
JOINT BUDGET COMMITTEE



INTERIM SUPPLEMENTAL BUDGET REQUESTS FY 2019-20, FY 2017-18, FY 2016-17, AND FY 2015-16 CAPITAL CONSTRUCTION

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

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INTERIM SUPPLEMENTAL REQUESTS

INTERIM SUPPLEMENTAL #1 (FY 2019-20), CAPITAL RENEWAL, DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, REPLACE MECHANICAL SYSTEM, LABORATORY BUILDING

	REQUEST	RECOMMENDATION
TOTAL	\$1,421,454	\$1,421,454
Capital Construction Fund/General Fund	1,421,454	1,421,454
Cash Funds	0	0
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 and the Department agree that this request is the result of an emergency that poses a threat to the life, health, and safety of building occupants and could result in the disruption of time-sensitive public health laboratory services that includes newborn screening.

DEPARTMENT REQUEST: The Department of Public Health and Environment requests \$1.4 million Capital Construction Fund for the first phase of a two-phase capital renewal project to replace the mechanical system in the laboratory building at 8100 E. Lowry Blvd.

CDC RECOMMENDATION: The Capital Development Committee recommends approval of the request.

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

STAFF ANALYSIS: The Department submitted this capital renewal project as a controlled maintenance request item over the last two budget cycles. The item was prioritized by the Office of the State Architect as a Level II controlled maintenance item in each year. Although approximately 60 percent of Level II controlled maintenance was funded in FY 2019-20, the project was not prioritized high enough in Level II to receive funding.

The Department states that the system is 23-years-old and at the end of its mechanical life. The Department states its concern that delaying replacement until the FY 2020-21 budget cycle will delay replacement by at least a year. The system has been experiencing increasing failures and shutdowns, requiring maintenance staff to patch together fixes to keep the system running. A larger concern occurred within the last two months. At that time, the electricity in the building failed and the backup electrical system started and returned power to the building. However, the pneumatic dampers in the

system remained closed creating a highly pressurized air situation. Maintenance staff was able to apply enough physical force to force the dampers open before the system may have failed or blown itself apart. The Department's maintenance staff person for the facility describes this experience as the scariest mechanical breakdown and physical threat to his life that he has ever experienced.

Additionally, the Department has received funding from S.B. 17-267 funds to replace the roof on the laboratory building; that project is ready to proceed. However, it would reduce construction costs to replace the mechanical system at the same time that the roof is to be replaced. Otherwise there will likely be additional demolition and reconstruction cost for the roof at the time the mechanical system would be replaced.

The Department states that the total project cost (single phase) is approximately \$2.5 million. However, the amount approved by OSPB is the current two-phase request. Staff recommends that the Committee approve the requested amount for a two-phase project at this time, as an interim supplemental overexpenditure. However, staff will likely recommend that the Committee consider funding the entire project in the 2020 supplemental bill.

Additionally, the request is for Capital Construction Fund, which has no additional balance to support the overexpenditure. If the Committee approves the request, staff will prepare the overexpenditure letter to the State Controller for General Fund. At the time that the 2020 supplemental bill is considered by the Committee, staff will make the adjustment to the use of the Capital Construction Fund and the location of the project in the Capital Construction section of the budget consistent with a General Fund transfer for the funding.

**INTERIM SUPPLEMENTAL #2 (FY 2017-18), CAPITAL EXPANSION,
DEPARTMENT OF HUMAN SERVICES, HAWKINS BUILDING L2 UNIT,
COLORADO MENTAL HEALTH INSTITUTE AT PUEBLO**

	REQUEST	RECOMMENDATION
TOTAL	\$1,600,000	\$1,600,000
Capital Construction Fund/General Fund	1,600,000	1,600,000
Cash Funds	0	0
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 and the Department agree that this request is the result of an unforeseen contingency.

DEPARTMENT REQUEST: The Department of Human Services (DHS) requests an additional \$1.6 million Capital Construction Fund for the Hawkins Building L2 Unit at the Colorado Mental Health Institute at Pueblo (CMHIP).

CDC RECOMMENDATION: The Capital Development Committee recommends approval of the request.

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

STAFF ANALYSIS: The project builds an 11,745 square foot addition to the Hawkins Building, formerly known as the High Security Forensics Institute, on the CMHIP campus. The addition adds a 24-bed wing to the building in order to increase the Department's capacity to treat pretrial detainees and to relocate patients housed on the E2DW unit. The additional bed capacity will help the Department meet the terms of a settlement agreement arising out of a federal lawsuit. The settlement agreement requires the Department to admit defendants ordered to undergo inpatient competency evaluation or restoration within 28 days after being ready for admission. The Department says failure to complete the project will impact its ability to meet the terms of the settlement agreement.

The Department states that bids for the project were higher than expected for the following reasons:

- The Department received only one bid for the security portion of the project, which includes security electronics and detention equipment, and the bid cost almost three times the original estimate. The Department states that security systems is a niche market.
- Savings realized by rebidding portions of the project were largely offset by increased demand in the market generally for subcontractor-supplied services.
- Construction inflation and escalation costs were more than twice the initial estimates.

The Department provided the following timeline of events related to this project:

Hawkins Building L2 Unit Timeline			
	Date	Incremental	Cumulative
Long Bill signed (funds available)	5/26/2017		
Architects/Engineers team selection/contract approval	11/17/2017	6 months	6 months
Pre-design planning complete	2/2/2018	2.5 months	8.5 months
Schematic Design (SD) drawings complete	3/23/2018	1.5 months	10 months
SD estimate \$1.5m over-budget; value engineering completed	5/23/2018	2 months	12 months
Design Development (DD) drawings complete	8/1/2018	2.25 months	14.25 months
DD estimate \$400k over-budget; value engineering completed	9/11/2018	1.5 months	15.5 months
Construction Documents (CDs) 100 percent complete	12/19/2018	3.25 months	18.75 months
Advertise for bids	1/19/2019	1 month	19.75 months
Addenda (revisions to CDs) #1, #2, #3, #4 issued	1/19 - 2/26/2019	1.25 months	21 months
Bid opening (1st set of bids due), \$1.6m over-budget	2/26/2019		21 months
Security Electronics bid package advertised	3/29/2019	1 month	22 months
Security Electronics bid opening (2nd set of bids due)	4/12/2019	0.5 months	22.5 months
Issue addendum #5 and advertise for re-bid	4/16/2019		22.5 months
Re-bid opening (3rd set of bids due), \$1.6m over-budget	5/7/2019	0.75 months	23.25 months
\$1.6m 1331 supplemental budget request prepared	May-19		24 months
Anticipated execution of construction contract/start	Jul-19	2 months	26 months
Anticipated completion of construction	Aug-20	13 months	39 months
Anticipated occupancy	Oct-20	2 months	41 months

The Department identifies two line items in the FY 2018-19 budget which will revert General Fund. Although the request does not include a proposed negative adjustment to those appropriations, this was a way to identify funds that would be available for related purposes in order to fund this request. The Department identifies the following amounts and line items anticipated to revert:

- \$600,000 General Fund in the (8) Office of Behavioral Health, (D) Integrated Health Services, Jail Based Behavioral Health Services; and
- \$1,000,000 General Fund in the (8) Office of Behavioral Health, (D) Integrated Health Services, Rural Treatment Programs for Co-occurring Disorders.

Staff discussed these anticipated reversions with the JBC staff analyst for behavioral health who confirmed that it appears these programs were delayed in their start causing an under-expenditure relative to the original appropriation for these program line items. The JBC staff analyst for behavioral health is concerned with the number of negative adjustments that have been made and are continuing to be made related to competency services provided by the Department.

Additionally, the Department has identified these line items as the proposed lines to be restricted by the State Controller (in the event a supplemental appropriation was not made by the General Assembly for this overexpenditure). However, statute defining the interim supplemental process requires a restriction in the same year as the appropriation. This may be a technical issue that would need to be sorted out by the State Controller in the event the supplemental was not approved. At this time, staff is comfortable submitting the identified FY 2018-19 appropriations for restriction in the overexpenditure letter to the State Controller.

Staff recommends that the Committee approve the request on the basis of the following points:

- the general need for the project;
- the history of the identification of approximately \$1.6 million additional for this project throughout the project's design and bid history; and
- the detailed timeline provided by the Department which suggests there was a continued effort to value engineer and re-bid the project over the prior two-year period of the appropriation.

INTERIM SUPPLEMENTAL #3 (FY 2016-17), CAPITAL CONSTRUCTION, DEPARTMENT OF HIGHER EDUCATION, UNIVERSITY OF NORTHERN COLORADO, CAMPUS COMMONS

	REQUEST	RECOMMENDATION
TOTAL	\$0	\$0
Capital Construction Fund/General Fund	0	0
Cash Funds	0	0
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,	YES
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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: JBC staff and the Department agree that this request is the result of an unforeseen contingency.

DEPARTMENT REQUEST: The University of Northern Colorado requests an extension of spending authority through FY 2019-20 for the FY 2016-17 appropriation for the Campus Commons project.

CDC RECOMMENDATION: The Capital Development Committee recommends approval of the request for an extension of spending authority.

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

STAFF ANALYSIS: According to the University, construction of the project was delayed by a recent supplier bankruptcy and the University was not able to expend the final \$4 million within the three-year appropriation. The time extension will allow the university to construct a new parking lot, which was included in the project's program plan. The two-phase project expands the Campus Commons through the construction of a 114,220 square foot addition to the south of the existing Campus Commons building. Phase I, funded in FY 2015-16, constructed large event spaces and the main building lobby. Phase II, funded in FY 2016-17, constructed a three-story structure to house academic services.

Staff recommends that the Committee approve the request.

**INTERIM SUPPLEMENTAL #4 (FY 2015-16), CAPITAL CONSTRUCTION,
DEPARTMENT OF HIGHER EDUCATION, UNIVERSITY OF COLORADO
AT COLORADO SPRINGS, VISUAL AND PERFORMING ARTS COMPLEX
(ENT CENTER FOR THE PERFORMING ARTS)**

	REQUEST	RECOMMENDATION
TOTAL	\$300,000	\$300,000
Capital Construction Fund/General Fund	0	0
Cash Funds	300,000	300,000
Federal Funds	0	0

Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.? YES

[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: JBC staff and the University agree that this request is the result of an unforeseen contingency.

DEPARTMENT REQUEST: The University of Colorado at Colorado Springs (UCCS) requests an additional \$300,000 cash funds spending authority for its Ent Center for the Performing Arts project.

CDC RECOMMENDATION: The Capital Development Committee recommends approval of the request.

STAFF RECOMMENDATION: Staff recommends that the Committee approve the request contingent on OSPB approval, which was pending at the time of publication.

Additionally, because this project was last appropriated in FY 2015-16, this project no longer has spending authority. Staff recommends an extension of spending authority for the appropriation through June 30, 2020 (FY 2019-20).

STAFF ANALYSIS: This request increases cash funds spending authority to address an expansion of the project scope to include the construction of a performance set shop. The new shop will provide construction and storage space for sets used in performances at the Ent Center. The existing performance set shop is located approximately one mile away from the Ent Center and was recently determined to be out of code compliance for its current use within the cybersecurity building. The source of cash funds for the project is anticipated interest earnings from funds held in account from financing associated with the project.

The three-phase project constructed 89,000 square feet of visual and performing arts space named the Ent Center for the Performing Arts, located on the north campus. The following table outlines the appropriations history of the project.

UCCS Ent Center for the Performing Arts - Appropriations History			
	CCF	CF	TF
FY13-14 Visual and Performing Arts Building	\$4,684,334	\$0	\$4,684,334
FY14-15 Visual and Performing Arts Building	13,281,999	21,413,439	34,695,438
FY15-16 Visual and Performing Arts Complex	9,608,699	10,980,000	20,588,699
Total Appropriations	\$27,575,032	\$32,393,439	\$59,968,471

Generally, this is a fairly standard institution of higher education appropriation 'true-up' supplemental that allows the institution to complete final work and pay for final construction services which has incrementally exceeded the original appropriation. In this case, this request includes the addition of a set shop which was included in the original concept plan but later dropped to address the need for additional cost savings in the project. Staff recommends that the Committee approve the request and approve an extension of spending authority through FY 2019-20.
