

FY 2017-18 Supplemental Capital Construction Request

Agriculture Department Office Consolidation (Phase II)

Motion:

Approve the request from the Department of Agriculture for additional cash funds spending authority for the Department Office Consolidation (Phase II) project (\$1,942,835 CCF).

GENERAL INFORMATION

2018-024

1. Which supplemental criterion does the request meet?

Unforeseen Contingency

In January 2018, the department received a proposal for a guaranteed maximum price for construction of the facility, which was higher than originally anticipated.

2. Which projects will be restricted to fund the supplemental request?

No emergency restriction is required because the request is occurring during the legislative session.

3. Has the request been approved by OSPB and CCHE?

Yes

PRIOR APPROPRIATION AND SUPPLEMENTAL REQUEST INFORMATION

The appropriation to be amended was authorized in the following bill: SB 17-254

<u>Fund Source</u>	<u>Prior Appropriations</u>	<u>Supplemental Request</u>	<u>Future Requests</u>	<u>Total Cost</u>
CF	\$6,709,078	\$1,942,835	\$0	\$8,651,913
RF	\$10,000,000	\$0	\$0	\$10,000,000
	\$16,709,078	\$1,942,835	\$0	\$18,651,913

REASON FOR SUPPLEMENTAL REQUEST

Construction inflation and the demand for construction labor and building materials have exceeded the original project estimates for inflation and contingency. Additionally, the square footage of the building has been increased from 25,166-GSF to 27,440-GSF in order to meet program needs. Increased capacity of the mechanical air exchange units and other changes to the LEED certification requirements also led to the cost increase.

Source of additional cash funds. The source of cash funds for the project is the Agricultural Management Fund, the Inspection and Consumer Services Cash Fund, and the Department of Revenue Marijuana Cash Fund. The department is selling its existing laboratory facilities to generate revenue for the project. The department originally projected that the existing facilities would sell for about \$4.2 million. Because of recent appreciation in property values, the department expects to sell the existing property for more than \$6.0 million, which will offset the increased cost of the project.

SUMMARY OF PROJECT

The project constructs a new storage and lab facility adjacent to the Colorado Department of Agriculture headquarters building in Broomfield in order to relocate warehouse storage, and the biochemistry, Rocky Mountain

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Animal Health, and metrology laboratories. The project also finishes office space in the headquarters building for lab employees. The new facility will complete the consolidation of the department's metro area offices, which began with the purchase and renovation of the Broomfield headquarters building in 2014.

QUESTIONS / OUTSTANDING ISSUES

None.