

Rep. Edward Vigil, Chair
Rep. Libby Szabo
Rep. KC Becker

Sen. Randy Baumgardner, Vice-Chair
Sen. John Kefalas
Sen. Jerry Sonnenberg



Capital Development Committee
State Capitol Building, Room 029
Denver, Colorado 80203-1784
(303) 866-3521



January 12, 2015

Senator Kent Lambert
Chair, Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, Colorado 80203

Dear Senator Lambert:

On January 6, 2015, the Capital Development Committee (CDC) considered six supplemental requests pursuant to Section 2-3-208, C.R.S. Table 1 summarizes the six supplemental requests considered and acted upon by the CDC. Descriptions of each request are attached. *The CDC approved the supplemental requests and is forwarding them to the Joint Budget Committee (JBC) for consideration.*

Table 1
Capital Development Committee Recommendation
Regarding FY 2014-15 Supplemental Requests

Agency	Project Title	Summary of Request	Supplemental Amount
History Colorado	Ute Indian Museum Expansion	The request increases state funding on behalf of the project. The project's construction costs have inflated 23 percent since the last cost estimate, and the vision for the project has changed due to new tribal leadership.	\$500,000 CCF
Human Services	Resident Support Areas and Security Upgrades, Various State Veterans Nursing Homes	The request replaces federal funds spending authority with increased state funding on behalf of the project. Federal grant funds originally anticipated for the project will not be available for at least five years.	\$1,443,000 CCF \$(1,443,000) FF
Department of Personnel and Administration	Capitol Annex Building (1375 Sherman Street) Renovation	The request is for state funding to commence design of renovations to the Capitol Annex Building. This is a new, never-before requested project, recommended by the Capitol Complex Master Plan.	\$1,958,732 CCF

**Table 1 (Cont.)
 Capital Development Committee Recommendation
 Regarding FY 2014-15 Supplemental Requests**

Agency	Project Title	Summary of Request	Supplemental Amount
Department of Personnel and Administration	Centennial Building (1313 Sherman Street) Renovation	The request is for state funding to commence design of renovations to the Centennial Building. This is a new, never-before requested project, recommended by the Capitol Complex Master Plan.	\$2,841,987 CCF
Department of Public Safety	Acquisition and Renovation of Arvada CBI Lab Space to Comply with House Bill 13-1020	The request increases state funding on behalf of the project. The initial cost estimate to renovate the recently-purchased Colorado Bureau of Investigation lab in Arvada was substantially less than the direct construction costs developed by the contracted construction firm. The department has also requested an associated operating budget transfer from the JBC in the amount of \$2,756,822.	\$1,265,332 CCF
Department of Public Safety	Redesign of 690 and 700 Kipling Street Vacated Space	The request is for state funding to redesign and modify recently vacated office space at 690 and 700 Kipling Street. The department will locate newly-hired full-time equivalent (FTE) employees and re-locate staff currently housed in commercial leased space to the modified space.	\$2,536,576 CCF

If you have any questions or concerns about the CDC's recommendations, please call Kori Donaldson, Legislative Council Staff, at 303-866-4976.

Sincerely,



Representative Ed Vigil
 Chair, Capital Development Committee

c: Capital Development Committee Members
Joint Budget Committee Members
Andy Stine, History Colorado
Joseph Bell, History Colorado
Larry Friedberg, Department of Personnel and Administration
Adrian Leiter, Department of Personnel and Administration
Jennifer Corrigan, Department of Human Services
Cathy Trujillo, Department of Human Services
Terri Anderle, Department of Public Safety
Jana Locke, Department of Public Safety
Erick Scheminske, Office of State Planning and Budgeting
Laura Blomquist, Office of State Planning and Budgeting
John Ziegler, Joint Budget Committee Staff
Alfredo Kemm, Joint Budget Committee Staff
Kori Donaldson, Capital Development Committee Staff

FY 2014-15 Supplemental Capital Construction Request

Colorado Historical Society (History Colorado) Ute Indian Museum Expansion

Motion:

Approve the supplemental request from History Colorado for additional funding for the Ute Museum Expansion project (\$500,000 CCF).

GENERAL INFORMATION

2014-009

1. Which supplemental criterion does the request meet?

New Data

According to History Colorado, the project's construction costs have inflated 23 percent since the last cost estimate in 2009. At that time, design was initiated on the project before state funds were rescinded due to an economic downturn. Other factors contributing to the project's cost increase include new tribal leadership, a desire for more revenue-generating space in the museum, and the addition of a geothermal heat system to the design.

2. Which projects will be restricted to fund the supplemental request?

No restriction is necessary since this is not an emergency supplemental request.

3. Has the request been approved by OSPB and CCHE?

Yes

PRIOR APPROPRIATION AND SUPPLEMENTAL REQUEST INFORMATION

The appropriation to be amended was authorized in the following bill: SB 13-230

<u>Fund Source</u>	<u>Prior Appropriations</u>	<u>Supplemental Request</u>	<u>Future Requests</u>	<u>Total Cost</u>
CCF	\$2,406,789	\$500,000	\$0	\$2,906,789
CF	\$400,000	\$0	\$0	\$400,000
	\$2,806,789	\$500,000	\$0	\$3,306,789

REASON FOR SUPPLEMENTAL REQUEST

The supplemental request seeks additional state funding to cover a 23 percent inflation in the construction costs since the project's last cost estimate in 2009. Since the project's inception in FY 2001-02, state and cash funds have been appropriated and rescinded on multiple occasions during economic downturns, with the most recent rescission taking place in 2009. In addition to construction cost inflation, the agency cites a change in vision for the project by new tribal leadership, a push to include more revenue-generating space in the museum, and the addition of energy-efficient elements to the project's design as contributors to the increase in project cost. If the supplemental is not approved, History Colorado says the project will be rescoped to remove the following elements:

- three steel wikipup exterior structural components representing the three Ute tribes;
- an exhibit hall addition that expands space for programming;
- a shade structure for the patio, intended for outdoor programming and wedding rentals;
- three flag poles for tribal flags; and
- a geothermal heat system.

History Colorado says that, if the supplemental request is not funded, the agency will reduce the project's scope to a

FY 2014-15 Supplemental Capital Construction Request

Colorado Historical Society (History Colorado) *Ute Indian Museum Expansion*

Motion: Approve the supplemental request from History Colorado for additional funding for the Ute Museum Expansion project (\$500,000 CCF).

point where the museum space will be insufficient to house exhibits, a gift shop, and community rental space. Further, programmatic highlights designed by stakeholders will potentially be lost, as well as a modern environmental system designed to reduce long-term operating costs. The agency notes that the project's architect is using value engineering, such as materials reuse, use of overstocked supplies from other properties, and in-house construction of interior furnishings, to reduce the cost of the project. The estimated savings savings from this approach is \$114,000.

SUMMARY OF PROJECT

The project expands and improves the Ute Indian Museum in Montrose, adding 5,440 ASF to the existing 4,657-ASF facility. The project improves exhibits, classrooms, support facilities, public orientation, and security functions at the museum. Project design was initiated several years ago under a separate project, but funds were rescinded due to an economic downturn. The museum currently uses a single, small room for classes, community gatherings, traveling exhibits, and revenue-generating event rentals. The project proposes building new classrooms, additional exhibit and storage space, additional restrooms, and expanded kitchen and retail areas. The whole interior of the museum will be modified as part of the project.

According to History Colorado, the Ute Indian Museum is History Colorado's only regional museum on the Western Slope, and the existing museum facility has reached its capacity, offering inadequate space for events and visitors. The museum is the product of multiple partnerships with Ute tribal groups, municipal governments, and area stakeholder organizations. The museum is located on 8.65 acres of the original 500-acre ranch deeded to Chief Ouray and his wife, Chipeta, in the heart of traditional Ute territory. Its grounds include the Ouray Memorial Park and Monument, Chipeta's Crypt, the gravesite of Chipeta's brother, Chief John McCook, and the Dominguez and Escalante Monument. The museum itself displays an important collection of Ute ethnographic objects, providing a resource for learning about the Ute people in Colorado, and it provides public meeting and programming space to the Western Slope community. The renovated museum will reflect the heritage of the Ute people and serve as a landmark to anchor the Montrose area's planning efforts regarding public facilities, parks, open spaces, education, and tourism.

QUESTIONS / OUTSTANDING ISSUES

None.

FY 2014-15 Supplemental Capital Construction Request

Human Services

Resident Support Areas and Security Upgrades, Various State Veterans Nursing Homes

Motion:

Approve the supplemental request from the Department of Human Services to replace federal funds spending authority with increased state funding on behalf of the Resident Support Areas and Security Upgrades project (\$1,443,000 CCF).

GENERAL INFORMATION

2015-032

1. Which supplemental criterion does the request meet?

Unforeseen Contingency

The department is requesting state funds to replace funds originally anticipated to be awarded through the U.S. Department of Veterans Affairs State Home Construction Grant program.

2. Which projects will be restricted to fund the supplemental request?

No restriction is necessary because the project is not an emergency supplemental request.

3. Has the request been approved by OSPB and CCHE?

Yes

PRIOR APPROPRIATION AND SUPPLEMENTAL REQUEST INFORMATION

The appropriation to be amended was authorized in the following bill: HB 14-1336

<u>Fund Source</u>	<u>Prior Appropriations</u>	<u>Supplemental Request</u>	<u>Future Requests</u>	<u>Total Cost</u>
CCF	\$1,428,500	\$1,443,000	\$0	\$2,871,500
FF	\$1,443,000	(\$1,443,000)	\$0	\$0
	\$2,871,500	\$0	\$0	\$2,871,500

REASON FOR SUPPLEMENTAL REQUEST

As part of its FY 2014-15 capital construction request, the department sought a state fund match for a federal grant to address safety and security improvements and facility upgrades at three State Veterans Community Living Centers. The U.S. Department of Veterans Affairs requires that states provide matching funds for grants awarded under the State Home Construction Grant Program. At the time of the request, the department indicated that, if state funding on behalf of the project was approved, the federal grant would provide 50 percent of the funding for the project. However, the department was later notified that, due to decreased availability of federal funding, grant funds for the project would not be made available for at least five years. The department explains that the work requested under the project addresses life-safety issue and cannot be delayed until federal funds are made available.

SUMMARY OF PROJECT

The project makes safety improvements and facility upgrades at the State Veterans Nursing Homes located in Florence, Homelake, and Rifle. According to the department, all three homes are in need of upgrades to address resident care issues that were not considered at the time of their original construction. According to the department, the request targets those needs within the facilities that will have a direct and significant impact on the security and well being of residents. Improvements at the facilities will include:

FY 2014-15 Supplemental Capital Construction Request

Human Services

Resident Support Areas and Security Upgrades, Various State Veterans Nursing Homes

Motion:

Approve the supplemental request from the Department of Human Services to replace federal funds spending authority with increased state funding on behalf of the Resident Support Areas and Security Upgrades project (\$1,443,000 CCF).

- replacement of the nurse call systems (Homelake and Florence);
- replacement of the security systems, including new cameras, access control devices, and digital monitoring and recording systems (all three facilities);
- kitchen upgrades and equipment replacement (Homelake and Rifle);
- addition of air conditioning in the main kitchen (Homelake);
- interior finish upgrades, including new handrails, floor finish upgrades, and replacement of interior doors (Homelake and Florence);
- replacement of the telephone systems (Homelake and Florence);
- roof repairs (Homelake);
- accessibility improvements, including walkway repairs, addition of curbs, and improvements to the service entrance (Homelake);
- asbestos abatement (Homelake);
- installation of wander protection systems (Rifle and Florence);
- addition of powered exterior doors (Florence);
- resident bathing suite renovations, including fall mitigation and accessibility improvements (Florence); and
- upgrades to the staff training and activities area (Florence).

QUESTIONS / OUTSTANDING ISSUES

None.

FY 2014-15 Supplemental Capital Construction Request

Personnel and Administration Capitol Annex Building (1375 Sherman Street) Renovation

Motion:

Approve the supplemental request from the Department of Personnel and Administration for FY 2014-15 funding to commence design of renovations to the Capitol Annex Building (\$1,958,732 CCF).

GENERAL INFORMATION

2016-024

1. Which supplemental criterion does the request meet?

Other

This is a new, never-before-requested project. It does not meet the supplemental criteria and might be better considered as a regular FY 2015-16 capital budget request.

2. Which projects will be restricted to fund the supplemental request?

No restriction is necessary because the project is not an emergency supplemental request.

3. Has the request been approved by OSPB and CCHE?

Yes

PRIOR APPROPRIATION AND SUPPLEMENTAL REQUEST INFORMATION

The appropriation to be amended was authorized in the following bill:

<u>Fund Source</u>	<u>Prior Appropriations</u>	<u>Supplemental Request</u>	<u>Future Requests</u>	<u>Total Cost</u>
CCF	\$0	\$1,958,732	\$0	\$1,958,732
	\$0	\$1,958,732	\$0	\$1,958,732

REASON FOR SUPPLEMENTAL REQUEST

According to the department, supplemental funding for FY 2014-15 was requested because the submission deadline for regular capital construction requests elapsed before the department received the Capitol Complex Master Plan report findings that are the basis of this request. (See Staff Questions and Issue section, question #1.)

SUMMARY OF PROJECT

The two-phase project renovates the seven-story, 114,228-GSF Capitol Annex Building to address the poor condition of the building's marble-clad exterior and to replace the HVAC, electrical, fire sprinkler, and plumbing systems. The building, which currently houses several divisions within the Department of Revenue, was built in 1937 and is listed on the National Register of Historic Places. This year's request for Phase I designs the project and plans for the temporary relocation of the building occupants for the duration of the project. Phase II, which will be requested for FY 2016-17 funding, renovates the facility to address outdated building systems, abate asbestos, and comply with current building code and accessibility requirements. Costs associated with relocating the building's occupants to leased space – estimated to be about \$4.2 million for 12 months – will be requested through the department's operating budget.

Project justification. A building assessment was undertaken as part of the 2012 Capitol Complex Master Plan.

FY 2014-15 Supplemental Capital Construction Request

Personnel and Administration

Capitol Annex Building (1375 Sherman Street) Renovation

Motion:

Approve the supplemental request from the Department of Personnel and Administration for FY 2014-15 funding to commence design of renovations to the Capitol Annex Building (\$1,958,732 CCF).

The report findings listed the building condition as poor and recommended significant upgrades and energy efficiency improvements. The department explains that the building has outdated and poorly performing heating and cooling systems, inefficient lighting fixtures and controls, and poor climate control resulting from inefficient or poorly insulated windows, walls, and exterior doors. According to the department, the project will increase the energy efficiency of the building by as much as 50 percent and lower associated operating costs.

Project alternatives. The department considered several project alternatives, including: (1) Renovating the building system-by-system; and (2) selling the building and relocating the building tenants to leased space. Both alternatives are more costly than the proposed renovation.

QUESTIONS / OUTSTANDING ISSUES

1. The project schedule indicates project design will not commence until May. Why is this project requested as a supplemental request for FY 2014-15 funding rather than as regular FY 2015-16 budget request?

The projects are being requested as supplementals for the current year as the submission time frame for a regular capital request had passed before the report findings were made known to the department.

2. Will the building be designed for the current occupants or will it be designed as more general office space?

The Annex will be renovated for its current occupant, the Department of Revenue.

3. Will the building occupants be relocated to owned or leased space? Has the department identified any possible relocation spaces?

The building occupants will be relocated to leased space which will be identified by the State's tenant brokers, JLL. No owned space currently exists to fill this need. Expenses for the relocations will be an out year expense.

4. Does the department anticipate completing work on the buildings simultaneously or will it take a phased approach?

The department anticipates completing work on the Annex building first (the #1 priority) and then commencing work on the 1313 building.

FY 2014-15 Supplemental Capital Construction Request

Personnel and Administration Centennial Building (1313 Sherman Street) Renovation

Motion:

Approve the supplemental request from the Department of Personnel and Administration for FY 2014-15 funding to commence design of renovations to the Centennial Building (\$2,841,987 CCF).

GENERAL INFORMATION

2016-025

1. Which supplemental criterion does the request meet?

Other

This is a new, never-before-requested project. It does not meet the supplemental criteria and might be better considered as a regular FY 2015-16 capital budget request.

2. Which projects will be restricted to fund the supplemental request?

No restriction is necessary because the project is not an emergency supplemental request.

3. Has the request been approved by OSPB and CCHE?

Yes

PRIOR APPROPRIATION AND SUPPLEMENTAL REQUEST INFORMATION

The appropriation to be amended was authorized in the following bill:

<u>Fund Source</u>	<u>Prior Appropriations</u>	<u>Supplemental Request</u>	<u>Future Requests</u>	<u>Total Cost</u>
CCF	\$0	\$2,841,987	\$0	\$2,841,987
	\$0	\$2,841,987	\$0	\$2,841,987

REASON FOR SUPPLEMENTAL REQUEST

According to the department, supplemental funding for FY 2014-15 was requested because the submission deadline for regular capital construction requests elapsed before the department received the Capitol Complex Master Plan report findings that are the basis of this request. (See Staff Questions and Issue section, question #1.)

SUMMARY OF PROJECT

The two-phase project renovates the ten-story, 205,315-GSF Centennial Building to address the poor condition of the building's marble-clad exterior and to replace the HVAC, electrical, fire sprinkler, lighting, and plumbing systems. The building, which currently houses several state departments, including divisions within the Department of Natural Resources, was built in 1976. This year's request for Phase I designs the project and plans for the temporary relocation of the building occupants for the duration of the project. Phase II, which will be requested for FY 2016-17 funding, renovates the facility to address outdated building systems and to comply with current building code and accessibility requirements. Costs associated with relocating the building's occupants to leased space – estimated to be about \$10 million for 15 months – will be requested through the department's operating budget.

Project justification. A building assessment was undertaken as part of the 2012 Capitol Complex Master Plan. The report findings listed the building condition as poor and recommended that all building systems and components

FY 2014-15 Supplemental Capital Construction Request

Personnel and Administration

Centennial Building (1313 Sherman Street) Renovation

Motion:

Approve the supplemental request from the Department of Personnel and Administration for FY 2014-15 funding to commence design of renovations to the Centennial Building (\$2,841,987 CCF).

be removed and replaced, other than the building shell. The department explains that the building has outdated and poorly performing heating and cooling systems, inefficient lighting fixtures and controls, and poor climate control resulting from inefficient or poorly insulated windows, walls, and exterior doors. Additionally, the building was designed for an open-office layout and has since been converted to inefficient private offices. According to the department, the project will increase the energy efficiency of the building by as much as 50 percent and lower associated operating costs.

Project alternatives. The department considered several project alternatives, including: (1) Renovating the building system-by-system; and (2) selling the building and relocating the building tenants to leased space. Both alternatives are more costly than the proposed renovation.

QUESTIONS / OUTSTANDING ISSUES

1. The project schedule indicates project design will not commence until May. Why is this project requested as a supplemental request for FY 2014-15 funding rather than as regular FY 2015-16 budget request?

The projects are being requested as supplementals for the current year as the submission time frame for a regular capital request had passed before the report findings were made known to the department.

2. Will the building be designed for the current occupants or will it be designed as more general office space?

The Capitol Complex Master Plan shows that renovations to the 1313 Sherman location will cause DOLA to move to 1570 Grant with renovations to the building intended for one long-term tenant, DNR. It is possible that DOLA will move back into the building with DNR once the renovations are complete.

3. Will the building occupants be relocated to owned or leased space? Has the department identified any possible relocation spaces?

The building occupants will be relocated to leased space which will be identified by the State's tenant brokers, JLL. No owned space currently exists to fill this need. Expenses for the relocations will be an out year expense.

4. Does the department anticipate completing work on the buildings simultaneously or will it take a phased approach?

The department anticipates completing work on the Annex building first (the #1 priority) and then commencing work on the 1313 building.

FY 2014-15 Supplemental Capital Construction Request

Public Safety

Acquisition and Renovation of Arvada CBI Lab Space to Comply with House Bill 13-1020

Motion:

Approve the supplemental request for additional state funding from the Department of Public Safety for the Acquisition and Renovation of Arvada CBI Lab Space to Comply with House Bill 13-1020 project (\$1,265,332 CCF).

GENERAL INFORMATION

2015-115

1. Which supplemental criterion does the request meet?

Unforeseen Contingency

The department requests additional funds for renovation of the Colorado Bureau of Investigation (CBI) forensic laboratory in Arvada, because the initial cost estimate completed during the feasibility study was substantially less than the direct construction costs developed by the contracted construction firm. The department was appropriated \$7,200,000 CCF in the 2014 Long Bill for the project. The increase in construction costs for the project is \$4,022,154. However, the department plans to offset this amount with a \$2,756,822 transfer from its FY 2014-15 operating budget, resulting in a net request of \$1,265,332.

2. Which projects will be restricted to fund the supplemental request?**3. Has the request been approved by OSPB and CCHE?**

Yes

PRIOR APPROPRIATION AND SUPPLEMENTAL REQUEST INFORMATION

The appropriation to be amended was authorized in the following bill: HB 14-1336

<u>Fund Source</u>	<u>Prior Appropriations</u>	<u>Supplemental Request</u>	<u>Future Requests</u>	<u>Total Cost</u>
CCF	\$7,200,000	\$1,265,332	\$0	\$8,465,332
	\$7,200,000	\$1,265,332	\$0	\$8,465,332

REASON FOR SUPPLEMENTAL REQUEST

The Department of Public Safety (DPS) submitted a FY 2014-15 capital budget request to renovate the Kipling Complex for a new forensic laboratory needed to process additional sexual assault kits, pursuant to House Bill 13-1020. In March 2014, prior to the passage of the 2014 Long Bill, the CDC approved a change in the project scope to purchase existing lab space in Arvada rather than to retrofit the Kipling Complex. House Bill 14-1387 authorized the department to acquire real property for the new lab space. The Arvada lab was purchased on July 18, 2014, for \$3,675,000. In December 2014, DPS submitted a separate FY 2014-15 supplemental request to redesign and configure recently vacated space on two floors of the Kipling Complex. In January 2015, DPS submitted a second FY 2014-15 supplemental request related to the renovation of the Arvada lab, because the initial cost estimate was substantially less than the direct construction costs developed by the contracted construction firm.

The department contracted with an architecture firm to provide a feasibility study and to estimate construction costs. The architecture firm contracted with a specialized third-party construction firm, which estimated construction costs to be \$2.8 million. Using this information, the department contracted with a separate construction firm to serve as the Construction Manager and General Contractor (CMGC) for the project. Meanwhile, the architecture firm moved forward with more detailed design documents. In September 2014, CBI was informed that the direct construction costs were now estimated at \$5.8 million. The department says it inquired why the cost estimate in the initial feasibility study was substantially less, and it was suggested that the initial feasibility study significantly underestimated the costs for Heating, Ventilation, & Air Conditioning (HVAC), plumbing, and electrical needs for the

FY 2014-15 Supplemental Capital Construction Request

Public Safety

Acquisition and Renovation of Arvada CBI Lab Space to Comply with House Bill 13-1020

Motion:

Approve the supplemental request for additional state funding from the Department of Public Safety for the Acquisition and Renovation of Arvada CBI Lab Space to Comply with House Bill 13-1020 project (\$1,265,332 CCF).

forensic lab.

In response to this new information, the department says it asked the architecture firm to re-evaluate and redesign the renovation to be within the \$2.8 million budget. In November 2014, CBI was informed that it was not possible to design a forensic lab that would meet the International Organization for Standardization (ISO) accreditation and best practices in the Arvada building within the \$2.8 million direct construction budget originally anticipated.

Using more detailed design documents developed by the CMGC, the total revised cost for construction at the Arvada lab is estimated to be \$7.5 million. After the \$3,675,000 for the purchase of the building, \$3,525,000 remains for construction purposes from the \$7.2 million appropriation in FY 2014-15. This results in a budget shortfall of \$4,022,154 for construction on the project. The department has submitted a FY 2014-15 supplemental operating budget request to the Joint Budget Committee (JBC) to transfer \$2,756,822 from its existing General Fund appropriation to the Capital Construction Fund, resulting in a net supplemental request of \$1,265,332. The operating surplus is due to a lesser volume of sexual assault kits and a lower per kit pricing than initially estimated.

The department says if the supplemental request is not approved, it will not be able to complete the Arvada building's renovation as required. It also says CBI will not have the appropriate space to operate the needed DNA equipment to analyze an increased number of sexual assault kits, pursuant to HB 13-1020. Additionally, the department says CBI will not have adequate space to accommodate the needed personnel and equipment for one of three state toxicology labs required by House Bill 14-1340. It also says the lack of ISO-accredited forensic lab space will have a negative impact on CBI's ability to produce timely forensic analysis, potentially impacting public safety and successful court resolutions.

SUMMARY OF PROJECT

The project will renovate a recently purchased forensic laboratory in Arvada to meet ISO accreditation and best practices. The laboratory will be used by CBI for forensic testing, including the testing of sexual assault kits expected to be submitted due to the requirements of HB 13-1020. It will also house one of three State Toxicology labs. Specifically, the work includes renovation of the HVAC, plumbing, and electrical systems in the building.

QUESTIONS / OUTSTANDING ISSUES

All responses to staff questions were incorporated into the project write-up.

FY 2014-15 Supplemental Capital Construction Request

Public Safety

Redesign of 690 and 700 Kipling Street Vacated Space

Motion:

Approve the supplemental request from the Department of Public Safety for the Redesign of 690 and 700 Kipling Street Vacated Space project (\$2,536,576 CCF).

GENERAL INFORMATION

2016-026

1. Which supplemental criterion does the request meet?

Other

The department is requesting funding in FY 2014-15 to redesign and modify recently vacated space at 690 and 700 Kipling Street, in order to relocate staff from leased space at 710 Kipling Street before the expiration of a commercial lease in June 2015.

2. Which projects will be restricted to fund the supplemental request?**3. Has the request been approved by OSPB and CCHE?**

Yes

PRIOR APPROPRIATION AND SUPPLEMENTAL REQUEST INFORMATION

The appropriation to be amended was authorized in the following bill: HB 14-1336

<u>Fund Source</u>	<u>Prior Appropriations</u>	<u>Supplemental Request</u>	<u>Future Requests</u>	<u>Total Cost</u>
CCF	\$0	\$2,536,576	\$0	\$2,536,576
	\$0	\$2,536,576	\$0	\$2,536,576

REASON FOR SUPPLEMENTAL REQUEST

The department says funding is necessary in the current fiscal year in order to relocate staff before a lease at 710 Kipling Street expires in June 2015. The department has five leases for commercial space at 710 Kipling Street. The department expects staff from the CBI Investigations Unit currently housed in leased space at 710 Kipling Street, as well as health facility inspectors currently housed at a Colorado Department of Public Health and Environment (CDPHE) facility, to be relocated to redesigned space at 690 and 700 Kipling Street before the end of the current fiscal year. By relocating these programs and associated personnel to Capitol Complex leased space at 690 and 700 Kipling Streets, the department can terminate its existing commercial lease on time without paying termination fees or extending current leases for an additional year. The landlord at 710 Kipling Street will not allow the department to lease on a month-to-month basis.

SUMMARY OF PROJECT

This is a new, never-before requested project. The Department of Public Safety (DPS) is requesting state funds to redesign, improve, and modify recently vacated space at 690 and 700 Kipling Street. This project will provide architectural and engineering professional services, construction, move coordination, moving, copier preparation, security, furniture tear-down and reconfiguration, voice and data equipment, and audio-visual services. This funding will allow DPS to backfill space vacated by the Department of Agriculture on the fourth floor of 700 Kipling Street and by the CBI InstaCheck Unit on the third floor of 690 Kipling Street. Staff from the vacated space has been relocated to other state facilities.

FY 2014-15 Supplemental Capital Construction Request

Public Safety

Redesign of 690 and 700 Kipling Street Vacated Space

Motion:

Approve the supplemental request from the Department of Public Safety for the Redesign of 690 and 700 Kipling Street Vacated Space project (\$2,536,576 CCF).

DPS currently occupies Capitol Complex leased space at 690 and 700 Kipling Street. The divisions currently housed at these facilities include: the Executive Director's Office, the administrative staff of the Colorado State Patrol, portions of the Division of Fire Prevention and Control, portions of the Division of Criminal Justice, portions of the CBI, and the Office of Prevention and Security within the Division of Homeland Security and Emergency Management. With the recently vacated space, there is an additional 21,000 usable square feet available to renovate and relocate DPS staff currently housed in commercial leased space.

DPS is the only tenant at 690 and 700 Kipling Street. The department says it is practical to backfill vacant space at these buildings with: DPS staff from commercial leased space at 710 Kipling Street, department personnel currently housed at a CDPHE facility, and newly appropriated FTE. The department anticipates relocating the CBI Investigations Unit from 710 Kipling Street to the newly renovated space at 690 and 700 Kipling Street. The current lease for commercial space by the Investigations Unit expires on June 30, 2015. The department says it could save approximately \$5.20 per square foot over the existing lease if it is relocated to Capitol Complex leased space at 690 and 700 Kipling Street. The department is still evaluating its needs and has not yet determined how much commercial space will be vacated at 710 Kipling Street.

The department also hopes to relocate 14 health facility inspectors currently housed at a CDPHE facility to 690 or 700 Kipling Street. The department says CDPHE is eager to reclaim the leased space that DPS is currently using for its health facility inspectors. It also says it is important to the mission of the division, as well as the efficiency of the program, to house the health facility inspectors at a DPS facility.

The department says by backfilling the recently vacated space at 690 and 700 Kipling Street with DPS staff, it expects to save an estimated \$12,000 over the cost of commercial leased space in FY 2015-16. Furthermore, the department was appropriated 93.9 new FTE during the 2013 and 2014 legislative sessions, some of whom have yet to be hired because of space limitations within the department. If the department were to house this additional staff in commercial leased space, it would cost an additional \$62,000 total funds per year.

As part of the 2012 Capitol Complex Master Plan, The Department of Personnel and Administration (DPA) hired an engineering firm to evaluate the physical condition of 690 and 700 Kipling Street. The firm recommended \$15.6 million of equipment replacement and structural maintenance fixes. These costs are not included in this request. The department assumes the identified issues will be prioritized by DPA and additional funding will be requested at a later date.

Project alternative. The department considered relocating to a new or existing building. The department estimated the cost of this alternative to be between \$22.1 million and \$37.8 million. However, because DPS is the primary tenant housed in the Capitol Complex space at 690 and 700 Kipling, the department says the best choice is to redesign and backfill the recently vacated space.

QUESTIONS / OUTSTANDING ISSUES

1. For the life-cycle cost analysis, did the department consider a return-on-investment analysis, i.e., did it consider the time it would take to recoup the \$2.5 million in capital costs from the annual savings?

Because the department is in need of additional space, it was assumed that investing money in renovating vacated space in a state building rather than in commercial leased space is the best solution. It's not simply a matter of recouping costs; it's a matter of not investing money in commercial leased space. By investing the money into a state asset, it increases the value of the state asset which benefits the state if the building were to be sold.

2. Where will the temporary space necessary to accommodate staff during the renovation be located? According to the schedule submitted for this request, it appears DPS staff will not move into the new space until September 2015.

FY 2014-15 Supplemental Capital Construction Request

Public Safety

Redesign of 690 and 700 Kipling Street Vacated Space

Motion:

Approve the supplemental request from the Department of Public Safety for the Redesign of 690 and 700 Kipling Street Vacated Space project (\$2,536,576 CCF).

Is that correct? If so, will temporary office space be required for the entire time from the termination of the lease at 710 Kipling in June 2015 through September 2015?

The timetable was based on a regular capital request rather than a supplemental request, and was not revised when the decision to submit a supplemental request was made. The construction phase would start as soon as the supplemental bill is signed. It is anticipated that the project will include phased-construction whereby portions of the construction are completed, staff is moved, and construction on vacated space begins, and that this phasing will repeat until the project is complete in early 2016. The goal is to have transitions between space align as closely as possible to minimize the disruption of business operations and to avoid the need for temporary office space.

All other responses to staff questions were incorporated into the project write-up.