

TOPIC: NEW AND CONTINUING STATE-FUNDED CAPITAL PROJECTS AND PRIORITY LIST, FY09-10

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I. SUMMARY

The Department reviewed a total of 41 new or continuing state funded capital construction requests for FY09-10. Current year (FY09-10) state funded requests for these 41 projects total \$448,437,770 and total state funded out-year costs are shown as \$438,472,707. Institutions are requesting \$448 million for capital construction projects this year and will require an additional \$438 million in state funds to complete these projects. In addition to state funds, the projects as proposed will require an additional \$269 million dollars in institutional cash-funds. In total, the projects shown on this list represent over one billion dollars in capital construction needs for public higher education institutions in Colorado. The five-year needs for both state and cash funded projects exceeds three billion dollars.

Of the 41 requests shown on the priority list recommended by staff (Attachment A), 35 projects are assigned priority numbers. The first four projects included at the top of the list are included based on their priority order in House Joint Resolution 08-1042, the Joint Resolution which determined the order in which FY08-09 Certificates of Participation (COP) projects would be funded. Given current market conditions, these four projects may not - be completely funded through the current round of COPs as authorized in Senate Bill 08-233. Language in that bill indicates that the remainder of the projects shown on HJR08-1042 should be funded for FY09-10 if sufficient monies are available in the Higher Education Federal Mineral Lease Revenue Fund. This language is as follows:

(V) TO THE EXTENT THAT ANY PROJECTS ON THE PRIORITIZED LIST CONTAINED IN THE JOINT RESOLUTION INTRODUCED AND APPROVED PURSUANT TO THIS SUBSECTION (1) ARE NOT THE SUBJECT OF LEASE-PURCHASE AGREEMENTS ENTERED INTO PURSUANT TO SUBSECTION (3) OF THIS SECTION AND TO THE EXTENT THAT THE STATE TREASURER DETERMINES THAT THERE IS SUFFICIENT MONEY IN THE REVENUES FUND TO ENTER INTO ADDITIONAL LEASE-PURCHASE AGREEMENTS DURING THE FISCAL YEAR COMMENCING JULY 1, 2009, THE REMAINING PROJECTS ON THE PRIORITIZED LIST IN THE JOINT RESOLUTION SHALL BE THE PRIORITIZED LIST FOR LEASE-PURCHASE AGREEMENTS ENTERED INTO DURING THE FISCAL YEAR COMMENCING JULY 1, 2009.

Given this language, the four projects included at the top of this priority list are recommended to be the first projects to receive available funding from the Higher Education Federal Mineral Lease Revenue Fund, whether through an additional COP or on a 'pay-as-you-go' basis

(meaning current funds would go directly to fund project costs without an additional financing mechanism). It should be noted that costs for these four projects are shown as requested for FY09-10 and not necessarily in the amounts shown on HJR08-1042 (.

The recommended Higher Education Federal Mineral Lease Revenue Fund priority list of 4 capital requests totals \$95,987,863 in state funds. Out year costs for these projects as requested are \$11,983,000.

On September 11, 2008, the Commission's Subcommittee on Capital Assets met to discuss the priority list as show on Attachment A. The meeting primarily focused on a discussion of available data that could be used to create a more quantitative and objective prioritization model. After the meeting, staff provided the Subcommittee with additional data on historical appropriations, historical cash funding, full-time enrollment students, gross square feet and facilities condition indexes at each institution. After considering the individual implications of this data, the Subcommittee decided that the current staff priority recommendations (as shown on Attachment A) should be taken to the Commission for adoption. Given the complexity of developing a new model as well as the number of qualitative aspects reviewed within facility program plans, the Subcommittee would like additional priority considerations and criteria to be developed for future years. The current priority recommendations (numbers 1-35) as shown on Attachment A rely heavily on governing board priorities, prior appropriations and individual project merits.

The recommended priority list of 35 capital requests totals \$331,758,136 in state funds.

The final prioritization list approved by the Commission will be forwarded to the Governor's Office of State Planning and Budgeting (OSPB) immediately after approval to assist in their prioritization process. The list, as approved by the Commission, also will be forwarded to the legislature's Capital Development Committee (CDC) on November 1, 2008.

II. BACKGROUND

C.R.S. 23-1-106 (5) requires the Commission to approve program plans or program plan amendments for any capital construction project requesting state funds. For those projects costing less than \$2,000,000, institutions may request the Commission waive program planning requirements; however, these projects are prioritized alongside requests with costs exceeding \$2,000,000. C.R.S. 23-1-106 (7) (a) requires the Commission to submit a recommended priority list to the CDC by November 1st annually.

Last year, the Commission recommended to the CDC a list of 32 capital requests totalling \$237,822,291 in state funds. The legislature funded 15 higher education capital projects in the 2008 Long Bill along with a number of controlled maintenance projects for a total of approximately \$129 million in funding. Additionally, it is projected that 13 projects will be funded through SB08-233 legislation for a total of \$216 million.

III. STAFF ANALYSIS

Department staff reviewed two requests for waivers from program planning requirements, 15 new program plans, and 18 program plan amendments adjusting previously approved program plans. A majority of program plan amendments adjust unfunded prior year requests for construction inflation.

Two state-funded requests are not being recommended by staff. The first project is the Fort Lewis College Berndt Hall Biology and Agriculture Building. The construction costs for this project were funded in the 2008 Long Bill and this request is for the final equipment costs. During the 2008 legislative session, President Brad Bartel informed the Capital Development Committee that the College would provide cash funds for these equipment costs. Given this assurance, staff recommends that the project not be prioritized for state funds.

Staff also recommends that the Student Access Parking Structure at Mesa State College not be prioritized for state funding. Given the auxiliary nature of the project and the possible revenue streams that the project will generate, staff believes that this project is more appropriate as a cash-funded 202 project.

Although these projects are not recommended for inclusion in the state-funded priority list, the project request will be forwarded to the Office of State Planning and Budgeting and the Capital Development Committee for informational purposes.

IV. STAFF RECOMMENDATION

That the Commission approve the following two requests for waivers from program planning requirements:

- **OJC Nursing/Science Upgrade**
- **TSJC Alamosa Campus Expansion Project**

That the Commission approve the following 16 new program plans:

- **CSM Earth Energy Institute – Phase 1**
- **CSM Meyer Hall- Physics Building**
- **CSU Engineering II**
- **CSU Forestry Revitalization**
- **CSU-P General Classroom Building**
- **CSU-P Psychology Building Renovation and Addition**
- **CSU-P Technology Building Renovation and Addition**
- **MSC Campus Wide Geo Exchange System**
- **MSC- Renovation and Expansion of Tomlinson Library**
- **UCB Aerospace and Energy Systems Building**

- **UCB Geosciences Building**
- **UCB Hellems Capital Renewal**
- **UCCS South Hall**
- **UCCS Visual and Performing Arts**
- **UNC Education Innovation Building Campus Wide**
- **WSC Paul Wright Gym. Renovation/Expansion**

That the Commission approve the following 18 program plan amendments to modify previously approved program plans:

- **AHEC South Classroom Renovation/Addition**
- **ASC IT and Security Plan Update**
- **CSU Anatomy/Zoology Building Renovation and Expansion**
- **CSU Animal Sciences Addition/Renovation**
- **CSU Chemistry Addition**
- **CSU Johnson Hall Renovations**
- **CSU Life and Biomedical Sciences Building**
- **CSU San Luis Valley Research Center**
- **CSU Shepardson Building Renovation and Expansion**
- **FLC Berndt Hall Reconstruction – Geosciences/Physics/Engineering**
- **FLC Exercise Science/Adventure Ed Whalen Gym**
- **FRCC One-Stop Student Service Center**
- **MSC Houston Hall Renewal and CM/ME Annex**
- **NJC E.S. French Building Renovation**
- **PPCC Breckenridge Building Renovation**
- **RRCC Construction Trades/Industry Science Building**
- **UCD- Systems Biology Building**
- **WSC Quigley Hall Renovation**

That the Commission approve the FY09-10 capital priority list as shown on Attachment A.

That the Commission acknowledge and forward to the Governor's Office and the General Assembly the complete number and costs of all higher education capital projects submitted in FY09-10 for informational purposes.

STATUTORY AUTHORITY

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

ATTACHMENT A: Final Staff Recommendation FY09-10 Capital Priorities