



COLORADO

**Department of
Higher Education**

**HIGHER EDUCATION
CASH FUNDED CAPITAL PROJECTS
REPORT
FY 2018-19**

JANUARY 9, 2020

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Appendix A: FY 2018-19 Completed Small Cash Funded Projects (209 Report)

Appendix B: FY 2018-19 Commenced or Completed Large Cash Funded Projects (290 Report)



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Denver, CO 80202

Jared Polis
Governor

Dr. Angie Paccione
Executive Director

Dear Honorable Senator Fields and Capital Development Committee Members:

Enclosed is the Department of Higher Education's (DHE) report on cash funded projects for FY 2018-19. Institutions of higher education are required by C.R.S. 23-1-106(11)(a) to annually submit information to the Colorado Commission on Higher Education (CCHHE) on cash funded projects commenced and/or completed. These submissions are compiled into the enclosed report and delivered to the General Assembly's Capital Development Committee (CDC) as required by C.R.S 23-1-106(11)(b).

This report is divided into two parts. The first part details the FY 2018-19 expenditures on "small construction projects" costing less than \$2 million that did not require nor receive advance review and/or approval by the CCHHE or the CDC. These small projects were originally called "209 projects" and were created under SB01-209 and revised under SB09-290.

The second part of this report details the FY 2018-19 expenditures on "major construction projects" costing more than \$2 million included on a Governing Board's *Two-Year Cash Funded Capital Program List* and approved by the CCHHE and the CDC. These projects, called "290 projects", were created under SB09-290.¹

The ten Governing Boards and the Auraria Higher Education Center are required to submit these reports (Adams State University, Colorado Mesa University, Colorado School of Mines, Fort Lewis College, Metropolitan State University of Denver, University of Northern Colorado, Western Colorado University, the Colorado Community College System, the Colorado State University System, and the University of Colorado System). Local District Colleges (Aims Community College and Colorado Mountain College) and the Area Vocational Schools (Emily Griffith Technical College, Delta-Montrose Technical College, and Pickens Technical College) are not subject to the same capital construction and reporting rules.

Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,

Lauren Gilliland
Lead Finance Analyst
Budget Services Team
Colorado Department of Higher Education

Part I: 209 Small Projects

Background:

State statute, C.R.S 23-1-106(11), requires the Department of Higher Education to annually submit a summary report of institutional small cash projects to the Capital Development Committee. This report tracks cash-funded capital projects costing less than \$2 million, which are not subject to DHE review under C.R.S. 23-1-106(9). This section of the report outlines general information and institutional specific expenditures regarding the types of projects completed.

Table 1
Three-year comparison of 209 Reports: FY2016-17 through FY2018-19

Category	FY 2016-17	FY 2017-18	FY 2018-19	One Year Change	1 yr. % Change	Two Year Change	2 yr. % Change
# of Projects	1,033	988	1,057	69	7.0%	24	2.3%
Additional Sq. Ft.	65,428	27,629	11,137	(16,492)	-59.7%	(54,291)	-83.0%
Cash Funds	\$127,701,224	\$109,770,886	\$115,165,376	\$5,394,490	4.9%	(\$12,535,848)	-9.8%
Federal Funds	\$2,825,469	\$2,084,550	\$4,723,286	\$2,638,736	126.6%	\$1,897,817	67.2%
Total Costs	\$130,526,693	\$112,515,435	\$119,888,662	\$8,033,227	7.2%	(\$10,638,031)	-8.2%

Table 1 compares totals for all reported projects from the last three fiscal years. From FY 2016-17 to FY 2018-19, total costs for “209 projects” decreased by 8.2% from \$130.5 million to \$119.9 million, while the total number of small projects increased from 1,033 to 1,057, or 7.0%, over the same period. The limit for 209 projects is \$2,000,000, and these projects do not need Commission nor Capital Development Committee approval. FY 2018-19 saw a decrease in cash fund expenditures and added square footage despite an increase in the number of small projects funded. Total costs also decreased, though the increase in federal funding partially offset the decrease in cash spending.

Reporting Categories:

The reporting categories, which are based on definitions of capital construction that are provided in the instructions to institutions, are:

- **Acquisition** - Since 100% cash funded construction projects and acquisitions are treated the same, acquisitions costing less than \$2 million are annually reported in the 209 report, and acquisitions over \$2 million will be reported in the 290 report.
- **Repair & 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, where the equipment costs exceed \$50,000.

Table 2
Dollar Amounts and # of Projects by Category: FY 2016-17 through FY 2018-19

Reporting Category	FY2016-17	FY2017-18	FY2018-19
Acquisition	\$6,734,633 (24 projects)	\$4,233,264 (23 projects)	\$6,372,492 (12 projects)
Demolition	\$308,382 (6 projects)	\$3,721,535 (1 project)	\$1,830,103 (4 projects)
Fixed Equipment	\$1,445,029 (50 projects)	\$1,518,610 (17 projects)	\$8,300,460 (55 projects)
Infrastructure Improvements	\$14,833,807 (129 projects)	\$10,231,778 (131 projects)	\$13,311,404 (123 projects)
Instructional or Scientific Equipment	\$12,014,916 (70 projects)	\$13,461,738 (97 projects)	\$11,328,758 (53 projects)
Leasehold Improvements	\$57,238 (3 Projects)	\$229,072 (3 projects)	\$982,270 (6 projects)
New Facilities/Additions	\$2,976,336 (9 Projects)	\$3,631,911 (8 projects)	\$1,121,433 (11 projects)
Professional Services	\$2,502,406 (34 Projects)	\$2,731,973 (45 projects)	\$5,350,620 (60 projects)
Remodel/Renovate/Modernize	\$45,437,792 (303 Projects)	\$44,513,409 (304 projects)	\$40,892,713 (354 projects)
Repair & Replacement	\$17,002,369 (198 Projects)	\$21,736,974 (261 projects)	\$21,393,521 (314 projects)
Site Improvements	\$10,555,559 (70 Projects)	\$5,845,170 (54 projects)	\$9,004,888 (65 projects)

In FY 2018-19, leasehold improvements, demolition and professional services continued to account for a low percentage of the total number and cost of projects while infrastructure improvements, remodel/renovate/modernize, and repair & replacement accounted for the largest number of projects. Fixed equipment has seen a notable increase, while new facilities/additions have seen a significant decrease in total dollars spent.

Project Expenditures:

Table 3
Total Cost Comparison by Institution: Five Year History

Institution	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Adams State University	\$ -	\$ -	\$ -	\$ -	\$ -
Auraria Higher Education Center	1,280,688	2,307,640	3,383,062	932,108	4,351,355
Colorado Mesa University	8,435,076	10,082,507	13,992,447	10,099,604	10,495,353
Colorado School of Mines	5,447,756	3,257,144	11,072,374	3,626,532	5,159,936
Fort Lewis College	1,311,036	846,941	1,398,137	893,561	1,165,470
Metropolitan State University of Denver	75,233	967,677	1,394,548	1,785,320	5,773,786
University of Northern Colorado	196,949	4,085,419	3,696,526	3,503,936	2,677,836
Western Colorado University	1,132,240	206,187	464,439	2,688,982	389,589
Colorado State University System					
CSU - Fort Collins	\$ 20,257,851	\$ 22,569,925	\$ 23,348,822	\$ 26,438,644	\$ 26,095,988
CSU - Pueblo	345,553	521,960	677,316	-	-
University of Colorado System					
CU - Boulder	\$ 47,294,840	\$ 30,703,095	\$ 31,997,654	\$ 24,381,834	\$ 25,533,213
CU - Colorado Springs	3,939,871	5,218,554	3,021,344	4,107,503	5,180,093
CU - Denver	15,235,055	23,586,163	14,876,165	25,964,928	25,995,062
CU Systems Office	-	-	2,078,684	25,562	156,420
Colorado Community College System					
Arapahoe Community College	\$ -	\$ 2,279,759	\$ 1,442,349	\$ 288,717	\$ 48,267
Colorado Community College and Occupational Ed/Sys	564,659	796,752	472,946	741,914	842,417
Colorado Northwestern Community College	291,529	99,650	-	-	-
Community College of Aurora	-	2,040,038	591,991	180,863	-
Community College of Denver	-	698,929	485,291	365,724	192,049
Front Range Community College	2,737,034	1,601,492	9,171,805	836,984	2,014,529
Lamar Community College	-	-	1,957,121	-	-
Morgan Community College	-	-	205,826	231,585	229,914
Northeastern Junior College	-	252,826	709,992	115,726	832,571
Otero Junior College	-	589,725	2,356,438	-	-
Pikes Peak Community College	1,406,394	1,397,408	1,308,241	4,203,081	908,145
Pueblo Community College	-	150,945	60,680	93,929	96,791
Red Rocks Community College	543,089	217,274	362,496	348,397	1,749,879
TOTALS	\$ 110,494,853	\$ 114,478,010	\$ 130,526,694	\$ 111,855,435	\$ 119,888,662

As illustrated in Table 3, the amount spent on small projects fluctuates across and within institutions. The ability to cash fund projects depends on institutional funds, financial priorities, donations, and

state funding of projects. Many of the community colleges do not appear on this list as they are not cash funding 209 projects. Adams State University has also not been cash funding 209 projects.

Table 4: Percentage of Small Project Expenditures by Governing Board: Three Year Comparison

Governing Board	FY 2016-17	FY 2017-18	FY 2018-19
ASU	0.0%	0.0%	0.0%
AHEC	2.6%	0.8%	3.6%
CMU	10.9%	9.0%	8.8%
CSM	7.0%	3.2%	4.3%
FLC	1.1%	0.8%	1.0%
MSU-Denver	1.1%	1.6%	4.8%
UNC	2.9%	3.1%	2.2%
WSCU	0.4%	2.4%	0.3%
CU-System	40.5%	48.7%	47.4%
CSU-System	18.7%	23.6%	21.8%
CCCS-System	14.9%	6.6%	5.8%

Table 4 shows small project expenditures by Governing Board as percentage for a three-year period: FY 2015-16, FY 2017-18, FY 2018-19. The figures show that the CU and CSU systems consistently account for a large share of these expenditures. These percentages generally align with the number of system campuses, the amount of square footage that must be maintained, and cash funds available.

State vs. Cash Resources:

Table 5 illustrates the amount of state controlled maintenance funds versus institutional controlled maintenance cash funds being spent over the past four fiscal years. For comparison purposes, the cash funds data includes only those project categories similar to what state controlled maintenance funds cover - infrastructure improvements, repair and replacement, remodel/renovate/modernize, and site improvements. The data for state funded controlled maintenance totals were calculated by using the annual Long Bill.

State funding for controlled maintenance has fluctuated significantly over the past five years. In FY 2014-15, the state funded about 22% of controlled maintenance at institutions of higher education. In FY18-19, that dropped to just 7%. The FY 2018-19 long bill state-funded 15 controlled maintenance projects for a total of \$6.7 million. This especially low funding year may be partly due to the passing of Senate Bill 17-267, which funded several controlled maintenance projects. The funds coming out of that bill will be reflected in next year’s report since they did not become available until FY 2019-20.

**Table 5
Maintenance Funding Comparison: Five Year History**

Funding Source	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Cash Funds (CF)	\$90,077,306	\$90,322,066	\$92,479,127	\$82,327,332	\$84,602,526
CF Percent of Total	78%	90%	85%	82%	93%
State Funds (SF)	\$25,860,280	\$9,980,671	\$16,002,735	\$18,431,497	\$6,736,563
SF Percent of Total	22%	10%	15%	18%	7%

A detailed listing of each 209 project is included in Appendix A.

Part II: 290 Major Projects

Background:

As required by state statute, C.R.S 23-1-106(11), this report outlines the institutional Two-Year Cash Funded Capital Program Lists as submitted annually to the Colorado Commission on Higher Education (CCHE) and amended throughout the year.

Prior to the FY 2010-11 budget cycle, Governing Boards submitted a single unified five-year plan for capital projects that included both state funded and cash funded projects. Senate Bill 09-290 increased institutional flexibility for capital planning and construction, especially regarding cash-funded projects. This legislation also revised the submission criteria for the five-year list by dividing it into two distinct lists:

- *Five-Year State Funded Capital Program List* - Contains current and anticipated requests involving state funds for the next five years; and
- *Two-Year Cash Funded Capital Program List* - Contains all 100% cash funded projects that a Governing Board/Institution intends to commence within a two year time period.

Governing Boards are permitted to amend their two-year lists at any point during the fiscal year. Amendments are submitted to CCHE and the Capital Development Committee (CDC) for re-approval.

Under SB 09-290, projects that *do not* intend to use the Higher Education Revenue Bond Intercept Program (“Intercept Program”) may not commence until their Governing Board Two-Year Cash Funded Capital Program list is approved by CCHE and the CDC. Projects that intend to use the Intercept Program *must* receive CCHE review and approval of their program plans; CCHE and CDC approval of their Two-Year Cash Funded Capital Program list; and CDC and JBC project approval.

Two-Year Lists and Amendments:

A comprehensive Two-Year List is reviewed and approved by CCHE each December. Governing Boards and Institutions amend their Two-Year Lists as allowed in statute and in processes set forth in a Memorandum of Understanding between the Department and the Capital Development Committee initiated in December, 2009. Table 6 displays the dates of CCHE’s approval of each institution’s most recent Two-Year Cash List.

**Table 6
Two-Year Cash Funded Capital Program Lists Original and Most Recent Dates**

Institution	Current List Approval Date
ASU	No Current List
AHEC	December 2014
CCCS	June 2019
CMU	December 2019
CSM	July 2019
CSU	September 2019
CSU-P	No Current List
FLC	December 2016
MSU Denver	December 2018
UCB	N/A
UCCS	N/A
UCD	N/A
UNC	December 2018
WCU	June 2019

Project Expenditures and Approved Costs:

Table 6 shows a four-year history of approved large cash projects by institution. These totals include projects that either were commenced or were completed in a given fiscal year. Note that institutions are required to report only the total approved cost of each project and not the total expenditures during a fiscal year. Final expenditures may exceed the approved cost by up to 15% before re-approval from CCHE and the CDC is required. The data does not necessarily represent total institutional expenditures for each fiscal year.

**Table 7
Commenced and Completed 290 Projects: Total Approved Costs by Institution**

Institution	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Adams State University	\$0	\$0	\$0	\$0
Auraria Higher Education Center	\$27,300,000	\$4,368,000	\$0	\$0
Colorado Mesa University	\$37,339,425	\$58,318,855	\$54,429,466	\$59,779,836
Colorado School of Mines	\$11,900,000	\$0	\$152,382,546	\$119,482,366
Fort Lewis College	\$11,015,000	\$11,015,000	\$0	\$0
Metropolitan State University of Denver	\$23,600,000	\$10,649,181	\$0	\$10,300,000
University of Northern Colorado	\$6,455,000	\$0	\$6,455,000	\$0
Western Colorado University	\$0	\$0	\$0	\$0
Colorado State University System				
Colorado State University	\$565,632,641	\$566,477,923	\$305,600,000	\$132,500,000
Colorado State University-Pueblo	\$33,324,380	\$32,850,840	\$0	\$0
University of Colorado System				
CU - Boulder	\$798,024,413	\$985,357,252	\$1,014,782,368	\$185,325,000
CU - Colorado Springs	\$156,353,000	\$102,626,020	\$34,062,020	\$74,500,000
CU - Denver / Anschutz	\$193,839,097	\$88,809,081	\$392,485,978	\$11,485,925
Colorado Community College System				
Arapahoe Community College	\$0	\$0	\$49,576,189	\$52,244,262
Front Range Community College	\$53,915,456	\$0	\$36,879,430	\$4,723,211
Pikes Peak Community College	\$10,500,000	\$10,500,000	\$10,500,000	\$20,250,000
Red Rocks Community College	\$38,341,725	\$38,341,725	\$9,872,888	\$9,872,888
TOTALS	\$1,967,540,137	\$1,961,558,139	\$2,060,570,885	\$685,069,393

The total approved cost for projects commenced or completed in FY 2018-19 was \$685 million. The University of Colorado System accounts for the largest portion of this followed by Colorado State University and Colorado School of Mines. Notably, Adams University, Western Colorado University, and several of the community colleges have not had any cash projects commence or end over the four year period shown. While Table 7 appears to show a large drop off in approved cash spending in FY 2018-19, this is likely only due to the way institutions are reporting. Clarifying instructions were issued this year after discovering an inconsistency in methodology used across institutions.

Table 8: Percentage of Commenced and Completed Large Projects' Approved Cost by Governing Board: Three Year Comparison

Governing Board	FY 2015-16	FY 2016-17	FY 2017-18
ASU	0%	0%	0%
AHEC	1.4%	0.2%	0%
CMU	1.9%	3.0%	8.7%
CSM	0.6%	0%	17.4%
FLC	0.6%	0.6%	0%
MSU-Denver	1.2%	0.5%	1.5%
UNC	0.3%	0%	0%
WCU	0%	0%	0%
CU-System	58.4%	60.0%	39.6%
CSU-System	30.4%	30.6%	19.3%
CCC-System	5.2%	5.2%	13.4%

Table 8 breaks down the total approved cost of large cash-funded commenced and completed projects by institution. As with the small cash-funded projects, the University of Colorado and Colorado State University systems make up the bulk of total costs for the last three years. Again, this is due to the size of the system, number of campuses, and available cash funds. Colorado School of Mines saw a large bump in FY 2018-19 due to their Subsurface Frontiers Building project. As mentioned in the above section, instructions were clarified this year after discovering institutions were not using consistent methodology in this report. This is the reason for the large reduction in the percentage of total approved costs attributed to the CU System, and should not be interpreted as a decrease in cash spending by CU.

Project Type Definitions:

Statutory revisions during the 2009 legislative session resulted in four distinct types of projects that qualify for reporting in this category:

- **Intercept Academic** - Projects constructed or acquired solely with cash funds that are subject, in whole or in part, to the Higher Education Intercept Program (SB08-245), that are maintained out of state funds, cash funds or a combination of both, and are academic in nature. These projects are eligible for future Controlled Maintenance funding.
- **Intercept Auxiliary** - Projects constructed or acquired solely with cash funds that are subject, in whole or in part, to the Higher Education Intercept Program (SB08-245), that are maintained out of cash funds, and are auxiliary in nature. These projects are ineligible for future Controlled Maintenance funding.
- **Non-Intercept Academic** - Projects constructed or acquired solely with cash funds that are not subject to the Higher Education Intercept Program (SB08-245), that are operated and maintained with state funds, cash funds or a combination of both, and are academic in nature. These projects remain eligible for future Controlled Maintenance funding.
- **Non-Intercept Auxiliary** - Projects constructed or acquired solely with cash funds that are not subject to the Higher Education Intercept Program (SB08-245), that are constructed, operated, and maintained out of cash funds only, and are auxiliary in nature. These projects are not eligible for future Controlled Maintenance funding.

Project Breakdowns:

Each year, institutions of higher education must report to the Department on all large cash projects either commenced or completed within the previous fiscal year. Table 9 displays the breakdown between the academic and auxiliary projects that were commenced FY 2018-19. Academic facilities are those that are considered core to the role and mission of the institution (e.g. classrooms, student services, libraries), while auxiliary facilities are those that are not considered core to the role and mission and typically are self-supporting from user charges (e.g. residence halls, recreation centers, parking facilities). It also shows whether the project will be financed through the Higher Education

Revenue Bond Intercept Program (C.R.S. 23-5-139). The Intercept program permits schools to issue bonds for capital construction using either the state’s credit rating (opt in) or their own (opt out).

**Table 9:
Cash Funded Projects Commenced**

	FY 2018-19		
	Academic	Auxiliary	Total
Intercept	4	1	5
Non-Intercept	15	1	16
Total	19	2	21

Table 10 shows the total approved costs by project type for large cash projects commenced in FY 2018-19.

**Table 10:
Cash Funded Projects Commenced**

	FY 2018-2019		
	Academic	Auxiliary	Total
Intercept	\$43,800,000	\$18,000,000	\$61,800,000
Non-Intercept	\$172,772,426	\$33,000,000	\$205,772,426
Total	\$216,572,426	\$51,000,000	\$267,572,426

Table 11 displays the breakdown between the academic and auxiliary projects that were completed in FY 2018-19.

**Table 11:
Cash Funded Projects Completed**

	FY 2018-19		
	Academic	Auxiliary	Total
Intercept	3	2	5
Non-Intercept	6	7	13
Total	9	9	18

Table 12 shows the total approved costs by project type for large cash projects that were completed in FY 2018-19.

**Table 12:
Cash Funded Projects Completed**

	FY 2018-2019		
	Academic	Auxiliary	Total
Intercept	\$49,500,000	\$46,900,000	\$96,400,000
Non-Intercept	\$192,826,042	\$128,270,925	\$321,096,967
Total	\$242,326,042	\$175,170,925	\$417,496,967

There are four main categories for major cash projects: Acquisition, New Construction, Renovation, and Renovation & Expansion. The breakdown of these projects by type for projects either commenced or completed in FY 2018-19 is presented in Table 13. New Construction makes up the majority (20) of total projects commenced or completed. 61% of approved cash expenditures fell into this category.

**Table 13:
Cash Funded Projects by Reporting Category**

	FY 2018-2019	
Acquisition	4	\$18,815,905
New Construction	20	\$417,150,703
Renovation	12	\$82,729,897
Renovation & Expansion	3	\$166,372,888
<i>Total</i>	<i>39</i>	<i>\$685,069,393</i>

A detailed listing of each 290 project is included in Appendix B.