

MEMORANDUM

TO: Joint Budget Committee

FROM: Patrick Brodhead (303-866-4955)

SUBJECT: Capital Construction Interim Supplemental Requests for FY 2010-11

DATE: June 20, 2011

FY 2010-11 Interim Supplemental Requests

Through the H.B. 98-1331 process, state agencies can get authorization to make an overexpenditure when the Legislature is not in session. To receive such authorization, the Office of State Planning and Budgeting, Capital Development Committee, and Joint Budget Committee must approve the request and send a letter to the State Controller. If an overexpenditure is approved, H.B. 98-1331 requires that the JBC introduce a supplemental appropriation in the next legislative session. If the supplemental bill does not pass or is vetoed by the Governor, H.B. 98-1331 spells out the method that the State Controller would use to restrict appropriations for the department in the following fiscal year. The following requests have been reviewed and approved by the Capital Development Committee:

1. University of Colorado Denver, Center for Bioethics and Humanities:

Department Request: The university requests an extension of spending authority for the \$8,254,692 cash funds appropriation for this project until June 30, 2014. This is the university's second request for an extension of spending authority for this project. The project received an appropriation of \$5.4 million cash funds in FY 2003-04. A supplemental request to extend that spending authority an additional three years was approved in FY 2006-07. An additional appropriation of \$2.8 million cash funds was granted in FY 2008-09.

Staff Recommendation: Staff recommends that the Committee approve the FY 2010-11 interim supplemental request to extend the cash funds spending authority of \$8,254,692 for this project until June 30, 2014. If the JBC approves the appropriation, it will be included in next year's capital construction supplemental bill for informational purposes.

Staff Analysis: Capital construction projects listed in an annual appropriations bill are permitted three years to expend appropriations. The spending authority for this project will expire on June 30, 2011. According to the university, construction on the project has been delayed until fundraising is complete, and an extension of spending authority is necessary in order allow the project to continue once moneys are available.

The project builds the 19,475 GSF Fulginiti Pavilion for Ethics and Humanities on the Anschutz Medical Campus. The building will house the Health Care Ethics, Humanities, and Law program. The first phase of the project, design and construction of the building shell, was completed in August 2007. The university originally planned to recommence construction to complete the fit out of the building's interior in July 2008, but the project was delayed due to the downturn in the economy and the resulting delay in fundraising. According to the university, it has raised about 78.0 percent of the total funds needed for the project. The university is engaged in an active fundraising campaign to finance the remainder of the project and believes it will have raised the necessary funds by the end of calendar year 2012. The total cost estimate for the project is unchanged.

2. University of Colorado at Boulder, Visual Arts Complex:

Department Request: The university requests an extension of spending authority for the \$63,522,302 appropriation, including \$18,475,164 state funds and \$45,047,138 cash funds, for this project until June 30, 2014. A deficiency in the building's ventilation and exhaust systems was discovered after the building opened to partial occupancy earlier this year. The university also discovered issues involving temperature control of museum exhibit space. The university indicates that it has not expended \$1.6 million of the project's appropriation, and it plans to use this remaining funding to correct the building's deficiencies. However, the spending authority for this project will expire on June 30, 2011, which does not allow adequate time to make the corrections.

Staff Recommendation: Staff recommends that the Committee approve the FY 2010-11 interim supplemental request to extend the state and cash funds spending authority of \$63,522,302 for this project until June 30, 2014. If the JBC approves the appropriation, it will be included in next year's capital construction supplemental bill for informational purposes.

Staff Analysis: Capital construction projects listed in an annual appropriations bill are permitted three years to expend appropriations. The spending authority for this project will expire on June 30, 2011. An extension of spending authority is necessary in order to allow the university to make corrections to the building that were discovered after the building opened to partial occupancy. The funding for these corrections would come from unexpended funding from the original appropriation. Therefore, no additional funding is being requested.

The project demolished the Sibeil Wolle Fine Arts Building and constructed a 184,512 GSF Visual Arts Complex. The complex houses the Department of Fine Arts and the University Art Museum and will contain open classrooms, laboratories, studios, and continuing education facilities.

3. Colorado School of Mines, Weaver Towers Renovation:

Department Request: Colorado School of Mines previously received an appropriation of \$9,999,993 cash funds to renovate 57,655 GSF in the 228-bed Weaver Towers Residence Hall to address failing building systems and outdated fixtures. This FY 2010-11 interim supplemental request seeks an additional appropriation of \$700,000 cash funds in order to incorporate additional renovations to building systems and security.

Staff Recommendation: Staff recommends that the Committee approve the FY 2010-11 interim supplemental request for an appropriation of \$700,000 cash funds for this project. If the JBC approves the appropriation, it will be included in next year's capital construction supplemental bill for informational purposes.

Staff Analysis: The project renovates 57,655 GSF in the Weaver Towers Residence Hall. This interim supplemental request seeks funding for additional renovations to the building systems and security. Specifically, the supplemental request seeks to expand the project scope as follows:

- upgrade and improve the lobby connection between the two towers;
- increase building security and access controls, including an enhanced card reader access system;
- replace piping for heating and cooling systems;
- modernize two elevators;
- replace all electrical switches and outlets;
- install energy-saving sunshades on windows; and
- relocate the emergency power supply.

The school anticipates that renovations on the building will be completed by June 2012. The source of cash funds is surplus moneys from Build America Bonds that funded the original project. The school issued these bonds in conjunction with the bonds for the Student Health and Wellness Center for a period of 30 years, at a rate of 3.6 percent, with an annual payment of \$1.68 million. The bonds will be repaid from revenue from student rents.