



Colorado
Legislative
Council
Staff

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MEMORANDUM

December 1, 2009

TO: Capital Development Committee

FROM: Kori Donaldson, Research Associate, (303) 866-4976

SUBJECT: FY 2010-11 Capital Construction Requests and Projected Revenue

This memorandum provides an overview of projected revenue available in FY 2010-11 for capital construction and controlled maintenance projects. It also summarizes the state-funded capital construction requests for FY 2010-11. Table 2, beginning on page 3, provides an overview of projected revenue versus requests for capital projects in FY 2010-11. Table 2 shows a **\$522.4 million revenue shortfall** to fund all capital requests.

Revenue

As of November 10, 2009, there is projected to be about **\$10.6 million available** for FY 2010-11 capital construction projects from the Capital Construction Fund (CCF). Of this amount, \$5.1 million comes from the uncommitted fund balance from prior fiscal years. Additional funds come from projected CCF interest earnings in FY 2009-10, and unappropriated money in the Corrections Expansion Reserve Fund (CERF). The Controlled Maintenance Trust Fund will earn minimal interest in FY 2009-10.

In addition to the revenue available from the CCF, as of September 20, 2009, there is projected to be sufficient revenue to make the FY 2010-11 annual lease payment for the Various Higher Education Projects — November 2008 Certificates of Participation (COP) Issuance from Federal Mineral Lease (FML) revenues. Pursuant to Senate Bill 08-218, beginning in FY 2008-09, higher education capital projects can be funded from the Higher Education FML Revenues Fund. Revenue to the fund accrues from FML rents and royalties after other obligations have been met, up to \$50 million annually.

Requests

State-funded requests. As of November 13, 2009, there are **52** state-funded requests for FY 2010-11, including 7 from state departments and 45 from higher education institutions. Table 1 lists the number of projects, by type, and the associated total request amounts.

Table 1
FY 2010-11 State-Funded Capital Construction Requests

Project Type	Number of Projects	Amount (in millions)
Continuation state department projects	1	\$10.2
New state department projects	1	\$0.8
Colorado State Penitentiary II COP payment	1	\$7.8
Anschutz Medical Campus (formerly Fitzsimons) COP payment	1	\$5.1
State department projects not approved or recommended by OSPB	4	\$15.2
Higher education projects prioritized by CCHE	14	\$188.3
Higher education projects approved but not prioritized by CCHE	28	\$280.9
Higher education projects not approved or recommended by CCHE	2	\$4.0
Level 1 Controlled Maintenance	N/A	\$20.7
Grand Totals	52	\$533.0

The Office of the State Architect will not submit its recommendations for controlled maintenance to the Capital Development Committee (CDC) until December 3, 2009. However, according to the priority recommendation made by the Governor's Office of State Planning and Budgeting (OSPB) to the CDC on November 2, 2009, the request for Level 1 Controlled Maintenance is \$20.7 million, of which OSPB recommends funding through score 6, or \$10.1 million, including \$2.7 million from state funds and \$7.4 million from cash funds. Table 1 reflects the anticipated FY 2010-11 controlled maintenance request amount for Level 1 Controlled Maintenance.

OSPB does not recommend funding any state-funded higher education projects for FY 2010-11, except the annual payment for the Various Projects at the Anschutz Medical Campus (formerly Fitzsimons) COP project.

Cash-funded requests. In addition to the 52 state-funded projects for FY 2010-11, there are **25** cash-funded requests. The 25 cash-funded requests include **1** higher education project and **24** state department projects. The cash-funded requests include \$8.3 million for the Various Higher Education Projects — November 2008 Issue COP payment. The total cash funds requested for all projects is \$122.5 million, including \$68.3 million for cash-funded requests and \$54.2 million for state-funded requests.

More specific information about any of the state- or cash-funded requests is available upon request to Legislative Council Staff.

Table 2
FY 2010-11 Capital Construction Fund (CCF) Revenue
and State-Funded Capital Requests

REVENUE	
<i>CCF Balance – July 1, 2009</i>	\$5,137,000
Projected FY 2009-10 CCF interest	2,800,000
Corrections Expansion Reserve Fund money available July 1, 2010*	2,684,165
Projected CCF Balance – June 30, 2009	\$10,621,165
REQUESTS	
State Departments	
<i>Colorado State Penitentiary II COP Payment</i>	\$7,749,688
<i>Colorado Integrated Tax Architecture (CITA) Project</i>	10,177,308
<i>New Projects</i>	16,033,082
Subtotal - State Department Projects	\$33,960,078
Higher Education	
<i>Anschutz COP Payment</i>	\$5,143,213
<i>Continuation projects funded in House Bill 08-1375 and cut by Senate Bill 09-280</i>	34,205,856
<i>Remaining higher education projects <u>not included</u> in the Various Higher Education Projects -- November 2008 Issue COP</i>	107,874,232
<i>New Projects</i>	331,116,530
Subtotal - Higher Education Projects	\$478,339,831
Preliminary Controlled Maintenance Estimate (state departments and higher education)	
<i>Level 1</i>	\$20,694,017
<i>Level 2</i>	N/A
<i>Level 3</i>	N/A
Subtotal - Controlled Maintenance Projects	\$20,694,017
TOTAL - Requests	\$532,993,926
SURPLUS / (SHORTFALL)	(\$522,372,761)

N/A = Not available. The State Architect will not submit its controlled maintenance recommendations to the Capital Development Committee until December 3, 2009.

* OSPB plans to submit a supplemental request to eliminate the FY 2009-10 payment for the Colorado State Penitentiary II COP project after the project has been refinanced. This will increase the available CERF revenue for FY 2010-11 to \$8,454,183. OSPB will recommend a transfer of some of the balance of the CERF to the General Fund to address the FY 2009-10 and FY 2010-11 budget shortfall.