

# 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.

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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.

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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.