

# CAPITAL CONSTRUCTION

<b>Capital Construction Projects</b>		
<b>HB 14-1249</b> <i>(Enacted)</i> Supplemental Appropriation for Capital Construction	<b>HB 14-1336</b> <i>(Enacted)</i> 2014-15 Long Appropriations Bill	
<b>Revenue for Capital Projects</b>		
<b>HB 14-1342</b> <i>(Enacted)</i> Transfers of Money Related to Capital Construction		
<b>Changes to Capital Project Review</b>		
<b>SJR 14-039</b> <i>(Adopted)</i> Differentiating Budget Requests	<b>SB 14-110</b> <i>(Enacted)</i> Capital Construction Financing	<b>HB 14-1387</b> <i>(Enacted)</i> Revision of all Capital Related Statutes
<b>HB 14-1395</b> <i>(Enacted)</i> Information Technology Budget Requests		
<b>Technical Changes to Statutes Related to Capital Assets</b>		
<b>SB 14-089</b> <i>(Vetoed)</i> Prohibit State Agreements Payment in Lieu of Taxes	<b>HB 14-1081</b> <i>(Enacted)</i> Motor Carrier Safety Fund	<b>HB 14-1309</b> <i>(Enacted)</i> Repurposing DOC Day Surgery Center
<b>Acquisitions or Improvements to Capital Assets</b>		
<b>SB 14-189</b> <i>(Enacted)</i> FY 14-15 Controlled Maintenance Trust Fund Transfer	<b>HB 14-1170</b> <i>(Enacted)</i> Lease-Purchase Authority for CBI Pueblo Lab	<b>HB 14-1203</b> <i>(Enacted)</i> Funding for Digital Trunked Radio System Maintenance
<b>HB 14-1275</b> <i>(Enacted)</i> Real Property Purchase Shooting Range	<b>HB 14-1300</b> <i>(Enacted)</i> General Fund Transfer to Colorado State Fair Authority Cash Fund	
<b>State Capitol Building</b>		
<b>SJR 14-036</b> <i>(Adopted)</i> Celebrate Restoration of State Capitol Dome		

A number of the bills considered by the General Assembly during the 2014 legislative session affected the capital construction process and the duties of the Capital Development Committee (CDC). Many of these bills were sponsored by the CDC.

## Capital Construction Projects

**Spending on capital construction.** House Bill 14-1336 (the Long Bill) provides funding in FY 2014-15 for 79 capital construction and controlled maintenance projects totaling \$271.9 million, including \$229.1 million in state funds, and \$42.8 million in cash, reappropriated, and federal funds. The bill funds 5 state- and cash-funded certificates of participation (COP) payments, 22 state-funded capital construction projects, 37 state-funded controlled maintenance projects, and 15 cash-funded projects.

Additionally, HB 14-1336 lists 40 capital construction and controlled maintenance projects to be funded only in the event that there is a FY 2013-14 General Fund surplus and that this surplus is sufficient to first pay certain other statutory transfers. The 40 additional projects include 9 state-funded capital construction projects and 31 state-funded controlled maintenance projects. The total cost is \$144.6 million, including \$135.3 million in state funds and \$9.3 million in cash and federal funds. The FY 2013-14 General Fund surplus is estimated at \$235.8 million. On September 15, 2014, about 90 percent of the surplus amount was distributed in following order: \$25 million was retained in the General Fund; \$30 million to the Water Conservation Board Construction Fund; \$20 million to the State Education Fund; \$1 million to the Economic Development Fund; \$10 million to the Hazardous Substance Site Response Fund; and \$111.4 million to the Capital Construction Fund. The amount transferred to the Capital Construction Fund was sufficient to pay the costs associated with the 9 state-funded capital construction projects listed in HB 14-1336.

The remainder of the surplus, estimated at \$35.9 million, is expected to be transferred when the State Controller publishes the state's comprehensive annual financial report for FY 2013-14, which usually occurs in December or January. It is anticipated that when the final certification of FY 2013-14 General Fund surplus revenue is published there will be sufficient funds to pay the costs associated with the 31 state-funded controlled maintenance projects listed in HB 14-1336.

Table 1 lists all FY 2014-15 capital construction projects funded through HB 14-1336 by agency, including the total state funds appropriated and number of projects by type.

**Table 1  
FY 2014-15 Capital Construction Projects by Agency**

<b>Agency</b>	<b>Total State Funds</b>	<b>Capital Construction Projects</b>	<b>Controlled Maintenance Projects</b>	<b>Certificates of Participation Payments</b>	<b>Total # of Projects</b>
<b>State Departments</b>					
Agriculture	\$0	1	0	0	1
Corrections	\$31,124,470	3	3	1	7
Education	\$569,440	0	1	0	1
Higher Education	\$18,587,556	0	0	1	1
History Colorado	\$2,216,742	4	1	1	6
Human Services	\$19,870,138	5	2	0	7
Judicial	\$0	0	0	1	1
Labor and Employment	\$0	1	0	0	1
Military and Veterans Affairs	\$5,105,422	1	1	0	2
Natural Resources	\$0	5	0	0	5
Office of Information Technology	\$4,487,830	2	1	0	3
Personnel and Administration	\$8,958,800	2	2	0	4
Public Health and Environment	\$0	2	0	0	2
Public Safety	\$7,995,300	4	2	0	6

**Table 1 (Cont.)  
FY 2014-15 Capital Construction Projects by Agency**

<b>Agency</b>	<b>Total State Funds</b>	<b>Capital Construction Projects</b>	<b>Controlled Maintenance Projects</b>	<b>Certificates of Participation Payments</b>	<b>Total # of Projects</b>
Revenue	\$41,021,167	1	0	0	1
Transportation	\$500,000	1	0	0	1
<b>Total State Departments</b>	<b>\$140,436,865</b>	<b>32</b>	<b>13</b>	<b>4</b>	<b>49</b>
<b>Higher Education Institutions</b>					
Adams State University	\$897,510	0	1	0	1
Arapahoe Community College	\$742,704	0	1	0	1
Auraria Higher Education Center	\$19,063,934	1	2	0	3
Colorado Community Colleges — Lowry	\$1,487,322	0	2	0	2
Colorado Mesa University	\$909,399	0	1	0	1
Colorado School of Mines	\$14,959,166	1	1	0	2
Colorado State University	\$1,962,561	0	3	0	3
Colorado State University — Pueblo	\$998,351	0	1	0	1
Fort Lewis College	\$10,612,018	1	1	0	2
Lamar Community College	\$566,221	0	1	0	1
Morgan Community College	\$531,148	0	1	0	1
Pueblo Community College	\$587,870	0	1	0	1
Red Rocks Community College	\$10,764,060	1	1	0	2
University of Colorado at Boulder	\$1,843,765	0	3	0	3
University of Colorado at Colorado Springs	\$13,281,999	1	0	0	1
University of Colorado Denver	\$7,806,338	0	2	1	3
University of Northern Colorado	\$1,108,622	0	1	0	1
Western State Colorado University	\$524,612	0	1	0	1
<b>Total Higher Education</b>	<b>\$88,647,600</b>	<b>5</b>	<b>24</b>	<b>1</b>	<b>30</b>
<b>Statewide Total</b>	<b>\$229,084,465</b>	<b>37</b>	<b>37</b>	<b>5</b>	<b>79</b>

Table 2 lists all the additional capital construction projects listed in HB 14-1336 to be funded in the event there is sufficient FY 2013-14 General Fund surplus. The surplus projects are listed in priority order of funding.

**Table 2**  
**State-Funded Costs for Capital Projects Funded in FY 2014-15**  
**from Available FY 2013-14 General Fund Surplus**

Priority Order	Agency	Project	Funded September 15, 2014	Anticipated to Receive Funding in December
1	Auraria Higher Education Center	Auraria Library Renovation (balance of FY 2014-15 request amount not included in Long Bill)	\$5,000,000	
2	Fort Lewis College	Berndt Hall Reconstruction — Geosciences, Physics, and Engineering	\$10,827,755	
3	Colorado State University	Chemistry Building Addition	\$15,000,000	
4	University of Colorado at Boulder	Ketchum Arts and Sciences Building (Capital Renewal Project)	\$11,592,712	
5	Metropolitan State University of Denver	Aviation, Aerospace, and Advanced Manufacturing Building	\$5,279,128	
6	Colorado Mesa University	Tomlinson Library Addition and Renovation	\$18,462,102	
7	Adams State University	East Campus Renovation	\$5,843,218	
8	Western State Colorado University	Quigley Hall Renovation	\$25,779,853	
9	Office of Information Technology	Statewide Leave, Time Tracking, and Human Resources Management Systems Modernization	\$16,070,000	
10	Various	Level II Controlled Maintenance, Score 12 Projects (19) and Score 14 Projects (12)		\$21,480,980
<b>Total</b>			<b>\$113,854,768</b>	<b>\$21,480,980</b>

**House Bill 14-1249** makes supplemental capital construction appropriations for three projects, including an extension of time only for one project. The combined impact of the three supplemental requests from all funding sources is \$3,348,600, including an increase of \$3,174,010 in cash funds spending authority and an increase of \$174,590 in federal funds spending authority.

## Revenue for Capital Projects

**Revenue for FY 2014-15 state-funded capital construction.** **House Bill 14-1342** makes three FY 2014-15 transfers to the Capital Construction Fund (CCF). It also makes additional transfers to the CCF in the event that there is a FY 2013-14 General Fund surplus and that this surplus is sufficient to first pay certain other statutory transfers. For FY 2014-15, the bill transfers \$226,493,465 to the CCF for 79 state-funded capital construction and controlled maintenance projects listed in the Long Bill, including \$224,993,465 from the General Fund, \$1,000,000 from the State Historical Fund, and \$500,000 from the General Fund Exempt account.

**Additional transfers for capital construction.** Several bills adopted during the 2014 legislative session, including HB 14-1342, specified that up to 90 percent of the available FY 2013-14 General Fund surplus, as certified by the Office of the State Controller, will be allocated in the following priority order:

- \$30.0 million to the Colorado Water Conservation Board Construction Fund (HB 14-1342);
- \$20.0 million to the State Education Fund (HB 14-1342);
- \$25.0 million to remain in the General Fund (HB 14-1342);
- \$1.0 million to the Economic Development Fund (SB 14-223);
- \$10.0 million to the Hazardous Substance Site Response Fund (HB 14-1339);
- \$135.3 million to the CCF (HB 14-1342); and
- any remaining funds to the State Education Fund (HB 14-1342).

With the exception of the transfer to the CCF, the HB 14-1342 allocations listed above are current law.

HB 14-1342 transfers up to \$135,335,748 more to the CCF from the General Fund for 40 additional state-funded capital construction and controlled maintenance projects listed both in the bill and in the Long Bill. The bill lists these projects in priority order and specifies that funding should be provided for projects in priority order so long as a project can be fully funded. If the transfer amount is not sufficient to fully fund a project, an appropriation may be made for a subsequent project or projects on the priority list, so long as the project or projects are fully funded. If the transfer to the CCF is not fully funded, and once the Office of the State Controller publishes its annual financial report for FY 2013-14, any additional unobligated FY 2013-14 General Fund surplus moneys will be transferred to the CCF to continue funding projects in priority order.

**Other revenue for capital construction.** HB 14-1249 increases a FY 2013-14 appropriation to the Controlled Maintenance Trust Fund (CMTF) by \$78.0 million to \$101.0 million. Of this amount, \$48.0 million was transferred earlier in the fiscal year to the Disaster Emergency Fund to pay costs associated with floods and wildfires. The increased appropriation was made in an effort to increase the principal balance of the fund. Current law directs that interest earnings on the principal balance of the CMTF may only be spent on controlled maintenance projects.

## Changes to Capital Project Review

Several bills considered during the 2014 session made changes to the CDC's oversight and responsibilities. One bill was initiated by the CDC, two others were initiated by the Joint Budget Committee (JBC), and a joint resolution was initiated by both committees.

**Changes to capital process initiated by the CDC.** Beginning in 2013, the CDC began the process of identifying existing practices that were governed by budget instructions, memoranda of understanding, or past practice that could be codified in law. The committee worked with stakeholders from all parts of state government. As part of this process, it also updated definitions to better reflect the common understanding of capital construction and differences between how state department and higher education capital requests are categorized and reviewed. **House Bill 14-1387** is the result of this process. The bill updates definitions and codifies existing practice associated with the categorization and review of capital construction budget requests. It also removes obsolete statutory provisions and makes conforming amendments. In addition, the bill makes the following changes to existing practice:

- amends the Building Excellent Schools Today Act in order to permit an additional grant award for FY 2013-14;
- clarifies that it is the intent of the General Assembly that the Department of Public Safety (DPS) have the authority to purchase real property for the construction of a new laboratory

facility. The purchase is necessary in order for the department to comply with the provisions of House Bill 13-1020;

- changes the period of time that the CDC is required to forecast the amount of available revenue for capital projects to conform with the forecast period used in the economic forecasts published by Legislative Council Staff;
- modifies existing thresholds governing notice requirements and the procurement of various services associated with construction projects;
- eliminates the sunset of the CDC; and
- adds or changes deadlines associated with the submission of capital budget requests and prioritized recommendations of funding.

The new deadlines established under the bill are as follows:

- the deadline for the Governor's Office of State Planning and Budgeting (OSPB) to submit regular cash-funded budget requests to the CDC shifts from September 1 to September 15;
- the deadline for OSPB to submit regular state-funded budget requests to the CDC shifts from September 1 to October 1;
- a deadline of December 10 is established for OSPB to submit late budget requests to the CDC;
- a deadline of January 15 is established for the CDC to make its recommendations to the JBC concerning regular supplemental budget requests; and
- a deadline of February 15 is established for the CDC to make its recommendations to the JBC concerning regular budget requests.

**Changes to capital process initiated by the JBC. Senate Bill 14-110** changes the deadline for a report concerning recommendations for new methods of financing the state's ongoing capital construction, capital renewal, and controlled maintenance needs. It also moves responsibility for the report from the CDC to the JBC in consultation with the CDC. Senate Bill 09-228 set a five-year statutory transfer from the General Fund to the Capital Construction Fund. SB 09-228 also required the CDC to develop and make recommendations concerning new methods of financing the state's ongoing capital construction, capital renewal, and controlled maintenance needs no later than January 1, 2016. This date was selected to coincide with the original schedule of statutory transfers under SB 09-228.

**House Bill 14-1395** shifts the responsibility from the CDC to the Joint Technology Committee (JTC) for reviewing and prioritizing budget requests related to information technology (IT) projects that cost more than \$500,000. The JTC is a statutory committee established pursuant to House Bill 13-1079 to oversee state agencies, projects, and issues related to IT. HB 14-1395 defines IT budget requests and clarifies that an IT budget request does not include requests that are primarily operational in nature or where the majority of funding will be used to support or modify state staffing levels.

**Changes to capital process jointly initiated by the CDC and JBC. Senate Joint Resolution 14-039** was drafted in order to add monetary thresholds concerning the review and categorization of operating, capital, and IT budget requests to the legislative rules rather than statute. Adding such thresholds to the rules rather than statute provides greater flexibility in revising the threshold amounts and more opportunity to differentiate the review responsibilities of various committees because the legislative rules are updated almost every year. The joint resolution defines operating, capital, and IT budget requests and specifies that these categories of budget request are reviewed by the JBC, CDC, and JTC, respectively. It also establishes the means by which a budget request referred to one committee can be referred to another committee if the committee to which the budget request was referred determines that a particular request would be more appropriately reviewed by another committee. Finally, the bill changes existing practice surrounding the categorization and review of budget requests that make local grant awards for construction projects to categorize such requests as operating rather than capital budget requests.

## Technical Changes to Statutes Related to Capital Assets

Three bills considered by the General Assembly addressed technical changes related to the acquisition of capital assets. **Senate Bill 14-089**, which was vetoed by the Governor, would have limited the circumstances under which the state could make a payment in lieu of taxes (PILT) for property that it owns or leases. The state is exempt from property taxes. A PILT is a payment made by a tax exempt entity to compensate a local government or local taxing jurisdiction for some or all of the tax revenue that it loses because of the nature of the ownership or use of a particular piece of real property. Usually a PILT relates to property tax revenue. SB 14-089 specified that the state could not agree to make any form of payment in lieu of property taxes in connection with property that it owns or leases equal to the amount of property taxes payable by a non tax-exempt entity for such property, unless specifically authorized by law. However, the state would have been permitted to enter into an agreement to mitigate some of the loss of property tax revenue resulting from the ownership such property.

**House Bill 14-1081** creates a new fund within the DPS for expenses related to commercial carrier operations. The newly created fund will be used to pay for two FY 2014-15 DPS capital construction projects. The request to establish a new fund was made to the CDC concurrent with the request to approve and recommend cash funds spending authority for the two FY 2014-15 projects.

**House Bill 14-1309** allows the Department of Corrections (DOC) to use its day surgery center building at the Denver Reception and Diagnostic Center (DRDC) as an auxiliary medical facility and to amend or modify its lease purchase agreement. It also clarifies that the DOC may use savings for clinical services to make payments on the lease-purchase agreement. The DOC was granted lease-purchase authority for the day surgery center building at the DRDC in 2010 under House Bill 10-1083. The CDC reviewed the original legislation because it authorized the acquisition of a capital asset and the use of a lease-purchase agreement. DOC was authorized by the General Assembly to enter into a lease-purchase agreement for up to 12 years. HB 14-1309 proposes to use the building as an auxiliary medical facility, meaning it can be used for other medical purposes in addition to day surgeries. The DOC plans to expand its capacity to provide onsite dialysis for offenders who require this treatment.

## Acquisition or Improvements to Capital Assets

A number of bills considered by the General Assembly during the 2014 session funded the acquisition of new or upgrades to existing capital assets through means other than a regular or supplemental appropriations bill. **Senate Bill 14-189** transfers \$9.7 million from the FY 2013-14 Controlled Maintenance Trust Fund balance to support a FY 2014-15 appropriation to purchase new aircraft for the Colorado Firefighting Air Corps.

**House Bill 14-1170** authorizes the State Treasurer to enter into lease-purchase agreements on behalf of the Colorado Bureau of Investigation (CBI) within the DPS for a period of up to 20 years to purchase and renovate a new building to house the CBI Pueblo forensic laboratory and regional office. The bill also includes an appropriation to pay the costs associated with purchasing and renovating a new building.

**House Bill 14-1203** establishes a \$3.5 million annual appropriation from the General Fund or any other designated fund beginning in FY 2013-14 and continuing for 12 years to replace legacy radio equipment and hardware at radio tower sites that are part of the Digital Trunked Radio System (DTRS). In addition, beginning in FY 2017-18 and continuing for eight years, the bill establishes an annual appropriation of \$3.7 million from the General Fund or any other designated fund to upgrade and maintain software used to operate the DTRS. The General Assembly shall annually determine the amount to be appropriated from the General Fund or any other designated fund source. The DTRS is

a statewide public safety, two-way radio communication system. The system is used by state and local government agencies such as the DOC and local sheriffs for day-to-day communications and to improve interagency cooperation and coordination in first responder situations.

**House Bill 14-1275** authorizes the Division of Colorado Parks and Wildlife, within the Department of Natural Resources, to purchase up to 2,000 acres in Mesa County to develop a multi-use shooting facility. The bill exempts the department from using its regular bid process for the purchase. The acquisition is subject to CDC review prior to closing.

**House Bill 14-1300** transfers \$300,000 General Fund to the Colorado State Fair Authority Cash Fund to renovate and improve facilities at the Colorado State Fairgrounds in Pueblo and to pay associated program costs. The facilities are used for the State Fair's programs associated with state 4-H clubs and the Colorado Association of the National Future Farmers of America Organization.

## **State Capitol Building**

**Senate Joint Resolution 14-036** celebrates the completion of the restoration and the reopening of the State Capitol Dome. The dome observation deck has been closed since 2006 and the cast-iron structure of the dome has been undergoing repairs since 2011. The dome reopened to visitors in early October 2014.