

Office of the State Architect

FY 2026-27 Joint Budget

Committee Hearing Agenda

Monday, January 5, 2026

9:00 – 9:30 AM

9:00 – 9:20 Capitol Complex Renovation and P3 Office Update

Main Presenters:

- Tobin Follenweider, Deputy Director, Department of Personnel & Administration

Supporting Presenters:

- Richard Lee, Director, Division of Capital Assets
- Kaitlin Lucas, Capitol Complex Architect
- Tom Kurek, Director, Public-Private Partnership Collaboration Office

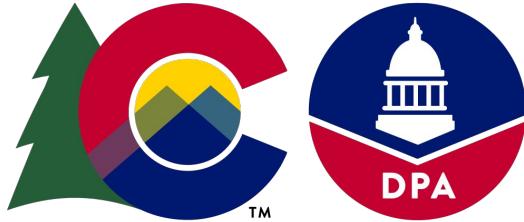
Topics:

- Capitol Complex Renovation & Footprint Reduction Project Status
 - Centennial Renovation
 - P3 Feasibility Study

9:20 – 9:30 Controlled Maintenance/Facilities Condition Update

Main Presenters:

- Tana Lane, State Architect



C O L O R A D O
Department of Personnel
& Administration

**Capitol Complex Renovation Update
&
State Architect Controlled Maintenance Brief**

January 5, 2026

Capitol Complex Renovation & Footprint Reduction Project Status Update

Capitol Security Project - Security upgrades are complete and included the installation of vehicle wedge barriers and security bollards around the perimeter of the Capitol Grounds.

Capitol Annex - Project is substantially complete with tenants occupying most of the building.

1570 Grant - Construction is underway with completion anticipated in June 2026.

Governor's Office - Rehabilitation & Restoration is nearly complete, final completion anticipated early January 2026.

Capitol Cafe Remodel - Project is substantially complete. Turned over to CDLE for moving in kitchen equipment and setup. New arcade furniture lead time Mar '26 for arrival.



Capitol Complex Renovation & Footprint Reduction Project Status Update

Name	Budget	Encumbered	Approx. % Complete	Notes
Total Renovation Funds Appropriated	\$96,187,757.00	\$90,888,069.16 (incl. exp. 1313 costs)		
Projects				
Capitol Security	\$4,500,000.00	\$4,500,000.00	100%	\$4.5M from SB22-239 Total cost \$10.27
Capitol Annex / CSP	\$57,810,926.26	\$54,934,887.73	94% (invoiced)	Project budget savings intended to fund elevator rehabilitation
1570 Grant	\$28,873,473.00	\$26,859,665.78	38% (invoiced)	Expected to be completed on budget
Gov's Office	\$2,780,528.00	\$2,664,401.42	90% (construction)	
Capitol Cafe	\$1,400,000.00	\$549,078.23	90% (construction)	
Net Available (unallocated budget)	\$822,829.74			

Centennial Renovation

Project Update:

- Total Estimated Costs of Office Renovation: \$120 million
 - Amount currently available: \$1.8 million (\$118.2 m shortfall)
 - FY 2025 Unallocated Available Funds \$822,829.74
 - Excess project budget rollover est: \$1M (Excludes Annex (elevator rehab) and 1570 Grant (contingency))
 - Anticipated 1313 office renovation funding shortfall \$118.2 million
- Office Renovation Project status
 - Only preliminary planning has been done
 - To date project expenditures for Conceptual Design: \$1,380,036
 - Fire Alarm
 - Office Renovation
 - Hazardous Material Analysis



Centennial Renovation

P3 Feasibility Study

- Goal: Determine if State can save capital costs through P3 all or part of the building (\$181,000)
- Preliminary Findings
 - Uses
 - 111-147 Affordable Housing Units and Childcare
 - Moderate Revenue Return to the State
 - Cost to Convert to Residential
 - \$91,000,000-\$111,000,000 (hard cost)
 - Not included: parking, wrapping of building (asbestos encapsulation), removal building from State Xcel loop and connection to new Xcel transformers, etc.
 - Risk
 - Conversion cost may be uneconomic for private entity providing affordable housing and/or child care
 - Reduce risk through providing some funding from the \$120 million to invest in a mixed use P3 and office project.(i.e. Asbestos remediation, parking, Xcel work, elevators, etc)
 - COP Colateral



Questions?



OSA Introduction



Controlled Maintenance

- What is it?
 - Deferred maintenance on State owned, general funded buildings or additions and other physical facilities typically built before 2010
- How are Controlled Maintenance Projects scored and recommended?
 - The scoring includes:
 - Operational Criteria (Life/Safety, Energy/Environment, Damage/Deterioration only)
 - Evaluation Criteria (System Failure, Past Design Life, Preventative)
 - Criticality Criteria (Relative failure within five years)
 - Optional Criteria (Extenuating Circumstances)



OSA Controlled Maintenance Recommendations

- Recommended funding for CM level 1
 - Critical projects that are predominantly life safety and/or loss of use
 - 59 projects for a total of \$109,383,329
- Recommended funding for CM level 2
 - Projects that are predominantly causing operational disruptions, energy inefficiencies or environmental contamination (asbestos)
 - 46 projects for a total of \$102,946,361
- Recommended funding for CM level 3
 - Projects that predominantly contain differing levels of building or infrastructure deterioration
 - 24 projects for a total of \$37,089,877
- TOTAL CM FUNDING REQUESTED: \$249,419,567



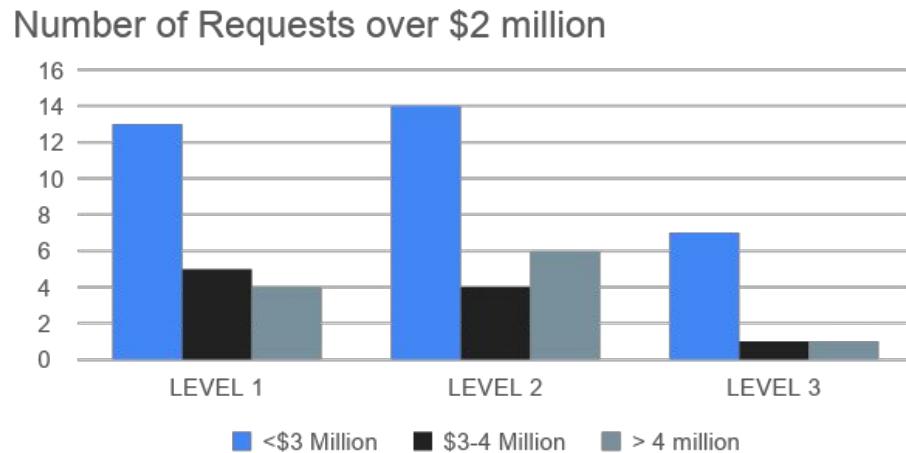
Controlled Maintenance

- Life of Controlled (Deferred) Maintenance
 - Facility Condition Assessment
 - Five Year Maintenance Plan
 - Level 3
 - Level 2
 - Level 1
- If not addressed there is an imminent risk of the structure's functional failure
 - Emergency Controlled Maintenance
 - CM Transfer
 - Supplemental



OSA CM/CR Threshold Change

- HB24-1422 increased the dollar threshold for CM projects from \$2 million to \$4.7 million
- \$2 million more requested than last year
- 1 more project than last year
- 55 projects took advantage of the threshold increase:

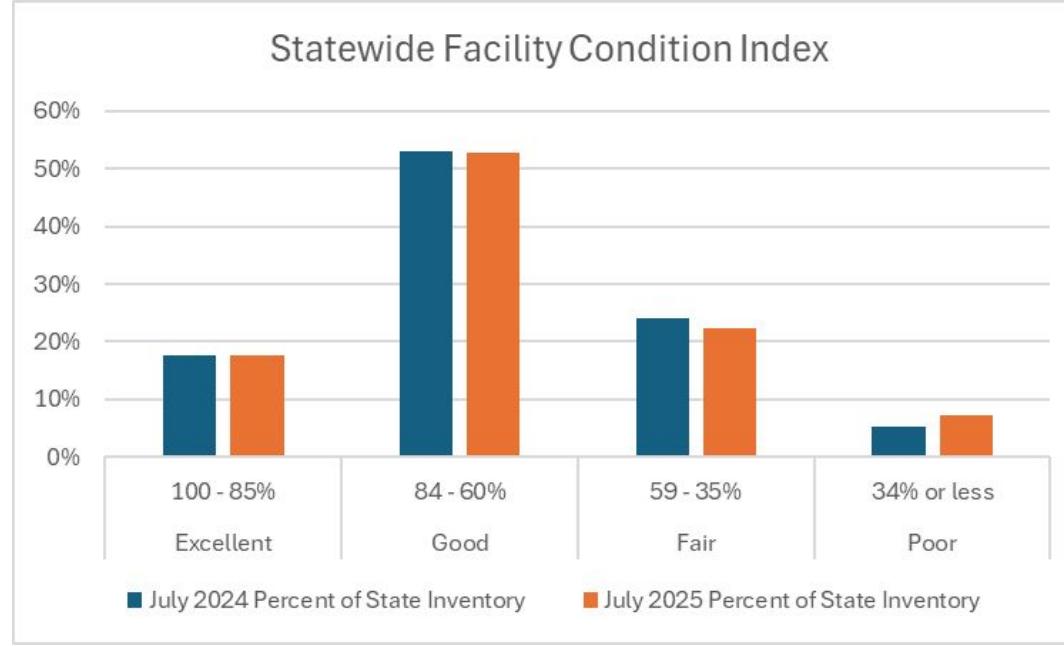


Facility Condition Assessments

- In order for agencies and institutions to maintain their facilities and plan for their future needs:
 - Must provide Facility Master Plans/Facility Program Plans per 2-3-1304.6 C.R.S., 24-1-136.6 C.R.S., and 24-30-1311 C.R.S.
 - OSA policy requires facility assessments to be conducted every 3-5 years for planning their Controlled Maintenance needs
- These assessments require time or money, or both, depending on staff expertise
 - 1,700 State buildings have not been audited in over 10 years
 - Agencies and institutions chose to spend the money on repairs/capital outlay over assessments
 - Statewide Planning fund is available for agency use if they have the time to manage the consultant tours and interviews.



State Building Inventory



65 buildings or 2% of our inventory dropped from Fair to Poor.
Proof that our building inventory is slowly falling into disrepair



Questions?



To: Andrea Uhl, JBC Staff
From: Mark Ferrandino; OSPB, Director,
CC: Craig Harper; JBC Staff Director, Tana Lane; OSA, State Architect, Tony Gherardini; DPA, Executive Director
Date: December 31, 2025
Subject: DPA- Centennial Building P3 Feasibility Study

Summary

During the December 18, 2025 Capital Construction hearing, the JBC raised concerns with the Public-Private Partnership (P3) feasibility study of the Centennial Building at 1313 Sherman Street and the overall continuation of the Capitol Complex renovation project. The feasibility study was initiated to evaluate the potential alternative uses for the Centennial Building that could minimize the State's burden for renovation expenses and instead develop a revenue stream as a long-term cost-saving measure. The Capitol Complex renovation project has made significant progress to completion. The Department of Personnel and Administration (DPA) is providing additional context for seeking a nonstate use P3 feasibility study for the Centennial Building that may facilitate completion of Capitol Complex renovations and will be presented to the JBC on January 5, 2026.

Background

DPA has spent/encumbered \$91 million from the Capitol Complex Renovation Fund, covering seven renovation projects. Other than the Centennial Building, the projects are largely complete or will be complete by the end of FY 26 or the beginning of FY 27. The table below summarizes the current status of these projects.

Location/Project	Status	Est. Completion Date	Description of Project/Status
<u>Capitol Complex</u>	See status below	TBD- Pending Centennial	Multiphase project to address deferred maintenance and construction upgrades to buildings within the Capitol Complex.
Capitol Security	Complete.	Complete.	Installation of vehicle wedge barriers and security bollards around the perimeter of the Capitol grounds.
Capitol Annex (1375 Sherman)	Substantially complete.	January 2026	Full building renovation. All units but one are now occupied.
1570 Grant	Construction underway.	June 2026	

Governor's Office	Rehabilitation and restoration nearly complete.	January 2026	Remodel of the Governor's Office.
Capitol Cafe	Substantially complete.	March 2026	Turned over to CDLE to move in kitchen equipment and set up. New arcade furniture to arrive in March.
Centennial (1313 Sherman)	Preliminary planning and analysis.	TBD - pending feasibility study results	Full building renovation. Timeline pending feasibility study.

Analysis:

- DPA has received support from the JBC in the pursuit of reducing the State's overall physical footprint of leased and underutilized owned space by funding the consolidation of agencies.
- As the private office market continues to see high vacancy rates, rents have decreased substantially and are not expected to rise significantly in the near future. Lower base rents and market lease inducements, including rent abatement, the provision of capital for space improvements, technology, and/or office moves makes leased office space a cost-effective option for the State, particularly given the capital investment needed to maintain state-owned property. Given these factors, DPA is evaluating opportunities to consolidate agencies in leased space and designating state-owned property for nonstate or P3 use.
- The General Assembly approved the use of ADLE funding to renovate Centennial Building (1313 Sherman) for continued use as an office building. However, as DPA worked with agencies on consolidation, it became clear that the Centennial Building could be vacated, potentially saving \$120M in anticipated ADLE- funded costs.
- Given the significant estimated renovation costs of the Centennial Building, coupled with the ability to vacate the building, the Department of Personnel & Administration's P3 Office initiated a P3 feasibility study of the Centennial Building at 1313 Sherman in September 2025. The intention of the feasibility study is to determine potential alternative uses for the building that could minimize renovation expenses and instead develop a revenue stream. DPA informed the Capital Development Committee of a potential P3 project at 1313 Sherman during the September 15, 2025 meeting.
- The feasibility study ordered by DPA (at a cost of \$181,000 or 0.15% of the estimated renovation cost) will help determine if there is a viable alternative use for the Centennial Building. If it is determined that the Centennial Building can be fully or partially renovated for affordable housing, child care, or another supported project,

then it may be possible to attract a private partner to share or shoulder the cost of renovation in order to realize profits from the identified use. The State would also likely retain some level of interest in the land or the structure in order to generate revenue from the project, ultimately saving part or all of the cost of renovating the building as office space. The feasibility study will be complete in January 2026. DPA intends to provide some of the preliminary results of the feasibility study to the JBC on January 5th.

- Once the feasibility study is complete, DPA will evaluate and share the results of the study and the proposed next steps for renovation of the Centennial building. At this stage, DPA will be able to determine if a full renovation of the Centennial building is necessary to maintain its primary function as an office building, or if there is potential for development by a private partner for a P3 project. The State does not intend to renovate the Centennial Building as office space if the feasibility study points to another alternative and maximally beneficial use of the property because an alternative use would result in such significant cost savings.
- Concurrently, DPA is requesting spending authority for the continuation of the Capitol Complex renovation project. The State is obligated to request funds for Capitol Complex renovation and footprint reduction under the provisions of SB 22-239 and SB 23-306. In keeping with statute, DPA will continue to inform the JBC and CDC of the feasibility study findings and next steps.