



COLORADO

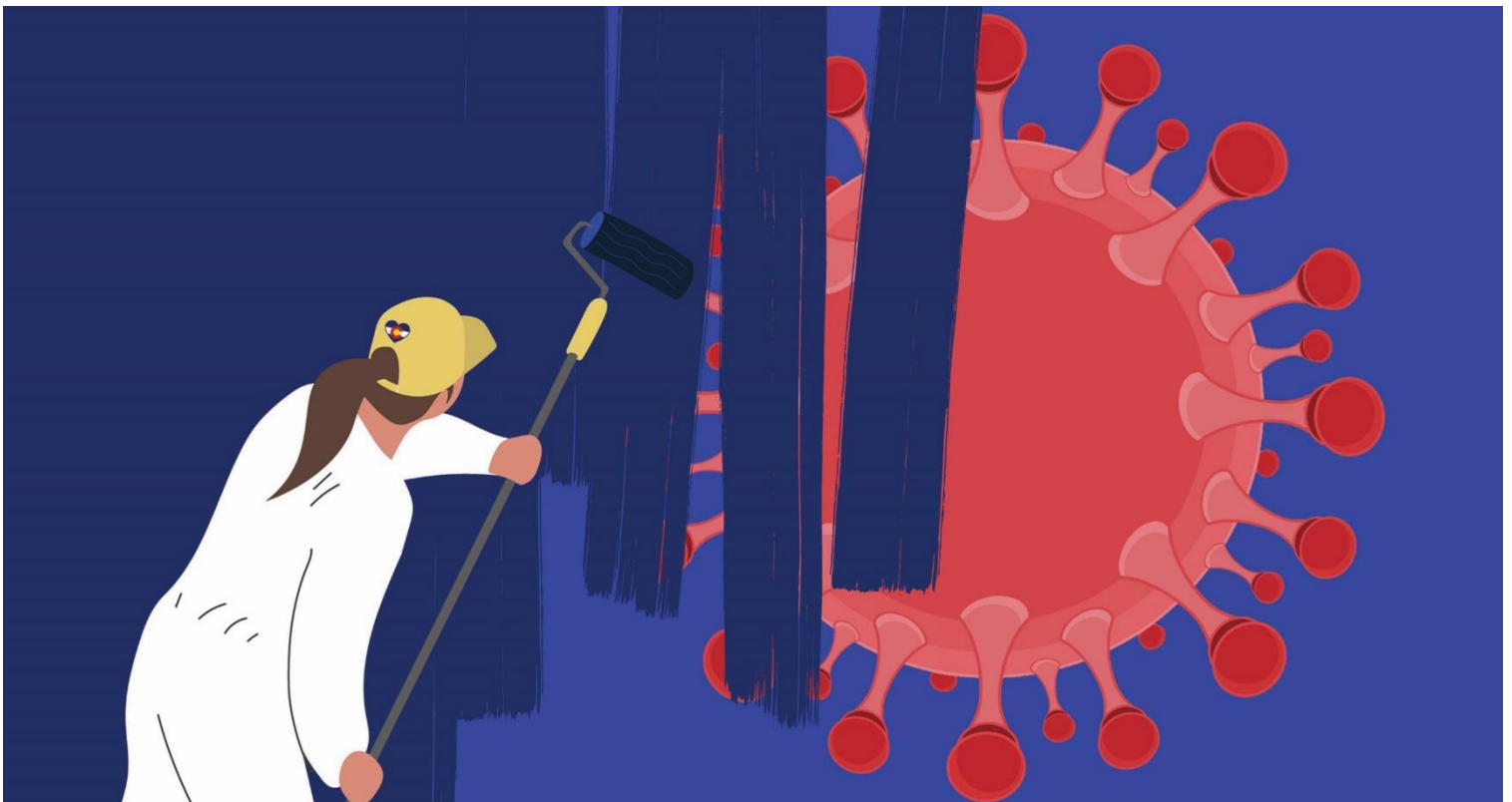
Division of State Property

Department of Personnel & Administration

**STATE OF COLORADO OFFICE OF THE STATE ARCHITECT
FISCAL YEAR 2024/2025 ANNUAL REPORT**

**PRESENTED TO:
THE CAPITAL DEVELOPMENT COMMITTEE
DECEMBER 2023**

**BY:
DEPARTMENT OF PERSONNEL & ADMINISTRATION
DIVISION OF STATE PROPERTY**



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Division of State Property

Department of Personnel & Administration

November 13th, 2023

Representative-elect Hinrichsen, Chair, and Members of the Capital Development Committee
State of Colorado General Assembly
46 State Capitol Building
Denver, CO 80203

Re: Office of the State Architect
Annual Report to the Capital Development Committee

Dear Chair Hinrichsen and Committee Members:

The Office of the State Architect (OSA) within the Department of Personnel and Administration's (DPA), Division of State Property, hereby submits to the Capital Development Committee (CDC) the FY2024/25 Annual Report. The report is statutorily required and combines OSA's statutory oversight and reporting responsibilities into a single document which highlights statewide Capital Construction and Controlled Maintenance funding recommendations; the status of state funded construction projects; the inventory of state owned buildings, facility planning; energy conservation measures; and real estate activities.

The FY 2024/25 Capital Construction project requests listed in Sections II - A, B, C, and D, Recommendations and Request, were submitted for review to OSA from each state agency as part of their Capital Construction Five-Year Plan and Annual Budget request submission. Capital Construction as defined in statute is Cash Funded, Capital Renewal, Capital Construction, Controlled Maintenance project requests, and Acquisitions / Dispositions request. As required by § 24-30-1303 (1)(t)(I) C.R.S., OSA submitted the recommendations to the Governor's Office of State Planning and Budgeting (OSPB). Please note that the Colorado Department of Higher Education (CDHE) recommends Capital Construction project requests from institutions of higher education separately to the OSPB and CDC.

Concurrently, the Controlled Maintenance project requests listed in Section II - E, Recommendations, were submitted to OSA from each state agency and institution of higher education as part of their Controlled Maintenance Five-Year Plan and also included in their Annual Budget request submission. As required by § 24-30-1303 (1)(t)(II), C.R.S., OSA submits these recommendations as the *state's controlled maintenance budget requests* to OSPB and the CDC. Subsequently in most years, OSPB considers the recommendations made by the CDHE and the OSA and submits a single prioritized list to the CDC.



OSA continues to recommend the annual controlled maintenance funding goal of 1% of the Current Replacement Value (CRV) of the State's inventory of general funded and academic buildings. The prioritized list of Controlled Maintenance project requests in Section II – E represents a balanced approach to addressing annual facility maintenance needs across the state's building inventory. Due to a lack of available revenue, controlled maintenance appropriations have historically been inconsistent and below recommended goals as the state's building inventory continued to grow and age. It is important to note that despite the great work of this committee, within the last twelve years, our annual controlled maintenance funding goal of 1% was achieved one time with the passing of SB17-267.

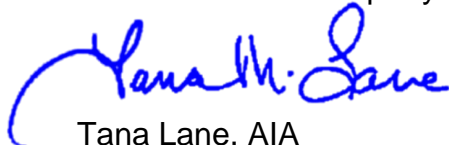
The past few years have created challenges for our state agencies and institutions of higher education with the implementation of COVID safety protocols which kept our projects moving forward, labor shortages and increased costs due to supply chain issues. Throughout all of the changes and balancing of project prioritization and supply issues, we are proud of our delegates and their innovative approaches that were used to address uncertainties and to deliver the highest quality construction possible for their facilities. Their level of dedicated stewardship and innovative approaches have shown that Colorado can sustain well-maintained facilities.

We thank this committee for its continued support of the State of Colorado's built environment and look forward to continuing to serve this committee and the State of Colorado. To repeat what we have said before, OSA and the state agencies and institutions of higher education sincerely value the essential role that the Capital Development Committee plays in supporting, as possible, the need for annual capital construction, capital renewal and controlled maintenance funding.

Sincerely,



Natriece Bryant
Director of State Property



Tana Lane, AIA
State Architect

SECTION I: EXECUTIVE SUMMARY - STATE BUILDINGS PROGRAM

INVENTORY

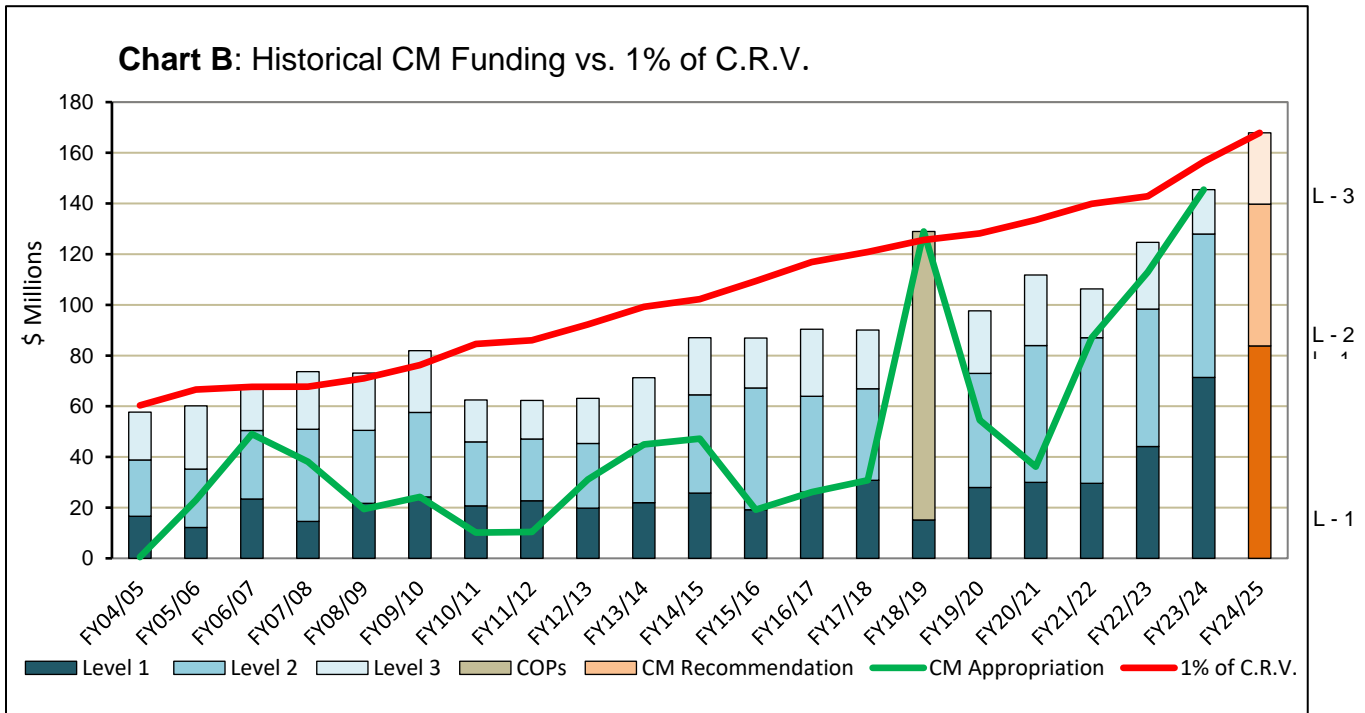
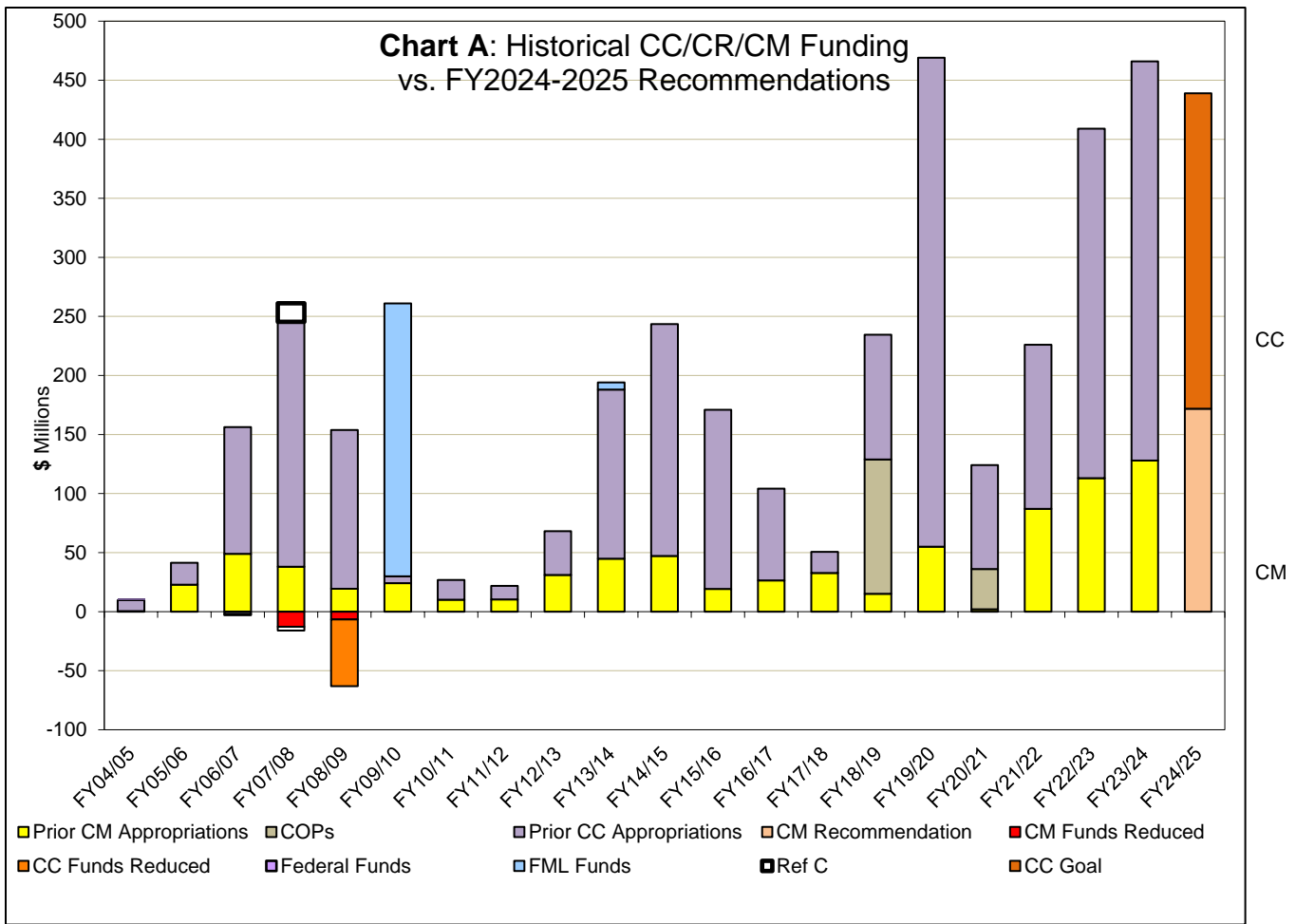
- **Gross Square Feet/Current Replacement Value:** Over the past 20 years, the total square footage of state owned general funded and academic buildings increases at a rate of 1.44% on an annual basis. Currently, the state's owned general funded and academic square footage totals 50.2 million GSF with a Current Replacement Value (CRV) of \$17.3 billion dollars. (The CRV is calculated from insured values from DPA-Division of Risk Management and as reported from Institutions of Higher Education). Auxiliary funded and non-academic buildings have been reported at an additional 33.6 million GSF with an additional CRV of \$8.4 billion dollars and are not included in the calculations for number, age, facility condition or funding recommendations below.
- **Number and Age of Buildings/Facility Condition:** Forty (40) state agencies and institutions of higher education are included in the inventory of state owned general funded and academic buildings comprising 2,370 buildings. Approximately 1,256 buildings, comprising 27.1 million gross square footage (GSF) (54% of the total inventory) were constructed pre-1980. Of that, 1,005 buildings, 19.2 million GSF are pre-1970 (38% of the total inventory) and 690 buildings, 12.1 million GSF are pre-1960 (24% of the total inventory). Facility assessments should be conducted by the agencies and institutions to estimate building conditions every 3 to 5 years on buildings that are actively in use and every 10 years on non-critical buildings. Facility Condition Index created from these assessments help inform the overall condition of the building, striving for an 85 or greater.

ANNUAL APPROPRIATIONS

- **Historical Funding:** Capital Construction appropriations over the last twenty years have been inconsistent due to a lack of available revenue as illustrated in **CHART A** on the next page. This has resulted in controlled maintenance appropriations below recommended funding levels with the exceptions of FY2018-2019 as illustrated in **CHART B** on the next page. Industry guidelines (i.e. The Association of Higher Education Facilities Officers (APPA), 2016 report on Capital Renewal and Deferred Maintenance) continue to recommend an annual Reinvestment Rate (RR) of 2% to 4% of the CRV of a building inventory be dedicated for capital improvements to operate, maintain and renew to targeted levels. The Office of the State Architect continues to recommend, as a **goal**, an annual RR equivalent to **1% of the CRV** to address Controlled Maintenance and an **additional RR goal of 1% - 1.5% equivalent to 2.5% of the CRV** to address Capital Renewal/Capital Renovation project requests in existing buildings. Note that funding recommendations for Capital Construction (new facilities) are separate and in addition to the RR recommendations and do not impact existing facility conditions.
- **Apprenticeship Training Contributions:** Apprenticeship Training Contributions include amounts reported by general contractors on Public Projects of five hundred thousand dollars or more, paid to registered Department of Labor Programs, per Section 24-92-208 (4). There were a total of 94 apprentices utilized with a total **Apprenticeship Contribution Rate (ACR) of \$31,926.95** for FY22-23. There are currently 102 open projects utilizing 204 apprentices. Due to the number of Federally funded (ARPA) projects that are exempt from this requirement, the total numbers are lower than originally anticipated. We expect to see much higher numbers going forward.

FY2024-2025 RECOMMENDATIONS

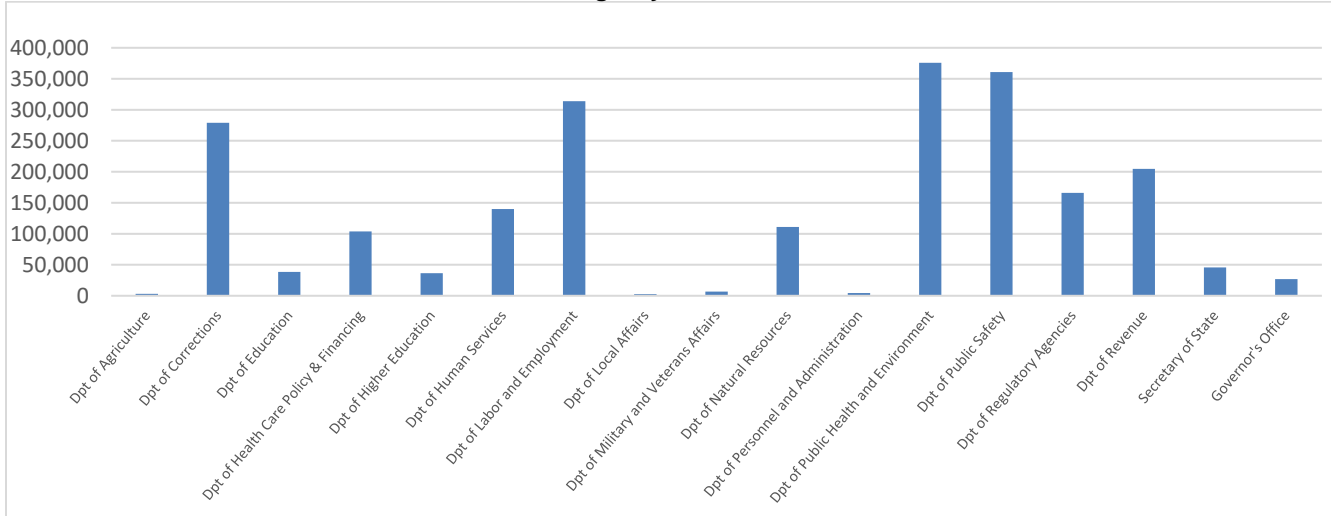
- **Cash Funded Requests for State Departments (Planning Services to Facilities Maintenance):** Three (3) cash funded project requests from state agencies were recommended by the OSA to the OSPB for a total of **\$19,547,881** (Refer to SECTION II – A for details).
- **Capital Renewal/Capital Renovation Requests for State Departments (Upgrades to Existing Facilities):** Nineteen (19) Capital Renewal/Capital Renovation project requests from state agencies were recommended by the OSA to the OSPB for a total of **\$247,989,654** (Refer to SECTION II - B for details).
- **Capital Construction Requests for State Departments (New Facilities):** Eleven (11) Capital Construction project requests from state agencies were recommended by the OSA to the OSPB for a total of **\$59,248,401** (Refer to SECTION II - C for details).
- **Acquisitions / Dispositions for State Departments (Purchase, Transfer, or Disposing of Real Property):** Three (3) Acquisitions / Dispositions requests from state agencies were submitted to the OSA (Refer to SECTION II - D for details).
- **Statewide Controlled Maintenance Budget Request (Repairs to Existing Facilities):** One hundred and twenty-eight (128) prioritized project requests are recommended by OSA for FY2024-2025 as the *statewide controlled maintenance budget request* comprised of **\$170,879,411** for current-year project requests and **\$88,963,078** for forty-one (41) associated out-year project phases for a total of **\$259,842,489** (Refer to SECTION II - E for details). As a RR, the current and out-year budget request total is equivalent to **1.50% of the CRV** for FY2024-2025. Controlled Maintenance project requests fall into the following categories: life-safety, structural, heating-ventilation and air conditioning, electrical, plumbing, roofing, general maintenance and infrastructure.
- **Project Request Five Year Plans:** The reported Controlled Maintenance project request five year plan total for general funded state agency and academic buildings and infrastructure is **\$1,071,005,707** for FY2024-2025. The reported Capital Construction/Capital Renovation project request Five-Year Plan total for general funded/academic buildings and infrastructure for state agency's is **\$2,149,876,778** and for institutions of higher education is **\$4,046,206,875** for a total of **\$6,196,083,653** (Refer to SECTION III – M).



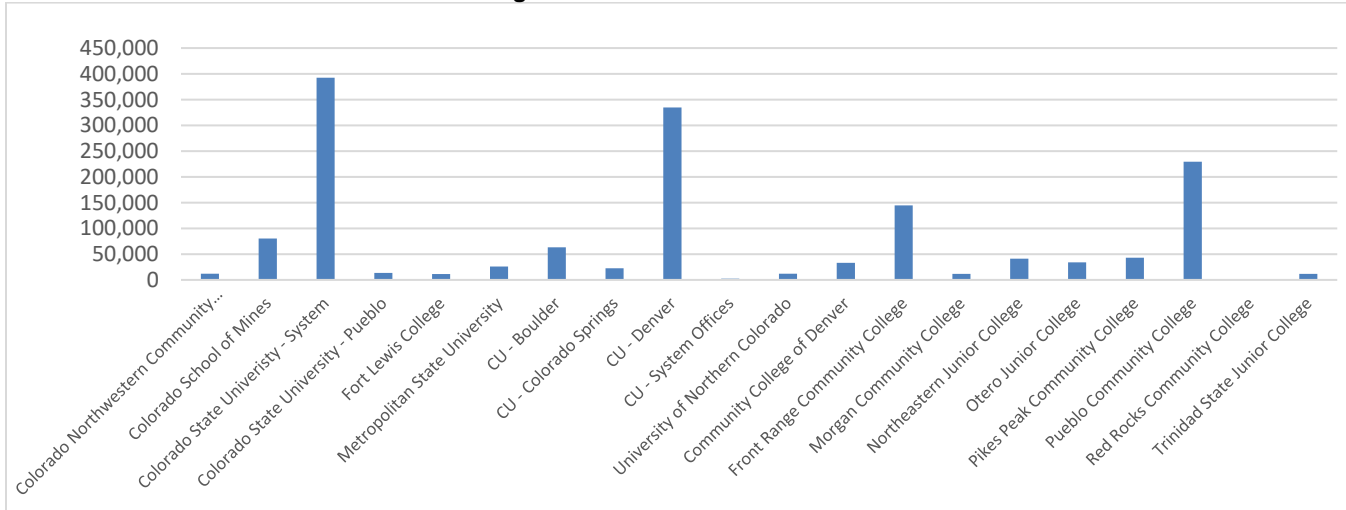
SECTION I: EXECUTIVE SUMMARY - REAL ESTATE PROGRAM

- Leased Property:** As of June 2023, there were **384** commercial building lease agreements comprised of 244 leases with state agencies and 140 leases with institutions of higher education. The commercial building leases comprised a total of 3,739,043 rentable square feet. The annual base rent paid by state agencies and institutions of higher education to third parties has increased by approximately 73% in the last 18 years from \$38,480,872 in FY2005/06 to **\$66,591,311** in FY2024-2025. The chart below illustrates the amount of rentable square feet by state agencies and institutions of higher education (Please refer to SECTION III - H).

State Agency Lease Portfolio



Higher Education Lease Portfolio



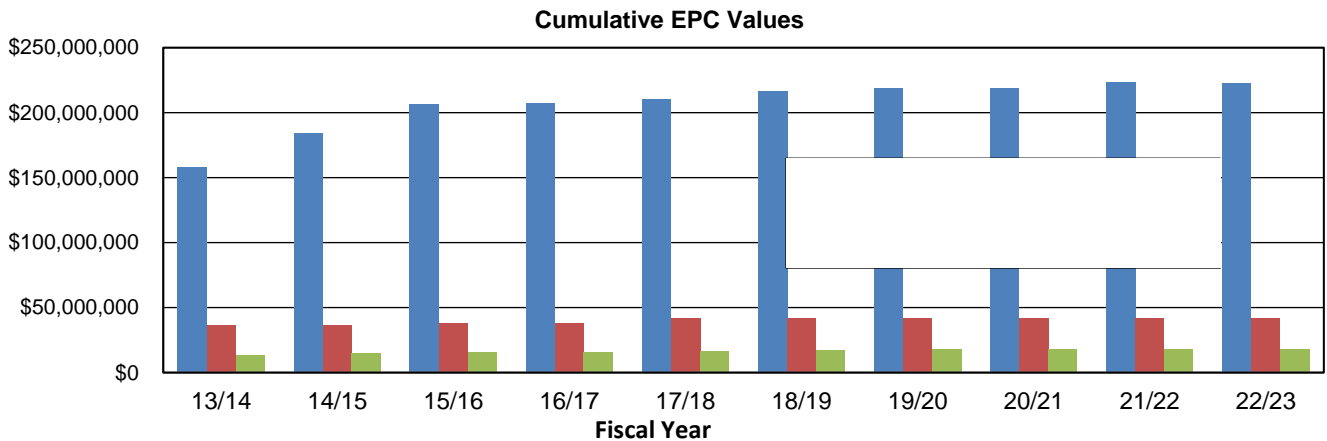
- Interagency Leases:** There were **106** interagency leases in effect as of June 2023. These leases comprise a total of **1,670,295** rentable square feet. Interagency Leases generally include space within a state owned building being leased out to another state agency or institution of higher education. An example of this is the Capitol Complex Building Group. (Please refer to SECTION III - I).
- Acquisitions and Dispositions:** **5** acquisitions of real property and **2** dispositions in FY2024-2025 were reported to the Office of the State Architect/Real Estate Program for state agencies and institutions of higher education (Refer to SECTION III - G).
- Vacant Facilities:** **155** buildings comprising **1,504,284** gross square feet statewide were reported as of October 2023. Each state agency and institution of higher education has provided an individual Vacant Facility Management Plan for each building on this list with an explanation of why the building is vacant and the future plan for the facility use or demolition. (Refer to SECTION III - J).

SECTION I: EXECUTIVE SUMMARY - STATEWIDE PLANNING PROGRAM

- **Planning Program Established:** A management audit in 2012 identified that the State lacked “a comprehensive mechanism for long-term planning 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.” Further in 2015, the State passed **SB15-270** along with an update to Section 24-1-136.5, CRS, which added the Statewide Planning Program (SPP) to the Office of the State Architect. The result of this effort is a mission driven capital plan that maximizes the value of each capital investment by minimizing long term costs.
- **Planning at State Agencies:** In 2015, the SPP developed and established the framework for a planning process for **15** State Agencies that parallels the requirements established by the Colorado Commission for Higher Education. These agencies occupy 22% of the total owned real estate. SPP created and published guidelines, instructions and templates for the state agency process and submittal requirements for **Operational Master Plans (OMP)** that describe how Departments provide their service, **Facilities Master Plans (FMP)** which organizes all the Departments space needs, and **Facility Program Plans (FPP)** which analyze and describe project specific objectives, costs and schedule. These templates are currently available on the Office of the State Architect’s website. As part of the annual site verification visits of State facilities, SPP reviews the planning process to the State Departments that manage State owned real estate. (Refer to SECTION III - K).
- **State Agency Planning Fund:** Last year, the SPP selected 5 Statewide Planning Consultants that can be used to assist state agencies with implementing the requirements of the program. The Statewide Planning Consultants in prior years has implemented **66** task orders at **13** agencies totaling **\$5,905,352** for State Agencies (Refer to SECTION III - L). The task orders comprise a variety of planning efforts that included physical space planning, market and cost analyses, building assessments, Facility Program Plans, and agency program needs analysis.

SECTION I: EXECUTIVE SUMMARY - ENERGY & ENVIRONMENT PROGRAMS

- Energy Performance Contracts:** Energy Performance Contracts (EPC) are considered as an alternative funding source for energy related Controlled Maintenance for *existing buildings* for state agencies and institutions of higher education to improve facility conditions and increase energy/water efficiency. This process uses the utility dollars saved (avoided future utility cost) to pay for facility improvements over a specified time. The first EPC for the state of Colorado was implemented in 1996, and to date, most state agencies and institutions of higher education have completed or have under-way energy performance projects. Since the EPC program was implemented the cumulative total contract value of construction work is at **\$222,643,228** which includes the funding of **\$41,922,644** in identified Controlled Maintenance needs and a guaranteed first year utility savings of **\$18,172,705**. The chart below graphs the cumulative total values over the last ten fiscal years. (Refer to SECTION III - N).



- High Performance Buildings and the Governor’s Executive Orders:** The High Performance Certification Program (HPCP) standards were adopted by the Office of the State Architect (OSA) to establish the design and construction guidelines for *new buildings* and buildings undergoing substantial renovations as required by Section 24-30-1305.5, C.R.S. The United States Green Building Council/Leadership in Energy and Environmental Design (USGBC/LEED) was the guideline chosen and the Gold level certification is the targeted goal of the HPCP. State agencies and institutions of higher education projects that started design work after January 1, 2010 are required to track and report utility data. Additionally, OSA works with the Colorado Department of Education on Building Excellent Schools Today (BEST) funded projects and the Department of Local Affairs on their grant programs for compliance with HPCP standards, (Refer to SECTION III - O). In 2017 the U.S. Green Building Council announced that, based on its analysis, Colorado ranked 2nd nationally for the number of LEED-certified environmentally friendly commercial and institutional buildings per capita.

