State of Colorado

STRATEGIC OFFICE SPACE PLAN

ADDENDUM 01

FY 2021 - 2022 UPDATES

Revised 30 June 2022

09.01
ADDENDUM 01
TABLE OF CONTENTS

09.02
ADDENDUM 01
EXECUTIVE SUMMARY

09.02 EXECUTIVE SUMMARY

The Strategic Office Space Plan (SOSP) was issued 30 June 2021 with a subsequent revision issued 23 July 2021 to address minor clerical issues. Since that time, the Office of the State Architect (OSA) has made progress on several recommendations, and has clarified statewide data, through both additional data collection and by analyzing the data in new ways. The purpose of this addendum is to capture substantive updates to the SOSP that have occurred in Fiscal Year (FY) 2021-2022 following June 2021, including changes and new insights.

The key findings of this addendum are:

- Revised 5-year projection information suggests that the total physical footprint reduction can be increased by approximately 30,000 USF, bringing the total 5-year statewide footprint reduction to approximately 900K USF, or 1.035M RSF.

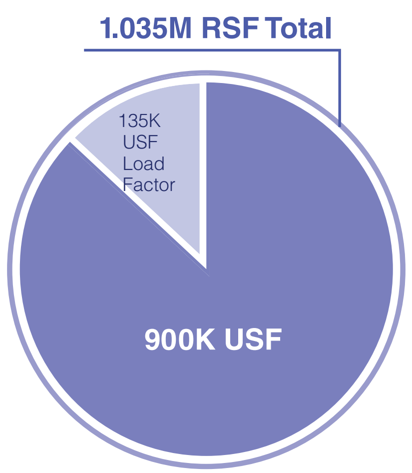
- The State cannot meet the 1M RSF reduction by 2025 without modifying or terminating most of the current leases prior to lease expiration. Some leases may be able to negotiate an early termination, however it is anticipated that a majority will require additional funding to terminate leases early. 59% of the current lease area is in leases extending beyond the 2025 goal the State has set for achieving footprint reduction.

- The State cannot meet the 1M RSF reduction without rightsizing spaces. If the State were to act on seat count reductions alone, without rightsizing, the State would miss its footprint reduction goal by nearly 27%.

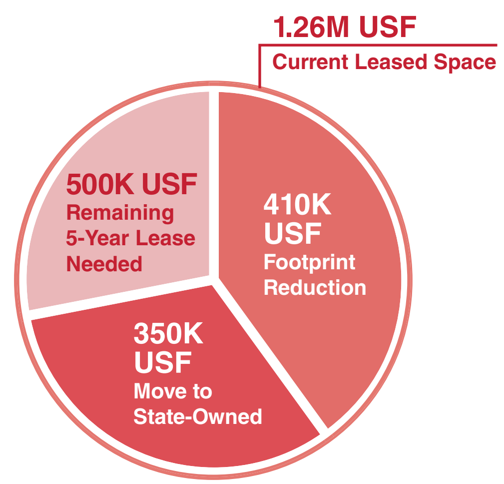
- Approximately 180,000 USF of State-owned backfill space in the 5-year projections is in geographic areas with few agencies. The objective of the 1M SF reduction is made more difficult by having a low concentration of available leases in these areas to draw from for backfill. The Colorado Department of Transportation (CDOT) has most of this type of space.

- Construction costs have increased dramatically in Colorado in the time since the preparation of the 2021 SOSP. Utilizing current estimates for escalation, the State will need to invest \$210M-\$350M to improve its owned space in order to right-size spaces and achieve its objective of a healthy and sustainable work environment for its hybrid workforce.

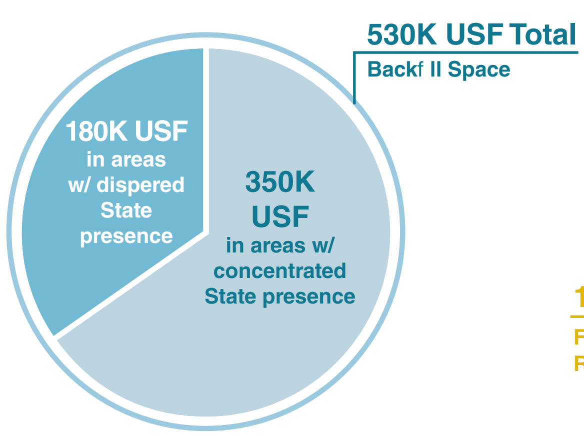
- Colorado General Assembly bill SB22-239 provided a limited funding source for the Capitol Complex renovations. Without additional funding, the renovations cannot be completed in a timeframe that would allow agency moves into the Capitol Complex by 2025.



5 YEAR PROJECTED FOOTPRINT REDUCTION

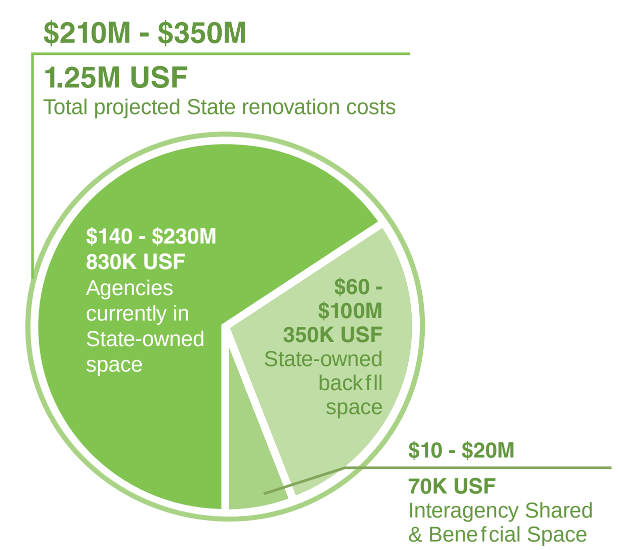


CURRENT AND PROJECTED LEASE NEED



LOCATIONS OF STATE-OWNED BACKFILL SPACE

IMPACT OF RIGHTSIZING ON SPACE REDUCTION



PROJECTED RENOVATION COSTS FOR STATE-OWNED SPACE

09.03
ADDENDUM 01
OVERVIEW

09.03 INTRODUCTION

This addendum was prepared by the Planning Team of the Office of the State Architect (OSA) and Anderson Mason Dale Architects during winter and spring 2022.

The addendum consists of four pieces:

- Updated Space Needs Study Findings
  The 5-year projections for individual agencies have evolved since June 2021, primarily due to final reviews by agencies of their individual Space Needs Studies. Those reviews have resulted in clarifications and revisions to the statewide dataset, which are recorded in this addendum.

- Record of Progress Made Towards Implementing Recommendations
  This addendum records the progress the State has made towards implementing SOSP tactical recommendations towards achieving the goal of a 1M SF reduction in administrative office space.

- New Analysis of Findings
  This addendum includes new analysis of the Statewide data set to understand State-owned and commercial lease needs more precisely, and interagency shared space and backfill opportunities.

- Action Plan for Achieving Footprint Reduction
  Working with the agencies over the past year, the OSA has gained insight into the steps that will be needed to achieve the footprint reduction. This addendum provides an Action Plan for achieving the reduction.

09.03.01 SUMMARY OF UPDATED SPACE NEEDS STUDY FINDINGS

The 5-year projections for individual agencies have evolved since June 2021, primarily due to final reviews by agencies of their individual Space Needs Studies. Those reviews have resulted in clarifications and revisions to the statewide dataset, which are recorded in this addendum. Projections for individual agencies have changed slightly, and the net impact on the statewide total is an increased reduction of approximately 30K USF. The updated dataset indicates approximately a 900K USF statewide reduction comparing pre-COVID to 5-year projections. This area, expressed in rentable square feet assuming a load factor of 15%, is approximately 1.035M SF.

The updated statewide dataset includes new breakdowns for interagency shared space, available for use by multiple agencies, and “beneficial use space” which is like interagency shared space but is managed by an outside vendor.

09.03.02 SUMMARY OF PROGRESS MADE TOWARDS IMPLEMENTING RECOMMENDATIONS

During FY 2021-2022, the State faced challenges in implementing footprint reductions, including impacts of the American Rescue Plan Act (ARPA) on projections, impacts of new COVID strains, lack of funding for early lease buyouts and lack of funding for renovations necessary to facilitate consolidation. Despite these challenges, the State has made progress towards implementing the recommendations of the SOSP.

Key points of progress are:

- Leasing Process Refinements
  Changes to the leasing process including streamlining of the agency space needs request process and publishing of Design Guidelines to aid agencies in planning efficient, consolidated space that supports State goals for employee well-being and environmental sensitivity.

- Executive Order D 2022 008 Flexible Work Arrangements in State
  The Governor has issued an executive order authorizing the Department of Personnel & Administration (DPA) to lead the consolidation of workspaces.

- Funding for Renovations of State-owned Buildings in the Capitol Complex
  The Colorado General Assembly has passed a bill which will partially fund renovations in the Capitol Complex, needed for space consolidation.

- Capitol Complex Scenario Planning
  The State has identified Scenario #3: State Conference Center, described in Section 07.02.04.03 of the SOSP, as the preferred scenario for filling space in the Capitol Complex. The scenario has been updated to reflect updated agency square footage requirements, the location of existing interagency shared/beneficial use space and the dedication of two floors of the Annex Building to the General Assembly.

09.03.03 SUMMARY OF NEW ANALYSIS OF FINDINGS

During FY 2021-2022, the Planning Team has analyzed the Statewide dataset in new ways to better understand the challenges and opportunities of the footprint reduction. Section 09.02 discusses important findings regarding the need for early lease terminations, the availability of State-owned backfill space in geographic areas where consolidation will be difficult, the importance of rightsizing in space reduction efforts, and the effects of escalation on projected State renovation costs.

Additional important findings from this analysis are:

- Reduction in Commercial Space Need
  The findings indicate that commercial lease space needs would be approximately 850,000 USF in 5 years if those agencies currently in lease space remained in lease space. Approximately 180,000 USF of State-owned backfill space is in areas without concentrations of agencies, making the space more difficult to backfill, and approximately 350,000 USF of State-owned space is in geographic areas with concentrations of State agencies, making the space feasible for backfill. Accounting for the feasible backfill, the remaining 5-year projected commercial lease need is approximately 500,000 USF.

- Costs for Renovation
  This addendum includes a cost model for renovating space to right size the space, incorporate features like collaboration areas necessary to support hybrid work, and to support the State's goals of healthy and sustainable work environments. Renovation costs for the 5-year State-owned space need are projected to be $140M - $230M. Additional costs for renovating State-owned backfill space so that agencies can move from commercially leased space to State-owned space are projected to be $60M - $100M and costs for renovating interagency shared and beneficial space are projected to be $10M - $20M for a total State expenditure of $210M - $350M. Comparing renovation costs to avoided lease costs, the renovation costs have a projected payback duration of approximately 7-13 years.

09.03.04 SUMMARY OF ACTION PLAN FOR ACHIEVING FOOTPRINT REDUCTION

The ability of the State to reduce its administrative office space footprint is dependent primarily on three factors:

1) Ability to reduce seat count through seat sharing and staff working fully remote.
2) Ability to backfill state-owned space with agencies moving from private leases.
3) Funding to upgrade the work environment to accommodate right sized spaces, support hybrid work, provide for healthy and sustainable work environments, and for lease terminations.

The lease and funding factors will likely require several years to resolve. The OSA has assembled an action plan for steps that can be taken immediately to work towards the footprint reduction goal, positioning the State to eventually realize the reduction. A summary of the action plan is as follows:

1) OSA to continue to work with agencies in strategizing their implementation planning and assessing their current space requirements.
2) Agencies to develop an operating budget request to implement their reduction plan as identified in the SOSP.
3) Agencies to commence their implementation plan by consolidating their existing space to reflect their current space needs (seat counts and the appropriate amount of support space). Develop a change management plan to facilitate this implementation.
4) Implement a Capitol Complex plan, coordinating with the funding provisions of SB22-239.
5) For agencies with lease expirations in FY 2023-2024 or before, OSA / agencies to develop test fits and identify costs associated with space needs.
6) For agencies with lease expirations in FY 2024-2025 and later, OSA / agencies to initiate discussions with landlords for earlier termination.
7) Identify under-utilized State office buildings and develop options to repurpose including potential Public Private Partnerships (P3s), leasing or disposal if funding is not available for renovation. This report recommends that proceeds be directed towards State footprint reduction efforts.
8) OSA to add to the GIS mapping tool the location and amount of available co-location space in both leased and State-owned properties.

09.03.05 CHANGES NOT ADDRESSED IN ADDENDUM 01

This addendum does not address potential growth that will be needed to accommodate the newly formed Department of Early Childhood which will be combining divisions/offices from existing agencies and hiring additional staff, or other department expansions associated with new legislation or term limited growth. Because these agencies are in the initial stages of formation, as of the print date for this addendum it is not yet clear what the staff and space needs for the agencies will be, nor how these needs might affect projections from other agencies. The Planning Team intends to collect and record this data in FY 2022-2023.

09.04
ADDENDUM 01
UPDATED SPACE NEEDS STUDY FINDINGS

09.04 INTRODUCTION

As discussed in Section 06.01 of the SOSP, the State led an effort in spring 2021 to collect space needs data from nineteen agencies. The SOSP includes an overall statewide space needs projection based on the available dataset as of June 2021, consisting of a combination of self-reported data, Basic Steps data and deeper dive Space Needs Study data for individual agencies. This dataset has evolved in the ensuing year as individual agency space needs have evolved and as agencies have provided clarification to their projections. This section of Addendum 01 records changes to the dataset. While each individual agency has reported changes to the dataset, the overall net impact on the statewide space reduction projection is minimal. The updated dataset indicates approximately a 900K USF statewide reduction comparing pre-COVID to 5-year projections, while the SOSP indicates approximately an 870K USF statewide reduction for this timeframe.

It is an anticipated by the Planning Team that agency projections will continue to evolve in the future. One contributing factor to these projection changes, reported informally to date by the agencies, is a trend towards an increase in employees who wish to remain in a hybrid or fully remote work style, rather than returning to onsite work. This phenomenon is likely to cause continued need for refinement of projections in years to come.

Revised sections of the SOSP are indicated with the title UPDATE and text revisions are indicated in *red italics*. Deleted text is indicated with strikethroughs.

UPDATE TO 06.01 INTRODUCTION

SOSP section 06.01 introduces the space needs findings by agency. The section shall be revised as follows to reflect the current State dataset:

- Increased proportion of collaboration space to office space
  The number of seats per agency, which reflects the number of workstations, is projected to drop from pre-COVID to the five-year projected time. The amount of common space, which is primarily meeting space, is projected to increase over this same period. The average of the five-year projected office and meeting area of the 16 agencies who participated in the agency findings is ~~209~~ *207* USF / seat, *excluding unique space*. The ~~209~~ *207* USF / seat number falls above the State's current planning metric of 204-232 RSF / person: assuming a 15% load factor, the current state planning metric translates to 177-202 USF / person.

UPDATE TO 06.01.04.03 SPACE NEEDS FINDINGS BY AGENCY

SOSP section 06.01.04.03 is a record of the Agency Findings for each of the nineteen agencies studied. The key updates to this data set, included in tables on the following pages, are:

- The dataset has been updated to include final Space Needs Studies, plus clarifications to the reported data from the Basic Steps exercise. The updates reflect the statewide dataset as of March 2022.

- In the updated SOSP Figure 06.04, interagency shared space has been pulled out from agency subtotals so that the State may more easily evaluate opportunities for sharing use between multiple agencies. Please see Section 09.06.02 for additional information regarding interagency shared space.

- The interagency shared space definition has been clarified to separate beneficial use space (see below) existing interagency shared space and needed interagency shared space. SOSP Figure 06.04 is updated to include these categories. These terms are defined as follows:

  Interagency Shared Space (Existing): Space that is currently utilized and is available for use by multiple Agencies. This includes existing spaces utilized by multiple agencies and existing space that is underutilized by an agency, allowing it to be re-categorized from that agency's Shared Common to Existing Interagency Shared space. An example of existing interagency shared space is existing meeting space which is utilized only occasionally by one agency making it suitable for consideration to use by multiple agencies.

  Interagency Shared Space (Needed): Space that is not currently available or dedicated to an agency, but the agency would benefit from having access to and can be shared with other Agencies. The space is not required to be located in the agency space.

- Existing space which is managed by outside vendors is identified as “Beneficial Use Space” in updated SOSP Figure 06.04 and Addendum 01 Figure 08.01. The State should evaluate the need and location for this space moving forward and re-purpose the space where possible. For this report, the term is defined as follows:

  Beneficial Use Space: State-owned space which, pre-COVID, has been managed by an outside vendor for use by any State employee regardless of job description. Beneficial Use Space is like interagency shared space, except that it is managed by an outside vendor. It includes cafeteria space, exercise space and vendor-managed computer rooms. This includes space that was previously managed by an outside vendor and is no longer in use (vacant).

- Revisions to Section 06.01.04.03 of the SOSP are summarized in the Summary Data by State Agency Tables, included on the following pages.

UPDATE | BASIC STEPS UPDATED WITH AGENCY FINDINGS

AGENCY	Pre-COVID (USF)	Agency Findings Post-COVID (USF) *	Agency Findings 5-Year Projected (USF) *	AGENCY	Pre-COVID (USF)	Agency Findings Post-COVID (USF) *	Agency Findings 5-Year Projected (USF) *
DPA (Sherman, Owned) (USF)	68,005	34,455	38,353				
DPA (Interagency Shared)	8,077	8,516	8,516	**DPA Total**	76,082	42,971	46,869
DOLA (Owned) (USF)	36,361	31,294	33,859				
DOLA (G.J., Interagency Leased from DPA) (USF)	3,783	820	883				
DOLA (Interagency Shared)	0	2,500	2,500	**DOLA total**	40,144	34,614	37,242
DNR (Sherman, Owned) (USF)	56,263	40,382	45,580				
DNR (Other Denver, Owned)	67,954	59,535	64,119				
DNR (Leased) (RSF)	57,452	24,190	26,053				
DNR (Interagency Shared)	0	6,800	6,800	**DNR total**	181,669	130,907	142,552
CDE (Sherman, Owned) (USF)	4,696	2,240	2,731				
CDE (Colfax, Owned) (USF)	43,818	28,553	33,659				
CDE (Leased) (USF)	37,631	15,418	17,493				
CDE (Interagency Shared)	0	11,500	11,500	**CDE total**	86,145	57,711	65,383
DHS (Sherman, Owned) (USF)	100,041	73,735	74,767				
DHS (Leased) (RSF)	17,004	4,510	4,857				
DHS (Interagency Shared)	N/A	N/A	N/A	**DHS Total**	117,045	78,245	79,624
DPS (690, 700 Kipling) (USF)	102,316	96,595	105,870				
DPS (710 Kipling, Leased) (USF)	11,888	4,611	5,234				
DPS (Mineral, Chester, Leased) (USF)	28,031	28,657	27,546				
DPS (Interagency Shared)	0	3,490	3,490	**DPS total**	142,235	133,353	142,140
CDPHE (Leased) (RSF)	373,179	180,516	251,953				
CDPHE (Interagency Shared)	N/A	N/A	N/A	**CDPHE total**	373,179	180,516	251,953
HCPF (Grant St., Owned) (USF)	32,630	16,106	21,562				
HCPF (Leased) (USF)	90,117	41,819	62,435				
HCPF (Interagency Shared)	0	3,000	3,000	**HCPF Total**	122,747	60,925	86,997
OIT (Leased) (USF)	91,109	13,161	14,572				
OIT (Interagency Shared)	0	4,500	4,500	**OIT Total**	91,109	17,661	19,072

UPDATE TO FIGURE 06.04: (above)Basic Steps and Agency Findings data used for statewide totals.

*Agency Findings data are recorded in USF. Some Basic Steps and Self-Reported data are recorded as RSF, noted in table.

AGENCY	Pre-COVID (USF)	Agency Findings Post-COVID (USF) *	Agency Findings 5-Year Projected (USF) *	AGENCY	Pre-COVID (USF)	Agency Findings Post-COVID (USF) *	Agency Findings 5-Year Projected (USF) *
CDHE (Leased) (USF)	15,509	15,204	16,820				
CDHE (Interagency Shared)	0	0	0	**CDHE total**	15,509	15,204	16,820
CDHE Hist CO (Owned)	27,900	22,940	24,706				
CDHE Hist CO (Interagency Shared)	N/A	N/A	N/A	**CDHE HC total**	27,900	22,940	24,706
CDOT (Deeper Dive, Owned) (USF)	330,730	170,903	170,903				
CDOT (Leased) (RSF)	11,910	5,650	6,085				
CDOT (Other, Owned) (RSF)	165,069	34,993	37,687				
CDOT (Interagency Shared)	N/A	N/A	N/A	**CDOT total**	507,709	211,546	214,675
DORA (Leased) (USF)	151,238	130,675	155,357				
DORA (Interagency Shared)	N/A	N/A	N/A	**DORA total**	151,238	130,675	155,357
CDLE (Leased) (USF)	161,008	90,296	113,061				
CDLE (Owned) (USF)	99,483	87,002	71,218				
CDLE (Interagency Shared)	5,484	7,100	7,100	**CDLE total**	265,975	184,398	191,379
CDA (Owned) (USF)	39,173	28,486	30,467				
CDA (Interagency Shared)	0	6,000	6,000	**CDA total**	39,173	34,486	36,467
CEO (Leased) (USF)	6,377	7,705	9,733				
CEO (Interagency Shared)	0	1,250	1,750	**CEO total**	6,377	8,955	11,483
OEDIT (Leased) (USF)	12,610	7,969	8,616				
OEDIT (Interagency Shared)	N/A	N/A	N/A	**OEDIT total**	12,610	7,969	8,616
DMVA (Centennial, Leased)	N/A	N/A	N/A				
DMVA (G.J., Owned)	14,615	11,515	12,402				
DMVA (Interagency Shared)	N/A	N/A	N/A	**DMVA total**	14,615	11,515	12,402
DOC (Leased) (RSF)	102,879	91,005	98,012				
DOC (Interagency Shared)	N/A	N/A	N/A	**DOC total**	102,879	91,005	98,012
DOR (Annex, Owned) (USF)	75,421	0	0				
DOR (1881 Pierce, Owned) (USF)	89,884	57,763	62,210				
DOR (Leased) (RSF)	91,025	27,237	29,335				
DOR (Interagency Shared)	N/A	N/A	N/A	**DOR total**	256,330	85,000	91,545
Beneficial Use Space	10,352	10,352	10,352	**Beneficial Use Space**	10,352	10,352	10,352

Agency Findings
Basic Steps
Self-Reported

TOTALS	**2,641,020**	**1,550,947**	**1,743,647**
Reduction from Pre-Covid		**1,090,074**	**897,373**
% Change from Pre-Covid		**41.27%**	**33.98%**

UPDATE | OVERALL STATE DATA

STATE TOTAL	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	11,377	12,638	1,261	11.1%
Seat Count	10,322	7,754	-2,567	-24.9%
Shared Common	332,550	346,051	13,502	4.1%
Interagency Shared	13,561	55,156	41,595	306.7%
Beneficial Use	10,352	10,352	10,352	0.0%
Total Space Needs	2,641,020	1,743,647	**-897,373**	-34.0%

UPDATE TO FIGURE 06.05: Overall State data

* Total SF includes unique space, Deeper Dive SF and Basic Steps SF
* Head count 5-year projected for Basic Steps calculated from projected growth 7.7% (1.5%/yr.)
* 5-year head count for CDPHE calculated from projected growth 7.7% (1.5%/yr.)
* Shared Common Space and Interagency Space breakdown reflects Agency Findings exercise only
* Data from Basic Steps exercise did not break out Shared or Interagency Space components
* Overall space savings from Basic Steps is included

UPDATE | SUMMARY DATA BY STATE AGENCY

HCPF	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	710	1,135	425	59.8%
Seat Count	684	442	-242	-35.4%
Shared Common	30,507	26,230	-4,277	-14.0%
Interagency Shared	0	3,000	3,000	
Total Space Needs	122,747	86,997	**-35,750**	-29.1%

DOLA	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	217	233	16	7.3%
Seat Count	176	129	-47	-26.5%
Shared Common	3,585	7,690	4,105	114.5%
Interagency Shared	0	2,500	2,500	
Total Space Needs	40,144	37,242	**-2,902**	-7.2%

DNR	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	237	261	24	10.1%
Seat Count	213	593	380	178.2%
Shared Common	6,183	10,571	4,388	71.0%
Interagency Shared	0	6,800	6,800	
Total Space Needs	181,669	142,552	**-39,117**	-21.5%

DPA	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	252	297	45	17.9%
Seat Count	250	111	-139	-55.6%
Shared Common	10,380	7,518	-2,862	-27.6%
Interagency Shared	8,077	8,516	439	
Total Space Needs	76,082	46,869	**-29,213**	-38.4%

CDE	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	536	623	87	16.3%
Seat Count	383	220	-163	-42.6%
Shared Common	17,365	17,776	411	2.4%
Interagency Shared	0	11,500	11,500	
Total Space Needs	86,145	65,383	**-20,762**	-24.1%

CDLE	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	1,382	1,473	91	6.6%
Seat Count	1,222	907	-315	-25.8%
Shared Common	27,338	34,565	7,227	26.4%
Interagency Shared	5,484	7,100	1,616	
Total Space Needs	265,975	191,379	**-74,596**	-28.0%

CDA	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	185	213	28	15.1%
Seat Count	134	144	10	7.5%
Shared Common	9,706	7,557	-2,149	-22.1%
Interagency Shared	0	6,000	6,000	
Total Space Needs	39,173	36,467	**-2,706**	-6.9%

DPS	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	751	847	96	12.8%
Seat Count	576	551	-25	-4.3%
Shared Common	11,446	25,260	13,814	120.7%
Interagency Shared	0	3,490	3,490	
Total Space Needs	142,235	142,140	**-95**	-0.1%

CDHE	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	92	97	5	5.8%
Seat Count	73	69	-4	-5.6%
Shared Common	4,206	5,751	1,545	36.7%
Interagency Shared	0	0	0	
Total Space Needs	15,509	16,820	**1,311**	8.5%

CDHE (History CO)	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	104	112	8	7.7%
Seat Count	104	112	8	7.7%
Shared Common	0	0	0	
Interagency Shared	0	0	0	
Total Space Needs	27,900	24,706	**-3,194**	-11.4%

Deeper Dive | Basic Steps/Self-Reported

DORA	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	646	787	141	21.8%
Seat Count	586	737	151	25.7%
Shared Common	24,067	46,552	22,485	93.4%
Interagency Shared	0	0	0	
Total Space Needs	151,238	155,357	**4,119**	2.7%

CEO	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	41	51	10	24.6%
Seat Count	36	43	7	18.1%
Shared Common	1,389	1,722	333	24.0%
Interagency Shared	0	1,750	1,750	
Total Space Needs	6,377	11,483	**5,106**	80.1%

CDOT	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	1,336	1,336	0	0.0%
Seat Count	1,606	769	-837	-52.1%
Shared Common	66,798	58,545	-8,253	-12.4%
Interagency Shared	0	0	0	
Total Space Needs	507,709	214,675	**-293,034**	-57.7%

OEDIT	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	78	81	3	3.8%
Seat Count	72	43	-29	-40.5%
Shared Common	4,387	3,328	-1,059	-24.1%
Interagency Shared	0	0	0	
Total Space Needs	12,610	8,616	**-3,994**	-31.7%

OIT	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	413	479	66	15.9%
Seat Count	413	75	-338	-81.8%
Shared Common	8,227	5,383	-2,844	-34.6%
Interagency Shared	0	4,500	4,500	
Total Space Needs	91,109	19,072	**-72,037**	-79.1%

DOR	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	1,526	1,644	118	7.7%
Seat Count	1,242	714	-528	-42.5%
Shared Common	0	0	0	
Interagency Shared	0	0	0	
Total Space Needs	256,330	91,545	**-164,785**	-64.3%

DHS	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	720	733	13	1.8%
Seat Count	481	478	-3	-0.7%
Shared Common	21,269	26,503	5,234	24.6%
Interagency Shared	0	0	0	
Total Space Needs	117,045	79,624	**-37,421**	-32.0%

DOC	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	336	382	46	13.8%
Seat Count	335	374	39	11.6%
Shared Common	0	0	0	
Interagency Shared	0	0	0	
Total Space Needs	102,879	98,012	**-4,867**	-4.7%

CDPHE	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	1,768	1,816	48	2.7%
Seat Count	1,689	1,201	-488	-28.9%
Shared Common	85,697	61,101	-24,596	-28.7%
Interagency Shared	0	0	0	
Total Space Needs	373,179	251,953	**-121,226**	-32.5%

DMVA	Pre-COVID	5-Year Projected	Delta	% Change
Head Count	47	38	-9	-19.8%
Seat Count	47	44	-3	-6.0%
Shared Common	0	0	0	
Interagency Shared	0	0	0	
Total Space Needs	14,615	12,402	**-2,213**	-15.1%

Deeper Dive **Basic Steps/Self-Reported**

09.05

ADDENDUM 01

PROGRESS TOWARDS IMPLEMENTING RECOMMENDATIONS

09.05 INTRODUCTION

During FY 2021-2022 the State has encountered several challenges to achieving footprint reductions. The key challenges have been:

- ARPA-Funded Term-Limited FTEs
  State services related to the federal American Rescue Plan Act of 2021 have necessitated head count increases for some agencies, but the terms of these new positions are limited. This has made it more difficult for some agencies to project 5-year head count needs.

- Impacts of New COVID Strains
  The emergence of new COVID strains, including the Omicron strain, has made it more difficult to ascertain actual seat count needs.

- Lack of Funding for Early Lease Buyouts
  In some cases, leases may be bought out for early lease termination. The amount of the buyout typically includes uncollected rent and payback of landlord-financed tenant improvements. Lack of funding for these early buyouts has been a factor in hampering footprint reduction.

- Lack of Renovation Funding
  Renovations to right size State-owned space are needed to facilitate 1) consolidating within State-owned space and 2) moving from commercially leased space to appropriate space in State-owned facilities. Lack of funding for these renovations has hampered footprint reduction.

Section 07 of the Strategic Office Space Plan (SOSP) includes specific tactical recommendations for the State to consider implementing to achieve the goal of a 1M SF reduction of administrative office space. If the State has progressed towards implementing a recommendation, or if added information has necessitated changing a recommendation, that information is recorded in this section of the addendum. If a particular previous recommendation remains status quo, it is not discussed in this addendum.

For brevity, this addendum focuses on added text or revision text. Please refer to the reference subsection in the SOSP for the context of the full associated narrative. Revised sections of the SOSP are indicated with the title UPDATE and text revisions are indicated in red italics. Deleted text is indicated with strikethroughs.

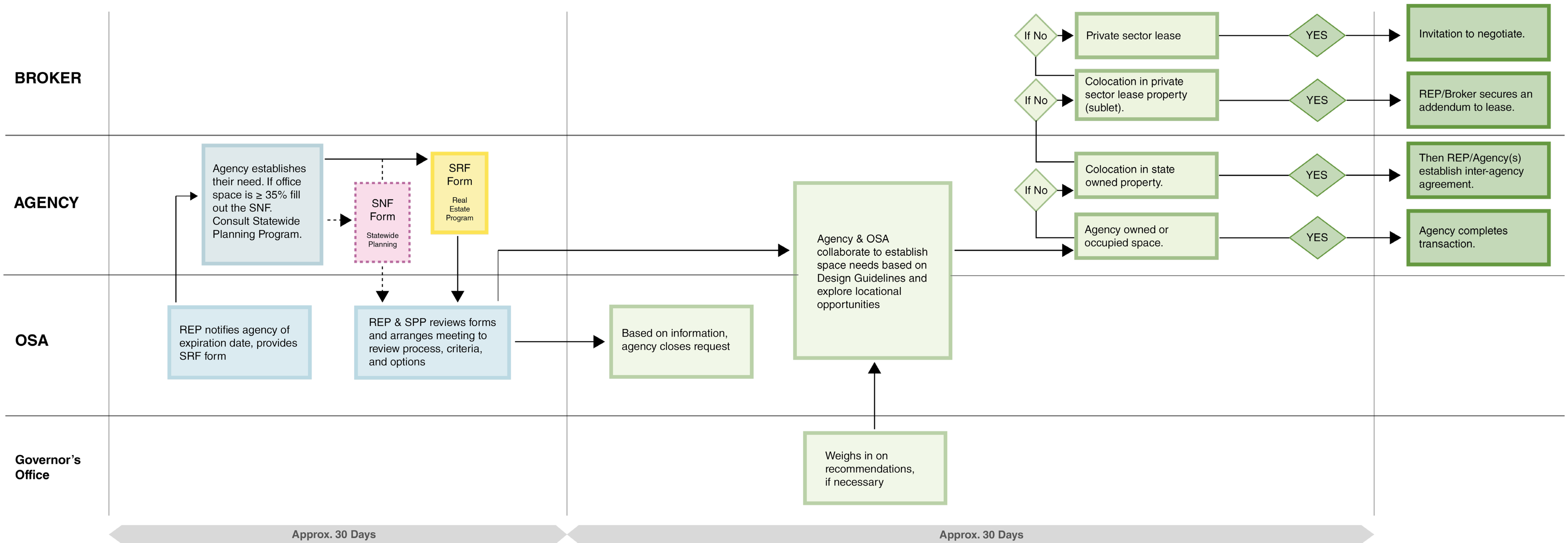
UPDATE TO 07.01.01 RECOMMENDATION: PROCESS

SOSP section 07.01.01 discusses recommendations for the revisions to the State leasing process. The section shall be amended to add the following text.

During FY 2021-2022, the OSA has made the following key changes to streamline the leasing process:

- Revised Flow Process for Agency Space Needs Requests
  The OSA has revised its flow process to include a requirement that agencies look at existing State-owned property as a first option and then State-owned co-location opportunities, before considering the commercial lease market. The OSA has revised the Process Initiation Form (PIF) to a Space Needs Form (SNF) managed by the Statewide Planning Program. The SNF is a tool which agencies can use to approximate usable area (USF) need and convert it to an approximate rentable area (RSF) need for the agency to use in the Real Estate Program's Space Request Form (SRF).

  The SNF utilizes a benchmark building load factor metric of 15% (in practice, as discussed in Section 03.02.02, load factors vary significantly from one building to another). Applying this 15% factor, The SNF establishes a starting point for agencies seeking real estate. The OSA has modified the process flow chart for agencies to incorporate the SNF tool and describe at what point in the process the SNF is used. The modified process flow chart streamlines what had been separate processes for requesting office space and non-office space into one process. Reference updated Figure 07.01. As an alternative to the SNF, agencies may use the Space Needs Calculator, available on the OSA website, to calculate a refined usable area. The Space Needs Calculator utilizes space size recommendations included in the OSA's Design Guidelines for office space.



UPDATE TO FIGURE 07.01: Agency space request ow diagram

- Designation of Agency Real Estate Delegates
  The OSA Real Estate Program (REP) has initiated the process of identifying fifteen delegates within agencies and institutions of higher education responsible for most of the State's private leases to be points of contact for space reduction and commercial real estate leases. The delegates will assist the OSA with implementing reduction planning and validating the requested space needs from their respective agency or institution of higher education.

- Geographic Information System (GIS) Mapping
  GIS mapping work has been transferred to the OSA for management and updates.

- Design Guidelines Issued
  As recommended in SOSP section 05.10, the OSA has created and issued Design Guidelines to aid agencies in planning office space that is responsive to new ways of working, including hybrid working, which underlie the State's ability to achieve footprint reduction.

  The 5-year Space Needs Study projections are based on SOSP rightsizing assumptions. The Design Guidelines include rightsizing efficiencies beyond those included in the SOSP 5-year projections that should result in an additional savings of 10 USF / seat over SOSP rightsizing.[1] Utilizing the rightsizing included in the Design Guidelines, the 10 USF / seat savings applied to the 5-year projected seat count would result in an additional approximately 80,000 USF of space reduction over the 5-year projected space reduction reported in the update to SOSP section 06.01.04.03.

  The Space Needs Calculator discussed above has been developed by the OSA. The calculator simplifies space needs projections for agencies by automatically calculating Shared Common Space and total USF utilizing seat count and unique space inputs.

Executive Order D 2022 008 Flexible Work Arrangements in State Government

In February 2022, the Governor issued an Executive Order directing the Department of Personnel & Administration (DPA) to "lead the State's action to become an Employer of Choice by enhancing employee work-life flexibility." Reimagining how, when and where State government employees work will require purpose-driven space aligned with the new ways of working.

A summary of the key directives in the Executive Order related to the SOSP is as follows:

- DPA is authorized to determine a space plan that reduces State office space by 30% or 1 million SF from pre-COVID levels, whichever is greater. To achieve this, DPA is authorized to lead the consolidation of workspaces including utilizing co-locations and regional hubs as discussed in the Strategic Office Space Plan.

- Without reducing the quality of State services, each agency shall, in partnership with DPA, take action to build a flexible work environment through policy revisions, increasing digitization of government services and using space differently. A benefit of these changes will be reduction of the impact of State operations on the environment.

UPDATE TO 07.01.01.01 RECOMMENDATION: LEASE NOTIFICATION

SOSP section 07.01.01.01 discusses a recommendation for proactive early lease notification to agencies. The section shall be amended to add the following text:

During the FY 2021-2022 period, the OSA has initiated a process by which agencies are notified of lease expiration at least 12 months prior to expiration. Notifications are issued to the agency twice over the 12-month period.

UPDATE TO 07.02 LEVERAGING STATE-OWNED ASSETS

SOSP section 07.02 is an overview of recommendations for better leveraging State-owned assets. The section shall be amended to add the following text:

During the FY 2021-2022 period, the State has made progress in shifting from commercially leased space to State-owned space. The Colorado Department of Transportation (CDOT), the Department of Human Services (DHS) and the Department of Revenue (DOR) are examples of agencies who have not renewed existing leases or have terminated leases and moved staff to State-owned properties.

UPDATE TO 07.02.03 RECOMMENDATION: RENOVATE STATE-OWNED BUILDINGS IN THE CAPITOL COMPLEX

SOSP section 07.02.03 discusses a recommendation to renovate State-owned property, focusing on the downtown Denver holdings. The section shall be amended to add the following text:

Bill SB22-239 has been passed by the Colorado General Assembly during the 2022 Regular Session authorizing funding for a portion of the needed renovations to State-owned buildings in the Capitol Complex. The funding will be applied towards the following projects:

- Renovations to the Annex Building
- Renovations to the Centennial Building
- Renovations to 1570 Grant and the installation of electric vehicle charging stations
- Security improvements to the Capitol Complex
- Improvements to the legislative spaces controlled by the General Assembly including the Capitol Building and the Annex Building
- Leadership in Energy and Environmental Design (LEED) upgrades for the buildings noted above

The funding will allow design of the renovations to begin in the FY 2022-2023 period. The bill only provides funding for a portion of the renovations and agency relocations. It is anticipated that additional funding will be required to complete the objectives of Scenario #3 as outlined. The amount and timing of additional funding will impact the ability to complete the overall lease reductions within the 2025 footprint reduction timeframe. The State will establish a phasing plan to determine how the funding should be utilized towards meeting long term goals.

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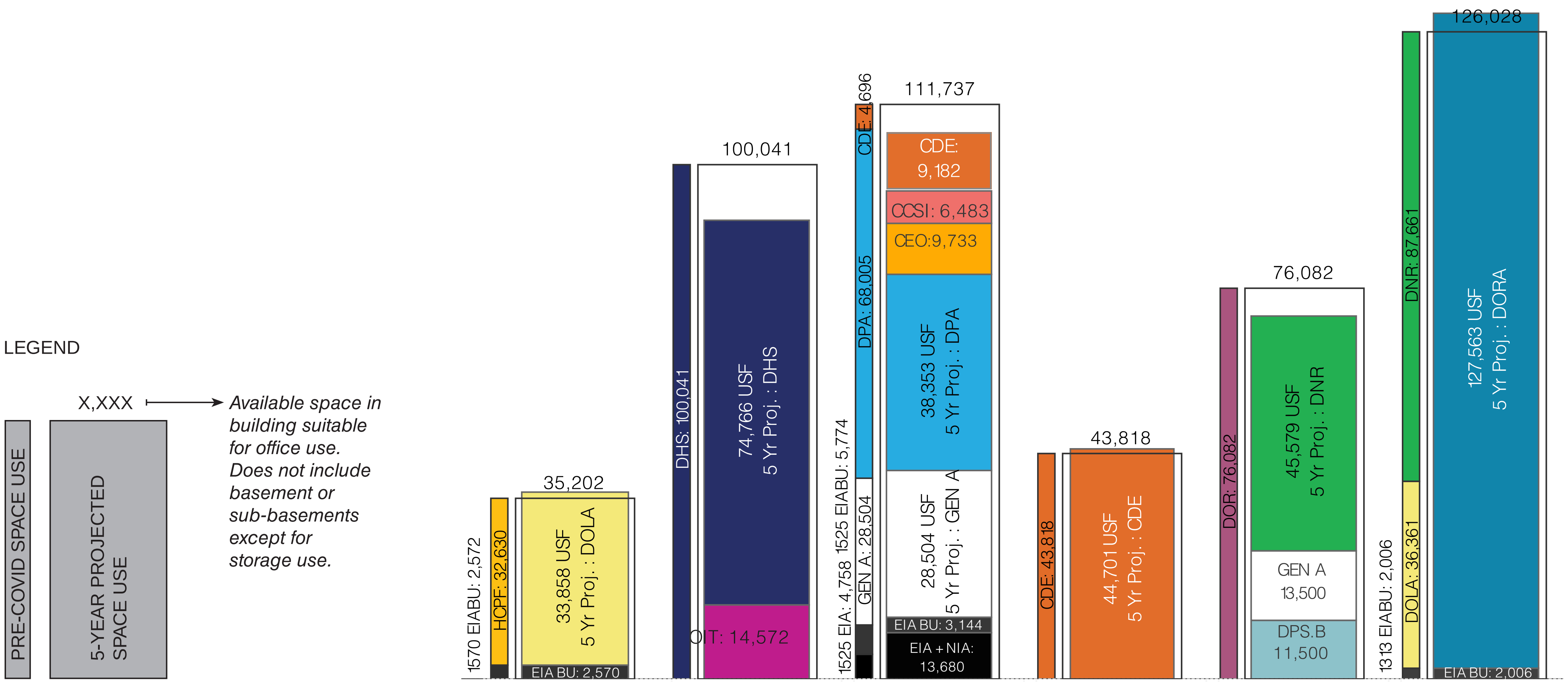
1. The rightsizing assumptions used in the Agency Findings 5-year projections average 207 USF / seat (see update to SOSP section 06.01), excluding unique space. The Design Guidelines propose efficiencies that average 197 USF / seat, excluding unique space (see Section 04.01.03.02 of the Design Guidelines

SCENARIO 3: STATE CONFERENCE CENTER



1570 Grant	
1570 ..	2,572
DOLA	33,858
Total	36,430

1575 Sherman HUMAN SVCS. BLDG.	
DHS	74,766
OIT	14,572
Total	89,339

1525 Sherman STATE SVCS. BLDG.	
1525 EIA	8,922
1525 EI..	3,144
CCSI	6,483
CEO	9,733
DPA	38,353
GEN A	28,504
Total	95,139

201 E Colfax STATE OFFICE BLDG.	
CDE	44,701
Total	44,701

1375 Sherman ANNEX BUILDING	
DNR	45,579
DPS.B	11,500
GEN A	13,500
Total	70,579

1313 Sherman CENTENNIAL BLDG.	
DORA	127,563
1313 EI..	2,006
Total	129,569

1570 Grant	1575 Sherman	1525 Sherman	201 E Colfax	1375 Sherman	1313 Sherman
DELTA: -1,228	DELTA: 10,702	DELTA: 16,598	DELTA: -883	DELTA: 5,503	DELTA: -3,541

EIA *Existing Interagency Shared Use Space*
NIA *New Interagency Shared Use Space*
EIABU *Existing Interagency Benef cial Use Space*

FIGURE TO 07.09: Scenario 3: Strategic Of ce Space Plan - Metro Denver. Graphic courtesy of Stantec.

UPDATE TO 07.02.04 CAPITOL COMPLEX SCENARIO PLANNING

SOSP Section 07.02.04 provides an overview of scenarios for filling six buildings in the Downtown Denver Capitol Complex. The section shall be amended to add the following text:

Scenario #3: State Conference Center, described in Section 07.02.04.03 of the SOSP, has been identified by the State as the preferred scenario and renamed “Strategic Office Space Plan - Metro Denver.” During FY 2021-2022, some changes have occurred which would impact the feasibility of this scenario. The key changes are:

- All the scenarios assume that the Annex Building, Centennial Building and 1570 Grant are renovated to a Class B commercial standard to make them suitable for agency use. Because of lack of funding, it has not yet been feasible for agencies to consider moves from commercially leased space to these State-owned buildings. Additionally, some tenants in the Capitol Complex are waiting to initiate moves until they have greater clarity on future conditions, including plans for the Capitol Complex buildings.
- The proposed future use of the Annex Building will be changing to include two floors dedicated to the General Assembly’s Legislative Services. See update to Section 07.02.03
- Colorado Department of Education (CDE) has initiated plans to move approximately 47,000 RSF out of commercial leases into the Capitol Complex, reflecting an increase in projected seat sharing expressed by CDE staff.

The updated Scenario #3 pre-COVID conditions include existing agency utilization including existing interagency shared space. Beneficial use utilization is indicated separately.

The 5-year projected conditions in Scenario #3 include current agency space needs projections. Existing and new interagency shared space is not included in the agency space needs, since this space is consolidated in 1525 Sherman in the scenario. Beneficial use space is indicated separately so that it can be reviewed for re-purposing.

UPDATE TO 07.03 CO-LOCATION OPPORTUNITIES

SOSP section 07.03 is an introduction to the co-location recommendations. The section shall be amended to add the following text:

During FY 2021-2022, some agencies including CDOT, DOR and CDLE have expressed an openness to co-location. DOR and CDLE are exploring opportunities to combine spaces due to their shared customer-serving functions. DOR is also considering reimagining future Department of Motor Vehicles (DMV) offices to include other agencies.

One hurdle has been that those agencies occupying State-owned buildings have not had the funding to reconfigure their space to consolidate as space needs reduce. Consolidation is an important first step to co-location as it frees contiguous space for a potential co-location partner.

UPDATE TO 07.04.01 IDENTIFYING COSTS ASSOCIATED WITH MOVING

SOSP section 07.04.01 explains that the costs represented in SOSP Figure 07.18 are for typical office renovation projects and discusses factors which would increase costs from this baseline. The section shall be revised as follows:

- Escalation after the second quarter of 2021.
  The costs listed in Figure 07.18 reflect the Front Range marketplace as of second quarter (Q2) 2021. ~~This report recommends an escalation factor of 4% per year for construction cost and FF&E, for projects starting after Q2 2021.~~ This report recommends escalation factors of 6% / yr for 2021 and 8% / yr for 2022 and 2023 be applied to Figure 07.18 costs. This reflects marketplace changes that have occurred in the Q2 2021 – Q2 2022 period related to economic expansion combined with supply chain restrictions. For projects starting after Q4 2023, this report recommends an additional escalation factor of 4% per year. The 4% future escalation factor is common practice for construction pricing and aligns with the escalation factor used for leases in the Real Estate Program Policies and Procedures, which is 3.5%-4% per year. However, escalation is subject to many factors and can vary widely from this number. ~~Some construction cost estimators are predicting steep price increases in the post-COVID construction marketplace related to predictions of intensive economic expansion during that period.~~ This report recommends that the State revisit escalation predictions on an annual basis.

09.06
ADDENDUM 01
NEW ANALYSIS OF FINDINGS

STATEWIDE TOTALS	Pre-COVID State Total	5-Year Projected State Total	Delta	% Change
Seat Count	10,322	7,754	-2,567	-25%

STATEWIDE TOTALS		Pre-COVID State Total	5-Year Projected State Total
Head Count	Fully Remote	8%	29%
	On-site	88%	35%
	Hybrid	4%	36%

FIGURE 09.01 Statewide Seat Count and Statewide Head Count Distribution. Seat Count data based on Space Needs Findings. Head Count data based on Agency Findings Deeper Dive data.

09.06 INTRODUCTION

Confirmation of projected seat count reduction is the first step for the State in achieving footprint reductions and it has been one of the primary areas of focus for FY 2021-2022 progress towards footprint reduction. The updated data collected during FY 2021-2022, indicating a reduction in seat count needs is recorded in Figure 09.02.

To leverage the seat count reduction into a footprint reduction, the SOSP recommends several steps including backfill of existing State-owned space and renovations aimed at achieving rightsized space that supports the needs of hybrid working. During FY 2021-2022, the Planning Team has analyzed the Statewide dataset in new ways to better understand the challenges and opportunities of the footprint reduction. This section of the addendum records this new analysis.

09.06.01 ANALYSIS OF HEAD COUNT DISTRIBUTION CHANGES

The SOSP and the OSA's Design Guidelines recommend that agencies consider employee space needs by their ways of working. The State's Human Resources group and Controller's policy regarding Flexible Work Arrangement have subtle differences from this focus, as they describe types of workers and types of workplaces. To align with existing State policy, this Addendum recommends that the State utilize the following descriptions to describe ways of working:

- Fully Remote Working: This category indicates any head count (staff) that will not need an assigned workpoint. Touchdown spaces are utilized to satisfy these staff members' need to occasionally come into an office.
- On-site Working: Employee regularly is working in a State office or facility and may have temporary or ad hoc flex place arrangements but not an established agreement. On-site working utilizes locations where the State owns or leases a facility or office and includes workspace for employees to perform their job duties. On-site workers are those who work in a State office or facility at least 4 days a week typically in an assigned workpoint (office or workstation).
- Hybrid Working: Employee has an available workspace at a State Workplace. The employee may regularly work a combination of days at a remote location and days in the office or the employee may work primarily remotely and come into the office based on business needs. The worker could have an assigned workpoint that is shared between another assigned worker or utilize hoteling to locate an available workpoint.

The OSA's Agency Findings Deeper Dive includes head count data corresponding to these different ways of working. That data indicates that pre-COVID, the overwhelming majority of employees were working on-site and that in the 5-year projections, agencies expect the ways of working to be roughly evenly distributed between Fully Remote, On-site and Hybrid.

Changes in work styles suggest that State study the future need for interagency shared and beneficial use space.

- The need for interagency shared space in the form of large conference rooms and training rooms is documented in the statewide data set and reflects a greater emphasis on the physical workplace as a place to gather. There are likely opportunities to consolidate interagency shared space by studying the overlapping needs of agencies.
- The need for beneficial use space – space such as cafeteria, exercise and vendor-managed computer rooms – is likely to decrease because fewer employees will be coming to the office. The Deeper Dive findings indicate that the percentage of employees working full-time on-site will reduce from 88% pre-COVID to 35% in the 5-year projections. This report recommends that the State analyze the frequency and duration of hybrid employee time in the office to better understand the aggregate demand for this beneficial use space.

EXPIRING FISCAL YEAR COMMERCIAL LEASE RSF

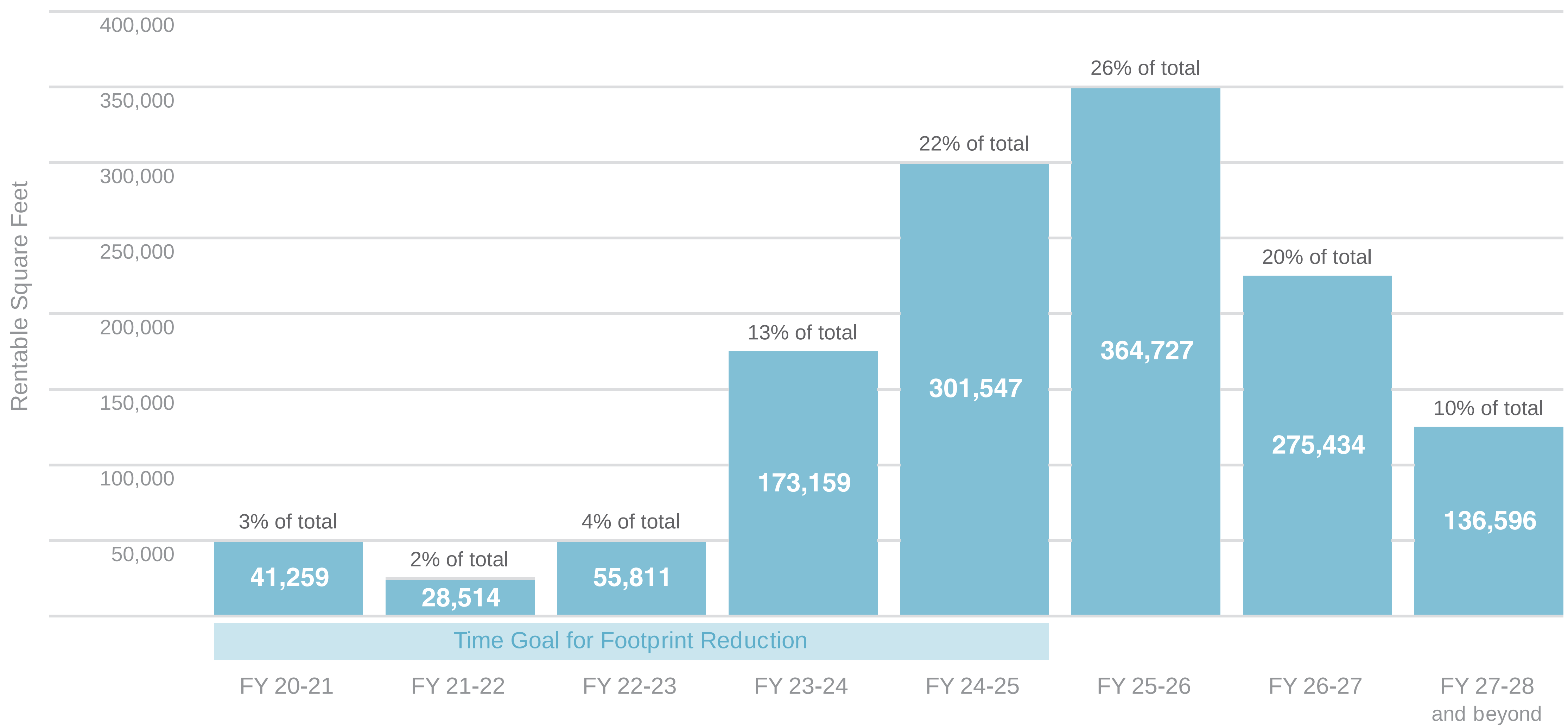


FIGURE 09.02 Expiring Fiscal Year Commercial Lease RSF.
Data from FY 2021-2022 OSA Annual Report.

09.06.02 SCHEDULE OF LEASE EXPIRATIONS

A recommendation of the SOSP is to backfill State-owned property by moving agencies from commercially leased space to State-owned property. Based on lease expirations, most of the commercially leased space will not become available to move to State-owned space until FY 2024-2025 or after, unless funding for early lease termination is provided. Reference Figure 09.02 for projected lease expirations, noted in the table below using the FY 2021-2022 OSA Annual Report.

The State's goal is to achieve footprint reduction by 2025 and to consolidate this footprint in State-owned space. To achieve this, the State must be able to reduce lease need to 5-year projections, and move agencies currently in commercially leased space into State-owned backfill space. If the State cannot terminate or modify leases which currently extend to FY 2025-2026 and beyond, the State will not meet its goal of a 1M SF footprint reduction by 2025.

SUMMARY OF STATE-OWNED, LEASED AND INTERAGENCY SF

AGENCY | State-owned facilities	Pre-COVID SF (USF)*	Agency Findings 5-Year Projected SF (USF)
DPA (Sherman, Owned) (USF)	68,005	38,353
DOLA (Owned) (USF)	36,361	33,859
DOLA (G.J Owned) (USF)	3,783	883
DNR (Sherman, Owned) (USF)	56,263	45,580
DNR (Other Denver, Owned)	67,954	64,119
CDE (Sherman, Owned) (USF)	4,696	2,731
CDE (Colfax, Owned) (USF)	43,818	33,659
DHS (Sherman, Owned) (USF)	100,041	74,767
DPS (690 & 700 Kipling, Owned)	102,316	105,870
HCPF (Grant St., Owned) (USF)	32,630	21,562
CDHE Hist CO (Owned)	27,900	24,706
CDOT (Deeper Dive, Owned) (USF)	248,010	133,482
CDOT (Deeper Dive, Owned) (USF)	3,888	3,974
CDLE (Owned) (USF)	99,483	71,218
DMVA (G.J., Owned)	14,615	12,402
DOR (Annex, Owned) (USF)	75,421	0
DOR (1881 Pierce, Owned) (USF)	89,884	62,210
SUB TOTAL (concentrated state presence)	**1,075,068**	**729,375**
CDOT (Owned) (USF)	82,720	37,421
CDOT (Other, Owned) (RSF)	161,181	33,713
CDA (Owned) (USF)	39,173	30,467
SUB TOTAL (dispersed state presence)	**283,074**	**101,601**
TOTAL SF State-owned	**1,358,142**	**830,976**

AGENCY | Leased facilities	Pre-COVID SF (USF)*	Agency Findings 5-Year Projected SF (USF)
DNR (Leased) (RSF)	36,943	20,533
CDE (Leased) (USF)	37,631	17,493
DHS (Leased) (RSF)	17,004	4,857
DPS (710 Kipling, Leased)	11,888	5,234
CDPHE (Leased) (RSF)	373,179	251,953
HCPF (Leased) (USF)	90,117	62,435
OIT (Leased) (USF)	91,109	14,572
CDHE (Leased) (USF)	15,509	16,820
CDOT (Leased) (RSF)	11,910	6,085
DORA (Leased) (USF)	151,238	155,357
CDLE (Leased) (USF)	161,008	113,061
CEO (Leased) (USF)	6,377	9,733
OEDIT (Leased) (USF)	12,610	8,616
DOC (Leased) (RSF)	102,879	98,012
DOR (Leased) (RSF)	91,025	29,335
SUB TOTAL (concentrated state presence)	**1,210,426**	**814,097**
DNR (Leased) (RSF)	20,509	5,520
DMVA (Centennial, Leased)	N/A	N/A
DPS (Mineral, Chester, Leased)	28,031	27,546
SUB TOTAL (dispersed state presence)	**48,540**	**33,066**
TOTAL SF Leased	**1,258,966**	**847,163**

AGENCY | Interagency Shared Share & Beneficial Space	Pre-COVID SF (USF)*	Agency Findings 5-Year Projected SF (USF)
DPA (Interagency Shared)	8,077	8,516
DOLA (Interagency Shared)	0	2,500
DNR (Interagency Shared Shared)	0	6,800
CDE (Interagency Shared)	0	11,500
DHS (Interagency Shared)	N/A	N/A
DPS (Interagency Shared)	0	3,490
CDPHE (Interagency Shared)	N/A	N/A
HCPF (Interagency Shared)	0	3,000
OIT (Interagency Shared)	0	4,500
CDHE (Interagency Shared)	0	0
CDHE HC (Interagency Shared)	N/A	N/A
CDOT (Interagency Shared)	N/A	N/A
DORA (Interagency Shared)	N/A	N/A
CDLE (Interagency Shared)	5,484	7,100
CEO (Interagency Shared)	0	1,750
OEDIT (Interagency Shared)	N/A	N/A
DMVA (Interagency Shared)	N/A	N/A
DOC (Interagency Shared)	N/A	N/A
DOR (Interagency Shared)	N/A	N/A
Beneficial Use Space	10,352	10,352
SUB TOTAL (concentrated state presence)	**23,913**	**59,508**
CDA (Interagency Shared)	0	6,000
SUB TOTAL (dispersed state presence)	0	6,000
TOTAL SF Interagency Shared	**23,913**	**65,508**

FIGURE 09.03: Summary ofState-owned, Leased and Interagency Square Footage

*Agency Findings data are recorded in USF. Some Basic Steps and Self-Reported data are recorded as RSF, noted in table.

09.06.03 ANALYSIS OF AVAILABILITY OF BACKFILL SPACE IN STATE-OWNED PROPERTY

Figure 09.03 re-sorts OSA findings for space needs into State-owned space, commercially leased space and interagency shared space for analysis. The analysis considers interagency shared space separately since this space could be in either State-owned or commercially leased space in the 5-year projected condition, and to isolate this space for further study, because if the space were centralized in the Capitol Complex it is likely that it could be reduced due to overlapping agency needs.

Key findings are:

- Backfill Space in Areas with Concentrations of Agencies
  The analysis indicates that approximately 530,000 USF of backfill space is projected to be available Statewide in existing State-owned space comparing pre-COVID needs to 5-year projected needs. Of this amount, approximately 350,000 USF of space is in geographic areas with concentrations of State agencies, making consolidation feasible. This report recommends that, in areas with concentrations of State agencies, the State focus on consolidating agencies currently in State-owned space to free space for backfill. This can begin now since it requires little or no agency funding.

- Backfill Space in Areas without Concentrations of Agencies
  Of the 530,000 USF of backfill space projected to be available, approximately 180,000 USF is projected to become available in geographic areas of the State without concentrations of State agencies, making use of this space more difficult. Figure 09.04 analyzes backfill opportunities on a town-by-town basis for these areas without concentrations of State agencies. The findings indicate an opportunity to backfill approximately 4,000 USF of the 180,000 USF with agencies currently in commercially leased space in towns where State-owned space is projected to become available.

BACKFILL OPPORTUNITIES IN AREAS WITH DISPERSED STATE PRESENCE

	State-Owned				Leased				5-Year Backfill Opportunity		
	CDOT		CDA		DNR		DPS				
Location	Pre-COVID	5-Year	Pre-COVID	5-Year	Pre-COVID	5-Year	Pre-COVID	5-Year	Available State-Owned	Opportunity to Move Leased Space	Remaining State-Owned Space
Alamosa	11,384	2,558			580	0			8,826	0	8,826
Aurora	60,000	9,049							50,951	0	50,951
Boulder	4,100	1,987							2,113	0	2,113
Broomfield			39,173	30,467					8,706	0	8,706
Chester							5,497	5,760	0	0	0
Craig	26,625	4,335							22,290	0	22,290
Durango	2,403	1,982			3,897	1,104			421	1,104	-683
Durango (Deeper Dive)	21,592	7,986							13,606	0	13,606
Eagle	2,266	2,337							-71	0	-71
Glenwood Springs	4,220	1,785			4,200	1,104			2,435	1,104	1,331
Greeley (Deeper Dive)	26,733	16,340							10,393	0	10,393
Golden	9,575	1,621							7,954	0	7,954
Golden (Deeper Dive)	34,396	13,096							21,300	0	21,300
Gypsum	1,980	110							1,870	0	1,870
Lamar	872	994							-122	0	-122
Limon	1,344	1,214							130	0	130
Loveland	7,500	1,325							6,175	0	6,175
Mineral							22,534	21,786	0	0	0
Monte Vista	1,792	110							1,682	0	1,682
Montrose	5,160	1,104			2,193	2,208			4,056	2,208	1,848
Sliverthorne	4,570	110							4,460	0	4,460
Sterling	6,323	1,766							4,557	0	4,557
Trinidad	5,727	110							5,617	0	5,617
Watkins	5,340	1,214							4,126	0	4,126
	243,901	71,134	39,173	30,467	10,870	4,416	28,031	27,546	**181,473**	**4,416**	**177,057**

Towns with opportunity to back ll State-owned space by moving agencies from leased space

FIGURE 09.04: Back ll opportunities in areas with dispersed state presence

If there is not a resource available to fill available backfill space, this report recommends that the State consider alternative uses for the space including moving agencies which were not evaluated in the SOSP, but which may be in commercially leased space in the towns where backfill space will be available. The State could also consider disposing of unused backfill space.

- Reduction in Commercial Space Need
  The analysis indicates that commercial lease space needs would be approximately 850,000 USF in 5 years if those agencies currently in lease space remained in lease space. As discussed above, this report recommends that the State utilize backfill space in State-owned property as a first priority, before exploring commercial property. For the remainder of the commercial lease need, this report recommends that the State reduce lease sizes after lease expiration to align with 5-year projected needs. Accounting for approximately 350,000 USF of lease need that can be moved to State-owned space in geographic areas with concentrations of State agencies, the remaining lease need would be approximately 500,000 USF. This report recommends that, if a commercial space need cannot be moved to backfill in State-owned property, the State should lease based on the rightsized space need, through a lease renewal or a new lease.

- Interagency Shared and Beneficial Use Space Need
  Pre-COVID, the State had a relatively small amount of existing interagency shared space. In the 5-year projections, there is a Statewide interagency need for a significant amount of space, such as large meeting areas, which would occasionally be used by individual agencies making it suitable for shared interagency use. There is a projected increase of approximately 40,000 USF in interagency shared and beneficial space needs comparing pre-COVID to 5-year projections. Because this space is shared by agencies, it is most effective in areas where agencies are highly concentrated, particularly in the Capitol Complex. The 5-year projected interagency shared and beneficial space need in geographic areas with concentrations of State agencies is approximately 60,000 USF.

  The interagency shared and beneficial use space need totals represent the sum of interagency shared space needs from individual agencies. Additional study of the Capitol Complex is required to determine where agency needs for this space type overlap. That study will likely result in efficiencies which reduce the overall interagency shared and beneficial use space need.

AVERAGE SF/SEAT STATEWIDE

AVG AREA/SEAT	Pre-COVID State Total	5-Year Projected State Total
Seats	10,322	7,754
Space Need	2,641,020	1,743,647
Utilization	256	225

FIGURE 09.05: Average SF per Seat Statewide

09.06.04 ANALYSIS OF EFFICIENCIES FROM RIGHTSIZING & REIMAGINING THE WORK ENVIRONMENT

In addition to consolidation of space to reflect seat-count reductions, rightsizing and reimagining space is critical for the State to achieve its footprint reduction goals. Rightsizing involves capturing efficiencies in office and workstation sizes. Space must also be reimagined to add features such as collaboration spaces and accommodations for seat-sharing that are necessary to facilitate the new hybrid work modalities. The State has established goals that the reimagined workplace should also be a healthier and more sustainable environment, supporting State goals to be an employer of choice.

Pre-COVID, the Statewide totals including unique space equate to a total existing utilization of 256 SF/seat, considering the overall pre-COVID space need divided by the overall pre-COVID seat count.[2] This pre-COVID existing utilization metric reflects current space usage, rather than the rightsized space needed to meet specific requirements. One way to approximate the effect of rightsizing is to compare existing utilization to rightsized utilization. Average utilizations per seat from the State data set are as follows:

If spaces are not rightsized, the total existing space utilization metric of 256 SF / seat applied to the 5-year projected seat count suggests a total space need approximately 240,000 USF higher than the current 5-year projected need, suggesting the State would miss its footprint reduction goal by nearly 27% if rightsizing is not implemented.

The Q4 average State lease rate in the Denver Central Business District is $22.82 / RSF, utilizing data from the State's annual lease report. This lease rate, escalated to the midpoint of the 5-year footprint reduction period, is $24.19 / RSF.[3] The approximate 240,000 USF of savings available through rightsizing equates to approximately 280,000 RSF utilizing a 15% load factor, and $6.8M per year in avoided commercial lease costs considering the escalated average State lease rate in the Denver Central Business District.

09.06.05 ANALYISIS OF STATEWIDE COSTS FOR RENOVATION

The costs for renovation vary depending on the amount of renovation needed. The tactics for funding the renovations vary depending on whether the renovations are in State-owned or commercially leased space. To better understand projected costs, the Planning Team has analyzed projected costs by renovation type, see Figure 09.06.

The model is based on the following:

- In Section 07.04.01, the SOSP acknowledges that different spaces require different levels of renovation. The model considers renovation as light tenant improvement (principally updated finishes), extensive tenant improvement (moving walls and modifying building systems) and full renovation (involving mechanical, electrical, plumbing and building envelope systems). Baseline costs in the model come from Figure 07.18 of the SOSP.

- Most State-owned administrative office space is in the Capitol Complex. In section 03.03.03, the SOSP acknowledges that some of the buildings in the Capitol Complex need only light renovation, and some need full renovation; most of the buildings need extensive tenant improvement. To approximate this need, the model considers the overall State-owned space renovation need to be equally divided between light, extensive and full renovation.

- The model considers the interagency shared space renovation need to be equally divided between light, extensive and full renovation, to align to assumptions for renovations of State-owned space.

- Commercially leased space typically requires light or extensive renovation rather than full renovation. The model considers the overall commercially leased renovation need to be equally divided between light and extensive renovation.

- The model considers renovations to occur at a constant pace over the 5-year footprint reduction period. To approximate the effects of escalation on pricing, the model considers escalation at the midpoint of the 5-year period, or ten quarters after Q2 2021

2. This calculation is based on a dataset that includes both USF and RSF. The total existing utilization metric differs from the pre-COVID DSF/seat calculation in Figure 07.05 calculation because the total utilization metric includes unique space and includes additional data that was not previously available.

3. Eight quarters of escalation are considered, to Q4 2023, utilizing 3% / yr rate increases.

5-YEAR PROJECTED STATEWIDE RENOVATION COST MODEL

					Escalation					
RENOVATION COST MODEL State-Owned Space 5-year Projected Need	Space Allocation Model	5-year projected USF	5-year projected GSF	Baseline: Q2 2021 Projected Cost / SF	Qs of Escalation 2021 1.5%/Q	Qs of Escalation 2022 2%/Q	Qs of Escalation 2023 2%/Q	Total Non-compounded Escalation	Q4 2023 Projected Cost / SF	Q4 2023 Modeled Project Cost
Light Tenant Improvement	33%	274,222	N/A	$ 93 - $ 150	2	4	4	19%	$ 111 - $ 179	$ 30,348,164 - $ 48,948,652
Extensive Tenant Improvement	33%	274,222	N/A	$ 134 - $ 202	2	4	4	19%	$ 159 - $ 240	$ 43,727,463 - $ 65,917,518
Full Renovation	34%	282,532	353,165	$ 201 - $ 349	2	4	4	19%	$ 239 - $ 415	$ 67,578,806 - $ 117,338,325
Total Area	100%	830,976							Total Modeled Project Cost	$ 141,654,433 - $ 232,204,495

					Escalation					
RENOVATION COST MODEL State-Owned Backfill Space* 5-year Projected Need	Space Allocation Model	5-year projected USF	5-year projected GSF	Baseline: Q2 2021 Projected Cost / SF	Qs of Escalation 2021 1.5%/Q	Qs of Escalation 2022 2%/Q	Qs of Escalation 2023 2%/Q	Total Non-compounded Escalation	Q4 2023 Projected Cost / SF	Q4 2023 Modeled Project Cost
Light Tenant Improvement	33%	115,536	N/A	$ 93 - $ 150	2	4	4	19%	$ 111 - $ 179	$ 12,786,341 - $ 20,623,130
Extensive Tenant Improvement	33%	115,536	N/A	$ 134 - $ 202	2	4	4	19%	$ 159 - $ 240	$ 18,423,330 - $ 27,772,482
Full Renovation	34%	119,037	148,796	$ 201 - $ 349	2	4	4	19%	$ 239 - $ 415	$ 28,472,418 - $ 49,437,184
Total Area	100%	350,108							Total Modeled Project Cost	$ 59,682,089 - $ 97,832,796

*Backfill considered for geographic areas with concentrated State presence plus opportunities in areas with dispersed State presence.

					Escalation					
RENOVATION COST MODEL Leased Facilities 5-year Projected Need	Space Allocation Model	5-year projected USF	5-year projected GSF	Baseline: Q2 2021 Projected Cost / SF	Qs of Escalation 2021 1.5%/Q	Qs of Escalation 2022 2%/Q	Qs of Escalation 2023 2%/Q	Total Non-compounded Escalation	Q4 2023 Projected Cost / SF	Q4 2023 Modeled Project Cost
Light Tenant Improvement	50%	248,527	N/A	$ 93 - $ 150	2	4	4	19%	$ 111 - $ 179	$ 27,504,503 - $ 44,362,102
Extensive Tenant Improvement	50%	248,527	N/A	$ 134 - $ 202	2	4	4	19%	$ 159 - $ 240	$ 39,630,144 - $ 59,740,964
Full Renovation	0%	0	0	$ 201 - $ 349	2	4	4	19%	$ 239 - $ 415	$ - - $ -
Total Area	100%	497,054							Total Modeled Project Cost	$ 67,134,648 - $ 104,103,066

5-year Projected Leased Space	847,163
5-year Projected State-owned Backfill	-350,108
5-year Projected Net Lease Need	497,054

					Escalation					
RENOVATION COST MODEL Interagency Space 5-year Projected Need	Space Allocation Model	5-year projected USF	5-year projected GSF	Baseline: Q2 2021 Projected Cost / SF	Qs of Escalation 2021 1.5%/Q	Qs of Escalation 2022 2%/Q	Qs of Escalation 2023 2%/Q	Total Non-compounded Escalation	Q4 2023 Projected Cost / SF	Q4 2023 Modeled Project Cost
Light Tenant Improvement	33%	21,618	N/A	$ 93 - $ 150	2	4	4	19%	$ 111 - $ 179	$ 2,392,424 - $ 3,858,749
Extensive Tenant Improvement	33%	21,618	N/A	$ 134 - $ 202	2	4	4	19%	$ 159 - $ 240	$ 3,447,149 - $ 5,196,448
Full Renovation	34%	22,273	27,841	$ 201 - $ 349	2	4	4	19%	$ 239 - $ 415	$ 5,327,412 - $ 9,250,083
Total Area	100%	65,508							Total Modeled Project Cost	$ 11,166,985 - $ 18,305,280

1. See SOSP Section 08.03.04.02 for an explanation of space allocations.
2. See SOSP Section 07.04.01 for an explanation of Q2 2021 Baseline Costs.
3. For the purposes of this model, GSF is modeled assuming a 15% load factor plus an additional 10% for building service areas and exterior wall thicknesses.
4. Costs are escalated to the midpoint of the 5-year footprint reduction period.
5. This report recommends that the State revisit escalation predictions on an annual basis.

FIGURE 09.06: 5-Year Statewide Renovation Cost Model

Key findings from the model are:

- Costs for Renovating State-owned Space
  Renovation costs for the 5-year State-owned space need are projected to be approximately $140M - $230M. The renovations are needed to support the State footprint reduction. For comparison, if the State were instead to accommodate the 5-year projected State-owned space need in the commercial market, utilizing the $24.19 / SF benchmark discussed in Section 08.04.03.02, the lease cost would be approximately $20M / year. At a $20M / year lease savings, the $140M - $230M Statewide renovation cost would have a payback duration of 7 -12 years.

  Generally, renovation costs would be minimized if the State could renovate an entire building at one time. In cases where multiple agencies would be occupying one building, this report recommends that the State coordinate the renovation work so that it occurs as one project with one Design Team and one General Contractor to optimize design and construction efficiencies.

- Costs for Renovating Backfill
  The difference between the amount of State-owned space pre-COVID and the reduced amount of State-owned space in the 5-year projections is the space available for backfill, amounting to approximately 530,000 USF. Of this amount, approximately 350,000 USF of space is in geographic areas with concentrations of State agencies, making consolidation feasible. If the State could renovate 350,000 USF of backfill space and move agencies from leases into the backfill space, the renovation cost would be approximately $60M - $100M for the backfill space, using the same cost model assumptions noted above. Utilizing the $24.19 / SF lease rate benchmark, the lease cost savings for using backfill rather than lease space would be approximately $8M / year and the backfill renovation cost would have a payback duration of 8 – 13 years.

- Costs for Renovating Commercially Leased Space
  After accounting for backfill, renovation costs for the remaining commercially leased space are projected to be approximately $70M - $110M. As in State-owned property, these renovations will be needed to support the State footprint reduction. As discussed in Section 07.04.01.04, the property owner typically bears these costs initially and payback is amortized through the lease.

- Costs for Renovating Interagency Shared Space Needs in State-owned Space
  Renovation costs for interagency shared space are projected to be approximately $10M - $20M. If the State were to accommodate the 5-year projected State-owned space need in the commercial market, utilizing a $24.19 / SF benchmark, the lease cost would be approximately $1.6M / year. At a $1.6M / year lease savings, the Statewide interagency renovation cost would have a payback duration of 7 -11 years. As noted above, additional study of the Capitol Complex is required to determine where agency needs for interagency shared space overlap. That study will likely result in efficiencies which reduce the overall interagency shared space need, which will reduce this projected cost.

09.07
ADDENDUM 01
ACTION PLAN FOR ACHIEVING FOOTPRINT REDUCTIONS

09.07 INTRODUCTION

The State is transitioning from considering COVID-19 as a pandemic characterized by rapid spread of the virus to an endemic characterized by present, but relatively predictable spread. Under endemic conditions, agencies are more able to predict future needs, and can begin the space consolidation process. That process begins with establishing footprint reduction implementation plans, establishing seat count needs and undergoing test fits of space to determine how the agencies can best use space. Moving forward with consolidation is a critical step towards creating backfill space in State-owned property. The OSA has compiled an action plan, described in this section of the addendum, to describe the steps toward footprint reduction that can be taken during FY 2022-2023.

09.07.01 FY 2022-2023 ACTION PLAN

Executive Order D 2022 008 Flexible Work Arrangements in State Government charges DPA with planning the State's footprint reduction. To achieve the footprint reduction, this report recommends that DPA and agencies commence the following steps:

1) OSA to continue to work with agencies in strategizing their implementation planning and assessing their current space requirements.

    - Refine ARPA and other term-limited funded FTE impact and timing.
    - Verify seat counts, office/workstation distribution, the appropriate amount of shared common space and unique space based on updated agency needs.
    - Assist the executive level of agencies in developing workplace strategies by utilizing OSA workshops.
    - Develop a short-term option by providing a test fit utilizing current assets and FFE assuming minimal funding to establish a base line.
    - Determine the cost and benefit of right sizing the agency-dedicated space.
    - Work with the Office of the State Controller and the Division of Human Resource to standardize terminology regarding fully remote, onsite and hybrid work classifications in order to reduce confusion of term as facilitate data gathering.

2) Agencies to develop an operating budget request to implement their reduction plan as identified in the SOSP.

    - Establish lease termination expenses.
    - Establish right sizing costs.
    - Determine fiscal year(s) to make the request.

3) Agencies to commence their implementation plan by consolidating their existing space to reflect their current space needs (seat counts and the appropriate amount of support space). Develop a change management plan to facilitate this implementation.

4) Implement a Capitol Complex plan.

    - Establish need based on verified targeted seat counts and test fits.
        - o Test fit study 1: existing assets with minimum renovation and minimum new FFE.
        - o Test fit study 2: align with the Design Guidelines to compare the efficiency and establish the benefit of requesting agency by agency funding.
    - Continue planning efforts with the Capitol Complex Architects related to the work and timetables for moving agencies
    - Implement the revised scenario #3 from SOSP Section 07.02.04 and continue to update as required.
    - Study centralized conference center at 1525 Sherman.
        - o Establish a program for centralized conference center to include location(s), interagency shared space needs, and costs to implement.
        - o Conduct a usage/need study.
        - o Explore technology to ensure this is a state-of-the-art conferencing center to encourage its use.
    - Determine the best use of the State's beneficial use space.

5) For agencies with lease expirations of in FY 2023-2024 or before, OSA / agencies to proceed as follows:

    - Identify "best fit scenario" location for agency by providing a test fit for that location.
    - Identify costs associated with space needs and the move to request additional operational funding.

6) For agencies with lease expirations in FY 2024-2025 and later, OSA / agencies to proceed as follows:

    - Initiate discussions with property owners for an early termination.
    - Based on test fit, consolidate space to provide opportunity for co-location until lease term expires or lease is modified.
    - Create an operating budget request to consolidate.

7) Identify under-utilized State office buildings and develop options to repurpose including potential Public Private Partnerships (P3s), leasing or disposal if funding is not available for renovation. This report recommends that proceeds be directed towards State footprint reduction efforts.

8) OSA to add to the GIS mapping tool the location and amount of available co-location space in both leased and State-owned properties.

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