



Legislative Council Staff

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Memorandum

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July 12, 2019

TO: Capital Development Committee

FROM: Kori Donaldson, Principal Research Analyst, 303-866-4976

SUBJECT: Disposition of Vacant Lot in Georgetown

Summary

This memorandum summarizes a request on behalf of History Colorado to dispose of a vacant lot in historic Georgetown.

Vacant Lot Disposition

History Colorado plans to sell a small lot in historic Georgetown. The lot, which is located along 5th St., was donated to History Colorado in 1989. It houses a small storage shed, but is otherwise vacant. The lot formerly housed a ticket sale booth and some parking for the Georgetown Loop Railroad. It has not been used for this purpose for over a decade, since the current operator assumed control of the railroad.

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

Land acquisition details. History Colorado provided the following information in response to the requirements listed in statute:

¹ Section 24-82-102 (1), C.R.S.

- Neither History Colorado nor the railroad operator anticipate any future use for the property. Ticket sales are increasingly made on-line, storage has been moved to the railroad, and the lot can only park about 10 vehicles.
- The current maintenance costs associated with the storage shed on the lot are about \$200 per year.
- The appraised value of the lot ranges from \$38,000 to \$45,000, depending on the selected appraisal methodology.
- History Colorado says it listed the property for sale over a period of two months and received three offers. It plans to accept the highest offer of \$175,000, pending final legislative approvals.
- History Colorado explains that neither the property title nor the donation include any restrictions on the use or sale of the property.

Sale proceeds. With few exceptions, there is no clear statutory guidance with regard to where sale proceeds from the disposition of real property should be deposited. There are conflicting opinions about whether funds should be deposited in the General Fund or within a fund held by the selling agency for future use. Because of this statutory limitation, there have been a handful of bills in the last several years that were run with the intent to both authorize the disposition of real property and to direct that the sale proceeds be deposited with the selling agency. History Colorado has indicated that it plans to pursue future legislation to allow it to keep any funds from the sale of the vacant lot.

Potential CDC action. Recommend support for the sale of a vacant lot along 5th St. in historic Georgetown. The committee could also consider making a recommendation with regard to the deposit and future use of the sale proceeds.

To: Honorable Representative Dylan Roberts, Chairman, Capital Development Committee
From: Mr. Steve Turner, History Colorado, Executive Director, History Colorado
Date: July 9, 2019
Re: Disposition of History Colorado Georgetown Vacant Lot

History Colorado is requesting recommendations from the Capital Development Committee regarding the sale of a vacant lot the agency owns in Georgetown. The property is located on 5th Street in historic Georgetown and includes the following portions of block 20: the south half of lot five, all of lot six, and the east half of lot seven. The property was donated to the State Historical Society (History Colorado) in 1989 by its owner and neither the title nor donation included restrictions on the use or sale of the property.

The agency was approached in 2017 by an organization in Georgetown that was interested in acquiring the property and as a result, History Colorado worked to get the property appraised. Because the property is a vacant lot located mountainous, rural town's historic district, it is difficult to gage its value. According to two appraisals using different methodologies, the property is valued at \$38,000 to \$45,000.

Over ten years ago, the lot housed a Georgetown Loop Railroad ticket sale booth. Currently, the lot is vacant and unused, except for an old storage shed that contained tools in the past. The Railroad is now being run by a different operator that does not foresee a ticket sale booth on the lot as necessary in a digital age. In addition, it is not cost-effective as overflow parking for the Georgetown Loop Railroad because it can only hold approximately ten cars comfortably and is far enough away from the Railroad to require additional transportation to get from the lot to the Railroad.

The agency has minor maintenance costs related to the property. History Colorado spends about \$200 annually to do minor repairs to the storage shed and to ensure it is closed off to prevent humans from entering. Otherwise, there are no other costs of owning this property to the agency.

History Colorado has worked with the Office of the State Architect's Real Estate program staff and the Office of State Planning and Budgeting staff to get initial approvals to put the property on the market. The property was on the market for about two months and the agency received three offers. History Colorado is requesting consultation from the Committee so it can accept the highest bid of \$175,000 and dispose of the lot.

History Colorado would also like guidance on whether it needs additional legislation to allow the agency to dispose of the property. It is the agency's understanding that it will need legislation in order to keep any funds generated from the sale of the property, but there are some questions about whether or not History Colorado requires legislation in order to dispose of the vacant lot in Georgetown. Statute is silent on whether the agency or its Board have the authority to dispose of property without legislative authority. However, there are a variety of statutes that provide some context to suggest the agency may have authority to dispose of property.

- 24-80-207, C.R.S. says that, "Donations of moneys, securities, or other property may be made to and for the sole use of any one or more of the departments or bureaus of the society, and donations so made shall be kept in a separate fund for the use of such department."

- 24-80-501, C.R.S. states, “The state historical society shall have exclusive management and control over such historical monuments and shall reconstruct, restore, repair, construct, install, and furnish, in its discretion and to the extent of moneys available to it, such buildings, museums, or other structures and such exhibits, displays, and other items on or in such historical monuments as it deems advisable.”

Further guidance from the Committee on the issue of whether or not the History Colorado Board of Directors has the authority to dispose of property without additional legislative authority is appreciated so the agency can determine if it can move forward with a contract on the property in the short-term.

cc: Capital Development Committee Members
Kori Donaldson, Legislative Council Staff, Capital Development Committee
Vanessa Reilly, Legislative Council Staff, Capital Development Committee
Bo Pogue, Legislative Council Staff, Capital Development Committee
Matt Bishop, Legislative Council Staff, Capital Development Committee
Lauren Larson, Executive Director, Office of State Planning and Budgeting
Ben Henderson, Capital Construction, Office of State Planning and Budgeting
Spencer Rockwell, Higher Education, Office of State Planning and Budgeting
Dr. Angie Paccione, Executive Director, Department of Higher Education
Jason Schrock, Chief Financial Officer, Department of Higher Education