

STATE OF COLORADO

OFFICE OF STATE PLANNING AND BUDGETING

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Denver, Colorado 80203
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John W. Hickenlooper
Governor

Henry Sobanet
Director

January 31, 2013

The Honorable Edward Vigil
Chair, Capital Development Committee
State Capital Building Room 029
Denver, CO 80203

Dear Representative Vigil:

On Friday, January 25, the Office of State Planning and Budgeting submitted a number of requests for the Capital Development Committee's consideration. In conjunction with a series of budget amendment requests submitted to the Joint Budget Committee, these requests represent the Governor's priorities for appropriating the additional General Fund revenue identified in OSPB's December 2012 economic forecast.

These added requests for projects funded through the Capital Construction Fund are summarized as follows:

- \$3,726,190 for the State's Digital Trunked Radio System (DTRS). This request comprises the first of a multi-year lease-purchase arrangement to renew and upgrade the State's radio communications infrastructure. Specifically, this request will address pressing data security needs, interoperability challenges, and demand from local first responder agencies for additional capacity.
- \$2,000,000 to complete a Capitol Complex Master Plan. The need for such a master plan was highlighted in the State Auditor's December 2012 audit of the State's capital acquisition process.
- \$567,000 to buy infrared detection equipment for a two-year study within the Department of Public Health and Environment into fugitive emissions (leaks) from oil and gas facilities throughout Colorado.

In addition to these three requests, OSPB submitted documentation for a technical request related to the Colorado Financial Reporting System (COFRS) Modernization project. In our November 1, 2012 budget submission, OSPB included items in each department's budget to pay for the ongoing costs of this project, but neglected to submit a request for the Governor's Office of Information Technology to continue the annual payments on this upgraded system.

In total, the Executive Branch's various capital construction requests will now require a General Fund transfer into the Capital Construction Fund of \$108,880,322, an increase of \$6,071,923 from our November 1, 2012 estimate. The attached spreadsheet details the assumptions used to calculate this required transfer. It should be noted that this estimate continues to assume a sufficient level of Federal Mineral Lease (FML) revenue to partially offset the required COP payment for certain Higher Education facilities. In the coming weeks, we will monitor this highly volatile revenue source, and will work with CDC and JBC staff to recommend a final General Fund transfer after our March 2013 forecast of FML revenues.

Separately, OSPB anticipates submitting one other amendment to our Capital Construction package for FY 2013-14. Our November 1, 2012 submission prioritized a request for scanning equipment related to the tax revenue pipeline jointly operated by the Department of Revenue (DOR) and the Department of Personnel and Administration (DPA). In January 2013, DPA and DOR received formal responses to a request for information regarding this equipment. These responses indicate that the equipment may cost slightly more than initially anticipated, and that additional investments in the supporting IT infrastructure may be necessary. As soon as an analysis of potential vendors' responses has been completed, OSPB will forward a revised request to the Capital Development Committee.

Last, we received your letter regarding the process we followed to request changes to the COFRS replacement plan. In the future, we will include the CDC on requests that have been subject to the Committee's deliberations.

If you have any questions regarding this package of requests, please contact my office at (303) 866-3317.

Sincerely,



Henry Sobanet

Director, Governor's Office of State Planning and Budgeting

cc: Senator Gail Schwartz, Capital Development Committee Vice-Chair
Senator Angela Giron, Capital Development Committee Member
Senator Randy Baumgardner, Capital Development Committee Member
Representative Randy Fischer, Capital Development Committee Member
Representative Libby Szabo, Capital Development Committee Member
Erick Scheminske, Deputy Director, OSPB
Laura Blomquist, OSPB Staff
Kori Donaldson, Capital Development Committee Staff ✓
John Ziegler, Joint Budget Committee Staff Director
Amanda Bickel, JBC Staff
Larry Friedberg, Office of the State Architect
Tonya Gomez, CDHE

Projected General Fund Transfer Forecast for Capital Construction January 2013

		FY 2012-13	FY 2013-14	Notes
A	Uncommitted balance from prior year	\$1,065,000	\$1,015,000	All amounts are from the State Controller's Office annual "Capital Construction Fund Analysis of Fund Balance Available for Appropriation" reports, published in October each year. (FY15 Estimated)
B	Interest Annual Percentage	1.15%	1.15%	Based on interest rate through September 2011. Monthly factor is Annual Interest Percentage multiplied by 30 and divided by 360.
C	Non-CERF transfers into CCF during 2010 session	\$0	\$0	
D	Interest from Prior Year	\$716,858	\$602,739	FY 2010-11 uses interest from FY 2009-10, which Row A already takes into consideration; therefore it is \$0. FY 2011-12 is based on the SCO report dated 10/17/11. Out years are projected below.
E	Funds available	\$1,781,858	\$1,617,739	Rows A + D
F	Lease Purchase of Academic Facilities at Anschutz Medical Campus (Fitzsimons)	(\$7,502,991)	(\$7,472,236)	Tobacco cash funds offset estimated at \$7 million a year for FY 2012-13 and FY 2013-14.
G	Lease Purchase of Colorado State Penitentiary II	(\$17,467,500)	(\$18,431,100)	The need for a General Fund transfer in FY 2012-13 is \$17,467,500 CCF to make the payment of \$18,430,500, offset by the projected CERF balance. FY14 assumes no offset from CERF.
H	Lease Purchase of Academic Facilities Pursuant to Section 23-19.9-102 (FML)	\$0	(\$14,947,338)	Based on the OPSB September 2012 revenue forecast, sufficient FML revenue is projected as available for the full COP payment in FY 2012-13. The General Fund would be required to pay \$6,621,071 to make up the difference in available revenues in FY 2013-14.
I	Level I Controlled Maintenance	(\$19,625,954)	(\$21,977,822)	For FY 2012-13 and FY 2013-14, all Level I controlled maintenance is requested to be funded.
J	Level II Controlled Maintenance	(\$5,383,367)	(\$22,958,924)	For FY 2013-14, all Level II controlled maintenance is requested to be funded.
K	Colorado Integrated Tax Architecture	(\$3,940,000)	\$0	November 2011 Request
L	1525 Sherman Finish and Moving Expenses	(\$3,060,278)	\$0	November 2011 Request
M	Readiness Center for Alamosa	(\$2,728,088)	\$0	November 2011 Request
N	OIT Data Center Consolidation	(\$1,900,000)	\$0	November 2011 Request
O	Transportation Construction	(\$500,000)	\$0	
P	CO Territorial Wastewater Pre-Treatment Plant; Grease Traps and Manhole Upgrades	\$0	(\$1,648,885)	November 2012 Request
Q	GTLRR Locomotive	\$0	(\$300,000)	November 2012 Request
R	Digital Trunked Radio Renewal	\$0	(\$3,726,190)	January 2013 Request
S	Air Fugitives	\$0	(\$567,000)	January 2013 Request
T	Capitol Complex Master Plan	\$0	(\$2,000,000)	January 2013 Request
U	Nutrients Grant Funding	\$0	(\$15,000,000)	November 2012 Request
V	DPA-DOR Tax Pipeline Project	\$0	(\$1,468,566)	November 2012 Request
W	Expenditures from CCF to CERF	(\$572,005)	\$0	Included for forecast purposes, but will not match LB Appropriation -- prior year special bills already exist in statute.
X	Subtotal of Approved Projects	(\$62,680,183)	(\$110,498,061)	
Y	Funds Available after Approved Projects	(\$60,898,325)	(\$108,880,322)	
Z	General Fund Transfer (Need)	\$60,991,314	\$108,880,322	
AA	End of Year Balance	\$92,989	\$0	