TOPIC: REVISED TWO-YEAR CASH FUNDED CAPITAL PROGRAM

LIST – ADAMS STATE COLLEGE

PREPARED BY: DANIEL KRUG, DIRECTOR OF CAPITAL ASSETS AND

COMPLIANCE

I. SUMMARY

This item requests approval of a Two-Year Cash Funded Capital Program list for Adams State College (ASC). The list of cash funded projects, approved by the Board of Trustees, contains one item that ASC will pursue. The list is included as Attachment A.

II. <u>BACKGROUND</u>

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 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. ASC did not submit a list during the December hearings and this submission is the first for the current fiscal year.

III. STAFF ANALYSIS

The ASC list consists of one project at a total cost of approximately \$3.5 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 FY2012-2013

CF	\$3,550,000
FF	\$0
TF	\$3,550,000

For this project, 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	1	0	1
Non-Intercept	0	0	0
Total	1	0	1

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 revision and inclusion of:

"High Altitude Events Center" which was originally listed on the approved Two-Year List in December 2009 and December 2010 as a \$3.5 million project entitled "High Altitude Training Facility." The revised request increases from \$3.50 million to \$3.55 million and changes from a non-Intercept to an Intercept project. This project will build a suitable covered and conditioned area using an air supported structure to house a 200 meter 8 lane indoor track with a synthetic turf infield for use by all student athletic programs. This will allow for a new level of opportunity for the high altitude training program to expand the numbers of participants. In addition to the sporting activities new academic programming will be developed around "High Altitude Training" where all athletes, students, faculty, and researchers can learn benefits of the concept. The project will be funded through an existing student approved facility fee and will

incur no new costs to students.

IV. STAFF RECOMMENDATION

That the Commission approve the Two-Year Cash Funded Capital Program for Adams State College 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