



# Capital Development Committee

## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

### FISCAL YEAR 2026-27 CAPITAL CONSTRUCTION REQUEST

**Department of Labor and Employment  
Testing Lab Relocation**

**2025-036**

#### Project Status

This project was first requested for funding in FY 2024-25. It was not requested in FY 2025-26. This is the second request for funding. The FY 2024-25 request was to move the lab to a different space on the same building campus, whereas this year's request is to move it to a new off-site space.

During the 2024 interim, the Transportation Legislation Review Committee (TLRC) requested the drafting of [Bill 1](#), which would have permitted the Department of Labor and Employment (CDLE) to reserve money in its Petroleum Storage Tank Fund to construct a new facility for the Division of Public Safety's Fuel Lab. The proposed facility would have included a laboratory, an engine room, a classroom, office space, and a workshop. The TLRC did not move Bill 1 on to the Legislative Council for introduction during the 2025 session. The introduced version of [Senate Bill 25-286](#) similarly proposed using the Petroleum Storage Tank Fund to construct a new laboratory facility, but this section of the bill was later amended out.

**Table 1  
Prioritization**

Prioritized By	Priority	Notes
Department of Labor and Employment	1 of 1	
Office of State Planning and Budgeting	7 of 47	Not recommended for funding.

**Table 2  
Prior Appropriation and Request Information**

Fund Source	Prior Appropriation	Budget Year FY 2026-27	Out Year FY 2027-28	Future Requests	Total Costs
CCF	\$0	\$1,899,341	\$0	\$0	\$1,899,341
CF	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$1,899,341</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,899,341</b>

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**Table 3**  
**Itemized Cost Information**

<b>Category</b>	<b>Prior Appropriation</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Future Requests</b>	<b>Total Costs</b>
Land Acquisition	\$0	\$0	\$0	\$0	\$0
Professional Services	\$0	\$294,716	\$0	\$0	\$294,716
Construction	\$0	\$1,127,256	\$0	\$0	\$1,127,256
Equipment	\$0	\$293,212	\$0	\$0	\$293,212
Miscellaneous	\$0	\$11,490	\$0	\$0	\$11,490
Contingency	\$0	\$172,667	\$0	\$0	\$172,667
<b>Total</b>	<b>\$0</b>	<b>\$1,899,341</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,899,341</b>

## Program Plan Status

Approved Program Plan: N/A

Date Approved: N/A

FCI: 41

## Project Description/Scope of Work

CDLE is requesting state funds to relocate the Division of Oil and Public Safety (OPS) Fuel Laboratory from the Department of Personnel and Administration's (DPA) North Campus office complex to a to-be-determined leased industrial location. The department says the lab has outgrown its current location and that infrastructure in the current space is inadequate.

The project will allow the OPS lab to lease a more modern industrial building with the safety features necessary for their operations. The new lab space will allow the department to meet its obligation to protect consumers and the environment while also making the lab's operations safer. CDLE aims to lease industrial space that is around 2,200 square feet and would allow for a build-out of a 1,700-GSF laboratory and a 469-GSF octane engine room.

**Cost assumption.** The project's costs were determined by an architecture firm hired to conduct initial design, which was estimated to cost almost \$6.3 million. CDLE then reduced the scope of work from the initial design to only include the move costs and the necessary build-outs for the safety and functionality of operations, specifically the lab and octane engine room spaces. The lease for the new space would be paid for using the Petroleum Storage Tank Fund, pending permission for increased spending authority for a private leased space.

Inflation is factored at a rate of 7.7 percent. The department is seeking a waiver from the High Performance Certification Program and the Art in Public Places Program.

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**Table 4**  
**Project Schedule**

<b>Project Component</b>	<b>Start Date</b>	<b>Completion Date</b>
Design	July 2026	March 2027
Construction	May 2027	August 2027
Equipment	August 2027	September 2027
Occupancy	September 2027	October 2027

## **Project Justification**

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CDLE says its current OPS laboratory space is too small for personnel and equipment, and the infrastructure is inadequate for the work conducted. Further, the laboratory's primary functions include the handling of hazardous materials, which is incompatible with the other functions at the DPA North Campus, which is primarily offices.

The department explains that the OPS Laboratory has been in its current location since 1973, and since then staffing has increased from one full-time employee to two full-time employees, along with a lab supervisor and occasionally inspectors who conduct business at the facility. Under the current arrangement, one staffer must conduct office duties in the lab's shared microwave, coffee maker, and sink area, and the lab supervisor has no work space. The floor space is inadequate for instrumentation and the flow pattern of conducting fuel sample analyses; when two employees are conducting business at the same time, they must turn sideways to pass each other. The current site also has nowhere to expand to allow OPS to conduct alternative fuels testing.

The existing infrastructure is no longer adequate for the lab's testing needs. For instance, the HVAC system, a roof exhaust fan, and the electrical system are outdated; the electrical panels are full with no room for additional capacity; and the fire suppression system is inadequate. Additionally, the small space does not meet accessibility requirements.

The primary work at the lab involves transferring, storing, handling, and analyzing gasoline, diesel, ethanol, and aviation fuel products, which creates a hazard for other functions in the same building.

## **Program Information**

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OPS regulates those who own or operate amusement rides and devices, commercial boilers, elevators and escalators, retail fueling facilities, and those who are permitted to use high explosives. The Petroleum Compliance Program within OPS includes the Fuel Quality Laboratory

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and Weights and Measures, and conducts field inspections, monitors storage tanks, and regulates liquid-petroleum gas and natural gas.

## Operating Budget

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CDLE expects the project to result in some operating cost savings due to energy efficiency and fewer service calls for infrastructure. The private commercial lease is expected to be more expensive than CDLE's previous lease with DPA, but the exact amount will not be

## Staff Questions and Issues

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Responses are included below and have been incorporated into the write-up.

1. Can you go into more detail about how approximately \$4.5 million was cut from the FY 2024-25 request of \$6.4 million?

About \$4 million was taken out of the request by deciding to move to a location other than the on-campus "shop" area. It was going to cost about \$4 million to renovate that space and make it usable as a lab. It will be much more cost effective to move to a different leased space that requires much less renovation.