

# MEMORANDUM

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**TO:** Joint Budget Committee

**FROM:** Patrick Brodhead (303-866-4955)

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

**DATE:** December 20, 2010

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## 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. *Colorado State University, Negative Supplemental Request for Various Projects:* Colorado State University requests a FY 2010-11 interim supplemental to rescind the cash funds spending authority for nine capital construction projects previously approved by the General Assembly. The total amount of the requested spending authority rescission is \$150,116,343 cash funds. Each of the nine projects received an appropriation in an annual budget bill before the process for approving spending for higher education cash-funded projects was changed during the 2009 legislative session. The new rules established by S.B. 09-290 do not require that higher education cash-funded projects be listed in an annual budget bill. Rather, cash funds spending authority is granted by the Capital Development Committee when it considers an institution's two-year projection of cash need list.

The university requests to remove nine projects from the Long Bill process in order to place those projects on its two-year projection of cash need list. The university says this will allow for greater flexibility in arranging cash funding and in setting a construction schedule for the projects. According to CSU, it has not commenced work on any of these projects largely because expected grants and/or donations did not materialize. As a result, the spending authority for most of the projects has expired. The following table lists the nine projects, including a brief description of each project, the annual budget bill in which the funds were appropriated, and the amount appropriated.

<b>Projects Included in CSU Negative Supplemental Request</b>			
<b>Project Name</b>	<b>Project Description</b>	<b>Long Bill</b>	<b>Appropriation Amount</b>
Alumni and Welcome Center Building	Builds an Alumni and Welcome Center to create appropriate space for alumni association staff and events, and to increase the alumni's involvement with the university.	S.B. 07-239	\$11,062,485
Biology Building	Constructs a 100,000 GSF biology teaching and research building on the main campus to address a growing deficiency in available space for biology laboratories.	S.B. 09-259	60,000,000
Community Practice Building, Professional Veterinary Medicine Program	Constructs a 32,700 GSF, two-story addition to the southeast corner of the Veterinary Teaching Hospital on the south campus.	H.B. 08-1375	17,300,000
Eddy Building Renovation (Capital Renewal Project)	Performs general maintenance in the 69,457 GSF Eddy Hall building, including replacing heat exchangers, worn floors, and an exterior concrete stairway.	S.B. 09-259	6,000,000
Institute for Learning and Teaching	Constructs a 25,000 GSF, three-story addition to the Music Building in order to consolidate a variety of student-centered services in a single location.	S.B. 09-259	13,000,000
North Entrance Addition, Engineering Building	Builds a 13,000 GSF finished addition and a 6,000 GSF unfinished addition to the Engineering Building, including a new entryway and expanded office and administrative space for the College of Engineering.	H.B. 08-1375	6,000,000
Painter Center Addition/Renovation	Builds a 10,532 GSF addition and renovates 4,482 GSF to expand animal-related research facilities to provide adequate and safe housing for research animals, and to address the growth in faculty research involving animal models.	H.B. 08-1375	1,924,858
Veterinary Teaching Hospital, Food Animal Care Facility Construction	Constructs a 31,979 GSF animal medicine facility and demolishes and replaces the existing Food Animal Barn.	H.B. 06-1385	13,029,000

Veterinary Teaching Hospital Addition, Professional Veterinary Medicine Program	Renovates 6,300 GSF and constructs a 41,700 GSF, two-story addition to the northeast corner of the Veterinary Teaching Hospital in order to relocate the second year professional veterinary medicine program to the south campus.	H.B. 08-1375	21,800,000
<b>Total Request Amount</b>			<b>(\$150,116,343)</b>

**Staff Recommendation:** Staff recommends that the Committee approve the FY 2010-11 interim supplemental request to rescind cash funds spending authority for nine capital construction projects in the amount of \$150,116,343. If the JBC approves the appropriation, it will be included in this year's capital construction supplemental bill for informational purposes.

2. University of Colorado at Boulder, Systems Biotechnology Building (202 Project): The University of Colorado at Boulder previously received an appropriation of \$133,010,125 cash funds and \$15,000,000 federal funds to construct the Jennie Smoly Caruthers Biotechnology Building (336,878 GSF). This FY 2010-11 interim supplemental request seeks an additional appropriation of \$15,159,287 cash funds in order to complete work on a shelled fourth wing on the Jennie Smoly Caruthers Biotechnology Building.

The original project, which is about one-third complete and is scheduled for completion in September 2011, features an auditorium, three research wings, and an unfinished (or "shelled") fourth research wing. This interim supplemental request will allow the university to finish out the 70,454 GSF fourth wing. According to the university, favorable market conditions have improved its purchasing power on the project. However, the university also indicates that the timing for the approval of additional spending authority is critical to securing the best available pricing for finishing the shelled space because the contractor is currently on-site. In addition, the university says that the contractor's price agreement for the additional build-out may not hold past January 1, 2011. Therefore, the university feels it must act immediately in order to secure the favorable contract price.

The sources of cash funds for the project are gifts, grants, donations, and the proceeds from campus-supported research. As a Senate Bill 92-202 project, no state funds can ever be used for the design, construction, operation, or maintenance of the project's components.

**Staff Recommendation:** Staff recommends that the Committee approve the FY 2010-11 interim supplemental request for an appropriation of \$15,159,287 cash funds for this project. No state funds are required for the construction, maintenance, or operating expenses of the project. If the JBC approves the appropriation, it will be included in this year's capital construction supplemental bill for informational purposes.