



CAPITOL COMPLEX | MASTER PLAN

DENVER,
COLORADO

JBC / CDC SUMMARY

JANUARY 16, 2014

ACKNOWLEDGEMENTS

JOHN HICKENLOOPER, Governor, State of Colorado

KATHY NESBITT, Executive Director, Department of Personnel & Administration

CAPITOL COMPLEX MASTER PLAN STEERING COMMITTEE

SENATOR PAT STEADMAN, Senate District #31

REPRESENTATIVE CHERI GEROU, House District #25

KEVIN PATTERSON, Deputy Chief of Staff, Governor's Office

HENRY SOBANET, Director, Governor's Office of State Planning and Budgeting

ERICK SCHEMINSKE, Deputy Director, Governor's Office of State Planning and Budgeting

KARA VEITCH, Deputy Director, Department of Personnel & Administration

MATT AZER, Director of Statewide Programs, Department of Personnel & Administration

MIKE KING, Executive Director, Department of Natural Resources

MICHAEL CHEROUTES, Director, High-Performance Transportation Enterprise, Department of Transportation

STEVE TURNER, Vice President of Preservation Programs, History Colorado

BRAD BUCHANAN, Executive Director, Department of Community Planning and Development, City and County of Denver

JOSE CORNEJO, Manager, Department of Public Works, City and County of Denver

MOLLY URBINA, Chief Recovery Officer, State of Colorado (formerly Deputy Manager, Department of Community Planning and Development, City and County of Denver)

LARRY FRIEDBERG, State Architect, Department of Personnel & Administration

CAROL LEWIS, Manager of State Building Programs, Department of Personnel & Administration

RNL DESIGN / WALLACE ROBERTS AND TODD / CGL

JBC / CDC SUMMARY TABLE OF CONTENTS

TABLE OF CONTENTS FOR MASTER PLAN REPORT.....1

FOREWORD.....2

EXECUTIVE SUMMARY.....3

OVERALL RECOMMENDATIONS.....5

PRIORITY RECOMMENDATIONS.....7

RECOMMENDED SYSTEM REMODELS.....9

OPPORTUNITIES.....10

COST AND TIME LINE.....11

BUILD/BUY/LEASE ANALYSIS.....13

TABLE OF CONTENTS FOR MASTER PLAN REPORT

Acknowledgments

Foreword

Executive Summary

1.0 INTRODUCTION

1.1 Overview of the Master Plan

2.0 OVERVIEW OF THE CAPITOL COMPLEX

2.1 General Overview of Campus and Agency Locations

2.2 Detailed Campus Overviews

Downtown Campus

Kipling Campus

Pierce Campus

North Campus

Executive Residence

Camp George West

Grand Junction

3.0 AGENCIES

3.1 Methodology

3.2 Agency Needs

3.3 Summary of Existing Space Utilization

3.4 Space Standards Benchmarking

3.5 Personnel and Space Projections

3.6 Key Recommendations

4.0 FACILITY ASSESSMENTS

4.1 Methodology

4.2 Facility Assessment and Priorities Summary

4.3 Facility Overviews

4.4 Sustainability Goals

4.5 Security

4.6 Key Recommendations

5.0 URBAN DESIGN

5.1 Methodology

5.2 Context

5.3 Urban Design Opportunities

5.4 Signage and Wayfinding

5.5 Access and Circulation

5.6 Parking

5.7 Architecture

5.8 Public Realm

5.9 West Lawn

5.10 Key Recommendations

6.0 BENCHMARKING

6.1 Methodology

6.2 History of Facilities Planning and Maintenance in Colorado

6.3 Facilities Oversight by the Department of Personnel and Administration

6.4 Offices and Committees with Facilities Oversight

6.5 Capital Projects Existing Decision Making Framework

6.6 Peer States

6.7 Best Practices States

6.8 State Capitols Case Studies

6.9 Potential Organizational Alternatives for Colorado

6.10 Key Recommendations

7.0 MASTER PLAN RECOMMENDATIONS

7.1 Introduction

7.2 Build/Buy/Lease Analysis

7.3 Overall Recommendations

7.4 Priority Recommendations

7.5 Recommended System Remodels

7.6 Opportunities

7.7 Cost and Time Line

8.0 IMPLEMENTATION / FINANCING OPTIONS

8.1 Implementation / Financing Strategies

APPENDICES - (included as separate documents)

Appendix 1 - Agencies

a) Updated Surveys

b) Baseline Data Table

Appendix 2 - Urban Design

a) Intersection Analysis

b) Multimodal Transportation Assessment

c) West Lawn Report

Appendix 3 - Benchmarking

a) Detailed State Abstracts

b) Comparative State Analysis

Appendix 4 - Facility Assessments

a) Comprehensive Facility Assessments



FOREWORD

This Capitol Complex Master Plan (CCMP) was authorized by Senate Bill 13 - 263 (C.R.S. 24-82-101(3)). The scope of the master plan includes the eleven buildings and grounds in the Capitol Buildings Group at the Capitol Complex as well as additional buildings and sites owned by the Department of Administration & Personnel (DPA) and managed by Capitol Complex Facilities (CCF) in the Denver metropolitan area and one DPA/CCF building located in Grand Junction. The Colorado History Museum and

the Ralph L. Carr Judicial Center are not included in the CCMP because these were recently planned and occupied facilities. Furthermore, no institutions of higher education are included as well as the five executive branch departments that are not housed in DPA owned/CCF managed buildings or adjacent downtown Denver lease space: Department of Agriculture, Department of Corrections, Department of Military and Veterans Affairs, Department of Public Health and Environment and Department of Transportation.

This Capitol Complex Master Plan evaluates agency needs, building conditions, Capitol Complex urban design issues and organizational structure relative to decision-making and funding and facilities planning and maintenance. This master planning effort seeks to address the recommendation of the Performance Evaluation of State Capital Asset Management and Lease Administration Practices audit dated November 2012 that states: "The State generally lacks a comprehensive mechanism for long-term planning

(such as a master plan) for its real estate assets. Such a mechanism could assist the State in its efforts to maximize the value of its real estate assets, reduce facility costs and support funding decisions."



EXECUTIVE SUMMARY

From the State Capitol to the Legislative Services Building, the state of Colorado has a rich inventory of buildings located in the heart of downtown Denver that enable thousands of workers to deliver services to the citizens of Colorado. It has been more than 25 years since a Facilities Master Plan has been completed and this undertaking therefore has tremendous potential to positively impact the efficiency with which these services are being delivered.

The State Capitol and adjacent grounds are a treasure visited by numerous citizens and tourists and, while the building has received a significant investment in recent years to maintain and restore its grandeur, there remains much to be done. Adjacent state buildings have received much less attention over the past decades. Strategic investment in those facilities is required to address code deficiencies, and will result in a substantial reduction of operating costs. Upgrades and reorganization would increase the efficiency of the buildings, reduce energy use and also improve the effectiveness of the state workforce.

The year-long study analyzed the optimum organization of agency personnel within the Capitol Complex in order to provide the most cost-effective facilities possible. Staffing projections reflect modest adjustments over the coming years to respond to projected service needs, and space standards have been proposed that are comparable to those found in highly efficient public and private entities.

A central question of the Facilities Master Plan and a strategic question that all states confront is: what is the right mix of leased vs owned facilities to accommodate state functions? The State currently leases approximately 700,000 SF of space in the downtown core which represents 39% of total occupied space. This is a significant amount of space and has a large impact on the State's annual budget. While a short term analysis would lead one to extend leases due to relatively low rental rates for Class B office space, a deeper analysis suggests an alternate strategy.

The planning team carefully evaluated the purchase of all viable existing office buildings in, and adjacent to, the Capitol Complex. These were compared to the extension of existing leases and also to the construction of a new office building at Lincoln and Colfax. The recommended strategy is to build a new State office building to house up to 500,000 SF of state agencies currently in leased space. This approach offers the following benefits:

- Agencies can be co-located in higher efficiency space, reducing travel time between multiple facilities
- The options are cost neutral over a 30 year horizon from a cash perspective and the State would realize cost savings thereafter rather than being obligated to make lease payments in perpetuity
- The state would not be impacted by large fluctuations in the lease rate market and would ultimately own the asset
- This development provides a unique opportunity to transform two key blocks of the Capitol Complex through the integration of street-grade retail (restaurant, café, convenience shops) that would improve the pedestrian experience in the region.

Transforming the character of the area is also one of the primary objectives of this master planning effort. The Capitol Complex is primarily a single-use district, populated mostly by state agencies and as such, has limited activity beyond the normal workweek. It possesses very little of the civic identity that such a prominent district should exhibit. Given the high number of employees in the region, the natural amenities including the State Capitol, civic lawns, proximity to the Civic Center, views, adjacency to the arts district and Civic Center Station, and proximity to the Central Business District, there is tremendous potential for the area to become a vibrant neighborhood with a civic jewel at its core.

The keys to transforming the district include the following:

- Increased residential development that adds 24/7 activity
- A cohesive signage and streetscape program that improves wayfinding, civic identity and the pedestrian experience
- A new building at Lincoln and Colfax that adds worker activity and improves the street edge
- Development of a 'Capitol Mall' along Sherman Street that stimulates pedestrian and bicycle activity through the zone and dramatically changes the character of the neighborhood.
- Improvement of Civic Center Station as currently planned by RTD to enliven Colfax between Lincoln and Broadway and improve the view of the State Capitol from the 16th Street Mall
- Improvements to the west lawn of the Capitol to improve public access and civic presence
- Renovation of 1375 Sherman and 1313 Sherman
- Development of the State Land Board site for residential and retail uses with a possible future office component

Several of these improvements can be implemented by the State while others will require participation of the private sector as well as other agencies such as the City and County of Denver and RTD. There is interest and motivation from these other entities to help transform this area and we strongly recommend that the State takes a lead role in establishing a task force that can move this agenda forward. It will require a cohesive effort and will have significant benefit for all parties.

In order to drive greater value into the master planning process, the team conducted an extensive analysis of best practices from other states. Ten states were surveyed to understand how they manage and operate their facilities portfolio, as well as how they prioritize capital construction, building renewal and controlled maintenance needs. Additionally, approach to long range planning, facilities management structure and funding strategies were benchmarked and insights that best apply to Colorado have been detailed in the report.

One of the key observations is that much of the deteriorated condition of state office buildings can be attributed in large part to the lack of an annual allocation to address deferred maintenance and regular building upgrades. It is recommended that an amount equal to 1.5 to 2% of the replacement value of existing assets be budgeted for such purposes in the future. This report also recommends several organizational changes, detailed in section 6, that we believe will result in a more streamlined and effective decision making process.



In summary, it is the intent of this master plan that State facilities in the Capitol Complex are upgraded, agency personnel relocated, and leases consolidated in such a manner that State services will be provided in a more efficient and cost effective manner. The master plan also lays out a visionary and achievable strategy to transform the Capitol Complex District into a vibrant, mixed-use neighborhood that has a cohesive civic identity and offers a memorable pedestrian experience.

These goals can be achieved through implementation of the strategies outlined in the recommendations below. The state's ability to complete the recommendations depends on its annual funding capacity. Results can be accelerated through the use of public private partnerships, an increasingly common strategy for civic entities to deliver projects. Through the use of Certificates of Participation (COPs), or a 6320 non-profit entity, capital and expertise can be accessed to generate the desired results.

The district surrounding the State Capitol represents one of the most under-appreciated assets in Colorado. It has the potential to be a great place to live and work, as well as a remarkable destination for visitors. With appropriate levels of investment, State buildings can increase employee efficiencies and improve public access, while significantly reducing operating costs. Ultimately this master plan needs to be flexible to respond to changing legislative and executive branch priorities as well as evolving economic conditions.

The Capitol Complex Master Plan map should be updated on a regular basis, and as many of the top priorities implemented as there are resources to accomplish. The planning team stands ready to assist, provide further clarification as needed and modify as necessary to enable the State to achieve as many of its stated goals as possible.



Outcome of Build/Buy/Lease Analysis

A detailed build/buy/lease analysis, undertaken by the consultant team during the planning process, indicated that, in the short term, the leasing of office space has certain financial advantages. However, the master plan took into consideration the history of agencies located in the downtown and found that many of the agencies located in leased space perform on-going (not short-term) functions of State government and have been located in leased space for long durations. It is the recommendation of the analysis that based upon the rising demand for leased space and the rising market costs that the State would realize long term savings if these agencies were to be relocated in owned space. The findings of the analysis also concluded that it would be advantageous for the State to build space suited for its needs rather than to purchase office space which was not specific to the requirements of the State and which would entail the State having to manage multiple private sector leases.

Formulation of the Recommendations

The recommendations were built upon the examination of agencies' space requirements, building assessments, urban design analysis of the downtown Capitol Complex, benchmarking of comparable states, and the outcomes of the build/buy/lease analysis. The hierarchy of the recommendations addresses the State's needs as identified in the master planning effort and seeks to create greater levels of efficiency and effectiveness within state agencies by organizing them in right sized facilities which are economical, reflective of the agency's needs, and which better serve the public. Recommendations addressing the urban design seek to create an active and user friendly campus within the downtown Capitol Complex that has a distinct identity but which is also interwoven with the surrounding urban fabric.

OVERALL RECOMMENDATIONS

AGENCY SPACE KEY RECOMMENDATIONS

Through the analysis of existing space usage and the projection of future space needs, several recommendations were formulated for the distribution and relocation of State agencies and their employees. Leased space was found to be advantageous for the few agencies experiencing changes in levels of employment and programming in order to better address the fluctuations they experience. Conversely, entire departments and programs are recommended to be located in State-owned facilities.

As a result of this analysis and the increased need for State-owned space located in the downtown Capitol Complex, a new building of approximately 567,000 gross square feet is recommended for consideration. This new facility would accommodate a large portion of the space needs of agencies currently located in leased space. In addition recommendations for the right-sizing of employee work spaces and space standards have been suggested based on employee position and need.

- **The long term strategy for the Capitol Complex facilities is the reduction of the amount of square footage occupied in commercially leased space and the increase of State owned space. Currently 39% of the inventory is in commercially leased space.**
- **A 5.5% growth in space requirements is projected over the next ten years, driving the need for additional space over and above the current inventory.**
- **In renovating any of the State's owned inventory, there is the opportunity to greatly improve the working environment for State employees. Through cost effective design solutions, efficient space planning and a reduction in workstation sizes, the State can achieve a higher density in its buildings and help create an environment that will help attract and retain employees.**
- **Remodeling of these facilities, replacing leased space with owned, and increasing the overall inventory available provides opportunities to relocate and consolidate some functions to improve agency operations as well as to create more consistency and efficiency in space utilization and space standards between buildings and agencies.**
- **It would be beneficial for The State Patrol to move out of the Power Plant Building, located at 1341 Sherman Street in Denver, and into another building within the Capitol Complex with more space for personnel and equipment requirements.**

FACILITY ASSESSMENT KEY RECOMMENDATIONS

Due to a history of deferred maintenance and a backlog of capital improvement needs, many of the Capitol Complex buildings are in need of upgrades and, in certain cases, comprehensive renovations. Though all buildings under the purview of Capitol Complex Facilities group have maintenance needs to return them to efficient operating condition, several buildings in particular require immediate, critical upgrades.

The master plan recommendations list the buildings which require systems and facility maintenance; eight buildings require immediate attention. The issues facing these facilities have potential impact on the life safety of visitors and tenants, loss of use of the facility, and the functionality of the facility. In order to address the current and ongoing maintenance and renovation needs of the Capitol Complex, the State should consider a dedicated source of funding. It is recommended that an amount equal to 1.5 to 2% of the replacement value of existing assets be allocated for maintenance purposes.

- **Of the owned buildings, several need significant renovation in order to be appropriate for on-going, long-term use, most notably the 1313 Sherman Street, 1375 Sherman Street and 1570 Grant Street buildings.**
- **The Capitol Annex Building, located at 1375 Sherman Street in Denver, needs to have all systems replaced and be totally renovated.**
- **The Centennial Building, located at 1313 Sherman Street in Denver, needs to have all systems replaced and be totally renovated.**
- **The remainder of Capitol Complex Facilities-managed buildings (assessed as part of this master plan) need to undergo a series of system upgrades to address issues with life safety, loss of use/ reliability, and/or overall energy efficiency. The comprehensive recommended system upgrades are outlined in the individual Findings & Recommendations (F&R) Needs Assessments per building and the Camp George West site.**
- **In addition to repairing and replacing failing systems, the state could employ a consultant to evaluate and make recommendations concerning the restoration of the remainder of the Capitol including the Governor's office, committee rooms, and other spaces.**
- **The creation of a full-time, supported Sustainability Manager position for the Capitol Complex is pivotal to the cost-effective and sustainable operation of the Capitol Complex. The Sustainability Manager would conduct building energy, water and waste audits and develop and implement a sustainability management plan.**



URBAN DESIGN KEY RECOMMENDATIONS

The Capitol Complex currently functions as a single-use district. The cumulative effect of the State-owned buildings and the other public institutions in the area create a district that is active during weekday work hours and comparatively vacant during evenings and weekends. Several recommendations were formulated with the goal of activating the campus; these include the integration of retail and residential uses within the Complex.

The ease and clarity of access and mobility around the district is another issue facing the downtown campus. The location of the Capitol adjacent to busy arterial streets and the lack of signage and wayfinding make pedestrian access among State-owned and surrounding districts difficult. To address these issues, recommendations for the creation of a pedestrian-oriented, multi-modal (vehicle, bicycle, and pedestrian) mall along Sherman Street, the installation of a comprehensive wayfinding and signage package, and the improved crossings over Colfax Avenue are recommended for consideration by the State.

- **A newly-constructed, mixed-use office building on the State-owned parcel on the northeast corner of Lincoln Street and Colfax Avenue could accommodate State agency space needs and provide an activating element for the campus. The proposed building will add users to the Complex and act as a gateway between the Complex and downtown.**
- **Signage, wayfinding, and streetscape improvements which are embodied in the Capitol Mall Concept represent the opportunity to define the Capitol Complex campus and make it more user friendly.**
- **Circulation and Connectivity, building upon the wayfinding improvements, should be made to key intersections to facilitate better pedestrian circulation and connectivity. Connections across Colfax Avenue between the north and south campus, as well as connections between the campus and the downtown, are the most critical.**
- **The Capitol Complex should look for opportunities to introduce retail and residential services into the Campus to help activate the campus and attract users from outside of the campus and also provide services to the users and employees of the State.**

BENCHMARKING KEY RECOMMENDATIONS

Through research, interviews and benchmarking of facility management, best practices of other states were studied. This benchmarking exercise has been compiled into a series of recommendations intended to refine efficiency and organization of the current structure. These suggestions include the integration of the Office of the State Architect with a dedicated planning function and the Capitol Complex Facilities group into a single division which would coordinate capital planning and maintenance. The planning function could also provide support to OSPB.

Additional considerations would include a statutory requirement for the preparation and updating of a State-wide long range facilities plan, tracking and monitoring facilities operations and maintenance budgets to aid in planning for future needs, using BOMA (Building Owners and Managers) published standards for the benchmarking of lease rates and maintenance cost, and the use of alternative financing structures allowing for tax-exempt bonds for development.

- **A minimum of one full-time Facilities planning FTE should be added to the staff of the Office of the State Architect (OSA) to maintain and coordinate the implementation of the Capitol Complex Master Plan.**
- **A new statutory requirement should be considered to include statewide planning within the recommended single coordinated group with capacity and staff to prepare and regularly update the statewide long range facilities plans. The review process could also be linked to agency strategic plans and the capitol complex master plan. These agency plans would require regular updates.**
- **Dedicated annual source of funding for controlled maintenance to 1.5% to 2% of the replacement value of existing assets. Such a proposal was considered by the State but has not been adopted.**
- **Review and upgrade of the existing facilities management system is needed in order to help improve tracking and monitoring in facilities operations and maintenance budgets and help in planning future needs. Many states reviewed in the benchmarking study are increasingly relying on such systems. In addition, the State could solicit input from a consultant to document overall CCF needs and practices prior to construction of a new building and/or solicit peer review assistance from other state agencies responsible for facilities maintenance.**
- **Benchmarking of the existing lease rates for agencies for operations and maintenance could be considered using the standards published by BOMA.**
- **Continued use of alternative financing structures (also used by the State of Washington) using the Internal Revenue Service (IRS) ruling #20 that allows for a non-profit corporation to be set up for the sole purpose of issuing tax exempt bonds and to enter into a development agreement to construct a facility, for a tax exempt purpose, for the government.**

PRIORITY RECOMMENDATIONS

NEW BUILDING AT COLFAX & LINCOLN



Currently a number of entire State agencies and offices are located in leased office space. Relocating these agencies into owned space would save the State money over the long term and remove agencies from the rising costs of the private lease market in downtown. The construction of a new facility on the State-owned site on the northeast corner of Lincoln Street and Colfax Avenue would provide an opportunity to consolidate entire State agencies and offices from private leased space into efficiently configured owned space. Additionally, this would provide an efficient and easily accessible location for agencies that require convenient access to the Capitol Building. As an urban design element, this proposed building would create a strong gateway between downtown Denver and the Capitol Complex and improve the pedestrian experience on Colfax Avenue. The proposed building would be approximately 567,000 gross square feet and cost approximately \$189 million in 2014 dollars.

CAPITOL MALL



The purpose of the Capitol Mall is the creation of a central unifying element that will act as a connective feature in tying the downtown Capitol Complex Facilities-managed properties together and the creation of a more cohesive campus environment with enhanced pedestrian accessibility and an improved experience for visitors and daily users. The Sherman Street mall would be an identifiable central element featuring landscape, lighting, hardscape, building signage and pedestrian wayfinding improvements as well as improved pedestrian crossings at key intersections on Colfax Avenue. State-owned, underused or vacant sites along Sherman Street provide future opportunities for mixed-use development, including a State-occupied building at Lincoln and Colfax with ground floor retail/restaurant use.

CAPITOL ANNEX RENOVATION



The Capitol Annex, at 1375 Sherman Street, is in extremely poor condition. Maintenance has been deferred and the building is in urgent need of renovation. The main concerns are related to an almost non-functioning HVAC system, the presence of asbestos, a deteriorated roof, single glazed windows, and handicapped accessibility, building code compliance and energy efficiency issues and the near failure of exterior and some interior finishes in this historic 1937 structure. The energy upgrades would generate significant cost savings in future years. The new HVAC system along with space planning based on the recommended space standard would allow better utilization of the building. Due to the asbestos, the Department of Revenue (DOR), the building's tenant, would need to vacate the building for the duration of the renovation. After the renovation is complete, DOR would return to the building to be the sole long term occupant. The spaces will be right-sized to accommodate the department's needs. Renovations for this building would cost approximately \$31 million in 2014 dollars.

CENTENNIAL BUILDING RENOVATION



Similar to the Capitol Annex, the Centennial Building, located at 1313 Sherman Street, has not experienced a complete renovation since its construction in 1976. The significant issues include a poorly functioning HVAC system with limited controls, unsafe electrical distribution system, outdated fire alarm system, lack of accessibility for the disabled, building code compliance and energy efficiency issues and the deteriorated condition of the exterior and some interior finishes. Another major concern is the age and condition of the automatic sprinkler system throughout the building. The energy upgrades would generate significant cost savings in future years. The new HVAC system and utilization of the new space standard of 220 square feet per FTE would allow additional employees to be housed in this building. Following the relocation of the Department of Local Affairs (DOLA) to the 1570 Grant Building, the Department of Natural Resources (DNR) would relocate to temporary space in order to complete a full renovation of the Centennial Building. Upon completion, DNR will backfill the vacated spaces allowing for the consolidation of administrative groups of DNR coming from other locations. The renovation for this building would cost approximately \$41 million in 2014 dollars.

1570 GRANT BUILDING RENOVATION



The 1570 Grant Building is in poor to fair condition with issues related to building systems, code compliance, accessibility and asbestos. Two significant issues are the age and condition of the windows and the absence of a fully automatic sprinkler system. Energy upgrades would generate significant cost savings in future years.

The Department of Health Care Policy and Financing (HCPF) will vacate 1570 Grant and move into leased space. The building will then be renovated for use by the Department of Local Affairs (DOLA). This renovation should occur prior to the renovation of the Centennial Building at 1313 Sherman. The cost of agency relocation and renovation is approximately \$6.8 million in 2014 dollars.

KIPLING CAMPUS RENOVATION



The two State buildings on the Kipling Campus, 690 and 700 Kipling Street, present issues related to fire alarm systems, elevator modernization, repair and replacement of window systems, HVAC upgrades in 700 and electrical upgrades in 690. With the recent relocation of several departments, there is available space for backfill and growth for the Department of Public Safety (DPS) to expand into the vacant space in a phased renovation.

The Office of Information Technology (OIT) data center will remain at this location for the near future and may reduce in size. DPS has submitted a formal request to fund this project in 2015. The cost of renovation is approximately \$21 million in 2014 dollars.

The purchase of the 2.5 acre parcel directly to the east of the campus was considered for expanded fleet parking and site access, but was deemed unnecessary at this time. If additional parking is needed in the future, the State may consider purchasing this site.

DIVESTMENT OF 1881 PIERCE



The Department of Revenue has indicated that it is very inefficient to have the department spread out among several buildings in several locations - in two owned buildings and six leased locations. DOR should ideally be co-located or, at least, have the functions that are currently housed in the 1881 Pierce building relocated to a facility closer to the downtown departmental location at 1375 Sherman Street. This co-location or relocation should also allow for easier transit access to meet the needs of its customers. It is estimated that the sale of 1881 Pierce would generate revenue of \$7.9 million.

If that does not occur and the building is renovated system-by-system, the following deficiencies need to be addressed: addition of a fire sprinkler system, limited asbestos abatement, HVAC system upgrades, handicap accessibility modifications, and site and parking lot improvements in this high public-use facility.

NORTH CAMPUS



The North Campus has three metal buildings that house DPA's Division of Central Services operations - printing, mail processing, design services and fleet. Two of the buildings are currently unoccupied except for use as storage and the third building has significant building code compliance issues. The Division of Central Services would like to move its mail operations closer to the U.S. Post Office general mail facility; this would save significant dollars because pick up and delivery costs would not be charged. It would also be possible to evaluate the construction of a two story building within the west parking lot at the North Campus and subsequent demolition of the three buildings. If neither option is chosen, the renovation of the three buildings would cost almost \$10 million in 2014 dollars.

RECOMMENDED SYSTEM REMODELS

SYSTEM REMODELS

Though all buildings within the Capitol Complex have certain system upgrade needs, several buildings stand out as having more immediate and pressing upgrade requirements. The needed upgrades vary from building to building, but each issue has an adverse impact on life safety, loss of use/reliability, finishes, or overall energy efficiency. Issues include, but are not exclusive to, roof replacements, elevator replacements, fire safety upgrades, electrical system renovations, handicapped

accessibility and building code compliance. Unlike buildings that require comprehensive renovations, these buildings in need of systems upgrades will have phased renovations done with the existing occupants in place. The cost for these combined upgrades and renovations is \$129 million in 2014 dollars. The State Capitol building accounts for nearly half of this total at \$62 million. The buildings in need of systems upgrades are as follows:

Legislative Services Building



Executive Residence



State Office Building



Human Services Building



State Services Building



Power Plant



Grand Junction State Services Building



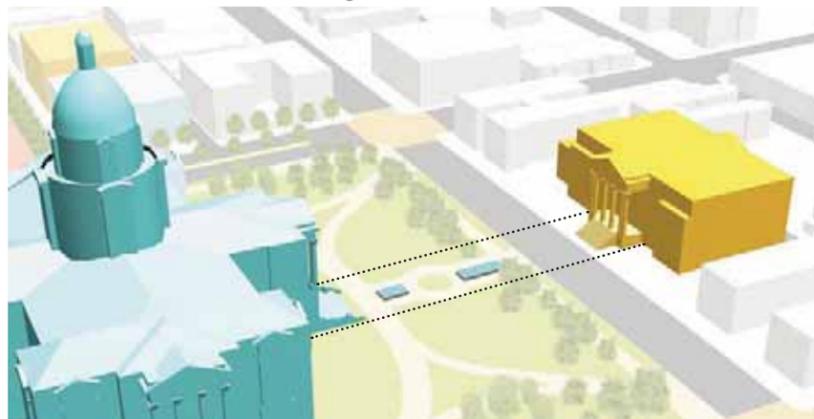
State Capitol Building



OPPORTUNITIES

In addition to the larger recommendations laid out on previous pages, several other development options could be considered as Capitol Complex improvements. Some offer growth opportunities for State agencies beyond the timeline of this study. Others provide dramatic changes to the circulation, parking and civic landscape and illustrate the future potential of the Capitol Complex. These opportunities could be implemented over time to provide for future departmental growth, parking needs, urban design improvements, and overall flexibility.

Grant Street Office Building



The purchase of a privately-owned parcel directly east of the Capitol Building across Grant Street represents an opportunity to secure a strategic and important site within the campus for future use. In the short term, the site may be utilized as surface parking for State employees and provide revenue to the State. In the longer term, the site is envisioned as a site for a Legislative Services Building with a secure, sky-lit underground link to the Capitol Building to provide legislators and their service agency staff office space within close proximity to the Capitol and secure underground parking. This additional parking would allow for the removal of surface parking around the Capitol building. The building could include amenities appropriate for user functions such as a dining facility and a work out space. This project of 150,000 square feet would cost approximately \$44.6 million in 2014 dollars exclusive of land. As an interim parking lot, it would yield approximately 125 spaces and the land would cost approximately \$11 million in 2014 dollars.

West Lawn Project



The proposed West Lawn concept consists of a landscape cover that would extend the west lawn of the Capitol into Lincoln Park directly west across Lincoln Street from the Capitol Building. The project could benefit the Capitol Complex and the larger Civic Center by providing additional space for activities and programming, and potentially relocating parking from the Capitol circle to a parking structure located beneath the elevated west lawn. The entire scope of the project would cost approximately \$69 million in 2014 dollars.

Addition to State Office Building



The surface parking lot located at 1530 Sherman Street north of the State Office Building, provides another opportunity for future expansion office space for State agency uses by constructing an addition to the State Office Building. The additional office space could be used to accommodate the needs of growing agencies or the transition of agencies from leased to owned space. The structure could be approximately 105,000 gross square feet at a cost of approximately \$29 million in 2014 dollars.

Addition to Centennial Building



The surface parking lot at 1325 Sherman Street directly north of the Centennial Building, provides an opportunity for future State-occupied office space within the Capitol Complex. In the short term, the site can be used in its current function as employee parking. In the long term, the site can be developed into an attached office structure to the Centennial Building to accommodate expanding State agencies or further consolidation of leased space. The structure could be approximately 82,800 gross square feet at a cost of approximately \$19 million in 2014 dollars.

Addition to Merrick Parking Structure



The Merrick Parking Structure, built in 2006, is approximately 200,000 square feet and has 660 parking spaces. Despite the relatively large size of this facility, the need for increased State employee parking spaces persists. The structure of the garage was designed to expand in the future to accommodate the growing needs of the Capitol Complex. Two stories could be added to the structure, adding approximately 282 spaces, at the cost of approximately \$8.5 million in 2014 dollars.

COST AND TIMELINE

Capitol Complex Master Plan Estimated Costs and Project Durations

Project #	Location	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25	Construction Cost or Purchase Price	FF&E Note: E	Swing Space	Additional Lease Cost	Project Total	Cum. Total	
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10							
Priority Recommendations	1	Negotiate Short Term Lease for DORA, prior to announcement of state plans for a new building 12/31/2014																
	2	New Building at Lincoln & Colfax (493,000 RSF / 567,000 GSF)										\$156,000,000	\$27,000,000			\$183,000,000	\$183,000,000	
	3	Capitol Mall and Urban Design Note: A										\$3,014,800				\$3,014,800	\$186,014,800	
	4	Renovate 1375 Sherman										\$22,688,430	\$1,900,000	\$6,600,000		\$33,758,560	\$219,773,360	
	5	Renovate 1313 Sherman										\$34,212,015	\$4,000,000	\$4,400,000		\$48,771,465	\$268,544,825	
	6	Relocate HCPF to Lease Space & Renovate 1570 Grant & Relocate DOLA										\$5,643,711	\$1,250,000		\$716,235	\$7,609,946	\$276,154,771	
	7	Renovate 690 & 700 Kipling (Expand Public Safety)										\$18,278,799	\$2,700,000			\$20,978,799	\$297,133,570	
	8	Relocate DOR and Build New Facility for DOR & DMV; Sell 1881 Pierce Note: B & C										\$44,000,000	\$4,000,000			\$48,000,000	\$345,133,570	
	9	Resale Value of 1881 Pierce										(\$7,900,000)				(\$7,900,000)	\$337,233,570	
System Remodels	Relocate Central Services to New Facility; Secure Fleet Parking & Fleet Mgmt to remain at North Campus Note: C										\$12,900,000	\$2,100,000			\$15,000,000	\$352,233,570		
	10	200 East 14th Ave; Legislative Services										\$4,609,638	\$500,000			\$5,109,638	\$357,343,208	
	11	400 East 8th Ave; Executive Residence										\$8,540,832				\$8,540,832	\$365,884,040	
	12	Camp George West										\$14,697,457				\$14,697,457	\$380,581,497	
	13	201 East Colfax; State Office Building										\$5,724,206	\$1,074,700			\$6,798,906	\$387,380,403	
	14	1575 Sherman; Human Services										\$16,500,000	\$2,500,000			\$19,000,000	\$406,380,403	
	15	1525 Sherman; State Services										\$10,438,019	\$2,700,000			\$13,138,019	\$419,518,422	
	16	1341 Sherman; Power Plant										\$5,000,000	\$62,350			\$5,062,350	\$424,580,772	
	17	Grand Junction										\$7,064,335	\$951,250			\$8,015,585	\$432,596,357	
Opportunities	State Capitol Renovation										\$61,845,759	\$1,300,000			\$63,145,759	\$495,742,116		
	Other Considerations																	
	19	SLB Development of 13th & Sherman															\$495,742,116	
	20	DHS Potential to Vacate 1575 Sherman & Relocate to Ft. Logan Note: D										\$62,500,000	\$8,750,000			\$71,250,000	\$566,992,116	
	21	Add Two Floors of Parking (282 Spaces) to 1359 Lincoln Parking Garage										\$8,500,000				\$8,500,000	\$575,492,116	
	22	Purchase the Grant Street Site East of the Capitol for Future Development Annual Parking Income Potential \$202,500 / Year (125 Spaces)										\$11,000,000				\$11,000,000	\$586,492,116	
	23	Addition to 201 East Colfax (94,300 RSF / 105,000 GSF)										\$26,643,561	\$2,400,000			\$29,043,561	\$615,535,677	
24	Addition to 1313 Sherman (72,000 RSF / 82,800 GSF)										\$17,231,945	\$1,800,000			\$19,031,945	\$634,567,622		
25	West Lawn										\$56,141,210				\$56,141,210	\$690,708,832		
Total Master Plan							\$605,274,717	\$64,988,300	\$11,000,000			\$690,708,832						

Note:

- A. Assumes the City of Denver and Private Developers will fund the balance (\$2.5M)
- B. DOR Could vacate 1881 Pierce and occupy 1575 Sherman if DHS vacates Capitol Complex and relocates to Ft. Logan
- C. Building a new building is assumed for both the new DOR location and the new Central Services location; leasing or purchasing in the scenarios could result in the costs below in lieu of the \$48 million:
 - Acquire a Class B Building for DOR Estimated Cost: \$7,200,000
 - Leasing a new DOR Location Estimated Cost: \$1.6M / Year 10 Year Effective Rate
 - Buying a New Central Services Location Estimated Cost: \$7,000,000
 - Leasing a New Central Services Location Estimated Cost: \$1.4M / Year 10 Year Effective Rate
- D. Construction cost assumed based on existing 1575 Sherman square footage
- E. The FF&E Costs represent new furniture which is required to achieve the proposed goal of 220 SF/FTE

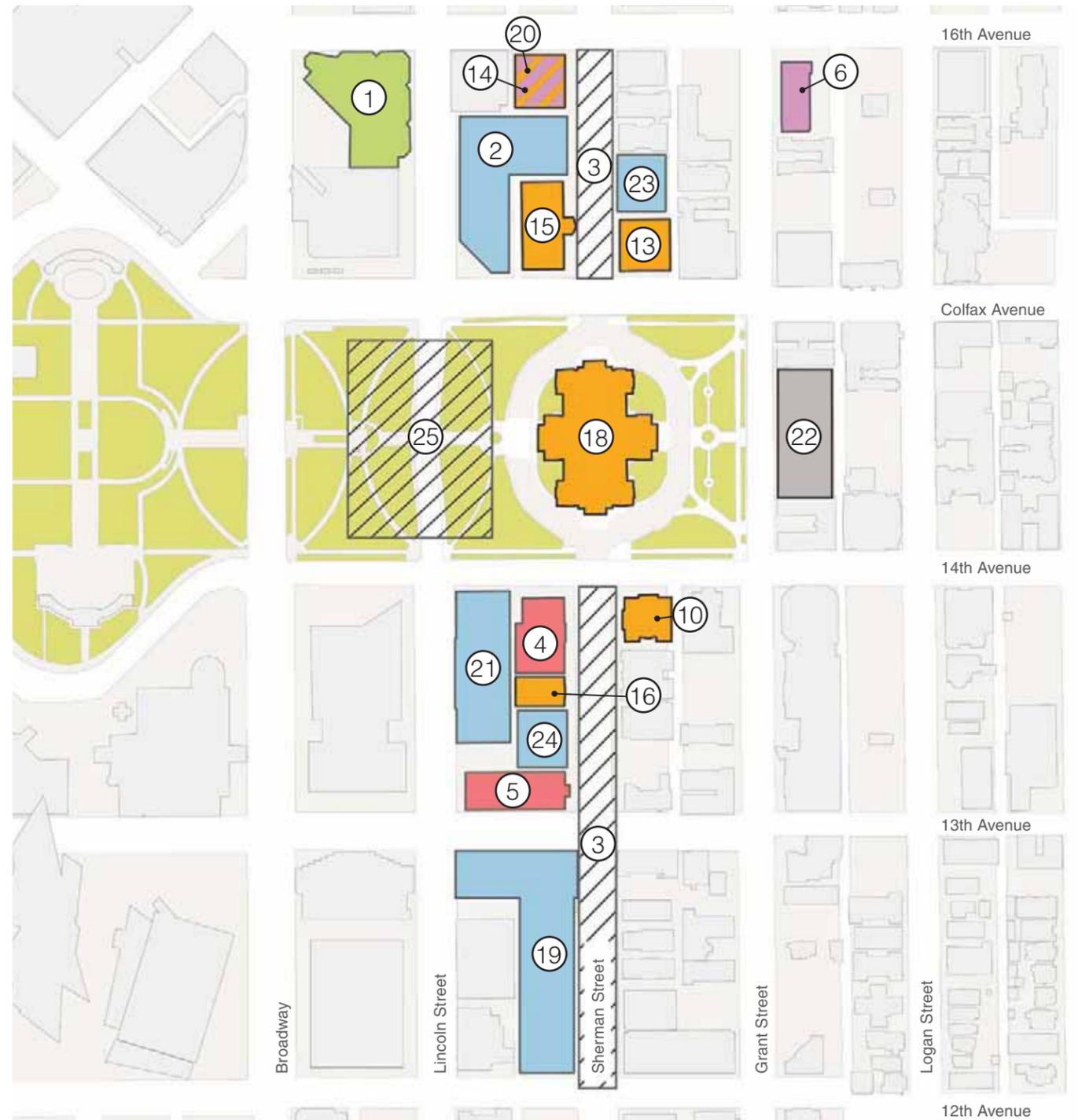
NOTE: All of the above costs are in 2014 dollars and should be escalated to the year construction will occur.

- Complete Renovation
- Relocation of Agency
- Systems Renovation
- DORA Lease
- New Construction
- Purchase Property
- Urban Design/Landscape

The recommendations outlined within this chapter, as well as others found in more detail throughout the master plan, have been given an assumed cost estimate (in 2014 dollars) to help define the scale and priority of each item. Additionally, each item has an associated time frame that is an estimate of the completion time in months from their respective beginning dates. Due to the variability of project initiation, exact dates for project completion are not supplied.



Capitol Complex



Kipling Campus



Executive Residence



Pierce Campus



Camp George West



North Campus



Grand Junction State Services Bldg



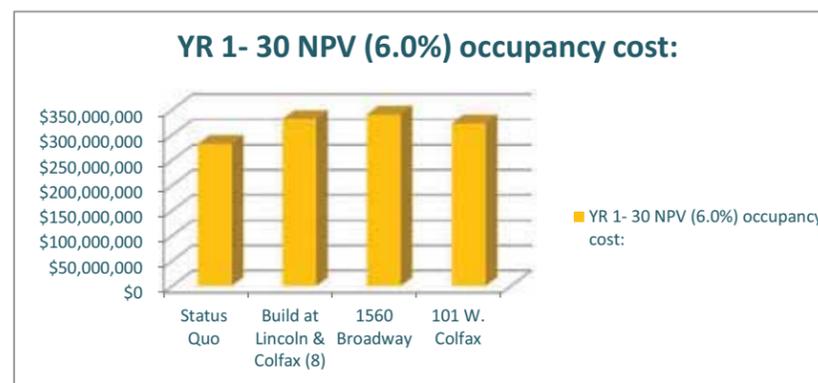
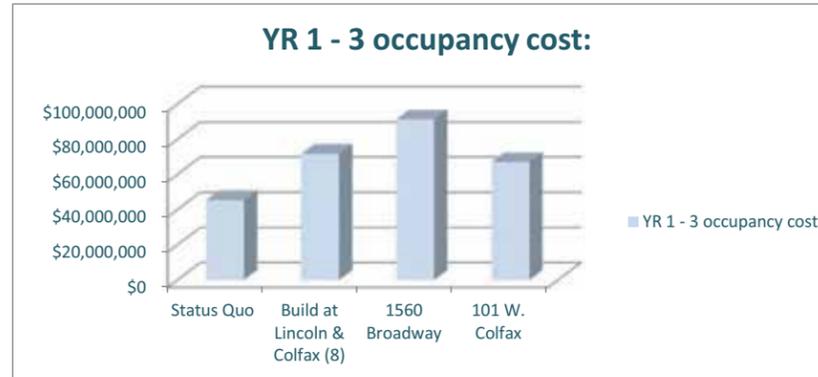
Project numbers correspond to those on the Cost and Timeline summary on the previous page

BUILD/BUY/LEASE

Line	Description	Status Quo	Build at		
			Lincoln & Colfax (8)	1560 Broadway	101 W. Colfax
1	Owned building RSF:	0	493,000	598,592	305,667
2	Continued 3rd party leased space (after 3rd parties vacate):	704,221	211,221	105,629	398,554
3	Total tenant pool:	704,221	704,221	704,221	704,221
4					
5	Financed Costs				
6	Assumed closing /start date: (1)	7/1/2016	7/1/2016	7/1/2014	7/1/2014
7	Purchase / build price / RSF (w/ parking):	N/A	\$315.65	\$250.00	\$385.00
8	Purchase / build price (w/ parking):	N/A	\$155,615,450	\$149,648,000	\$117,681,795
9	Space fit-up / RSF: (2)	N/A	\$55.00	\$45.00	\$25.00
10	Space fit-up: (2)	N/A	\$27,115,000	\$26,936,640	\$7,641,675
11	Total amount financed:	N/A	\$182,730,450	\$176,584,640	\$125,323,470
12	Annual debt service, COP or other bond financing:	N/A	\$15,709,652	\$15,181,286	\$10,774,275
13					
14	YR 1 - 3 debt service:	N/A	\$47,128,957	\$45,543,859	\$32,322,825
15	YR 1 - 20 debt service (debt is fully amortized after 20 years):	N/A	\$314,193,047	\$303,625,729	\$215,485,503
16					
17	Operating Expenses:				
18	YR 1 - 3 building opex: (3)	N/A	\$12,130,265	\$16,822,530	\$8,520,981
19	YR 1 - 30 building opex: (3)	N/A	\$173,152,261	\$213,953,657	\$110,690,343
20	Annual capital renewal reserve:	N/A	\$1.75	\$3.00	\$2.75
21	Total annual capital renewal reserve:	N/A	\$862,750	\$1,795,776	\$840,584
22	YR 1 - 3 capital renewal reserve:	N/A	\$2,588,250	\$5,387,328	\$2,521,753
23	YR 1 - 30 capital renewal reserve:	N/A	\$25,882,500	\$53,873,280	\$25,217,528
24					
25	Third Party Tenant Income:				
26	Duration of third party income: (4)	N/A	N/A	Through 6/30/20	Through 4/30/23
27	YR 1 - 3 estimated third party income:	N/A	N/A	(\$13,874,380)	(\$4,156,211)
28	YR 1 - 30 estimated third party income:	N/A	N/A	(\$27,247,882)	(\$16,159,544)
29					
30	Parking:				
31	Garage Construction @ 1555 Sherman (1560 Broadway scenario only):	N/A	N/A	\$8,600,000	N/A
32	YR 1 - 3 Parking Income: (5)	N/A	(\$3,776,220)	(\$517,260)	(\$4,329,000)
33	YR 1 - 30 Parking Income: (5)	N/A	(\$37,762,200)	(\$14,483,280)	(\$43,290,000)
34					
35	Up Front Cash Funded Items:				
36	3rd party lease cost reserve fund: (6)	N/A	\$0.00	\$13.53	\$7.44
37	Total 3rd party lease cost reserve fund: (6)	N/A	\$0	\$8,101,450	\$2,275,000
38					
39	Continued 3rd Party Leased Space in Denver CBD:				
40	Continued 3rd party leased space (AVG over 30 Years):	704,221	211,221	146,363	418,054
41	YR 1 - 3 blended average lease rate: (7)	\$21.50	\$21.50	\$21.50	\$21.50
42	YR 1 - 3 blended average lease cost: (7)	\$45,420,927	\$13,623,356	\$21,192,199	\$29,898,359
43	YR 1 - 30 blended average lease rate: (7)	\$33.14	\$33.14	\$33.14	\$33.14
44	YR 1 - 30 blended average lease cost: (7)	\$700,062,723	\$209,973,784	\$132,282,191	\$409,831,293
45					
46	YR 1 - 3 occupancy cost:	\$45,420,927	\$71,694,608	\$91,255,727	\$67,053,708
47	YR 1 - 30 occupancy cost:	\$700,062,723	\$685,439,393	\$678,705,145	\$704,050,122
48	YR 1 - 30 NPV (6.0%) occupancy cost:	\$281,722,360	\$330,768,342	\$340,290,405	\$322,081,793
49					
50	If General Fund funded (no COP financing):				
51	Initial appropriation (build/purchase price plus fit up+1560 garage):	N/A	\$182,730,450	\$185,184,640	\$125,323,470
52	YR 1 - 30 occupancy cost if 100% cash funded:	\$700,062,723	\$553,976,796	\$551,664,055	\$613,888,089
53					
54	Residual Value (est. 75% of purchase price + fit up):	\$0	(\$137,047,838)	(\$132,438,480)	(\$93,992,603)

Financing Assumptions:

COP amortization schedule: 20 years
COP interest rate: 6.00%



= Costs applicable to both YR 1 - 3 and YR 1 - 30 scenarios
 = Cost amounts applicable to YR 1 - 3 scenario
 = Cost amounts applicable to YR 1 - 30 scenario

NOTES:

(1) Anticipates new building at Colfax & Lincoln would be complete 7/1/16 and therefore we evaluated the status quo beginning 7/1/16. Both existing buildings are assumed to close 7/1/14.

(2) For all scenarios (except for Status Quo), includes architectural design, tenant improvements and information technology. Does not include furniture (new or used), move management, or escalation. Assumes comparatively less fit up costs would be required at 101 W. Colfax (estimate of \$25.00 / RSF) as the building is relatively new and the furniture would potentially be available.

(3) Assumes \$8.00 / RSF net of taxes for all scenarios, 2.5% annual increases. For 1560 Broadway, assumes \$3.22 / RSF current property taxes, State occupancy at 100% by 2020 (no property taxes paid after that date). For 101 W Colfax, assumes \$5.12 / RSF current property taxes, State occupancy at 100% by 2024 (no property taxes paid after that date).

(4) Date of last expiring third party leases. Assumes all existing leases expire at scheduled dates; renewal options in third party leases are not exercised.

(5) For 101 W. Colfax, assumes \$185 per space per month, 650 spaces. For Colfax & Lincoln, assumes \$185 per month, 567 spaces. For 1560 Broadway, assumes construction of a new garage for \$8.6M (incurred in 2015). Assumes \$185 per month, 233 spaces (assumes no income until 2016 to allow for construction time).

(6) Reserve fund to cover transaction costs should third party tenants exercise their renewal options. Assumes worst case i.e. all 3rd party tenants (231,470 RSF @ 1560 Broadway and 65,000 RSF @ 101 W. Colfax) exercise their renewal options at an average of \$35.00 / RSF in required transaction costs (conservative estimate).

(7) Blended average lease rate projections for all 704,221 RSF of leased space starting 7/1/16. Includes existing rents through expirations as applicable, future projections, and annual gross rate increases (pre-property tax reduction) of 3.0% through the analysis term.

(8) Assumes Colfax and Lincoln new building would be 567,000 GSF, 493,000 RSF.

NOTE: 1290 Broadway (Security Life / ING Building) was contemplated for this analysis. However, only approximately 66,000 RSF of vacancy exists in the building and the seller is very unmotivated which would result in comparatively expensive economics.

