

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
FROM Alfredo Kemm, JBC Staff (303-866-4549)
DATE May 18, 2020
SUBJECT JBC Staff Comeback – FY 2020-21 Capital Construction – CU Anschutz Request

Attached is a request, submitted to staff on Friday, May 15th, from the University of Colorado regarding the CU Anschutz Center for Personalized Medicine and Behavioral Health (phase 3 of 3).

The University requests \$21.9 million cash funds spending authority to complete the project. The original request was for \$21,859,241 Capital Construction Fund (state funds).

Staff recommends that the Committee approve the request and include the project in the 2020 Long Bill as an entirely cash-funded project due to the public health-related nature of the project.

Additional details describing the request are included in the attached request document.

Anschutz Health Sciences Building
CU Anschutz Medical Campus
Request: \$21.9 million cash funds spending authority in order to avoid \$4.8 million construction cost increase

The already severe campus space shortage has been further exacerbated by new social distancing precautions.

Request for cash funds spending authority. Since state funding is not available for capital construction in FY 2020-21, we are requesting cash funds spending authority to complete the final phase of the AHSB project. This gives us the option to issue debt to finance the remaining project costs. We will also continue to advocate for federal relief funds on behalf of the project.



Consequences of not funding the project. **The FY 2020-21 request pays for construction supporting the center for personalized medicine, behavioral health programs, and the simulation lab.** These functions are all critical to the mission of the university. For example, the simulation lab is outdated and cannot meet the growing demands of students in medical, pharmacy, dental, and nursing programs. If the final project phase of \$21.9 million is not funded in FY 2020-21, the future buildout cost will increase to \$26.7 million to remobilize construction and build out shelled space. **It is projected that up to 100 construction jobs will be lost if the final phase of the project does not proceed.**

Debt detail:

- 30 years
 - estimated \$1.3 million annual payment
 - Repaid from grant indirect costs
 - Total cost of final phase increased by \$15.7 million
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Rationale for issuing debt. We have closely weighed the pros and cons of issuing debt to finance the final phase of the project and we see issuing debt as a better alternative than delaying funding. Our space shortage is too critical to delay project completion for an indeterminate amount of time. Our need has further increased as a result of the campus involvement in the treatment and prevention of COVID-19. **Also, completing the project without delay avoids an estimated \$4.8 million construction cost increase.**

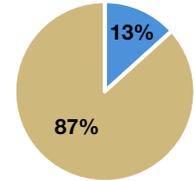
The source of funds to repay debt would otherwise be used to pay research and support staff, pay deferred maintenance, purchase and

maintain equipment, and offset the cost to operate and maintain research buildings. Students and faculty in all disciplines will be affected by a reduction in funding otherwise used to further mission-critical research, but we have determined that delaying completion of the facility will have a larger overall negative impact on campus operations.



Total Cost: \$242 million

Summary of Request	State Funds	University Funds	Total Funds
FY 2017-18 (Spending Authority)*	\$0	\$32,270,515	\$32,270,515
FY 2018-19 (Appropriation)	\$12,346,906	\$144,313,093	\$156,659,999
FY 2019-20 (Appropriation)	\$19,846,986	\$11,405,000	\$31,251,986
FY 2020-21 (Request)	\$0	\$21,859,241	\$21,859,241
Total Estimated Project Costs	\$32,193,892	\$209,847,849	\$242,041,741



■ State ■ CU

*FY 2017-18 was stand-alone cash project approved by CDC for planning, design and site mitigation.

Project Description: The project constructs a 10-story, 390,914 gsf building to house 35 health program groups at the CU Anschutz Medical Campus. **It reduces a 660,000 gsf space deficit on campus**, the result of significant campus growth over the last 10 years (student enrollment has grown over 75 percent and faculty has doubled). The building is designed to facilitate collaboration, which is a cornerstone of medical research.

CU Anschutz Medical Campus: The Anschutz Medical Campus delivers world-class education and training to future health care professionals through six schools: Colorado School of Public Health, Dental Medicine, Graduate School, Medicine, Nursing, and Pharmacy. **Faculty and students provide clinical care and community outreach to more than half a million patients a year.**

COVID-19 Response: CU Anschutz Medical Campus faculty and students are on the frontline of the state's COVID-19 response.

- the Governor is relying on [modeling data](#) developed by the CU School of Public Health, the CU School of Medicine, CU Boulder and CU Denver;
- [leading researchers](#) are studying the prevention and treatment of the virus;
- [several clinical drug trials are currently underway](#), including two remdesivir clinical trials which recently made headlines.

Key Program Areas Supported by Final Phase of Project:

- **Center for Biomedical Informatics and Personalized Medicine** – The pioneering field of personalized medicine uses molecular analysis to determine a patient's predisposition to developing certain diseases and to deliver tailored medical treatments. **The center is involved in COVID-19 testing.**
- **Behavioral Health** – The co-location of groups will allow for collaboration between mental-health focused education, research, clinical care and community engagement activities. **This group is playing a key role in the COVID-19 response.**
- **Simulation Educational Hub** – Simulation hubs introduce students to simulated patients in a controlled environment to learn and practice skills **without risk of COVID-19 exposure to live patients.**