

TOUR ITINERARY
Capital Development Committee

Southern Colorado
October 19-21, 2015

Monday, October 19

8:00 a.m. **CDC Meeting, SCR 356, Colorado State Capitol, Denver**

9:45 a.m. Depart State Capitol, Denver

12:15 p.m. **Lunch and Tour Veterans Community Living Center, Walsenburg**

1:30 p.m. Depart Walsenburg

2:30 p.m. **Tour Trinidad Correctional Facility**

4:00 p.m. Depart Trinidad Correctional Facility

4:30 p.m. **Tour Trinidad History Museum**

6:00 p.m. Overnight in Trinidad

Tuesday, October 20

7:30 a.m. **Tour Trinidad State Junior College**

9:00 a.m. Depart Trinidad State Junior College

10:30 a.m. **Tour Fort Garland Museum**

11:45 a.m. Depart Fort Garland

12:15 p.m. **Lunch and Tour Adams State University**

2:30 p.m. Depart Adams State University

2:45 p.m. **Tour National Guard Readiness Center, Alamosa**

3:30 p.m. Depart National Guard Readiness Center

3:45 p.m. **Tour State Patrol Troop Office, Alamosa**

4:45 p.m. Depart State Patrol Troop Office

6:30 p.m. Overnight in Pagosa Springs

Wednesday, October 21

- 7:00 a.m.** **Depart Pagosa Springs**
- 8:30 a.m.** **Tour Durango Fish Hatchery and Wildlife Museum**
- 9:45 a.m. Depart Durango Fish Hatchery
- 10:00 a.m.** **Tour and Lunch at Fort Lewis College, Durango**
- 12:15 p.m. Depart Fort Lewis College
- 1:00 p.m.** **Tour Southwest Colorado Community College, Mancos**
- 2:15 p.m. Depart Southwest Colorado Community College
- 5:30 p.m. Return to Denver

Revised Two-Year Projection of Cash Need (CY 2015)

Colorado State University

Monday, October 19, 2015

**SUGGESTED
MOTION:**

Approve the new project listed on the Colorado State University two-year projection of cash need (\$5,996,100 CF).

New Project List, Requires Approval

Project Name	LEED Certification	Amount	Fund Source
Prospect Road Underpass 2017-011	N/A	\$6,000,000	CF
<p>The project constructs a bicycle/pedestrian underpass at the intersection of Center Avenue and Prospect Road. In recent years, additional student housing has been constructed on the south side of the road and student traffic has increased at the intersection of Center and Prospect. The university explains that the underpass will create a gateway to the main campus and better connect the main and south campuses.</p> <p>The source of cash funds is uncommitted proceeds from intercept revenue bonds issued in summer 2015. The bonds were sold at a 4.1 percent interest rate and will be repaid from parking and transportation service auxiliary revenues.</p> <p>Date Authorized Until: <i>TBD</i></p>			

Subtotal: New Project List, Requires Approval

\$6,000,000

Active Project List

Project Name	LEED Certification	Amount	Fund Source
Biology Building 2010-022	Gold	\$81,596,432	CF
<p>The project constructs a five-story, 147,700-GSF biology teaching and research building on the main campus to address a growing deficiency in available space for biology laboratories, support spaces, and new faculty. The university says there is an acute shortage of space for biology courses based on current and future faculty needs, and the new building will help maintain its record of teaching excellence, emphasize experiential learning, and increase the number of biology faculty from 31 to 40 FTE.</p> <p>The original request was for a 100,000-GSF building. A new program plan justifying the larger space was completed in February 2014. The source of cash funds is bonds to be repaid by a student fee (\$5.51 per credit hour) for capital improvements.</p> <p>This project is subject to the Higher Education Revenue Bond Intercept Program, which directs the Treasurer to make payments of principal and/or interest on bonds, on behalf of a state-supported institution of higher education, in the event a higher education institution does not make a scheduled payment.</p> <p>Date Authorized Until: <i>January 27, 2017</i></p>			

SUGGESTED MOTION:

Approve the new project listed on the Colorado State University two-year projection of cash need (\$5,996,100 CF).

Center for Agricultural Education

Gold \$3,300,000 CF

2015-012

The project constructs a new 13,200-GSF shop and teaching facility on the Agricultural Research Development and Education Center campus, located four miles north of Fort Collins. The CSU Agricultural Education Teaching program does not currently have any shop facilities, requiring students to travel to outlying locations for their training. The facility will be used to provide coursework and hands-on experience to students seeking 7th-12th grade licensure in Agriculture and Renewable Natural Resources, as well as the Career and Technical Education Endorsement Credential granted through the Department of Education. CSU is the only university providing a program for agricultural education teacher certification. Graduates teach in junior and senior high schools throughout the state.

State funds were requested in FY 2014-15 for this project. No appropriations were made. The square footage of the facility was reduced from 18,100 GSF to 13,200 GSF in order to start construction with available funds.

The source of cash funds for the project is donations.

Date Authorized Until: January 27, 2017

Health and Exercise Sciences Addition

Gold \$2,000,000 CF

2009-100

The project constructs a new classroom and teaching laboratory on the north side of Moby B wing for the Health and Exercise Science (HES) program. Current facilities cannot handle the recent growth in the program, and a large classroom and teaching laboratory will allow additional sections of critical courses to be offered. The new space will provide a 125-seat classroom to accommodate larger sections of HES classes. The new lab will be able to accommodate 25-30 students per laboratory session for courses in biomechanics, kinesiology, and neuromuscular aspects of human movement.

This project was previously listed on a state-funded out-year projection of need.

The source of cash funds for the project is donations (\$800,000) and student facility fee cash funds (\$300,000 per year over four years for a total of \$1.2 million).

Date Authorized Until: January 27, 2017

Ingersoll Hall Renovation

\$4,000,000 CF

2016-021

The project upgrades the center sections of Ingersoll Hall, similar to other residence hall upgrades that have been completed in the last four years at CSU. It also replaces and upgrades various mechanical, electrical, and plumbing systems. Upgrades include landscaping, program and study space, and energy efficiency improvements.

CSU says Housing and Dining Services has invested heavily in residence hall renovations over the past years and Ingersoll Hall is now at the top of the list of buildings to renovate. There have been no major renovations to Ingersoll Hall since it was built, although it did receive new windows and an insulative thin brick "skin" in 2010. The project will renovate approximately 12,000-15,000 square feet of the building.

The source of cash funds for the project is Housing and Dining Services maintenance reserves.

Date Authorized Until: January 27, 2017

Institute for Biological and Translational Therapies

Gold \$65,600,000 CF

2016-007

The project constructs a new 103,163-GSF research and teaching facility on the Veterinary Medicine Campus for the College of Veterinary Medicine and Biomedical Sciences. The college will use the facility to research translational therapies to improve the health of animals and people. Translational therapies are those that are developed for animals and then "translated" to humans.

The facility will include 6,658 ASF of classroom space, 5,878 ASF of study space, 5,089 ASF of office space, 12,802 ASF of operating room space, 6,215 ASF of imaging space, 14,032 ASF of laboratory space, 3,023 ASF of auditorium space, 3,146 ASF of food service and break space, 3,828 ASF of operating room storage space, and 2,559 ASF of freezer space.

The source of cash funds for the project is donations.

Date Authorized Until: January 27, 2017

SUGGESTED MOTION:

Approve the new project listed on the Colorado State University two-year projection of cash need (\$5,996,100 CF).

Lory Student Center West Lawn and Lagoon Upgrade

\$2,000,000

CF

2016-006

The project upgrades the west lawn of the Lory Student Center (LSC) and deepens the lagoon to provide additional stormwater detention on campus. The project will benefit the entire campus population. The LSC is the heart of campus and the west lawn is heavily utilized for events during the year. The current lagoon is shallow and subject to alga buildup. A deeper lagoon will improve aesthetics and provide increased stormwater detention that will benefit the campus floodplain. Material removed from the lagoon will be hauled off campus. The project also includes a new pond liner for a bioretention pond, a new stormwater outlet structure, ADA accessible sidewalks, an informal amphitheater with a stage, power and lighting, landscaping, and irrigation.

The source of cash funds for the project is the LSC Operations and Maintenance Fund.

Date Authorized Until: *January 27, 2017*

Medical Center

Gold

\$58,981,491

CF

2016-091

The project constructs a four-story, 113,300-GSF medical clinic at the corner of Prospect Road and College Avenue, at the southeast entrance to the main campus. The medical center will house the CSU Health Network, a Center for Healthy Aging, and a primary care clinic operated by UC Health. The new facility will collocate mental and physical health services for students in one location in order to provide healthcare in teams that include psychiatrists, counselors, and medical clinicians.

The source of cash funds is bonds to be repaid from donations, fees from student health insurance services, and lease payments from UC Health. This project is subject to the Higher Education Revenue Bond Intercept Program.

Date Authorized Until: *April 14, 2015*

Multipurpose On-Campus Stadium

Gold

\$220,000,000

CF

2016-046

The project constructs a new multipurpose stadium on the main campus of Colorado State University (CSU). The new stadium will replace the current Hughes Stadium, located on the Foothills Campus a few miles west of the main campus. The university says the project will benefit the entire CSU campus community, the City of Fort Collins, and CSU alumni throughout the state. CSU also says the project will provide a state-of-the-art-facility that brings people to the main campus for a variety of events, including football games and graduation ceremonies.

The source of cash funds is donations and bonds to be repaid from revenues generated by the stadium.

Date Authorized Until: *January 27, 2017*

Pathology Laboratory Remodel

\$2,600,000

CF

2000-085

The project renovates existing space in the Pathology Building to provide new laboratories and offices for the Microbiology, Immunology, and Pathology (MIP) Department. It will improve the biosecurity and functionality of the laboratory and office space used by the researchers in the Prion Research Center (PRC). Renovations will include relocated walls; updated mechanical, electrical and plumbing systems; and new casework and finishes. The purpose of the renovation is to improve the biosecurity and functionality of the laboratory and office space. The PRC has been designated as a Program of Research and Scholarly Excellence by CSU and as such represents one of the premier research areas at CSU.

The source of cash funds for the project is the MIP Department operating budget.

Date Authorized Until: *January 27, 2017*

SUGGESTED MOTION:

Approve the new project listed on the Colorado State University two-year projection of cash need (\$5,996,100 CF).

Sawtooth Mountain Conservation Easement

N/A \$3,000,000 CF

2016-090

The project acquires a perpetual conservation easement on 2,448 acres in Ouray County, near Ridgway and adjacent to the Uncompahgre National Forest. The Colorado State University (CSU) System will hold legal title to the conservation easement on behalf of the Colorado State Forest Service (CSFS). A map of the proposed easement is attached. The terms of the conservation easement require the property owner to relinquish all rights to future subdivision or development on the property (except for limited development of family cabins). The acquisition will provide additional protected land as a buffer for three U.S. Forest Service (USFS) trails located east of the property. Furthermore, the property owner will agree to manage the property under a forest stewardship plan approved by the CSFS, which the university says will promote forest health and reduce the risk of loss from fire, insects, and disease. The university also says the conservation easement will allow the water rights to remain with the property in perpetuity.

The source of cash funds for the project is a grant from the USFS Forest Legacy Program, funded through the federal Land and Water Conservation Fund. Additionally, the Trust for Public Land was awarded a Great Outdoors Colorado (GOCO) matching grant for the project (\$650,000). The GOCO grant is not included in the cash funds spending authority requested by CSU on behalf of the project.

Date Authorized Until: August 18, 2017

South Campus Parking Lot

N/A \$5,400,000 CF

2016-020

The project constructs surface parking on vacant land on the south campus. Surface parking at this location is anticipated to meet the needs of the Veterinary Medicine Center and the growth of the south campus. Many parking lots on the main campus are targeted for demolition to make room for various construction projects and parking will be shifted to other areas such as the south campus and connected with transit service.

The project was originally submitted as the Bay Farm Parking Lots project, at a cost of \$3.0 million. As design of the project has progressed, the project has been revised and resubmitted to reflect the increased cost of \$5.4 million.

The source of cash funds is bonds to be repaid from revenues earned through parking services. The university plans to issue bonds for a series of projects included on the revised two-year cash list. The project is subject to the Higher Education Revenue Bond Intercept Program.

Date Authorized Until: April 14, 2017

Temple Grandin Center for Equine Assisted Therapies

Gold \$6,000,000 CF

2015-042

The project constructs a 26,865-GSF arena on the Foothills Campus for teaching equine-assisted therapy. CSU's Equine Science program will use the arena to provide instruction and outreach in therapeutic riding. The project will honor CSU professor Temple Grandin; as such, it will feature an entry walk laid out in an s-curve, scaled to the "s-curve chute," which CSU says is the most essential component of Grandin's livestock handling designs. The entry walk will feature plaques and a statue highlighting Grandin's career, and the project will also include an outdoor sensory trail.

The source of cash funds is donations.

Date Authorized Until: February 13, 2016

University Square Parking Garage

N/A \$37,522,060 CF

2016-089

The project constructs a new four-story parking structure in the southeast section of the main campus. It will accommodate 1,555 parking spaces. Many parking lots on the main campus are targeted for demolition to make room for various construction projects, and parking will be shifted to new parking locations such as this parking garage.

The source of cash funds is bonds to be repaid from revenues earned through parking services. The university plans to issue bonds for a series of projects included on the revised two-year cash list. The project is subject to the Higher Education Revenue Bond Intercept Program.

Date Authorized Until: April 14, 2017

Subtotal: Active Project List

\$491,999,983

Grand Total, All Projects: \$497,999,983

Fiscal Year 2015-16 Capital Construction Request

Colorado State University

Prospect Road Underpass

PROGRAM PLAN STATUS

2017-011

Approved Program Plan? Yes No

Date Approved:

PRIORITY NUMBERS

<u>Prioritized By</u>	<u>Priority</u>
Dept/Inst	NP of 3

PRIOR APPROPRIATION AND REQUEST INFORMATION

<u>Fund Source</u>	<u>Prior Approp.</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>Future Requests</u>	<u>Total Cost</u>
CF	\$0	\$5,996,100	\$0	\$0	\$5,996,100
Total	\$0	\$5,996,100	\$0	\$0	\$5,996,100

ITEMIZED COST INFORMATION

<u>Cost Item</u>	<u>Prior Approp.</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>Future Requests</u>	<u>Total Cost</u>
Land Acquisition	\$0	\$0	\$0	\$0	\$0
Professional Services	\$0	\$486,000	\$0	\$0	\$486,000
Construction	\$0	\$4,885,000	\$0	\$0	\$4,885,000
Equipment	\$0	\$80,000	\$0	\$0	\$80,000
Miscellaneous	\$0	\$0	\$0	\$0	\$0
Contingency	\$0	\$545,100	\$0	\$0	\$545,100
Software Acquisition	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$5,996,100	\$0	\$0	\$5,996,100

SUMMARY OF THE PROJECT

Staff note: The university is seeking project approval for borrowing under the Higher Education Revenue Bond Intercept Program. The project must also be approved through the two-year process.

Motion: Approve the request from Colorado State University to use funds borrowed under the Higher Education Revenue Bond Intercept Program on behalf of the Prospect Road Underpass project (\$5,996,100 CF).

Colorado State University is requesting cash funds spending authority to construct a bicycle/pedestrian underpass at the intersection of Center Avenue and Prospect Road to improve pedestrian safety. Prospect runs along the south edge of the main campus. In recent years, additional student housing has been constructed on the south side of the road and student traffic has increased at the intersection of Center and Prospect. The university explains that the underpass will create a gateway to the main campus and better connect the main and south campuses. It will also construct sidewalks along both sides of Prospect and connect to the existing bike trail. The underpass will include stair and ramp access. Finally, the project satisfies an intergovernmental agreement between the City of Fort Collins and the university to mitigate an anticipated increase in traffic following the construction of the new stadium.

Source of cash funds. The source of cash funds is uncommitted proceeds from intercept revenue bonds issued in summer 2015. The bonds were sold at a 4.1 percent interest rate and will be repaid from parking and transportation service auxiliary revenues. The bonds were issued for a period of 32 years and the average annual repayment amount is \$6.8 million. The cost of the underpass project represents 5.75 percent of the total bond issuance amount.

Fiscal Year 2015-16 Capital Construction Request

Colorado State University

Prospect Road Underpass

Intercept program requirements pursuant to Section 23-5-139 (1)(b)(I), C.R.S. Based on the information provided by the State Treasurer's Office (see attached), staff has determined that the CSU Board of Governors meets the requirements to participate in the intercept program, as follows:

1.) **Credit rating:** As of July 2015, the board received a credit rating of Aa3 from Moody's and a credit rating of A+ from Standard & Poor's. These credit ratings — from nationally recognized statistical rating organizations — are in one of the three highest categories.

2.) **Debt service coverage ratio:** The debt service coverage ratio is 1.78 percent (net revenue available for annual debt service/total amount of debt service subject to intercept program, including new debt proposed under program). The anticipated FY 2015-16 debt service payment for all debt held by the institution (including current and proposed) represents 2.8 percent of the operating budget appropriation for FY 2015-16.

The State Treasurer's Office has reviewed this project and no concerns were identified.



BOARD OF GOVERNORS OF THE
COLORADO STATE UNIVERSITY SYSTEM

ANALYSIS OF FINANCIAL HEALTH

PRESENTED TO:

THE COLORADO STATE LEGISLATURE

CAPITAL DEVELOPMENT COMMITTEE - OCTOBER 19, 2015

PREPARED BY THE COLORADO STATE TREASURER'S OFFICE



BOARD OF GOVERNORS OF THE
COLORADO STATE UNIVERSITY SYSTEM

CREDIT RATINGS

STATE INTERCEPT	
Moody's	Aa2
S&P	Aa-
UNDERLYING	
Moody's	Aa3
S&P	A+

TREASURER'S COMMENTARY

While Colorado State University has relied extensively on the issuance of certificates of participation (COPs) to fund various University System projects, net revenues remain at a level sufficient to meet existing COP payments. In addition, net revenues available for COP payments would enable the University to issue an additional \$395 million of COPs, assuming a 5% all-in cost of borrowing, and still maintain the minimum coverage threshold of 1.50x. This figure is in excess of the amount they are looking to borrow (\$250 million) in their contemplated upcoming borrowing. It is important to note that while the University will achieve sufficient coverage after the issuance of additional COPs, rating agencies are beginning to identify the limits of future COP issuances and rightly point out that future COP issuance capacity will be limited, putting the University in a precarious position should future, essential funding needs arise.

CREDIT RATING AGENCY REPORT SUMMARIES

Moody's Report – July 29, 2015

The assignment of the Aa3 reflects the system's ability to absorb the current planned increase in leverage, in addition to the recently issued Series 2015A-D bonds, based on current cash flow. The system's demonstrated operational flexibility, achieving positive financial performance and enrollment gains while facing state funding cuts through FY 2013, highlights its long term financial strength.

Further supporting the Aa3 rating is the system's status as a large land grant institution for the State of Colorado (issuer rating Aa1 stable) inclusive of three campuses and significant federally-funded research activity, with a sizeable \$1 billion scope of operations. A 13% increase in enrollment over the past five years has contributed to ongoing revenue growth and balanced operating performance at the same time as the system has achieved momentum in philanthropic support.

Offsetting these positives are risks introduced in successfully achieving highly ambitious strategic goals, as demonstrated by the inability to meet original fundraising targets for the stadium financed with the Series 2015A-B bonds. With growing leverage, significant cost overruns necessitating additional borrowing or use of reserves, or material failure to meet revenue projections, could pressure the rating.

The Aa2 enhanced rating and stable outlook are derived from the structure and mechanics of the Enhancement Program (the Colorado State Intercept Act), which is based on the State of Colorado's current rating and outlook.

S&P's Report – July 31, 2015

Standard & Poor's Ratings Services assigned its 'A+' long-term rating to the Colorado State University System Board of Governors' (CSU) series 2015E and 2015F system enterprise bonds. At the same time, Standard & Poor's affirmed its 'A+' underlying rating and long-term rating on the CSU's existing system enterprise bonds. The outlook on all ratings is negative.

"The negative outlook reflects our opinion of the university's significant increase in borrowing during the past few years, which has caused dilution in financial resources compared to debt and has elevated the university's debt burden," said Standard & Poor's credit analyst Jessica Wood. "Additionally, while no definitive debt plans are in the pipeline, CSU reports it could have additional debt plans during our two-year outlook period, which would exert greater pressure on financial resources that we already view as very weak for the rating."

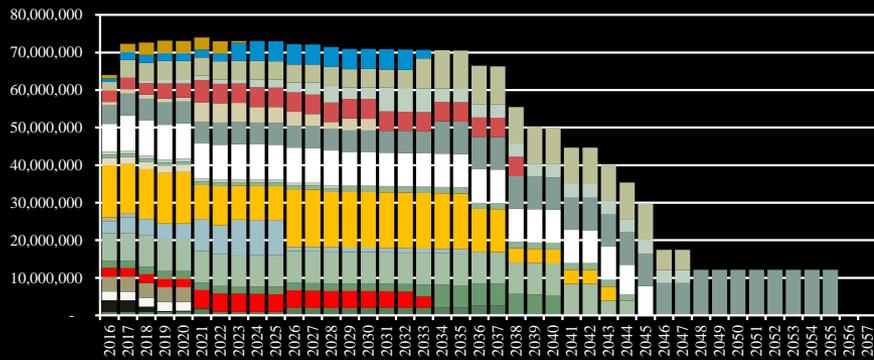
BONDS OUTSTANDING (\$ in millions)

SERIES	TOTAL	INTERCEPT	STAND-ALONE
2015F	\$ 17.670	\$ 0.000	\$ 17.670
2015E-2	42.125	42.125	0.000
2015E1	96.490	96.490	0.000
2015D	66.655	0.000	66.655
2015C	67.675	67.675	0.000
2015B	32.815	0.000	32.815
2015A	134.730	0.000	134.730
2013E	138.230	138.230	0.000
2013D	7.400	0.000	7.400
2013C	18.610	0.000	18.610
2013B	8.780	8.780	0.000
2013A	175.445	175.445	0.000
2012C	2.170	2.170	0.000
2012B	52.580	52.580	0.000
2012A	124.970	124.970	0.000
2010C	33.250	33.250	0.000
2010B	40.335	40.335	0.000
2010A	16.950	16.950	0.000
2009A	0.870	0.000	0.870
2008A	10.400	0.000	10.400
2007B	7.275	0.000	7.275
2007A	19.185	0.000	19.185
TOTAL	\$1,114.610	\$ 799.000	\$315.610



BOARD OF GOVERNORS OF THE COLORADO STATE UNIVERSITY SYSTEM

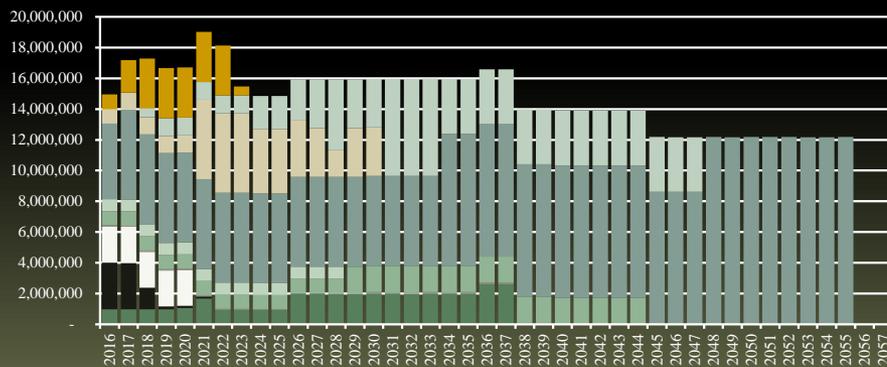
AGGREGATE DEBT SERVICE (STATE INTERCEPT AND STAND-ALONE)



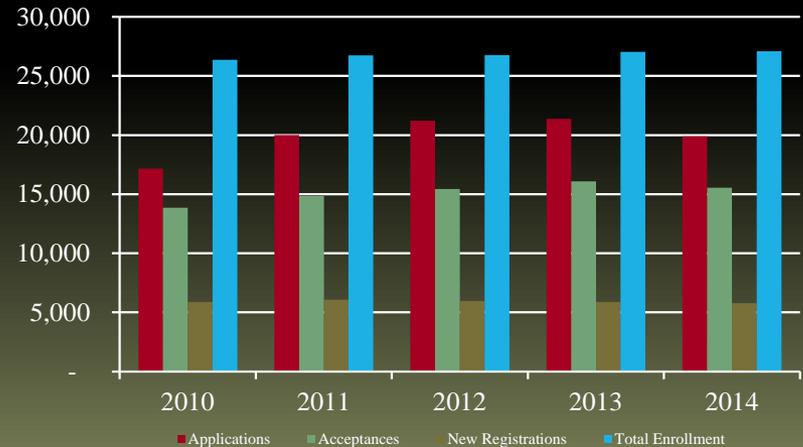
AGGREGATE DEBT SERVICE COVERAGE



NON-INTERCEPT DEBT SERVICE



5-YEAR ENROLLMENT STATISTICS



Revised Two-Year Projection of Cash Need (CY 2015)

Pikes Peak Community College

Monday, October 19, 2015

SUGGESTED MOTION:

Approve the new project listed on the Pikes Peak Community College two-year projection of cash need.

Revised, Resubmitted, Requires Approval

Project Name	LEED Certification	Amount	Fund Source
Aspen Building Student Services Renovation	Gold	\$10,500,000	CF

2015-043

The project renovates 19,955 GSF in common areas and constructs a 29,260-GSF front lobby for the three-story Aspen Building on the Centennial Campus. The first floor renovation will create a single area on the first floor for student enrollment and other student services, including advising, orientation, and testing. The second floor renovation will create a centralized learning commons to provide tutoring, individual and group study spaces, learning labs, and access to library and computer resources. The front lobby addition will create an entrance for enrollment services to better define a point of initial contact with the college. The college says this redesign will improve student success by taking a modern approach to collaborative learning and streamlining student services functions. Since all students must go through the enrollment process, the college says its entire student population will benefit from improved access. Furthermore, the college says the project will help alleviate the campus space deficit, which is projected to rise to 46 percent by 2020. Enrollment is also expected to increase 41 percent by 2020.

On February 13, 2014, the committee approved the project on the college's two-year projection of cash need (\$6.8 million). The college hired an architect in March 2015 to design the project and determine the full construction cost of the project. The architect recently finished the schematic design, with an increased estimated cost of \$10.5 million. The initial cost estimate was based on a preliminary conceptual design from August 2013. The more defined schematic design identified additional code requirements, HVAC upgrades and repair, and asbestos abatement. The college says construction costs have increased by 18 percent in the past year, with an additional 10 to 12 percent increase expected for the next three years.

The source of cash funds is institutional reserves. No student fees will be used to pay for the project.

Date Authorized Until: *TBD*

Subtotal: Revised, Resubmitted, Requires Approval \$10,500,000

Grand Total, All Projects: \$10,500,000

WAIVER REQUEST -- October 19, 2015

FY 2015-16 Request to Waive the Six-Month Encumbrance Deadline Pursuant to Section 24-30-1404 (7), C.R.S.

Human Services *IT Systems Interoperability*

MOTION Approve the waiver request for the FY 2015-16 appropriation to the IT Systems Interoperability project (\$12,815,940), contingent upon a recommendation by the Joint Technology Committee to waive the deadline.

SUMMARY

2016-013

The Department of Human Services (DHS) is requesting a waiver of the six-month encumbrance deadline for the FY 2015-16 appropriation to the IT Systems Interoperability project. DHS is requesting this waiver because the project requires approval from the federal Centers for Medicare and Medicaid Services (CMS) prior to the receipt of federal funds. CMS is providing a 90/10 federal/state match for the project. CMS did not begin the approval process until the state demonstrated that the 10 percent match was available (through the 2015 Long Bill appropriation). In July 2015, DHS and the Department Health Care Policy and Financing engaged CMS in the approval process for federal funding. A subject matter expert for the project has also been procured. Full approval by CMS is anticipated by March 2016.

The project standardizes all existing IT systems under an interoperability environment by allowing the systems to exchange information through interfaces. Without removing the data from the core system, the project adds necessary technology components, security, and governance while allowing the data to be available to users.

FY 2015-16 APPROPRIATION AMOUNT

Fund Source	Appropriation
CCF	\$1,281,594
FF	\$11,534,346
Total	\$12,815,940

STAFF QUESTIONS

All responses to staff questions were incorporated into the project write-up.

WAIVER REQUEST -- October 19, 2015

FY 2015-16 Request to Waive the Six-Month Encumbrance Deadline Pursuant to Section 24-30-1404 (7), C.R.S.

Human Services *Child Welfare Case Management System Replacement*

MOTION Approve the waiver request for the FY 2015-16 appropriation to the Child Welfare Case Management System Replacement project (\$6,824,567), contingent upon a recommendation by the Joint Technology Committee to waive the deadline.

SUMMARY

2016-012

The Department of Human Services (DHS) is requesting a waiver of the six-month encumbrance deadline for the FY 2015-16 appropriation to the Child Welfare Case Management System Replacement project. DHS is requesting this waiver because the project requires approval from the federal Administration for Children and Families (ACF) prior to the issuance of a request for proposal (RFP). In September 2015, the department submitted the RFP for the project to ACF for review. ACF has asked for changes to the RFP and for documentation on the overall design of the project before moving forward with approval of the federal funds. Full approval by ACF and vendor selection is anticipated by January 2016.

The project enhances and modernizes Colorado's current statewide Automated Child Welfare Information System, also known as the Trails compliant case management system, and associated infrastructure. The project will modernize Trails to allow for faster implementation of system modifications and to accommodate changing child welfare practices.

FY 2015-16 APPROPRIATION AMOUNT

Fund Source	Appropriation
CCF	\$4,648,707
FF	\$2,175,860
Total	\$6,824,567

STAFF QUESTIONS

All responses to staff questions were incorporated into the project write-up.

WAIVER REQUEST -- October 19, 2015

FY 2015-16 Request to Waive the Six-Month Encumbrance Deadline Pursuant to Section 24-30-1404 (7), C.R.S.

Personnel and Administration *Collections System Replacement*

MOTION Approve the waiver request for the FY 2015-16 appropriation to the Collections System Replacement project (\$13,911,135), contingent upon a recommendation by the Joint Technology Committee to waive the deadline.

SUMMARY

2016-038

The Department of Personnel and Administration is requesting a waiver of the six-month encumbrance deadline for the FY 2015-16 appropriation to the Collections System Replacement project. DPA requested this waiver concurrent with the FY 2015-16 request because it was aware that procuring the performance-based contract would take more than six months. DPA recently held vendor demonstrations for the project, and it is anticipated that a vendor will be selected within the next three to four weeks.

The project replaces the current Columbia Ultimate Business Solutions (CUBS) system and will automate the accounting entries and actions necessary to successfully manage the large volume of collections-related data processed by the department's Central Collections Program. The project will generate new revenue which will be used to pay for the project and annual maintenance costs for four years. The underlying funding mechanism that supports the implementation of the collections module relies exclusively on revenues generated by the contractor under the performance contract. Once the vendor begins working with the state on redesigning business processes, additional revenue will be generated. DPA believes that the additional revenue will be generated within the next year.

FY 2015-16 APPROPRIATION AMOUNT

Fund Source	Appropriation
CF	\$13,911,135
Total	\$13,911,135

STAFF QUESTIONS

All responses to staff questions were incorporated into the project write-up.

NOTE: The governor signed this measure on 5/11/2015.

An Act

SENATE BILL 15-211

BY SENATOR(S) Lambert, Grantham, Steadman, Baumgardner, Kefalas, Sonnenberg, Heath, Newell, Cadman;
also REPRESENTATIVE(S) Rankin, Hamner, Young, Becker K., Brown, Vigil, Lontine, Pettersen, Priola, Ryden, Tate.

CONCERNING AN AUTOMATIC FUNDING MECHANISM FOR PAYMENT OF
FUTURE COSTS ATTRIBUTABLE TO CERTAIN OF THE STATE'S CAPITAL
ASSETS.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Legislative declaration. The general assembly hereby finds and declares that while the requirements of Senate Bill 15-211 do not apply to cash funds held by state institutions of higher education, the general assembly strongly encourages state institutions of higher education to implement a similar practice with the cash funds that they manage in an effort to set aside funding for their future capital outlay, capital construction, controlled maintenance, or capital renewal needs.

SECTION 2. In Colorado Revised Statutes, **add** 24-30-1310 as follows:

24-30-1310. Funding for controlled maintenance or capital

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

renewal. (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "APPROPRIATION" MEANS AN APPROPRIATION IN THE CAPITAL CONSTRUCTION SECTION OF THE ANNUAL GENERAL APPROPRIATION ACT, NOT INCLUDING APPROPRIATIONS FOR INFORMATION TECHNOLOGY PROJECTS, AND NOT INCLUDING ANY APPROPRIATIONS MADE FROM THE INFORMATION TECHNOLOGY CAPITAL ACCOUNT IN THE CAPITAL CONSTRUCTION FUND CREATED IN SECTION 24-75-302 (3.7), AS ENACTED BY HOUSE BILL 15-1266.

(b) "CAPITAL CONSTRUCTION FUND" MEANS THE CAPITAL CONSTRUCTION FUND CREATED IN SECTION 24-75-302.

(c) "CASH FUND" DOES NOT INCLUDE THE LOTTERY FUND CREATED IN SECTION 24-35-210 OR THE LIMITED GAMING FUND CREATED IN SECTION 12-47.1-701 (1), C.R.S.

(d) "CONTROLLED MAINTENANCE TRUST FUND" MEANS THE CONTROLLED MAINTENANCE TRUST FUND CREATED IN SECTION 24-75-302.5.

(e) "DEPRECIATION" MEANS AN AMOUNT CALCULATED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

(f) "DEPRECIATION PERIOD" MEANS A PERIOD DETERMINED IN FISCAL PROCEDURES ISSUED BY THE STATE CONTROLLER OR THE STATE INSTITUTION OF HIGHER EDUCATION.

(g) "PROJECT COST" MEANS THE DEPRECIABLE COMPONENTS OF THE TOTAL PROJECT COST AS REFLECTED IN THE APPROPRIATION; EXCEPT THAT, IF THE PROJECT IS FINANCED, THE TOTAL PROJECT COST DOES NOT INCLUDE ANY FINANCING COSTS.

(2) FOR EVERY APPROPRIATION IN THE CAPITAL CONSTRUCTION SECTION OF THE 2015-16 ANNUAL GENERAL APPROPRIATION ACT AND EVERY APPROPRIATION IN THE CAPITAL CONSTRUCTION SECTION OF EACH ANNUAL GENERAL APPROPRIATION ACT THEREAFTER, NOT INCLUDING APPROPRIATIONS FOR INFORMATION TECHNOLOGY PROJECTS, ADDITIONAL FUNDING MUST BE SET ASIDE AS FOLLOWS:

(a) IF THE FUNDING SOURCE FOR THE APPROPRIATION IS FROM A CASH FUND, THE STATE AGENCY SHALL ANNUALLY CALCULATE AN AMOUNT EQUAL TO THE DEPRECIATION OF THE CAPITAL ASSET ACQUIRED, REPAIRED, IMPROVED, REPLACED, RENOVATED, OR CONSTRUCTED WITH THE APPROPRIATION BASED ON THE DEPRECIATION PERIOD AND ON JUNE 30 THE STATE CONTROLLER SHALL CREDIT SUCH AMOUNT FROM THE CASH FUND THAT WAS THE SOURCE OF THE FUNDING FOR THE APPROPRIATION TO A CAPITAL RESERVE ACCOUNT ESTABLISHED BY THE STATE AGENCY IN SUCH CASH FUND AS SPECIFIED IN SECTION 24-75-403 (2), AS ENACTED BY HOUSE BILL 15-1280.

(b) IF THE FUNDING SOURCE FOR THE APPROPRIATION IS FROM THE GENERAL FUND, THE CAPITAL CONSTRUCTION FUND, OR THE CONTROLLED MAINTENANCE TRUST FUND, THE GENERAL ASSEMBLY SHALL INCLUDE AN ANNUAL DEPRECIATION-LEASE EQUIVALENT PAYMENT LINE ITEM PAYABLE FROM THE GENERAL FUND IN THE OPERATING SECTION OF THE ANNUAL GENERAL APPROPRIATION ACT FOR EACH STATE AGENCY OR STATE INSTITUTION OF HIGHER EDUCATION EQUAL TO THE DEPRECIATION OF THE CAPITAL ASSET ACQUIRED, REPAIRED, IMPROVED, REPLACED, RENOVATED, OR CONSTRUCTED WITH THE APPROPRIATION BASED ON THE DEPRECIATION PERIOD, AS CALCULATED BY THE STATE AGENCY OR STATE INSTITUTION OF HIGHER EDUCATION. ON JUNE 30 THE STATE CONTROLLER SHALL CREDIT THE DEPRECIATION-LEASE EQUIVALENT PAYMENT TO THE CAPITAL CONSTRUCTION FUND; EXCEPT THAT, OF SUCH PAYMENT, AN AMOUNT EQUAL TO ONE PERCENT OF THE PROJECT COST WILL BE DEDUCTED FROM THE PAYMENT AND CREDITED TO THE PRINCIPAL OF THE CONTROLLED MAINTENANCE TRUST FUND.

(c) IF THE FUNDING SOURCE FOR THE APPROPRIATION IS A FINANCING ARRANGEMENT, INCLUDING A LEASE-PURCHASE AGREEMENT ALLOWED PURSUANT TO SECTION 24-82-802, AND THE SOURCE OF THE FUNDING FOR THE FINANCING PAYMENT IS:

(I) FROM A CASH FUND, THEN THE STATE AGENCY SHALL ANNUALLY CALCULATE AN AMOUNT EQUAL TO ONE PERCENT OF THE PROJECT COST AND THE GENERAL ASSEMBLY SHALL INCLUDE AN ANNUAL CONTROLLED MAINTENANCE LINE ITEM PAYABLE FROM THE CASH FUND IN THE OPERATING SECTION OF THE ANNUAL GENERAL APPROPRIATION ACT FOR EACH STATE AGENCY EQUAL TO SUCH AMOUNT. ON JUNE 30 THE STATE CONTROLLER SHALL CREDIT SUCH AMOUNT TO A CAPITAL RESERVE ACCOUNT

ESTABLISHED BY THE STATE AGENCY IN THE CASH FUND AS SPECIFIED IN SECTION 24-75-403 (2), AS ENACTED BY HOUSE BILL 15-1280.

(II) FROM THE GENERAL FUND, THE CAPITAL CONSTRUCTION FUND, OR THE CONTROLLED MAINTENANCE TRUST FUND, THEN THE GENERAL ASSEMBLY SHALL INCLUDE AN ANNUAL CONTROLLED MAINTENANCE LINE ITEM PAYABLE FROM THE GENERAL FUND IN THE OPERATING SECTION OF THE ANNUAL GENERAL APPROPRIATION ACT FOR EACH STATE AGENCY OR STATE INSTITUTION OF HIGHER EDUCATION EQUAL TO ONE PERCENT OF THE PROJECT COST, AS CALCULATED BY THE STATE AGENCY OR STATE INSTITUTION OF HIGHER EDUCATION. ON JUNE 30 THE STATE CONTROLLER SHALL CREDIT SUCH AMOUNT TO THE CONTROLLED MAINTENANCE TRUST FUND.

(d) IF THE FUNDING SOURCE FOR THE APPROPRIATION IS A COMBINATION OF THE FUNDING SOURCES DESCRIBED IN PARAGRAPHS (a), (b), AND (c) OF THIS SUBSECTION (2), THEN THE ANNUAL SET ASIDE MUST BE MADE IN PROPORTION TO THE FUNDING SOURCE.

SECTION 3. In Colorado Revised Statutes, 24-75-201.1, **amend** (2) as follows:

24-75-201.1. Restriction on state appropriations - legislative declaration - definitions. (2) The basis for the calculation of the reserve as specified in this section includes all appropriations for expenditure from the general fund for such fiscal year, except for any appropriations for:

(a) Expenditure from the general fund due to a state fiscal emergency as provided for in subparagraph (IV) of paragraph (a) of subsection (1) of this section;

(c) MONEYS THAT ARE CREDITED BY THE STATE CONTROLLER FROM THE GENERAL FUND TO THE CAPITAL CONSTRUCTION FUND OR TO THE PRINCIPAL OF THE CONTROLLED MAINTENANCE TRUST FUND AS SET FORTH IN SECTION 24-30-1310.

SECTION 4. In Colorado Revised Statutes, 24-75-302, **amend** (1) (a) as follows:

24-75-302. Capital construction fund - capital assessment fees

- calculation - repeal. (1) (a) There is hereby created the capital construction fund. The fund consists of moneys transferred to the fund by the general assembly AND MONEYS CREDITED TO THE FUND PURSUANT TO SECTION 24-30-1310. Moneys in the capital construction fund may be appropriated for capital construction, capital renewal, controlled maintenance, or state highway reconstruction, repair, and maintenance projects as requested pursuant to section 43-1-113 (2.5), C.R.S.; except that any moneys transferred to the capital construction fund for state highway reconstruction, repair, and maintenance projects may only be appropriated for such projects. The appropriation for projects must be set forth in a single line item as a total sum. All unappropriated balances in the fund at the close of any fiscal year must remain in the fund and may not revert to the general fund. All unexpended or unencumbered moneys from a capital construction fund appropriation to a state agency or state institution of higher education for any fiscal year reverts to the capital construction fund at the end of the period for which the moneys are appropriated. Except as provided in sections 2-3-1304 (1) (a.5) and 24-30-1303.7 (1), C.R.S., no portion of the unexpended balance of a state agency's or state institution of higher education's capital construction fund appropriation may be used by the state agency or the state institution of higher education for any additional projects that are beyond the scope or design of the original project without further approval by the capital development committee of such additional project. Anticipation warrants or checks may be issued against the revenues of the fund as provided by law. Except as provided in subsection (7) of this section, all interest earned from the investment of moneys in the capital construction fund must remain in the fund and become a part thereof.

SECTION 5. In Colorado Revised Statutes, 24-75-302.5, **amend** (2) (a) as follows:

24-75-302.5. Controlled maintenance - trust fund - legislative declaration. (2) (a) There is hereby created the controlled maintenance trust fund, the principal of which shall consist of any general fund revenues appropriated or transferred thereto by law, MONEYS CREDITED THERETO PURSUANT TO SECTION 24-30-1310, and proceeds of leveraged leasing agreements deposited thereto pursuant to section 24-82-1003 (3). For the 1996-97 fiscal year and fiscal years thereafter, the principal of the trust fund may constitute all or some portion of the state emergency reserve established pursuant to section 24-77-104 and may be expended in any

given fiscal year as provided in said section. The principal of the trust fund shall not be expended or appropriated for any purpose other than use as part of the state emergency reserve. The state treasurer may in the state treasurer's discretion deposit, redeposit, invest, and reinvest moneys accrued or accruing to the controlled maintenance trust fund in the types of deposits and investments authorized in sections 24-36-109, 24-36-112, and 24-36-113.

SECTION 6. Safety clause. The general assembly hereby finds,

determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Bill L. Cadman
PRESIDENT OF
THE SENATE

Dickey Lee Hullinghorst
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Cindi L. Markwell
SECRETARY OF
THE SENATE

Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

APPROVED _____

John W. Hickenlooper
GOVERNOR OF THE STATE OF COLORADO