

**TOPIC: NEW AND CONTINUING STATE-FUNDED CAPITAL PROJECTS
AND PRIORITY LIST, FISCAL YEAR 2013-14**

PREPARED BY: TONYA GOMEZ, FINANCE POLICY OFFICER

I. SUMMARY

The CCHE Capital Construction subcommittee and department staff reviewed a total of twenty-one (21) new or continuing state funded capital construction requests for FY 2013-14. The recommended list of prioritized capital requests totals \$267,262,993 in state funds with a cash contribution of \$32,949,516 is attached.

Once approved by the Commission, department staff will forward the final prioritization list to the General Assembly's Capital Development Committee (CDC) on November 1, 2012. The approved priority list will also be provided to the Governor's Office of State Planning and Budgeting (OSPB) to allow higher education projects to be integrated into the Governor's prioritization list of all statewide capital projects for the upcoming fiscal year.

II. BACKGROUND

Last year, the Commission recommended to the CDC a list of nineteen (19) ranked capital requests totaling \$259,100,617 in state funds with a cash contribution of \$24,181,709. Last year, state revenues funded annual debt service and controlled maintenance projects for Level 1 projects and Level 2 projects through score 12.43 but did not fund other state-funded capital projects.

In April 2012, the Commission recommended that the CDC use unspent Federal Mineral Lease (FML) funds for new higher education projects and provide an updated priority list. The updated priority list included projects that were on the original 2008 FML priority list but did not receive funding. In September 2012, CDC decided to use the unspent FML funds of approximately \$5.7 million on eleven (11) higher education FY2012-13 controlled maintenance projects that qualified for FML funds.

C.R.S. 23-1-106(7)(a) requires the Commission to submit a recommended priority list to the CDC by November 1st annually. The Capital Assets Subcommittee's recommended priorities are detailed below. Note that under C.R.S. 23-1-106(5)(b), projects costing less than \$2,000,000 do not require project plan approval from the Commission. This year, three (3) projects met that requirement and are prioritized alongside requests with costs exceeding \$2,000,000.

For FY 2013-14, the Department received and reviewed a total of 21 new or continuing state funded capital construction requests (see Attachment A). The top two projects are the Certificates of Participation (COP) payments for the University of Colorado Denver Anschutz Medical Center and the projects funded through Federal Mineral Lease payments. These COP

payments are statutorily required. All but two of the prioritized projects—the Auraria Higher Education Center’s Library Renovation and Pueblo Community College’s Commons Addition—have appeared on past Commission priority lists. For FY 2013-14, the total requested by institutions of higher education for funding is \$318,800,484 including \$267,262,993 of state funds.

III. STAFF ANALYSIS

The CCHE capital subcommittee held working session last month to develop a priority list. Priority criteria and the likely status of state capital funding were considered. The committee ranked projects based on a number of factors including: OSPB requirements, Governing Board ranking, nature of project, prior year’s ranking, age of the request, impact on student education, facility condition, student FTE enrollment growth, total project cost, and the subcommittee’s determination of need, relevance and rationality of the project.

After a draft priority list was developed, the subcommittee contacted the institutions to discuss the projects’ rankings and receive additional input from the institutions. Institution feedback was considered and additional working sessions were held. The final draft priority recommendation of the subcommittee for FY 2013-14 is included as Attachment A.

IV. STAFF RECOMMENDATION

- **That the Commission approve the following two new program plans:**
 - **AHEC - Auraria Library Renovation**
 - **PCC - Commons Addition**
- **That the Commission approve the FY 2013-14 capital priority list as shown on Attachment A and grant the Department the ability to adjust project amounts based on revenue forecasts.**
- **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 FY 2013-14 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 Recommendation FY13-14 Capital Priorities