

**STATE and LOCAL  
FISCAL IMPACT**

**Drafting Number:** LLS 13-0567  
**Prime Sponsor(s):** Rep. Garcia; Dore

**Date:** March 25, 2013  
**Bill Status:** House Local Government  
**Fiscal Analyst:** Jessika Shipley (303-866-3528)

**TITLE:** CONCERNING THE USE OF THE PROPERTY WHERE THE FORT LYON CORRECTIONAL FACILITY WAS LOCATED.

<b>Fiscal Impact Summary</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>
<b>State Revenue</b>		
<b>State Expenditures</b> General Fund	\$2,788,851	\$3,223,851
<b>FTE Position Change</b>		
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2013-2014:</b> For FY 2013-14, the Department of Local Affairs will require a General Fund appropriation of \$2,788,851.		
<b>Local Government Impact:</b> Increased costs—see Local Government Impact section.		

**Summary of Legislation**

This bill designates a portion of the Fort Lyon property, a recently closed state correctional facility and former federal Veterans Affairs medical center, as a transitional residential community for the homeless for the purpose of providing substance abuse treatment, medical care, job training, and skill development for the residents. The Division of Housing (DOH) within the Department of Local Affairs is required to contract with a private entity experienced in providing statewide integrated housing, health care, and supportive service programs for homeless individuals to establish the residential community. The DOH and the Department of Personnel and Administration are authorized to lease the property to Bent County in exchange for the maintenance and operation of the property.

The DOH is authorized to solicit, accept, and expend gifts, grants, and donations from public and private sources for the operation of the residential community. Any such moneys received will be deposited in the newly created Fort Lyon Property Cash Fund, which is continuously appropriated to the DOH for the direct and indirect costs associated with operating the residential community. This section is exempt from the statutory requirement to report to the Joint Budget Committee and Legislative Council Staff regarding the status of gifts, grants, and donations made to state agencies.

Finally, the DOH is authorized to receive a new quit claim deed from the federal Secretary of Veterans Affairs to provide the state with title to the Fort Lyon property that does not limit the use of the property. By way of background, there is currently some question as to ownership of the property due to a reversion clause in the 2002 quit claim deed that appears to automatically return Fort Lyon to the federal government if the state ever stops using it as a correctional facility. Obviously, the costs reported in the fiscal note only apply if the ownership does not revert to the federal government.

**State Expenditures**

*Department of Local Affairs (DOLA).* The bill requires the Division of Housing in the Department of Local Affairs (DOLA) to contract for services to run Fort Lyon as a transitional residential community for people who are homeless. This fiscal note assumes the facility will serve 200 individuals at a cost of **\$2.8 million in FY 2013-14** and 300 individuals at a cost of **\$3.2 million per year thereafter**, as shown in Table 1. Actual costs will vary based on the number of participants served. All costs are assumed to be paid from the General Fund, although other sources of funding may be available, including gifts, grants, and donations.

<b>Table 1. Expenditures Under HB 13-1261</b>		
<b>Cost Components</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>
Client Care Contract Personal Services	\$605,000	\$1,035,000
Maintenance and Operations Contract Personal Services	686,835	686,835
Maintenance and Operations Contract Operating Expenses	245,000	245,000
Pharmaceuticals	10,000	15,000
Risk management insurance premiums	48,000	48,000
Utilities	1,194,016	1,194,016
<b>TOTAL</b>	<b>\$2,788,851</b>	<b>\$3,223,851</b>

DOLA intends to contract with the Colorado Coalition for the Homeless to provide client care services and with Bent County to provide maintenance and operations services. Table 1 shows the costs associated with the bill. More specific information about each of the cost components is available upon request.

State statute and the Colorado Constitution require a personal services review and cost analysis any time a contract is entered into for work that is already being performed by state employees in order to make a business case for contracting out such services. It is likely that DOLA would need to complete such a review and analysis for the maintenance and operations work to be contracted to Bent County employees. The cost of the review and analysis are not included as they are unknown at this time.

*Department of Corrections (DOC).* The DOC is currently responsible for operating and maintaining the Fort Lyon property and was provided General Fund moneys to do so through June 30, 2013. The bill shifts that responsibility to DOLA. The General Fund appropriation to the DOC for the operation and maintenance of Fort Lyon was never intended to be an ongoing source of funding, but rather a one-time amount while a new use was identified for the property. As such, the bill will have no fiscal impact to the DOC.

### **Local Government Impact**

The bill specifies that DOLA will enter into a contract with Bent County to provide maintenance and operations services for the Fort Lyon property. The costs associated with those services are shown in Table 1. The workload of county employees may further increase with the need to administer the lease and contract for services, but those costs are unknown at this time.

### **State Appropriations**

For FY 2013-14, the Department of Local Affairs will require a General Fund appropriation of \$2,788,851.

### **Departments Contacted**

Corrections  
Counties  
Health Care Policy and Financing  
Local Affairs  
Personnel and Administration