



# Webb Building Capacity Project

Finance and Governance Committee

May 23, 2023

Resolutions #23-0562, 23-0563, 23-0564, 23-056

Bill #23-0566

# Webb Building Capacity Project

**Justification:** Investment is long overdue for the finishes in the Webb Building, including furniture/carpet/paint and collaborative office space configurations that promote investment in our employees, a positive and healthy work environment, as well as modern furniture that supports this high-tech and progressive world in which we work and live.

In addition to carpet, paint, and finishes, highlights include:

- Accessibility improvements
- Added wellness rooms
- Much-needed technology upgrades
- Flexibility built in to adjust for a changing work environment
- Space configurations for collaboration and efficiency
- Increased cubicle space for added employees and growth in a hybrid environment
- Replacement of discontinued and outdated furniture systems

# City and County of Denver Employees

- The City has seen sustained growth, even during the pandemic, to support citywide initiatives including affordable housing, bond projects, sidewalk projects and the Urban Waterways project.
- The Webb Building Capacity Project addresses growth in high impact departments including Community Planning and Development, Department of Transportation and Infrastructure and Department of Housing Stability.
- By 2027, the City will need an additional 600 seats between the Webb Building and the Denver Post Building.
- It is anticipated that refreshing the Webb Building will assist in attracting and recruiting new employees and retaining current employees.

# Webb Building – Current State

- Webb Building has not had an investment made to refresh since it opened more than 20 years ago.
- Webb building cannot accommodate current FTEs, even within a hybrid environment.
- Meeting current need without Webb Building Capacity Project will require leasing additional space and purchasing new furniture for the leased space.
- Growth can be accommodated with hybrid/75% rule.



# Webb Building – Future-state Assumptions

- Hybrid work environment with a combination of workstations and hoteling stations
- Includes growth factor for each agency
- City agencies in the Denver Post Building will move back into the Webb Building as subleases expire
- District Attorney will move into new lease space



# Webb Building Capacity Project Scope

Interior Renovation of the existing 12-story Wellington E. Webb Municipal Office Building in order to consolidate City Employees, enhance utilization of the space, upgrade dated and worn-out office finishes to meet office building standards, meet current building codes, update necessary ADA requirements, update restrooms and breakrooms, and modernization of elevators.

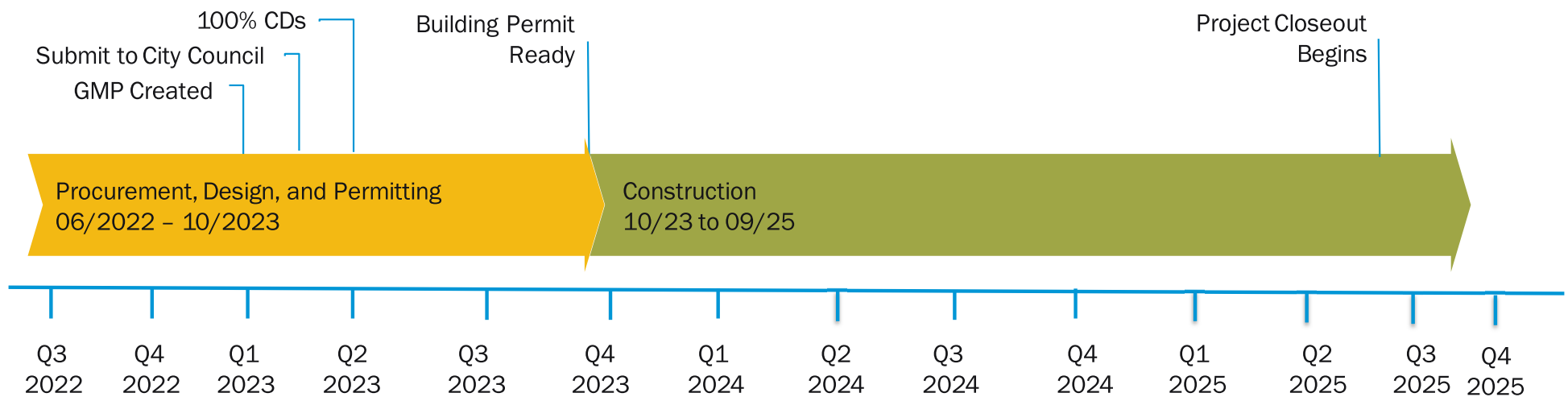
## Scope

- Interior Finishes: Carpet, Paint, Finishes, Modernization of Elevators, Breakrooms, Restrooms, etc.
- New workspace layouts and furniture
- Update to current ADA standards as necessary
- Upgrade IT requirements as necessary

## Budget

- \$133.5 Million budget, of which \$30M is for Furniture, Fixtures and Equipment (FF&E)
- Certificate of Participation (COP) financing to be utilized

# Webb Building Capacity Project Timeline



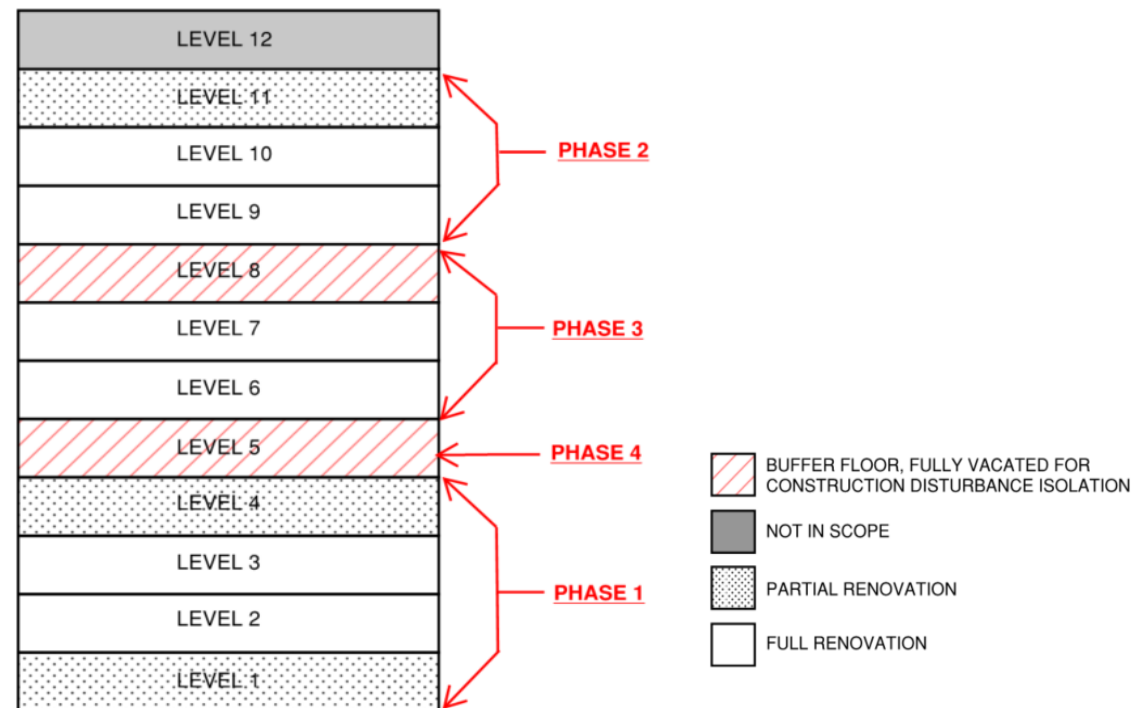
# Webb Building Capacity Project Phasing

## Phasing

### Recommended Phasing:

- Fully vacate approx. ~3 floors at a given time during construction
- Anticipated Construction Start: Sept/Oct 2023 (24-month duration)
- Building will remain occupied during construction
- Public access to select services will be maintained throughout construction

PROJECT PHASING CONCEPT DIAGRAM



# Action Items

Construction Contract

General Services On-Call Furniture Contracts

Financing - New Money and Refunding (if economical)

# Construction Contract

## Resolution #23-0562

- G.H. Phipps selected as the CM/GC Contractor for the Webb Restack with a GMP Contract in the amount of \$92,302,364.
  - Expected NTP date - July 15, 2023.
  - Construction Contract Term: 3 years
- Contract to be submitted for City Council approval June 2023.
- Estimated Construction Start: Q3 2023 thru Estimated Completion: Q4 2025.
- Milestones per phase will be included in contract to ensure timely completion
- M/WBE 21% Construction Contract
  - *Design Contract currently 6.7% M/WBE and 77.9% SBE participation*

# GS On-call Furniture Contract

Furniture contracts were approved in 2019 in preparation for the Webb Building Capacity Project. When the Project paused to re-evaluated the plan for a hybrid environment, DEN significantly utilized the contracts for its project.

Amendments to current Purchase Orders – adds capacity and two-year extension; citywide need including additional DEN needs; cost for product

**Resolution #23-0563** request seeks approval for an increase of \$7,000,000 and a date extension of two years to Master Purchase Order for SC-00003206 to OfficeScapes of Denver, LLC.

**Resolution #23- 0564** request seeks approval for an increase of \$11,500,000 and a date extension of two years to Master Purchase Order for SC-00003355 to Teammates Commercial Interiors, Inc.

**Resolution #23- 0565** request seeks approval for a two-year date extension to Master Purchase Order for SC-00003357 to Design Resource Group, Inc.

# Certificates of Participation Financing Overview

## Bill #23-0566

The proposed ordinance seeks authorization to execute and deliver Series 2023 Certificates of Participation (COP) in an amount not to exceed \$300 million, for the purposes of:

1. Providing \$133.5 Million of new money to fund capital improvements related to Webb Building Capacity Project
2. Refunding of existing Webb 2008A1-A3 COPs, eliminating future variable rate volatility and risk to the LIBOR Index, if market conditions are economical
  - 2008A1-3 COPs attributable to original funding of Webb Municipal Office Building Webb Building serves as existing leased property/collateral
  - Lease payments currently funded from General Fund
  - COPs are currently in variable rate mode synthetically fixed with interest rate swaps, indexed to LIBOR which is set to expire this summer

# Key Financing Objectives

Financing structure to optimize cost while managing risks:

- ✓ New money provides timely funding for updates and improvements needed for an essential city facility to maintain many key city operations
- ✓ Opportunity may exist for the refunding of existing 2008A1-3 COPs to terminate swaps and eliminate certain risks within the city's debt portfolio (variable rate and swap exposure) given the LIBOR index is set to expire this summer
- ✓ 2023 COPs will not require the pledge of any additional leased property, Webb Office Building will continue to serve as sole pledged leased property.

# Key Financing Terms

- Costs associated with the transaction will be paid from the proceeds of the financings.
- 2023 COPs will be sold by Bank of America, who was selected via a competitive process, to maximize structuring flexibility
- Total Series 2023 annual lease payments will be approximately \$25 million per year (subject to annual appropriation)  
Approx. \$6M/year attributable to new money, \$19M/year attributable to refunding of current outstanding 2008A1-A3 COPs

| New Series  | Tax Status | Interest Rate*   | Purpose                                                                                                                      | Pledged Collateral                           | Annual Lease Payment Source                                                  | Estimated Par Amount* | Final Maturity | Current NPV Savings* |
|-------------|------------|------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------|-----------------------|----------------|----------------------|
| Series 2023 | Tax-exempt | Not to exceed 5% | Funds improvements to Webb Office Building<br><br>Refunds 2008A1-A3 Webb COPs and terminates associated swaps, if economical | Webb E. Wellington Municipal Office Building | New Money Portion: \$2M GF<br><br>Remainder CIP<br><br>Refunding Portion: GF | \$300 Million         | 12/1/2037      | \$3.3M               |

\* Par amount, interest rate, annual lease payments and savings will be finalized on the day of pricing after Council approval and are subject to market conditions

## Certificates of Participation (COPs) Overview

- Type of financing that function similar to a bond but are not considered debt as they are subject to annual appropriation and do not require voter approval.
- COPs take the form of a lease purchase (“rent-to-own”) transaction- certificates represent an interest in a lease between a trustee (representing the COP holders/investors) and a state or local government.
- Typically used for the purchase or construction of real property.
- Annual payments made by the city are subject to annual appropriation by City Council
  - A city-owned asset serves as the collateral (leased property) for a COP financing
    - Collateral is released when COPs retire
    - If the City fails to appropriate the COP lease payment, the Trustee takes possession of the pledged collateral for the benefit of the COP holders

### **Debt Policy for COPs (New Money):**

- Long lived assets with high acquisition costs that would otherwise be disruptive if financed with cash are best candidates of COP financings
- Project to be financed must be deemed “essential” and necessary to the City
- New revenue stream and/or measurable cost savings dedicated to annual lease payments
- Annual lease payments shall not exceed 5% of acquiring fund’s annual revenues

# Questions?

# Appendix

# Construction - MWBE

## CONSTRUCTION CONTRACT (DOTI)

The Construction Contract has been assigned an M/WBE requirement by DSBO of 21% minimum. Subcontractors have not been bought out yet, as this is a CM/GC delivery method, but the Prime will be required to meet or exceed 21% on the overall project and this will equate to at least \$16,443,946 toward certified firms, once approved through City Council

## DESIGN CONTRACT (DOTI)

The Design Contract currently has:  
6.7% MWBE participation (Delet, Group 14, LT Engineering, SynEnergy) and,  
77.9% SBE participation (StudiosTropé)

## FFE CONTRACT (GS)

6.5% MWBE/SBE Design Resource Group