

STATE OF COLORADO

Department of Personnel and Administration

BILL TITLE: Authorizes the Department of Personnel and Administration (DPA) to enter into a lease-purchase agreement to purchase and existing office building or to construct a new office building on state land adjacent to the Capitol for the purpose of collocating state agencies in commercial lease space in the Denver Central Business District into the building using existing agency lease appropriations.

PROBLEM: The State of Colorado agencies and Institutions of Higher Education lease approximately 600,000 square feet in commercial office buildings in downtown Denver. Projected renewal rental rates for a significant portion of the existing lease space are expected to increase over the current rate when the leases expire. The long-term cost to lease the commercial office space is greater than the cost for the state to buy or build a building to house the state tenants. Significant savings can be realized over time through lease consolidation.

REQUIRED LEGISLATION: A special legislative bill authorizing DPA to enter into a lease-purchase agreement separately or in conjunction with a public-private partnership to purchase an existing office building and land and/or to build a new state office building on state-owned land.

The bill would authorize the payment of due diligence costs associated with the building purchase, relocation costs, office furniture and equipment, and the costs associated with financing by Certificates of Participation, private offering or other acceptable financing, paid with existing lease appropriations.

The bill would also authorize funding a sufficient capital reserve for capital improvements needed in an existing building for space planning, demolition and construction of tenant space for collocating state tenants.

The legislation would authorize DPA to terminate existing state tenant leases as may be necessary for the timely collocation of state tenant office space and establish a cash fund to collect rents and pay the financing and operating costs of the buildings. Consistent with existing law and Executive Order D 016 03 for Centralized Leasing, the DPA Executive Director would be authorized to require state agencies and institutions of higher ed with leased space in downtown Denver to relocate to the buildings.