

TOPIC: CASH FUNDED REVENUE BOND INTERCEPT CAPITAL PROGRAM PLAN – COLORADO MESA UNIVERSITY

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I. SUMMARY

This item requests approval of the Student Housing Phase VI program plan for Colorado Mesa University (CMU). The Housing Phase VI project was approved by CCHE at the March 2014 meeting as a Higher Education Revenue Bond Intercept Program project. A summary of the project is included below.

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 Colorado Commission on Higher Education (CCHE) 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. They were approved earlier this month by the legislature's Capital Development Committee.

III. STAFF ANALYSIS

CMU's Student Housing Phase project, if approved, is an auxiliary project, which 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).

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 program plan for CMU's Student Housing Phase VI is described below:

“Student Housing Phase VI” will cost \$13,039,765 and the intercept bonds will be paid using auxiliary revenue. The project will add a new two wing building with 53,000 ASF (assignable square feet). In 2013, CMU hired an outside consulting firm to determine its on-campus residential needs. The firm determined that about 550 students who are currently living off-campus, would move on-campus if housing were available. In order to address enrollment growth and demand for on-campus housing, the project will add 234 new beds to the CMU campus. If approved, it is anticipated the project would commence in April 2014 and would be completed in January 2015.

IV. STAFF RECOMMENDATIONS

Staff recommends that the Commission approve the Student Housing Phase VI program plan for Colorado Mesa University.

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.