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ARAPAHOE COUNTY

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Board Summary Report

File #: 25-602 **Agenda Date:** 10/28/2025 **Agenda #:**

To: Board of County Commissioners

Through: N/A

Prepared By:
Michelle Halstead, Interim Director, Facilities and Fleet Management

Presenter: Michelle Halstead, Interim Director, Facilities and Fleet Management

Subject:
1:00 PM *Reallocation of Capital Project Savings

Purpose and Request:
The purpose of this drop-in is to secure Board approval to reallocate approximately $1.2 million in project savings for several existing capital projects where bids exceeded estimates as well as unforeseen capital projects associated with additional staff requests throughout the county. If approved, this would enable contract work to continue, formalizing decisions during the Q3 2025 budget supplemental as well as the 2026 capital budget.

Alignment with Strategic Plan: Good Governance - Plan for future service, infrastructure, and fiscal needs.

Background and Discussion: As part of capital project closeout, the department identified more than $3 million in available funding from at least six projects. These savings are attributable to a variety of reasons, from adjustments in scope and construction methods to the unused project contingency. Conversely, there are several projects that require additional financial resources; the use of project savings to address the cost delta means no additional general funds are needed to meet internal customer expectations. Because these monies are currently within the Capital Expenditure Fund (CEF), the county is statutorily unable to transfer them back to the General Fund. As such, the following projects would be the recipient of the proposed project savings to complete or advance required work:

<u>Altura Makeup Air Unit (MAU)</u>
Approved as a capital project in 2024, this investment would replace the existing 20-year-old make-up air unit (MAU) that provides required outside air to the entire building. During the contracting process, the team identified that the existing exhaust fan has exceeded its useful life and is undersized. Because the exhaust fan and the MAU are interconnected, the fan needs to be replaced in addition to the MAU, which requires an additional $60,000 in funding. Staff proposes using unspent owner contingency from the elevator upgrade in the administration building to complete this project.

<u>Treasurer’s Office Remodel</u>
Consolidating the public trustee and treasurer staff was approved as a project for a 2025 budget. The

$402,000 total project cost estimate was based on conceptual design; construction bids are $248,000 over the engineer's estimate, even with value engineering. This overrun is consistent with project savings identified from the multi-year space study consolidation project, which is nearing completion. Staff recommend applying those savings to complete construction.

District Attorney (DA) Office Remodel Design
The BOCC approved 10 new district attorney office employees as part of the Q1 2025 budget review. Recognizing space constraints, the office reached out to the department to identify design costs in April 2025 for a tenant improvement project to address office needs, for a cost of $53,000. Based on the 2026 recommended budget, department staff reached out to the DA to ascertain additional office space needs and revised the design estimate to $60,000. Staff recommend using savings from the administration building cooler/chiller replacement project for this design work.

District Attorney (DA) Office Remodel Construction
Based on the design estimate, additional funding is needed to implement construction for the office remodel to accommodate increased staffing. Recognizing design is typically 10% of construction costs, staff recommend applying $600,000 in savings from the administration building cooler/chiller replacement project for this tenant improvement project and adding it to the 2026 capital plan. This investment will maximize available space within the DA office; future staffing requests will require alternative space solutions.

Tenant Improvement Projects: Finance & Human Resources
The 2026 recommended budget includes additional staff for the finance and human resources departments. Based on space constraints, additional investments will be necessary to facilitate the addition of these critical FTEs. Department staff are meeting with department leaders to identify space options and believe existing project savings from the justice center courtroom number three project can be applied to fund design and implementation. As we finalize concepts and costs, we will bring back additional details to the BOCC to inform decision-making.

Department leadership recognizes identified cost savings represent a double-edge sword; while we have funding to accommodate unforeseen circumstances, these monies also could have been deployed for other projects. The department is working to refine the capital process for project requests to better refine design and construction estimates going forward. Any additional use of project savings will be brought forward to the BOCC for consideration.

Alternatives: The Board could decide not to allocate these project savings as presented, meaning departments and offices would need to request additional general funds to complete or severely reduce scope.

The Board also could decide to cancel these projects and prioritize other capital investments.

Fiscal Impact: Staff is requesting reallocation of approximately $1.2 million in project savings within the Capital Expenditure Fund to existing or required projects.

Alignment with Strategic Implementation Strategies: N/A

Staff Recommendation: Staff recommends reallocating project savings as presented.

Concurrence: The District Attorney's Office, Human Resources, and Finance departments concur with this request.