



570 W. 44th Avenue

Men Overcoming Obstacles Re-

Entry Center (MOORE Center)

Purchase and Sale Agreement

Requested City Council Action

RR24-1164 | Approves the Purchase and Sale Agreement with Denver 44th Avenue, LLC to purchase the building located at 570 W. 44th Avenue, Denver, Colorado.



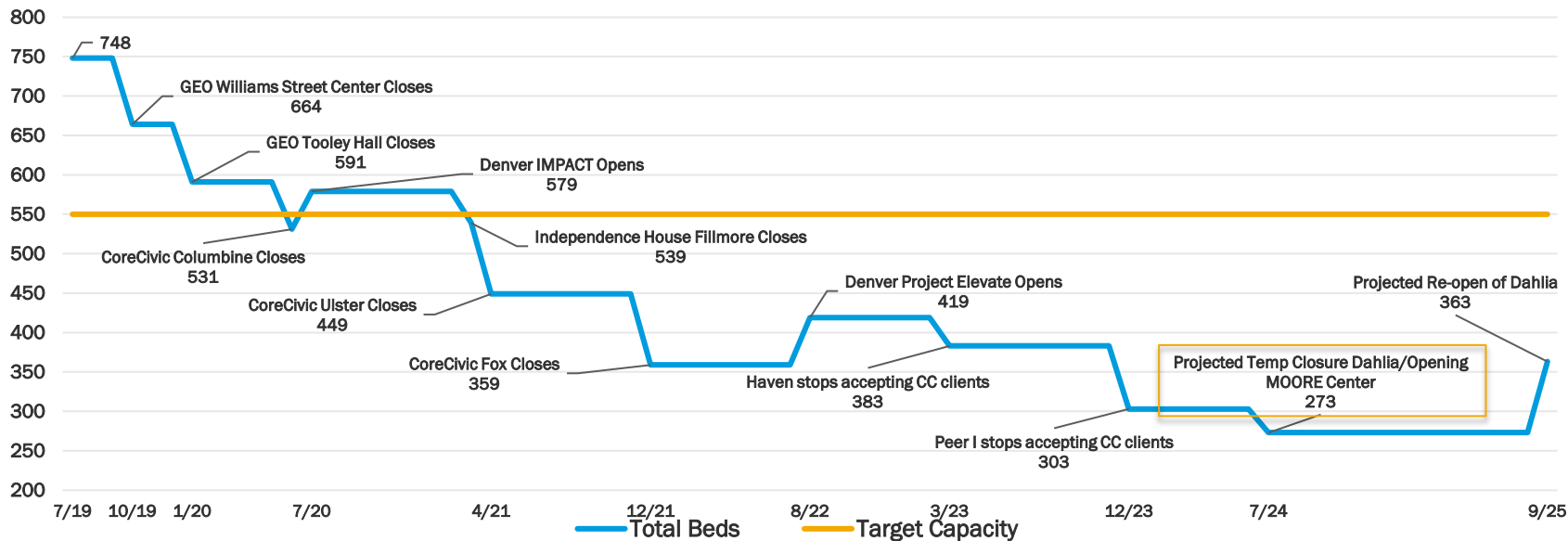
Community Corrections Background

Greg Mauro, Division of Community Corrections
Department of Public Safety

Background

- In 2019, City Council took action that required a transition away from national for-profit, private organizations as community corrections providers.
- The transition included slowly closing locations operated by for-profit companies:
 - Williams Street Center (GEO) closed October 2019
 - Tooley Hall (GEO) closed December 2019
 - Columbine (CoreCivic) closed June 2020
 - Ulster (CoreCivic) closed April 2021
 - Fox (CoreCivic) closed December 2021

Need for Community Corrections Beds



Planning for Change

Community Corrections Advisory Group (CCAG) was formed in response to City Council action to advise Department of Safety/Community Corrections and develop a path forward

Membership included representatives from the following entities:

- City Council
- Non-profit provider of Re-Entry services
- Denver community member with lived experience
- Denver Department of Safety
- Denver District Court
- Colorado Department of Corrections
- Colorado Division of Criminal Justice
- Community Corrections service provider
- Denver Community Corrections Board

Planning for Change

- The CCAG made ten recommendations and two additional concepts for exploration
- Recommendation #03: Feasibility of lease or purchase and identification of additional service providers:
 - **The city should explore the possibility of leasing or purchasing one or more CoreCivic community corrections-zoned properties.**
 - The city should also explore opportunities to identify additional service providers, including promising or emerging operators expressing an interest in the provision of community corrections services.

Transitions

- In 2019 City Council approved the purchase of Tooley Hall located at 4280 Kearney Street. Currently operating at approximately 60 beds
- In April 2023, City Council approved the purchase of the Dahlia Facility located at 4511 W. 46th Avenue. Capacity up to 100 beds. Recently closed (June 2024) to perform renovations with the intent of re-opening in 2025
- In June 2023, City Council approved the lease of the Fox (now MOORE) Facility located 570 W. 44th Avenue, with a right of first offer (ROFO) to purchase. Capacity of up to 100 beds, which opened June 2024

Acquisition

Lisa Lumley, Division of Real Estate
Department of Finance

Business Case for Acquisition

- The MOORE facility is currently zoned and **in use** as a community corrections site
- It is already renovated
- The city is responsible for operations & maintenance regardless of whether we lease or purchase
- Acquiring this facility will allow the city to secure it for this continued use
 - Zoning and land use restrictions limit possible community corrections sites. Losing this site may make it difficult and more costly to maintain bed capacity in the future.
- The city would finance the acquisition with Certificates of Participation (COPs) -- redirecting current lease payments to COP payments, minimizing budget impact

Current Lease Terms

- Landlord: Denver 44th Avenue, LLC
- Premises Size: Approx. 33,000 square feet (“SF”)
- Bed Capacity: Up to 100 beds
- Tenant Improvements: Turnkey, including all code upgrades and FF&E.
- Maximum Contract Amount: \$26,000,000
- Annual Lease Payment: \$1.8M (year one), increasing to \$2.3M (year 10)
- Term: 10 years
- Building Repairs and Maintenance: city's responsibility
- Lease Commencement: June 10, 2024

Proposed Acquisition

- The Division of Real Estate proposes the acquisition of the facility located at 570 W. 44th Avenue, Denver, Colorado.
 - Purchase Price: \$26,200,000
 - Annual COP payments of ~\$1.8M increasing to ~\$2.5M; COP term is anticipated to be 15 years*
 - Seller: Denver 44th Avenue, LLC
 - Premises Size: Approx. 33,000 square feet (“SF”)
 - Bed Capacity: Up to 100 beds
 - Zoning I-B UO-2
 - Anticipated closing in Q4, 2024
 - Council District 9

**Subject to the closing of the COP transaction and market conditions.*

Certificates of Participation

- The purchase of the MOORE facility will be financed with Certificates of Participation (COPs), which also require City Council approval and will follow in a separate action
- Importantly, funds paid by the city to cover the existing lease will be redirected to cover the annual COP payments
- This is expected to be cost-neutral to the city budget
- It is anticipated that the COP transaction will be presented to Council in October/November 2024, and, if approved, will close concurrently with the purchase and sale agreement at the end of 2024

Tentative Acquisition Schedule

Tentative Dates*

September 10	Finance & Governance Committee – Purchase and Sale Agreement
October 15	Finance & Governance Committee - COP
November 4	First Reading for COP
November 12	Second Reading for COP
December 12	PSA and COP Closing



Questions?