

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2010-11 STAFF FIGURE SETTING  
CAPITAL CONSTRUCTION**

**JBC Working Document - Subject to Change  
Staff Recommendation Does Not Represent Committee Decision**

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## **FY 2009-10 Cash or Federal Funded Supplementals**

The following requests have been reviewed and approved by the Capital Development Committee:

1. *Department of Higher Education, Cumbres and Toltec Scenic Railroad, Track Rehabilitation:* The Department of Higher Education previously received an appropriation of \$1,950,000 capital construction funds exempt and \$2,650,000 cash funds exempt for a five-phase project to upgrade the Cumbres and Toltec Scenic Railroad's 69-mile track and railbed. The project will raise the entire line and install rock ballast on the track to improve drainage, replace worn ties and other components, construct retaining walls, align the tracks with consistent distance between rails, and upgrade bridges, tunnels, and trestles. This FY 2009-10 supplemental request seeks an appropriation of \$1,000,000 cash funds and \$1,000,000 federal funds for Phase III of the project, which includes the purchase of:

- 8,000 crossties;
- 24,000 tons of rock ballast;
- 228 barrels of spikes;
- 6,000 tie plates; and
- 64,000 rail anchors.

The source of federal funds is the American Recovery and Reinvestment Act of 2009. These funds are part of the Government Services Fund and their use is at the discretion of the Governor. The source of cash funds is matching funds from New Mexico.

**Staff recommends that the JBC approve the FY 2009-10 supplemental request.** No state funds are required for the construction, maintenance, or operating expenses of the project. If the JBC approves the project, it will be included in this year's Long Bill for informational purposes.

2. *Department of Human Services, Suicide Risk Mitigation:* The Department of Human Services previously received an appropriation of \$1,342,253 capital construction funds for a six-phase project to renovate two state mental health institutes to provide suicide risk mitigation. The project will renovate seven patient units at the Colorado Mental Health Institute (CMHI) Pueblo facility and eight patient units at the CMHI Fort Logan facility, for a total of 323,080 GSF. The project will improve the physical environment of the inpatient residential units and staff observation capabilities in order to reduce the risk of patient suicide and/or self-harm.

This FY 2009-10 supplemental request seeks an appropriation of \$3,480,190 federal funds for Phase II of the project, which includes the following:

- upgrading one Fort Logan unit for use as temporary housing during Phases II through VI;
- designing and renovating the F-2 Cottage at the Fort Logan facility;
- renovating Building E at the Fort Logan facility; and
- renovating Building 116 at the Pueblo facility.

The source of federal funds is the American Recovery and Reinvestment Act of 2009. These funds are part of the Government Services Fund and their use is at the discretion of the Governor.

**Staff recommends that the JBC approve the FY 2009-10 supplemental request.** No state funds are required for the construction, maintenance, or operating expenses of the project. If the JBC approves the project, it will be included in this year's Long Bill for informational purposes.

3. Department of Human Services, CMHI at Fort Logan, F Cottage Life Safety Improvements: The Department of Human Services requests a FY 2009-10 supplemental appropriation of \$1,995,290 federal funds to install an air conditioning unit in the F-2 Cottage at the Colorado Mental Health Institute at Fort Logan. The project includes a new HVAC system, associated upgrades to the building's electrical system, asbestos abatement, and replacement of associated fixtures with suicide-resistant hardware.

The project also includes several upgrades to Building H where residents will be temporarily housed during renovation. However, the costs of upgrades to Building H such as the subdivision of bedrooms and the addition of security systems are not included in this request. These upgrades are part of the Suicide Risk Mitigation project (above), which the Department plans to conduct concurrently with this project. Therefore, this project is dependent upon the Suicide Risk Mitigation project receiving funding for the renovation of temporary housing space.

The source of federal funds is the American Recovery and Reinvestment Act of 2009. These funds are part of the Government Services Fund and their use is at the discretion of the Governor.

**Staff recommends that the JBC approve the FY 2009-10 supplemental request.** No state funds are required for the construction, maintenance, or operating expenses of the project. If the JBC approves the project, it will be included in this year's Long Bill for informational purposes.

4. Department of Military and Veterans Affairs, HVAC Modifications, Englewood STARC Headquarters: The Department of Military and Veterans Affairs previously received an appropriation of \$541,714 capital construction funds exempt and \$924,425 federal funds to make HVAC modifications to two buildings at the Englewood State Area Command (STARC) Headquarters. These modifications have already been completed; however, during the renovations unforeseen building conditions were discovered. As a result, the federal government elected to fund the additional costs of addressing these building conditions without requiring the customary 50.0 percent state match. These federal funds were spent on the following:

- installation of a new uninterrupted power supply system;
- installation of a new fire alarm panel and associated smoke detectors; and
- additional labor and materials to correct the electrical, fire alarm, and other code deficiencies.

Although the Department received additional federal funding for this project, it did not request or receive additional spending authority for those funds. Therefore, the additional federal funds were expended in violation of a capital construction headnote in H.B. 06-1385, which states that, "appropriations from state funds shall be reduced by the amount of any funds received from federal, local, private, or other state sources and not appropriated in this act." This caused the State Controller's Office to restrict the funding for the Fort Lupton Readiness Center capital construction project within the Department. This FY 2009-10 supplemental request seeks an appropriation of \$118,978 federal funds in order to reflect the additional funding that was received from the federal government and remove the restriction on the Fort Lupton Readiness Center funding.

**Staff recommends that the JBC approve the FY 2009-10 supplemental request.** No state funds are required for the construction, maintenance, or operating expenses of the project. If the JBC approves the project, it will be included in this year's Long Bill for informational purposes.

5. Department of Military and Veterans Affairs, New Field Maintenance Shop, Grand Junction: The Department of Military and Veterans Affairs previously received an appropriation of \$1,034,803 cash funds exempt and \$5,100,000 federal funds to build a 21,056 GSF field maintenance shop in Grand Junction. The project is complete; however, the Department made an error and spent more federal funds than were authorized for the project.

The additional federal funds were expended in violation of a capital construction headnote in H.B. 06-1385, which states that, "appropriations from state funds shall be reduced by the amount of any funds received from federal, local, private, or other state sources and not appropriated in this act." This caused the State Controller's Office to restrict the funding for the Fort Lupton Readiness Center capital construction project within the Department. This FY 2009-10 supplemental request seeks an appropriation of \$437,087 federal funds in order to reflect the federal funding that was expended and remove the restriction on the Fort Lupton Readiness Center funding.

**Staff recommends that the JBC approve the FY 2009-10 supplemental request.** No state funds are required for the construction, maintenance, or operating expenses of the project. If the JBC approves the project, it will be included in this year's Long Bill for informational purposes.

6. Department of Higher Education, University of Colorado at Boulder, Basketball and Volleyball Practice Facility (202 Project): The Department of Higher Education previously received an appropriation of \$9,985,000 cash funds to construct a 43,144 GSF practice facility for men's and women's basketball teams and the women's volleyball team. The practice facility will be connected to the Coors Events Center. This FY 2009-10 supplemental request seeks an appropriation of \$815,000 cash funds in order to address additional and unanticipated costs associated with the project. These include:

- poor soil conditions requiring the installation of a structural floor slab below the gym floor;
- the installation of a fire sprinkler system along the concourse;
- an improved entryway to the Coors Events Center; and

- the construction of a new heating and cooling plant on an adjacent site (this portion was originally planned to be completed as part of another capital project).

The source of cash funds is gifts from donors.

**Staff recommends that the JBC approve the FY 2009-10 supplemental request.** No state funds are required for the construction, maintenance, or operating expenses of the project. If the JBC approves the project, it will be included in this year's Long Bill for informational purposes.

7. Department of Higher Education, University of Colorado at Denver, Business School Purchase and Renovation of 1475 Lawrence Street: The Department of Higher Education previously received an appropriation of \$39,555,000 cash funds to purchase and renovate a 108,450 GSF building at 1475 Lawrence Street in Denver. Once renovated, the building will be used exclusively by the university's Business School. This FY 2009-10 supplemental request seeks an appropriation of \$5,000,000 cash funds in order to replace mechanical and electrical infrastructure to better meet the programmatic needs of the Business School.

After completing project design and engineering studies, the university concluded that additional renovations would be needed in order to meet programmatic needs, achieve the LEED gold standard, and meet new occupancy requirements since the building will house higher-occupancy classrooms rather than being used as an office building. The additional renovations primarily address upgrades to the mechanical and electrical systems and the addition of more restrooms and stairways to the first three floors of the building. This request will fund the replacement of the building's boiler, chiller, cooling tower, air handling units, and domestic water heaters. The additional renovations will also require the installation of new duct work, which will require extensive demolition of existing walls to accommodate larger ducts.

The sources of cash funds are gifts from donors and campus unrestricted funds (including tuition).

**Staff recommends that the JBC approve the FY 2009-10 supplemental request.** No state funds are required for the construction, maintenance, or operating expenses of the project. If the JBC approves the project, it will be included in this year's Long Bill for informational purposes.

8. Department of Higher Education, University of Colorado at Colorado Springs, Science/Engineering Buildings, Phase I of III: The Department of Higher Education previously received an appropriation of \$7,000,000 capital construction funds exempt, \$14,169,322 capital construction funds exempt, and \$45,000,000 cash funds exempt to construct a 155,556 GSF building that, in conjunction with construction and renovation associated with two other separate capital projects, will accommodate the university's four engineering departments, its five science departments, the Institute of Bioenergetics, the Network Information and Space Security Center, the K-12 Outreach Initiative, and three departments of the College of Letters, Arts, and Sciences. This FY 2009-10 supplemental request seeks an appropriation of \$1,100,000 federal funds and a reduction

of \$11,000,000 cash funds in order to proportionally allocate the funding between state and cash sources.

The State Controller's Office is preventing the expenditure of the remaining state funds appropriated for the project because of a fiscal rule requiring the university to spend funds proportionally between state and cash sources. The university has spent \$34 million of the \$45 million authorized to be spent from cash sources. The reduction of \$11 million cash funds has been requested by the Department in the past; however, the change was never reflected in an appropriations bill associated with the project. Therefore, the State Controller's Office has restricted the spending from the remaining state funds.

**Staff recommends that the JBC approve the FY 2009-10 supplemental request.** No state funds are required for the construction, maintenance, or operating expenses of the project. If the JBC approves the project, it will be included in this year's Long Bill for informational purposes.

9. Department of Higher Education, Mesa State College, W.W. Campbell College Center (202 Project): The Department of Higher Education previously received an appropriation of \$25,720,290 cash funds exempt to double the size of the Campbell College Center from 54,100 GSF to 110,658 GSF. This FY 2009-10 supplemental request seeks an appropriation of \$4,373,434 cash funds to address unforeseen construction cost inflation and additional equipment and furnishing expenses.

Due to increased enrollment, the college anticipates a need for additional dining services. However, the request indicates that the college received inaccurate estimates from a private student dining consulting firm regarding the cost and type of kitchen equipment required for the renovated facility. This request seeks to fund the cost increase associated with the correct kitchen equipment and other furnishings throughout the building.

The source of cash funds is Build America Bonds.

**Staff recommends that the JBC approve the FY 2009-10 supplemental request.** No state funds are required for the construction, maintenance, or operating expenses of the project. If the JBC approves the project, it will be included in this year's Long Bill for informational purposes.

### **FY 2009-10 COP Supplementals**

1. Department of Higher Education, Various Higher Education Projects: The certificates of participation (COPs) issued for these projects were refinanced in early 2010 to take advantage of low interest rates. This FY 2009-10 supplemental request seeks to reduce the appropriation for these projects based on the new payment schedule by \$981,608 cash funds and transfer \$750,000 cash funds of that savings to the General Fund. This would involve a cash funds transfer from the Higher Education Federal Mineral Lease (FML) Revenues Fund. The request also seeks to transfer \$7,000,000 cash funds from the uncommitted balance of the Higher Education Federal Mineral Lease

Revenues Fund in FY 2010-11. These transfers would require legislation. Staff recommends that the Committee approve the request for a reduction of \$981,608 cash funds. Staff also recommends that the Committee sponsor legislation to transfer \$750,000 cash funds in FY 2009-10 and \$7,000,000 cash funds in FY 2010-11 from the Higher Education Federal Mineral Lease Revenues Fund to the General Fund.

The following table shows the estimated savings from refinancing the Higher Education FML COPs.

<b>Estimated Savings from FML Refinancing</b>		
<b>Fiscal Year Ending</b>	<b>Current Payment Schedule</b>	<b>Proposed Payment Schedule</b>
June 30, 2010	\$16,652,725	\$15,671,117
June 30, 2011	16,654,550	8,318,127
June 30, 2012	16,653,475	8,824,755
June 30, 2013	16,652,575	19,337,695
June 30, 2014	16,651,075	19,614,423
June 30, 2015	16,651,181	19,898,125
June 30, 2016	16,653,613	20,172,467
June 30, 2017	16,653,663	19,939,787
June 30, 2018	16,650,163	20,456,307
June 30, 2019	16,564,725	17,947,749
June 30, 2020	16,563,450	17,836,868
June 30, 2021	16,564,656	17,989,619
June 30, 2022	16,563,125	18,171,850
June 30, 2023	16,564,438	16,922,401
June 30, 2024	16,561,888	17,924,919
June 30, 2025	16,566,025	17,908,663
June 30, 2026	16,563,000	17,877,263
June 30, 2027	16,566,250	17,345,013
June 30, 2028	<u>16,563,300</u>	<u>3,192,700</u>
<b>Sum of All Years</b>	<b>\$315,513,877</b>	<b>\$315,349,848</b>
<b>Estimate Present Value Savings:</b>		<b>\$480,000</b>

The authority to enter into these lease-purchase agreements was provided by S.B. 08-233. The COP payment supports 12 capital construction projects at various higher education institutions. These projects include:

- University of Northern Colorado, Butler Hancock Interior Renovation;
- Colorado Northwestern Community College, Academic Building, Craig Campus;
- Colorado State University - Pueblo, Academic Resources Center Remodel;
- Colorado School of Mines, Brown Hall Addition;
- Colorado State University, Clark Building Revitalization;
- Auraria Higher Education Center, Science Building Addition and Renovation;
- Western State College, Taylor Hall Renovation and Addition;
- Mesa State College, Wubben Hall Expansion and Renovation;
- University of Colorado - Colorado Springs, Renovation of Existing Science Building;
- Morgan Community College, Nursing, Health Technology and Science Building Addition/Renovation;
- Front Range Community College, Larimer Campus, Science Classroom Addition/Renovation; and
- Fort Lewis College, Berndt Hall Reconstruction - Geology/Physics/Engineering (professional services costs).

The provisions of S.B. 08-233 limit the average annual payment and length of issuance for these projects. These limits are unchanged by the COP refinance.

*2. Department of Higher Education, University of Colorado, Anschutz Medical Campus:* The COPs issued for this project were refinanced in early 2010 to take advantage of low interest rates. This FY 2009-10 supplemental request seeks to reduce the appropriation for this project based on the new payment schedule by \$5,142,063 capital construction funds and transfer those moneys to the General Fund. It also seeks an appropriation of \$945,082 cash funds from the Fitzsimons Trust Fund for this project. Finally, the request seeks to transfer \$5,054,918 cash funds from the Fitzsimons Trust Fund to the General Fund. **These transfers would require legislation.** The total FY 2009-10 General Fund savings of this request is \$10,196,981. The request also seeks to transfer \$3,448,537 cash funds from the uncommitted balance of the Fitzsimons Trust Fund in FY 2010-11. **Staff recommends that the Committee approve the request for an appropriation of \$945,082 cash funds and a reduction of \$5,142,063 capital construction funds. Staff also recommends that the Committee sponsor legislation to: (1) transfer \$5,142,063 capital construction funds to the General Fund in FY 2009-10; (2) transfer \$5,054,918 cash funds from the Fitzsimons Trust Fund to the General Fund in FY 2009-10; and (3) transfer \$3,448,537 cash funds from the Fitzsimons Trust Fund to the General Fund in FY 2010-11.**

The following table shows the estimated savings from refinancing the Anschutz COPs.

Estimated Savings from Anschutz Refinancing					
Fiscal Year Ending	Original Total Base Rentals	Savings	New Total Base Rentals	Cash Funds from Tobacco Settlement	General Fund Transfer Needed
June 30, 2010	\$13,142,063	\$4,196,981	\$8,945,082	\$8,000,000	\$945,082
June 30, 2011	13,143,213	3,448,537	9,694,676	8,000,000	1,694,676
June 30, 2012	13,144,713	363	13,144,350	8,000,000	5,144,350
June 30, 2013	13,141,563	(1,505,238)	14,646,801	8,000,000	6,646,801
June 30, 2014	13,143,650	(1,504,288)	14,647,938	8,000,000	6,647,938
June 30, 2015	13,142,888	(1,506,013)	14,648,901	8,000,000	6,648,901
June 30, 2016	13,143,038	(1,505,063)	14,648,101	8,000,000	6,648,101
June 30, 2017	13,145,388	(1,500,688)	14,646,076	8,000,000	6,646,076
June 30, 2018	13,141,838	(1,507,875)	14,649,713	8,000,000	6,649,713
June 30, 2019	13,143,213	(1,504,913)	14,648,126	8,000,000	6,648,126
June 30, 2020	13,141,963	(1,505,413)	14,647,376	8,000,000	6,647,376
June 30, 2021	13,142,213	(1,506,788)	14,649,001	8,000,000	6,649,001
June 30, 2022	13,142,963	(1,503,913)	14,646,876	8,000,000	6,646,876
June 30, 2023	13,143,213	(1,506,538)	14,649,751	8,000,000	6,649,751
June 30, 2024	13,141,963	(1,338,663)	14,480,626	8,000,000	6,480,626
June 30, 2025	13,145,806	526,838	12,618,968	8,000,000	4,618,968
June 30, 2026	13,142,356	10,298,419	2,843,937	2,843,938	(1)
June 30, 2027	13,143,594	0	13,143,594	8,000,000	5,143,594
June 30, 2028	13,142,375	0	13,142,375	8,000,000	5,142,375
June 30, 2029	13,146,375	0	13,146,375	8,000,000	5,146,375
June 30, 2030	13,146,250	0	13,146,250	8,000,000	5,146,250
June 30, 2031	<u>13,145,625</u>	<u>0</u>	<u>13,145,625</u>	<u>8,000,000</u>	<u>5,145,625</u>
<b>Total</b>	<b>\$289,156,263</b>	<b>\$575,745</b>	<b>\$288,580,518</b>	<b>\$170,843,938</b>	<b>\$117,736,580</b>

The authority to enter into this lease-purchase agreement was provided by H.B. 03-1256. The payments support seven capital construction projects at the Anschutz Medical Campus. These projects include:

- Education Facility 1B;
- Education Facility II;
- Education Bridge;
- Library;
- Academic Office 1;
- Environmental Health and Safety II; and
- Campus Services Building.

The provisions of H.B. 03-1256 limit the average annual payment and length of issuance for this project. These limits are unchanged by the COP refinance.

3. *Department of Corrections, Colorado State Penitentiary II (CSP II)*: The COPs issued for this project were refinanced in early 2010 to take advantage of low interest rates. This FY 2009-10 supplemental request seeks to eliminate the appropriation for this project based on the new payment schedule (\$8,175,782 capital construction funds and \$5,766,568 cash funds). It also seeks to transfer \$8,175,782 capital construction funds and \$1,824,218 cash funds from the Corrections Expansion Reserve Fund (CERF) to the General Fund. **These transfers would require legislation.** The total General Fund savings of this request is \$10,000,000. **Staff recommends that the Committee approve the request to eliminate the appropriation for this project. Staff also recommends that the Committee sponsor legislation to: (1) transfer \$8,175,782 capital construction funds to the General Fund in FY 2009-10; and (2) transfer \$1,824,218 cash funds from the Corrections Expansion Reserve Fund to the General Fund in FY 2009-10.**

The request also seeks to use the remaining CERF balance to offset the FY 2010-11 COP payment for the project. The following table shows the estimated savings from refinancing the CSP II COPs.

Estimated Savings from CSP II Refinancing		
Fiscal Year Ending	Current Payment Schedule	Proposed Payment Schedule
June 30, 2010	\$11,085,175	\$0
June 30, 2011	13,940,350	8,048,292
June 30, 2012	13,938,850	18,434,900
June 30, 2013	13,938,250	18,430,500
June 30, 2014	13,939,000	18,431,100
June 30, 2015	13,937,250	18,430,950
June 30, 2016	13,937,000	18,430,500
June 30, 2017	13,937,000	18,432,500
June 30, 2018	13,936,000	16,422,250

Estimated Savings from CSP II Refinancing		
Fiscal Year Ending	Current Payment Schedule	Proposed Payment Schedule
June 30, 2019	13,937,750	9,758,500
June 30, 2020	13,935,750	9,757,000
June 30, 2021	<u>13,938,750</u>	<u>9,754,500</u>
<b>Sum of All Years</b>	<b>\$164,401,125</b>	<b>\$164,330,992</b>
<b>Estimate Present Value Savings:</b>		<b>\$70,133</b>

The provisions of H.B. 03-1256, which authorized the lease-purchase agreement, limit the average annual payment and length of issuance for this project. These limits are unchanged by the COP refinance.

**The JBC, CDC, and OSPB previously approved several cash or federal funded supplementals through the 1331 process.** These include:

Agency	Project	Total Amount
Metropolitan State College of Denver	Neighborhood Building	\$52,000,151
Metropolitan State College of Denver	Hotel Learning Center	39,327,762
Colorado School of Mines	Fort and Jones Road Property Purchase	4,285,000
Colorado State University at Fort Collins	Research Innovation Center	10,700,000
Colorado State University at Fort Collins	Moby B & C Wings Expansion and Remodel, Human Performance/Clinical Research Lab	1,600,000
Colorado State University at Fort Collins	Snow Mountain Ranch Conservation Easements	6,000,000
Fort Lewis College	New Residence Hall	2,712,281
Colorado School of Mines	West Campus Parking Garage	10,454,387
University of Colorado at Boulder	Systems Biotechnology Building	135,121,152
University of Colorado at Denver Health Sciences Center	Health and Wellness Center	37,720,827
Mesa State College	Saunders Field House	3,627,000
Department of Human Services	Quality of Life Improvement - Walsenburg	2,023,758
Department of Human Services	Colorado AWARE VR Case Management System	1,152,850

<b>Agency</b>	<b>Project</b>	<b>Total Amount</b>
Colorado School of Mines	New Residence Hall	3,016,497
Department of Revenue	Loma Port-of-Entry Repair and Abatement	259,683
Adams State College	Auxiliary Facilities	10,000,000
Department of Public Health and Environment	Superfund Site Cleanup - California Gulch, Captain Jack Mill, and Standard Mine	0
Department of Public Health and Environment	Superfund Site Cleanup - Clear Creek/Central City, Chem Sales, Summitville, and Vasquez Boulevard	<u>0</u>
	<b>TOTAL</b>	<b>\$320,001,348</b>

### **FY 2010-11 State Funds**

*Request:* For FY 2010-11 the Governor requested the following projects that would require expenditure of state funds from the Capital Construction Fund, Corrections Expansion Reserve Fund, Fitzsimons Trust Fund, or Higher Education Federal Mineral Lease Revenues Fund.

<b>Agency</b>	<b>Project</b>	<b>Total Amount</b>
University of Colorado at Denver Health Sciences Center	Lease Purchase of Academic Facilities at Fitzsimons	\$9,694,676
Department of Higher Education	Lease Purchase of Various Higher Education Projects - FML	8,318,127
Department of Corrections	Lease Purchase of Colorado State Penitentiary II	8,048,292
Various	Level 1 (life safety) Controlled Maintenance (through score 6, 19 projects)	10,129,588
Department of Revenue	Colorado Integrated Tax Architecture	<u>10,177,308</u>
	<b>TOTAL</b>	<b>\$46,367,991</b>

If the JBC approved these projects, and used all the money available in the Capital Construction Fund, Corrections Expansion Reserve Fund, Fitzsimons Trust Fund, and Higher Education Federal Mineral Lease Revenues Fund, there would still be a need for a General Fund transfer of \$8,642,418 (see the following table).

<b>Revenue Source</b>	<b>Amount</b>
Capital Construction Fund balance as of July 1, 2009	\$5,137,000
Capital Construction Fund projection FY 2009-10 interest earnings	2,500,000
Corrections Expansion Reserve Fund balance available July 1, 2010, under current law, including a \$3,942,350 reversion from FY 2009-10.	6,637,920

<b>Revenue Source</b>	<b>Amount</b>
Tobacco Master Settlement Cash Fund available for Anschutz COP payment	7,698,527
State Land Board funds available for controlled maintenance in state-owned buildings, including \$405,893 from Fund 707 and \$7,028,107 from Fund 853	7,433,999
Higher Education Federal Mineral Lease Revenues Fund available for various Higher Education projects COP payment	8,318,127
<b>Subtotal</b>	<b>\$37,725,573</b>
Cost of state-funded projects	(46,367,991)
<b>General Fund Transfer Required</b>	<b>\$8,642,418</b>

*CDC Action:* The CDC sent a prioritized list for state funded projects that includes the five projects requested by the Governor. In addition, the CDC made a sixth prioritization of Level I Controlled Maintenance (score 8-10, 20 projects) in the event additional revenue becomes available. This sixth priority has a cost of \$10,564,429 in state funds.

*Recommendation:* **Staff recommends that the Committee approve the Governor's request for FY 2010-11 state funded projects.**

### **FY 2010-11 Cash Funds**

*Request:* The Governor requested 21 cash funded projects totaling \$52.4 million for FY 2010-11. The request only includes state department projects.

*CDC Action:* The Capital Development Committee recommends all of the cash funded projects requested by the Governor. Pursuant to changes in the review and approval process for higher education cash funded projects, the CDC approved two-year projections of cash need for each higher education institution and forwarded its recommendations to the Department of Higher Education.

*Staff Recommendation:* **Staff recommends that the Committee approve the Governor's request for FY 2010-11 cash funded projects.**

### **FY 2010-11 Capital Construction Headnotes**

Attached below are staff's updates to the capital construction headnotes for FY 2010-11. **Staff recommends that the Committee approve the capital construction headnotes as amended for FY 2010-11.**

1           **SECTION 3. Capital construction appropriation.** (1) (a) The  
2 sums in this section, or so much thereof as may be necessary for the  
3 purposes specified, are hereby appropriated out of any funds accrued or  
4 accruing to the capital construction fund not otherwise appropriated and  
5 out of the cash funds and federal funds specified for construction projects  
6 at the respective institutions and agencies enumerated in this section.  
7 Except as otherwise provided in particular line items of appropriation, the  
8 appropriations made in this section shall become available upon passage  
9 and approval of this act and, if any appropriated project is initiated within  
10 the fiscal year, the appropriation therefor shall remain available until  
11 completion of the project or for a period of three years, whichever comes  
12 first, at which time unexpended and unencumbered balances shall revert  
13 to the funds from which they were appropriated.

14           (b) For purposes of section 20 of article X of the state constitution  
15 and pursuant to section 24-75-302 (1) (b), Colorado Revised Statutes, the  
16 unrestricted year-end balance of the capital construction fund for the  
17 1991-92 fiscal year shall constitute a reserve. Consequently, any moneys  
18 credited to the capital construction fund constitute a reserve increase and  
19 therefore constitute state fiscal year spending, as defined in section  
20 24-77-102 (17) (a), Colorado Revised Statutes, and any moneys  
21 transferred or expended from the capital construction fund constitutes a

1 reserve transfer or expenditure which is excluded from state fiscal year  
2 spending, as defined in section 24-77-102 (17) (b), Colorado Revised  
3 Statutes.

4 (c) Moneys appropriated in this section from the capital  
5 construction fund include:

6 ~~(I) Fourteen million four hundred eighty-two thousand three~~  
7 ~~hundred thirty-three dollars (\$14,482,333) representing one-third of the~~  
8 ~~2007-08 fiscal year general fund surplus, which was transferred to the~~  
9 ~~capital construction fund in the 2008-09 fiscal year pursuant to section~~  
10 ~~24-75-218, Colorado Revised Statutes, which sum constitutes state fiscal~~  
11 ~~year spending as defined in section 24-77-102 (17) (a), Colorado Revised~~  
12 ~~Statutes;~~

13 (II) Sums transferred pursuant to section 24-75-302, Colorado  
14 Revised Statutes, which sums constitute state fiscal year spending as  
15 defined in section 24-77-102 (17) (a), Colorado Revised Statutes;

16 (III) ~~Eight million one hundred thousand dollars (\$8,100,000) TWO~~  
17 ~~MILLION FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000) in interest~~  
18 ~~earnings for the 2008-09 2009-10 fiscal year in the capital construction~~  
19 ~~fund pursuant to section 24-75-302 (1), Colorado Revised Statutes, which~~  
20 ~~sum does not constitute state fiscal year spending as defined in section~~  
21 ~~24-77-102 (17) (a), Colorado Revised Statutes; AND,~~

1           (IV) ~~Two hundred six thousand dollars (\$206,000)~~ FIVE MILLION  
2 ONE HUNDRED THIRTY-SEVEN THOUSAND DOLLARS (\$5,137,000) in fund  
3 balance, which sum constitutes state fiscal year spending as defined in  
4 section 24-77-102 (17) (a), Colorado Revised ~~Statutes~~; STATUTES.

5           (V) ~~Four hundred fifty-two thousand two hundred fifty-nine~~  
6 ~~(\$452,259)~~ of reversions from projects ending in FY 2008-09; and,

7           (VI) ~~A portion of the savings from reducing capital construction~~  
8 ~~projects pursuant to Senate Bill 09-281.~~

9           (d) Moneys appropriated in this section from cash funds shall  
10 constitute state fiscal year spending as defined in section 24-77-102 (17)  
11 (a), Colorado Revised Statutes.

12           (2) Except as otherwise specifically noted, appropriations from  
13 state funds shall be reduced by the amount of any funds received from  
14 federal, local, private, or other state sources and not appropriated in this  
15 act. This restriction shall not apply to any funds received by a state  
16 agency or institution of higher education or the Council on the Arts from  
17 any state or nonstate source for use in the Art in Public Places program.

18           (3) Operating and maintenance costs shall be a major  
19 consideration in the design and construction of any project involving  
20 renovation.

21           (4) A construction project for which the lowest bid is in excess of

1 the appropriation shall be redesigned to conform to the appropriation and  
2 may be commenced if approved under the procedures set forth in this  
3 subsection (4). The agency shall submit the redesigned project to the  
4 state buildings division of the department of administration or, for higher  
5 education projects, to the Colorado commission on higher education,  
6 which shall assure that the redesigned project meets the program needs  
7 of the agency and the necessary quality of the building. The state  
8 buildings division and the Colorado commission on higher education  
9 shall report all such analyses to the joint budget committee and to the  
10 capital development committee on a regular basis. If the redesigned  
11 project is approved by the state buildings division or the Colorado  
12 commission on higher education, the project may commence. If the  
13 redesigned project is not approved, it shall not be commenced until  
14 further action is taken by the general assembly to reauthorize the project.

15 (5) Expenditures of funds appropriated for capital construction  
16 shall be in accord with section 17-24-111, Colorado Revised Statutes,  
17 which requires institutions, agencies, and departments to purchase such  
18 goods and services as are produced by the division of correctional  
19 industries from said division.

20 (6) **Definitions.** As used in this section:

21 (a) "Physical planning" includes all fees for survey and site

1 investigation and architectural and engineering services, but no contract  
2 for architectural/engineering services shall commit the state to physical  
3 planning expenses greater than those which are provided in the  
4 appropriation. No funds appropriated for any other purpose shall be  
5 expended for physical planning.

6 (b) "Program plan" or "program planning" relates to a specific  
7 project or facility and shall include, but is not limited to, an inventory of  
8 amounts and types of space currently available; an analysis of amounts,  
9 types, and relative locations of space required for current programs as  
10 determined by use of accepted state space standards; an analysis of  
11 projected programs and space required; and, if a change in facilities is  
12 justified based on analysis, recommendations for demolition, remodeling,  
13 or construction, including a detailed budget which relates to a realistic  
14 timetable for implementation.