

TOPIC: REVISED TWO-YEAR CASH FUNDED CAPITAL PROGRAM LIST – UNIVERSITY OF COLORADO AT BOULDER

PREPARED BY: DANIEL KRUG, DIRECTOR OF CAPITAL ASSETS AND COMPLIANCE

I. SUMMARY

This item requests approval of a revised Two-Year Cash Funded Capital Program list for the University of Colorado at Boulder (UCB). The revised list of cash funded projects, approved by the Board of Regents, contains 15 total items that UCB 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 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 2011 Commission meeting, the Commission approved all submitted Two-Year Cash Funded Capital Program lists. On December 5th and 6th the legislature's Capital Development Committee listened to submissions during scheduled hearings, and the CDC approved lists in January 2012.

III. STAFF ANALYSIS

The previous UCB list consisted of twelve projects at a cost of approximately \$388.4 million. This cost was to be covered from cash funds. The revised UCB list consists of 15 projects at a total cost of approximately \$404.6 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
 FY2012-2013**

CF	\$404,626,000
FF	\$0
TF	\$404,626,000

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	0	0	0
Non-Intercept	4	11	15
Total	4	11	15

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 changes to the Two-Year List involve the inclusion/revision of the following:

“Folsom Stadium Scoreboards Replacement” which was originally added to the Board approved Two-Year List in June 2011 as a \$3 million project to replace the north scoreboard. The revised request includes the south score board so that both may be replaced in a single project in conjunction with a control room to operate the boards. The project includes the replacement of the existing static advertising boards with digital boards. The existing boards and equipment are 13 years old with failing, analog technology; the campus found recently that replacement parts are not available for the existing boards. Department of Intercollegiate Athletics auxiliary funds will fund the \$7 million project, primarily from operating budget.

“Williams Towers Bathroom Renovation Project” which will replace plumbing, flooring and bathroom finishes not updated since original construction of the Williams Towers in the late 1960’s. There will be an estimated 50% reduction in water usage in the towers from the installation of low-flow, water saving plumbing fixtures. Further details of the renovation include replacement of wall tile, lavatories, countertops and solid-surface shower enclosures, abatement of hazardous materials, and repainting. Department of Housing and Dining Services auxiliary funds will provide for the \$3.3 million project.

“Stearns Hall Fan Coil Unit Upgrade and Replacement” which will replace 800 existing fan coil units (FCU). Installed during the original construction of Stearns East and West Towers in the late 1960s, the units are approaching 45 years of service, well beyond their expected life cycle. Other associated improvements include the replacement of the lateral water supply line which connects to the main risers, and the addition of the Direct Digital Control system (DDC) to interface with the current Andover Building Automation System. As the current FCUs are only running at a rate of 50% efficiency, new units combined with new automated control are expected to create savings from energy conservation. Department of Housing and Dining Services auxiliary funds will provide for the \$5.9 million project

“Utilities Services Annual Maintenance” which conducts maintenance and repairs to distribution lines for electrical, steam and chilled water services on an annual basis. Deficiencies in the lines and structural issues in Main Campus utility tunnels require regular work in order to provide reliable services. Utilities Services auxiliary revenue will provide for the \$3 million project.

IV. STAFF RECOMMENDATION

That the Commission approve the Two-Year Cash Funded Capital Program for the University of Colorado at Boulder 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