

Sen. Nick Hinrichsen, *Chair*
Sen. Kyle Mullica
Sen. Cleave Simpson

Rep. Tammy Story, *Vice Chair*
Rep. Marc Catlin
Rep. Mandy Lindsay



Capital Development Committee

State Capitol Building, Room 029
Denver, Colorado 80203-1784
(303) 866-3521



January 15, 2024

Representative Shannon Bird, Chair
Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, CO 80203

Dear Representative Bird,

On January 11, 2024, the Capital Development Committee (CDC) considered two regular supplemental requests submitted pursuant to Section 24-75-111, C.R.S. *The CDC approved requests on votes of 6-0.* Table 1 summarizes the requests. Descriptions of the approved requests are attached.

Table 1
Capital Development Committee Recommendation
Regarding Emergency Supplemental Requests

Department Name	Project Title	Project Short Description	Cost
Human Services	Renovation for Additional Inpatient Beds, CMHHI Fort Logan	Pursuant to HB 22-1303, the project converts a wing in H Building at the Colorado Mental Health Hospital in Fort Logan into a new, 16-bed unit that serves patients with severe mental illness. The department will use the space for competency evaluation and restoration treatment so that patients are able to participate in their own legal defense in criminal trials.	\$11,419,342 CCF
University of Northern Colorado	Gray Hall Mechanical Systems Improvements (Capital Renewal)	The capital renewal project upgrades various mechanical systems in the 27,531-GSF Gray Hall. A previous supplemental request rescoped the project into two phases due to cost inflation; this request completes the original project scope.	\$7,542,758 CCF \$76,189 CF

If you have any questions or concerns about the CDC's recommendation, please call Bo Pogue, Legislative Council Staff, at 303-866-5390.

Sincerely,

Senator Nick Hinrichsen
Chair, Capital Development Committee

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Capital Development Committee Members

Joint Budget Committee Members

Adrian Leiter, Governor's Office of State Planning and Budgeting

Tammy Pacheco, Governor's Office of State Planning and Budgeting

Lauren Gilliland, Department of Higher Education

Emily Hanson, Department of Human Services

Kirk Leichter, University of Northern Colorado

Nate Reinhard, University of Northern Colorado

Amanda Bickel, Joint Budget Committee Staff

Andrea Uhl, Joint Budget Committee Staff

Capital Development Committee Staff

FY 2022-23 Supplemental Capital Construction Request

Human Services Renovation for Additional Inpatient Beds, CMHHI Fort Logan

MOTION	Approve the supplemental request from the Department of Human Services for the Renovation for Additional Inpatient Beds, CMHHI Fort Logan project (\$11,419,342 CCF), with the understanding that the department will transfer a like amount to the state for use on other programs and projects.
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GENERAL INFORMATION

2023-109

1. Which supplemental criterion does the request meet? New Data

Costs for renovating space under the project have increased significantly since the original appropriation was authorized in 2022.

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

No emergency restriction is required because this is a regular supplemental request. Further, the department says the request is budget neutral overall.

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

PRIOR APPROPRIATION AND SUPPLEMENTAL REQUEST INFORMATION

The appropriation to be amended was authorized in the following bill: HB22-1303

<u>Fund Source</u>	<u>Prior Appropriations</u>	<u>Supplemental Request</u>	<u>Future Requests</u>	<u>Total Costs</u>
CCF	\$0	\$11,419,342	\$0	\$11,419,342
CF	\$6,991,567	\$0	\$0	\$6,991,567
Totals	\$6,991,567	\$11,419,342	\$0	\$18,410,909

REASON FOR SUPPLEMENTAL REQUEST

The project was funded outside of the usual capital construction process under House Bill 22-1303, concerning an increase in the number of residential behavioral health beds. Under the bill the Department of Human Services (DHS) received \$7.0 million to renovate space at the Colorado Mental Health Hospital in Fort Logan (CMHHI Fort Logan), and \$15.0 million for minor renovations at contracted private facilities. Under this request, DHS seeks \$11.4 million in Capital Construction Fund moneys to cover cost escalation associated with the CMHHI Fort Logan renovations. The department says costs for these renovations are significantly higher than originally estimated. The department will in turn revert \$11.4 million in federal American Recovery Plan Act (ARPA) moneys to the state for use on other ARPA-related programming. The contracts for renovating private facilities have come in at \$11.4 million under budget, thus making the request a net-neutral transfer. DHS says this arrangement will allow for flexibility in addressing supply chain, inflation, and other timing challenges affecting capital projects, with the returned money to be used for other non-construction programs that are less vulnerable to delays associated with capital projects.

FY 2022-23 Supplemental Capital Construction Request

Human Services

Renovation for Additional Inpatient Beds, CMHHI Fort Logan

MOTION

Approve the supplemental request from the Department of Human Services for the Renovation for Additional Inpatient Beds, CMHHI Fort Logan project (\$11,419,342 CCF), with the understanding that the department will transfer a like amount to the state for use on other programs and projects.

SUMMARY OF PROJECT

Pursuant to HB 22-1303, the project converts a wing in H Building at CMHHI Fort Logan into a new, 16-bed unit that serves patients with severe mental illness. DHS will use the space for competency evaluation and restoration treatment so that patients are able to participate in their own legal defense in criminal trials. The bill seeks to reduce or eliminate the waiting list for these types of treatment in accordance with a 2019 consent decree stemming from a federal lawsuit over wait times for court-ordered competency services. The new space will serve an additional 53 patients annually.

QUESTIONS / OUTSTANDING ISSUES

None.

FY 2022-23 Supplemental Capital Construction Request

University of Northern Colorado
Gray Hall Mechanical Systems Improvements (Capital Renewal)

MOTION	Approve the supplemental request from the University of Northern Colorado for additional state funds and cash funds spending authority to complete the rescoped Gray Hall Mechanical Systems Improvements (Capital Renewal) project (\$7,542,758 CCF; \$76,189 CF).
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GENERAL INFORMATION

2017-049

1. Which supplemental criterion does the request meet?

Unforeseen Contingency

Construction inflation significantly outpaced budgeted inflation contingency, requiring the project to be rescoped. In June 2023, the Capital Development Committee approved a supplemental request to rescope the project and partially rescind the FY 2022-23 appropriation. This request is to fund the completion of the original request under a second phase.

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

An emergency restriction is not required because the request is a regular supplemental request.

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

Yes

PRIOR APPROPRIATION AND SUPPLEMENTAL REQUEST INFORMATION

The appropriation to be amended was authorized in the following bill: HB22-1329

<u>Fund Source</u>	<u>Prior Appropriations</u>	<u>Supplemental Request</u>	<u>Future Requests</u>	<u>Total Costs</u>
CCF	\$815,873	\$7,542,758	\$0	\$8,358,631
CF	\$0	\$76,189	\$0	\$76,189
Totals	\$815,873	\$7,618,947	\$0	\$8,434,820

REASON FOR SUPPLEMENTAL REQUEST

The project design is based on the original FY 2016-17 submission. Although the university escalated costs in subsequent years to account for estimated inflation, actual inflation outpaced these estimates, requiring the project to be rescoped. In June 2023, the committee approved a request to rescope the project into two phases. Under that request, Phase I retains some of the spending authority from the FY 2022-23 appropriation of federal American Rescue Plan Act (ARPA)-originating funds, reverts the remaining ARPA funds, and eliminates the university's cash contribution, with the understanding that the university would return to request the funding for the remaining project scope as Phase II. This request is for the Phase II funding. For informational purposes, the original FY 2022-23 appropriation was for \$4.6 million, including \$46,000 CF.

SUMMARY OF PROJECT

The capital renewal project upgrades various mechanical systems in the 27,531-GSF Gray Hall. The previously approved project scope upgrades the HVAC system and associated infrastructure, installs a sprinkler system, and installs air conditioning in certain areas of the building. Under the supplemental request approved by the committee in June 2023, Phase I designs and installs the life-safety systems portion of the project (\$815,873 CCF, ARPA funds). This supplemental request for Phase II addresses HVAC, plumbing, and cooling systems (\$7,542,578 CCF; \$76,189 CF).

FY 2022-23 Supplemental Capital Construction Request

University of Northern Colorado
Gray Hall Mechanical Systems Improvements (Capital Renewal)

MOTION	Approve the supplemental request from the University of Northern Colorado for additional state funds and cash funds spending authority to complete the rescoped Gray Hall Mechanical Systems Improvements (Capital Renewal) project (\$7,542,758 CCF; \$76,189 CF).
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QUESTIONS / OUTSTANDING ISSUES

None.