

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

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 Colorado State University (CSU). The revised list of cash funded projects, approved by the CSU Board of Governors, contains eleven total items that CSU plans to 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. These amendments are to be submitted to the CCHE and the Capital Development Committee (CDC) for re-approval.

DHE and CDC staff have come to the 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 CCHE and the CDC on the Two-Year list (for non-Intercept projects); or CCHE and CDC approval on the Two-Year Cash Funded Program list and CCHE review and approval of a program plan (for Intercept projects).

During its December 2011 meeting, the CCHE approved all submitted Two-Year Cash Funded Capital Program lists. On December 5th and 6th the legislature's CDC listened to submissions during scheduled hearings, and the CDC is scheduled to vote on approval for all Two-Year lists on January 12th, 2012.

III. STAFF ANALYSIS

The previous list from CSU consisted of ten projects at a cost of approximately \$365 million, all of which was covered by cash funds. The revised CSU list consists of eleven projects at a total cost of approximately \$369.5 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	\$369,500,000
FF	\$0
TF	\$369,500,000

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	3	4	7
Non-Intercept	2	2	4
Total	5	6	11

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 CCHE (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:

“Moby Arena Addition, Phase 1” - This project will construct an addition to the existing Moby Arena and revitalize the north and south concourses. Upgrades will include new concession stands, new ticket booth locations, additional restroom facilities, a new restaurant style kitchen and state of the art Hall of Fame area that will include an interactive archive. The addition to the South Concourse will provide expanded event space with a 200+ seating capacity. CSU is requesting an amendment to the approved Two-Year Cash Funded Capital Program List for \$4,500,000 in cash spending authority. The project will be funded by donations and university cash.

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