TOPIC: REVISED TWO-YEAR CASH FUNDED CAPITAL PROGRAM

LIST - UNIVERSITY OF COLORADO AT COLORADO SPRINGS

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I. <u>SUMMARY</u>

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

II. <u>BACKGROUND</u>

Current law allows governing boards to amend their two-year capital construction 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 approval or re-approval.

Department and CDC policy and practice is 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. In addition to CDC and Commission Two-Year Cash Funded list approval, a program plan must be reviewed and approved for Intercept projects. Last December, the Commission approved all submitted Two-Year Cash Funded Capital Program lists and in January the legislature's Capital Development Committee approved the same.

III. STAFF ANALYSIS

The updated UCCS list adds two projects at a cost of approximately \$80 million. With the new projects, the Capital Development Committee shows UCCS's total projection of cash needs to be approximately \$118 million. This cost is to be covered primarily from cash funds. Table 1 displays the new cash funded projects as reported on the two-year list by funding type.

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

CF	\$80,000,000
FF	\$0
TF	80,000,000

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	1	1	2
Total	1	1	2

Senate Bill 09-290, allows academic facilities constructed to be eligible for state Controlled Maintenance Funds. 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 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 new additions to UCCS's Two-Year List are described briefly below:

"Academic Office Building" project will be a 35,000 square feet new building that will provide 150 to 180 office spaces. There is currently a significant shortfall in faculty and staff office space of approximately 33,600 net square feet (nsf). Based on the approved Strategic Plan's enrollment projections for 2020, the faculty office shortfall will grow to 73,436 nsf and the staff office shortfall will grow to 33,091 nsf if no additional office space is provided. The project budget is \$12 million to be debt financed. The debt service will be paid from tuition revenue.

"Student Housing" project proposes the first phase of 600 new student beds with a new dining center. Subsequent phases will add up to 400 additional beds. The housing will be a suite style with a mix of single and double occupancy bedrooms. The project will include multi-purpose space and break-out rooms for academic support. The dining center will support students living in these units who will be required to participate in the meal plan. The project budget of \$68 million is to be debt financed. The debt service will be paid from housing and dining revenue.

IV. STAFF RECOMMENDATION

Approval of the Two-Year Cash Funded Capital Program for the University of Colorado at Colorado Springs for submission to the Governor, the Office of State Planning and Budgeting, and the Capital Development Committee.

V. <u>STATUTORY AUTHORITY</u>

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: UCCS Two-Year Cash Funded Capital Program