



Colorado
Legislative
Council
Staff

Attachment D

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MEMORANDUM

August 30, 2012

TO: Capital Development Committee

FROM: Bo Pogue, Research Associate, (303) 866-5390

SUBJECT: Department of Military and Veterans Affairs Sale of Boulder Readiness Center Property

Summary

The Department of Military and Veterans Affairs (DMVA) has submitted a real property transaction proposal to the Capital Development Committee (CDC) for review. The department proposes to sell an 8.5-acre parcel of land with readiness center structures near the intersection of North Broadway and 28th Street/U.S. Route 36 in Boulder. The anticipated sale price for the property is \$10.5 million.

Background

The DMVA is currently reconfiguring its readiness center inventory to accommodate a new infantry battalion awarded to the Colorado National Guard by the federal government. The reconfiguration includes constructing five new readiness centers and the disposal of certain properties, including the Boulder Readiness Center. The Army National Guard unit currently stationed at the Boulder Readiness Center will be moved to one of the new readiness centers when the Boulder facility is decommissioned in late 2014. Sale of the Boulder property is scheduled for January 2015.

Statutory Requirements

State law requires the Adjutant General to submit a report to the CDC prior to the disposition of real property acquired for military purposes that has been determined not to

be suitable for military purposes.¹ The CDC must review the report and provide recommendations concerning the acquisition to the Adjutant General within 30 days of receipt. The report must include the following information about the property:

1. a description of the property;
2. the maintenance costs related to the property;
3. the current value of the property;
4. any conditions or limitations which may restrict the use of the property; and
5. the terms of the proposed disposition of the property.

Proposed Sale of Boulder Readiness Center Site

The DMVA provided the following information about the proposed acquisition:

1. The 8.5-acre property is located at 4750 North Broadway in Boulder, near the major intersection of North Broadway and 28th Street/U.S. Route 36. There are two cinder block buildings and a physical plant constructed in 1949 located on the property, which are used by the DMVA as an Army National Guard readiness center.
2. The annual operations maintenance costs for the facility are \$30,000. This amount is split 50/50 between state and federal share.
3. The appraised value of the property is \$2.8 million.
4. The structures on the property contain asbestos. This issue will be rendered moot by the demolition of said structures (see the terms delineated in the response to the following question).
5. The primary terms of the purchase and sale agreement are as follows:
 - sale of the real property for \$10.5 million;
 - final close in January 2015;
 - DMVA pursues the permits and contracts for structure demolition;
 - DMVA transfers the demolition contracts upon close and does not oversee the demolition;
 - buyer will pursue rezoning; and
 - buyer can terminate the agreement until six months from the close date without financial penalty.

Additional Information

A letter from Major General H. Michael Edwards, Adjutant General, requesting support for the disposal of the Boulder Readiness Center property is attached (Attachment A).

¹Section 28-3-106 (1) (s) (I), C.R.S.

CDC Staff Questions

1. Has the department identified a buyer for the property?

Yes.

2. How does the department plan to use the proceeds from the sale?

The sale of this property (final close) will occur in January 2015. The current plan is to utilize the funds to pay back the principal plus interest borrowed from the Veterans Trust Fund and to use the remaining funds for strategic facility growth/expansion.

Action Required by the CDC

The CDC must review the report and provide recommendations to the Adjutant General. A letter with the CDC's recommendations will be drafted and sent to the department.

STATE OF COLORADO

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

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The Honorable Bob Bacon
Chairman, Capital Development Committee
Colorado General Assembly
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August 21, 2012

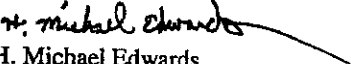
Dear Senator Bacon,

The support of all Coloradans, as exemplified by the Capital Development Committee's support for new readiness center construction, has been invaluable. We seek that support again as we move to sell the Boulder readiness center property. This next phase in our capital development strategy has long been envisioned, but has recently matured to a point that we would like to proceed.

The sale price for this land is \$10,500,000 which exceeds the appraised value of \$2,800,000. We believe that this price is appropriate for this real estate located within such proximity to the heart of Boulder. As part of this proposal, it is the intent of the department to sign the Purchase and Sale Agreement upon receipt of your approval and close in January of 2015. This provides ample time for the Colorado Army National Guard unit currently stationed at that facility to move into its new home. Furthermore we will have two additional readiness centers completed by that time, increasing our available square footage across the force.

On behalf of the Colorado National Guard we respectfully request your support in this endeavor and look forward to answering any questions you might have.

Very respectfully,


H. Michael Edwards
Major General, Colorado National Guard
The Adjutant General