CC-C: CAPITAL CONSTRUCTION REQUEST FOR FY 2008-09

PROJECT COSTS AND APPROVAL COVER SHEET

Project Title:	**FML COP Annual Payments**	State Controller Project No.		Risk Mgt. I..D.	
Phase:	Year 2	Purpose Code:		Name of Preparer:	
Institution:		Strategic Plan Objective(s):			
Program:	Higher Education	Dept. Approval by:		Date:	November 14, 2008
Priority Number:		OSPB Approval:		Date:	11-17-08

		Total Project Costs	Prior- Year Appropriation	Current Request	Year 2 Request	Year 3 Request	Year 4 Request	Year 5 Request
A.	***Land Acquisition***							
(1)	Land Purchase Cost	$0	$0	$0	$0	$0	$0	$0
B.	***Professional Services***							
(1)	Master Plan/PP	$0	$0	$0	$0	$0	$0	$0
(2)	Site Surveys, Investigations, Reports	$0		$0	$0	$0	$0	$0
(3)	Architectural/Engineering/Basic Services	$0		$0	$0	$0	$0	$0
(4)	Code Review/Inspection	$0		$0	$0	$0	$0	$0
(5)	Construction Management	$0		$0	$0	$0	$0	$0
(6)	Advertisements	$0		$0	$0	$0	$0	$0
(7)	Other (Verification/LEED/Commissioning/Reimb.)	$0		$0	$0	$0	$0	$0
(8)	*Total Professional Services*	$0	$0	$0	$0	$0	$0	$0
C.	***Construction***							
(1)	Infrastructure	$0	$0	$0	$0	$0	$0	$0
	(a) Service/Utilities (tap fees)	$0		$0	$0	$0	$0	$0
	(b) Site Improvements	$0		$0	$0	$0	$0	$0
(2)	Structure/Systems/Components							
	(a) New (GSF):67,500	$0		$0	$0	$0	$0	$0
	New $324/GSF							
	(b) Renovate GSF:8,500	$0		$0		$0	$0	$0
	Renovate $215/GSF							
(3)	Other (Specify)	$0	$0	$0	$0	$0	$0	
(4)	High Performance Certification Program	$0	$0	$0		$0	$0	$0
(5)	*Total Construction Costs*	$0	$0	$0	$0	$0	$0	$0
D.	***Equip. and Furnishings***							
(1)	Equipment	$0		$0	$0	$0	$0	$0
(2)	Furnishings	$0		$0	$0	$0	$0	$0
(3)	Communications	$0		$0	$0	$0	$0	$0
(4)	*Total Equip. and Furnishings Cost*	$0	$0	$0	$0	$0	$0	$0
E.	***Miscellaneous***							
(1)	Art in Public Places =1% of Total Construction Costs	$0		$0	$0	$0	$0	$0
(2)	Relocation Costs	$0		$0	$0	$0	$0	$0
(3)	Other Costs	$0	$0	$0	$0	$0	$0	$0
(4)	*Total Misc. Costs*	$93,260,907	$9,996,507	$16,652,725	$16,654,550	$16,653,475	$16,652,575	$16,651,075
	Total Project Costs	$93,260,907	$9,996,507	$16,652,725	$16,654,550	$16,653,475	$16,652,575	$16,651,075
F.	***Project Contingency***							
(1)	5% for New	$0		$0	$0	$0	$0	$0
(2)	10% for Renovation	$0		$0	$0	$0	$0	$0
(3)	*Total Contingency Requested*	$0	$0	$0	$0	$0	$0	$0
G.	**Total Budget Request [A(1)+B(8)+C(4)+D(4)+E(4)+F(3)]**	**$93,260,907**	**$9,996,507**	**$16,652,725**	**$16,654,550**	**$16,653,475**	**$16,652,575**	**$16,651,075**
H.	***Source of Funds***							
	CCF	$0	$0	$0		$0	$0	$0
	CF	$93,260,907	$9,996,507	$16,652,725	$16,654,550	$16,653,475	$16,652,575	$16,651,075
	RF	$0	$0	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0	$0	$0

CC-C: CAPITAL CONSTRUCTION PROJECT REQUEST

FY 2009-10 — SUPPORT INFORMATION

Agency Name: Department of Higher Education

Project Name: Federal Mineral Lease Certificates of Participation Annual Payments

Date Sent to DHE: N/A

Project's Year (1, 2, etc.): Two

Date Sent to OSPB: October 30, 2008

Date Sent to CDC with copy to JBC: November 18, 2008

Date of Form's Most Recent Information: November 17, 20098

Type of Request for FY 2009-10 (check all that apply)

- ☐ State-funded Project (typically, Capital Construction Funds or Certificates of Participation)
- ☐ SB 92-202 Project
- ☑ Cash-Funded Project (not SB 92-202)
- ☐ Federally Funded Project
- ☐ IT Project (copy to OIT)
- ☐ Capital Renewal Project

1. General Overview of FY 2009-10 Capital Project. State exactly what is requested, why, for how much, over what period of time):

Senate Bill (SB) 08-233 authorizes the Treasurer to enter into lease-purchase agreements to fund capital construction projects at Colorado state-supported institutions of higher education. The statute allows maximum average annual lease payments of $16.2 million for the first ten years of the twenty-year lease term. The bill provides that the lease-purchase agreements be funded through the Higher Education Federal Mineral Lease Revenues Fund established pursuant to section 23-19.9-102(1)(a), C.R.S. The lease-purchase agreements as authorized in SB 08-233 was closed on November 6, 2008, and will fund 12 Higher Education Capital Projects. This request is for $16,652,725 from the Higher Education Federal Mineral Lease Revenues Fund to make the second annual state-funded payment for the principal and interest components of the amount payable from state funds under all lease-purchase agreements entered into on behalf of Colorado state-supported institutions of higher education. Certain spill-over revenues of the Federal Mineral Lease Program are deposited into the Higher Education Federal Mineral Lease Revenues Fund, and based on this appropriation request will be transferred to the Higher Education Lease Purchase Cash Fund to facilitate a consolidated lease payment by the Treasurer. The Higher Education Lease Purchase Cash Fund is

continuously appropriated and ultimately makes the semi-annual lease payments that will include the institution match financed through the COP issuance.

This is an ongoing request, and once approved, will become a part of the base until the requirements of the issuance are fulfilled. Requests will not be submitted each year.

2. **Is this a continuation project? A continuation project is one that has received state capital construction funds in a fiscal year recently preceding this request.**
   ☑ **Yes** ☐ **No**

   If Yes, please provide the appropriation and expenditure history.

Project's Prior Expenditures						
	FY 2005-06 Expended	**FY 2006-07 Expended**	**FY 2007-08 Appropriated**	**FY 2007-08 Spent to Date**	**FY 2008-09 Appropriated**	**FY 2008-09 Spent YTD**
Total Funds					$9,996,507	$0
General Fund					$0	$0
Cash Funds					$9,996,507	$0
Cash Funds Exempt / Reappropriated Funds					$0	$0
Federal Funds					$0	$0
Bill Number(s)					**SB 08-233**	

Also explain if the project was originally requested as a continuation project or if circumstances are such that it is now being requested as continuation with multiple years.

SB 08-233 allows the Treasurer to enter into lease-purchase agreements each for no more than twenty years of annual payments. The first payment will be made in FY 2008-09; and it is anticipated the annual payments will continue for the full twenty years authorized by the statute. This is a continuation project into the future.

3. **Key objectives of the entire project:**

   To fund capital construction projects at Colorado state-supported institutions of higher education as prioritized by the legislature in HJR 08-1042. The financing will support a portion of or the entire project for the 12 projects designated to receive financing under the current agreement.

4. **Estimated entire project timetable:**

Timetable			
Year	**Start Date(s)**	**Completion Date(s)**	**Remarks**
FY 2008-09			First lease purchase agreement payment
FY 2027-28			Final lease purchase agreement payment

5. Key components of requested FY 2009-10 project:

Annual funding of the state funded portion of principal and interest payments on all lease-purchase agreements entered into by the State Treasurer under SB 08-233.

6. Estimated timetable for FY 2009-10 request: N/A

Payments will be made twice a year according to the schedule in the Treasurer's closing.

7. Fully justify and defend this request. Include all necessary detail and specific scope of work. Describe how much space is needed, what types of rooms or equipment are included in the request and why, and illustrate where on campus the project will executed. Explain what is wrong with the current situation and why a new or different building or capital expenditure is needed. Focus more on why the current facilities are insufficient, less on why the current programs are driving change.

The legislature passed and the Governor signed SB 08-233 authorizing the Treasurer to enter into lease-purchase agreements. These lease-purchase agreements require annual lease payments, as specified in the statute. The current round of financing will support 12 construction projects at Higher Education institutions as authorized in SB 08-233 and outlined in HJR-1042. Each of the projects have approved program plans and have designated budgets for which to accomplish completion of each project.

The projects to be completed within these lease-purchase agreements include:

1) UNC: Butler Hancock Renovation
2) CNCC: Academic Building, Craig Campus
3) CSU-P: Academic Resource Center
4) CSM: Brown Hall Addition
5) CSU: Clark Building Revitalization
6) AHEC: Science Building
7) WSC: Taylor Hall Renovation and Addition
8) MSC: Wubben Hall Expansion and Renovation
9) UCCS: Renovation of Science Building
10) MCC: Nursing, Technology & Science Building
11) FRCC: Larimer Campus: Science Classroom Project
12) Fort Lewis College: Berndt Hall Reconstruction

8. Describe in detail the calculations for the project amount, including project components and inflation assumptions. Provide table by operating component, by fiscal year if necessary. Do not repeat information on the CC-C Excel form; use this section to defend it.

The chart below provides the total payment amounts for the first ten years of the issuance. The average amount for the first ten years is $15,986,953, and falls within the statutory limitation (SB08-223) of $16.2 million per year, primarily due to the lower payment in FY 2008-09.

	Payment Date	Payment Amount	FY Total
FY 2008-09	5/1/2009	$9,996,507	$9,996,507
FY 2009-10	11/1/2009	$11,662,750	
	5/1/2010	$4,989,975	$16,652,725
FY 2010-11	11/1/2010	$11,829,975	
	5/1/2011	$4,824,575	$16,654,550
FY 2011-12	11/1/2011	$12,004,575	
	5/1/2012	$4,648,900	$16,653,475
FY 2012-13	11/1/2012	$12,168,900	
	5/1/2013	$4,483,675	$16,652,575
FY 2013-14	11/1/2013	$12,343,675	
	5/1/2014	$4,307,400	$16,651,075
FY 2014-15	11/1/2014	$12,537,400	
	5/1/2015	$4,113,781	$16,651,181
FY 2015-16	11/1/2015	$12,733,781	
	5/1/2016	$3,919,831	$16,653,613
FY 2016-17	11/1/2016	$12,959,831	
	5/1/2017	$3,693,831	$16,653,663
FY 2017-18	11/1/2017	$13,193,831	
	5/1/2018	$3,456,331	$16,650,163
10 Year Average			**$15,986,953**

9. Provide specific justification related to Programs and Classifications served by the Request (describe, enumerate, and complete the following table): N/A

Justification Table					
Program Service Population	**Actual FY 2006-07**	**Actual FY 2007-08**	**Estimate FY 2008-09**	**Projected FY 2009-10**	**Projected FY 2010-11**

10. Provide the Purpose Code justification, including code and the descriptor:

A (1) State Financial Obligations - Certificates of Participation

11. What was the latest reported replacement value of the property to either the State Division of Risk Management or the school's own Risk Management office?

N/A

12. Provide project alternatives (include impact of not funding requested):

N/A. This is a statutory mandate.

13. How will this project pay for future maintenance costs?

N/A

14. Will this project affect operating expenditures? ☐ **Yes** ☐ **No**
If No, why not:

N/A

If Yes, please complete the following Operating Budget Balance Sheet. Delete and change rows as needed to best identify all operating costs so that they match the Change Request.

If Yes, was a Change Request submitted to OSPB to address the operating impact?
☐ **Yes** ☐ **No**

If No, why not?
☐ **Absorbed within existing line item appropriation**

☐ **Other (please specify)**

If Yes, when was (will) the Change Request and Schedule 13 submitted to OSPB?

15. Does this Project involve (check one):
☐ **Cash Funding** ☑ **Lease Purchase; or** ☐ **None**

If cash funding or lease purchase, complete the Cash Funds Impacts table below and describe the fund sources in detail, including dollars, by fiscal year. Demonstrate that sufficient funding is available from this source.

Please see the following table

Cash Fund Impacts						
Revenue Sources Fund Lists (List All Separately)	**Actual FY 2006-07**	**Actual FY 2007-08**	**Current Fund Balance**	**Estimated FY 2008-09**	**Projected FY 2009-10**	**Projected FY 2010-11**
Higher Education Federal Mineral Lease Revenues Fund Projected Balance Fund Number: 23R	$0	$0	$28,600,000	$18,600,000 After the FY 2008-09 payment is made	$13,300,000 After the FY 2000-10 payment is made	$31,900,000 After the FY 2009-10 payment is made
Described how revenue accrues to the fund	The State Treasurer deposits in the Mineral Leasing Fund all moneys and interest and income derived there from, received by the State Treasurer pursuant to the provisions of the Federal "Mineral Lands Leasing Act" of February 25, 1920, as amended, except those moneys described in section 34-63-104, C.R.S. Moneys that flow over caps set out in 34-63-102(5.4), C.R.S. are then transferred, on a quarterly basis, to the Higher Education Federal Mineral Lease Revenues Fund.					
Include the financing, the duration of the agreement, the interest rate, and the revenue source	Lease purchase agreements including annual lease payments not to exceed $16.2 million for the first ten years, and $16.8 million for the final ten years. The revenue source for annual lease payments is the moneys received pursuant to the provisions of the Federal "Mineral Lands Leasing Act" of February 25, 1920, as amended.					
TOTAL FUNDS			$28,600,000	$18,600,000	$13,300,000	$31,900,000
Capital Construction Funds					$0	$0
Cash Funds			$28,600,000	$18,600,000	$13,300,000	$31,900,000
Reappropriated Funds					$0	$0
Federal Funds					$0	$0

16. Is this project in the agency's five year Controlled Maintenance Plan? The five year Controlled Maintenance Plan should be the one most recently approved by the Office of the State Architect (OSA).

☐ **Yes** ☑ **No** **Date of most recent OSA-approved plan:**

Please explain:

N/A

If Yes, does it remove identified project requests from that plan? ☐ **Yes** ☐ **No**
If Yes, please list the specific project requests:

17. Is this Project subject to the requirements of the High Performance Buildings Program (SB 07-051) as implemented in OSA policy OSA-HPCP 9/1/2007?

☐ **Yes** ☑ **No** N/A

If Yes, what level of certification will be pursued?

If No, explain why not:

18. Does this project involve building renovations? ☐ **Yes** ☑ **No**

N/A

If Yes, please complete the following "Past 5 Year Capital Construction Projects."
If Yes, are the total renovations greater than 25% of the value of the building?
☐ **Yes** ☐ **No**

19. Space Requirements by Facility Master Plan N/A

20. Is this Project Request in conformance with the most recently approved Facility Program Plan as approved by the applicable Governing Board or Executive Director on [insert date]? N/A
☐ **Yes** ☐ **No**

21. Is this Project Request in conformance with the most recently approved Facility Master Plan as approved by CCHE or OSPB on [insert date]?
☐ **Yes** ☐ **No** N/A
CCHE will review and approve Facility Master Plans for institutions of higher education, OSPB and the Office of the State Architect will review and approve Facility Master Plans form Executive Departments.

22. Is this Project Request in conformance with the most recently approved Department Strategic Plan dated [insert date]?
☐ **Yes** ☐ **No** N/A

23. What is the amount and percentage that will be encumbered within 6 months?

50%.

24. Does the amount encumbered incorporate the anticipated costs for professional architectural and engineering services?
☐ **Yes** ☑ **No** N/A

If No, why not:

25. Is a waiver of the 6-month encumbrance rule required?
☐ **Yes** ☑ **No**
If Yes, please justify:

If Yes, should the CDC approve the waiver concurrent with approval of the request?
☐ **Yes** ☐ **No**

26. Describe how this specific project fits into the space information, population information, and operating impact of the campus. Provide an overview of the status of the entire campus, including all recently completed, in-process, and approved projects.

N/A

27. Provide an overview by fiscal year of cumulative operating impact of all capital requests. Some projects impact the operating budget the following year, while other projects do not impact operating for several years. Please indicate in the table what fiscal year is estimated to be the first year of operating impact and then all subsequent years.

N/A

28. Additional Information: