

Aug. 2, 2010 -- Property Transaction Proposal Division of Wildlife

Glenwood Springs Area 8 Service Center 40-Year Land Lease with Option to Purchase

Garfield 3.793 acres 8 miles west of Glenwood Springs off of I-70

Section 33-1-105 (3)(a), C.R.S. states:

In the event that the [Wildlife] Commission plans to acquire the fee title to any real property or to acquire an easement for a period to exceed 25 years or at a cost to exceed \$100,000 or to enter into any lease agreement for the use of real property for a period to exceed 25 years or at a cost to exceed \$100,000, or to sell or otherwise dispose of the fee title to any real property which has a market value in excess of \$100,000, the Commission shall first submit a report to the Capital Development Committee [CDC] which outlines the anticipated use of the real property, the maintenance costs related to the property, the current value of the property, any conditions or limitations which may restrict the use of the property, and, in the event real property is acquired, the potential liability to the state which will result from such acquisition. The CDC shall review the reports submitted by the Commission and make recommendations to the Commission concerning the proposed land transaction within 30 days from the day on which the report is received. The Commission shall not complete such transactions without considering the recommendations of the CDC, if such recommendations are timely made.

The required report is attached. CDC staff's questions about the report are listed below.

Action Required

Recommend support for a 40-year land lease with an option to purchase for the relocation and future construction of the Glenwood Springs Area 8 Service Center (\$60,000 CF for 3.793 acres).

CDC Staff Questions

1. Why is the division seeking to relocate the existing Glenwood Springs Service Center?

The Area 8 Service Center in Glenwood Springs has been at the top of the Division's list for replacement for many years. The Area 8 Service Center is the first DOW area office on I-70 west of Denver and has a very high volume of western slope-bound hunters during big-game season, many with big trucks, some towing trailers.

The building, of which DOW rents a portion, is a multi-use structure which, in addition to escalating rent costs, has a number of deficiencies that do not meet the Division's need to provide quality customer service to wildlife enthusiasts, including:

- * Air conditioning and heating as very poor. In the winter, it is impossible to heat some rooms to 60°.
- * The roof leaks at times.
- * There is insufficient office space for regular, full-time employees and no office space for temporary workers, particularly biologists
- * Conference space is extremely limited.
- * Storage space is extremely limited.
- * The unpaved, unmarked parking area is shared with other businesses. There are no dedicated parking spaces for DOW. Parking is not adequate for DOW full-time employees with, at times, no parking available for the public. Division customers and public visitors frequently must park on the adjoining street, particularly those towing trailers, as there is no 'turn-around' for large vehicles in the parking area.

2. What is the existing annual lease amount paid by the division for the Glenwood Springs Service Center? How does this lease payment compare to the proposed lease amount for the new property west of Glenwood Springs?

The current monthly rent is \$4,625 (\$55,500 annually), and will rise to \$4,960 monthly (\$59,520 annually) in FY 2010-11. Rent for the building has increased 67 percent since FY 2000-01. In addition to rent, the current lease requires DOW to pay for utilities (electricity, natural gas, water, and sewer), cleaning and trash removal.

No annual lease payment will be due under the proposed lease, with option to purchase, until approximately August 20, 2012 (the second anniversary of the closing). The first annual lease payment is estimated to be approximately \$37,215. If DOW exercises the option to purchase the property and closes prior to August 2012, no lease payment will be due.

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3. The property transaction proposal indicates that the division will seek approval for purchase of the property at a later date. Does the division also plan to submit a capital construction request for the construction of a new service center at this site? If so, when does the division anticipate submitting this request and when does the division anticipate beginning construction of a new facility? How will the Glenwood Springs Service Center operate in the interim?

The Division has already requested and received authorization for \$3.3 million for 2 of 3 Service Centers (Glenwood, Salida and Gunnison) in FY 2009-10. The Division intends to use a portion of these funds for the design and construction of the new Glenwood Springs Service Center. The Division anticipates construction of the facility will begin in the spring of 2012 assuming a 5-6 month Architectural and Engineering selection timeframe and a subsequent 12 month design and construction contractor selection process. In the interim, DOW has renegotiated the lease for the existing facility for another two years, beginning July 2010.

4. How does the location of the proposed site relate to the property managed by the Glenwood Springs Service Center?

The proposed property is at I-70 exit 109, four miles west of the existing facility. The site abuts the interstate exit and will provide immediate interstate access for vehicles exiting or entering the highway. For DOW employees, the location is less than five minutes driving time from the existing facility. The new location avoids the cumbersome double traffic circles at I-70 exit 114 which is the only approach to the existing area office.

Capital Development Committee June 16, 2010—Property Transaction Proposal

Department of Natural Resources
Division of Wildlife

Action Required	Pursuant to C.R.S. 33-1-105(3)(a), recommend to the Colorado Wildlife Commission support for the Division of Wildlife's proposal to acquire a Lease having a term of 40 Years and an Option to Purchase undeveloped land to obtain land for a new Area 8 Service Center.		
General Information			
Name	Glenwood Springs SAA - Area 8 Service Center - Lease and Option		
Number of acres	3.793		
Location	I-70 Exit 109 (Canyon Creek) on the Colorado River, north side old US Highways 6 & 24		
County	Garfield		
Costs/ Source of Funding			
Purchase Price	\$60,000 Option to Purchase and a Lease with annual payments to commence after two years.	Funding Source	Wildlife Cash
Wildlife Cash	Spending authority has already been approved for this project in the Long Bill		
	Fiscal Year	09-10	
	Line Item	Service Centers Improvements	
	Appropriation	3,832,500	
	Remaining Unexpended Balance	3,541,261	
Annual Operation Costs	Estimated initial annual rent payment due August 2012: \$33,150.	Assuming interest rate at 6% of the current purchase price of \$552,500	

Summary of Proposal

For many years the Division has sought to replace the existing Area 8 Service Center presently located in a leased building in west Glenwood Springs. Attempts to locate a site within the Glenwood Springs city limits were fruitless due to location restraints, lack of available properties and prohibitive cost of land or buildings. The Colorado Wildlife Heritage Foundation located the subject property, currently owned by two Williams's family trusts, a short distance west of Glenwood Springs. CWHF has acted quickly to contract to purchase the property, subject to due diligence inquiries that have been made by the Division. Immediately upon purchasing the property, CWHF will offer to the Division a ten year lease, along with an option to purchase the property. The Division will have the option to extend the lease for three additional ten year terms.

Q:\0-Real Estate Unit\PROJECT AUTHORITIES\Capital Development Committee documents\2010\08-02-2010\PTP's\Area 8 Service Center with numbers from Pat.doc

The Division would acquire a ten year land lease (with the option to extend the lease for three additional ten year terms), along with an option to purchase 3.8 acres of property, with the intention ultimately of developing on the site a new Area 8 Service Center. This project only directs the Division to enter into the lease and option to purchase the property. The ultimate decision to purchase the property would be a future Wildlife Commission and legislative action. The property recently appraised at \$585,000.

This is a lease with an option to purchase.



1. Lease payments will be made annually in advance beginning on the second anniversary of the closing. (No lease payments are owed for the first two years.) Annual lease payments will be computed by multiplying \$552,500 by the greater of (i) six percent (6%), or (ii) the prime interest rate published in the *Wall Street Journal*.
2. The Option Payment is \$60,000 (paid at closing). In the event the option to purchase is exercised on or before September 1, 2013, the purchase price for the property will be \$552,500. Thereafter, the purchase price will be determined by a property appraisal.

With regard to Solar, Wind, or Geothermal Energy Production, the small lot size, proximity to I-70 and the Colorado River, and proposed property use as an Area Service Center (with near total lot development) would render the property unsuitable for wind, solar, or geothermal energy production.

Attachments:

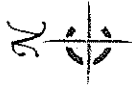
- Map
- Concurrence letters

**Proposed
Area 8 Service Center Site
I-70 Canyon Creek Exit (109)
Garfield County
Project #09-013-NW**

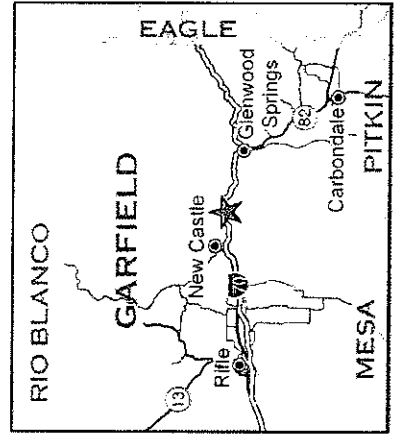
-  Main Site Location
-  Old Hwy ROW



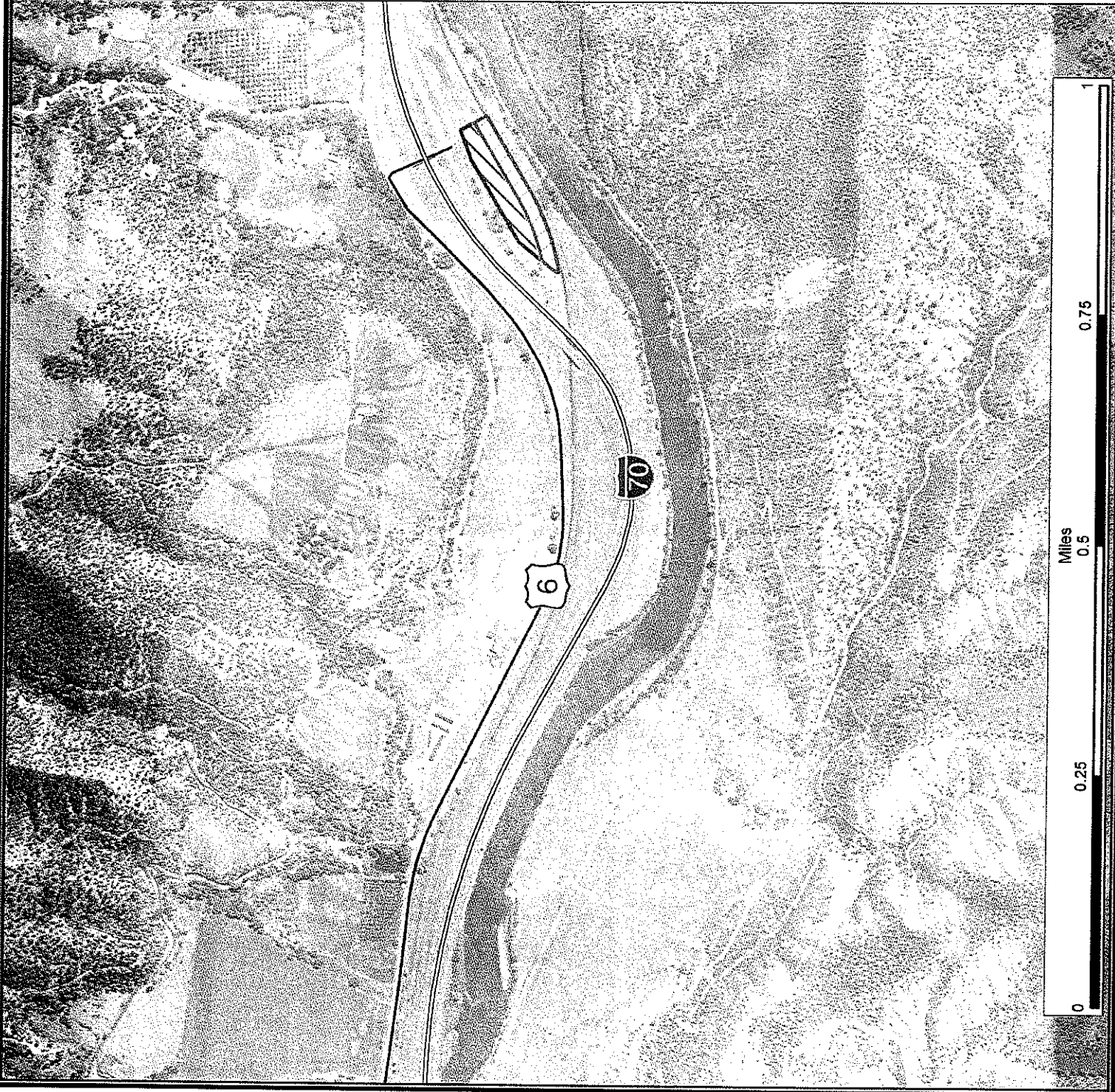
WildlifeCIS

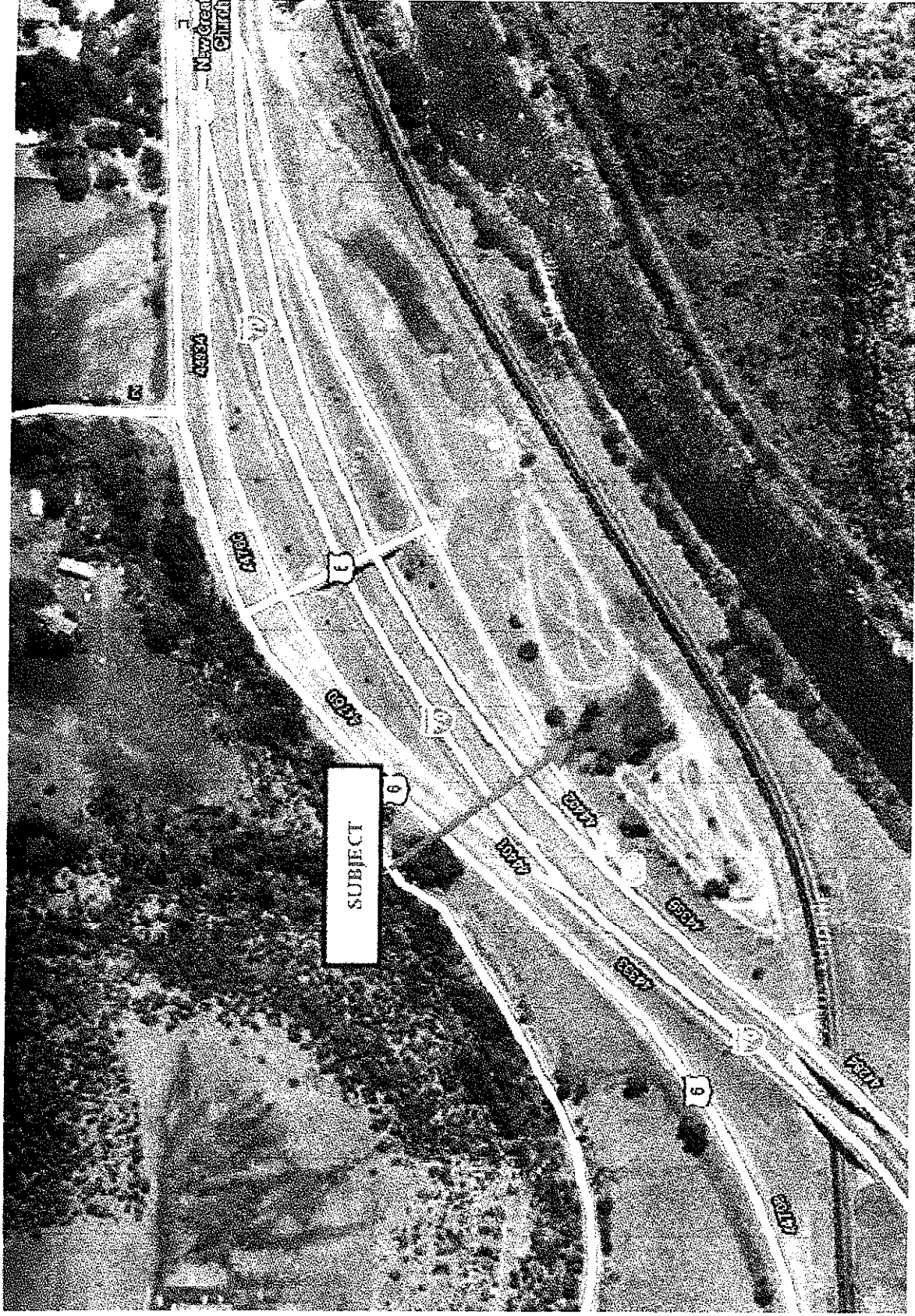


Mapped By: Dawn Browne
CDOW Wildlife GIS Group
Projection: UTM, Zone 13
Datum: NAD 1983
Date: May 2010



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**A Vacant Land Parcel
TBD US Hwy 6 & 24
Unincorporated Garfield County, CO 81601**

John Martin, Chair

District 2

Trési Houpt, Chair Pro-Tem

District 1

Mike Samson

District 3



July 21, 2010

Ron Velarde
Northwest Regional Manager
Colorado Division of Wildlife
711 Independent Ave.
Grand Junction, CO 81505

Dear Mr. Velarde:

The Garfield County Commissioners would like to offer our support for the Colorado Division of Wildlife's acquisition of a lease and option to purchase 3.8 acres of land near the Canyon Creek exit on Interstate 70 for the possible future construction of a new Glenwood Springs Area Service Center. The location of the property allows the Division to serve the Glenwood area while acquiring affordable, accessible property.

The Colorado Wildlife Heritage Foundation's willingness to purchase this property and lease it to the Division for a future office site is a sound approach while the Division weighs budgeting issues for the much needed new service center.

Because hunting, fishing and other wildlife activities contribute more than \$54 million each year to Garfield County's economy, it is important that the Division have an easily accessible facility to serve the thousands of visitors that come to the area to take advantage of the plentiful wildlife opportunities. Additionally, the Division's current office space is cramped and storage of bear traps, game damage materials and emergency response equipment is often at off-site locations that increase the amount of time the Division needs to respond to calls from residents throughout the area. The new location will provide adequate service facilities, storage and convenient access to Interstate 70.

The Canyon Creek parcel will be an excellent acquisition for sportsmen and for area residents. We appreciate the opportunity to provide our support for this project.

Sincerely,


John Martin, Chair
Board of County Commissioners

From: kathleencurry@montrose.net [mailto:kathleencurry@montrose.net]
Sent: Friday, July 30, 2010 4:04 PM
To: Hampton, Randy
Cc: kathleen.curry.house@state.co.us; Velarde, Ron; Will, Perry
Subject: Re: Concurrence Letter Request

Hi Randy,

Thanks for sending me this request. Please consider my email response as full support for the request and feel free to use it however you see fit! If you need me to have the letter put on my letterhead I can have House Services do that on Monday and bring it to the CDC meeting if you think that would be helpful. Thanks!

Sincerely, Kathleen

Representative Kathleen Curry
54542 US Highway 50
Gunnison, CO 81230
970-209-5537 Cell
www.kathleencurry.org

--- Randy.Hampton@state.co.us wrote:

From: "Hampton, Randy" <Randy.Hampton@state.co.us>
To: <kathleen.curry.house@state.co.us>, <kathleencurry@montrose.net>
Cc: "Velarde, Ron" <Ron.Velarde@state.co.us>, "Will, Perry" <Perry.Will@state.co.us>
Subject: Concurrence Letter Request
Date: Wed, 21 Jul 2010 12:50:56 -0600

Representative Curry,

I hope this e-mail finds you well. Attached for your consideration is a draft concurrence letter regarding a property transaction that the Division of Wildlife is hoping to enter into in order to better the serve your constituents in the Glenwood Springs area. I'm forwarding this to you at the request of Perry Will, our Area Wildlife Manager for Glenwood Springs.

While we have been working for many years to acquire an appropriate place for a new service center, this possibility only recently came up and received internal approvals. We've been informed that the Capital Development Committee will be looking at this project at their next meeting on August 2nd. We know this is a very tight time frame and we apologize for such short notice. If it is at all possibly, would you kindly consider returning the attached concurrence letter, or something in your own wording, to us as soon as possible? You can mail it to: Ron Velarde, DOW Northwest Regional Manager, 711 Independent Avenue, Grand Junction CO 81505, fax it to Ron at (970) 255-6111 or e-mail it to ron.velarde@state.co.us.