

TOPIC: REVISED TWO-YEAR CASH FUNDED CAPITAL PROGRAM LIST – COLORADO STATE UNIVERSITY

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I. SUMMARY

This item requests approval of a revised Two-Year Cash Funded Capital Program list for the Colorado State University (CSU). The revised list of cash funded projects, approved by the Colorado State University Board of Governors, contains thirty-two total items that CSU will pursue. The revised list is included as Attachment A.

II. BACKGROUND

Prior to the FY2010-11 budget cycle, governing boards were required to submit a single unified five-year plan for capital construction projects. This five-year plan included state funded requests and cash funded proposals. With the passage of SB09-290, institutions of higher education were granted considerable flexibility in the area of capital construction. This legislation also revised the submission criteria for the five-year list by dividing it into two distinct lists.

Governing boards are permitted to amend their two-year lists at any point during the fiscal year, and such amendments are to be submitted to the Commission and the Capital Development Committee (CDC) for re-approval.

DHE and CDC staff have come to a mutual understanding and agreement on the implementation of SB09-290 that no Cash Funded project may commence until it has received the following: approval from the Commission and the CDC on the Two-Year list (for non-Intercept projects); or Commission and CDC approval on the Two-Year Cash Funded Program list and Commission review and approval of a program plan (for Intercept projects).

During the December 2010 Commission meeting, the Commission approved all submitted Two-Year Cash Funded Capital Program lists. On December 1st and 2nd the legislature's Capital Development Committee listened to submissions during scheduled hearings, and the CDC approved all Two-Year lists on January 20th, 2011. CSU has previously updated their Two-Year List in September 2011.

III. STAFF ANALYSIS

The previous CSU list consisted of twenty-nine projects at a cost of approximately \$646.8 million. This cost was to be covered from both cash and federal funds. The revised CSU list

consists of thirty-two projects at a total cost of approximately \$778.3 million. Table 1 displays the projections for cash funded projects as reported on the two-year list by funding type (Cash Funds (CF) and Federal Funds (FF)).

**Table 1:
 Two-Year Cash Funded Capital Program
 FY2010-2012**

CF	\$779,300,000
FF	\$9,000,000
TF	\$788,300,000

For these projects, Table 2 displays the breakdown between the academic and auxiliary nature of the project and whether or not the project will be financed under the Higher Education Revenue Bond Intercept Program (C.R.S. 23-5-139). The Intercept program permits schools to issue bonds for capital construction and use either the state’s credit rating (opt in), or use their own credit rating (opt out). Academic facilities are those that are considered core to the role and mission of the institution (e.g. classrooms, student services, libraries), while auxiliary facilities are those that are not considered core to the role and mission and exist for some other purpose (e.g. residence halls, recreation centers, parking facilities).

**Table 2:
 Cash Funded Project Types**

	Academic	Auxiliary	Total
Intercept	7	7	14
Non-Intercept	15	3	18
Total	21	8	29

Per the statutory amendments of SB09-290, academic facilities constructed under the new capital procedures will be eligible for state Controlled Maintenance Funds. Also due to new statutory provisions, any Non-Intercept projects will only have their cost projections reviewed in the Two-Year list, while Intercept projects require approval in the Two-Year list as well as program review. In accordance with the two step approval process for cash funded projects, the Department (acting with the power delegated by the Commission [CCHE Policy III.J]) will review all budget documents submitted for Intercept Act cash projects and submit all forms to the General Assembly’s Capital Development Committee as they are approved.

The change to the Two-Year List involves the inclusion of the following projects:

“Animal Science Building Expansion,” which will completely renovate and add on to the circa 1959 Animal Sciences Building on Main Campus. The existing plumbing, mechanical, electrical and telecommunications systems will be replaced, rooms will be reconfigured and modern audio-visual systems installed in the renovated teaching labs and classrooms. In addition to renovating the 41,558 GSF building this project will

construct two additions to the building for a total of 12,842 GSF of new space. The total cost is estimated at \$19,500,000 to be paid by institutional E&G cash sources.

“Academic Village North,” which will construct a village on the north side of campus, at the site of the existing Lory Apartments. It will consist of approx. 600 new beds, programming, support and academic spaces as well as a renovation of the existing Durrell Dining Center to accommodate the increased student load. The project cost is estimated \$57,000,000 to be repaid by housing revenues.

“Lory Student Center Revitalization,” which will completely renovate the existing Lory Student Center and add to the ballrooms, food court, and Student Diversity Program spaces. The total cost is estimated at \$65,000,000 to be paid from a student fee approved in April 2011.

IV. STAFF RECOMMENDATION

That the Commission approve the Two-Year Cash Funded Capital Program for Colorado State University and forward it to the Governor, the Office of State Planning and Budgeting, and the Capital Development Committee.

V. STATUTORY AUTHORITY

C.R.S. 23-1-106 (7)

(c) (I) The commission annually shall prepare a unified, two-year capital improvements report for projects to be constructed or acquired pursuant to subsection (9) or (10) of this section and estimated to require total project expenditures exceeding two million dollars, coordinated with education plans. The commission shall transmit the report to the office of state planning and budgeting, the governor, and the general assembly, consistent with the executive budget timetable.

(II) (A) Commencing in the 2010 regular legislative session, and in each regular legislative session thereafter, the commission shall submit the two-year projections prepared by each state institution of higher education for the 2010-11 and 2011-12 fiscal years, and for each two-year period thereafter as applicable, to the office of state planning and budgeting and the capital development committee. Beginning in the 2010 regular legislative session and in each regular legislative session thereafter, the capital development committee shall conduct a hearing on the projections and either approve the projections or return the projections to the institution for modification. The commission and the office of state planning and budgeting shall provide the capital development committee with comments concerning each projection.

(B) A state institution of higher education may submit to the staff of the capital development committee, the commission, and the office of state planning and budgeting an amendment to its

approved two-year projection. The capital development committee shall conduct a hearing on the amendment within thirty days after submission during a regular legislative session of the general assembly or within forty-five days after submission during any period that the general assembly is not in regular legislative session. The capital development committee shall either approve the projections or return the projections to the institution for modification. The commission and the office of state planning and budgeting shall provide the capital development committee with comments concerning each amendment.

ATTACHMENT A: Two-Year Cash Funded Capital Program