



MEMORANDUM

TO: Representative Edie Hooton, Chair, Capital Development Committee

FROM: Lauren Gilliland, CDHE Lead Finance Analyst

DATE: April 6, 2021

SUBJECT: CCHE Approval of Adams State University Plachy Hall HVAC Budget Request

Representative Hooton,

On Friday, April 2nd, the Colorado Commission on Higher Education (CCHE) considered the attached budget request brought forward by Adams State University (ASU). The request is for an additional \$1.7 million to their existing prior appropriations of \$6.1 million made in H.B. 18-1322 and H.B. 20-1408. The funding is for the replacement of a failing HVAC system in Plachy Hall, a 118,054 GSF mixed use building with athletic and academic programming.

The \$6.1 million budget for the project was based on a construction timeline during the summer of 2020. With delays in the 2020 legislative session and bill signings due to the COVID-19 pandemic, full funding was not available to ASU until July 2020. This combined with long lead times for procuring raw materials associated with the pandemic, made it impossible for the project to be completed before winter. The project must be completed during the warmer months, as it requires boilers be taken offline. With a new project timeline during the summer of 2021, ASU rebid the project and recently received a \$1.5 million higher bid than the previous year. The contractor stated this was primarily due to an increase in raw materials due to COVID-19.

Commissioners raised concerns with this request at its Friday, April 2nd meeting. ASU was only able to secure one hard bid during each solicitation period for this project, a problem not uncommon in the rural region. This raised concerns over potential price gouging, and commissioners requested additional detail on the \$1.5 million bid increase so they could better understand the cost increases. With the new bid coming in just a couple of weeks ago, ASU was not able to secure this information to the CCHE's satisfaction prior to its vote. The contractor, Alcon Construction Inc., stated they needed time to get additional information from their subcontractors. Another concern raised by commissioners was that ASU may not have fully explored its options to deal with the higher bid.

Despite its concerns and following lengthy discussion, the CCHE approved the additional \$1.7 million budget request, which includes the higher hard costs plus a contingency element, by a vote of 9-2. As such, the CCHE is forwarding the request to the Capital Development Committee (CDC) and Joint Budget Committee (JBC) for consideration of inclusion in the Long Bill. The CCHE has asked ASU



to perform its due diligence in clarifying the cost increases behind the new bid, and that detailed justification for the higher cost be provided to the CDC and JBC prior to the hearings.

The CCHE approved this request because it believes this project constitutes an emergency; the heating in the building has already failed and disrupted programming. The CCHE wishes to emphasize that its decision hinged on this and the potential impact to students; and asks that you consider its approval, as well as its concerns and desire for additional information to be presented at CDC and JBC hearings.

Please do not hesitate to reach out with any questions.

Sincerely,

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Attachments:

Plachy Hall HVAC Upgrade Request Narrative
Plachy Hall HVAC Upgrade Cost Detail
ASU Explanation of Plachy Hall HVAC Upgrade Budget Increase
HVAC Upgrade Bid from Alcon Construction, Inc.

Cc:

Chair Vanecia Kerr, Colorado Commission on Higher Education
Vice-Chair Sarah Hughes, Colorado Commission on Higher Education
Commissioner Eric Tucker, Colorado Commission on Higher Education
Executive Director Angie Paccione, Colorado Department of Higher Education
Cheri Gerou, Office of the State Architect
Spencer Rockwell, Office of State Planning and Budgeting
President Cheryl Lovell, Adams State University
Bo Pogue, Legislative Council Staff

