

Colorado School of Mines Project of Cash Need

Two-Year Projection of Cash Need
Colorado School of Mines
Friday, July 19, 2019

SUGGESTED MOTION:

Approve the new projects listed on the Colorado School of Mines two-year projection of cash need.

New Project List, Requires Approval

Project Name	LEED Certification	Amount	Fund Source
<i>Parking Garage II</i>	Gold	\$33,000,000	CF

2021-002

The project constructs an 820-space, 275,000-ASF parking garage, including 15,000 ASF of commercial retail space. The project replaces parking in an existing surface lot, which is the planned site of the Subsurface Frontiers Building and other new research buildings.

Related project. In January 2019, the committee approved the construction of a 750-space, 285,000-GSF parking garage, including 20,000 GSF of office and classroom space, at a cost \$28.6 million.

The source of cash funds is bonds to be repaid from parking and rental fees. The bonds are anticipated to be issued for a period of 30 years at a rate of 4 percent. The university does not plan to participate in the Higher Education Revenue Bond Intercept Program for the project.

Date Authorized Until: **TBD**

<i>Southeast Campus Utility Infrastructure</i>	N/A	\$10,000,000	CF
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2021-001

The project extends steam, chilled water, and power services along an existing utility corridor to support future campus growth. It also increases the size of two sections of the main steam pipeline to allow the proper amount of steam pressure and temperature to reach end users. The project will benefit new buildings along 18th St.

In 2017, Mines requested cash funds spending authority to purchase a new chiller, extend existing distribution tunnels, and increase the size and capacity of existing steam lines in order to increase the capacity of the steam and chilled water system on the south campus. It subsequently requested state funding on behalf of the project for FY 2018-19. State funding was not awarded, but the university proceeded with its cash funds spending authority to make upgrades to the system.

The source of cash funds is bonds to be repaid from institutional revenue. The bonds are anticipated to be issued for a period of 30 years at a rate of 4 percent. The university does not plan to participate in the Higher Education Revenue Bond Intercept Program for the project.

Date Authorized Until: **TBD**

Subtotal: New Project List, Requires Approval	\$43,000,000
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Grand Total, All Projects:	\$43,000,000
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Colorado School of Mines Emergency Supplemental Request

FY 2019-20 Emergency Supplemental Request

Colorado School of Mines
Subsurface Frontiers Building

Motion:

Approve the supplemental request from the Colorado School of Mines to expand the project scope and increase cash funds spending authority for the Subsurface Frontiers Building project, pending approval by the Colorado Commission on Higher Education (\$110,630,982 CF).

GENERAL INFORMATION

2020-030

1. Which supplemental criterion does the request meet?

New Data

The university is moving forward the cash-funded portion of its FY 2020-21 request under this supplemental request to take advantage of favorable bond market conditions. The university is also adding 25,000 GSF to the scope of the project to accommodate program growth and increased square footage standards established by its partner on the project, the United States Geological Survey.

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

No funding restriction is necessary because the supplemental appropriation is requested from cash funds.

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

No

PRIOR APPROPRIATION AND SUPPLEMENTAL REQUEST INFORMATION

The appropriation to be amended was authorized in the following bill: SB 19-207

<u>Fund Source</u>	<u>Prior Appropriations</u>	<u>Supplemental Request</u>	<u>Future Requests</u>	<u>Total Cost</u>
CCF	\$1,856,741	\$0	\$18,143,259	\$20,000,000
CF	\$9,369,018	\$110,630,982	\$0	\$120,000,000
	\$11,225,759	\$110,630,982	\$18,143,259	\$140,000,000

REASON FOR SUPPLEMENTAL REQUEST

The supplemental request moves forward the cash funds portion of a forthcoming out-year request to take advantage of favorable bond market conditions, which the university says will result in substantial savings over the life of the debt incurred. The university is also expanding the scope of the project by 25,000 GSF to accommodate projected program growth and a change in space requirements by the United States Geological Survey (USGS). The USGS will lease about two-thirds of the building's space once it is completed.

The source of cash funds for the project is federal funds and donations (\$20.0 million), university reserves (\$4.0 million), and bonded debt (\$96.0 million), with the debt being repaid by revenues from leasing the building, previously approved student fees, and moneys from the university's General Fund. The university received \$9.4 million in cash funds spending authority in November 2018 to initiate the project, and \$1.9 million in state funds for FY 2019-20. The university will seek an additional \$18.1 million in state funds for the project during the FY 2020-21 capital construction cycle as a second and final phase.

FY 2019-20 Emergency Supplemental Request

Colorado School of Mines
Subsurface Frontiers Building

Motion:

Approve the supplemental request from the Colorado School of Mines to expand the project scope and increase cash funds spending authority for the Subsurface Frontiers Building project, pending approval by the Colorado Commission on Higher Education (\$110,630,982 CF).

SUMMARY OF PROJECT

The project will construct a new 180,189-GSF, six-story building to house research laboratories, imaging labs, classrooms, conference rooms, offices and associated spaces. In partnership with the USGS, the building will house both organizations' mineral exploration and subsurface mineral economics programs, in order to advance worldwide knowledge of the earth's energy and mineral resources. The university says the building will become the nation's premier destination for earth sciences research.

QUESTIONS / OUTSTANDING ISSUES

1. Does the university have a contingency plan in the event it does not receive approval of its \$18.1 million request for state funds during the next budget cycle (FY 2020-21)?

The university would likely source funds from a combination of additional borrowing and donations. Mines notes that the burden of additional debt on this project would fall on the General Fund (money that could otherwise be invested in the classroom) which could have an impact on our credit rating and future debt capacity for other projects.

Disposition of Vacant Lot in Georgetown (History Colorado)



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Memorandum

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July 12, 2019

TO: Capital Development Committee

FROM: Kori Donaldson, Principal Research Analyst, 303-866-4976

SUBJECT: Disposition of Vacant Lot in Georgetown

Summary

This memorandum summarizes a request on behalf of History Colorado to dispose of a vacant lot in historic Georgetown.

Vacant Lot Disposition

History Colorado plans to sell a small lot in historic Georgetown. The lot, which is located along 5th St., was donated to History Colorado in 1989. It houses a small storage shed, but is otherwise vacant. The lot formerly housed a ticket sale booth and some parking for the Georgetown Loop Railroad. It has not been used for this purpose for over a decade, since the current operator assumed control of the railroad.

Statutory requirements. Pursuant to state law,¹ with the approval of the Governor, the executive director of the Department of Personnel and Administration (DPA) may dispose of real property on behalf of the state. Prior to selling or otherwise disposing of real property, the executive director must submit a report to the Capital Development Committee (CDC) outlining the anticipated use of the property, maintenance costs related to the property, the property's current value, and any conditions or limitations that may restrict the property's use. Typically, following a review by DPA, staff agencies are directed to submit such reports directly to the CDC. The report for this disposition proposal was prepared by History Colorado and is attached (Attachment A). The law directs the CDC to review the report and make recommendations to the executive director of DPA concerning the disposition of the property. The executive director may not dispose of the property without considering the recommendations of the CDC.

Land acquisition details. History Colorado provided the following information in response to the requirements listed in statute:

¹ Section 24-82-102 (1), C.R.S.

- Neither History Colorado nor the railroad operator anticipate any future use for the property. Ticket sales are increasingly made on-line, storage has been moved to the railroad, and the lot can only park about 10 vehicles.
- The current maintenance costs associated with the storage shed on the lot are about \$200 per year.
- The appraised value of the lot ranges from \$38,000 to \$45,000, depending on the selected appraisal methodology.
- History Colorado says it listed the property for sale over a period of two months and received three offers. It plans to accept the highest offer of \$175,000, pending final legislative approvals.
- History Colorado explains that neither the property title nor the donation include any restrictions on the use or sale of the property.

Sale proceeds. With few exceptions, there is no clear statutory guidance with regard to where sale proceeds from the disposition of real property should be deposited. There are conflicting opinions about whether funds should be deposited in the General Fund or within a fund held by the selling agency for future use. Because of this statutory limitation, there have been a handful of bills in the last several years that were run with the intent to both authorize the disposition of real property and to direct that the sale proceeds be deposited with the selling agency. History Colorado has indicated that it plans to pursue future legislation to allow it to keep any funds from the sale of the vacant lot.

Potential CDC action. Recommend support for the sale of a vacant lot along 5th St. in historic Georgetown. The committee could also consider making a recommendation with regard to the deposit and future use of the sale proceeds.

To: Honorable Representative Dylan Roberts, Chairman, Capital Development Committee
From: Mr. Steve Turner, History Colorado, Executive Director, History Colorado
Date: July 9, 2019
Re: Disposition of History Colorado Georgetown Vacant Lot

History Colorado is requesting recommendations from the Capital Development Committee regarding the sale of a vacant lot the agency owns in Georgetown. The property is located on 5th Street in historic Georgetown and includes the following portions of block 20: the south half of lot five, all of lot six, and the east half of lot seven. The property was donated to the State Historical Society (History Colorado) in 1989 by its owner and neither the title nor donation included restrictions on the use or sale of the property.

The agency was approached in 2017 by an organization in Georgetown that was interested in acquiring the property and as a result, History Colorado worked to get the property appraised. Because the property is a vacant lot located mountainous, rural town's historic district, it is difficult to gage its value. According to two appraisals using different methodologies, the property is valued at \$38,000 to \$45,000.

Over ten years ago, the lot housed a Georgetown Loop Railroad ticket sale booth. Currently, the lot is vacant and unused, except for an old storage shed that contained tools in the past. The Railroad is now being run by a different operator that does not foresee a ticket sale booth on the lot as necessary in a digital age. In addition, it is not cost-effective as overflow parking for the Georgetown Loop Railroad because it can only hold approximately ten cars comfortably and is far enough away from the Railroad to require additional transportation to get from the lot to the Railroad.

The agency has minor maintenance costs related to the property. History Colorado spends about \$200 annually to do minor repairs to the storage shed and to ensure it is closed off to prevent humans from entering. Otherwise, there are no other costs of owning this property to the agency.

History Colorado has worked with the Office of the State Architect's Real Estate program staff and the Office of State Planning and Budgeting staff to get initial approvals to put the property on the market. The property was on the market for about two months and the agency received three offers. History Colorado is requesting consultation from the Committee so it can accept the highest bid of \$175,000 and dispose of the lot.

History Colorado would also like guidance on whether it needs additional legislation to allow the agency to dispose of the property. It is the agency's understanding that it will need legislation in order to keep any funds generated from the sale of the property, but there are some questions about whether or not History Colorado requires legislation in order to dispose of the vacant lot in Georgetown. Statute is silent on whether the agency or its Board have the authority to dispose of property without legislative authority. However, there are a variety of statutes that provide some context to suggest the agency may have authority to dispose of property.

- 24-80-207, C.R.S. says that, "Donations of moneys, securities, or other property may be made to and for the sole use of any one or more of the departments or bureaus of the society, and donations so made shall be kept in a separate fund for the use of such department."

- 24-80-501, C.R.S. states, “The state historical society shall have exclusive management and control over such historical monuments and shall reconstruct, restore, repair, construct, install, and furnish, in its discretion and to the extent of moneys available to it, such buildings, museums, or other structures and such exhibits, displays, and other items on or in such historical monuments as it deems advisable.”

Further guidance from the Committee on the issue of whether or not the History Colorado Board of Directors has the authority to dispose of property without additional legislative authority is appreciated so the agency can determine if it can move forward with a contract on the property in the short-term.

cc: Capital Development Committee Members
Kori Donaldson, Legislative Council Staff, Capital Development Committee
Vanessa Reilly, Legislative Council Staff, Capital Development Committee
Bo Pogue, Legislative Council Staff, Capital Development Committee
Matt Bishop, Legislative Council Staff, Capital Development Committee
Lauren Larson, Executive Director, Office of State Planning and Budgeting
Ben Henderson, Capital Construction, Office of State Planning and Budgeting
Spencer Rockwell, Higher Education, Office of State Planning and Budgeting
Dr. Angie Paccione, Executive Director, Department of Higher Education
Jason Schrock, Chief Financial Officer, Department of Higher Education