

# STATE OF COLORADO



DEPARTMENT OF HIGHER EDUCATION

Bill Ritter, Jr.  
Governor

David E. Skaggs  
Executive Director

March 26, 2009

The Honorable Jim Riesberg  
Chair, Capital Development Committee  
State Capitol Building Room 029  
Denver, CO 80203

Re: DHE annual 209 report

Dear Representative Riesberg:

Enclosed is the Department of Higher Education (DHE) report on SB01-209 small projects for FY2007-08. This report is submitted as required by C.R.S 23-1-106(11) and is a compilation of institutional reports submitted to DHE. It tracks capital expenditures that are not subject to DHE review under C.R.S. 23-1-106 subsections 9 and 10, including projects costing less than \$1,000,000 that are *constructed, operated and maintained* with Cash Funds (202 projects) and projects costing less than \$500,000 *constructed* with Cash Funds. HB08-1205 increased the dollar threshold for these projects to \$2,000,000 for FY2008-09. It is expected that both the total number of projects and the total dollar amount will increase significantly in future reports.

For FY2007-08, all but two institutions were classified as having enterprise status and therefore were not subject to TABOR spending limits. In the memorandum from the Office of the State Auditor to the Legislative Audit Committee entitled *Higher Education TABOR Enterprise Status* dated October 23, 2008 "two institutions (Mesa State College and Western State College of Colorado) did not qualify as TABOR exempt enterprises for Fiscal Year 2008. It is projected that three institutions (Adams State College, Fort Lewis College, and Mesa State College) will not qualify as a TABOR enterprise for Fiscal Year 2009."

The enclosed report is organized by campus and includes descriptions of each project undertaken along with square feet added (if applicable), project type, total cost and funding source.

**Table 1**  
**Comparison of 209 Reports: FY2006-07 and FY2007-08**

<b>Reporting Category</b>	<b>FY2006-07</b>	<b>FY2007-08</b>	<b># Change</b>	<b>% Change</b>
# of Projects	552	623	71	13%
Additional Sq Ft	20,944	912	-20,032	-96%
Cash Funds Exempt	\$32,958,425	\$34,194,735	\$1,236,310	4%
Federal Funds	\$4,949,833	\$8,710,471	\$3,760,638	76%
Total Costs	\$37,908,258	\$46,429,022	\$8,520,764	22%

Table 1 compares grand totals for all projects reported in FY2006-07 and FY2007-08. In FY2007-08, total costs for 209 projects increased by 22% from \$37.9 million to \$46.4 million and the total number of small projects also increased from 552 to 623; an increase of 13%.

SB05-132 was enacted on June 1, 2005 for FY06-07 and increased 202 project reporting requirements from those under \$250,000 to those under \$1,000,000 and increased Cash Funded project reporting requirements from those under \$250,000 to those under \$500,000. The 209 report has shown increasing dollar amounts since FY2004-05 and it is likely that increased small project dollar amounts are partially due to increased familiarity with SB05-132. Recent legislation has increased this limit to \$2,000,000 and given Cash Funded projects the same expedited review process as given to 202 projects. With the changes from this legislation, the dollar amounts and number of projects will likely increase next fiscal year.

The largest change between FY06-07 and FY07-08 was the decrease in the additional square footage. In 2007 the additions mainly came from additional dormitory space reported at Otero Junior College and additions to Science Building Classrooms at UCCS, whereas 2008 saw only small scale additions. Changes for all other reporting categories show a generally flat trend. Categories with larger decreases in number of projects included: Demolition, Fixed Equipment, Remodel/Renovate/Modernize (RRM) expenditures, although the total costs for fewer RRM projects increased. Projects included in the RRM category range from remodeling an entire floor to putting in new carpet. Please see Table 2 for detailed information.

The reporting categories are based on definitions of capital construction as provided in the instructions provided to institutions are as follows:

**Repair and Replacement** – All costs associated with corrective repairs or replacement of existing state-owned buildings and other physical facilities including, but not limited to, buildings, utilities, and site improvements. This includes repair work to existing structures, system components, utility services, and sites. Structure and system components include all work done to the foundation, structural system, and building enclosures and the various building systems (i.e., mechanical, electrical, plumbing, utilities, and technology systems infrastructure).

**Professional Services** – Purchase of services of architects, engineers and other consultants to prepare designs, plans, program documents, life-cycle cost studies, energy analyses schematics, construction development documents, bidding and contract administration, physical site surveys, legal limitation reviews, utility location surveys, investigations to determine soil conditions, hazardous materials, ground corrosion and code reviews and other studies associated with capital construction projects and to supervise construction or execution of such projects.

**New Facilities/Additions** – Construction costs for building a new structure or an addition on an existing property. An addition, as defined here, is a project that expands or extends a building and is physically linked to an existing fixed asset. An example of an addition is the construction of a new wing on an existing building.

**Infrastructure Improvements** – All costs associated with the installation or upgrade of utility systems, flood control systems, the improvement of energy systems, steam, or chilled water systems, or expansion of information technology systems. Utilities include sewer, water, gas, electricity, etc.

**Remodel/Renovate/Modernize** – Costs of extraordinary repairs, betterment or improvements to existing buildings that increase future benefits from an existing fixed asset beyond its previously assessed standard of performance or to meet new program needs. Increased future benefits typically include: an extension to an asset’s estimated life, increase in the capability of an existing fixed asset or substantial improvement in the quality of an asset. All costs to improve building transportation costs should be included in this category. Transportation systems, as defined here, include elevators, stairways, and escalators internal to the building.

**Site Improvements** – All costs associated with site improvements, upgrades and/or replacements associated with a site. Site improvements include walks, roads, grading, landscaping, irrigation, area lighting, and parking lot resurfacing.

**Fixed Equipment** – Cost of items normally a part of construction including carpets, blinds, voice and data communication infrastructure, built-in cabinets, work stations and laboratory or shop equipment.

**Demolition** – All costs associated with the removal of an existing state-owned building.

**Leasehold Improvements** – All costs associated with improvements made to a rented/leased property including build-outs, new construction, etc.

**Instructional or Scientific** – Any instructional or scientific equipment item if the equipment cost will exceed \$50,000.

**Table 2**  
**Dollar Amounts and # of Projects by Category: 2007 and 2008**

<b>Report Category</b>	<b><i>FY2006-07</i></b>	<b><i>FY2007-08</i></b>
Demolition	\$144,380 (4 projects)	\$0 (0 projects)
Fixed Equipment	\$1,564,555 (20 projects)	\$1,037,877 (19 projects)
Infrastructure Improvements	\$2,674,599 (44 projects)	\$4,969,058 (61 projects)
Instructional or Scientific Equipment	\$4,485,835 (31 projects)	\$6,346,307 (36 projects)
Leasehold Improvements	\$295,000 ( 1 project)	\$122,209 (4 projects)
New Facilities/Additions	\$1,668,609 (1 project)	\$607,968 (6 projects)
Professional Services	\$683,538 (17 projects)	\$965,451 (30 projects)
Remodel/Renovate/Modernize	\$17,184,000 (275 projects)	\$19,162,041 (240 projects)
Repair and Replacement	\$4,929,876 (127 projects)	\$10,468,429 (197 records)
Site Improvements	\$4,277,846 (24 projects)	\$2,749,682 (30 records)

Fixed equipment projects and costs decreased slightly while repair and replacement projects increased substantially in number and cost. One example of a repair and replacement project is the USGS Roof Replacement at the Colorado School of Mines, a project that cost over \$145,000.

**Table 3**  
**Total Cost Comparison by Institution: 2005, 2006, and 2007**

Institution	Total Costs			
	FY2004-05	FY2005-06	FY2006-07	FY2007-08
Adams State College	\$243,495	\$238,823	\$268,270	\$1,287,417
Arapahoe Community College	\$49,632	\$0	\$0	\$0
Auraria Higher Education Center	\$2,367,937	\$2,057,557	\$1,954,732	\$3,523,815
Colorado Northwestern Community College	\$0	\$0	\$82,705	\$1,148,040
Colorado Community College and Occupational Ed/Sys	\$0	\$0	\$32,000	\$0
Colorado School of Mines	\$1,332,639	\$1,280,152	\$1,637,541	\$973,274
Colorado State University	\$19,693,891	\$9,540,122	\$4,221,889	\$3,760,475
Colorado State University-Pueblo	\$476,031	\$1,194,266	\$2,495,179	\$458,585
Community College of Aurora	\$29,880	\$0	\$35,420	\$0
Fort Lewis College	\$780,598	\$714,892	\$718,582	\$1,587,356
Front Range Community College	\$131,934	\$1,143,409	\$388,501	\$372,743
Lamar Community College	\$155,774	\$0	\$0	\$0
Mesa State College	\$214,191	\$1,900,001	\$1,508,105	\$2,348,118
Metropolitan State College	\$0	\$0	\$794,522	\$0
Morgan Community College	\$0	\$0	\$16,950	\$103,983
Northeastern Junior College	\$229,700	\$139,729	\$23,473	\$179,030
Otero Junior College	\$566,618	\$395,014	\$953,625	\$793,054
Pike Peak Community College	\$118,433	\$236,961	\$126,527	\$619,190
Pueblo Community College	\$0	\$625,988	\$56,756	\$114,465
Red Rocks Community College	\$0	\$0	\$466,318	\$96,397
CU- Colorado Springs	\$131,645	\$131,654	\$1,005,980	\$602,893
CU- Denver and Health Sciences	\$8,293,591	\$7,844,172	\$5,838,300	\$11,905,758
CU- Boulder	\$2,023,642	\$4,104,896	\$11,893,431	\$12,072,545
University of Northern Colorado	\$2,122,865	\$3,580,851	\$2,928,318	\$4,001,970
Western State College	\$113,748	\$503,542	\$461,133	\$479,913
<b>TOTALS</b>	<b>\$39,076,244</b>	<b>\$35,632,029</b>	<b>\$37,908,257</b>	<b>\$46,429,022</b>

In comparing total costs for FY2006-07 and FY2007-08 by institution, the largest swings occurred at CSU-Pueblo and CU-Denver and Health Sciences. Dollar amounts spent on small projects increased by over \$6 million at CU-Denver and Health Sciences and decreased by over \$2 million at CSU-Pueblo.

Campuses *without* small projects reported for FY2007-08 included:

- Arapahoe Community College
- Colorado Community College System
- Community College of Aurora
- Community College of Denver
- Lamar Community College
- Metropolitan State College of Denver
- Trinidad State Junior College

**Figure 1**  
**Percentage of Small Project Expenditures by Governing Board FY2006-07 and FY2007-08**

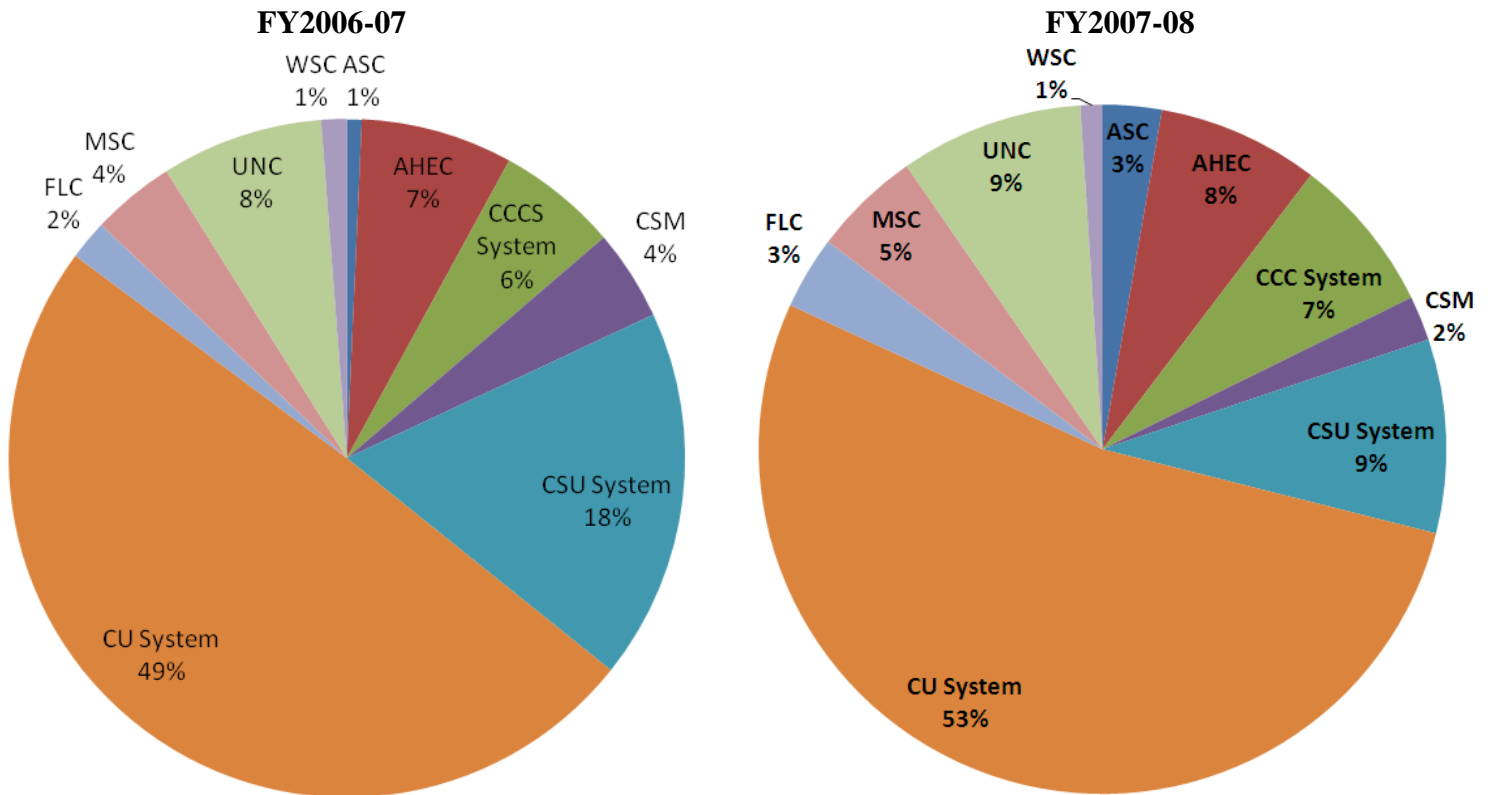


Figure 1 shows small project expenditures by governing board and percentage for FY2006-07 and FY2007-08. The chart shows that in 2008 over 50% of these expenditures came from the CU system. Given the size of the system campuses, the amount of square footage that must be maintained and the cash funds available to them, the results shown in Figure 1 are to be expected. Last year, the CU and CSU systems accounted for 67% of the total expenditures with the CSU system accounting for approximately \$6.7 million of total expenditures and the CU system accounting for approximately \$18.7 million.

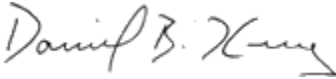
The following expenditures have been excluded from the SB 01-209 reporting requirement since reporting began in 2001:

- Non-capital construction personnel costs, including personnel who perform janitorial, grounds keeping, or landscaping services;
- Education and General Funds that were expended for operation and maintenance of the plant and that were reported to the Office of the State Architect;
- Funds spent for capital outlays as defined in the head-notes of the Long Bill, SB 01-212. As defined in that bill, capital outlays are equipment, furniture, motor vehicles, software and other items having a useful life of one year or more and costing less than \$50,000; building alterations and replacement of plumbing, wiring, electrical fiber optic, heating and air conditioning systems costing less than \$15,000; construction of new buildings costing less than \$15,000; and land improvements—grading, landscaping, leveling,

drainage, and irrigation, roads, fences, ditches, and sanitary storm sewers—costing less than \$5,000.)

If you have any questions regarding this report or you would like to request additional information on SB01-209 projects, please contact DHE capital assets staff at 303-866-2723.

Sincerely,

A handwritten signature in cursive script that reads "Daniel B. Krug".

Daniel Krug  
Financial and Compliance Analyst  
Colorado Department of Higher Education

CC: Larry Friedberg, State Architect  
Eric Kurtz, JBC  
Kori Donaldson, CDC  
Lisa Esgar, OSPB