

TOPIC: CAPITAL ASSETS COMBINED QUARTERLY REPORT FOR 2006 ON PROGRAM PLAN WAIVERS, CASH-FUNDED AND SB 92-202 PROJECTS, AND OTHER MATTERS

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I. SUMMARY

The Commission has delegated authority to the Executive Director, who has subsequently delegated authority to the Director of Capital Assets, to approve program plans for SB 92-202 projects, grant waivers from program planning for qualifying projects, and authorize cash-funded projects within Commission guidelines and statutory authority. Delegated authority also extends to lease approval.

This report is to inform the Commission of the projects that have been approved by Commission staff from January 2006 through January 2007. Due to turnover within CCHE Capital Assets staff, a quarterly report has not yet been presented to the Commission for 2006. The last quarterly report was presented to the Commission on March 2nd, 2006 and covered the fourth quarter of 2005.

All projects included within the report are summarized within the attached spreadsheets; Attachment A and Attachment B.

Attachment A is a compilation of items on which CCHE Capital Assets staff has taken action during 2006. Attachment A covers waivers from the requirements of program planning, cash and SB 92-202 projects, program plan amendments, property acquisitions and supplemental appropriation requests. There are a total of 58 projects that Capital Assets staff took action on in 2006. This included 16 cash funded project approvals, 16 supplemental requests and nine SB92-202 projects.

Also, included in [Attachment A](#) are ten program plan amendments that the Commission did take action on in the October 5, 2006 meeting. Program plan amendments have traditionally been included in the interest of giving the Commission a complete report on the additional costs approved for 2006.

[Attachment B](#) is a summary of all approved leases in 2006 including information by governing board on cost, square feet and cost per square foot. There were a total of 69 leases approved in 2006 for four governing boards (University of Colorado, Colorado State University, Colorado Community College System and Auraria Higher Education Center).

II. BACKGROUND

CCHE Section III Policy J – Policy for Delegation of Facility Program Planning Approval Authority, the Commission Executive Director or Designee is delegated approval authority for the following categories of capital projects:

- Waivers: Exemption from the statutory requirements of program planning and physical planning set forth in 23-1-106(5), C.R.S., as amended, for projects that cost less than one million dollars. Under 23-1-106(9)(A), and (9) (B) C.R.S., any cash funded project costing \$500,000 or less and above the capital outlay limits, commonly referred to as 209 projects, are not subject to Commission approval. Instead, institutions are to report such expenditures to the Commission once a year.
- 202 Projects: Capital construction projects estimated to cost more than \$1,000,000 to be constructed, operated, and maintained solely from auxiliary enterprise funds, student fees, research building revolving funds, or wholly endowed gifts and bequests, or a combination of such funds as set forth in 23-1-106(9), C.R.S., and that are consistent with master planning, applicable Commission student fee policies, and governing board approved financing plans.
- Supplemental Requests: Requests for supplemental appropriations to increase cash-spending authority or total appropriations for state-funded capital construction project.

Institutions request CCHE review of requests for supplemental appropriations prior to state legislative committees reviewing them. Typically, the supplemental appropriations are requested when institutions have unanticipated cash or grants on hand and wish to increase their prior appropriations for particular projects.

Institutions seek CCHE approval of amendments to program plans if a different source of funding is sought or if the project will be substantially increased or decreased in size or cost. Colorado Revised Statutes [(23-1-106(3))] state that “no capital construction shall commence except in accordance with an approved master plan, program plan, and physical plan.” CCHE interprets the statute to mean that projects should be built as outlined in the program plan, unless CCHE approves substantial deviations from the program plans

III. STAFF ANALYSIS

Attachment A

Projects submitted on Attachment A reflect the complexities that arise in capital construction planning at higher education institutions at Colorado. This is especially true for the supplemental requests and program plan amendments listed in this report. These requests are necessary due to the fluctuations that occur in construction costs and for adjustments that arise as institutions continuously plan for their capital needs. In looking at the program plan amendments and supplemental requests shown on Attachment A, it is apparent that many institutions had to adjust their project cost estimates due to increases in construction costs. In their justifications to CCHE, schools cited inflation at rates ranging from 0.7% to 1% per month. Given the complexities that this introduces to Colorado's capital construction process, this information will be useful to CCHE's newly reconstituted Taskforce on Alternatives Capital Construction and Controlled Maintenance.

Due to the long period of time that has passed since the last quarterly report, all ten governing boards have projects included within Attachment A. The report give details on the additional square feet being added and the additional costs associated with the projects.

Total Project Costs and Square Feet by Governing Board

GOVERNING BOARD	# of Projects	Added Costs	Sq Ft Added
ADAMS STATE COLLEGE	1	\$500,000	5,660
AURARIA HIGHER EDUCATION CENTER	2	\$5,627,200	0
COLORADO COMMUNITY COLLEGE SYSTEM	8	\$4,023,773	4,750
COLORADO HISTORICAL SOCIETY	3	\$1,455,491	0
COLORADO SCHOOL OF MINES	3	\$40,880,000	88,506
COLORADO STATE UNIVERSITY SYSTEM	17	\$75,297,596	343,715
FORT LEWIS COLLEGE	1	\$0	0
MESA STATE COLLEGE	3	\$34,675,486	230,658
UNIVERSITY OF COLORADO SYSTEM	18	\$142,596,636	281,628
UNIVERSITY OF NORTHERN COLORADO	1	\$63,200,000	285,000
WESTERN STATE COLLEGE	1	\$189,763	0
TOTALS	58	\$368,445,945	1,239,917

The table shows that a majority of the projects and costs associated with them are coming from the University of Colorado System and the Colorado State University System. Given the amount of cash-funded projects that these Universities pursue and their large space needs, these results are expected.

This table does not differentiate between funding types in terms of state funds or cash funds. As shown in Attachment A, a majority of the projects are cash funded. This is consistent with the nature of the report since the majority of project types for which CCHE staff has approval authority are cash funded projects. Attachment A does include a number of state funded projects which have all come before the commission aside from one state funded supplemental request from Northeastern

Junior College. A majority of supplemental requests, which amend prior year long-bill appropriations, are cash funded requests. These requests must be approved by CCHE, OSPB and the JBC.

A summary of projects by governing board:

Adams State College

Adams State has one project on this report, a program plan waiver for the renovation of the old Arts Building which was approved on May 31 , 2006.

Auraria Higher Education Center

AHEC has two projects listed on the report. Both are program plan amendments to adjust budget requests for projects that were submitted and approved by CCHE in FY06-07 but were not funded by the legislature. Fund adjustments on the Science Building and the South Classroom were both due to increasing construction costs. AHEC has also informed CCHE and the CDC of additional project costs that are necessary at the Science Building, not included in this amendment. AHEC will be submitting another program plan amendment to account for these costs in 2007. AHEC consists of the Community College of Denver, Metropolitan State College of Denver and portions of the University of Colorado at Denver and Health Sciences Center.

Colorado Community College System

CCCS has a total of eight projects listed on Attachment A: three waivers; 3 program plan amendments; one 202 project and one supplemental request. The 202 project is for additional campus parking at the Larimer Campus for Front Range Community College. Two waivers are for projects at Otero Junior College, (Wireless Campus and Wellness Center) that are state funded projects and have been prioritized by CCHE. Other projects include a waiver for the Lamar Community College Horse Training Management Facility, the state funded supplemental request for Northeastern Junior College and program plan amendments that adjusted funding estimates for projects at Pueblo Community College, Pikes Peak Community College and Lamar.

Colorado Historical Society

All three projects listed for the Colorado Historical Society are for the ongoing regional museums projects. One supplemental for this project was submitted early in 2006 for additional funds needed at three different locations. Another supplemental was submitted at the end of 2006 in order to both rescind federal funds spending authority and add cash funds to adjust for decreased federal funds. CHS also submitted this project as a cash project on an ongoing basis.

Colorado School of Mines

Mines has three projects listed on Attachment A. Two of these projects are cash funded supplemental requests that were originally submitted as cash funded FY07-08 requests. Mines adjusted these requests to become supplemental adjustments to the 2006 Long Bill in

order to expedite their construction. One property acquisition is also listed. This project transferred ownership to Mines of two buildings at no cost.

Colorado State University System

CSU has a total of 17 projects listed on Attachment A: nine supplemental requests; six cash projects; and two 202 projects. One of the 202 projects comes from CSU Pueblo for a Student Recreation Center and the other is at Fort Collins for a new Alumni and Welcome Center. CSU submitted two supplemental requests for the University Center for the Arts in 2006. One negative supplemental came in early 2006 to consolidate cash fund spending authority in FY06-07 and one later in the year to account for inflating construction costs and a reassessment of music rehearsal space.

Fort Lewis College

Fort Lewis submitted one program plan amendment to include the vetoed Berndt Hall Renovation project in the school's FY07-08 request. The amendment showed no adjustments to project costs or square feet.

Mesa State College

Mesa State has three projects listed on Attachment A; two 202 projects and one program plan amendment. One 202 project was approved early in 2006 for the first phase of the Saunders Multi-Use Facility and received spending authority for FY06-07. Mesa State has submitted a state funded request for phase II of Saunders which is currently being considered by the CDC. The other 202 project is for additions and renovations to the W.W. Campbell College Center, which is the primary student center on campus.

University of Colorado System

CU has a total of 18 projects on Attachment A. Ten of these projects are at CU Denver and Health Sciences Center and eight of them are at the Boulder campus. There are three 202 projects listed in this report, two are at the Boulder campus. One is a renovation project at Arnett Hall and the other is a project to build a practice bubble for athletic teams. The UCDHSC 202 project will fund a Linear Accelerator needed at the Anshutz Cancer Pavilion at the Fitzsimons campus. Additionally, there are eight cash funded projects on this list for UCDHSC to build infrastructure, new academic buildings and to help clean up the 9th and Colorado Campus. Many of these cash projects will help in the UCDHSC transition from the 9th Avenue campus to the Fitzsimons campus.

University of Northern Colorado

UNC had one 202 project approved in 2006 to replace an aging dormitory on its West Campus.

Western State College

WSC shows one project on Attachment A; an adjustment to cost estimates on a state funded project (Kelly Hall) submitted for FY07-08 to account for inflating construction costs.

Attachment B

Attachment B shows detailed reports of all leases for 2006 including location, annual cost, square feet leased, type of lease and cost per square foot.

Lease Data Totals by Governing Board

GOVERNING BOARD	TOTAL ANNUAL COST	SQUARE FEET	AVG. COST PER SQ FT
CSU SYSTEM	\$1,352,467.33	82,543	\$15.80
CU SYSTEM	\$2,156,740.57	194,979	\$14.99
CCCS	\$259,750.00	48,327	\$5.55
AURARIA	\$108,474.84	5,234	\$20.73
TOTALS	\$3,877,432.74	331,083	\$14.27

Total annual cost to the state for leases are \$3.8 million for 331,083 of annually leased space. Predictably, Colorado State University and the University of Colorado have the most leased space. Average price per square foot for the leased space is \$14.27. As shown on the table, cost per square feet is much lower for the space being leased by the Colorado Community College System at \$5.55. Data from the Auraria Higher Education Center comes from one lease by Metropolitan State College of Denver.

IV. STAFF RECOMMENDATION

This report is presented for Commission information only. No recommendation is made.

STATUTORY AUTHORITY

23-1-106 C.R.S. – Duties and powers of the commission with respect to capital construction and long-range planning.

(3) The commission shall review and approve master planning and program planning for all capital construction projects of institutions of higher education on state-owned or state-controlled land, regardless of source of funds, and no capital construction shall commence except in accordance with an approved master plan, program plan, and physical plan.

(5)(b) The commission may except from the requirements of program and physical planning any project that shall require less than five hundred thousand dollars of state moneys.

(8) Any acquisition or utilization of real property by a state-supported institution of higher education which is conditional upon or requires expenditures of state-controlled funds or federal funds shall be subject to the approval of the commission, whether acquisition is by lease, lease purchase, purchase, gift, or otherwise.

(9)(a) The commission shall review and approve any plan for a capital construction project that is estimated to require total expenditures exceeding two hundred fifty thousand dollars and that is to be

constructed, operated, and maintained solely from student fees, auxiliary facility funds, wholly endowed gifts and bequests, research building revolving funds, or a combination of such sources. Any such plan for a capital construction project that is estimated to require total expenditures of two hundred fifty thousand dollars or less shall not be subject to review or approval by the commission.

ATTACHMENTS:

[Attachment A](#), Project Summaries

[Attachment B](#), Leases