

FY 2015-16 Supplemental Capital Construction Request

University of Colorado at Boulder Systems Biotechnology Building, Academic Wing

Motion:

Approve the supplemental request from the University of Colorado at Boulder for additional cash funds spending authority for the Systems Biotechnology Building, Academic Wing project (\$10,903,585 CF).

GENERAL INFORMATION

2011-018

1. Which supplemental criterion does the request meet?

Unforeseen Contingency

The university says additional cash funds spending authority for the project is necessary due to an insufficient construction labor force in the region, an unfavorable bidding climate for outfitting highly technical teaching and research laboratories, and a ten-year delay in the project's initial construction schedule.

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

None. No additional state funds are being requested.

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: SB 15-234

<u>Fund Source</u>	<u>Prior Appropriations</u>	<u>Supplemental Request</u>	<u>Future Requests</u>	<u>Total Cost</u>
CCF	\$15,000,000	\$0	\$0	\$15,000,000
CF	\$17,266,168	\$10,903,585	\$0	\$28,169,753
	\$32,266,168	\$10,903,585	\$0	\$43,169,753

REASON FOR SUPPLEMENTAL REQUEST

A funding shortfall has resulted from construction inflation and delays in the project's schedule. The university explains that construction demand in the Denver region has doubled over the last few years, resulting in labor shortages. In addition, the planning process for the project began in 2006, and the most recent budget estimate for the Academic Wing was completed in 2010, which estimate is below actual costs in 2017.

SUMMARY OF PROJECT

The project constructs a 57,347-GSF academic wing on the Jennie Smoly Caruthers Biotechnology Building, construction of which was completed in 2014 at CU Boulder's research campus using mostly cash and federal funds. When completed, the academic wing will provide classroom space and teaching laboratories for several growing science disciplines, and the entire building will consist of five multi-story wings supporting the advancement and application of the university's interdisciplinary biotechnology program in order to achieve breakthrough contributions in genetic engineering and pharmaceuticals, and to gain a better understanding of the genetic basis for numerous diseases. Project design and construction for the academic wing was initiated using cash funds.

The source of cash funds for the supplemental request is indirect cost recovery funds and gifts and bequests. The

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university says failure to receive additional cash funds spending authority will escalate the project's costs in the future due to inflation and contractor remobilization.

Funding history and background on building phasing. The Systems Biotechnology Building was originally conceived as a single three-phase project, with Phase I being cash-funded and the subsequent phases being a combination of state and cash funding. Due to the limited availability of state funds for capital construction and the fact that cash funding was available, CU Boulder rescoped the project to separate the cash-funded portion of the building's construction from the state-funded portion. The university received \$148.0 million in cash funds spending authority for the first two phases of the building's construction, which planned and constructed a one-story auditorium and four wings of the building under a separate project. A \$15.0 million American Recovery and Reinvestment Act grant from the National Institutes of Health allowed the university to finish and equip shelled laboratory, office, and accessory spaces in the building's main portion. An additional \$6.0 million in state funds allowed the university to complete the additional existing shelled space, while \$4.0 million cash funds spending authority approved in February 2014 was used to design and initiate construction of the academic wing. The university received \$15.0 million in state funds and \$13.2 million cash funds spending authority for FY 2015-16 to complete and equip the Academic Wing. This supplemental request completes that effort.

QUESTIONS / OUTSTANDING ISSUES

None.