

**TOPIC: TWO-YEAR CASH FUNDED CAPITAL PROGRAM LIST
AMENDMENT- COLORADO MESA UNIVERSITY**

PREPARED BY: TONYA GOMEZ, FINANCE POLICY OFFICER

I. SUMMARY

This item requests approval of a Two-Year Cash Funded Capital Program list amendment for Colorado Mesa University (CMU). The list includes one additional project that CMU will pursue. The cash list is included as Attachment A.

II. BACKGROUND

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 policies and practices are 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. They were approved in January by the legislature's Capital Development Committee.

III. STAFF ANALYSIS

The CMU list adds one new project at a cost of approximately \$9 million making CMU's total projection of cash needs approximately \$45.2 million. This cost is to be covered by a capital campaign supplemented by bond proceeds using the state intercept rating. Table 1 displays the new cash funded project as reported on the two-year list by funding type.

**Table 1:
Two-Year Cash Funded Capital Program
FY2012-2014**

CF	\$8,978,883
FF	\$0
TF	\$8,978,883

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

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 addition to CMU's Two-Year List is described briefly below:

"Tomlinson Library Addition and Renovation - Phase I" project will expand the Tomlinson Library. The addition will accommodate the Information Commons function, which merges library services with technology. This will replace the current "silo" layout of the library that does not integrate source referencing, technology, IT assistance, and student study and collaboration spaces. The addition will also provide temporary surge space during the renovation of the library in phase II of the project and allow it to remain operational. It will be paid for through a \$5 million capital campaign supplemented by bond proceeds using the state intercept rating. If approved, the project would commence in July 2013 and would be completed in August 2014.

Note, in FY 2013-14, this project was requested as a state-funded project costing about \$26 million. This project is unique to most that appear on two-year cash funded lists in that it is the first, stand-alone phase of a project. For FY 2014-15, the University will also be separately requesting state funds of \$8,626,769 with a revised CC-C submittal revising the existing Tomlinson Library Addition and Renovation funding request. This revision reduces CMU's request for state capital funds by \$18,147,964 from the original request of \$26,774,733. If the Commission approves CMU's amended two-year cash list, this project will not be considered a continuation project in the FY 2014-15 prioritization process, but the cash-funds will be considered as a portion of the overall project costs.

IV. STAFF RECOMMENDATION

Approval of the Two-Year Cash Funded Capital Program for Colorado Mesa University for submission 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: CMU Two-Year Cash Funded Capital Program List