



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Memorandum

August 13, 2025

TO: Capital Development Committee
FROM: Nina Forbes, Senior Research Analyst, 303-866-4785
SUBJECT: Disposition of CDLE Denver Unemployment Division Property

Summary

This memorandum summarizes a request on behalf of the Department of Labor and Employment (CDLE) to sell the former Unemployment Insurance (UI) Division property at 251 East 12th Avenue, Denver.

Sale of Denver Property

CDLE plans to sell its former UI Division property in Denver to a confidential buyer. The property is located at 251 East 12th Avenue in Denver and consists of a .99-acre lot with improvements totaling approximately 123,110 square feet. The property includes a four-story office building constructed in 1957 and expanded in 2004. The site is zoned C-MX-8, which allows for buildings of up to eight stories and a mix of residential and commercial development.

Following the COVID-19 pandemic, most UI Division staff work either remotely or hybrid, and the division has moved all in-person staff needs to CDLE's headquarters at 633 and 621 17th Street in Denver. The building is currently only occupied by an eight-person facilities staff. The building has numerous costly repair and maintenance needs, including elevator repairs, a new HVAC chiller, and asbestos remediation; which have rendered it unsuitable for employees.

Statutory Requirements

Pursuant to state law,¹ with the approval of the Governor, the executive director of the Department of Personnel and Administration (DPA) may dispose of real property on behalf of the state. Prior to selling or otherwise disposing of real property, the executive director must

¹ Section 24-82-102 (1), C.R.S.



submit a report to the Capital Development Committee (CDC) outlining the anticipated use of the property, maintenance costs related to the property, the property's current value, and any conditions or limitations that may restrict the property's use. The report for this disposition proposal was prepared by DPA and is attached (Attachment A). A letter with additional information from CDLE is also attached (Attachment B). The law directs the CDC to review the report and make recommendations to the executive director of DPA concerning the disposition of the property. The executive director may not dispose of the property without considering the recommendations of the CDC.

Land Disposition Details

DPA and CDLE provided the following information in response to the requirements listed in statute:

- the anticipated use of the property following the sale would be determined by the new owner;
- the property's ongoing capital and maintenance costs total about \$728,000 annually. DPA says the property requires a number of significant building-wide repairs, maintenance, and asbestos remediation and removal in order to make it usable by state employees. The department considers the site to be beyond its useful life to the state; and
- the property will be sold without any conditions or limitations on the use of the property.

DPA and CDLE have excluded information on the purchaser of the property and the appraised value in order to not influence the ongoing sale negotiations. They can provide this information to CDC members if the committee chooses to go into Executive Session pursuant to Section 24-6-402(3)(a)(I), C.R.S.

Sale Proceeds

With few exceptions, there is no clear statutory guidance with regard to where sale proceeds from the disposition of real property should be deposited. There are conflicting opinions about whether funds should be deposited in the General Fund or within a fund held by the selling agency for its future use. Because of this statutory limitation, in the past there have been a handful of bills run with the intent to both authorize the disposition of real property and to direct that the sale proceeds be deposited with the selling agency.

There are restrictions on the use of the sale proceeds, as outlined in the attachments, pertaining to the building's split equity, with 81 percent belonging to the United State Department of Labor



(USDOL). CDLE was required to receive USDOL's approval before disposing of the property, and as part of USDOL's approval of the sale, 81 percent of the sale proceeds are required to be used solely for program activities authorized under the Workforce Innovation and Opportunity Act, the Wagner Peyser Act, or Title III of the Social Security Act. Due to the USDOL restrictions on sale proceeds, CDLE will likely need to request a bill directing that 81 percent of the sale proceeds be directed towards funds dedicated to providing program activities for the federal programs outlined above.

Potential CDC Action

Suggested Motion: Recommend support for the sale of 602 251 East 12th Avenue, Denver.

The committee may also make specific recommendations concerning the property transaction proposal.



To: Capital Development Committee

From: Tobin Follenweider, Deputy Exec Director, Department of Personnel & Administration
Darcy Kennedy, Deputy Executive Director, Colorado Department of Labor & Employment

Date: 7/31/2025

Re: Sale of 251 E 12th Street, Denver, Colorado

Summary

As per section 24-82-102.5, C.R.S., the Department of Personnel & Administration may recommend that unused state-owned real property be sold and, if so, requires Capital Development Committee review and approval.

This memorandum is a request to approve the disposition of the UI Building located at 251 East 12th Street.

Property Background

The property is located along East 12th Avenue between Sherman Street and Grant Street, two blocks south of the Colorado State Capitol. The site is .99 acres with improvements totaling approximately 123,110 Square Feet. The property is zoned C-MX-8 and includes a 4 story office building of concrete and steel frame construction. The building was originally constructed in 1957 with an expansion in 2004.



Section 24-82-102, C.R.S. requests additional information for real estate property disposals conducted by the Department of Personnel and Administration.

- **Anticipated use of the real property** - Future use would be determined by the new owner, subject to Denver zoning requirements.
- **The maintenance costs related to the property** - The property costs the Unemployment Insurance Division approximately \$728,000 each year in capital and maintenance costs. Disposing of the property eliminates these costs as well as future maintenance and capital costs associated with operating an older building.
- **The current value of the property** - The property will be sold consistent with appraised fair market value. The appraised market value can be provided to the Committee in executive session.
- **Any conditions or limitations which may restrict the use of the property** - The property will be sold without condition or limitations.



Basis of Recommendation

While centrally located, the property is beyond its useful life and continued use for State purposes will be met with limitations. These include a lack of onsite parking, the need for substantial building-wide repairs and maintenance, and asbestos remediation and removal.

Further, the agency has moved with deliberation to relocate employees from the property, rendering current and projected utility minimal from an operations standpoint.

The property age and limitations, current cost considerations and lack of utility establish a reasonable basis for the proposed disposition.

Disposition Process

Prior to the start of the sale process, the property was inspected and appraised to minimize property level and pricing risks. The equity in the property includes Federal Reed Act and UI/ES Federal Funds as well as State Funds, thus adherence to the US Department of Labor disposition guidelines provided through the Department's Training and Employment Guidance Letter must be observed in addition to those in Colorado Statute and the State's Fiscal Rules.

Upon the completion of a review of the additional process requirements, property inspection, and appraisals, the property was placed on the market. Over the past six months, the State's contract brokers have fielded interest from market participants including investors and users.

They have recently identified a ready, willing and able buyer that has indicated significant interest in the property and is prepared to move forward with the purchase on terms that satisfy pricing and time requirements established by the State.

Attachment B



COLORADO
Department of
Labor and Employment

Executive Director's Office
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Denver, CO 80202-3660 | (303) 318-8000 | colorado.gov/cdle

July 31, 2025

Representative Tammy Story, Chair
Senator Kyle Mullica, Vice Chair
200 E. Colfax Avenue
Denver, Colorado 80202

Dear Madam Chair, and Mr. Vice Chair,

The Colorado Department of Labor and Employment (CDLE) is advancing a sale alongside the Colorado Department of Personnel and Administration (DPA) of the CDLE/SOC owned Unemployment Insurance (UI) Division property in Denver. The UI Division building address is 251 12th Street, Denver, CO 80203 ("251").

Like much of the state, since April of 2020, the Coronavirus COVID-19 Pandemic forced the UI Division to work in a primary remote and hybrid environment. The 251 UI building is currently only being occupied by a Facilities staff of eight. The in-person UI customer service area re-opened and was moved to the CDLE headquarters (633 & 621 17th Street) leased property in 2023. The 251 building has outlived its useful life in its current condition and the building, in its current state, is not safe for employees. Some of the most costly issues include, and are not limited to: the freight elevator is unusable and is in need of repair, there is only one small working passenger elevator, the building needs a new chiller for the HVAC system, and the entire property is in need of significant asbestos remediation. Because the U.S. Department of Labor (USDOL) has 81% equity in the property, CDLE was required to obtain their approval to proceed with disposition. 81% of the sale proceeds are required to be used solely for program activities authorized under the Workforce Innovation and Opportunity Act (WIOA), Wagner Peyser Act or Title III of the Social Security Act (See 20 CFR 683.240(a)(2)). USDOL provided CDLE with their written approval and disposition instructions in 2024.

CDLE will continue to provide unemployment insurance-related services to residents in Denver through our current leased space at the CDLE headquarters building. In addition, when CDLE's current lease expires in the fall of 2025, CDLE will be moving across California Street to 707 17th Street. The UI Division will not only have employee office space on the 23rd floor, there will be a "One Door" Customer Care Center on the first floor with a separate customer entrance along 18th Street.

CDLE requests the Capital Development Committee's approval to proceed and appreciate the Committee's consideration of this request.

Regards,

A handwritten signature in black ink, appearing to read 'Joe M Barela', with a long horizontal line extending to the right.

Joe M Barela
Executive Director
Colorado Department of Labor & Employment