

MEMORANDUM

TO: Joint Budget Committee

FROM: Patrick Brodhead (303-866-4955)

SUBJECT: Capital Construction Interim Supplemental Requests for FY 2011-12

DATE: November 9, 2011

FY 2011-12 Interim Supplemental Requests

Through the H.B. 98-1331 process, state agencies can get authorization to make an overexpenditure when the Legislature is not in session. To receive such authorization, the Office of State Planning and Budgeting, Capital Development Committee, and Joint Budget Committee must approve the request and send a letter to the State Controller. If an overexpenditure is approved, H.B. 98-1331 requires that the JBC introduce a supplemental appropriation in the next legislative session. If the supplemental bill does not pass or is vetoed by the Governor, H.B. 98-1331 spells out the method that the State Controller would use to restrict appropriations for the department in the following fiscal year. The following requests have been reviewed and approved by the Capital Development Committee:

1. Judicial Department, New Judicial Center:

Department Request: The Judicial Department requests a FY 2011-12 supplemental appropriation of \$33,140,000 cash funds spending authority for expenses related to the construction of the Ralph L. Carr Justice Center and parking garage. The Department originally understood the authorizing legislation to include continuous spending authority for the requested cash funds. However, after closer scrutiny, it was realized that this spending authority needed to be appropriated by the General Assembly.

Staff Recommendation: Staff recommends that the Committee approve the FY 2011-12 interim supplemental request for cash funds spending authority of \$33,140,000 for this project. If the JBC approves the appropriation, it will be included in this year's capital construction supplemental bill for informational purposes.

Staff Analysis: The Ralph L. Carr Justice Center project was authorized by S.B. 08-206, which also authorized the construction of a new Colorado History Museum. The authorizing legislation created a new cash fund, the Justice Center Cash Fund, that accrues moneys from increased civil filing fees. Moneys in the fund may be used for the project, including annual certificates of participation (COP) payments. The bill authorized a \$25 million transfer over a three-year period to the Colorado

Historical Society for the purchase of the land for the new Justice Center. An additional \$33,140,000 was allocated from the fund for project expenses but not appropriated in the bill. The Department originally understood the bill to authorize continuous spending authority for the project, but after closer scrutiny, realized that only the \$25 million transfer for the site purchase was listed in the bill. Therefore, the Department is requesting additional cash funds spending authority from the Justice Center Cash Fund of \$33,140,000 to make payments for expenses related to the construction of the Justice Center and parking garage. The requested funding represents the amount originally budgeted for the project and included in the COP issuance documents.

2. Colorado State University, Critical Care Unit, Pharmacy, and Student Lab Renovation (Veterinary Teaching Hospital):

Department Request: The university requests a FY 2011-12 supplemental appropriation of \$1,525,000 cash funds spending authority to renovate 5,390 GSF in the Veterinary Teaching Hospital (VTH) in order to improve student learning and accommodate an increased client caseload. The source of cash funds includes \$716,750 from a \$1,001 annual fee charged to non-resident students of the veterinary program, and \$808,250 in matching university funds earned through tuition and client-based service revenues.

Staff Recommendation: Staff recommends that the Committee approve the FY 2011-12 interim supplemental request for cash funds spending authority of \$1,525,000 for this project. If the JBC approves the appropriation, it will be included in this year's capital construction supplemental bill for informational purposes.

Staff Analysis: Colorado State University (CSU) requests cash funds spending authority to renovate the VTH. The project will make renovations in the following areas:

1. *Critical Care Unit.* The project relocates and upgrades the existing critical care unit in order to accommodate more clients and to create a better work environment. According to the university, the existing critical care unit is undersized and inefficient. The university began providing urgent care services to students in February 2010. The addition of urgent care services has led to an increase in the number of clients served by the VTH. The project will establish small group teaching and work stations, create wider aisles and space around beds for equipment and visitation, and construct segregated areas for specific patients. The project also purchases some equipment for the unit.
2. *Pharmacy.* The project remodels the pharmacy to create a designated consulting space for students and clinicians. The renovations will also accommodate a new inventory system and ensure that pharmacy supplies are better secured.

3. *Student Teaching Laboratory.* The project renovates the student teaching laboratory and purchases microscopes for the lab.

The Western Interstate Commission for Higher Education (WICHE) is a 15-state consortium created to afford residents of member states the opportunity for reduced tuition in participating programs and schools. The CSU Veterinary Medicine Program is part of the professional student exchange program, which allows residents of participating WICHE states to pay reduced tuition rates. Pursuant to Section 23-31-118 (2), C.R.S., non-resident veterinary medicine students, including those enrolled through WICHE, are assessed a \$1,001 annual fee for facility renovations and equipment purchases. In order to spend this fee revenue, the university must share proportionately in the cost of any planned renovations or purchases based on the annual ratio of resident students to non-resident and WICHE students.

Although the total request amount is less than the \$2 million threshold that typically triggers legislative review and authorization of cash funds spending authority for higher education capital construction projects, Capital Development Committee and Joint Budget Committee approval is required in order to comply with state rules for the use of WICHE funds. According to the Office of the State Controller, spending authority for the project must be listed in an annual appropriations bill.