



Legislation Text

File #: Pres 20-341, **Version:** 1

South Platte Crossing FCA Review

Summary and Background Information:

Council has engaged in a Purchase and Sale Agreement with the Urban Land Conservancy to purchase Unit 6 (the fifth floor) of the South Platte Crossing building located at 7190 Colorado Blvd. This is an older building that will likely require additional investment beyond the purchase price to allow for full use.

As part of the due diligence for this transaction, staff engaged McKinstry Co. to conduct a full facilities condition assessment (FCA). McKinstry has completed the on-site work and has delivered the FCA.

The FCA report states that the building does require some immediate, short-term, and long-term improvements to maintain its usability. The building is managed by Market Street Management (MSM), which conducted a reserve study to plan out future maintenance to be conducted. McKinstry used the reserve study as well as its on-site assessment to prepare the report.

Since the purchase is only for one floor, this unit is treated as a condominium and the building is governed by a Condominium Owner's Association (COA). The COA is responsible for all maintenance and repairs for shared systems; the tenants are responsible for maintenance and repair of any system that solely services their unit. COA repairs are paid on a pro-rata basis by floor space. All figures in this communication and attached presentation are for the pro-rated amount.

The total estimated cost for maintenance and repairs of this building within the first ten years of occupancy is approximately \$867,388.

The short-term items have a total estimated cost of \$303,276. These are items that will have to be addressed within three years of the purchase. Three of these items require immediate attention totaling approximately \$49,962: The largest of these is the replacement of the building supply fan, which provides all ventilation and AC for the building; the pro-rated cost is \$38,793. MSM has already bid out the work for this item. Additionally, the ventilation fan needs to be replaced at a pro-rated cost of \$9,669, and there is some damage to the cabinets in the unit that will cost \$1,500 to fix. The pneumatic air bladder distribution units are slated to be replaced between 2021 and 2025 at a pro-rated cost of \$108,300. The building automation system will be obsolete within three years and will need to be replaced at a pro-rated cost of \$54,963. The loading dock elevator is in very poor condition and will need to be replaced within two years at a pro-rated cost of \$13,336. Other items requiring attention within the first three years are the two chillers, a panel, the exterior transformer, sump pump, and some exterior doors.

The mid-term items have a total estimated cost of \$205,096. These are items that should be addressed between three-five years from occupancy. The largest of these items is the replacement of

the hot water baseboard units at an estimated cost for the Unit of \$183,409. These are the sole source of heating for the unit and are in fair/poor condition and will require replacement within five years. Other mid-term items include exterior doors, the fire booster pump, and exhaust fans.

The long-term items have a total estimated cost of \$359,016. These are items that should be addressed within 10 years of the purchase. The largest of these items is the interior lighting, which will need to be replaced within eight years at a cost of \$82,530. Additionally, the cabinets in the kitchenette and office will need to be replaced at a cost of \$76,000. Replacing the carpet, acoustic ceiling tiles, and drywall, which will all need to occur within eight years will total \$112, 204. Other items requiring attention within this time frame are the boilers, loading dock, toilets/lavatories, security alarm system, hot water pumps, interior vinyl flooring, and water system expansion tanks.

Staff Responsible (Department Head): Cathy Blakeman, Interim Deputy City Manager

Staff Member Presenting: John Bourjaily, Management Analyst

Financial Impact: \$867,388

Funding Source: N/A

Staff Recommendation: N/A

Suggested Motion: N/A