



## MEMORANDUM

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P.O. Box 4100 ♦ FRISCO, COLORADO 80443

**TO: MAYOR AND TOWN COUNCIL**  
**FROM: DON REIMER, COMMUNITY DEVELOPMENT DIRECTOR**  
**RE: INTERGOVERNMENTAL AGREEMENT WITH SUMMIT COUNTY FOR PURCHASE OF  
PROPERTY KNOWN AS 602 GALENA**  
**DATE: AUGUST 9, 2022**

**Summary and Background:** Since August 2021, Town and County staff, and staff from the Colorado Division of Labor and Employment (CDLE), have been meeting to discuss the potential redevelopment of the property located at 602 Galena for workforce housing. This property is owned by the State of Colorado, Division of Labor and Employment, and since 1984 has been the home of the Colorado Workforce Center. Recent legislation has authorized the sale of the property for this use. While the Town will be the property developer, the County has committed to contributing funds to the purchase of the property. To facilitate the transaction and memorialize terms of the financial contribution, an Intergovernmental Agreement (IGA) between the Town and County is required.

**Analysis:** In the 2021 legislative session, the Colorado State legislature passed a number of pieces of legislation designed to facilitate development of affordable and workforce housing in Colorado. One of these, HB21-274, encourages sale of excess or under-utilized State properties to local jurisdictions for beneficial community uses, including affordable housing development.

The State owns a 0.72-acre parcel located at 602 Galena. Since 1984, this has been utilized by CDLE as the home of the Colorado Workforce Center, and includes a 4,153 square foot building, which has office space for approximately 11 employees. In order to facilitate this project, CDLE requires assistance from the Town and County to find temporary office space for the Workforce Center employees, and inclusion of permanent office space in the new development on the property.

At this time, a potential development program for the property has not been created, however with a parcel of this size, up to 40 dwelling units could be constructed by utilizing bonus density. At the outset of the project in December 2021, staff prepared a memo outlining aspects of a potential project, which is included as Attachment 2.

As this is a State owned property, specific appraisal requirements apply. CDLE arranged for an appraisal, which was completed in October 2021. The appraisal established the property value at \$3,000,000. Summit County has agreed to assist the Town in the purchase of the property, by contributing half of the appraised value. As part of the financial contribution, the County has requested that some conditions be added in the form of an IGA, in order to ensure that the

property gets re-developed in a timely manner for workforce housing development. These conditions are similar in form and intent to some of the terms in the purchase and sale agreement being negotiated with the State for purchase of the property. The conditions in the IGA include:

- The County will pay the Town \$1.5 million for the purchase of the property at time of closing of the purchase from the State.
- The development will include a deed restriction so that the units created will meet affordability requirements outlined in state statutes, not to exceed 140% AMI.
- The Town shall begin efforts to entitle the property for redevelopment within 120 days following closing of the property purchase from the State. This could include issuance of an RFP for design services.
- Begin construction of the project, including demolition, prior to July 1, 2025, and complete the construction by July 1, 2027.
- The County has not committed to contribution of any additional funds towards this project. This IGA includes language wherein the Board of County Commissioners could choose to add additional funding; or additional funding could be allocated by the Board of County Commissioners at a future date through a subsequent agreement.

In addition to this IGA, the following items are anticipated for Council review and discussion over the course of the next few meetings:

- A Reimbursement Resolution. This resolution would allow for the land to be purchased from the State and allow the purchase cost to be including in a financing mechanism at a later date (tentatively set for the August 23, 2022 agenda).
- A purchase and sale agreement with the State of Colorado which spells out the terms and conditions of the property purchase and future development (tentatively set for September 13, 2022 agenda).

**Financial Impact:** The total cost of the project is to be determined, but based on preliminary estimates, the project could cost between \$16 and \$25 million to develop. The 2022 Budget includes a line item for projects, with an allocation of \$5 million. The primary expenditures under this line item have been for the Granite Park project (aka 619 Granite). Because this project was not contemplated when the 2022 budget was adopted, staff suggests a budget amendment to add \$3 million in capital expense for the land purchase, which will be partially offset by \$1.5 million revenue addition as a partner contribution by the County.

**Alignment with Strategic Plan:** Having an adequate supply of affordable workforce housing available to local businesses is essential to supporting each of Town Council's Strategic Plan priorities.

**Staff Recommendation:** Staff recommends approval of the form of the IGA and authorizing the Mayor to sign the agreement upon concurrence from the County.

**Approved By:**

Leslie Edwards, Finance Director  
Diane McBride, Interim Town Manager

**Attachments:**

Attachment 1 – Draft IGA  
Attachment 2 – December 14, 2021 Staff Report on Project