reuse potential, given Bent County’s eagerness to find a use for the Site</li> </ul>

**Community Implications**














Currently, there are no plans for the State or County to maintain a presence at the Site following the closure of the FLCF and the effect on the local economy could be detrimental. The State has organized an FLCF Repurposing Group (Repurposing Group), consisting primarily of the chief of staff of the governor’s office, officials from DOC, and local Bent County officials, whose task is to identify viable alternative uses for the Site. To date, the only viable use is the continued operation of the Site by a private prison contractor with a federal prison population. The Repurposing group expressed with a confidence level of 75-80% that federal funds could be obtained to support a private prison contract and that they would like to retain ownership of the Site and work with Bent County to pursue this type of use. The Repurposing Group indicated that efforts to identify alternative non-correctional public or private sector uses, including office, retail, industrial, residential, homeless housing, and institutional uses such as healthcare and education, have not been successful.

**Surrounding Land Use**

The area immediately surrounding the Site contains agricultural lands, abandoned retail, wetlands and floodplains along with the Arkansas River and John Martin Reservoir. Extending north and south of the Site, there is little development for uses other than agricultural, and road access is limited. The nearest town is Las Animas, located approximately four miles west along US 50. Las Animas contains minimal hospitality, retail, commercial, industrial and institutional uses. A declining population in the area has also weakened the real estate market and contributed to recent increases in vacancy rates. The nearest population centers with commercial activity are La Junta, 22 miles west of the Site and Lamar, 25 miles east of the Site. These towns contain small-scale retail, hospitality, commercial, and industrial uses. La Junta and Lamar contain residential areas, but vacancy has been rising since the economic downturn. These areas contain higher education and healthcare facilities, which according to the Repurposing Group, adequately meet area demand for those uses. With respect to the Site, limited visibility and accessibility, high surrounding residential vacancy rates, a declining area population, a weak economy, and the presence of adjacent abandoned retail and agricultural buildings, suggest that there exists minimal demand for retail, commercial, industrial, residential, homeless housing, educational, and healthcare uses at the Site.

**Compatible Use Assessment**

The Team compiled a summary of the Site and surrounding area’s attributes and constraints and indicated the compatibility of potential uses with a “stop light” rating system. Red indicates incompatibility for that specific use, orange indicates low compatibility, yellow indicates medium compatibility, and green indicates high compatibility. Because the severability of individual parcels is limited, potential alternative uses were assessed based on their compatibility with the Site as a whole. The following table contains the results of the Team’s Site compatibility assessment.

Site Attributes (+) / Constraints (-)								
<ul style="list-style-type: none"> <li>+ Large Site with available developable acreage</li> <li>+ Site could be zoned to accommodate a variety of uses</li> <li>+ Site contains existing residential, correctional and healthcare facilities (could be a constraint for non-residential, non-institutional uses)</li> <li>+ Institutional buildings and site utility infrastructure are well maintained</li> <li>+ Existing boiler plant has excess capacity</li> </ul>								
<ul style="list-style-type: none"> <li>- Remote location, far from population centers and employment base</li> <li>- Low visibility</li> <li>- Existing buildings are not currently configured for retail, office, industrial or multi-family residential use</li> <li>- Existing buildings are historic, which could limit ability to renovate for alternative uses</li> <li>- Most existing residential buildings in average or poor condition</li> <li>- Severing utilities from central plant and Site infrastructure may be difficult</li> <li>- No available public transportation available</li> <li>- Limited office and retail product exists in surrounding area, indicating limited-to-no demand</li> <li>- Limited new residential development in area; high residential vacancy indicates limited-to-no demand</li> <li>- Existing educational and healthcare facilities in surrounding adequately meet demand</li> <li>- Local economy provides limited employment opportunities</li> <li>- Abundant vacant and unimproved land in surrounding area likely more attractive for prospecting developers and businesses</li> <li>- Repurposing Group has not been successful in identifying interested parties for office, retail, industrial, residential, homeless housing, education, or healthcare uses</li> </ul>								
Compatible Use Assessment								
Office	Retail	Industrial	Residential		Homeless Housing	Institutional		
			Single Family	Multi-Family		Education	Healthcare	Correctional
								
Key:  = High Compatibility  = Medium Compatibility  = Low Compatibility  = No Compatibility								

Institutional use for correctional purposes was deemed to be the most compatible potential use for the Site, followed by education and healthcare. Other alternative uses, including traditional real estate uses such as office, retail, industrial, residential, and non-traditional uses such as homeless housing, were deemed to have low or no compatibility with the Site and surrounding area. These uses were rated as having no or low compatibility primarily because the Site contains large institutional buildings, which although well maintained, are historic, and may not be easily, or cost effectively converted for other uses. Although single family residential use was deemed to have low compatibility, it is not considered a viable primary use of the Site. Severing the residential areas would likely be difficult and residential use at the Site is considered better suited as a secondary use in support of a primary institutional use, as is currently the case at the Site.

### ***Demographic Summary***

The following table displays key demographic information for the area surrounding the Site.

<b>Category</b>	<b>1 - Mile Radius from Site</b>	<b>5 - Mile Radius from Site</b>	<b>Bent County</b>
2010 Total Population	441	3,885	5,926
2010 Total Households	188	252	1,492
2010 Median Household Income	\$33,654	\$30,868	\$33,943

The populations of Las Animas and Bent County are projected to decrease over the next five years. In addition, the low median household income and an unemployment rate of 9.0 percent for Bent County, indicate a weak local economy. Until the national economy begins to recover and helps raise employment levels, and unless declining population trends in the area can be reversed, large commercial and for-profit entities would likely not find Bent County and the area surrounding the Site to be attractive locations for development and operations, relative to larger, more vibrant and accessible locations throughout Colorado and the nation.

### ***Potential Disposal Strategies***

Based on the analysis of the Site and the surrounding market, and on discussions with the Repurposing Group during the site visit, the Team finds that continued institutional use for correctional purposes appears to be the most viable reuse option for the Site. Site and market constraints limit the potential for other market and mission-driven uses, and indicate that retaining the Site would likely provide limited-to-no benefit or consideration to VA. To help VA minimize exposure to transaction and/or carrying costs, which could accompany ownership of the Site, the Team has identified the following Site “disposal” options for VA:

1. State of Colorado Maintains Ownership
2. EUL Site to State of Colorado for use as Non-State Operated Correctional Facility
3. Declare Site Excess and Transfer to GSA
4. EUL to Private Sector

Enabling the State to retain ownership of the Site under Option 1 could potentially be the most favorable option for the State, Bent County and for VA. This option presents the best opportunity to maintain an uninterrupted employment presence at the Site, a benefit to the County and State, and offers VA the opportunity to avoid any and all carrying and transaction costs that would be incurred if ownership of the Site were to revert to VA.

**Disposal Options Summary Table**

Disposal Option	Expected Consideration to VA	Holding Costs	Transaction Costs	Risk	Notes
1. State of Colorado Maintains Ownership	None	None	None	Low	<ul style="list-style-type: none"> <li>VA and State agree that a correctional facility owned by the State, but operated by another entity for inmates not incarcerated by the State is compliant with the terms of the Deed</li> <li>Meets goals and objectives of State and local community</li> </ul>
2. EUL Site to State for use as Non-State Operated Correctional Facility	None	None	Involves two transactions: <ul style="list-style-type: none"> <li>Reversion to VA</li> <li>EUL to Colorado</li> </ul>	Low / Medium	<ul style="list-style-type: none"> <li>Would require “fast-track” EUL process to meet March 1, 2012 deadline</li> <li>Lack of immediate State control of the Site could impact State’s ability to enter into an agreement with other jurisdictions, which could impact execution of EUL, resulting in closure of the Site and expensive holding costs for VA</li> <li>If March 1, 2012 deadline is not met, or if State is unable to secure an operator, VA’s holding costs would become “High”</li> <li>Meets goals and objectives of State and local community</li> </ul>
3. Declare Site Excess and Transfer to GSA	None	Low	Involves two transactions: <ul style="list-style-type: none"> <li>Reversion to VA</li> <li>Transfer to GSA</li> </ul>	Medium	<ul style="list-style-type: none"> <li>After transfer to GSA, GSA initiates a Public Benefit Conveyance to State</li> <li>Even a “fast-track” process could take up to one year, meaning conveyance will most likely happen after the March 1, 2012 deadline</li> <li>Lack of immediate State control of the Site could impact State’s ability to enter into an agreement with other jurisdictions, resulting in closure of the Site and expensive holding costs that will be passed on to VA from GSA</li> <li>Meets some goals and objectives of State and local community, but delayed conveyance and/or other risks could have devastating impact on local economy</li> </ul>
4. EUL to Private Sector	None	High	Minimal – limited demand, low likelihood of transaction	High	<ul style="list-style-type: none"> <li>Limited to no private sector demand</li> <li>A private contractor to operate a prison would not enter into an EUL agreement longer than their contract with the funding jurisdiction, typically no longer than 5-10 years</li> <li>Does not meet goals and objectives of State and local community</li> </ul>

Note: In the table above, “Risk” is intended to capture the potential for VA to incur cost, and the likelihood of the disposal transaction successfully closing.

## **I. Introduction**

### **A. Background**

Located in Ft. Lyon, CO, the former Ft. Lyon VA Medical Center site (Site) was deeded to the State of Colorado (State) by the Department of Veterans Affairs (VA) in 2002. Since then, the State of Colorado Department of Corrections (DOC) has operated the Site as the Ft. Lyon Correctional Facility (FLCF). Due to state budget deficits, the State has recently decided to close the FLCF, and DOC is scheduled to vacate the Site on March 1, 2012. Because of a reversion clause contained in the 2002 quitclaim deed, ownership of the Site may revert to VA upon closure of the Site, and efforts by VA and State general counsel to determine the legal implications are ongoing. VA has indicated that it does not have a use for the Site, prompting the need to identify alternative uses and disposal options, should ownership revert to VA.

VA's Office of Asset Enterprise Management (OAEM) enlisted the services of Jones Lang LaSalle (Team) to evaluate the non-VA reuse potential of the Site. The results of the Team's analysis are contained in this report.

### **B. Need for Action**

Driven by State fiscal appropriations, the FLCF closure date of March 1, 2012 is firm. Because VA does not have a need for the Site, if ownership reverts to VA, VA would incur ongoing carrying costs until the Site were disposed of through the federal disposal process, or an alternative arrangement.

In addition, the FLCF is located in Bent County (County), CO and currently employs approximately 200 of the County's estimated 6,000 residents. Closure of the FLCF without any subsequent employment presence at the Site, by VA, or any other public or private entity, would have a devastating effect on the local economy.

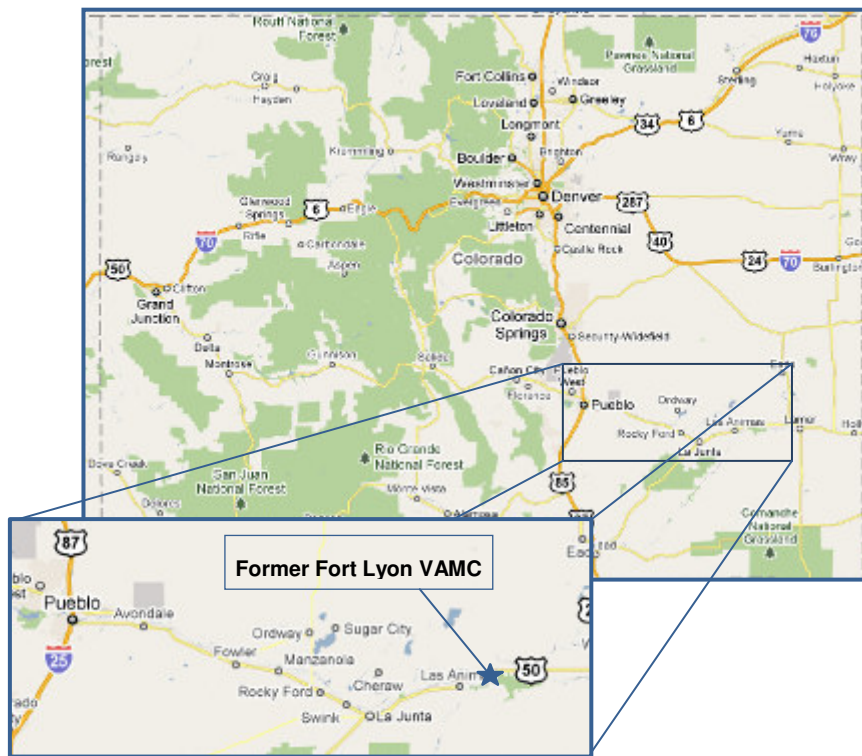
Given the impending FLCF closure deadline, and the potential implications for VA and the local community, a viable course of action that meets VA, State, County and local goals and objectives should be identified.

## II. Site Analysis

### A. Site Overview

Located at 30999 County Rd. 15, Fort Lyon, CO, the Site is located in a rural area 4 miles east of the City of Las Animas (pop. 2,333), approximately 85 miles east of Pueblo (pop. 104,877) and 200 miles southwest of Denver. Las Animas is serviced by US Highway 50 (US 50), which runs east-west and intersects with Interstate Route 25 (I-25). Highway 101 runs south from Las Animas and connects to Route 160 at the Comanche National Grassland. Other nearby population centers include Lamar (pop. 7,874) to the east, La Junta (pop. 7000) to the southwest, Kit Carson (pop. 201) to the northeast and Colorado Springs (pop. 399,827) to the northwest. The nearest commercial airport, Pueblo Memorial Airport, is approximately 85 miles from the Site. The following map illustrates the location of the Site.

**Figure 1: Location of Former Ft. Lyon VAMC**



Since taking ownership in 2002, DOC has operated the Site as a medium-security correctional facility, with a programmatic emphasis on health care services, including nursing care and geriatrics. The current inmate population totals 500 and consists of geriatric offenders, offenders with physical disabilities, offenders classified as developmentally disabled, and able-bodied offenders. There are a total of 204 FTE employed at the site. The following sections contain detailed analysis of the physical characteristics of the Site.

### B. Physical Description of the Site

#### 1. Land and Improvement Analysis

The entire Site includes a total area of approximately 493 acres, about 145 of which consist of marsh areas along the Arkansas River, outside of a protective flood dike. The remaining 348 acres represent the primary Site area and contain the Site’s 110 total buildings and usable vacant land. For

purposes of this study, the “Site” refers to this primary area. As the Site is currently operated as a correctional facility, most of the primary structures are used for institutional purposes (i.e. housing inmates, etc.), for residential purposes by employees of the facility, and for property management and support purposes. In addition, the Site is located immediately south of the Ft. Lyon National Cemetery, which was retained by VA at the time the property was deeded to the State, and remains in active use as a national cemetery. The following table provides an overview of the land and buildings at the Site.

**Table 1: Summary of Land and Buildings at the Former Ft. Lyon VAMC**

Total Primary Site Acreage	Number of Total Buildings	Total Building Square Footage
348	110	583,794

For purposes of analyzing the Site’s physical characteristics, the Team divided the Site into four parcels, based primarily on current land and building use and also on the location of existing physical features, such as fencing, roads, and vacant land. Dividing the Site into these four parcels provides for a clear understanding of the different areas of the Site, and of each area’s unique attributes and constraints. The location of the four parcels is shown on the following map.

**Figure 2: Former Ft. Lyon VAMC Map with Subject Parcels**



As shown in the previous map, much of the Site is comprised of vacant land (Parcel A), which is located immediately south of the Ft. Lyon National Cemetery property, and to the east and west of

Ft. Lyon Rd, the main entrance road to the Site. The remaining parcels are located at the south end of the Site, just north of the Arkansas River. These areas include Parcel B, the Site’s residential area, where FLCF employees live, Parcel C, the core correctional facility area of the Site, most of which is surrounded by high-security fencing, and Parcel D, which contains the majority of the Site’s facility management and ancillary support buildings. The following sections contain detailed analysis of each parcel.

**a) Parcel A – Fields and Vacant Land**

Much of the Site is comprised of vacant land contained within Parcel A, which is located immediately south of the Ft. Lyon National Cemetery property, and to the east and west of Ft. Lyon Rd, the main entrance road to the Site. The following map shows the location of Parcel A.

**Figure 3: Map of Parcel A - Fields and Vacant Land**



Parcel A is flat and consists primarily of vacant land and fields, and contains a few small wells, a chapel, dairy barns, and a shooting range. The fields located to the east of Ft. Lyon Rd. are used mostly for grazing, but also contain a newly constructed shooting range (completed in 2008), which is located along the northern perimeter with the Ft. Lyon National Cemetery. Parcel A also includes a recreational baseball field and two water retention ponds located on the eastern portion of the parcel. The portion of the Parcel A situated west of Ft. Lyon Rd. is used primarily for alfalfa



cultivation and also contains the Kit Carson chapel at the north end of the parcel near the main entrance to the Site, and several dairy/implementation barns near the southeast corner of the parcel. The dairy barns are not currently in use and contain asbestos materials, which would require abatement prior to continued use. The following table contains an inventory of the larger, primary structures located on Parcel A.

**Table 2: Parcel A – Primary Building Inventory**

Bldg #	Year Built	Current Use	Original Use	Total GSF	Condition <sup>1</sup>	Historic	Type of Construction	Insurance Replacement Value <sup>2</sup>
126	1957	Kit Carson Chapel	Kit Carson Chapel	1,817	Good	No	N/A	\$1,292,957
142	1920	Dairy Barns	Dairy Barns	13,757	Poor	Yes	Sandstone blocks, ashlar fashion, utilitarian, gabled corrugated metal roof and siding	\$421,982
386	1920	Implement Shed	Implement Shed	2,258	Poor	Yes	Utilitarian, vertical board siding, gabled roof of corrugated tin	\$413,913
Shooting Range	2008	Shooting Range	Shooting Range	N/A	Good	No	N/A	N/A

<sup>1</sup> Condition based on DOC “Building, Contents & Boiler Report”, dated February 2, 2011

<sup>2</sup> Insurance Replacement Value reflects building replacement value for insurance estimates, and does not represent market value

As shown in the previous table, Parcel A contains three primary buildings and a recently constructed shooting range. In addition to these improvements, Parcel A contains several small wells, and a baseball field, and two small water reservoirs located on the eastern portions of Parcel A. The majority of the Parcel consists of vacant fields. A photograph of the vacant land located to the east of the main entrance road (Ft. Lyon Rd.) is shown below.

**Figure 4: Parcel A – Fields East of Ft. Lyon Rd.**



The photograph above shows the majority of the vacant land which comprises Parcel A and is located east of Ft. Lyon Rd. The small white structure is a water well building. These fields are used primarily for grazing, and the fields located to the west of Ft. Lyon Rd. are used primarily for alfalfa cultivation. There are no known environmental conditions on these fields that would impact a property transfer. The only known, unabated environmental conditions on Parcel A are found in the dairy barns located west of the main entrance road, along County Rd. 15. The barns are shown in the photograph below.

**Figure 5: Parcel A – Dairy Barns**

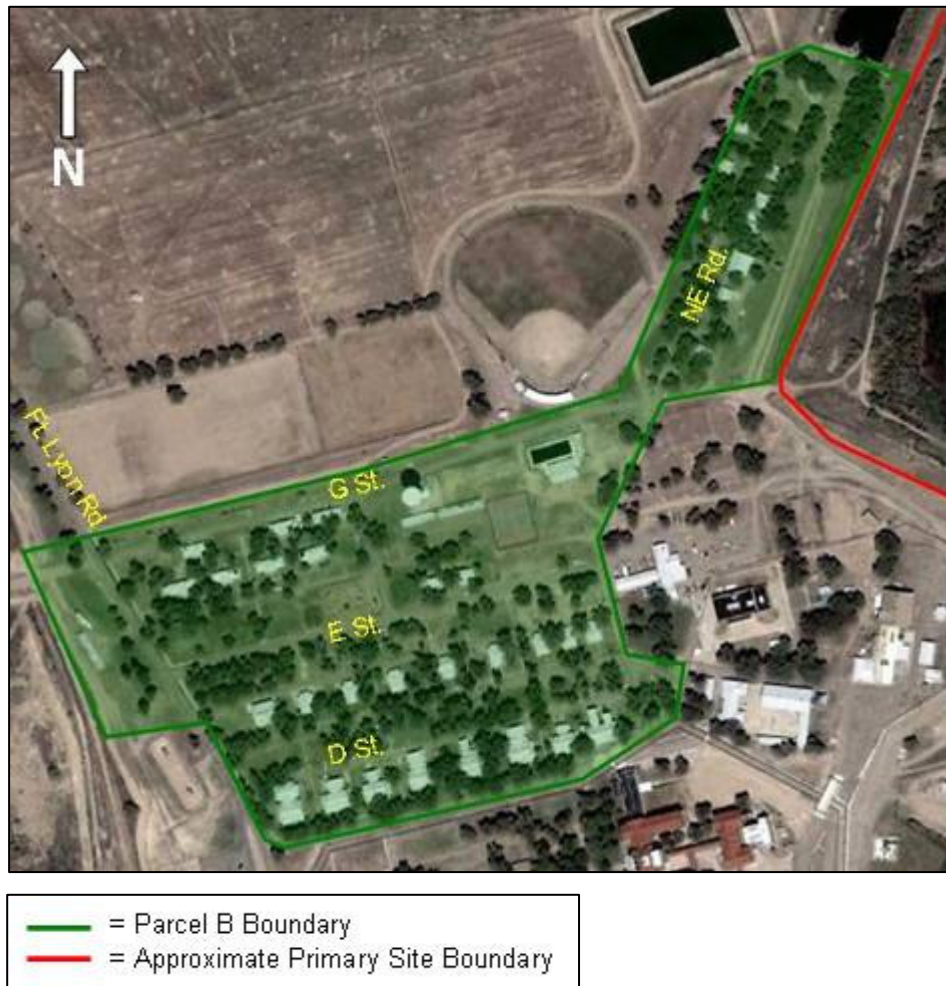


The photograph above shows Bldg. 142 (Dairy Barns), as viewed from County Rd. 15 to the west. Constructed in 1920, these structures are historic, in poor condition and contain asbestos, which has not undergone mitigation or abatement. If ownership of the Site were to transfer, environmental abatement of these materials may be required.

***b) Parcel B – Residential***

Parcel B comprises the residential area of the Site and most of the improvements are former military quarters buildings, which are now occupied by employees of the FLCF. Parcel B is accessed via Ft. Lyon Rd., bordered by Parcel A to the north and located immediately north of the core correctional facility and property management buildings. The following map displays the location of Parcel B and the surrounding area.

**Figure 6: Map of Parcel B – Residential Area**



As shown in the map above, Parcel B is irregularly shaped and encompasses the Site’s residential areas along D, E and G Streets and along NE Road. In addition to residential quarters, Parcel B contains other, ancillary structures including a water tower, tennis courts, swimming pool facilities, a training building, and garages. The following table contains an inventory of the larger, primary structures located on Parcel B.

**Table 3: Parcel B – Primary Building Inventory**

Bldg #	Year Built	Current Use	Original Use	Total GSF	Condition <sup>1</sup>	Historic	Type of Construction	Insurance Replacement Value <sup>2</sup>
116	1917	1-Story Housing	Single Living Quarters	820	Average	Yes	Wood framed, Sandstone foundation	\$434,021
117	1917	1-Story Housing	Single Living Quarters	999	Average	Yes	Wood framed, Sandstone foundation	\$528,762
230	1917	1-Story Housing	Single Living Quarters	858	Good	Yes	Wood framed, Concrete foundation	\$454,134
232	1917	1-Story Housing	Single Living Quarters	858	Average	Yes	Wood framed, Concrete foundation	\$454,134
233	1908	1-Story Duplex	Duplex Living Quarters	1,118	Average	No	Sandstone walls and foundation, screened in porch	\$591,747
324	1908	1-Story Duplex	Duplex Living Quarters	1,118	Average	Yes	Sandstone walls and foundation, screened in porch	\$591,747
235	1908	1-Story Housing	Single Living Quarters	952	Average	Yes	Wood framed, Concrete foundation	\$503,886
236	1918	1-Story Housing	Single Living Quarters	952	Average	Yes	Wood framed, Concrete foundation	\$503,886
237	1918	1-Story Housing	Single Living Quarters	952	Average	Yes	Wood framed, Concrete foundation	\$503,886
247	1908	North Staff Garage	Personnel Garage	4,200	Average	Yes	White-painting structural clay tiles, concrete foundation	\$1,689,499
302	1918	1-Story Housing	Pharmacist Quarters	1,027	Average	Yes	Sandstone foundations, wood siding	\$543,583
303	1918	1-Story Housing	Pharmacist Quarters	1,027	Average	Yes	Sandstone foundations, wood siding	\$543,583
304	1916	1-Story Housing	Pharmacist Quarters	1,701	Average	Yes	Wood framed, Sandstone foundation	\$900,323
305	1916	1-Story Housing	Pharmacist Quarters	1,701	Average	Yes	Wood framed, Sandstone foundation	\$900,323
306	1916	2-Story Housing	Pharmacist Quarters	2,562	Average	Yes	Wood framed, Sandstone foundation	\$1,356,045
307	1916	1-Story Housing	Pharmacist Quarters	1,701	Average	Yes	Wood framed, Sandstone foundation	\$900,323
308	1916	1-Story Housing	Pharmacist Quarters	1,701	Average	Yes	Wood framed, Sandstone foundation	\$900,323
309	1916	1-Story Housing	Single Living Quarters	1,701	Average	Yes	Wood framed, Sandstone foundation	\$900,323
310	1917	Multi-story Duplex	Duplex Living Quarters	5,460	Average	Yes	Wood framed, Sandstone foundation	\$2,831,709
323	1908	2-story Housing	Civilian Quarters	1,780	Average	Yes	Wood framed, Sandstone foundation	\$942,140
324	1908	2-story Housing	Civilian Quarters	1,780	Average	Yes	Wood framed, Sandstone foundation	\$942,140
350	1918	1-Story Housing	Single Living Quarters	1,710	Average	Yes	Wood framed, Sandstone foundation	\$905,088
351	1918	1-Story Housing	Single Living Quarters	1,710	Average	Yes	Wood framed, Sandstone foundation	\$905,088
352	1918	1-Story Housing	Single Living Quarters	1,710	Average	Yes	Wood framed, Sandstone foundation	\$905,088
353	1918	1-Story Housing	Single Living Quarters	1,710	Average	Yes	Wood framed, Sandstone foundation	\$905,088
354	1918	1-Story Housing	Single Living Quarters	1,710	Average	Yes	Wood framed, Sandstone foundation	\$905,088

Bldg #	Year Built	Current Use	Original Use	Total GSF	Condition <sup>1</sup>	Historic	Type of Construction	Insurance Replacement Value <sup>2</sup>
355	1918	1-Story Housing	Single Living Quarters	1,710	Average	Yes	Wood framed, Sandstone foundation	\$905,088
356	1918	1-Story Housing	Single Living Quarters	1,710	Average	Yes	Wood framed, Sandstone foundation	\$905,088
365	1910	Garage-West Quarters	Personnel Garage	2,000	Poor	Yes	N/A	\$819,405
376	1908	2-story Housing	Civilian Quarters	1,621	Average	Yes	Concrete foundation	\$857,981
501	1890	Multi-story Triplex	Lieutenant's Quarters	11,416	Poor	Yes	2 foot thick sandstone	\$6,154,164
502	1890	2-Story Duplex	Lieutenant's Quarters	7,020	Poor	Yes	2 foot thick sandstone	\$3,784,358
503	1890	2-Story Duplex	Captains Quarters	5,144	Poor	Yes	2 foot thick sandstone	\$2,773,039
504	1890	2-Story Duplex	Commanding Officer's Quarters	6,466	Poor	Yes	2 foot thick sandstone	\$3,480,317
505	1890	2-Story Housing	Captains Quarters	4,223	Poor	Yes	2 foot thick sandstone	\$2,276,543
506	1890	2-Story Duplex	Lieutenant's Quarters	6,446	Poor	Yes	2 foot thick sandstone	\$3,474,927
507	1890	2-Story Duplex	Lieutenant's Quarters	4,158	Poor	Yes	2 foot thick sandstone	\$2,241,506
508	1917	Training	Nurses' Home	7,327	Poor	Yes	Local sandstone blocks, wood framed porches, Gable siding	\$5,213,811

<sup>1</sup> Condition based on DOC "Building, Contents & Boiler Report", dated February 2, 2011

<sup>2</sup> Insurance Replacement Value reflects building replacement value for insurance estimates, and does not represent market value

As shown in the table above, the majority of the improvements on Parcel B are historic residential quarters buildings, in average or poor condition. The following photograph displays D St., a typical residential street on Parcel B.

**Figure 7: Parcel B – View West on D St.**



Similar to D St. shown in the photograph above, most of the residential streets contained within Parcel B are lined with trees and contain quarters buildings on both sides. Along D St., single-story quarters buildings are located on the north side of the street and larger, duplex units, which served as former officer’s quarters buildings are located on the south side of the street. The following photographs show typical single-story and duplex quarters buildings located along D St.

**Figure 8: Parcel B – Two-Story Duplex Quarters**



**Figure 9: Parcel B – Single-Story Quarters**



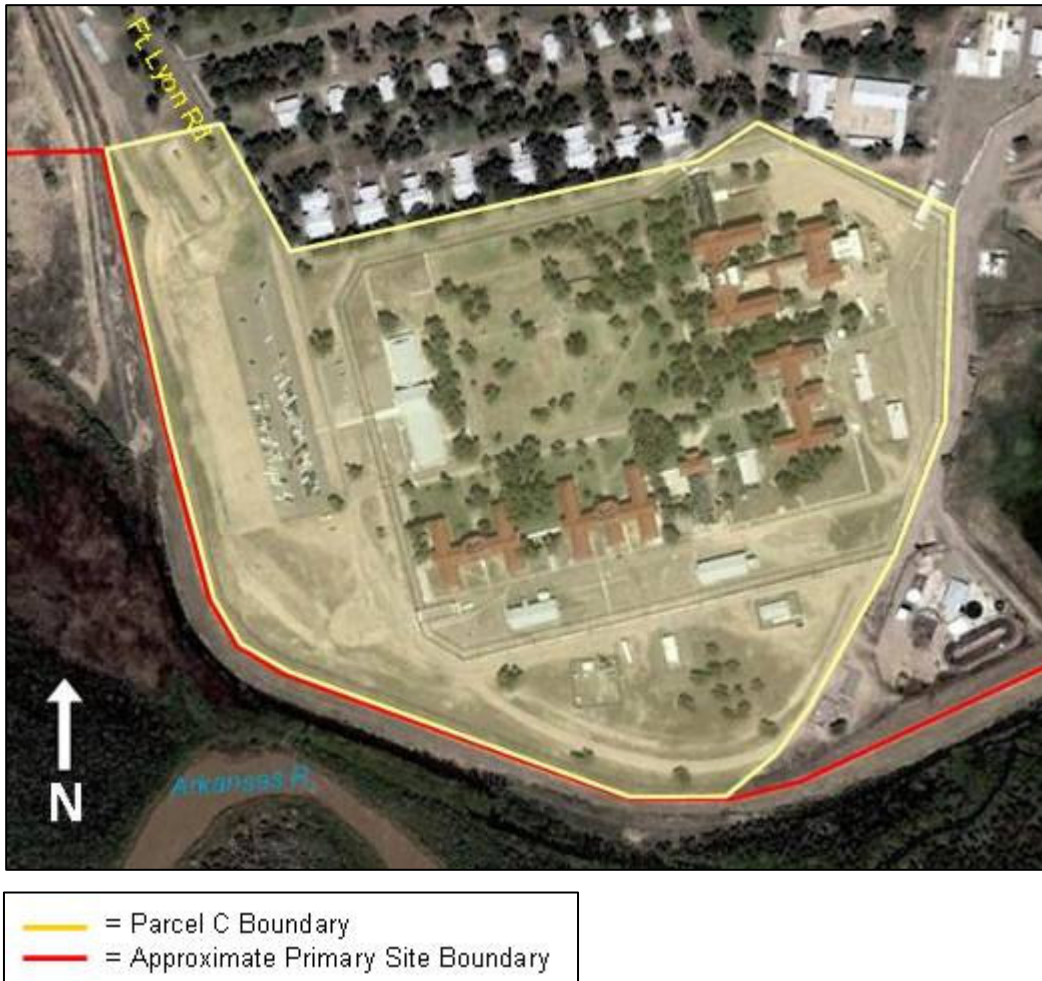
The majority of residential structures on Parcel B are single-story quarters buildings. As shown in the photograph above, Parcel B also contains larger, duplex quarters buildings, which served as former officers’ quarters buildings prior to VA use of the Site. These structures are historic and are in poor condition. The above right photograph shows a typical single-story quarters building. These structures are also historic, and are in average condition. Both types of quarters are wood framed with sandstone or concrete foundations. Located in the center of Parcel B, south of G St and southwest of NE Rd. are the ancillary buildings (water tower, training building) and the recreational facilities, including the tennis court and swimming pool. The majority of improvements located on Parcel B contain lead based paint, which has either been abated or managed in-place according to federal and state guidelines. This material is not expected to negatively impact a property transfer.

Reuse of the residential structures on Parcel B is limited by the condition of the buildings, and by their historic status.

**c) Parcel C – Core Correctional Facility**

Parcel C encompasses the core correctional facility buildings at the Site. With the exception of smaller support structures, the majority of the improvements on Parcel C are located within the Site’s secure fence and used for housing and treating the facility’s inmate population. The following map displays the location of Parcel C and the surrounding area.

**Figure 10: Map of Parcel C – Core Correctional Facility Area**



As shown in the photograph above, Parcel C is located along the Site’s southern boundary, just north of the Arkansas River. Parcel C’s southern border runs along a dike, which was constructed by the Army Corps of Engineers and protects the Site against flooding of the Arkansas River. The eastern portion of Parcel C contains the Site’s main parking area and two gas metering stations. East of the parking area, located in the center of Parcel C is the secured core correctional facility area, which contains the parcel’s primary structures and central courtyard, the Site’s former parade ground. The following table contains an inventory of the larger, primary structures located on Parcel C.



**Table 4: Parcel C – Primary Building Inventory**

Bldg #	Year Built	Current Use	Original Use	Total GSF	Condition <sup>1</sup>	Historic	Type of Construction	Insurance Replacement Value <sup>2</sup>
3	1937	Auditorium/Canteen	Theater and Recreation	28,830	Average	Yes	Red brick exterior, concrete structural system	\$20,040,282
4	1929	Housing/Library/Programs	Acute Treatment	64,296	Average	Yes	Brick foundation and exterior, Georgian Colonial	\$51,298,051
5	1935	Administration/Housing/Medical/OS MI/Lab/X-ray/Clinic	Administration and Clinic	100,816	Average	Yes	Sandstone foundation, red brick exterior, Georgian Colonial	\$97,826,641
6	1935	Kitchen/Dining/Dietetics	Kitchen and Dining Room	32,406	Average	Yes	T-Shape, Stone Foundation, Red Brick, Georgian Colonial	\$34,240,228
7	1937	Unoccupied	Continuing Treatment	53,136	Average	Yes	H-shaped plan, brick exterior	\$42,394,134
8	1946	Housing/Programs	N-P Infirmary	66,240	Average	Yes	H-shaped plan, Brick exterior, Georgian Colonial	\$52,849,055
401	1917	Master Control, Visiting, and Gymnasium	West Ward, PMRS, Shop, Gymnasium	18,723	Average	Yes	Sandstone foundation with concrete, clapboard siding, Colonial Revival	\$14,937,997

<sup>1</sup> Condition based on DOC “Building, Contents & Boiler Report” dated February 2, 2011

<sup>2</sup> Insurance Replacement Value reflects building replacement value for insurance estimates, and does not represent market value

As shown in the table above, the largest occupied improvements located on Parcel C (Buildings 3 - 6, and 8) are used for administration, inmate housing, and other institutional purposes. Building 7, the other large building on Parcel C, is not currently occupied. Together, these facilities represent the largest buildings at the Site and contribute the most value to the Site’s use as a correctional facility. The following photographs show the FLCF infield located at the center of Parcel C and the exterior of Building 7, which faces the infield.

**Figure 11: Parcel C – Correctional Facility Infield**



**Figure 12: Building 7 Exterior**



As shown above, the FLCF infield is flat and currently used by inmates for recreational purposes. The primary correctional facility buildings are situated around the infield. Building 7, shown in the above-right photo, faces the infield and exemplifies the style and structure of the core correctional facility buildings (Buildings 3-8, 401). These buildings are constructed of brick and with the exception of Building 7, were renovated in 2005 after the State assumed ownership of the Site. Building 7 was not renovated and remains unoccupied. The following photographs show a typical interior corridor and residential room inside the occupied core correctional facility buildings.

**Figure 13: Interior Corridor**



**Figure 14: Interior Residential Room**



As exemplified in the photograph of the interior corridor and residential room above, the correctional facility building interiors are well maintained. Although the DOC “Building, Contents & Boiler Report”, dated February 2, 2011, indicates that these structures are in “Average” condition, these structures appeared to be in good functional order and in better condition than the residential buildings on Parcel B, many of which also received building condition ratings of “Average”. Due to

the condition of the buildings and the current use, the facilities on Parcel C could potentially be reused by another correctional facility operator following the closure of the FLCF.

With respect to environmental conditions, the majority of improvements located on Parcel C contain lead based paint, and may also contain asbestos in steam piping and subsurface soil. However, these materials have either been abated or managed in place according to federal and state guidelines and are not expected to negatively impact a property transfer.

***d) Parcel D – Property Management and Ancillary Buildings***

Parcel D encompasses the Site’s main property management and ancillary buildings and is the location of much of the Site’s utility infrastructure. The following map displays the location of Parcel C and the surrounding area.

**Figure 15: Map of Parcel D – Property Management and Ancillary Buildings**



As shown on the previous the map, Parcel D is located along the Site’s southern boundary. Parcel D is bordered by Parcel C to the west and Parcel B to the west and east. Similar to Parcel C, Parcel D’s southern border runs along the dike protecting the Site against flooding of the Arkansas River. The northern half of Parcel D contains the primary facility management buildings, including the main

boiler plant. Much of this area is located within the Site's security fence, which extends from the core correctional facility buildings located in Parcel C. The southern portion of Parcel D contains a storm water retention lagoon, and incinerator, storm water and sewage plant discharge pipes, and other ancillary buildings. The following table contains an inventory of the larger, primary structures located on Parcel D.

**Table 5: Parcel D – Primary Building Inventory**

Bldg #	Year Built	Current Use	Original Use	Total GSF	Condition <sup>1</sup>	Historic	Type of Construction	Insurance Replacement Value <sup>2</sup>
37	1952	Laundry	Laundry	8,239	Good	Yes	Brick, rectangular, concrete foundation	\$5,756,299
130	1908	HVAC Shop	Main Garage	5,766	Poor	Yes	Sandstone exterior, gabled roof, wood cupola roof vent	\$2,362,345
201	1916	CI/Staff Gym/ERT	Hospital, Men's Infirmary, Fire Station and Recreation	8,281	Average	Yes	Tee-shaped, irregular sized, sandstone block exterior	\$5,178,402
221	1916	Boiler Plant	Power House, Boiler Plant	19,750	Poor	Yes	Sandstone block exterior	\$15,757,381

<sup>1</sup> Condition based upon DOC “Building, Contents & Boiler Report” dated February 2, 2011

<sup>2</sup> Insurance Replacement Value reflects building replacement value for insurance estimates, and does not represent market value

As shown in the table above, the primary improvements located on Parcel D include Buildings 37 (Laundry facility), 130 (HVAC Shop), 201 (Staff Gym) and 221 (Boiler Plant). Together, these facilities represent the largest buildings on Parcel D and contribute the most value to the Site's operational infrastructure. Of these structures, the largest and most critical to the Site's overall operations is Building 221 (boiler plant). The following photographs show the exterior and interior of the boiler plant.

**Figure 16: Parcel D – Boiler Plant Exterior**



**Figure 17: Parcel D – Boiler Plant Interior**



As shown in the photos above, the boiler plant is a large structure containing three large boilers. During the site visit, the Site's physical plant manager indicated that the boilers typically operate at only 25 - 50% of their full capacity throughout the year. Although the DOC "Building, Contents & Boiler Report", dated February 2, 2011, indicates that the boiler plant is in "Poor" condition, the Site's plant manager noted that the boiler was well maintained and more than adequate for the Site. It was also noted that buildings located throughout the Site are connected to the boiler plant, which suggest that it may be difficult or costly to sever other Site buildings from the boiler and steam infrastructure and develop independent sources.

The majority of improvements located on Parcel D contain some level of lead based paint, and may also contain asbestos in steam piping and subsurface soil. These materials have been either abated or managed in-place according to federal and state guidelines and are not expected to negatively impact a property transfer. The southern portions of Parcel D, which contain smaller ancillary buildings, the incinerator, the storm water retention lagoon, and storm water and sewage plant discharge pipes also do not contain known environmental considerations that would negatively impact the Site's reuse potential.

## **2. Transportation and Site Access**

Due to the Site's remote location and the sparse population in the surrounding area, access to the Site from the outside area is limited. The nearest town, Las Animas, is located 125 miles southeast of Colorado Springs, which contains the nearest commercial airport and 200 miles southeast of Denver, the State Capital and location of the nearest large airport. The Site is accessible via US highway, state highway and county roads.

### ***a) Automobile***

Ft. Lyon Rd. is the main entrance road to the Site. This road extends to County Rd. 15, which intersects with US Highway 50 (US 50), approximately one mile north of the Site. US 50 is a two lane highway, which runs east-west, and is the only roadway providing access to County Rd. 15 and the Site.

### ***b) Parking***

The Site has one large parking lot on Parcel C for inmate visitors and FLCF employees. Measuring 550' by 125', the lot contains 184 parking spaces and was initially constructed in 2001. Recent maintenance was performed to seal cracks in the asphalt in 2010, leaving the lot in good condition.

### ***c) Public Transportation***

The town of Las Animas does not have a public transportation system.

## **3. Utilities and Infrastructure**

The Site's boiler is located on Parcel D and provides steam to the entire Site. The boiler operates at 25%-50% capacity throughout the year and would be able to accommodate additional demand. Because all buildings at the Site are connected to the boiler plant, it may be difficult or costly to sever buildings or portions of the Site and develop an independent boiler/steam system.

The Site's water infrastructure consists of thirteen water wells (8 soft water for consumption, 5 hard water for irrigation, fire sprinkler system), one 300,000 gallon water tower and one 500,000 gallon underground concrete reservoir for water storage and two reservoirs for irrigation and fire sprinkler system water storage. Sewage is treated and discharged on site.

Electric power is provided by Las Animas Municipal Light and Power, with primary service coming from Las Animas and Lamar. Electric power lines run along Rt. 50 and extend down County Rd. 15 and Ft. Lyon Rd. Emergency power is available from eight diesel generators, which can provide power to all major buildings and is capable of operating for two weeks.

Natural gas lines run along US 50 and extend down County Rd. 15 and Ft. Lyon Rd. to the Site.

## **4. Community Services (Fire, EMS, Police)**

The Site maintains its own security force and has emergency special weapons and tactics (SWAT) capabilities. Non-prison related police protection is provided by the local police department in Las Animas. EMS and fire protection for the Site are provided by the Hasty-McClave volunteer fire department in Hasty, CO (located approximately 10 miles east) or by the La Junta fire department in La Junta, CO (located approximately 23 miles west).

## **5. Environmental Considerations**

An Environmental Assessment (EA) was conducted in 2000 to evaluate any environmental factors that might inhibit the transfer of the property. After DOC agreed to use the Site as a correctional facility, the Former Fort Lyon VAMC conducted a supplemental EA in 2001 to understand possible hazards with regards to the Site's intended use. Remediation and mitigation actions were completed

before conveyance to ensure compliance with all applicable Federal, State and local regulations. Currently, the environmental and health concerns at the Site have been addressed (with the exception of the dairy barn area) and maintenance provisions have been enacted to ensure future safety.

The dairy barns (Building 142), located at the southwest corner of the Site on Parcel A, contain asbestos materials. Regulations require removal of asbestos materials if it may be disrupted by demolition or remodeling or in the case of the dairy barn, access to the area is limited access and proper signage indicates that only qualified workers can enter the area. These asbestos containing materials may require abatement prior to a transfer of Site ownership.

## **6. Historic Considerations**

Entering the National Register of Historic Places in 2004, 327 acres of the Site are designated as part of a historic district (Fort Lyon Campus). The historical registration documents reference 111 buildings, sites, structures and objects as resources within the property. However, only 91 are contributing to the Site's historic qualification, while the other 20 either do not possess historical and / or cultural components or were built after 1956. The site gained its listing on the national register for significance in the following areas: Health/Medicine history, Military history, Ethnic Heritage: Native Americans, African Americans (all-black Buffalo Soldiers of the 10<sup>th</sup> Calvary), European (use to treat WWI German naval prisoners with tuberculosis), and Architectural significance (standardized VA hospitals). The Fort Lyon Campus is noted for its collection of H-shape, Georgian Revival style buildings, comprised of brick.

As a historic district, the Fort Lyon Campus, located within the Site, may be subject to certain tax provisions, rules, regulations and restrictions. In some circumstance, owners of property listed in the National Register may be eligible for investment tax credits for the certified rehabilitation of income-producing historic structures. Any renovation or alteration of the site, particularly if an owner intends to obtain tax credits, would need to receive approval from state and local historical preservation offices and may be required to seek the approval of the Advisory Council on Historic Preservation at the federal level. In general, it is likely that the historic status of the Site would serve to limit an owner's ability to renovate or alter the Site and improvements for alternative uses.

## **7. Zoning**

There are currently no zoning maps available for the Site or its surrounding areas. The area surrounding the site contains agricultural lands, abandoned retail, wetlands and floodplains, along with the Arkansas River and John Martin Reservoir. Zoning is not expected to negatively affect any future reuse of the Site given Bent County's eagerness to maintain some form of an employment presence at the location. Discussions with County and State representatives revealed that virtually any use of the Site would be supported.



### C. Summary of Key Site Characteristics

**Table 6: Summary of Key Site Characteristics**

Category	Site Characteristics
<b>Land and Improvement Analysis</b>	<ul style="list-style-type: none"> <li>• Remote location (5 mi from nearest town, 90 mi from nearest interstate highway and large population center)</li> <li>• Large area, with primary Site area containing 348 acres</li> <li>• Site contains 110 buildings totaling approximately 583,794 GSF of improvements</li> <li>• Site currently used as state correctional facility</li> <li>• Site includes core correctional facility buildings, residential buildings (for facility employees) and facility management and support buildings</li> <li>• Most residential improvements are in “poor” to “average” condition</li> <li>• Core correctional facility buildings are in “average” condition, but appear well maintained</li> </ul>
<b>Transportation and Access</b>	<ul style="list-style-type: none"> <li>• Site entrance road (Ft. Lyon Rd.) extends to County Rd. 15, which intersects with US 50 approximately one mile north of the Site</li> <li>• No public transportation system in Las Animas or in surrounding area</li> <li>• No major airports in the surrounding area</li> </ul>
<b>Utilities and Infrastructure</b>	<ul style="list-style-type: none"> <li>• On site boiler provides steam and has excess capacity</li> <li>• Site maintains its own sewage plant and water well system</li> <li>• Electric power extends from County Rd. 15 to the Site</li> <li>• Natural gas lines run along US 50 and extend down County Rd. 15 to the Site</li> <li>• All Site buildings are connected to central steam and water infrastructure and may not be easily severable</li> </ul>
<b>Community Services</b>	<ul style="list-style-type: none"> <li>• Site maintains its own security force; non-prison related police protection is provided by the local police department in Las Animas</li> <li>• EMS and fire protection provided by Hasty-McClave volunteer fire department in Hasty, CO (10 miles east) or by the La Junta fire department in La Junta, CO (23 miles west)</li> </ul>
<b>Environmental Considerations</b>	<ul style="list-style-type: none"> <li>• EA conducted prior to the conveyance of the Site in 2002 identified areas of environmental concern, which were abated prior to transfer</li> <li>• With the exception of the dairy barns, remaining asbestos and lead-based paint are effectively managed in-place and there are no known environmental conditions that would negatively impact a transfer of ownership of the Site</li> </ul>
<b>Historic Considerations</b>	<ul style="list-style-type: none"> <li>• Most buildings at the Site are registered historic buildings</li> <li>• Historic status of the Site and buildings may limit the potential for renovation or alteration of the Site and buildings for alternative uses</li> </ul>
<b>Zoning</b>	<ul style="list-style-type: none"> <li>• No zoning maps available for the Site or surrounding area; surrounding area contains mostly agricultural uses</li> <li>• Zoning not expected to negatively affect reuse potential, given Bent County’s eagerness to find a use for the Site</li> </ul>

### **III. Community Implications**

The State of Colorado and Bent County are primary stakeholders in the closure of the current FLCF. The implications of the closure and potential reuse of the Site for these entities are summarized in the sections below.

#### **A. State of Colorado**

Given efforts to address state budget deficits, the State identified the FLCF for closure, effective March 1, 2012. Currently, there are no plans for the State to maintain a presence at the Site following the closure of the FLCF. Maintaining employment at the Site after the FLCF is closed is a key State objective.

To address potential unemployment and the negative impact that the closure of the FLCF could have, the State has organized an FLCF Repurposing Group (Repurposing Group), consisting primarily of the chief of staff of the governor's office, officials from DOC, and local Bent County officials. The Repurposing Group is tasked with identifying viable alternative uses for the Site, by either the private or public sector, in an effort to preserve employment at the Site. To date, the only viable use which has been identified for the Site is the continued operation of the Site as a correctional facility. Because the State no longer has a need for the Site, the Site could be operated by a private prison contractor with a prison population provided by a federal entity, such as the Bureau of Prisons or the Department of Homeland Security. During the site visit, the Repurposing group expressed with a confidence level of 75-80% that federal dollars could likely be obtained to support the private operation of a correctional facility at the Site. The Repurposing group also indicated that the State would not be opposed to housing inmates from other states at the Site through a private prison contract. The Repurposing Group indicated that efforts to identify alternative non-correctional public or private sector uses, including office, retail, industrial, residential, homeless housing, and institutional uses such as healthcare and education, have not been successful.

#### **B. Bent County**

Maintaining some level of employment at the Site is of paramount interest to the local community and Bent County. A considerable number of Bent County's employment base is supported by the current FLCF, which employs approximately 200 local residents out of a total countywide population of approximately 5,900. In addition, during the site visit, Bent County representatives indicated that approximately 25% of the County's public school students have parents who currently work at the Site and that these employees represented some of the higher wage earners in Bent County. In short, closure of the FLCF, with no subsequent presence of any kind to maintain current employment levels, would be devastating to the local economy.

Because of their eagerness to preserve some form of presence at the Site, Bent County representatives stated during the site visit that they would support virtually any use of the Site that would provide employment. Continued use of the Site for correctional purposes, by alternative inmate populations, was viewed as one of the most viable uses, given the Site's current use, but alternative uses would also be welcomed. Any alternative use at the Site can be expected to gain community support and would likely be able to obtain necessary land use, zoning, or construction approvals and permits.

## IV. Surrounding Land Uses

### A. North

There is little development north of the Former Fort Lyon VAMC. Land use immediately to the north of the Site consists of residential and agricultural uses. County Rd. Hh borders a portion of the Site along the northern perimeter of Parcel A and extends to the Ft. Lyon National Cemetery. Situated along this dirt road, right near the entrance gate to the Site, are an abandoned retail outlet (former Copenhagen Grocery), a residential property with vehicles stored on the lot, and abandoned agricultural buildings. Pictured below is the former Copenhagen Grocery, which originally provided amenities to the Site and surrounding residential properties, and is currently abandon.

**Figure 18: View Northeast from Site Entrance – Abandoned Retail**



There are no major state or county highways that connect Las Animas to areas north of the Site. Traveling north to another city requires driving 20 miles east to Wiley at State Highway 287 or west to La Junta at State Highway 109. Land extending north from the Site consists of farm, or vacant land. No evidence of any significant office, industrial, recently developed residential, or retail space could be found north of the Site. In general the lack of accessibility and demand in the area has resulted in minimal development north of the Site. This, coupled with the fact that there exist abandoned retail and agricultural buildings adjacent to the Site, suggest that there may be minimal demand for these types of uses at the Site.

### B. South

The area immediately south of the Former Fort Lyon VAMC includes the Arkansas River and associated floodplains from the John Martin Reservoir. The US Army Corp of Engineers completed the John Martin Dam in 1948 to reduce flooding in the Arkansas River Valley. The Burlington North Santa Fe Railway runs two lines to Las Animas, one south bound, connecting Las Animas to Baca County and northern Oklahoma, and the other east and west along US 50. The east-west track runs south of the Site and is utilized by Amtrak for passenger rail service, with stops in the Lamar and La Junta.

**Figure 19: Aerial View of Site – Facing South**

Land uses south of the Site consist of agricultural farmland, cattle pastures and vacant land. State Highway 101 connects Las Animas to the southern Colorado counties of Las Animas and Baca, and the state of New Mexico. A notable renewable energy land use is the Twin Buttes wind farm, located on a 9,000 acre parcel less than 10 miles south of the Site. Although much of the Site consists of vacant land, the Site is not considered suitable for renewable energy reuse in this capacity, as thousands of acres are typically required for wind energy development, and because of the Sites relatively low elevation level, situated next to the Arkansas River.

In general the lack of accessibility and demand in the area has resulted in minimal development south of the Site, and no evidence of any significant office, industrial, recently developed residential, or retail space could be found south of the Site. This suggests that there may be minimal demand for these types of uses at the Site.

### **C. East**

The eastern perimeter of the Site is bordered by a dirt road, which runs along the outside of the dike. Beyond this road to the east, are the Arkansas River, accompanying wetlands, and the John Martin Reservoir and its associated state park. The John Martin Reservoir stretches 11 miles east of from the Site, supplying water through irrigation to surrounding farm land, and ends at the John Martin Dam.

Located 25 miles away, the City of Lamar (pop. 7,874) is the nearest large town to the east along US 50, beyond the small towns of Hasty, Wiley and McClave. Lodging uses can be found on the way to Lamar, at the Hasty Retreat Bed & Breakfast and in Lamar itself, where nine hotels/motels, including hotels chains such as Travelodge, Super 8, Days Inn and Holiday Inn are located. In terms of retail, Lamar is the next area east of the Site which contains a retail market, including several restaurants, a Safeway, and a Wal-Mart. In addition, the Lamar Industrial Park houses the operations of several local manufacturing companies and contains available sites for industrial uses. Also to the east, is the Colorado Green Wind Power Project, an Iberdrola Renewables and Shell WindEnergy joint venture, which is sited on 11,000 acres 20 miles south of Lamar. In regards to residential land uses, Lamar contains residential housing, but has experienced a recent decline in population and an increase in vacancy rates, which stand at approximately 20 percent.<sup>1</sup> Educational and healthcare institution uses in Lamar include the Lamar Community College and Prowers Medical Center.

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<sup>1</sup> Colorado Department of Local Affairs, State Demography Office

Although more substantial residential land uses, and income producing land uses could be found to the east of the Site, most notably in Lamar, the distance from the Site and the lack of these uses immediately around the Site suggest that demand for these product types does not extend to the Site. This, combined with limited visibility at the Site and demographic data indicating declining populations in surrounding towns, implies that there is limited potential for these uses at the Site. With respect to educational and healthcare institutional uses at the Site, the Repurposing group explained that it had explored these options, but demand was found to be weak due to the presence of the existing facilities in Lamar, and La Junta to the west.

#### **D. West**

Directly west of the Site, County Rd. 15 runs along the western perimeter of the campus, separating the Site from adjacent properties. Neighboring land uses include residential properties, agricultural fields, and wetlands associated with the John Martin Reservoir. Farther west of the Site, along US 50, are the towns of Las Animas and La Junta, located approximately 4 and 22 miles away respectively.

Las Animas contains minimal hospitality, retail, commercial, industrial and institutional uses. A declining population has also contributed to the weak real estate market and recent increases in vacancy rates in Las Animas. Las Animas contains residential uses, but has a residential vacancy rate that has exceeded 20 percent every year since 2007.<sup>2</sup> With respect to educational and healthcare uses, Las Animas contains no educational uses beyond public school and tutoring facilities and contains a small healthcare center. Las Animas is also the location of the Bent County Correctional Facility, which is owned and operated by the Corrections Corporation of America (CCA). The facility has a 1,466 bed capacity, with an inmate population provided by the DOC. The facility is one of the largest employers in Bent County, with approximately 190 employees.

Farther west, the larger town of La Junta contains hospitality chains, such as Holiday Inn, Hampton Inn and Super 8 and the nearest retail variety, including several restaurants, clothing stores, Wal-Mart, etc. Additionally, the La Junta Industrial Park houses the following industrial companies: DeBourgh Manufacturing Company, Lewis Bolt and Nut Company, Holden Marketing Support Services, Coffee Holding Company and Oliver Manufacturing Company, Inc. La Junta contains residential areas, but similar to surrounding towns, vacancy is high, measuring approximately 18 percent or higher every year since 2007.<sup>3</sup> With respect to educational and healthcare uses, La Junta contains a junior college, a few medical clinics and the Arkansas Valley Regional Medical Center.

Although more substantial residential land uses, and income producing land uses could be found to the west of the Site, most notably in La Junta, the distance from the Site and the lack of these uses around the Site suggest that demand for these product types does not extend to the Site. This, combined with limited visibility at the Site and demographic data indicating declining populations in surrounding towns, implies that there is limited potential for these uses at the Site. With respect to educational and healthcare institutional uses at the Site, the Repurposing group explained that it had explored these options, but demand was found to be weak due to the presence of the existing facilities in La Junta, and Lamar to the east.

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<sup>2</sup> Colorado Department of Local Affairs, State Demography Office

<sup>3</sup> Ibid.














## V. Compatible Use Assessment

### A. Approach

The Team compiled a summary of the Site and surrounding area’s attributes and constraints. With this information, the Team evaluated a variety of potential uses and indicated each use’s potential compatibility with the Site using a “stoplight” rating system. Red indicates incompatibility for that specific use, orange indicates low compatibility, yellow indicates medium compatibility, and green indicates high compatibility. Because the severability of individual parcels is limited, potential alternative uses were assessed based on their compatibility with the Site as a whole. The following table contains the results of the Team’s Site compatibility assessment.

### B. Compatibility Assessment

**Table 7: Compatibility Assessment**

Site Attributes (+) / Constraints (-)								
<ul style="list-style-type: none"> <li>+ Large Site with available developable acreage</li> <li>+ Site could be zoned to accommodate a variety of uses</li> <li>+ Site contains existing residential, correctional and healthcare facilities (could be a constraint for non-residential, non-institutional uses)</li> <li>+ Institutional buildings and site utility infrastructure are well maintained</li> <li>+ Existing boiler plant has excess capacity</li> </ul>								
<ul style="list-style-type: none"> <li>- Remote location, far from population centers and employment base</li> <li>- Low visibility</li> <li>- Existing buildings are not currently configured for retail, office, industrial or multi-family residential use</li> <li>- Existing buildings are historic, which could limit ability to renovate for alternative uses</li> <li>- Most existing residential buildings in average or poor condition</li> <li>- Severing utilities from central plant and Site infrastructure may be difficult</li> <li>- No available public transportation available</li> <li>- Limited office and retail product exists in surrounding area, indicating limited-to-no demand</li> <li>- Limited new residential development in area; high residential vacancy indicates limited-to-no demand</li> <li>- Existing educational and healthcare facilities in surrounding adequately meet demand</li> <li>- Local economy provides limited employment opportunities</li> <li>- Abundant vacant and unimproved land in surrounding area likely more attractive for prospecting developers and businesses</li> <li>- Repurposing Group has not been successful in identifying interested parties for office, retail, industrial, residential, homeless housing, education, or healthcare uses</li> </ul>								
Compatible Use Assessment								
Office	Retail	Industrial	Residential		Homeless Housing	Institutional		
			Single Family	Multi-Family		Education	Healthcare	Correctional
								
Key:  = High Compatibility  = Medium Compatibility  = Low Compatibility  = No Compatibility								

As shown above, institutional use for correctional purposes was deemed to be the most compatible potential use for the Site, followed by education and healthcare. Other alternative uses, including traditional real estate uses such as office, retail, industrial, residential, and non-traditional uses such

as homeless housing, were deemed to have low or no compatibility with the Site and surrounding area. These uses were rated as having no or low compatibility primarily because the Site contains large institutional buildings, which although well maintained, are historic, and may not be easily, or cost effectively converted for other uses. Additionally, limited demand, a declining local population, increasing unemployment, and limited access to surrounding markets render the Site unsuitable for non-institutional, for-profit uses. Although single family residential use was deemed to have low compatibility, is not considered a viable primary use of the Site. Severing the residential areas would likely be difficult and residential use at the Site is considered better suited as a secondary use in support of a primary institutional use, as is currently the case at the Site. The following sections contain an analysis of the surrounding area's demographic trends and economic conditions, in addition to an assessment of the institutional market, to better understand which of this use's subcategories could be a viable use at the Site.

## **VI. Local Market Dynamics**

### **A. Overview**

Six counties comprise the southeast Colorado region, including Baca, Bent, Crowley, Kiowa, Otero and Prowers. Southeast Colorado is sparsely populated and contains a total population of 51,244, and a labor force of 23,606 people. Historically, the region has specialized in farming and ranching, although a range of industries now have a presence in the region, and energy, manufacturing, healthcare, and public service are the region's key industry sectors and employment drivers. As of 2007, the median household income in southeast Colorado was \$27,896, with a total of 18,748 households. The effects of the economic downturn have contributed to a decline in the regional population and an increase unemployment.

#### **1. Las Animas**

Las Animas, the county seat and only registered municipality in Bent County, has a population of 2,758. Las Anima's economy is dependent on two correctional facilities (FLCF, Bent County Correctional Facility) and local agriculture, which predominately produces forage, wheat, corn and sorghum. The Burlington North Santa Fe Railroad has two rail lines in Bent County that run through Las Animas and provide shipping to the agricultural economy. Since the beginning of the economic downturn, unemployment in Las Animas has risen and the area population has begun to decline.

### **B. Demographics**

Demographics are often a key factor in estimating the strength of a local economy and can indicate demand for products and real estate uses. The Team reviewed demographic trends within a one-, three- and five-mile radius of the Site. Historic demographic data was gathered primarily from the U.S. Census Bureau and the Bureau of Labor Statistics, and demographic forecasts were provided by the independent demographic services company ESRI, Inc.

#### **1. Population and Household Income**

The populations of Bent County and the areas surrounding the Site remained relatively stable between 2000 and 2010. The current population within a one-, three- and five-mile radius from the Site is projected to be 441, 563 and 3,885, respectively. These figures demonstrate that a majority of the population surrounding the Site is located near the center of Las Animas, which is approximately four miles east of the Site. This is consistent with the geographic nature of Las Animas, which consists of sparsely populated agricultural farmland, surrounding the more populated town center.

The demographic data presented in the table below projects a slight population and household change in Las Animas and Bent County between 2010 and 2015. Las Animas' population is projected to decrease 0.78 - 0.91 percent, consistent with Bent County's overall population trends, which show a decrease over the same period. In contrast, household growth in Las Animas and Bent County is projected to increase in the period 2010 - 2015, by 1.6 - 4.0 percent and 1.5 percent, respectively.



The table below presents the demographic data collected for the area surrounding the Site and in Bent County.

**Table 8: Population and Household Demographics<sup>4</sup>**

Category	1 - Mile Radius from Site	3 - Mile Radius from Site	5 - Mile Radius from Site	Bent County
<b>Population</b>				
2000 Total Population	417	532	3,741	5,998
2010 Total Projected Population	441	563	3,885	5,926
2015 Total Projected Population	424	541	3,711	5,626
Projected Annual Growth Rate 2010 - 2015	-0.78%	-0.79%	-0.91%	-1.03%
<b>Households</b>				
2000 Households	153	206	1,378	2,366
2010 Households	188	252	1,492	2,557
2015 Projected Households	195	262	1,516	2,596
Projected Growth Rate 2010 - 2015	3.7%	4.0%	1.6%	1.5%
<b>Median Household Income</b>				
2000 Median Household Income	\$27,469	\$27,820	\$25,823	\$27,866
2010 Median Household Income	\$33,654	\$33,098	\$30,868	\$33,943
2015 Projected Median Household Income	\$38,666	\$37,388	\$35,157	\$38,916
<b>Average Household Income</b>				
2000 Average Household Income	\$34,281	33,729	\$32,137	\$36,518
2010 Average Household Income	\$42,818	\$43,188	\$39,404	\$42,727
2015 Projected Average Household Income	\$45,202	\$44,907	\$44,658	\$48,727

As indicated in the table above, the projected average household incomes (HHIs) in the area surrounding the Site within a one-, three- and five-mile radius are \$42,818, \$43,188 and \$39,404 respectively, which is an increase of approximately 22.6 – 28.0 percent from 2000 census figures. Similarly, the projected median HHI within a one-, three- and five-mile radius of the Site has risen to \$33,654, \$33,098 and \$30,868, respectively, illustrating an approximate increase of between 19.0 – 22.5 percent from 2000. Comparatively, the average and median HHIs for Bent County are projected to increase by 17.0 and 21.8 percent, respectively, representing slightly lower growth than that seen in the area around the Site and Las Animas.

In addition, small differences in median and average HHIs appear to exist across the different study areas. This could indicate that the population within a one-mile radius from the Site earns slightly higher wages than the populations located closer to Las Animas and across the County generally. This trend is consistent with information collected during the site visit, during which State and County representatives explained that employees who work and live at the Site generally represent higher wage earners relative to residents in other parts of the County.

<sup>4</sup> Demographic data provided by ESRI Business Analysis Tool, and based on data gathered by the US Census Bureau and Bureau of Labor Statistics

## 2. Industry and Employment

Industry and employment demographic information indicate that the population located within a one- to three-mile radius of the Site is largely employed in the Agriculture, Retail Trade, and Services industries. The two largest employers in the county are the Fort Lyon Correctional Facility and the Bent County Correctional Facility, both of which contribute to the high percentage of people working in the Services industry with a five-mile radius of the Site and across the County generally. The following table displays employment demographic information showing employment by industry type.

**Table 9: Employed Population by Industry Type<sup>5</sup>**

Industry Type	1 - Mile Radius from Site	3 - Mile Radius from Site	5 - Mile Radius from Site	Bent County
Agriculture/Mining	26.7%	26.8%	11.9%	17.7%
Construction	4.8%	4.6%	4.2%	4.2%
Manufacturing	3.2%	3.3%	2.1%	2.2%
Wholesale Trade	3.7%	3.8%	2.4%	2.6%
Retail Trade	11.8%	11.7%	12.8%	12.2%
Transportation/Utilities	7.0%	6.7%	3.4%	3.7%
Information	0%	0%	0%	0.7%
Finance/Insurance/Real Estate	6.4%	6.7%	4.3%	4.1%
Services	24.6%	24.3%	45.8%	42.8%
Public Administration	11.8%	12.1%	12.3%	9.9%

Demographic data also indicate that approximately 59.2 percent of the total employable workforce within a five-mile radius of the Site are “white collar” professionals, working in business, professional, sales, or administrative positions. The remaining workforce within a five-mile radius of the Site is split between the services industry (22.4 percent of workers) and “blue collar” industries (18.5 percent of workers). Across the County, approximately 58.4 percent of the total employable workforce is comprised of “white collar” professionals, with the remaining available workforce divided into services (18.9 percent) and “blue collar” (22.7 percent). The following table provides a breakdown of the employment characteristics of the area and County workforce.

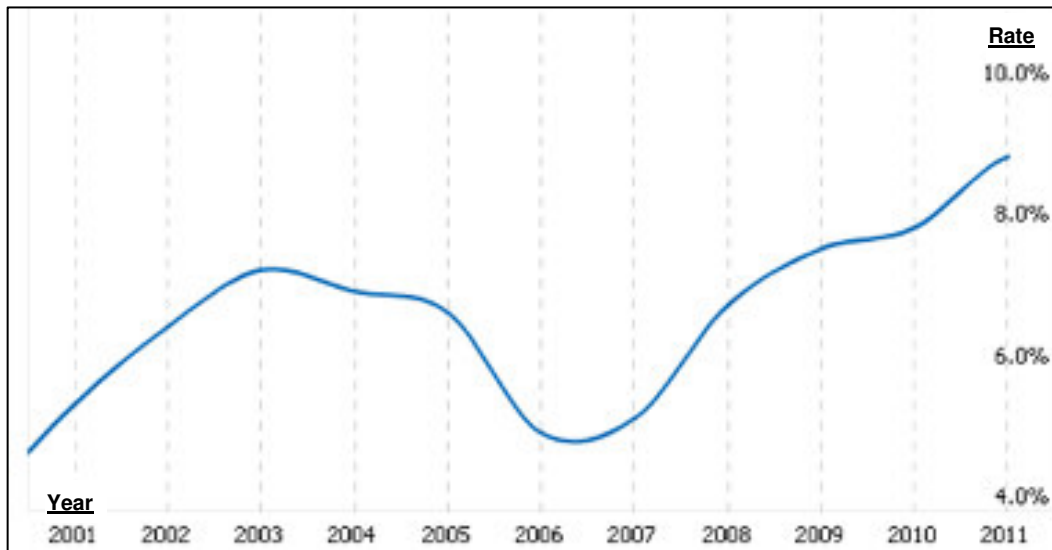
<sup>5</sup> Demographic data provided by ESRI Business Analysis Tool, and based on data gathered by the US Census Bureau and Bureau of Labor Statistics

**Table 10: Employment Characteristics<sup>6</sup>**

Employment Characteristics	1 - Mile Radius from Site	3 - Mile Radius from Site	5 - Mile Radius from Site	Bent County
White Collar	66.5%	66.4%	59.2%	58.4%
Management / Business / Financial	25.5%	25.7%	15.2%	17.4%
Professional	6.9%	7.1%	19.2%	18.9%
Sales	9.6%	9.5%	10.8%	9.9%
Administrative Support	24.5%	24.1%	14.0%	12.2%
Services	12.8%	12.9%	22.4%	18.9%
Blue Collar	20.7%	20.7%	18.5%	22.7%
Farming/Forestry/Fishing	4.8%	4.6%	5.5%	9.4%
Construction/Extraction	3.2%	3.3%	4.1%	3.7%
Installation / Maintenance/ Repair	5.3%	5.0%	3.1%	3.3%
Production	1.6%	1.7%	2.2%	2.6%
Transportation / Material Moving	5.9%	6.2%	3.6%	3.7%

With respect to employment levels, recent data show that unemployment in Bent County has been trending upward since 2006. According to the U.S. Bureau of Labor Statistics, 9.0 percent or 206 people out of the total employable workforce of 2,295 in Bent County were unemployed as of April 2011. This figure compares to a statewide unemployment rate of 8.7 percent and a national unemployment rate of 9.1 percent for this period. The following figure displays the historical unemployment rate in Bent County.

**Figure 20: Historical Unemployment in Bent County<sup>7</sup>**



Note: Non-Seasonally Adjusted

As shown above, the unemployment rate in Bent County has risen to almost 9 percent since 2006. Weak national economic trends are a primary reason unemployment in the County has risen and

<sup>6</sup> Demographic data provided by ESRI Business Analysis Tool, and based on data gathered by the US Census Bureau and Bureau of Labor Statistics

<sup>7</sup> U.S. Bureau of Labor Statistics

remains at an elevated level. If the national economic recovery stalls, or is slower than expected, unemployment in the County could remain elevated, or even continue to rise. In addition, it is expected that closure of the FLCF, a major employer in the County, would exacerbate unemployment and have a detrimental impact on the local economy.

### **3. Local Economic Outlook Summary**

Unlike large urban areas, which tend to contain larger, more diverse and dynamic economies, the area surrounding the Site and Bent County is small and predominantly rural in nature, and present fewer job and growth prospects. Although unemployment in Bent County is on par with state and national levels, the expected decline in area population and lack of job diversification (heavy reliance on the service sector) could limit growth opportunities. Until the national economy begins to recover and help raise employment levels in Colorado and Bent County, and unless declining population trends in the area can be reversed, large commercial and for-profit entities would likely not find Bent County and the area surrounding the Site to be attractive locations for development and operations, relative to larger, more vibrant and accessible locations throughout Colorado and the nation.

## **C. Institutional Market**

Given the Site's physical attributes and current use, and the area's local market dynamics, institutional use was determined to be potentially compatible. To more thoroughly understand the demand for this use at the Site, the Team analyzed three sub-categories of use within the institutional market: Healthcare, Higher Education, and Correctional. The following sections examine the demand for these types of institutional uses in the surrounding area, and evaluate their viability as potential uses at the Site.

### **1. Healthcare**

Although the improvements at the Site are suitable for healthcare use, the demand for existing healthcare in the area around the Site and in the nearby towns of Lamar and La Junta are met by existing resources. Several healthcare facilities are located within close proximity to the Site, including the Bent County Nursing Service and Bent County HealthCare Center in Las Animas provide primary care, ambulatory, therapy, nursing home, assisted living, and adult day and lab services. Larger medical facilities are located in Lamar and La Junta and provide coverage to the full range of healthcare needs. In La Junta, the Arkansas Valley Regional Medical Center functions as a hospital and provides emergency, diagnostics, intensive care, laboratory, surgical and rehabilitation services, among others. Similarly, located west of the Site in Lamar, the Powers Medical Center offers a full range of medical services. With regard to Veteran medical care, recently opened Community Based Outpatient Clinics are located in Lamar and La Junta, and adequately serve the surrounding Veteran population.

Discussions with the Repurposing Group during the site visit revealed that healthcare use at the Site had been considered a potential reuse option, but was deemed not feasible due to limited demand in the surrounding area, in large part because demand appears to be adequately met by existing area healthcare facilities. For this reason, healthcare use at the Site could be considered to have minimal-to-no potential.

## 2. Higher Education

Higher education could be a use compatible with some of the Site's existing improvements, but demand for this use at the Site and in the surrounding area is limited. Located west of the Site in La Junta, the Otero Junior College offers associate and technical degrees in a variety of disciplines. With a 70 year presence in the local community, the school was established in 1941 on a 40 acre parcel on the south side of La Junta. Located east of the Site, the Lamar Community College is located on Main Street in Lamar and was established in 1937. The Lamar Community College is a junior college that serves a large geographic region, including Powers, Baca, Cheyenne and Kiowa Counties and offers a wide range of technical education degrees and certificates and is known for its agriculture and equine programs.

Discussions with the Repurposing Group during the site visit revealed that educational use at the Site had been considered a potential reuse option, but was deemed not feasible due to limited demand in the surrounding area, in large part because demand is adequately met by existing higher educational facilities. For this reason, higher educational use at the Site could be considered to have minimal-to-no potential.

## 3. Correctional

Because the Site has been continually operated as a correctional facility since 2002, the Site and existing improvements are best suited for a continuation of this type of use. Among other benefits, maintaining this use would require minimal capital costs, because existing buildings would not require large-scale renovation or conversion. In addition, demand for this use is generally not dependent on the health of the local economy, and instead is driven by entities at the federal, state, or local levels seeking to house inmates. For this reason, continued use of the Site as a correctional facility could be possible through a private sector contractor, whereby a federal entity provides the inmate population and funds the contract with the prison operator.

Currently, the City of Las Animas is the location of the Bent County Correctional Facility, which is owned and operated by a private prison contractor, the Corrections Corporation of America (CCA). The facility has a 1,466 bed capacity and an inmate population provided by the DOC. Similar to the FLCF, the facility is one of the largest employers in Bent County, with approximately 190 employees. The presence of a privately operated prison located near the Site indicates that at least one private prison operator has experience in the area and maintains an existing working relationship with Bent County. It also suggests that there is a local workforce, in addition to the one employed by the current FLCF, which could potentially provide additional human resources if correctional facility operations at the Site continued or were expanded. Moreover, CCA has already expressed interest in operating the Site as a correctional facility, supported by a federal contract. As the DOC and the County do not require additional correctional facility capacity, the inmate population that would potentially be housed at the Site would likely come from federal entities.

During the site visit, the Repurposing Group expressed that demand for correctional use of the Site, could come from the Federal Bureau of Prisons, or the U.S. Immigration and Customs Enforcement (ICE), within the Department of Homeland Security (DHS). Currently the Bureau of Prisons operates a Federal Correctional Complex in Florence, Co, approximately 130 miles west of the Site. This facility houses a medium security Federal Correctional Institution, a high security United States Penitentiary and an Administrative Maximum (ADX) facility, which also supervises a minimum

security satellite prison camp located outside the secure perimeter of the ADX. As an additional federal presence in Colorado, ICE controls the Denver Contract Detention Facility in Aurora.

The Repurposing Group indicated that due to overpopulation in federal detention and correctional facilities, that there is federal demand for additional capacity. The Repurposing Group noted that two private sector prison operators (Emerald Companies, and CCA) have expressed interest in the Site, and would be interested in operating the Site, likely through a federally funded contract with a federal inmate population. The Repurposing group expressed with a confidence level of 75-80% that federal dollars could likely be obtained to support the private operation of a correctional facility at the Site. In addition to housing federal prisoners, the Repurposing Group said that the State would not be opposed to the private operation of the facility with inmates provided from other states with overcrowded prison populations.

## VII. Potential Disposal Strategies

Based on the analysis of the Site and the surrounding market, and on discussions with the Repurposing Group during the site visit, the Team finds that continued institutional use for correctional purposes appears to be the most viable reuse option for the Site. Site and market constraints limit the potential for other market and mission-driven uses, and indicate that retaining the property would likely provide limited-to-no benefit or consideration to VA. To help VA minimize exposure to transaction and/or carrying costs, which could accompany ownership of the Site, the Team has identified the following Site “disposal” for VA:

1. **State of Colorado Maintains Ownership** - VA would avoid carrying and transaction costs by enabling the State to maintain ownership of the Site. According to the Repurposing Group, this is the preferred option for the State, which may have more flexibility than VA in structuring a lease or operating agreement with a private prison operator and/or federal entity. This option also has the highest potential for uninterrupted occupancy of the Site, thereby avoiding the negative economic impact to the local community that would occur if the Site were closed.
2. **EUL Site to State of Colorado for use as Non-State Operated Correctional Facility** - Ownership of the Site would revert to VA, which would enhance-use lease (EUL) the Site back to the State for use as a non-State operated correctional facility. VA would incur transaction costs, and would need to pursue a “fast-track” EUL process to meet the current FLCF closure deadline of March 1, 2012 to maintain employment at the Site. Failure to meet this deadline could limit the State’s ability to identify a private prison operator, would negatively impact the local economy, and exposes VA to the risk of incurring holding costs.
3. **Declare Site Excess and Transfer to GSA** - Ownership of the Site would revert to VA and VA would dispose of the Site through the federal disposal process. This strategy exposes VA to the risk of incurring transaction and carrying costs until GSA disposes of the Site, potentially through a Public Benefit Conveyance to the State. This process would also likely result in closure of the Site, which would negatively impact the local economy.
4. **EUL to Private Sector** - Ownership of the Site would revert to VA and VA would dispose of the Site to the private sector through an EUL. Given the limited demand for the Site, there is a low likelihood that VA would be able to find a lessee, and VA could incur ongoing Site carrying costs. With no transaction, VA would incur minimal transaction costs (only those associated with the transfer of ownership from the State). Also, an EUL to a private sector prison operator is unlikely because prison operating contracts are relatively short term, and private prison operators would likely be unwilling to enter into a long-term EUL (i.e. greater than 50 years), without an accompanying long-term operating contract. This strategy would also likely result in the closure of the Site, which would negatively impact the local economy.

Enabling the State to retain ownership of the Site under Option 1 could potentially be the most favorable option for the State, Bent County and for VA. This option presents the best opportunity to maintain an uninterrupted employment presence at the Site, a benefit to the County and State, and offers VA an opportunity to avoid any and all carrying and transaction costs that would be incurred if ownership of the Site were to revert to VA. The following table summarized the list of the potential disposal options for VA.

**Table 11: Potential Disposal Options Summary Table**

Disposal Option	Expected Consideration to VA	Holding Costs	Transaction Costs	Risk	Notes
1. State of Colorado Maintains Ownership	None	None	None	Low	<ul style="list-style-type: none"> <li>VA and State agree that a correctional facility owned by the State, but operated by another entity for inmates not incarcerated by the State is compliant with the terms of the Deed</li> <li>Meets goals and objectives of State and local community</li> </ul>
2. EUL Site to State for use as Non-State Operated Correctional Facility	None	None	Involves two transactions: <ul style="list-style-type: none"> <li>Reversion to VA</li> <li>EUL to Colorado</li> </ul>	Low / Medium	<ul style="list-style-type: none"> <li>Would require “fast-track” EUL process to meet March 1, 2012 deadline</li> <li>Lack of immediate State control of the Site could impact State’s ability to enter into an agreement with other jurisdictions, which could impact execution of EUL, resulting in closure of the Site and expensive holding costs for VA</li> <li>If March 1, 2012 deadline is not met, or if State is unable to secure an operator, VA’s holding costs would become “High”</li> <li>Meets goals and objectives of State and local community</li> </ul>
3. Declare Site Excess and Transfer to GSA	None	Low	Involves two transactions: <ul style="list-style-type: none"> <li>Reversion to VA</li> <li>Transfer to GSA</li> </ul>	Medium	<ul style="list-style-type: none"> <li>After transfer to GSA, GSA initiates a Public Benefit Conveyance to State</li> <li>Even a “fast-track” process could take up to one year, meaning conveyance will most likely happen after the March 1, 2012 deadline</li> <li>Lack of immediate State control of the Site could impact State’s ability to enter into an agreement with other jurisdictions, resulting in closure of the Site and expensive holding costs that will be passed on to VA from GSA</li> <li>Meets some goals and objectives of State and local community, but delayed conveyance and/or other risks could have devastating impact on local economy</li> </ul>
4. EUL to Private Sector	None	High	Minimal – limited demand, low likelihood of transaction	High	<ul style="list-style-type: none"> <li>Limited to no private sector demand</li> <li>A private contractor to operate a prison would not enter into an EUL agreement longer than their contract with the funding jurisdiction, typically no longer than 5-10 years</li> <li>Does not meet goals and objectives of State and local community</li> </ul>

Note: In the table above, “Risk” is intended to capture the potential for VA to incur cost, and the likelihood of the disposal transaction successfully closing.



## VIII. Appendices

### A. Appendix A: Government Furnished Information List

The following table contains a list of information collected as part of this study. This information has also been compiled in electronic format and is included in the attached CD.

Item	Status	Notes
<b>1. Property Information</b>		
Site Map	Provided (VACO, Site)	Latest Site map dated 2001 and included in Exhibit D of 2002 Deed; additional site maps provided during site visit
Gross acreage of Site	Provided (Site)	552 acres included in Physical Plant Summary, dated June 15, 2011, provided during site visit
Any other available maps or site plans (topography, roads, parking, historic areas, etc.)	Provided (Site)	Aerial photo, environmental, fence, utility maps, shooting range map, others provided during site visit
Description of Ft. Lyon Correctional Facility and services	Provided (Site)	Physical Plant Summary and site brochure provided during site visit
<b>2. Title Information / Legal Description</b>		
Title reports or abstracts	N/A	Title report/abstract not conducted; Reversion clause included in 2002 Deed
Property Deed	Provided (VACO)	2002 Deed from VA to State of Colorado
Property survey(s) / ALTA survey(s)	Provided (Site)	Land Survey Plat provided during site visit
Legal description (e.g., metes and bounds) of VA property	Provided (VACO)	Exhibit A of 2002 Deed
<b>3. Encumbrances</b>		
Any easements, outleases, or use permits associated with the property, including easement drawings covering the property (utility lines, roads, etc.)	Provided (Site)	Grazing and firing range agreements provided during site visit
Riparian rights and description	Provided (VACO, Site)	VA water rights and well easements described in Exhibit C in 2002 Deed; Additional water rights information provided during site visit and through discussions with NCA
<b>4. Buildings and Site Improvements</b>		
Complete building inventory or roster (including building name(s) or number(s), GSF, current and proposed use(s), building condition, year built, type of construction, roofing and other building material(s) used, floor load capacity, ceiling heights, interior finishes, slab-to-slab clearance, # of floor(s), parking capacity, any seismic, environmental or historic issues, etc.)	Provided (Site)	Building inventory, square footages, use, year built, replacement value, parking, historical and environmental information, etc. provided during site visit
Physical Condition Assessment Reports	Provided (Site)	Building contents and interim condition report provided during site visit
<b>5. Utility Infrastructure</b>		
Utility maps	Provided (Site)	Steam, water, gas, electrical maps provided during site visit
Any planned utility and infrastructure upgrades	Provided (Site)	No planned upgrades.
Utility infrastructure condition and operating costs	Provided (Site)	Utility conditions and operating costs included in FLCF total operating estimates provided during site visit
Existing utility access and capacity (gas, electric, water, sewer, steam, telecommunications, etc.)	Provided (Site)	Included in Physical Plant Summary provided during site visit
Community services providers (fire, police, trash, etc.)	Provided (Site)	Information on community service providers provided during site visit
<b>6. Environmental Considerations</b>		
Previous Environmental Baseline Survey	Provided (VACO, Site)	Finding of Suitability for Transfer (FOST) included as Exhibit D in 2002 Deed; EA provided by VACO
Previous Environmental Impact Statements	N/A	Document not available
Previous Phase I and Phase II Environmental Site Assessments	Provided (VISN)	EA and Supplemental EA provided by VISN
National Environmental Policy Act reports	N/A	Document not available

**Appendix A: Government Furnished Information List (Continued)**

Item	Status	Notes
<b>7. Cultural and Historic Considerations</b>		
National Register of Historic Places (NRHP) listed or eligible buildings and/or districts	Provided (Site, VISN)	NRHP registration form and documentation (text and photos) downloaded from NRHP website and provided during site visit; programmatic agreement letters provided by VISN
Archaeological sites and historical or cultural management initiatives	Provided (Site)	Included in NRHP documentation
Indian burial grounds or other archaeological sites	N/A	No Indian burial grounds; historic/archaeological information included in NRHP documentation
<b>8. Previous Site Assessments, Reuse Studies</b>		
Any previous VA, State, or third-party prepared real property site assessments or reuse studies	Provided (VISN)	Analysis of Closure of FLCF provided by VISN
Any previous real property appraisal reports conducted on the Site and/or individual parcels or buildings	Provided (Site)	Estimated building replacement value (for insurance purposes) included in building inventory provided during site visit

## **B. Appendix B: Statement of Limitations**

1. Our work product, including this report, delivered or otherwise communicated during the course of performing this contract, is based upon the requirements contained in the Department of Veterans Affairs Site Reviews Initiative contract and related Statement of Work.
2. Any draft or final report prepared by Jones Lang LaSalle under this Agreement shall be used solely for the internal purposes of the Department of Veterans Affairs (“VA”) and VA agrees that it shall not use any such reports in connection with any public documents. Further, Jones Lang LaSalle shall not be referred to in any public documents without Jones Lang LaSalle’s prior written consent, which may be given in its sole discretion.
3. The data, documentation, and assumptions used to prepare any analysis or reports hereunder were derived from information supplied by VA published information, information obtained by Jones Lang LaSalle in the regular course of its business, and other industry sources. All such information will not be independently verified by Jones Lang LaSalle for purposes of this Agreement. Jones Lang LaSalle will not be responsible for the accuracy of such data and information, and for any assumptions derived there from. However, Jones Lang LaSalle’s performance will be based on Jones Lang LaSalle’s professional evaluation of all such available sources of information.
4. VA is responsible for representations made to Jones Lang LaSalle about its plans and expectations and for disclosure of significant information that might affect the ultimate realization of the conclusions and recommendations made by Jones Lang LaSalle.
5. It is assumed for the specific properties evaluated that there are no hidden conditions, subsoil, or structures that could negatively impact the potential for construction, renovation or replacement. No independent architectural or engineering study, soil or subsoil study, properties survey or environmental investigation was made and no liability is assumed in connection with such matters.
6. All design and cost data site neutral and conceptual in nature.
7. As used in any analysis in this report and any report that follows, the terms “project,” “projection,” or “forecast” relate to broad and generally perceived expectations of future events or conditions. All such estimates and assumptions are inherently subject to uncertainty and variation, depending on the unfolding of future events, which cannot be accurately foreseen. Consequently, we do not represent these estimates as results that will be achieved. Actual results achieved may vary materially from the projections.
8. Events or transactions that may occur subsequent to the effective date of our report will not be considered. Jones Lang LaSalle is not responsible for updating or revising this report for the effects of such subsequent events.
9. No liability is assumed for matters that are legal or environmental in nature. In addition, any reference to physical property characteristics in terms of quality, condition, cost, suitability, soil conditions, obsolescence, and the like are strictly related to their economic impact on the Properties. No liability is assumed for any personal property or engineering-related issues, including inadequacies or defects in the structure, design, mechanical equipment or utility

services associated with the improvements; air or water pollution; noise; flooding, storms or wind; traffic and other neighborhood hazards; radon gas; asbestos; natural or artificial radiation, or toxic substances of any description, whether on or off the premises.

10. Maps and graphics included in the document provided by Google, Yahoo, and MapQuest are subject to Legal Notices found in the Terms of Service of each company. An agency, department, or other entity of the United States Government, or funded in whole or in part by the United States Government, has limited or restricted rights to use, duplicate, reproduce, release, modify, disclose or transfer the commercial products provided by these companies as described in DFARS 252.227-7104(a)(1)(Jun 1995) and subsequent laws. Further information detailing the Terms of Service for products provided by these companies is available on their websites.
11. The final decision to implement the recommendations made by Jones Lang LaSalle rests with VA. Jones Lang LaSalle's findings will constitute only part of the factors that VA should consider in its decision making process.