

**TOPIC: NEW AND CONTINUING STATE FUNDED CAPITAL PROJECTS
AND PRIORITY LIST, FY08-09**

PREPARED BY: ANDREW CARLSON/RYAN STUBBS

I. SUMMARY

The Department reviewed a total of 51 new or continuing state funded capital construction requests for FY08-09. Out of this total, 11 projects are continuation projects, including the annual Certificates of Participation (COP) payment for the UCDHSC Fitzsimons Campus. Of the 40 non-continuation projects reviewed, institutions submitted 34 requests and the Colorado Historical Society submitted six requests. The total cost for the 11 continuation projects, as requested by institutions of higher education, is \$133,410,584. The remaining projects are either projects that were approved and prioritized, but not funded, last year in FY07-08 or new projects. The total FY08-09 cost of all projects requested by institutions of higher education for funding is \$329,473,523 and for higher education and the Colorado Historical Society is \$334,647,621. The total cost for all requested projects is \$691,752,417, including both prior appropriations as well as current and out-year costs.

On September 19, 2007, the Commission's Sub-Committee on Capital Assets met to recommend the priority list presented in this agenda item (Attachment A). The Sub-Committee recommends prioritizing only 32 of the 51 capital requests to better align the request with a more reasonable, yet still demanding, total request in FY08-09 for submission to the General Assembly. These projects include at least the first and second priority of each governing board. The Sub-Committee also recommends phasing projects 18 – 32 from the priority list to fund only professional services costs (architecture and engineering) in FY08-09. If funded by the legislature, these projects would become continuation projects next year and would require additional state funding in FY09-10.

The recommended priority list of 32 capital requests totals \$237,822,291 in state funds. In addition, institutions are bringing approximately \$56 million in cash funds to pay for a portion of these projects. The total out year cost of these projects is \$357,951,099 in state funds.

The final prioritization list approved by the Commission will be forwarded to the Governor's Office. Department staff will work with staff from the Governor's Office of State Planning and Budgeting (OSPB) to merge the Commission's priorities with the priorities of other state agencies and submit a comprehensive list to the legislature's Capital Development Committee (CDC) on November 1, 2007.

II. BACKGROUND

C.R.S. 23-1-106 (5) requires the Commission to approve program plans or program plan amendments for any capital construction project requesting state funds. For those projects costing less than \$500,000, institutions may request the Commission waive program planning requirements; however, these projects are prioritized alongside requests with costs exceeding \$500,000. C.R.S. 23-1-106 (7) (a) requires the Commission to submit a recommended priority list to the CDC by November 1st annually.

Last year, the Commission recommended to the CDC a list of 41 capital requests totaling approximately \$212 million. The legislature funded 19 projects at an FY07-08 cost of about \$115.4 million. As mentioned above, this year, institutions submitted 51 projects at a total FY08-09 cost of \$334,647,621 and the recommended priority list includes 32 of these projects requesting \$237,822,291 in state funds.

III. STAFF ANALYSIS

Department staff reviewed five requests for waivers from program planning requirements, 19 new program plans and 18 program plan amendments adjusting previously approved program plans. In addition, nine requests were unchanged from last year and did not require action other than to incorporate into the priority list presented to the Sub-Committee on Capital Assets.

In order to develop this year's recommended priority list, staff first considered the 11 continuation projects then rank ordered the remaining based primarily on governing board priority. Each governing board's remaining first priority (or first and second priorities for the CU System, CSU System, and CCCS) was grouped together and rank ordered based on the health and life safety issues addressed, programmatic improvements realized through the project, and state-wide priorities. Staff then used the same methodology to rank order the remaining projects. Several projects from the Colorado Historical Society and the Cumbres & Toltec Scenic Railroad Commission were not included in the recommended priority list due to their ability to generate revenue through ticket sales. Cash revenues generated by these agencies have the possibility of covering the costs of capital projects in the same way higher education institutions use cash revenue streams to construct auxiliary facilities. The Department is currently negotiating a transfer of duties with the Colorado Historical Society which would allow them to submit capital requests directly to the CDC next year, bypassing the Commission review and approval process.

Finally, four requests from the CU System were not included on this year's priority list, nor have these projects yet been reviewed by Department staff. Approximately one month after the Department's deadline for capital request submissions, the CU System asked the Department to include three of these project requests – The UCDHSC Building 500 Renovation, a new business school building and a new building for the College of Architecture and Planning on the

downtown Denver campus – on the Commission’s prioritized list without submitting the required program plans. Staff informed the CU System that it is not possible to properly prioritize these requests without first reviewing the required program plans. The CU System plans to submit these plans to the Department in mid-November, after the deadline for which this list must be submitted to the CDC and four months after the Department’s established annual deadline for capital requests. Two projects that are on this year’s list (UNC’s Butler Hancock and MSC’s Houston Hall renovation) were submitted late last year and were not added to the FY07-08 priority list. Not including these three CU System projects on this year’s request is consistent with past decisions of the Commission. These three CU System projects would have added \$81.4 million to this year’s total funding request.

The CU System also submitted the CU-Boulder Systems Biotechnology Building for cash spending authority in FY08-09 and plans to request state funding in FY09-10. Staff consulted with legislative staff and determined that this project should not be included on this year’s priority list since the state funding component of this project is still one year out. However, the CU System requested this project be added to the FY08-09 priority list because a project’s inclusion on the list improves the System’s ability to raise cash funds for specific projects. Donors are more likely to provide funds knowing the project is listed as a state priority. Although these four projects are not included in the FY08-09 priority list, they are included in the comprehensive higher education five-year capital improvement plan for FY08-09 through FY12-13, which represents the long-term capital needs across all institutions. Inclusion on this list should enable the CU System to effectively fund raise for these projects.

Two factors contributed to a larger than normal number of program plan amendments (18) submitted in this year’s request to adjust project budgets. First of all, SB07-051 now requires all projects to strive for LEED Gold Standard and, as much as possible, meet environmental green building standards, driving up the cost of projects by as much as five percent. Second, hyperinflation in the construction industry remains a very real problem. Institutions continue to estimate an inflation rate of one to two percent per month.

The following chart provides the current and out-year costs for the 11 continuation projects on the recommended prioritized list. It is important to note that this year’s request *for continuation projects only* is \$18 million more than higher education institutions received for capital construction last year and currently exceeds OSPB forecasts for the amount of capital funding available state-wide in FY08-09. If these projects are fully funded in FY08-09, nine will be completed. Of the continuation projects, only the AHEC Science Building Addition/Renovation and the UCDHSC COP Payments have out-year costs:

	<i>Total</i>	Prior Appropriations	FY08-09	FY09-10	FY10-11	FY11-12	FY12-13
CCFE	\$286,004,136	\$106,575,821	\$133,410,584	\$33,806,360	\$5,142,213	\$5,142,713	\$5,142,563
CFE	\$147,115,314	\$84,255,398	\$30,642,099	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000
CF	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FF	\$384,240	\$234,240	\$150,000	\$0	\$0	\$0	\$0
TF	\$433,503,690	\$191,065,459	\$164,202,683	\$41,806,360	\$13,142,213	\$13,142,713	\$13,142,563

CCFE: Capital Construction Funds Exempt; CFE: Cash Funds Exempt; CF: Cash Funds; FF: Federal Funds

The following chart provides the current and out-year costs for all 32 projects on the recommended prioritized list:

	<i>Total</i>	Prior Appropriations	FY08-09	FY09-10	FY10-11	FY11-12	FY12-13
CCFE	\$699,133,073	\$106,575,821	\$237,822,291	\$283,801,733	\$63,864,090	\$5,142,713	\$5,142,563
CFE	\$204,045,690	\$98,182,898	\$56,111,725	\$22,214,737	\$11,318,513	\$8,000,000	\$8,000,000
CF	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FF	\$384,240	\$234,240	\$150,000	\$0	\$0	\$0	\$0
TF	\$903,563,003	\$204,992,959	\$294,084,016	\$306,016,470	\$75,182,603	\$13,142,713	\$13,142,563

CCFE: Capital Construction Funds Exempt; CFE: Cash Funds Exempt; CF: Cash Funds; FF: Federal Funds

IV. STAFF RECOMMENDATION

That the Commission approve the following five requests for waivers from program planning requirements:

- **MCC Nursing, Health Technology, and Science Building**
- **ACC Electronics Program Lab/HVAC Renovation**
- **CHS GTLRR Bridge**
- **CHS C&T Scenic Railroad Construct Passenger Cars**
- **CHS C&T Scenic Railroad Antonito Car Shop**

That the Commission approve the following 19 new program plans:

- **CNCC Craig Academic Center**
- **RRCC Construction Trades/Industry Science Building**
- **FRCC Larimer Science Classroom Addition/Renovation**
- **NJC E.S. French Building Renovation**
- **PCC Information Technology Infrastructure/ADA Renovations**
- **CSU Johnson Hall Renovations**
- **CSU Chemistry Addition**
- **CSU Anatomy/Zoology Building Renovation and Expansion**
- **CSU Basic Sciences Research Building**
- **CSU San Luis Valley Research Center**
- **CSU-Pueblo Academic Resource Center Renovation Addition**

- **FLC Berndt Hall Reconstruction – Geosciences/Physics/Engineering**
- **MSC Houston Hall**
- **MSC Expansion and Renovation of Wubben Hall and Science Center**
- **UNC Butler Hancock**
- **UNC Student Services Building**
- **WSC Quigley Hall Renovation**
- **CHS C&T Scenic Railroad Locomotive Running Gear Rehab**
- **CHS C&T Railroad Locomotive 463 Rebuild**

That the Commission approve the following 18 program plan amendments to modify previously approved program plans:

- **AHEC Science Building Addition/Renovation**
- **AHEC South Classroom Addition/Renovation**
- **ASC Richardson Hall Renovation & Addition**
- **ASC IT and Security Plan Update**
- **PCC Academic Building – Learning Center**
- **FRCC One-Stop Student Service Center – Westminster**
- **PPCC Breckenridge & Physical Plant Phase II**
- **CSM Brown Hall Addition – Phase 1 of 1**
- **CSU Animal Sciences Building Renovation and Expansion**
- **CSU Shepardson Building Renovation and Expansion**
- **FLC Berndt Hall Reconstruction – Biology/Agriculture**
- **FLC Whalen Gymnasium Renovation and Expansion**
- **MSC Saunders Field House Renovation and Addition**
- **CU-Boulder Visual Arts Complex**
- **CU-Boulder Ekeley Renovation**
- **UCCS Renovate Existing Science Building**
- **WSC Taylor Hall Renovation**
- **CHS Ute Indian Museum Expansion**

That the Commission approve the following FY08-09 capital priority list (Attachment A) as recommended by the Sub-Committee on Capital Assets, prioritized based on status as a continuation project, governing board priority, health and life safety issues, and programs of high state priority, and including phased funding for projects 18 – 32, and forward this list to the Capital Development Committee (CDC) as part of the Governor’s capital request for FY08-09:

- 1. UCDHSC COP Payments**
- 2. UCCS Science/Engineering Building Phase 1**
- 3. CSU Diagnostic Medicine Center**
- 4. AHEC Science Building Addition/Renovation**
- 5. CU-Boulder Visual Arts Complex**

6. **FLC Berndt Hall Reconstruction – Biology/Agriculture**
7. **CSU Clark Building Revitalization**
8. **CU-Boulder Ekeley Renovation**
9. **CU-Boulder Ketchum Arts and Sciences Capital Renewal**
10. **CHS Ute Indian Museum Expansion**
11. **CSM Hall of Justice Demolition and Classroom Improvements**
12. **PCC Academic Building – Learning Center**
13. **MSC Saunders Field House Renovation and Addition**
14. **CSM Brown Hall Addition – Phase 1 of 1**
15. **UNC Butler Hancock**
16. **WSC Taylor Hall Renovation**
17. **ASC Richardson Hall Renovation & Addition**
18. **CSU Chemistry Addition**
19. **CNCC Craig Academic Center**
20. **UCCS Renovate Existing Science Building**
21. **CSU-Pueblo Academic Resource Center Renovation Addition**
22. **AHEC South Classroom Addition/Renovation**
23. **FLC Whalen Gymnasium Renovation and Expansion**
24. **CSU Johnson Hall Renovations**
25. **MSC Expansion and Renovation of Wubben Hall and Science Center**
26. **FRCC One-Stop Service Center/Instructional Facilities Renovation**
27. **ASC IT & Security Plan Update**
28. **CSU Animal Sciences Building Renovation and Expansion**
29. **FLC Berndt Hall Reconstruction – Geosciences/Physics/Engineering**
30. **UNC Student Services Building**
31. **WSC Quigley Hall Renovation**
32. **RRCC Construction Trades/Industry Science Building**

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 FY08-09 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.

ATTACHMENTS

ATTACHMENT A: State Funded New and Continuation Requests FY08-09