

# Fiscal Year 2020-21 Capital Construction Request

## Personnel and Administration

*EV Charging Stations, Merrick Garage*

### PROGRAM PLAN STATUS

2021-006

Approved Program Plan?

Date Approved:

### PRIORITY NUMBERS

<u>Prioritized By</u>	<u>Priority</u>	
Dept/Inst	1 of 2	
OSPB	10 of 47	Recommended for funding.

### PRIOR APPROPRIATION AND REQUEST INFORMATION

<u>Fund Source</u>	<u>Prior Approp.</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>Future Requests</u>	<u>Total Cost</u>
CCF	\$0	\$840,252	\$0	\$0	\$840,252
<b>Total</b>	<b>\$0</b>	<b>\$840,252</b>	<b>\$0</b>	<b>\$0</b>	<b>\$840,252</b>

### ITEMIZED COST INFORMATION

<u>Cost Item</u>	<u>Prior Approp.</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>Future Requests</u>	<u>Total Cost</u>
Land Acquisition	\$0	\$0	\$0	\$0	\$0
Professional Services	\$0	\$45,000	\$0	\$0	\$45,000
Construction	\$0	\$493,865	\$0	\$0	\$493,865
Equipment	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$0	\$225,000	\$0	\$0	\$225,000
Contingency	\$0	\$76,387	\$0	\$0	\$76,387
Software Acquisition	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$840,252</b>	<b>\$0</b>	<b>\$0</b>	<b>\$840,252</b>

### PROJECT STATUS

This is a new, never-before-requested project.

### PROJECT DESCRIPTION / SCOPE OF WORK

The Department of Personnel and Administration (DPA) is requesting state funds to install 25 Level II, dual-port electric vehicle (EV) charging stations on the fifth floor of the Merrick Parking Garage, located in the Capitol Complex at 14th Avenue and Lincoln Street in Denver. The charging stations will be used for charging the fleet EVs owned by several state agencies, and allow these agencies to expand the number of EVs in their fleets. The project complies with a January 2019 executive order directing state agencies to accelerate the use of electric vehicles, and aligns with the Colorado Energy Office's Electric Vehicle Plan.

The Merrick Parking Garage currently draws electrical power from the Capitol Annex Building next door. The scope of the project includes installation of a stand-alone electrical unit for the garage, including conduit, wiring, distribution panels, circuit breakers, and transformers. Ten charging stations will be initially installed along with the electrical unit installation, and the remaining 15 will be installed over the course of a few years as EV use increases. The 25 dual-port charging stations will service 50 state-owned EVs. These Level II stations will provide a vehicle 60 to 80 miles of range on three-to-five hours of charging. Fifty parking spots will be reserved on the fifth floor for the charging stations, with one space designated ADA accessible. Once the charging stations are installed, Capitol Complex will

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develop a system for billing state agencies for use of the stations to charge fleet vehicles. The charging stations come with a one-year warranty.

**Cost assumption.** The cost assumption is based on calculations made by the design engineer of the Merrick Parking Garage in 2018, and have been updated with an inflation factor of 5.0 percent for year one and 6.5 percent for years two and three. The project is exempt from the High Performance Certification Program requirements as it does not meet the statutory definition of "building." The department is aware of the Art and Public Places Program requirements, and is willing to adjust budget priorities to meet them.

### PROJECT JUSTIFICATION

DPA says the project aligns with Executive Order B 2019-002, which supports the transition to zero-emission vehicles, and with the Colorado Electric Vehicle Plan through the Colorado Energy Office, which seeks to address the lack of a network of EV fast-charging stations throughout the state. Additionally, the department says the project will result in cost savings and improve air quality due to reduced emissions.

In order for state agencies to move toward greater use of EVs, charging infrastructure must be bolstered in secure places where state fleet vehicles typically park. Of the 665 parking spaces in the Merrick Parking Garage, 165 are used by state agencies. The state's motor fleet consists of about 6,300 vehicles, of which 60 are EVs. About 600 vehicles are replaced annually; once the project's infrastructure is in place, State Fleet Management would replace gasoline-powered vehicles terming out of the fleet with EVs based on an agency's use of the Merrick Garage. The department further notes that siting the charging stations in a known state facility would provide opportunities for state fleet EVs not parking in Merrick to use the stations when emergency charging is needed, since public charging station availability, reliability, and convenience of location presents challenges.

DPA says that, once the charging stations are in place, the state should realize about \$1.2 million in savings over a ten-year time frame based on gasoline savings. This calculation does not account for electricity costs. The department expects additional cost savings due to a reduction in maintenance and operating costs for EVs as compared to gasoline-powered vehicles.

### PROGRAM INFORMATION

There are about 700 EV charging stations in Colorado, including both public and private stations. There are 32 EV charging stations at 16 state facilities. The Merrick Parking Garage was constructed in 2006 using proceeds from the sale of Certificates of Participation (COPs), with monthly parking revenue used to repay the COPs. The last COP payment will come due in FY 2022-23. The garage accounts for 665 of the 905 parking spaces administered by the Capitol Complex in the Denver metropolitan area (excluding the State Capitol circle), with a one-third/two-third split between spaces used for state agency fleet vehicles and spaces used for state employee parking.

### PROJECT SCHEDULE

	Start Date	Completion Date
Design	April 2020	October 2020
Construction	November 2020	June 2023
Equipment		
Occupancy		

### SOURCE OF CASH FUNDS

This project is not funded from cash sources.

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## Personnel and Administration

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### OPERATING BUDGET

The department says each dual-port charging station carries a \$560 annual maintenance and service subscription, which totals \$14,000 for 25 stations. Electricity costs will be apportioned to Capitol Complex tenants, and signage will be purchased within existing operating budgets.

### STAFF QUESTIONS AND ISSUES

1. Will state employees or members of the public have access to the charging stations at certain times, or are they reserved for fleet vehicle use?

*The charging stations will be dedicated to the state-owned vehicles in agency-assigned parking spaces. As the Merrick Garage is a secured facility with all of its spaces assigned to specific vehicles or agencies at all times and no open parking, the charging stations will not be available to the public or to employees. The spaces equipped with charging stations are reserved for state fleet vehicles and are dedicated to agencies that pay for the space.*

2. Will each parking space equipped with a charger be a dedicated space, or will vehicles rotate through the spaces equipped with chargers throughout the day? If the latter, how many total vehicles will the 50 charging ports be expected to charge weekly/monthly/annually?

*Each space will be equipped with its own charger, and will be paid for and dedicated to a specific state agency. Agencies will be able to rotate their fleet vehicles within their dedicated spaces as they see fit in order to meet agency operational needs. Once fully implemented, the Department estimates that the 50 charging ports will accommodate about two charging events each day.*

3. The COPs used to finance the construction of the Merrick Parking Garage are due to be paid in full in FY 2022-23. Has the department considered funding the installation of the charging ports using parking fee revenue once the COPs expire? Has the department considered other ways of generating additional revenue to cash fund the project, such as increasing the number of fee payers in the garage through zone parking, or raising monthly parking rates?

*The parking spaces are paid for on a monthly basis by employees, or by agencies who have fleet vehicles. Each space is currently being paid for by one of those two groups. The parking rates are reviewed annually by statute to set the comparable rate for state employees, and the funds generated are not only used for this project, but also for a larger group of obligations related to parking such as snow removal, parking garage maintenance, garage elevators, and all surface lots as well.*

# Fiscal Year 2020-21 Capital Construction Request

## Personnel and Administration

*Centennial Building (1313 Sherman Street) Renovation*

### PROGRAM PLAN STATUS

2016-025

Approved Program Plan?

Date Approved:

### PRIORITY NUMBERS

<u>Prioritized By</u>	<u>Priority</u>	
Dept/Inst	2 of 2	
OSPB	13 of 47	Recommended for funding.

### PRIOR APPROPRIATION AND REQUEST INFORMATION

<u>Fund Source</u>	<u>Prior Approp.</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>Future Requests</u>	<u>Total Cost</u>
CCF	\$0	\$7,000,000	\$0	\$0	\$7,000,000
CF	\$0	\$21,595,728	\$0	\$0	\$21,595,728
<b>Total</b>	<b>\$0</b>	<b>\$28,595,728</b>	<b>\$0</b>	<b>\$0</b>	<b>\$28,595,728</b>

### ITEMIZED COST INFORMATION

<u>Cost Item</u>	<u>Prior Approp.</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>Future Requests</u>	<u>Total Cost</u>
Land Acquisition	\$0	\$0	\$0	\$0	\$0
Professional Services	\$0	\$1,743,190	\$0	\$0	\$1,743,190
Construction	\$0	\$16,317,940	\$0	\$0	\$16,317,940
Equipment	\$0	\$454,300	\$0	\$0	\$454,300
Miscellaneous	\$0	\$6,771,537	\$0	\$0	\$6,771,537
Contingency	\$0	\$3,308,761	\$0	\$0	\$3,308,761
Software Acquisition	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$28,595,728</b>	<b>\$0</b>	<b>\$0</b>	<b>\$28,595,728</b>

### PROJECT STATUS

This is a new, never-before-requested project. The project is detailed in the Capitol Complex Master Plan, which was authorized in Senate Bill 13-263 and completed in 2014.

### PROJECT DESCRIPTION / SCOPE OF WORK

The Department of Personnel and Administration (DPA) is requesting a combination of state funds and cash funds spending authority to renovate elements of the Centennial Building. The project is part of a larger effort to completely renovate the building, which includes current, completed, and pending controlled maintenance projects; an energy performance contract; and an out-year capital construction project. The scope of this project includes:

- replacement of the HVAC distribution system, which will provide better air distribution and comfort control. The project installs a new air handling unit and humidity controls in archive areas;
- replacement of the electrical system;
- installation of new windows and exterior wall insulation, which will facilitate better comfort control;
- encapsulation of asbestos-containing materials on the building's exterior;
- renovation of life-safety systems to bring them up to code, including pressurization of the east stairwell; and

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## Personnel and Administration

*Centennial Building (1313 Sherman Street) Renovation*

- improvement of swing space at 6060 Broadway.

During construction, the Department of Natural Resources will move some its employees to swing space at 6060 Broadway, while other tenants will occupy a floor in the Centennial Building during work on other floors. Other projects contributing to the full remodel of the building include:

- an FY 2019-20 controlled maintenance project to replace fire suppression water lines;
- an FY 2017-18 controlled maintenance project for fire alarm system upgrades;
- replacement of the back-up generators under an FY 2012-13 controlled maintenance project;
- replacement of passenger elevators under an FY 2010-11 controlled maintenance project;
- an FY 2020-21 controlled maintenance request to upgrade the freight elevator;
- installation of LED lighting under an energy performance contract; and
- a separate, \$23.0 million request for FY 2021-22 to replace plumbing, remodel public areas, abate the building's interior, remodel 6.5 floors, and bring restrooms into ADA compliance.

**Cost assumption.** The cost assumption is based on 2015 Capitol Complex Master Plan calculations, along with additional calculations performed in May 2018 and adjusted for inflation by a factor of 6.5 percent to June 2019 and 5.0 percent for subsequent years. The project cost per GSF is \$143. The project meets the Art in Public Places and High Performance Certification Program requirements.

### PROJECT JUSTIFICATION

DPA says the building's systems are beyond their life expectancy and creating life-safety, health, energy-efficiency, and code issues. These include lack of safe emergency egress for half of the building's occupants, health concerns associated with the asbestos-containing materials in the building's exterior, an unsafe electrical system, and a poorly functioning HVAC system with few controls. The building currently has no insulation, it is outfitted with single-pane windows, its systems are inefficient, and two-thirds of the building's variable air systems have failed. The department says correcting these deficiencies will greatly improve the building's energy efficiency resulting in significant cost savings, and tenant comfort will increase. The department further says renovations will provide updated office space for multiple state agencies for another 40 years, while failure to renovate the building will result in it slowly becoming uninhabitable.

### PROGRAM INFORMATION

Constructed in 1976, the 201,746-GSF, ten-story Centennial Building is an office building in the downtown Capitol Complex housing nearly 500 staff from the Departments of Natural Resources, Local Affairs, and Personnel and Administration, along with the State Archives. The 1.33 acre site includes a parking lot on the building's north side.

### PROJECT SCHEDULE

	Start Date	Completion Date
Design	June 2020	March 2021
Construction	March 2021	September 2022
Equipment		
Occupancy	October 2022	December 2022

### SOURCE OF CASH FUNDS

The source of cash funds for the project is a combination of moneys in the Capitol Complex Master Plan Implementation Fund (\$4.2 million), and the proceeds from the sale of Certificates of Participation (COPs) (\$17.2 million). The Capitol Complex Master Plan Implementation Fund was created in House Bill 15-1344, which also

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*Centennial Building (1313 Sherman Street) Renovation*

created a process for funding the National Western Center. HB 15-1344 stipulates that up to \$20.0 million is to be transferred from the General Fund to the Capitol Complex Master Plan Implementation Fund, after moneys from this principal have been deposited in the National Western Center Trust Fund. In July 2019, \$5,952,130 was transferred to the Capitol Complex Master Plan Implementation Fund to fund projects listed in the Capitol Complex Master Plan. DPA plans to finance the remainder of the cash funding through COPs, for which the department will seek authority through legislation. The department calculates an average annual interest rate of 3.0 percent, and has budgeted \$323,936 in the state-funded portion of the project for additional financing costs.

### OPERATING BUDGET

The department expects the project to result in reduced energy costs and fewer service calls based on temperature. The department projects \$572,340 in lease costs for swing space over an 18-month period.

### STAFF QUESTIONS AND ISSUES

1. Why has the department not secured authority to issue COPs for the project to date?

*In late March 2019, the department received updated estimates from CSU, via CDC staff for the projected debt service after the issuance of a second series at the end of FY 2019-20. Upon determining that interest rates would likely be favorable to pursue the project, the next possible opportunity to seek legislative spending authority approval was for the FY 2020-21 budget request cycle, which the department began developing in April 2019.*

2. The department's five-year projection of need indicates that a second, discrete request for interior renovations of the Centennial Building (\$23.0 million) is projected for FY 2021-22. The second project is listed on the five-year as a stand-alone project and not the second phase of a continuation project. Is this the department's intent?

*Yes, the Department's intent is to reflect the second project as a stand-alone project. The Department's plan is to seek funding for and continue the second project without interruption after the first in the interest of efficiency; both in terms of funding and productivity. A delay would result in the escalation of vendor and material costs as well as added costs for additional swing space.*

3. Why is the department not including the costs for swing space leases (\$572,340) in the project budget, as opposed to operating?

*The swing space lease costs are reflected in the project budget, as well as the operating budget within the Capital Complex Leased Space (CCLS) Common Policy, although not in duplicate. The project budget reflects the backfill of lost Capitol Complex Leased Space revenue for the empty leased space, while the operating budget reflects the corresponding common policy spending authority on the CCLS side. In essence, the swing space described in the narrative as an operating impact is not actually an addition to the CCLS budget, but meant to show where the backfill would be needed from the project budget. In examining the narrative figure of \$572,340, it is believed that this is an outdated figure in the text. Lost CCLS revenue for the 1st DNR floor for 18 months should be \$409,000. Flex space for 6060 Broadway will be \$120,000, and lost revenue for the parking lot for 18 months is estimated at \$135,360. Please note that these amounts were included in the total project budget which is still accurate, just not updated in only the operating section of the narrative.*

4. What is the current facilities condition index (FCI) rating for the Centennial Building?

*The FCI rating as per the most recent audit, performed in 2017, is 46.32.*