

Fiscal Year 2009-10 Capital Construction Request

Colorado Historical Society

New Colorado History Museum (COP Project)

PROGRAM PLAN STATUS

2009-204

Approved Program Plan?

 Yes

Date Approved:

PRIORITY NUMBERS

Prioritized By

Priority

Dept/Inst

1 of 5

OSP/B

3 of 44

OSP/B recommends that all cash projects be funded, but also assigned cash priorities.

PRIOR APPROPRIATION AND REQUEST INFORMATION

<u>Fund Source</u>	<u>Prior Approp.</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>Future Requests</u>	<u>Total Cost</u>
CF	\$18,000,000	\$14,000,000	\$4,000,000	\$0	\$36,000,000
Total	\$18,000,000	\$14,000,000	\$4,000,000	\$0	\$36,000,000

ITEMIZED COST INFORMATION

<u>Cost Item</u>	<u>Prior Approp.</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>Future Requests</u>	<u>Total Cost</u>
Land Acquisition	\$6,500,000	\$0	\$0	\$0	\$6,500,000
Professional Services	\$6,300,000	\$6,087,000	\$12,000	\$0	\$12,399,000
Construction	\$4,120,000	\$2,073,000	\$1,748,000	\$0	\$7,941,000
Equipment	\$0	\$2,000,000	\$1,000,000	\$0	\$3,000,000
Miscellaneous	\$180,000	\$3,140,000	\$1,040,000	\$0	\$4,360,000
Contingency	\$900,000	\$700,000	\$200,000	\$0	\$1,800,000
Total	\$18,000,000	\$14,000,000	\$4,000,000	\$0	\$36,000,000

PROJECT DESCRIPTION / SCOPE OF WORK

The Colorado Historical Society (CHS) is requesting cash funds spending authority to construct a new 202,480-GSF Colorado History Museum in downtown Denver, and to renovate 29,280-GSF space in the Carnegie Library in Civic Center Park for the library and 9,400-GSF space at Lowry for storage. The project will allow CHS to better fulfill its statutory requirement to collect, preserve, interpret, and make accessible to the public various artifacts related to life and work in Colorado. The exact site is yet to be finalized but will occupy a city block somewhere west of Bannock Street between 14th Avenue and 11th Avenue. The society plans to relocate to the new facility by 2011. This year's request will fund site acquisition, professional and legal fees, one percent for public art, museum relocation, and furnishings and equipment.

The four-story museum will be designed to accomplish the society's mission. The three-story Colorado Discovery Hall will be the main entry, constructed with glass and native Colorado stone, and will provide space for various interactive media programs and exhibitions. The hall will have information about various museums, districts, and parks, including the society's 12 historic sites and 10 museums in Colorado. Large objects that are symbolic of major historical events and advancements will be on display in the hall. The hall will also have a store with books about the history of Colorado and the American West and unique, high-end Colorado-made or Colorado-inspired merchandise. The first floor of the building will contain a café/restaurant, bookstore, education pavilion, and 350-seat auditorium. The second and third floors of the building will be dedicated to exhibit halls and specific historic, thematic, interpretive galleries. Classroom space will be located adjacent to the exhibit halls for the society's educational programs. The fourth floor will have administrative office space for the Colorado Historical Society, the Office of Archeology and Historic Preservation, and the State Historic Fund; a restaurant; and roof decks for visitors to enjoy the outdoors and

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views of the city and the mountains. The museum will have an oversized freight elevator that serves every floor; the elevator will permit the transport of large exhibit pieces (e.g., a Conestoga wagon). Mechanical, storage, and flexible space, and facilities management functions will be located in the basement. Support facilities, including receiving, shipping, and staging, will have access to the building from the alley to the west of the building. The museum will also have space for curators, education, research, and restrooms throughout.

Two components of the museum will be off-site. A portion of the collections will be housed in a 10,000 square-foot facility at Lowry, where the society already has some storage space. CHS intended to construct additional storage space in the new museum downtown for high-use items such as materials related to the library and regular exhibits, and to continue using existing storage at Lowry for low-use items, such as furniture or artifacts used in special exhibits. CHS says the storage space at Lowry is insufficient and out of place in a growing residential area, but that it is more cost-effective to store low-use items at Lowry instead of downtown. Also, the society hopes that the Stephen H. Hart Library will be relocated to the renovated Carnegie Library in Civic Center Park, which CHS says is consistent with its preservation mission. The library is currently located on the second floor of the existing museum, at 1300 Broadway in Denver. If the Carnegie Library renovation does not work out, CHS says the library space can be incorporated into the museum.

There are two additional components to the project. The society plans to develop and install an expanded program of long-term and changing exhibits in the new museum. Also, CHS plans to establish a \$3 million endowment with a 4 percent return to address future maintenance needs for the new museum, estimated to be about \$150,000 per year and accounting for inflation.

PROJECT JUSTIFICATION

CHS says a number of deficiencies in the existing museum make it difficult to meet its statutory responsibilities, contributing to poor morale among museum workers and an unfavorable impression of the museum among the public.

Current storage and display space is inefficient and limited due to inadequate structural load-bearing capacity. For example, the museum has about 35,000 GSF of exhibition space, and can only display 10 percent of its collection at any given time. An off-site storage facility holds documents and another off-site storage facility holds artifacts. CHS is particularly concerned because its main storage area and a primary exhibit area are not only underground but are on the edge of the Cherry Creek flood plain.

The layout of the museum presents various inconveniences to staff and visitors, says CHS. For example, the loading dock for the entire building is located on the museum's side of the complex, and deliveries to the Judicial side of the complex must come through hallways that are adjacent to curatorial offices and collections processing and exhibit preparation areas. Also, the education classrooms are small and are located away from the exhibit galleries where original artifacts are arranged in historical themes. Also, the society's offices for the Office of Archaeology and Historic Preservation and the State Historical Fund are currently housed in a separate building.

Visitor amenities are inadequate, says CHS, and the museum has had trouble in recent years accommodating large crowds attending popular exhibitions. The restrooms do not meet ADA requirements and cannot accommodate large groups of students or other visitors. Half of these restrooms are in staff and office areas that should be secured from public access.

CHS explains that some problems with the building's systems are hindering the delivery of programs and services. According to CHS, it is becoming more difficult for the museum to provide in-gallery tours, school classes, and lectures (even with a sound system) due to an outdated, noisy air-handling system in the mezzanine level primary exhibit area. In addition, the museum is unable to install audio and video interpretive components that are common at other museums without extensive retrofitting of existing electrical equipment and additional electrical service. The building lacks humidity controls, so collections are stored in an environment that fluctuates between 20 percent and 60 percent humidity, instead of the 40 to 50 percent humidity standards of other museums. The fluctuating humidity levels are worsened by water leakage in the building, which is also causing mold to grow and damaging historic materials.

Alternatives. CHS explains that any delays in this project affect the State Justice Center project, which will result in

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higher COP financing costs, higher construction costs, and possible cancellation of the project.

The society has not yet settled on a final plan for storage space at Lowry. Options include selling the three-acre property currently owned by CHS and using the sale proceeds to construct a larger facility elsewhere at Lowry, or partnering with the Lowry Redevelopment Authority to construct a community facility on CHS's three-acre property and use proceeds to expand and renovate the existing storage facility there. In either case, the proposal to sell all or part of the property will be submitted to the Capital Development Committee for its recommendation prior to work commencing, just as any other agency with a property transaction proposal. (Proceeds would be deposited into the State Museum Cash Fund and thus be made available for work on the project.) Similarly, any addition, expansion, or construction work will be submitted to the Capital Development Committee for spending authority, just like any other capital construction request.

PROGRAM INFORMATION

The Colorado Historical Society was founded in 1879. The state museum and library were housed in the State Capitol until 1913, when they were moved to 14th and Sherman (currently, the Legislative Services Building). In 1977, the museum moved to its existing location at the Colorado Heritage Center at 13th and Broadway. The museum served 162,000 visitors in FY 2007-08, and estimates serving about 180,000 during each of the next two years.

LEED CERTIFICATION INFORMATION

The society plans to build the new museum to the highest attainable LEED standard within the current budget.

PROJECT STATUS

This is a new request. The project was authorized by Senate Bill 08-206. Design for the new museum is underway. The society plans to issue COPs, finalize the financing, and begin construction on the museum by June 30, 2009.

SOURCE OF CASH FUNDS

The source of cash funds for the project is the State Museum Cash Fund, created in Senate Bill 08-206. The fund was established to pay for the planning, design, acquisition, and construction of and relocation to a new state museum, and exhibits for the museum. The fund is eligible to receive transfers from the State Historical Fund (except from the portion of the fund reserved for the statewide grant program), the Justice Center Cash Fund (from increased court fees), and any other appropriations to the fund by the General Assembly. **This year's request will be funded from the transfers described below.**

State Museum Cash Fund. Section 12-47.1-1201 (5)(d)(III), C.R.S., requires that money be transferred from the State Historical Fund to the State Museum Cash Fund, as follows:

- \$3 million on or before October 1, 2008;
- **\$4 million on or before October 1, 2009;** and
- \$4 million on or before October 1, 2010.

The statute also authorizes up to \$4,998,000 to be appropriated annually to the State Historical Fund for certificates of participation (COPs) payments on the project, from July 1, 2011 through July 1, 2045. The total project cost is capped at \$112.2 million. Pursuant to Section 24-80-214, C.R.S., appropriations from the State Museum Cash Fund are available to CHS for four years from the date of appropriation.

Justice Center Cash Fund. Section 13-32-101 (7)(b)(II), C.R.S., requires that money be transferred from the Justice Center Cash Fund to the State Museum Cash Fund, as follows:

- up to \$15 million in FY 2008-09, as funds become available;

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- up to \$10 million in FY 2009-10, as funds become available; and
- any remaining money in the fund in FY 2010-11, as funds become available, and up to the difference between \$25 million and the amounts transferred in the prior two fiscal years.

STAFF QUESTIONS AND ISSUES

1. Is design work underway on this project? If not, when is it expected to begin?

Design work commenced as soon as the Architectural Agreement was executed with CHS Building Inc. and Tryba Architects. The Society is presently working to finalize the schematic design phase of the project. This will be finalized in January 2009.

2. One of the concerns expressed in earlier requests was having storage space in the basement and being in the Cherry Creek floodplain. It appears that the new building has storage space in the basement. Will this still be a consideration in site selection? Are any of the proposed sites in a floodplain?

The selected site is 1200 Broadway. The site is in the same general location as the current facility. The use of basement space for storage is being evaluated. The development team (Tryba, Trammell Crow, Hensel Phelps) is comfortable with the ability to construct a structure that will protect collections subsurface if necessary.

3. When will the endowment for controlled maintenance be set up? What is the source of the \$3 million?

The controlled maintenance endowment will be set up at the completion of the project. The spending authority will be requested in fiscal year FY-2010-2011. The source of funds is from State Gaming Funds.

4. Where will the museum be sited?

The new Colorado History Center will be located at 1200 Broadway.

5. What is the relationship between this project and the one entitled "New Colorado History Museum Relocation Logistics"?

The two projects are directly related. The New Colorado History Museum Relocation Logistics appropriation is providing funding to employ a project liaison for the State Architect and Colorado Historical Society's oversight of the project, to develop a Capital Campaign plan to support project funding for exhibit and program development, and to assist in providing PR/Marketing to formulate product development for the new facility.

6. Page 2 of the request narrative states that "This project will restore and rehabilitate the [Stephen H. Hart Research Library], returning to civic use an important asset, . . ." Who owns the Carnegie Library? Elsewhere in the request, the renovation plan sounds tentative. Please clarify whether renovation of Carnegie Library is part of this request or not, or when this will be determined.

The program plan developed by Trammell Crow in December 2006 identified the preferred site for the new Colorado History Center as the Civic Center. The Carnegie Library is located in the Civic Center and was included in the 2006 proposal. During a number of public presentations, it became evident that this option required more time and due diligence than is available to meet the Society or Judicial Department's timetable for the projects. In the winter of 2008, the Society's board reevaluated the sites and selected the 1200 Broadway location. 1200 Broadway is presently being secured for purchase.

7. Exhibit VII-1 shows square footage totaling 241,160 and 247,620, noting that overage is due to the Carnegie restaurant, toilets, and atria. However, the total of the figures shown at the bottom is 198,185, including the 153,030-square foot Colorado History Museum in downtown Denver, with associated space for the library in Civic Center Park (35,755 square feet) and storage at Lowry (9,400 square feet). Elsewhere the exhibit says there is 202,480 GSF. Please clarify the square footage of this project.

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These numbers are no longer viable since they are associated with the Civic Center location. The revised numbers related to the 1200 Broadway site are 150,000 to 210,000 square feet. This is detailed in the development agreement between CHS Building Inc and Trammell Crow Co. The Society is working to finalize a building number that meets its operational needs and budget.

8. The previous request for storage at Lowry indicated 10,000 square feet, while this request says 9,400 square feet. Please clarify whether storage space is part of this project, and the proposed square footage of the addition or new storage space at Lowry.

Collection storage is part of the project at 1200 Broadway. The Society is evaluating other storage needs in conjunction with outside storage locations including the Lowry facility. A letter concerning the Lowry neighborhood facility was sent to the CDC July 18, 2008. A copy is appended as Attachment A. SB 206 allows the Society to invest funds in this neighborhood for a storage facility provided funds are available.

9. The request provided various scenarios for COP financing. Please indicate when the plan will be finalized, how many COPs will be issued for the museum portion of the project (and the respective amounts), in what year the first COP will be issued, and the estimated payments (at this time) for the annual debt service.

Once the schematic plans are finalized and a Guaranteed Maximum Price (GMP) is detailed by the general contractor, the project can be prepared for COP issuance. The Colorado History Center will have one COP issued for it. It is estimated that this will occur in the spring of 2009. The estimated annual debt service is \$4.9 million.

10. What will next year's request of \$14 million fund?

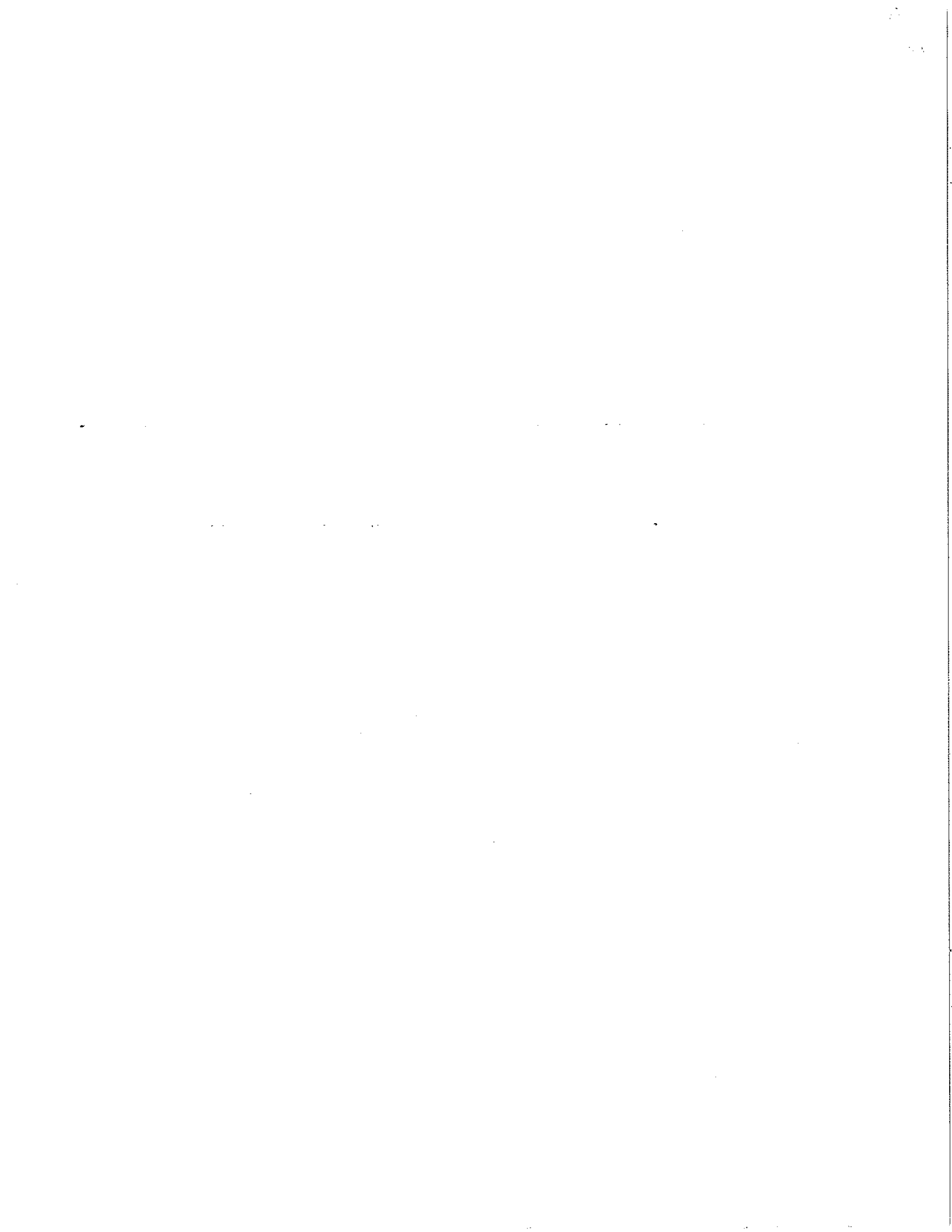
These funds will be used for principal reduction and professional services associated with the project, relocation, public art and infrastructure needs.

IMPACT ON OPERATING BUDGET

	1st Year	2nd Year	3rd Year	Total
Personnel Services	The project has no impact on state operating costs.			
Maintenance				
Utilities				
Supplies/Equipment				
Other				

PROJECT SCHEDULE

	Start Date	Completion Date
Project Management	July 2009	October 2011
Design	July 2009	June 2011
Move	July 2009	October 2011





PRESERVING *the PAST for the FUTURE*

Date: July 18, 2008

To: Capital Development Committee:
 Senator Bob Bacon, Chair
 Senator Josh Penry
 Senator Gail Schwartz
 Representative Jim Riesberg, Vice Chair
 Representative Don Marostica
 Representative Buffie McFadyen

From: Edward C. Nichols, President/CEO, Colorado Historical Society (CHS)

cc: Lisa Esgar, Deputy Director of OSPB
 Jennifer Moe, Senior Analyst, Legislative Council
 Ryan Stubbs, Assets Coordinator, CCHE
 Joseph Bell, Division Director of Facilities and Regional Museums, CHS
 Andy Stine, Assistant Director of Facilities and Regional Museums, CHS

Re: P-0857, new Colorado History Museum, Lowry Facility

The Colorado Historical Society (Society) is writing to provide clarification regarding the use of funds allocated for the new Colorado History Museum project, as described in SB 08-206, for a storage facility at the Lowry neighborhood in Denver. This project will build the Colorado Historical Society's institutional headquarter, Denver museum, and essential storage.

The Society has utilized the Lowry storage facility for the past ten years, but its current size and configuration are not sufficient to provide all of the space needed by the agency. In planning for the new Colorado History Museum project, the Society always envisioned using the Lowry storage facility to meet today's and future storage needs.

SB 08-206 authorizes relocation of the State Historical Museum and institutional offices to a centrally located property in the metro area. It contemplates the use of funds for construction of additional storage space. To insure that there is no delay the Society is providing clarification regarding the use of appropriated funds for storage at a Lowry facility. No new funding is required.

SB 08-206 does not place restrictions on the use of funds for this purpose. As discussed with the Office of State Planning and Budgeting, the cost to construct storage falls within the authorized use of funds, so long as these costs are incurred in connection with the new project's needs detailed in the bill. In review of the hearing files, use of the Lowry facility was not clearly articulated. It is the Society's opinion that SB 08-206 clearly states the intent to construct storage facilities, but the intent to provide some of that storage space at the Lowry facility was not clearly outlined. Since the Lowry facility was not specifically detailed in the legislative hearings, the Office of the Attorney General has recommended that the Society clarify the issue with the CDC.

A large demand for storage space comes from Society operations other than specific museum needs. The State Archeologist is responsible for archeological resources excavated on all State property (CRS 24-80-401) and works with state and federal agencies statewide to store and care for these resources. At the present time, storage facilities statewide are rapidly filling or are full. With construction costs rapidly increasing, it is vital that this project maximize the funds available to meet the Society's needs now and into the future. It is much more cost effective to build a portion of the Society's storage space at Lowry rather than downtown. The Lowry facility already serves that purpose and will after the new building is built.

FACILITIES & REGIONAL MUSEUMS
COLORADO HISTORICAL SOCIETY

The Society has been in conversation with neighborhood developers concerning the existing facility. The area is rapidly being developed for residential uses--apartments and single family structures. The storage facility is out of place in its current location and there is a desire to have it improved or relocated within the Lowry community to a more compatible location. The Society is looking at two options: a partnership to construct a community facility or housing on a portion of the land owned by the State to raise funds to renovate the existing structure and build a 20,000 square foot addition; or, sell the property for development and invest those funds into a larger facility in the Lowry neighborhood. In each case, the CDC will need to approve a real estate transaction at a later date. The funds received would then be deposited into the established State Cash Fund account created with the passage of SB 08-206.

The following is a summary of the bill language to clarify the issue to consolidate Society office and administrative uses and the intent to construct facilities for storage.

SB-206, Section 1, (2) Colorado state museum

(g) Relocation of the Colorado historical Society offices into a new Colorado state museum building, to be centrally located near the state capital complex, is expected to result in the following financial benefits to the state of Colorado:

- (III) The state will gain efficiencies from maintaining a centralized location for the Colorado state museum and the Colorado historical society offices and will avoid making lease payments to private entities;
- (IV) The state will achieve greater programmatic efficiencies and decrease operating costs by eliminating duplicative expenses resulting from multiple office locations.

Section 3, Lease-purchase agreement – Colorado state museum

- (1) (a) The state of Colorado, acting by and through the president of the state historical society, is authorized to execute lease-purchase agreements for up to thirty-seven years to finance the design, construction, and relocation of facilities for a state museum. The total...
- (b) The general assembly intends that the facilities for which lease-purchase agreements are authorized by paragraph (a) of this subsection (1) shall include, but need not be limited to, the following:
 - (I) Storage facilities for state objects and artifacts held in trust;

The use of the word "facilities" anticipates that other locations would be needed to accomplish the project, in particular at Lowry.

The Society is providing clarification to the CDC regarding the use of a Lowry facility, as this will help insure transparency and that there is a record to support any use of fund investment into a Lowry facility to meet the project's needs. We ask that the Committee discuss this issue at its September 22, 2008 meeting.

If you have questions or need clarification, please contact Joseph Bell at 303-866-5750 or joseph.bell@chs.state.co.us.