

# JOINT BUDGET COMMITTEE



## INTERIM SUPPLEMENTAL BUDGET REQUESTS FY 2022-23

### CAPITAL CONSTRUCTION

JBC WORKING DOCUMENT - SUBJECT TO CHANGE  
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

PREPARED BY:  
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JUNE 20, 2023

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## INTERIM SUPPLEMENTAL REQUESTS

### COLORADO MESA UNIVERSITY - ROBINSON THEATER REPLACEMENT (CASH FUNDS INCREASE)

	REQUEST	RECOMMENDATION
<b>TOTAL</b>	<b>\$10,334,285</b>	<b>\$10,334,285</b>
FTE	0.0	0.0
General Fund	0	0
Cash Funds	10,334,285	10,334,285
Federal Funds	0	0

**Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.?** **NO**  
 [The Controller may authorize an overexpenditure of the existing appropriation if it: (1) Is approved in whole or in part by the JBC; (2) Is necessary due to unforeseen circumstances arising while the General Assembly is not in session; (3) Is approved by the Office of State Planning and Budgeting (except for State, Law, Treasury, Judicial, and Legislative Departments); (4) Is approved by the Capital Development Committee, if a capital request; (5) Is consistent with all statutory provisions applicable to the program, function or purpose for which the overexpenditure is made; and (6) Does not exceed the unencumbered balance of the fund from which the overexpenditure is to be made.]

**Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?** **YES**  
 [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

**Explanation:** This request was submitted to the CDC on April 20, 2023 as a regular supplemental and approved by the CDC on May 4, 2023. The paperwork submitted by OSPB dates back to October 7, 2022 and documents suggest OSPB was aware of the issue as early as August 2022. Therefore, JBC staff does not agree that this request is “due to unforeseen circumstances arising while the General Assembly is not in session”. However, given the implications of denying this request, JBC staff feels it is appropriate to consider this item as an interim supplemental request resulting from an unforeseen contingency.

**DEPARTMENT REQUEST:** Colorado Mesa University (CMU) requests an increase of \$10,334,285 cash funds from institutional sources for construction inflation costs related to the Robinson Theater Replacement – Moss Performing Arts Center project. Staff would note that CMU requested, and the Colorado Commission on Higher Education (CCHE) approved, twice, a request for \$10,289,817 Capital Construction Fund/General Fund and \$1,155,917 cash funds from institutional sources for this project. CMU asked the request to be brought as an interim supplemental and then as a regular supplemental; OSPB declined to move the request forward on both occasions.

**CDC APPROVAL:** The Capital Development Committee approved the item as requested by OSPB on May 4, 2023.

**STAFF RECOMMENDATION:** Staff recommends that the Committee approve the request for \$10,334,285 cash funds from institutional reserves and donations. Although the request does not meet interim supplemental criteria, denial of the request would jeopardize the project’s ability to move forward.

**STAFF ANALYSIS:**

The Colorado Mesa University Robinson Theater Replacement was appropriated in H.B. 22-1329 (FY 2022-23 Long Bill). The appropriation included \$39,454,194 from the Capital Construction

Fund/General Fund and \$4,432,562 cash funds from institutional reserves and donations. By July 2022 CMU was already aware that the project was projected to be substantially over budget and submitted an interim supplemental request to CCHE at that time. CCHE approved the request but OSPB declined to move it forward. CMU submitted the request again as a regular supplemental in October of 2022 with documentation stating that from the time of the original cost calculations in May 2021 to the would-be approval of a regular supplemental request in January 2023, Colorado saw construction inflation between 15 and 25 percent while experts had only estimated between 8 and 10 percent. OSPB once again declined to move the request forward.

In March 2023, CMU submitted a revised request for \$10.3 million from institutional funds based on changes to the project design to cut overall costs. The original project envisioned razing the existing Robinson Theater and rebuilding in its current location. The revised scope calls for building the theater in a new location while continuing to use the existing theater during construction. CMU will submit a new request for FY 2024-25 to complete the remaining renovations at the Moss Performing Arts Center that were removed from the original scope. The \$10.3 million increase, as well as the original \$4.4 million cash funds appropriation, will be paid for by a combination of donations and capital reserves. The University indicated they hope to fundraise \$8.0 million of the cost.

CMU is expecting to have confirmed bid packages from the contractor by the end of July. Foundations for the project have been poured and steel erection will begin in the next two weeks. Denial of this request would hamper CMU's ability to finalize its contracts, resulting in additional delays and inflationary costs.

**UNIVERSITY OF NORTHERN COLORADO - GRAY HALL MECHANICAL SYSTEMS IMPROVEMENTS (SCOPE AND CASH FUNDS REDUCTION)**

	REQUEST	RECOMMENDATION
<b>TOTAL</b>	<b>(\$3,770,783)</b>	<b>(\$3,770,783)</b>
FTE	0.0	0.0
General Fund	0	0
Cash Funds	(\$3,770,783)	(\$3,770,783)
Federal Funds	0	0

**Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.?** [The Controller may authorize an overexpenditure of the existing appropriation if it: (1) Is approved in whole or in part by the JBC; (2) Is necessary due to unforeseen circumstances arising while the General Assembly is not in session; (3) Is approved by the Office of State Planning and Budgeting (except for State, Law, Treasury, Judicial, and Legislative Departments); (4) Is approved by the Capital Development Committee, if a capital request; (5) Is consistent with all statutory provisions applicable to the program, function or purpose for which the overexpenditure is made; and (6) Does not exceed the unencumbered balance of the fund from which the overexpenditure is to be made.] **YES**

**Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?** [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.] **YES**

**Explanation:** JBC staff agrees that this request is the result of new data and unforeseen contingencies that render the project impossible to complete within its original budget and scope.

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**DEPARTMENT REQUEST:** The University of Northern Colorado (UNC) requests a scope reduction and a corresponding decrease of \$3,770,783 cash funds, including \$3,724,783 from the Revenue Loss Restoration Cash Fund and \$46,000 from institutional sources, for the appropriation made in H.B. 22-1329 (FY 2022-23 Long Bill).

**CDC APPROVAL:** The Capital Development Committee approved the request on June 1, 2023.

**STAFF RECOMMENDATION:** Staff recommends that the Committee approve the request.

**STAFF ANALYSIS:**

The Gray Hall Mechanical Systems Improvements project design was based on the University's original FY 2016-17 submission with costs escalated in subsequent years to account for inflation. However, actual inflation for that time period greatly exceeded estimates and the project engineer is now suggesting splitting the project into two phases as the best course of action. The total funding provided in the FY 2022-23 Long Bill was \$4,586,656 cash funds, including \$4,450,656 from the Revenue Loss Restoration Cash Fund and \$46,000 from institutional capital reserves.

This is a capital renewal project that makes various upgrades to mechanical systems in Gray Hall, including the HVAC system and associated infrastructure, sprinkler system installation, and the addition of central air conditioning. The revised recommendation includes an initial phase to install the life-safety systems portion of the project using \$815,873 of the original appropriation from the Revenue Loss Restoration Cash Fund and a second phase to address HVAC, plumbing, and cooling systems.

A request for the second phase of the project will be submitted through the regular Capital Construction prioritization process in the future. The \$3,724,783 reduction in the appropriation from the Revenue Loss Restoration Cash Fund, which originated from federal American Rescue Plan Act dollars, will become available for appropriation by the General Assembly.

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Rep. Tammy Story, *Chair*  
Rep. Marc Catlin  
Rep. Mandy Lindsay

Sen. Nick Hinrichsen, *Vice Chair*  
Sen. Kyle Mullica  
Sen. Cleave Simpson



## Capital Development Committee

State Capitol Building, Room 029  
Denver, Colorado 80203-1784  
(303) 866-3521



May 4, 2023

Senator Rachel Zenzinger, Chair  
Joint Budget Committee  
200 East 14th Avenue, Third Floor  
Denver, CO 80203

Dear Senator Zenzinger,

On May 4, 2023, the Capital Development Committee (CDC) considered one regular supplemental requests submitted pursuant to Section 24-75-111, C.R.S. *The CDC approved the request on a vote of 6-0.* Table 1 summarizes the requests. A description of the approved request is attached.

**Table 1**  
**Capital Development Committee Recommendation**  
**Regarding Emergency Supplemental Requests**

Department	Project Title	Project Short Description	Cost
Colorado Mesa University	Replace Robinson Theater	The project reconstructs the 600-seat Robinson Theater within the Moss Performing Arts Center, and improves several auxiliary spaces within the center. The project addresses numerous life-safety, code, functional, and operating issues in a facility that serves as the performing arts epicenter for western Colorado.	\$10,334,285 CF

If you have any questions or concerns about the CDC's recommendation, please call Bo Pogue, Legislative Council Staff, at 303-866-5390.

Sincerely,

Representative Tammy Story  
Chair, Capital Development Committee

c:

Capital Development Committee Members

Joint Budget Committee Members

Megan Davisson, Office of State Planning and Budgeting

Tammy Pacheco, Office of State Planning and Budgeting

Kennedy Evans, Department of Higher Education

Kent Marsh, Colorado Mesa University

Amanda Bickel, Joint Budget Committee Staff

Andrea Uhl, Joint Budget Committee Staff

Capital Development Committee Staff

# FY 2022-23 Supplemental Capital Construction Request

Colorado Mesa University  
Replace Robinson Theater

## MOTION

Approve the supplemental request from Colorado Mesa University to increase cash funds spending authority for the Replace Robinson Theater project for FY 2022-23 (\$10,334,285 CF).

## GENERAL INFORMATION

2016-044

### 1. Which supplemental criterion does the request meet?

Unforeseen Contingency

High inflation in the construction sector caused an increase in project costs beyond estimates included in the original submission.

### 2. Which projects will be restricted to fund the supplemental request?

An emergency restriction is not required since no additional state funds are sought under the request.

### 3. Has the request been approved by OSPB and CCHE?

Yes

## PRIOR APPROPRIATION AND SUPPLEMENTAL REQUEST INFORMATION

The appropriation to be amended was authorized in the following bill: HB22-1329

<u>Fund Source</u>	<u>Prior Appropriations</u>	<u>Supplemental Request</u>	<u>Future Requests</u>	<u>Total Costs</u>
CCF	\$39,454,194	\$0	\$0	\$39,454,194
CF	\$4,432,562	\$10,334,285	\$0	\$14,766,847
Totals	\$43,886,756	\$10,334,285	\$0	\$54,221,041

## REASON FOR SUPPLEMENTAL REQUEST

Colorado Mesa University (CMU) is requesting additional cash funds spending authority to address cost escalation for the new Moss Performing Arts Center (which replaces the Robinson Theater). Adjusting the project to fit the existing appropriation would require reducing the scope by as much as 40 percent, according to CMU, which has led the university to seek additional source of funding. The project was paused until the funding situation is resolved.

## SUMMARY OF PROJECT

The project will reconstruct the 600-seat Robinson Theater within the Moss Performing Arts Center, and improve several auxiliary spaces within the center. The university says the project will address numerous life-safety, code, functional, and operating issues in a facility that serves as the performing arts epicenter for western Colorado.

## QUESTIONS / OUTSTANDING ISSUES

None.



Rep. Tammy Story, *Chair*  
Rep. Marc Catlin  
Rep. Mandy Lindsay

Sen. Nick Hinrichsen, *Vice Chair*  
Sen. Kyle Mullica  
Sen. Cleave Simpson



## Capital Development Committee

State Capitol Building, Room 029  
Denver, Colorado 80203-1784  
(303) 866-3521



June 1, 2023

Senator Rachel Zenzinger, Chair  
Joint Budget Committee  
200 East 14th Avenue, Third Floor  
Denver, CO 80203

Dear Senator Zenzinger,

On June 1, 2023, the Capital Development Committee (CDC) considered one emergency supplemental request submitted pursuant to Section 24-75-111, C.R.S. *The CDC approved the request on a vote of 5-0, with one member excused.* Table 1 summarizes the request. A description of the approved request is attached.

**Table 1**  
**Capital Development Committee Recommendation**  
**Regarding Emergency Supplemental Requests**

<b>Department</b>	<b>Project Title</b>	<b>Project Short Description</b>	<b>Cost</b>
University of Northern Colorado	Gray Hall Mechanical Systems Improvements (Capital Renewal)	The capital renewal project upgrades various mechanical systems in the 27,531-GSF Gray Hall. Specifically, the project upgrades the HVAC system and associated infrastructure, installs a sprinkler system, and installs air conditioning in certain areas of the building.	(\$3,724,783 CCF) (\$46,000 CF)

If you have any questions or concerns about the CDC's recommendation, please call Bo Pogue, Legislative Council Staff, at 303-866-5390.

Sincerely,

Representative Tammy Story  
Chair, Capital Development Committee

c:

Capital Development Committee Members

Joint Budget Committee Members

Megan Davisson, Office of State Planning and Budgeting

Tammy Pacheco, Office of State Planning and Budgeting

Kennedy Evans, Department of Higher Education

Kirk Lechliter, University of Northern Colorado

Amanda Bickel, Joint Budget Committee Staff

Andrea Uhl, Joint Budget Committee Staff

Capital Development Committee Staff

# FY 2022-23 Emergency Supplemental Capital Construction Request

University of Northern Colorado  
Gray Hall Mechanical Systems Improvements (Capital Renewal)

## MOTION

Approve the supplemental request from the University of Northern Colorado to decrease the scope and appropriation for the Gray Hall Mechanical Systems Improvements (Capital Renewal) project (-\$3,770,783 CF).

## GENERAL INFORMATION

2017-049

### 1. Which supplemental criterion does the request meet?

Unforeseen Contingency

Construction inflation significantly outpaced budgeted inflation contingency, requiring the project to be rescoped.

### 2. Which projects will be restricted to fund the supplemental request?

No restriction is required because the request decreases spending authority for the project.

### 3. Has the request been approved by OSPB and CCHE?

Yes

## PRIOR APPROPRIATION AND SUPPLEMENTAL REQUEST INFORMATION

The appropriation to be amended was authorized in the following bill: HB22-1329

<u>Fund Source</u>	<u>Prior Appropriations</u>	<u>Supplemental Request</u>	<u>Future Requests</u>	<u>Total Costs</u>
CCF	\$4,540,656	-\$3,724,783	\$0	\$815,873
CF	\$46,000	-\$46,000	\$0	\$0
Totals	\$4,586,656	-\$3,770,783	\$0	\$815,873

## REASON FOR SUPPLEMENTAL REQUEST

The project design is based on the original FY 2016-17 submission. Although the university escalated costs in subsequent years to account for estimated inflation, actual inflation has outpaced these estimates requiring the project to be rescoped. The university, with input from the contracted engineering firm and executive branch oversight bodies, is proposing a two-phase project instead. Phase I retains some of the spending authority from the current year's appropriation of ARPA-originating funds, reverts the remaining ARPA funds, and eliminates the university's cash contribution. The university plans to submit the remaining scope for Phase II via the regular capital process.

## SUMMARY OF PROJECT

The capital renewal project upgrades various mechanical systems in the 27,531-GSF Gray Hall. The previously approved project scope upgrades the HVAC system and associated infrastructure, installs a sprinkler system, and installs air conditioning in certain areas of the building. Under this supplemental request, Phase I designs and installs the life-safety systems portion of the project. Phase II will address HVAC, plumbing, and cooling systems.

## QUESTIONS / OUTSTANDING ISSUES

None.