

# Joint Budget Committee



Supplemental Budget Requests  
FY 2021-22, FY 2022-23, FY 2024-25

## Capital Construction

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

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# Overview of Department

The capital construction section of the Long Bill includes funding appropriated to state departments and institutions of higher education for controlled maintenance, capital renewal and recapitalization, and capital expansion. Capital construction appropriations are typically supported by General Fund transferred to the Capital Construction Fund (CCF).

## Summary of Staff Recommendations

### FY 2021-22 Summary

| Capital Construction: Recommended Changes for FY 2021-22              |                      |                           |                     |                    |                    |
|---|----------------------|---------------------------|---------------------|--------------------|--------------------|
| Item  | Total Funds          | Capital Construction Fund | Cash Funds          | Reapprop. Funds    | Federal Funds      |
| <b>FY 2021-22 Appropriation</b>                                       |                      |                           |                     |                    |                    |
| FY 2021-22 Long Bill  | \$301,826,446        | \$217,504,487             | \$79,429,276        | \$1,800,000        | \$3,092,683        |
| Other legislation   | 12,862,802           | 4,113,216                 | 8,749,586           | 0                  | 0                  |
| <b>Current FY 2021-22 Appropriation</b>                               | <b>\$314,689,248</b> | <b>\$221,617,703</b>      | <b>\$88,178,862</b> | <b>\$1,800,000</b> | <b>\$3,092,683</b> |
| <b>Recommended Changes</b>  |                      |                           |                     |                    |                    |
| Current FY 2021-22 Appropriation                                      | \$314,689,248        | \$221,617,703             | \$88,178,862        | \$1,800,000        | \$3,092,683        |
| Arapahoe CC Health Programs Integration and Annex Building Renovation | 1,721,427            | 0                         | 470,804             | 0                  | 1,250,623          |
| TSC Freudenthal Library Renovation, Ph 1/2                            | 571,037              | -124,102                  | 695,139             | 0                  | 0                  |
| <b>Recommended FY 2021-22 Appropriation</b>                           | <b>\$316,981,712</b> | <b>\$221,493,601</b>      | <b>\$89,344,805</b> | <b>\$1,800,000</b> | <b>\$4,343,306</b> |
| <b>Recommended Increase/-Decrease from 2021-22</b>                    | <b>\$2,292,464</b>   | <b>-\$124,102</b>         | <b>\$1,165,943</b>  | <b>\$0</b>         | <b>\$1,250,623</b> |
| <b>Percentage Change</b>  | <b>0.7%</b>          | <b>-0.1%</b>              | <b>1.3%</b>         | <b>0.0%</b>        | <b>40.4%</b>       |
| FY 2021-22 Executive Request  | \$316,981,712        | \$221,493,601             | \$89,344,805        | \$1,800,000        | \$4,343,306        |
| Staff Rec. Above/-Below Request                                       | \$0                  | \$0                       | \$0                 | \$0                | \$0                |

## FY 2021-22 Description of Incremental Changes

### **Arapahoe Community College Health Programs Integration and Annex Building Renovation:**

The request includes, and staff recommends, an increase of \$470,804 cash funds from institutional sources and \$1,250,623 federal funds for the Arapahoe Community College Health Programs Integration and Annex Building Renovation project appropriated in the FY 2021-22

Long Bill. Upon learning that the project would be over budget, the college sought additional funding sources to complete the original scope without requesting additional state funds.

**Trinidad State College (TSC) Freudenthal Library Renovation, Phase I:** The request includes, and staff recommends, a decrease of \$124,102 Capital Construction Fund and an increase of \$695,139 cash funds from institutional sources for the Trinidad State College Freudenthal Library Renovation Phase I project. The request seeks to reduce state funds for the project’s first phase and use the reduced amount (\$124,102) for the project’s second phase. The request also seeks spending authority for \$695,139 raised through a naming-rights campaign.

## FY 2022-23 Summary

| Capital Construction: Recommended Changes for FY 2022-23 |                      |                           |                      |                 |                    |
|--|----------------------|---------------------------|----------------------|-----------------|--------------------|
| Item   | Total Funds          | Capital Construction Fund | Cash Funds           | Reapprop. Funds | Federal Funds      |
| <b>FY 2022-23 Appropriation</b>                          |                      |                           |                      |                 |                    |
| FY 2022-23 Long Bill                                     | \$491,102,435        | \$5,246,375               | \$484,090,730        | \$0             | \$1,765,330        |
| Other legislation  | 93,569,761           | 8,292,930                 | 85,276,831           | 0               | 0                  |
| <b>Current FY 2022-23 Appropriation</b>                  | <b>\$584,672,196</b> | <b>\$13,539,305</b>       | <b>\$569,367,561</b> | <b>\$0</b>      | <b>\$1,765,330</b> |
| <b>Recommended Changes</b>                               |                      |                           |                      |                 |                    |
| Current FY 2022-23 Appropriation                         | \$584,672,196        | \$13,539,305              | \$569,367,561        | \$0             | \$1,765,330        |
| TSC Freudenthal Library Renovation, Ph 2/2               | 319,102              | 124,102                   | 195,000              | 0               | 0                  |
| <b>Recommended FY 2022-23 Appropriation</b>              | <b>\$584,991,298</b> | <b>\$13,663,407</b>       | <b>\$569,562,561</b> | <b>\$0</b>      | <b>\$1,765,330</b> |
| <b>Recommended Increase/-Decrease from 2022-23</b>       |                      |                           |                      |                 |                    |
| Recommended Increase/-Decrease from 2022-23              | \$319,102            | \$124,102                 | \$195,000            | \$0             | \$0                |
| Percentage Change  | 0.1%                 | 0.9%                      | 0.0%                 | n/a             | 0.0%               |
| <b>FY 2022-23 Executive Request</b>                      |                      |                           |                      |                 |                    |
| FY 2022-23 Executive Request                             | \$584,991,298        | \$13,663,407              | \$569,562,561        | \$0             | \$1,765,330        |
| Staff Rec. Above/-Below Request                          | \$0                  | \$0                       | \$0                  | \$0             | \$0                |

## FY 2022-23 Description of Incremental Changes

**Trinidad State College (TSC) Freudenthal Library Renovation, Phase II:** The request includes, and staff recommends, an increase of \$124,102 Capital Construction Fund and an increase of \$195,000 cash funds from institutional sources for the Trinidad State College Freudenthal Library Renovation Phase II project. The request seeks to use \$124,102 of savings from the first phase of the project for the second phase, as well as spending authority for \$195,000 from funds raised through a naming-rights campaign.

# FY 2024-25 Summary

| Capital Construction: Recommended Changes for FY 2024-25 |                      |                           |                      |                    |                    |
|--|----------------------|---------------------------|----------------------|--------------------|--------------------|
| Item   | Total Funds          | Capital Construction Fund | Cash Funds           | Reapprop. Funds    | Federal Funds      |
| <b>FY 2024-25 Appropriation</b>                          |                      |                           |                      |                    |                    |
| FY 2024-25 Long Bill                                     | \$367,677,785        | \$262,215,419             | \$103,554,776        | \$0                | \$1,907,590        |
| Other legislation  | 252,720,023          | 1,933,931                 | 249,186,092          | 1,600,000          | 0                  |
| <b>Current FY 2024-25 Appropriation</b>                  | <b>\$620,397,808</b> | <b>\$264,149,350</b>      | <b>\$352,740,868</b> | <b>\$1,600,000</b> | <b>\$1,907,590</b> |
| <b>Recommended Changes</b>                               |                      |                           |                      |                    |                    |
| Current FY 2024-25 Appropriation                         | \$620,397,808        | \$264,149,350             | \$352,740,868        | \$1,600,000        | \$1,907,590        |
| <b>Fort Lyon Decentralized Building Heating</b>          | <b>796,840</b>       | <b>796,840</b>            | <b>0</b>             | <b>0</b>           | <b>0</b>           |
| <b>Recommended FY 2024-25 Appropriation</b>              | <b>\$621,194,648</b> | <b>\$264,946,190</b>      | <b>\$352,740,868</b> | <b>\$1,600,000</b> | <b>\$1,907,590</b> |
| <b>Recommended Increase/-Decrease from 2024-25</b>       |                      |                           |                      |                    |                    |
| Recommended Increase/-Decrease from 2024-25              | \$796,840            | \$796,840                 | \$0                  | \$0                | \$0                |
| Percentage Change  | 0.1%                 | 0.3%                      | 0.0%                 | 0.0%               | 0.0%               |
| <b>FY 2024-25 Executive Request</b>                      |                      |                           |                      |                    |                    |
| FY 2024-25 Executive Request                             | \$621,194,648        | \$264,946,190             | \$352,740,868        | \$1,600,000        | \$1,907,590        |
| Staff Rec. Above/-Below Request                          | \$0                  | \$0                       | \$0                  | \$0                | \$0                |

## FY 2024-25 Description of Incremental Changes

**Fort Lyon Decentralized Building Heating:** The request includes \$796,840 Capital Construction Fund for the design phase only of a project to replace the centralized steam heat system at the Department of Local Affairs’ Fort Lyon Supportive Residential Community. The January 2<sup>nd</sup> submission included a request for project costs between \$15.0 and \$34.9 million to be paid for by a loan from OEDIT’s Affordable Housing Financing Fund (Proposition 123 funds) to DOLA with unspecified details. The request was revised in the January 15<sup>th</sup> submission after the Capital Development Committee declined to act on the original request.

# Prioritized Supplemental Requests

## Arapahoe Community College Health Programs Integration and Annex Building Renovation (FY 2021-22)

| Item  | Total Funds | General Fund/CCF | Cash Funds | Reapprop. Funds | Federal Funds |
|---|-------------|------------------|------------|-----------------|---------------|
| Request   | \$1,721,427 | \$0              | \$470,804  | \$0             | \$1,250,623   |
| Recommendation                                  | 1,721,427   | 0                | 470,804    | 0               | 1,250,623     |
| Staff Recommendation Higher/-Lower than Request | \$0         | \$0              | \$0        | \$0             | \$0           |

**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 agrees that this request is the result of new data and unforeseen contingencies that rendered the project impossible to complete within its original budget, compelling the college to seek additional funding sources to complete the project.

### Request

The request includes an increase of \$470,804 cash funds from institutional sources and \$1,250,623 federal funds for the Arapahoe Community College Health Programs Integration and Annex Building Renovation project appropriated in the FY 2021-22 Long Bill.

### Capital Development Committee Action

The Capital Development Committee (CDC) approved the request on September 24, 2024 and forwarded it to the JBC.

### Staff Recommendation

**Staff recommends that the Committee approve the request.**

### Analysis

The project uses a combination of state funds, institutional cash funds, American Rescue Plan Act (ARPA) funding received through Arapahoe County, and federal grants to renovate approximately 65,000 square feet of the Annex Building on the Littleton Campus. The project integrates the college’s health programs, including Emergency Medical Services, Medical Assistant, Nursing, Nurse’s Aide, and Physical Therapist.

The project originally received an appropriation of \$8.4 million CCF and \$2.8 million cash funds in S.B. 21-205 (Long Bill). The Joint Budget Committee approved an interim supplemental request for cash funds spending authority for the \$3.5 million ARPA funds in September 2022,

which allowed the college to expand the scope of the project. The college then received additional federal grants for the purchase of HVAC system components, classroom audio/visual equipment, and classroom furniture and used \$0.5 million from its General Fund for corridor renovations. This supplemental request provides spending authority for \$1,250,623 federal funds and \$470,804 institutional cash funds, bringing the total project cost to \$16.4 million.

## Trinidad State College Freudenthal Library Renovation, Phase I (FY 2021-22)

| Item  | Total Funds | General Fund/CCF | Cash Funds | Reapprop. Funds | Federal Funds |
|---|-------------|------------------|------------|-----------------|---------------|
| Request   | \$571,037   | -\$124,102       | \$695,139  | \$0             | \$0           |
| Recommendation                                  | 571,037     | -124,102         | 695,139    | 0               | 0             |
| Staff Recommendation Higher/-Lower than Request | \$0         | \$0              | \$0        | \$0             | \$0           |

**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 agrees that this request is the result of new data and unforeseen contingencies that rendered the project impossible to complete within its original budget.

### Request

Trinidad State College requests a decrease of \$124,102 Capital Construction Fund and an increase of \$695,139 cash funds from institutional sources for the Trinidad State College Freudenthal Library Renovation Phase I project.

### Capital Development Committee Action

The Capital Development Committee approved the request on January 14, 2025 and forwarded it to the JBC.

### Staff Recommendation

**Staff recommends that the Committee approve the request.**

### Analysis

The request seeks to reduce state funds for the project’s first phase and use the reduction (\$124,102) for the project’s second phase. The request also seeks to use \$695,139 cash funds raised through a naming-rights campaign.

TSC received its first appropriation in S.B. 21-205 (Long Bill) for this two-phase project based on a program plan published in April 2020. High inflation coming out of the COVID-19 pandemic drove cost estimates to at least \$2.8 million above the original budget for both phases. The first phase was appropriated \$6.3 million from the Capital Construction Fund. The college sought value engineering options to decrease the cost of the project, resulting in reductions to the

project’s scope. The Joint Budget Committee previously approved a nonmonetary supplemental request to reduce the scope of Phase I.

This supplemental request seeks to reduce state funds for the project’s first phase and use the reduced amount (\$124,102) for the project’s second phase. TSC says its efforts to budget Phase I conservatively led to cost savings. The supplemental request also seeks cash funds spending authority, which will allow the college to complete the project as designed. The source of funding for the cash contribution is a grant and fundraising by TSC’s foundation through a naming-rights campaign.

## Trinidad State College Freudenthal Library Renovation, Phase II (FY 2022-23)

| Item  | Total Funds | General Fund/CCF | Cash Funds | Reapprop. Funds | Federal Funds |
|---|-------------|------------------|------------|-----------------|---------------|
| Request   | \$319,102   | \$124,102        | \$195,000  | \$0             | \$0           |
| Recommendation                                  | 319,102     | 124,102          | 195,000    | 0               | 0             |
| Staff Recommendation Higher/-Lower than Request | \$0         | \$0              | \$0        | \$0             | \$0           |

**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 agrees that this request is the result of new data and unforeseen contingencies that rendered the project impossible to complete within its original budget.

### Request

The request includes an increase of \$124,102 CCF and an increase of \$195,000 cash funds from institutional sources for the TSC Freudenthal Library Renovation Phase II project. The request seeks to use \$124,102 of savings from the first phase of the project for the second phase, as well as spending authority for \$195,000 from funds raised through a naming-rights campaign.

### Capital Development Committee Action

The Capital Development Committee approved the request on January 14, 2025 and forwarded it to the JBC.

### Staff Recommendation

**Staff recommends that the Committee approve the request.**

### Analysis

Trinidad State College received the original Phase II appropriation for the Freudenthal Library project in H.B. 22-1329 (Long Bill). The program plan for the two-phase project was published in April 2020, and subsequent high inflation coming out of the COVID-19 pandemic drove cost



estimates well above the money appropriated for the project. The Joint Budget Committee previously approved a nonmonetary supplemental request to alter the scope of Phase II.

This supplemental request seeks to use state funds resulting from cost savings in Phase I as a contribution toward completion of Phase II. TSC says its efforts to budget Phase I conservatively led to cost savings. No new state funds are sought under the two requests. The supplemental request also seeks cash funds spending authority, and the combination of funding will allow the college to complete the project as designed. The source of funding for the cash contribution is fundraising by TSC’s foundation through a naming-rights campaign.

## Department of Local Affairs Fort Lyon Decentralized Building Heating (FY 2024-25)

| Item  | Total Funds | General Fund/CCF | Cash Funds | Reapprop. Funds | Federal Funds |
|---|-------------|------------------|------------|-----------------|---------------|
| Request   | \$796,840   | \$796,840        | \$0        | \$0             | \$0           |
| Recommendation                                  | 796,840     | 796,840          | 0          | 0               | 0             |
| Staff Recommendation Higher/-Lower than Request | \$0         | \$0              | \$0        | \$0             | \$0           |

**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:** The request identifies this as an “unexpected urgent need” because the heating system is at “significant risk of failure”. JBC staff agrees that the need is urgent and the risk of failure is great, but questions whether this situation is “unexpected”. This project was submitted as an FY 2024-25 capital renewal request that was not recommended by OSPB, was not submitted as an FY 2025-26 capital renewal project, and was submitted as an FY 2025-26 multi-phase controlled maintenance request. Two significant steam leaks have occurred since turning the heat on at the end of October, and the State Architect subsequently authorized emergency funds to replace the steam condensate tank; these events can be considered as new data that was not available when FY 2024-25 appropriations were made.

### Request

The Governor’s January 2<sup>nd</sup> letter includes a request in the range of \$15.0 to \$34.9 million with the following description:

“We request funds for the Ft. Lyon Supportive Residential Community to replace its heating system, which is at serious risk of failure and poses life and safety risks. We propose to finance this project using unobligated OEDIT State Affordable Housing Financing (SAHF) Proposition 123 funds, with a repayment plan, in order to fill this time sensitive capital need to serve a very vulnerable population. The SAHF has accumulated enough funds to sustain in its current programming. We expect that DOLA will repay this amount over a reasonable period of time. The amount is subject to change based on finalization of engineering and design estimates.”

The FY 2025-26 Controlled Maintenance Level 1 list from the Office of the State Architect (OSA) includes \$796,840 CCF for the design phase of the Department of Local Affairs (DOLA) Fort Lyon decentralized heating system project. The project paperwork submitted to the CDC for this

supplemental specifies that the Executive branch is still requesting the FY 2025-26 controlled maintenance design costs *in addition to, and after*, the FY 2024-25 supplemental for an unspecified project scope with an unspecified cost.

## Capital Development Committee Action

The Capital Development Committee considered the original request for up to \$34.9 million on January 14, 2025. Instead of taking action on that request, a substitute motion was made to fund the design phase only at a cost of \$796,840. The motion failed on a vote of 3-3. OSPB subsequently revised the Fort Lyon request in its January 15 supplemental submission to the JBC to reflect the cost of the design phase only. The CDC will consider the request again on January 21<sup>st</sup>.

## Staff Recommendation

**JBC staff recommends the revised request for the design phase only, pending Capital Development Committee action.** If the CDC does not approve the request, staff does not recommend the JBC approve the request. Staff recommends that the \$796,840 be funded by existing funds in the Capital Construction Fund originating from interest and reversions; separate legislation for a General Fund transfer to the Capital Construction Fund would not be necessary.

## Analysis

### January 2<sup>nd</sup> Submission

The Capital Development Committee declined to take action on the Fort Lyon request as submitted by OSPB on January 2<sup>nd</sup> due to a multitude of concerns. JBC staff shares the CDC's concerns and is thus discussing the request in detail in this document.

### Project Cost

The Executive branch requested a range of \$15.0 to \$34.9 million to replace the existing centralized electric boiler system at the Fort Lyon Supportive Residential Community campus. The Fort Lyon campus houses around 200 residents, the majority of whom have complex medical needs and are especially vulnerable to failures of the heating system.

The Department of Local Affairs provided a letter to the Governor's Office with three options to overhaul the campus heating system. These options were provided rough order of magnitude cost estimates by architectural/engineering consultant AECOM. Each option also includes an additional \$5-10 million to include solar panels, at the request of the Governor's Office. The options are:

1. Decentralizing the existing electric boilers and installing separate electric boilers in each building to provide heating only (\$15.0 million, or \$20.0 million with solar panels);

2. Decentralizing the existing system and installing variable refrigerant flow/ variable refrigerant volume (VRF/VRV) systems in each building to provide both heating and cooling (\$20.0 million, or \$30.1 million with solar panels); or
3. Installing centralized geothermal heating (\$42.8 million, or \$48.2 million with solar panels).

Although the high-end estimate is \$48.2 million, OSPB recommended a maximum cost of \$34.9 million. DOLA and the Office of the State Architect recommend the second option, the VRF/VRV system, as it provides both heating and cooling and is the most cost effective while also considering energy efficiency, operating costs, and reliability.

### **Request History and Timing**

The Department previously submitted this project as an FY 2024-25 capital renewal request. OSPB did not recommend funding, ranking it as priority 35 out of 63 (OSPB recommended funding through priority number 13). The requested cost at that time was \$13.5 million CCF to install hot water boilers in each of the five main buildings.

The FY 2025-26 Controlled Maintenance list from OSA includes three projects related to the Fort Lyon heating system. The design phase is a Level 1 project with a cost of \$796,840 CCF. The Level 3 section of the list includes HVAC upgrades to Fort Lyon Building 3 at a cost of \$1.3 million CCF and HVAC upgrades to Building 6 at a cost of \$0.6 million CCF.

Given the history of funding requests for previous and upcoming fiscal years, staff is not entirely convinced that this is an unforeseen emergency. However, the Fort Lyon campus experienced two major steam leaks after turning the heat on at the end of October, and the State Architect provided just under \$100,000 from the Controlled Maintenance Emergency Fund to replace the steam condensate tank.

The Executive Branch indicates the Fort Lyon heating system needs immediate funding because there is up to a 52-week lead time to receive parts for this type of project. It is unclear to staff how quickly the Department can start ordering parts if the project has yet to be designed, or even narrowed down to electric versus geothermal. OSA indicates that the design process will take about six months, and that receiving design funding separately would require the Department to do a hard bid process rather than integrated project delivery.

### **Fund Source**

The proposed funding source for the Fort Lyon project is a loan to DOLA from the Office of Economic Development and International Trade's (OEDIT) Proposition 123 money in the State Affordable Housing Financing Fund. OSPB and the Department of Local Affairs did not provide any additional details about the financing proposal to CDC or JBC staff between January 2<sup>nd</sup> and the time of this writing. JBC staff received the following information by reaching out to OEDIT directly:

- OEDIT's FY 2024-25 Proposition 123 allocation is \$196.0 million; all of those funds are committed or obligated as either program allocations or awarded through public

announcements. One hundred percent of funds have been obligated/encumbered by OEDIT to the Colorado Housing Finance Authority (CHFA) for program awards.

- According to OEDIT’s cash flow projections, they could make the loan to DOLA in the current fiscal year if it is paid back annually according to a schedule to be determined to meet project closing needs. If DOLA does not pay back the money timely, the result would be delayed projected funding and reduced program allocations that have been publicly announced, which OEDIT believes would damage trust between the State/CHFA and developers/local governments/nonprofits.
- OEDIT has been exploring the possibility of using the Proposition 123 cash balance as bond capacity to leverage the program funds (and customary project closing timelines) to create more money for housing. The DOLA loan would impact that opportunity by reducing the cash balance available and reducing potential future bonding capacity.

The Fort Lyon project does not fit within existing statutory uses for Proposition 123 funds<sup>1</sup>. However, the project is very closely related to the allowable uses for DOLA’s Proposition 123 Affordable Housing Support Fund, which includes “a program serving persons experiencing homelessness to be administered by the division”. Statute goes on to say the program “shall also make grants or loans to non-profit organizations, local governments, tribal governments, or private entities to support the development and preservation of supportive housing for persons experiencing homelessness, and other homelessness related activities the division determines contribute to the resolution or prevention of homelessness...”. Because this project would be funded directly by the state, and not through a non-profit organization (such as Colorado Coalition for the Homeless, which operates Fort Lyon), it does not fit within DOLA’s existing uses. OEDIT’s portion of Proposition 123 funds is deposited in the Affordable Housing Financing Fund for land banking, equity, and concessionary debt.

The fund source for DOLA’s repayment was not specified in the request, however, staff understands the funds would come from DOLA’s Proposition 123 allocation in future years. DOLA received \$130.8 million in FY 2023-24 for use in FY 2024-25. Revenue is expected to stay flat in FY 2024-25 (for use in FY 2025-26) and then increase by 7.5 percent and 4.5 percent the following two years (based on the December 2024 Legislative Council Staff Economic Forecast). DOLA indicates that demand for the Proposition 123 funds significantly outweighs available revenue, and that the Department has already announced intended future allocations. It is unclear to staff if the requirement that DOLA pay OEDIT back is related to each agencies’ distinct statutory uses of Proposition 123 funds.

### **CDC Action and Next Steps**

The Capital Development Committee considered the original request for up to \$34.9 million on January 14, 2025. Instead of taking action on that request, a substitute motion was made to fund the design phase only at a cost of \$796,840. The motion failed on a vote of 3-3. OSPB officially revised its January 15<sup>th</sup> submission to include the \$796,840 CCF design phase only. The

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<sup>1</sup> Section 29-32-104, C.R.S.

CDC will consider the official request for the design phase on Tuesday, January 21<sup>st</sup> (the same day that this document will be presented to the JBC).

CDC members expressed concerns about setting a precedent of agencies moving up controlled maintenance projects to supplemental requests in the name of an “emergency”. JBC staff feels that funding the design phase is an appropriate supplemental action, but does not recommend that the JBC approve the request if it is denied by the CDC.

Staff also expects the Executive Branch will continue pursuing the full cost of the project in separate legislation this session. Staff believes this approach is statutorily feasible, but that using Proposition 123 money outside of its originally intended purposes should not be considered lightly by the General Assembly. Should the idea move forward, staff expects the loan would take place in FY 2025-26 which would presumably be less logistically problematic for OEDIT. If the Executive Branch pursues this idea, it is staff’s hope that a detailed financing plan is provided *by the Executive Branch* at the time the bill request is made. House Rule 50/ Senate Rule 42 directs legislation dealing with capital construction to be referred to the CDC for advisory recommendations, but CDC approval would not be required to implement the financing proposal.