

MEMORANDUM

TO: Joint Budget Committee

FROM: Eric Kurtz (303-866-4952)

SUBJECT: Cash and federally funded higher education capital construction

DATE: June 22, 2009

Senate Bill 92-202 provided an expedited review process for higher education capital construction projects constructed, operated, and maintained entirely from cash funds. This process was intended to minimize potentially costly delays as a result of the differences in timing between the legislative calendar and funding provided for a project from non-state sources such as gifts, grants, and auxiliaries. Through the process projects can start without an appropriation, if they have approval from the Colorado Commission on Higher Education, with input from the Capital Development Committee and Joint Budget Committee.

A series of bills during the 2008 session expanded the expedited review process so that in some cases it applies to projects constructed with cash funds, but operated and maintained with state funds.

Senate Bill 09-290 significantly restructured the legislative review process by setting up 2-year plans that will be reviewed by the Capital Development Committee, and limiting the role of the Joint Budget Committee. However, key provisions of S.B. 09-290 do not take effect until January of 2010, and so the Joint Budget Committee is still responsible for reviewing cash projects submitted pursuant to the pre-290 framework.

Colorado School of Mines, West Campus Parking Garage: The institution proposes spending \$10,454,387 to build a five-story, 133,000 GSF parking garage with 400 parking spaces on the northwest corner of the campus. The source of funding is bonds to be repaid from student and faculty parking fees. The Colorado School of Mines estimates student parking fees would increase \$46 per year.

Staff recommends that the JBC approve the 202 project. No state funds are required for the construction, maintenance, or operating expenses of the project. If the JBC approves the project, it will be included in next year's Long Bill for informational purposes.

University of Colorado at Boulder, Systems Biotechnology Building: The University proposes spending an additional \$135,121,152 for this project, including \$120,121,152 cash funds and \$15,000,000 federal funds. The construction on the southwest corner of the research campus at 30th street and Foothills Parkway will house the Biochemistry Division of the Chemistry and Biochemistry Department; the Chemical and Biological Engineering Department; and the Colorado Initiative in Molecular Biotechnology. The 312,040 GSF building will include research labs, an auditorium for large conferences, seminar rooms, classrooms, computer labs, teaching labs, open meeting areas, a café, and conference rooms. The source of cash funds is bonds to be repaid with indirect cost recoveries on research grants (\$93 million) and donations (\$26 million). The project was previously appropriated \$12.9 million cash funds spending authority.

Staff recommends that the JBC approve the 202 project. No state funds are required for the construction of the project. If the JBC approves the project, it will be included in next year's Long Bill for informational purposes.

University of Colorado at Denver and Health Sciences Center, Health and Wellness Center: The University proposes spending \$37,720,827 to construct a new 94,844 GSF Health and Wellness Center on the northwest corner of the Anschutz Medical Campus. The building will house the following academic programs: the Center for Human Nutrition; the Center for Integrative Medicine; and, the Center for Women's Health Research. In addition to offices and research and clinical labs, the space will include a demonstration kitchen, a fitness center, and a food market. Funding for the project comes from donations (\$20 million) and bonds to be repaid from the fitness center (\$17.7 million). The annual revenue from the fitness center is expected to cover operating costs for the building. The academic space in the building would meet eligibility criteria for state controlled maintenance funding and the University could potentially request funding for that purpose in the future.

Staff recommends that the JBC approve the 202 project. No state funds are required for the construction of the project. If the JBC approves the project, it will be included in next year's Long Bill for informational purposes.

1331 Supplementals

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.

Mesa State College, Saunders Field House: The institution proposes spending an additional \$3,627,000 cash funds for this project for a number of upgrades, such as higher quality roofing materials, additional asbestos abatement, additional lab equipment, and technology infrastructure improvements. The institution previously received appropriations totaling \$40,888,503 for this project, including \$18,400,687 from the Capital Construction Fund. The sources of cash funding for the additional work include \$2.5 million more from private donors than budgeted for the project and another \$1.1 million from institutional cash sources.

Staff recommends approval of the request. The improvements will increase the durability and functionality of the space. It is reasonable to assume this initial investment will reduce future controlled maintenance costs and operating costs.