

STATE OF COLORADO

OFFICE OF STATE PLANNING AND BUDGETING

111 State Capitol Building
Denver, Colorado 80203
(303) 866-3317



Bill Ritter Jr.
Governor

Todd Saliman
Director

November 1, 2010

The Honorable Bob Bacon
Chairman
Capital Development Committee
State Capital Building Room 029
Denver, CO 80203

Re: OSPB Submission of Prioritized FY 2011-12 Capital Requests

Dear Senator Bacon:

The Governor's Office of State Planning and Budgeting is providing the prioritized capital construction lists for FY 2011-12 pursuant to Section 24-37-304 (1) (c.3) (II), C.R.S. (2010). The referenced requests were provided to the Committee staff on September 1 and October 12, 2010. This November 1 deliverable includes the following:

- A prioritized list of capital construction projects utilizing Capital Construction Funds;
- A non-prioritized list of capital construction projects utilizing 100% federal or cash funds, all recommended for funding;
- A narrative description of each project;
- A prioritized list of Level I controlled maintenance projects;
- An updated General Fund transfer need for capital construction, applying September 2010 assumptions, and;
- Additional and revised requests since the September submission.

Due to extreme economic environment, there remains virtually no capital construction funding available for FY 2011-12 requests. The Federal Mineral Lease forecast has also been lower than initially expected, indicating that that funding source will not be viable for additional higher education projects for some time.

For FY 2011-12, OSPB limited its requests to the following criteria:

- 100% cash or federally funded projects;¹
- Certificates of participation annual payments;
- For non-higher education, Capital Construction Funds (General Fund) request priority #1 from each department,² other than certificates of participation annual payments;

¹ 100% cash funded projects from institutions of higher education do not require OSPB review. Such requests must be submitted directly to the Department of Higher Education and processed according to their instructions.

² For the Department of Human Services, one for each of its five offices.

- Projects originally on the list published in HJR 08-1042 but did not receive funding from first round of Federal Mineral Lease certificates of participation;
- For the Department of Higher Education, the top seven priorities as ranked by the Colorado Commission on Higher Education, other than certificates of participation annual payments and HJR 08-1042 items; and
- Continuation project appropriated in FY 2010-11.

For requests for construction projects at institutions of higher education, the Governor has ranked OSPB-approved requests in the same order as recommended by the Colorado Commission on Higher Education (CCHHE). However, CCHHE submitted some requests that did not meet OSPB criteria. The Commission has forwarded to the CDC requests for Capital Construction Funds that, having not met minimum criteria, were not reviewed by OSPB or approved by the Governor. Because the dollars and the projects were not reviewed, they should be considered for informational purposes only.

As a part of budget balancing for FY 2011-12, the General Fund transfer for Controlled Maintenance of State buildings was reduced from \$20 million, estimated in June 2010, to \$10 million in the September 2010 OSPB forecast. Level I Controlled Maintenance is typically estimated between \$20-25 million. In FY 2010-11, \$10,129,588 was appropriated for Level I Controlled Maintenance. The State Architect has estimated a need of \$22,732,928 for Level I Controlled Maintenance in FY 2011-12 and on November 1, 2010, OSPB recommended that \$10,514,313 (through score ranking 5) be funded for FY 2011-12. In addition to the State Architect's estimate for Level I, there is an additional \$39.6 million for Level II and Level III Controlled Maintenance needs in the State for FY 2011-12.

For FY 2011-12, the Governor recommends funding \$84,940,088 in capital construction projects, of which \$51,823,139 are Capital Construction Funds. This list does not include 100% cash funded or federally funded projects. These amounts cover seven "projects:" three sets of annual payments for certificates of participation for Federal Mineral Lease, Anschutz Medical Campus, and Centennial Correctional Facility Expansion (formerly CSP II); Level I Controlled Maintenance through ranking 5, the fifth of six phases of the Colorado Integrated Tax Architecture (CITA), and the two continuation projects for National Guard armories.

Other key capital construction projects that were submitted for FY 2011-12 but must be postponed for budget balancing include the Cumbres and Toltec Scenic Railroad Track Rehabilitation or Emergency Trestle Repair, the Department of Human Services' Suicide Risk Mitigation at the Colorado Mental Health Institutes at Fort Logan and Pueblo, fifteen critical projects for institutions of higher education, and the Historical Society's Ute Indian Museum. These projects total \$246.3 million, which would require \$230 million of General Fund.

The Governor is also recommending funding for \$91 million in 100% cash funded or federally funded projects. Of this amount, \$64.9 million is from various state cash sources. These requests do not require any General Fund. These do not include cash projects for institutions of higher education, which are reviewed solely by the Department of Higher Education and submitted directly to the Capital Development Committee. Of the \$64.9 million in cash funds,

\$1.1 million is from Highway Users Tax Fund (HUTF) Off-the-Top. OSPB projects the amount of HUTF Off-the-Top available for the Governor's FY 2011-12 Budget Request, as shown in the table below:

OSPB Projection for FY 2011-12 Highway Users Tax Fund (HUTF) Off-the-Top			
A		FY 2010-11 Actual and Anticipated Appropriations (includes OSPB supplemental assumptions, including Department of Revenue capital construction request for Ports of Entry)	\$115,447,952
B	A*1.06	FY 2011-12 HUTF "Off the Top" 6% Allowable Growth	\$122,374,829
C	D+E+F	Total November 2010 Request for FY 2011-12	(\$121,859,394)
D		<i>November 2010 Request, Department of Public Safety</i>	<i>(\$99,772,001)</i>
E		<i>November 2010 Request, Department of Revenue</i>	<i>(\$20,937,559)</i>
F		<i>November 2010 Request, Capital Construction, Department of Public Safety</i>	<i>(\$1,149,834)</i>
G	B+C	FY 2011-12 HUTF "Off the Top" Projected Balance	\$515,435
<i>Note: The FY 2011-12 6.0 percent allowable growth is determined by actual and anticipated appropriations to date. This assumption results in the FY 2010-11 allowable growth of \$115,447,952 being fully appropriated. If FY 2010-11 is not fully appropriated, the FY 2011-12 allowable growth will change accordingly.</i>			

Projects on the Capital Construction Funds (CCF) list that are recommended for funding have been ensured funding with a General Fund transfer in the November 1, 2010 balancing plan submitted with the Governor's FY 2011-12 Budget Request, and will be included in the OSPB December 2010 forecast.

OSPB Priority	Department or Institution	Request Title	FY 2011-12 Request			
			TF	CCF	CF	FF
1	Higher Education	Federal Mineral Lease COPs	\$12,446,300	\$4,066,510	\$8,379,790	\$0
2	CU Health Sciences	Anschutz Medical Campus COPs	\$13,144,350	\$5,144,350	\$8,000,000	\$0
3	Corrections	CSP II COPs	\$18,434,900	\$17,141,139	\$1,293,761	\$0
4	Office of the State Architect	Level I Controlled Maintenance	\$10,514,313	\$10,514,313	\$0	\$0
5	Revenue	Colorado Integrated Tax Architecture (CITA)	\$8,628,383	\$8,628,383	\$0	\$0
6	Military and Veterans Affairs	Readiness Center for Alamosa	\$9,848,361	\$2,728,088	\$0	\$7,120,273
7	Military and Veterans Affairs	Readiness Center for Windsor	\$11,923,481	\$3,600,356	\$0	\$8,323,125

Projects that are 100% cash or federally funded are also recommended for funding

Senator Bob Bacon

November 1, 2010

Page 4

Therefore, OSPB has proposed funding the following package:

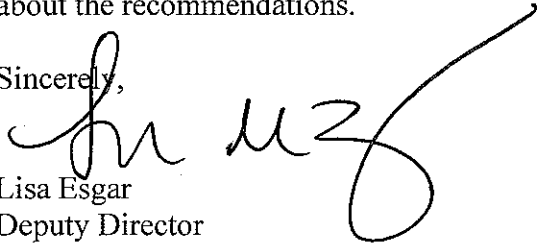
1. Certificates of participation annual payments;
2. The CITA continuation project from FY 2010-11;
3. Completion of two armories;
4. The 100% cash and federal projects provided on the attached list; and
5. Level I Controlled Maintenance through ranking 5.

To achieve this package, the following General Fund transfer scenario is also recommended. This General Fund transfer calculation will be detailed in the December 20, 2010 OSPB Forecast.

	FY 2011-12	FY 2012-13
General Fund Transfer Need	\$49,178,092	\$66,219,939

Please contact me at (303) 866-3024 or lisa.esgar@state.co.us with any questions or comments about the recommendations.

Sincerely,


Lisa Esgar
Deputy Director

cc: Senator Bob Bacon, Chair, CDC (binder)
Representative Jim Riesberg, Vice-Chairman, CDC (binder)
Senator Scott Renfroe, CDC (binder)
Senator Gail Schwartz, CDC (binder)
Representative Jerry Sonnenberg, CDC (binder)
Representative Edward Vigil, CDC (binder)
Kori Donaldson, CDC Staff (2 binders)
Todd Saliman, Director, OSPB
John Ziegler, Joint Budget Committee Staff Director
Patrick Brodhead, JBC Staff (binder)
Rico Munn, Executive Director, CDHE
Dan Krug, CDHE (binder)
Larry Friedberg, Office of the State Architect (binder)
State Auditor (binder)
State Library (four binders)
Governor's Office of Information Technology (binder)