



COLORADO

**Colorado Commission on
Higher Education**

Department of Higher Education

**INSTRUCTION MANUAL FOR
HIGHER EDUCATION FACILITIES,
PROGRAM PLANNING AND BUDGETING**

FISCAL YEAR 2017-18

ISSUED BY THE
COLORADO DEPARTMENT OF HIGHER EDUCATION

REVISED JUNE 27, 2016



COLORADO

Department of
Higher Education

1560 Broadway, Suite 1600
Denver, CO 80202

John Hickenlooper
Governor

MEMORANDUM

TO: Higher Education CFOs
Higher Education Facility Planners
Higher Education Budget Officers

FROM: Catherine Olukotun, Lead Finance Analyst

DATE: June 27, 2016

SUBJECT: Capital Construction Budget Requests for Fiscal Year 2017-18

Attached is the Department of Higher Education (DHE or Department) "Instruction Manual for Higher Education Facilities, Program Planning and Budgeting for FY 2017-18." Please review the manual and the deadlines set forth in the schedule. The manual, deadlines and forms have been updated to comply with changes to statute and Office of the State Architect (OSA) instructions. Starting with FY 2017-18, State agencies are to request capital construction approval and funding through the annual budget request submission process as administered by OSA. A summary of recent changes follows but specific questions should be directed to OSA and CDC staff.

A detailed breakdown of the Colorado Commission on Higher Education (CCHE) prioritization criteria, scoring and weights can be found in Appendix C. A description of the process is included on page 9 of this manual. **Please include all information related to the prioritization criteria to be considered by staff about a project in the CC-C: Capital Construction Building Project Request FY 2017-18 Word document.**

CCHE will prioritize all approved projects submitted pursuant to the attached Instruction Manual for state funds. CCHE's priority list will be submitted directly to OSA and the CDC for consideration along with the Governor's statewide priority list. DHE's submission to OSPB is limited to the top 20 CCHE prioritized projects. Governing boards and institution staff should continue to use their best judgment in determining when to update obsolete program plans. Institutions should continue to submit a three-year program plan waiver if the program plan is over three years old.

For FY 2017-18, the Office of the State Architect (OSA) will review and approve state agency capital construction project requests along with state agency and institutions of higher education controlled maintenance project requests and recommend directly to the Governor's Office of State Planning and Budgeting (OSPB) and the Capital Development Committee (CDC) of the general assembly. CCHE will continue to review and approve planning documents and capital construction project requests (along with Capital Renewal requests) for all institutions of higher education as well as recommend a prioritized list to OSPB. OSPB will then submit an overall list of prioritized capital construction project requests and OSA's

recommended controlled maintenance funding levels directly to the CDC and JBC. If you have any question on the content of this manual, please contact Catherine Olukotun at (303) 862-3021 or catherine.olukotun@dhe.state.co.us

The General Assembly enacted three pieces of legislation in the 2016 session: House Bill 16-1459; Senate Bill 16-204; and Senate Bill 16-020. Further instructions on the implementation of the legislation will be sent to institutions when it becomes available.

The chart below illustrates DHE's interpretation of the current program, funding structure and review process for Capital Construction for Higher Education.

Higher Education Capital Construction Chart

Cash Funds

State Funds

Projects Costing < \$2.0 million

Constructed/Acquired with:
- Cash funds held by the institution

Review Process:
- Not reviewed
- CCHE submits annual report.

C.R.S. 23-1-106(9)(d)(II) and
(10)(a)(III)

Projects Costing > \$2.0 million *(Amended by H.B. 16-1459)*

“Capital Construction” & “Capital Renewal”

Constructed with:
- Appropriated CCF dollars from GF or cash funds

Review process:
- Prioritized by CCHE, OSPB and CDC
- Technical Review by OSA
- OSPB incorporates into statewide list
- Listed on Five-Year Plan

C.R.S. 23-1-106(7)
S.B. 15-270

“Controlled Maintenance”

Constructed with:
- Appropriated CM dollars from GF

Review process:
- Not reviewed by CCHE
- Proposals submitted directly to OSA
- OSA reviews and prioritizes and notifies CCHE, OSPB, & CDC
- Not on Five-Year Plan

C.R.S. 24-30-1301(2)
S.B. 15-270

Constructed with funds not subject to the Higher
Education Revenue Bond Intercept Program
(Amended by H.B. 16-1459)

Constructed with funds subject to the Higher
Education Revenue Bond Intercept Program
(Amended by S.B. 16-204)

“Non-Intercept Academic cash projects”

Constructed/Acquired with:
- Cash funds held the by the institution
(e.g. appropriated “academic and
academic facility fees”)

Review process:
- Not reviewed by CCHE
- Included on 2 year Cash List

Operated and maintained by:
- Cash funds and/or state monies

C.R.S. 23-1-106(9)(b)

“Non-Intercept Auxiliary cash projects”

Constructed/Acquired with:
- Cash funds held the by the institution
(e.g. non-appropriated student fees,
parking, rec center, housing, or research
funds)

Review process:
- Not reviewed by CCHE
- Included on 2 year Cash List

Operated and maintained by:
- Cash funds

C.R.S. 23-1-106(9)(a)

“Intercept Program Academic projects”

Constructed/Acquired with:
- Cash funds held the by the institution (e.g.
appropriated “academic and academic
facility fees”)

Review process):
1. State Treasurer recommendation;
2. Receive expedited review by
CCHE
3. CDC approval
4. JBC approval

- Included on 2 year Cash List

Operated and maintained by:
- Cash funds and/or state monies

“Intercept Program Auxiliary projects”

Constructed/Acquired with:
- Cash funds held the by the institution (e.g.
non-appropriated fees, parking, rec center,
housing, or research funds)

Review process:
1. State Treasurer recommendation
2. Receive expedited review by
CCHE
3. CDC approval
4. JBC approval

- Included on 2 year Cash List

Operated and maintained by:
- Cash funds

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The following Budget Forms are not in this manual. They are sent via email and are also available on the DHE capital assets webpage at <http://higherred.colorado.gov/Finance/Capital/>

- CC-C: Capital Construction Building Project Request FY 2017-18
Project Costs and Approval Cover Sheet
- CC-C2: Non-Intercept Cash funded Capital Construction Project Information Form
- CC-IT: Capital Construction Technology Project Request FY 2017-18
Project Costs and Approval Cover Sheet
- CC-P: Five-Year Capital Construction Plan FY 2017-18 to FY 2021-22
- CC-LCF: Two-Year Cash Funded Capital Construction Plan FY 2017-18 to FY 2018-19
- CC-B: Supplemental Capital Construction Request FY 2017-18
- CM-03: SBREP Capital Renewal Building/Infrastructure Request
LEED Checklist
- CC-C2: Non-Intercept Cash Project Request FY 2017-18

If you did not receive the above forms, please contact Catherine Olukotun at catherine.olukotun@dhe.state.co.us or 303-862-3021. All forms and this instruction manual will be made available at the following web address: <http://higherred.colorado.gov/Finance/Capital/>

Introduction

The Department of Higher Education (DHE) is charged, by statute (C.R.S. 23-1-106), to establish standards and procedures for higher education institutional submissions of capital construction program plans, to make budget recommendations on institutional capital construction requests, and to review and approve institutional capital construction program plans and facility master plans that are consistent with the role and mission of each institution (see Appendix A for statute). With the concurrent approval of the Office of State Planning and Budgeting (OSPB), and the staffs of the legislative Capital Development Committee (CDC) and the Joint Budget Committee (JBC), DHE, annually issues an instruction manual for higher education capital projects.

This manual discusses DHE budgeting and planning processes for state and cash funded capital and information technology projects for state-supported higher education institutions. It includes a list of deadlines for the FY 2017-18 budget year; the processes DHE follows in reviewing various budget documents and capital construction projects; guidelines for submission criteria for state-funded capital construction requests; the DHE prioritization policy for ranking state-funded projects; and instructions for completing the various applicable budget forms. These forms and the instruction manual are available on the Department's website at <http://highered.colorado.gov/Finance/Capital/>.

Capital Construction Schedule for 2017-18 Requests

***Please submit all forms in Word or Excel format. Budget forms in PDF form will not be accepted.**

Governing Boards and Institutions Schedule	Due Dates
<ul style="list-style-type: none"> • Capital Renewal Requests due to DHE <ul style="list-style-type: none"> ○ CM-03 form ○ CC-C forms & support information 	July 29, 2016
<p>Forward Five-Year Capital Construction Plan (FY 17-18 through FY21-22) to DHE (Submit 1 electronic copy) CC-P form</p> <ul style="list-style-type: none"> • Forward Governing Board Priorities for all major state-funded capital construction projects to DHE (Submit 1 electronic copy). 	July 29, 2016
<ul style="list-style-type: none"> • Forward FY 17-18 FINAL Capital Construction Project Requests to DHE (Submit 1 electronic copy of budget documents; 1 paper copy or electronic copy of each facility program plan); CM-03 (Capital Renewal requests) should also be submitted to DHE at this time. <ul style="list-style-type: none"> ○ CC-C and CC-IT forms & support information ○ Facility Program Plans ○ CM-03 (for Capital Renewal) 	July 29, 2016
<ul style="list-style-type: none"> • Submit Controlled Maintenance Requests to Office of the State Architect 	July 29, 2016
<ul style="list-style-type: none"> • Forward Two-Year Capital Construction List of Cash Funded Projects (FY 2017-18 through FY 18-19) and project documentation for projects to be approved to DHE (Submit one electronic copy) <ul style="list-style-type: none"> ○ CC-LCF Form ○ CC-C2 Form (for non-Intercept Projects) ○ CC-C forms & Support Information (for Intercept Projects) 	September 1, 2016
<ul style="list-style-type: none"> • Forward list (on 209/290 forms) of cash-funded capital projects – <ul style="list-style-type: none"> ○ Projects costing \$2 million or less and not subject to C.R.S. 23-1-106 (9) or (10) to DHE. ○ Projects costing \$2 million or more and subject to C.R.S. 23-1-106 (9) or (10) that have commenced. 	September 1, 2016
<ul style="list-style-type: none"> • Forward supplemental appropriation requests for FY 17-18 or prior years to DHE (Submit 1 electronic copy). <ul style="list-style-type: none"> ○ CC-B form 	September 1, 2016
<ul style="list-style-type: none"> • Forward Board-approved Five-Year Controlled Maintenance Plan and Status Reports on Controlled Maintenance and Capital Construction Projects to the Office of the State Architect. 	September 9, 2016
CCHE/DHE Schedule	Due Dates
<ul style="list-style-type: none"> • Consult with institutions in preparation of: <ul style="list-style-type: none"> ○ FY17-18 requests ○ Five-Year Capital Construction plans 	June -July 2016
<ul style="list-style-type: none"> • DHE staff reviews and completes the initial scoring of state-funded capital requests for institutions of higher education. 	August 2016
<ul style="list-style-type: none"> • DHE Submits binder of signed, recommended higher education state-funded capital construction/capital renewal higher education requests to OSPB and OSA. 	August 12, 2016
<ul style="list-style-type: none"> • Fiscal Affairs and Audit standing committee meets to finalize recommendations to CCHE on the capital priority list of state-funded higher education capital projects. 	August – Sept. 2016

<ul style="list-style-type: none"> • Prepare CCHE capital budget priorities, 5-year capital construction program for October Commission agenda 	September 2016
<ul style="list-style-type: none"> • Forward list and proposals for state funded capital construction budget requests to Capital Development Committee (CDC) staff. 	August 12, 2016
<ul style="list-style-type: none"> • Forward list of 100% cash funded projects (CC-LCF) and proposals to Capital Development Committee (CDC), Joint Budget Committee (JBC), and the Office of State Planning and Budgeting (OSPB). 	September 30, 2016
<ul style="list-style-type: none"> • OSPB, DHE and OSA review statewide capital prioritization. 	October 21, 2016
<ul style="list-style-type: none"> • Submit supplemental appropriation requests to OSPB. 	November 1, 2016
<ul style="list-style-type: none"> • Submit Capital Renewal supplemental requests (CM-03) to OSA. 	November 1, 2016
<p align="center">Submit Commission prioritized list to CDC, JBC & OSPB.</p>	November 1, 2016

CCHE Prioritization of State-Funded Projects

The Colorado Commission on Higher Education (Commission) annually prioritizes all state-funded (Capital Construction Funds or CCF) capital construction project requests prior to submission to the General Assembly. Projects costing less than \$2 million in state funds that are granted a waiver from the program planning requirements are prioritized alongside projects with costs exceeding \$2 million. Prioritized state-funded projects must have approved program plans that are consistent with all statutory requirements, the statutory role and mission, the campus facilities master plan, and recommended space and utilization standards, where applicable.

For FY 17-18, the scored prioritization list will be reviewed, adjusted, and approved by the Fiscal Affairs and Audit Standing Committee and CCHE prior to submission to OSA, OSPB and the General Assembly in November of 2016.

The Department neither reviews nor prioritizes Controlled Maintenance requests. Institutions submit these requests to the Office of the State Architect.

Capital Construction Projects

General

Program plans are required for most public higher education capital construction projects. Only five types of capital construction projects do **NOT** need program plans. These are:

- Capital construction projects or acquisitions costing less than \$2 million;
- Capital construction projects or acquisitions costing \$2 million or less and constructed, operated and maintained with cash or federal funds;
- 100% cash-funded projects for institutions of higher education who are not participating in the Intercept Act;
- Capital renewal projects for which the CM-03 form is required; and
- Controlled maintenance requests.

All other new capital requests require program plans. Program plans must follow applicable policy in DHE Policy Section III, Part E – Facilities Program Planning (<http://highered.colorado.gov/Publications/Policies/#ca>)

DHE reviews the program plans for:

- Consistency with the institution's role and mission, academic, facility, and technology master plans(if applicable); and state higher education policy;
- Consistency of campus physical master plan space allocations;
- Appropriateness of source of funds, cost estimate methods, financing implications, impact on operations and maintenance at projected enrollment increments.

Each program plan should:

- Receive the approval of the institution’s governing board within 30 days of submission to DHE; the governing board should send to DHE a letter stating the date and vote of the approval. The governing boards should affirm that the program plan:
 - Conforms with the institution master plan as well as the academic plan;
 - Benefits the educational program housed in the facility;
 - Includes operating and capital costs that are appropriate to the educational program and to the source and method of financing;
 - Is included in the institutional five-year capital construction program schedule;
 - For technology projects, affirm that the project is aligned with the institution’s technology plan.
- Include a third-party independent review (one performed by an engineer, architect, or information technology expert, if applicable, who is not an employee of the institution) that covers:
 - Compliance with applicable codes;
 - Completeness and accuracy of the project cost estimate;
 - Appropriateness and thoroughness of the methodology used for cost estimating (Means or Dodge published cost data, historical costs from previous projects, cost estimating consultant, in-house cost estimating, etc.); and
 - Validity of the alternative chosen.

Program plans submitted to DHE previously that were not funded for FY 16-17 and are over three years old will not be considered for FY 17-18 unless the governing board certifies that:

- The plan’s space use assumptions have not changed, incorporating information on completed new construction and renovation since the original submission;
- The plan’s education and enrollment assumptions remain valid, reflecting any changes from the previous year in enrollment and degree or program offerings;
- The capital costs remain valid and that any unusual construction issues resulting from the delay have been addressed; and
- Any new code requirements will be met and that cost estimates are appropriately adjusted to reflect any changes.

The certification should demonstrate the validity of the information above and the Department may request additional information as needed to confirm that these program assumptions remain valid. The governing board must indicate in its priority statements that such unimplemented program plans either retain their previous prioritization or have been reprioritized. In addition, a “Three-Year Program Plan Waiver” form (<http://higher.ed.colorado.gov/Finance/Capital/>) should be submitted along with the governing board certification.

Funded, DHE-approved program plans for which state capital construction money has been appropriated must meet three state fiscal rules. Projects that are 100% cash funded are not

appropriated and not subject to these rules.

- **The six month rule**, states that all major professional services (i.e. architect and engineering services) must be encumbered within six months from the time the Long Bill becomes law. Projects that are 100% cash-funded are exempt from the six month encumbrance rule. For those projects not requiring professional services, the entire amount of the project must be encumbered within six months. (See Appendix E for more information);
- **The one-year rule**, which states that all projects must be initiated within one year from the appropriation as demonstrated when expenses for the project have been incurred.
- **The three-year rule**, states that agencies have three years to completely encumber their project funds from the time the Long Bill becomes law. The three-year time limit starts over each time the institution receives new appropriations for the same project. The three-year rule can only be modified by General Assembly action in an appropriations bill, and therefore requires a budget action submitted through OSPB.

More details on the types of capital construction projects follow, with information on how DHE reviews them:

Program Plan Waivers

Requests for exemptions from the statutory requirements of program and physical planning may be granted for projects if:

- The capital construction project has \$2 million or less in state funding;
- The capital construction project is for new construction and funded solely from cash funds held by the institution;
- The project is funded through the Higher Education Revenue Bond Intercept program (“Intercept program”); or
- If the project value is \$10 million or less and it is not for new construction and funded solely from cash funds held by the institution.

The waiver request should include information such as the name of the project; the program or department impacted by the project (campus wide if it benefits the entire campus); the assignable and gross square feet the project involves; the increase, if any, to operation and maintenance costs; and a project description, with site maps or other information included when applicable. It should also include reference to the institutional master plan. The total scope of the project should be discussed if the waiver request is part of a phased project that will be completed in the future or if it complements or completes an earlier project. Institutions should not break a much larger capital construction program into smaller projects to avoid doing program plans. Program plan waivers for projects requiring capital construction funds money are prioritized with all other state-funded projects using the same criteria and scoring process. Institutions are not required to request a waiver from the program planning requirements for non-Intercept cash funded projects under \$2 million.

State Funded Projects

For FY 2017-18, capital construction requests and FY 17-18 supplemental capital requests, there will continue to be limited state funding available. The Department’s submission to OSPB is limited to the top 20 prioritized projects. Therefore, governing boards should use discretion

in selecting projects to submit for review. A governing board wishing to make a “statement of need”, or attempting to “reserve a place” for projects should utilize the out-years provided on the CC-P form. DHE will accept and review all FY 17-18 proposals for state funded projects.

The same prioritization criteria used for the FY 2016-17 requests will be used for the FY 2017-18 requests. No new revisions or changes were made to the criteria. The prioritization process, criteria, and scoring are described below and are listed in greater detail in Appendix C.

The review process for capital budget requests has not changed. The Fiscal Affairs and Audit Standing Committee will work with staff to create a prioritized list that will be voted on and sent to the Commission as a whole. **The Department will not accept PDF submissions for any documents except for Program Plans.**

Certificates of Participation

In lieu of issuing bonds, or using another form of long-term debt, the state often uses a form of lease-purchase agreement called certificates of participation (COPs) to finance the construction of new facilities. The state makes annual payments authorized through the annual budget bill (Long Bill) that include both principal and interest. COP payments will continue to be prioritized due to the State’s payment obligation and will continue to be part of the capital budget until moved to the appropriate operating line once construction ends.

Continuation Projects

CCHE will treat continuation projects differently than previously unfunded projects by prioritizing continuation projects ahead of new projects.

CCHE defines a continuation project as a state-funded capital request that was:

1. Appropriated in a previous year’s Long Bill with Capital Construction or General Funds and the institution received funding for that project; or
2. Appropriated in a previous year’s Long Bill with Capital Construction or General Funds and the institution did not receive funds because the project was de-appropriated due to state budget cuts; and
3. Included as the out-year funding from a prior request. The out-year funding must have been included in a prior CC-C request that was funded for the initial year.

Continuation projects are prioritized first by length of time since the project’s most recent state-funded appropriation (with more years equaling a greater priority) and then by CCHE priority within each year. The only exceptions to whether a project is considered continuation will be for projects whose program plan changes significantly from year to year or for a project that did not include out-year funding in the most recent CC-C request. A significant change would include a programmatic change to the project. A significant change would not constitute a change in cost due to more information being available, (e.g., after design, unforeseen complications) or changes in prices due to inflation. See the example below for more information on how continuation projects would be prioritized.

Projects that have not yet been funded (whether submitted in a previous request year or not,) will be prioritized according to the criteria and scoring process outlined below and in Appendix C. These projects will come after COPs and continuation projects on the CCHE’s priority list.

New Projects Criteria and Scoring

Projects that do not fall under the categories of Certificates of Participation (COP) or continuation will be considered new projects. A new project may have been submitted in previous years but is classified as new if funding was not awarded for the project. The process for prioritization of new projects includes scoring projects with the criteria outlined below, and calculating the percentage of total points for each project. CCHE will submit the final prioritization to OSPB, OSA, CDC and JBC. These criteria are for state funded capital construction requests only (Note: Capital Renewal projects also follow these criteria and requests should be submitted to DHE through the CM-03 form).

CCHE FY 2017-18 State Funded Capital Prioritization Criteria and Scoring

Evaluation Criteria	Capital Construction Prioritization FY 2017-18	Total Max. Points
Significant Health, Life Safety, and Code Issues	Projects with clear and urgent life or safety implications.	10
Other Fund Sources	Other fund sources include projects that are funded partly by non-state fund. Projects will receive 75% credit for cash pledged that includes student fee funds.	15
Space Needs Analysis	Space needs analysis reflects how much space the institution or department has in its inventory, justification on how well the space needs are filled by the request, and how much space it needs based on the Master Plan, FTE projections, or student enrollment projections.	10
Clear Identification of Beneficiaries	The request must clearly identify the individuals that will be served and how they will be better served by the project requested.	8
Achieves Goals	Integral to achieving statewide policy goals/integral to institutional planning goals.	5
Governing Board Priority	Projects will receive points based upon the priority that the governing board has assigned to each project.	20

NOTE: Institutions should include ALL information about how a project fits the given criteria in their program plan and/or the CC-C Word form in order to receive the proper and accurate scoring from DHE.

“Health, Life Safety, and Code Issues” and “Space Needs Analysis” may not apply to every project, and if the criterion does not apply, those points will not be included in the denominator. For example, a capital renewal project will not have a space needs analysis component because a capital renewal project only addresses health, life safety and code issues. Therefore, a capital renewal project would only be worth a total of 58 points. For a new

building that is just addressing space needs issues that have resulted from increased enrollment on a campus or program, “Health, Life Safety and Code Issues” would not apply and those ten points would not be included in the denominator for that project.

After a project is reviewed and scored, staff will calculate the percentage of total points each project received. Total points (the denominator) will be either 58 or 68. Projects will then be put into a draft prioritization based upon their percentage score.

Requests for Controlled Maintenance are to be submitted directly to the Office of the State Architect (OSA) who will propose projects to the Office of State Planning and Budgeting (OSPB) and DHE. The scoring criteria for Controlled Maintenance projects are determined by OSA.

Projects for which capital construction funds (CCF or state-funds) funding is requested for all or part of the total costs in a given fiscal year are classified as state-funded, and are prioritized with all other state-funded projects. State-funded projects can be for anything defined as capital construction (see Appendix B). DHE reviews state funded requests according to the criteria listed above, and prioritizes them prior to forwarding them to the Office of State Planning and Budgeting, and then on to the General Assembly. The types of state-funded projects listed below have special requirements.

Capital Renewal Projects

This category is intended for large controlled maintenance projects (that is, projects that are maintenance-driven, not program-driven) costing \$2 million or more. Institutions should submit both the CM-03 and CC-C forms in lieu of a program plan to DHE. The CM-03 form and CC-C forms should be accompanied by an explanation of how the project is maintenance-driven, not program-driven. DHE determines whether the projects are truly maintenance driven and arise from deterioration of a facility’s physical and functional condition and the inability to comply with current codes and energy conservation rather than from programmatic needs. OSA then completes the review of the projects. If approved by both DHE and OSA, the project is forwarded to OSPB for review and possible inclusion in the state-wide prioritization list. If there is any question on if a specific project meets the definition and qualifies as a capital renewal project or if it is a program-driven request, institutions should consult with DHE and OSA staff.

CM-03 forms (obtained from the Office of the State Architect) and required accompanying documentation double as both budget forms and program plans. Capital Renewal project requests are to be submitted directly to DHE and should not be included in the institution’s Controlled Maintenance project request submitted to the Office of the State Architect.

Cash Funded Projects

For the purposes of review, projects that are to be undertaken solely with cash funds (CF), solely with federal funds (FF), or only cash funds and federal funds, are considered 100% cash funded. For this manual, the categorization of cash funded projects will be made according to dollar value and thresholds.

- ***Cash-funded Projects Costing Less than \$2 million***

CCHE does not review cash-funded capital projects costing less than \$2 million that are

above the limit for capital outlay (C.R.S. 23-1-106 (9) or (10)). These projects must be for repair and replacement, professional services, new facilities/additions, infrastructure improvements, site improvements, fixed equipment, demolition, leasehold improvements, and the purchase of instructional or scientific equipment.

While these projects are not subject to review by CCHE, institutions of higher education must report annually (September 1) to DHE a list and description of each project for which an expenditure was made during the preceding fiscal year. State statute requires the Department to compile a list from all institutions and submit a summary report of institutional small cash projects to the Capital Development Committee (CDC). This report tracks cash-funded capital projects costing less than \$2 million.

The next report is due to DHE on September 1, 2016, and will cover FY 15-16 (July 1, 2015 through June 30, 2016). DHE will send the updated report forms to institutions by late July 2016. Please contact DHE at (303) 862- 3021 for a copy of the updated form if you do not receive it.

▪ ***Cash-funded Projects Costing Over \$2 million***

Projects costing in excess of \$2 million that are to be constructed or acquired solely with cash funds that **are not** funded under the Higher Education Intercept Program are subject to review by the CDC but not by OSPB or the JBC. However, institutions must submit to DHE a list of such projects on the annual CC-LCF in a non-prioritized list which will be prepared for the annual hearing before the CDC. The list can be amended at any time but it must include the estimated cost, the method of funding, and a schedule for project completion for each project. Institutions can amend the list prior to commencing a project that is not included in the institution's most recent submitted list.

This past legislative session, H.B. 16-1459 was passed to amend current legislation and increase the dollar threshold for review and approval of certain cash-funded capital projects (non-Intercept program). In a nutshell the legislation:

- Allows CCHE to exempt projects from the requirements of physical and program planning if the project costs \$2 million dollars or less and it's for new construction, or \$10 million dollars or less and it is not for new construction (renovation);
- Requires that the two-year cash-funded list include projects exceeding \$2 million dollars for new acquisitions of real property or new construction and include projects exceeding \$10 million dollars that are not new acquisitions of real property or new construction;

The CDC will publish guidelines for the submittal and review of Intercept Program debt and projects later this summer and instructions will be sent to higher education institutions describing the revised processes.

Academic Cash Projects

Projects of an academic nature constructed or acquired solely with cash funds that are not subject to the Higher Education Intercept Program, that are operated and maintained with state operational funds, cash funds or a combination of both, and are considered "Non-Intercept Academic Cash projects". These projects remain eligible for future Controlled Maintenance funding.

Auxiliary Cash Projects

Projects of an auxiliary nature constructed or acquired solely with cash funds that are not subject to the Higher Education Intercept Program, that are constructed, operated and maintained out of cash funds only, and are considered “Non-Intercept Auxiliary Cash projects”. These projects are constructed, operated, and maintained from auxiliary enterprise funds, student fees, research building revolving funds, or wholly endowed gifts and bequests, or a combination of such sources. These projects are not eligible for future Controlled Maintenance funding.

Cash-funded projects may not commence until approved by CCHE and the CDC on the Two-Year Cash Funded Capital Program list (for non-Intercept projects); or CCHE and CDC approval on the Two-Year Cash Funded Capital Program list, as well as CCHE review and JBC approval of a program plan (for Intercept projects).

Intercept Projects

Projects that are to be constructed or acquired solely with cash funds that are subject, in whole or in part, to the Higher Education Intercept Program are to be classified as “Intercept” projects. These projects are subject to review by the State Treasurer and DHE, and subject to approval by the CDC and JBC. Within the Intercept program, there are two distinct sub-categories of projects based upon the source of funds and nature of the project:

Intercept Program Academic Cash projects

Projects that are to be constructed or acquired solely with cash funds that are subject, in whole or in part to the Intercept program, that are maintained out of state operational funds, cash funds or a combination of both, and are academic in nature are considered “Intercept Academic Cash projects”. These projects remain eligible for future Controlled Maintenance funding.

Program plans are required for these projects. Besides being reviewed for the items outlined above, the program plan is examined to ensure that sufficient information is provided in the program plan to assure DHE that:

- Sufficient cash funds will be available to pay the capital project costs;
- The earmarked cash funds are appropriate sources considering the nature of the project; and;
- The project will not adversely affect the projected operating funds; and
- Explicitly identify the maximum amount anticipated to be borrowed for the project under the Intercept program so that it can be approved by the CDC and JBC.

Intercept projects are referred to the Capital Development Committee and Joint Budget Committee for approval but are not required to be appropriated or included in the Long Bill. These projects can be submitted at any time during the year, but institutions should aim for the September 1 deadline whenever feasible.

Intercept Program Auxiliary Cash projects

Projects that are to be constructed or acquired solely with cash funds that are subject, in whole or in part, to the Intercept program, that are maintained out of cash funds, and are auxiliary in nature are considered “Intercept Auxiliary Cash projects”. These projects remain ineligible for

future Controlled Maintenance funding.

These projects are constructed, operated, and maintained from cash sources and serve auxiliary functions. Program plans are required for those projects estimated to cost more than \$2 million and can be submitted at any time during the year, but, if possible, should be submitted by September 1. The program plans will follow the same review process that Intercept program academic projects follow, which is outlined above.

Higher Education Intercept Program Bond Refinancing

S.B. 16-204 made changes to the way refinancing of debt under the Intercept program is approved. Debt can only be refinanced under the following conditions:

Refunding of bonds that refinance amounts previously financed under the Intercept Program at a lower cost and that do not extend the term of the debt must be approved by the State Treasurer's Office. The Treasurer has 15 days from the time a request is submitted to send an approval certification. The Treasurer may provide this certification even if a governing board is not currently able to comply with the coverage ratios and credit rating requirements. To obtain guidance on how the State Treasurer processes approvals, please contact Jonathan Forbes, Deputy Treasurer, at 303.866.4951 or jon.forbes@state.co.us.

For governing boards that qualify for the Intercept program based on coverage ratio and credit rating, refinancing bonds previously financed outside of the Intercept program or that extend the length of a repayment will need to receive approval through the CDC/JBC process.

For governing boards that do not qualify for the Intercept program based on coverage ratio and credit rating, refinancing previously financed outside of the intercept program or that extend the length of a repayment will need to receive approval through the CDC/JBC process and must receive a recommendation from the Treasurer.

Institutions must seek approval from the State Treasurer to use the Higher Education Intercept program and notify DHE, OSPB, CDC and JBC of such request.

Technology Projects Budget Requests

Higher education technology projects should be submitted alongside capital requests. CCHE will not prioritize technology requests separately but will submit them to the Joint Technology Committee (JTC) for review and prioritization. Each fiscal year, the JTC is required to study and prioritize all IT budget requests made by state agencies and all state-funded IT budget requests made by state institutions of higher education. After hearing from state agencies, institutions of higher education, OIT, and other sources of information about the amount of revenue available, the committee is required to submit written reports to the Joint Budget Committee (JBC) setting forth its recommendations, prioritization, findings, and comments regarding each IT budget request submitted to the JTC. Reports regarding supplemental IT budget requests are due no later than January 15 of each year, and new or amended requests for the upcoming fiscal year are due no later than February 15 of each year. The JBC may also choose to seek the JTC's review of any operating budget request for IT.

For FY16-17, the JTC prioritized portions of each of the six higher education requests by grouping them into four categories based on level of criticality (critical, high, medium, and low) and recommended to the JBC that any unfunded portions of the projects that are re-submitted

on a future fiscal year be considered new projects and not continuation projects when determining prioritization. Please keep this in mind as you prepare your IT requests.

DHE Budget Documents and Instructions

The following describes the capital construction budget requests (CC-C and CC-IT forms) as well as the supplemental capital construction request (CC-B). Budget documents should be as complete as possible when submitted. Please submit an electronic copy of the budget request forms by the requested due date to catherine.olukotun@dhe.state.co.us in either Word or Excel format. **DHE will not accept PDF submissions, except for program plans.**

The CC-C, the CC-IT, and the CC-B are the primary project request forms for all higher education individual projects, while the five-year state funded capital construction plan (CC-P form) and the two-year cash funded construction plan (CC-LCF form) show the relationship of the individual projects to past, current, and projected projects from the same institution and governing board. **DHE must review all budget documents from state-supported higher education institutions before referral to OSPB when necessary, OSA, the CDC, and JBC. All additions, deletions, or changes must be submitted to DHE who then reviews and, upon approval, submits these changes to the CDC, OSPB and the JBC.**

Life Cycle Costs (LCC) are the cost alternatives, over the economic life of a facility, including its initial cost, the cost of energy consumed, replacement costs, and the cost of operation and maintenance of the facility. LLC costs should be included in the appropriate section of the CC-C form.

An individual project is one that can stand alone and may not necessarily require additional appropriations to complete. For example, a new state-funded building may require enough time in the design phase that it would be appropriate to request professional services appropriations in year one of the project and construction and equipment funding in subsequent years. In this case CC-C forms should be submitted in each year the project requests an appropriation. For projects requesting phased funding, each phase must be a distinct portion of work that can stand alone. Also, a four-phase addition to a building could be submitted as four individual projects if each addition could be completed separately as a stand-alone project. In this case, a CC-C form and program plan could be completed for each phase. For all cash-funded projects, institutions should request total project funding in year one if they are planning on bonding the full amount.

For capital renewal projects, CC-C forms are now required along with the CM-03 forms and required accompanying documentation.

Capital Construction Budget Requests (CC-C, CC-IT)

Description of: CC-C, & CC-IT

The CC-C forms are for new buildings, building expansions or renovations, or related capital projects. Budget requests must be submitted for each year that an appropriation is requested.

Continuation projects and non-continuation projects both require annual submissions of the CC-C form. The budget documents for continuation projects (those that have received at least

one previous appropriation through a signed bill) are checked for conformance with prior submissions of the requests. If a project was approved for architectural and engineering funds only, for example, funding beyond the architectural and engineering stage should be included on the new budget request forms as requiring additional approval. If an agency's cost estimate for a continuation project has changed since the previous year, the institution should defend the CC-C and support information forms to reflect the new numbers. All supporting information and background must be in the new CC-C. The CC-C form is the primary document that DHE, OSPB and the CDC use for evaluating projects.

The reviewing entities will review all budget estimates for appropriateness using industry standards and trends. Costs should be listed and justified in the program plan and the request.

Please fully complete the CC-C Excel and Word document as described on the forms. The *Project Title* refers to the name of the project that must be used throughout all documents submitted to DHE, OSPB and the Office of the State Architect. Do not use acronyms in the title.

Project Year should describe the year of the project in terms of how long it is seeking funding. For example, if the project is seeking its first appropriation, this should indicate year 1. If the project received funding in a prior year and is seeking a second round of funding, this should indicate year 2.

The Priority Number is the agency's ranking of a state-funded project for which a CC-C form is submitted, and should be written to indicate how many projects the agency is prioritizing (i.e., 2 of 5).

Department Signature is the name and date of approval of the department's executive director or commissioner or the institution's president or his/her designee. Signing off for department approval means that the signer affirms the head of the department of institution has knowledge of the request, its dollar amount, and its purpose. It also affirms that the form is complete and the dollars and narrative are accurate. For requests from institutions of higher education, the Department of Higher Education approves and signs before approval by OSPB.

Name of Preparer is the name of the person preparing the form; include the email address. This should be the person whom is to be contacted by DHE or OSPB should there be questions about the form.

Sometimes CC-C forms are submitted to revise numbers for the same project. If the request is submitting a change to a form for that project already submitted to the CDC, then check yes for "Revision?" and include the date of the last submission to the CDC.

The Excel form shall include all costs associated with all phases of the capital construction project. If the project will require additional funds to complete in subsequent years, list those funds required for the following five years.

The Prior Year Appropriation is only completed if funding for this project appeared in a previous Long Bill, supplemental bill, or separate appropriation bill. Otherwise it should reflect zero. The total should be the sum of all appropriations and match the appropriations listed in "Continuation History" of the CC-C Narrative Word Document. If they do not match exactly, the Word document should footnote the table with an explanation, illustrating all numbers.

The subsequent columns are out year impacts for projects that will be continuation projects.

Such projects must have distinct activities for each year. Even if a Current Request is funded, there is no guarantee that out year requests will be funded as continuation projects. Each year's project must be able to stand on its own (discreet portion of work) and the narrative portion of the form should fully defend this. Construction on the same portion of the building should not cross fiscal year requests. However, each of those year's appropriations may be carried forward so they can be accessed for three fiscal years.

Instructions for: CC-C

A. **Land/Building Acquisition.** If this project will include a cost to acquire land, enter the amount here.

B. **Professional Services.** Enter the total requested, all prior appropriations, and amount requested for each applicable year for all items. Do not include an amount under "Prior Appropriation" unless it appeared in a previous Long Bill or separate appropriation bill.

B-1. **Master Plan/PP.** Circle or boldface either "master" or "PP" (for program plan) to indicate the correct plan. Include the total cost requested to complete plan.

B-2. **Site Surveys, Investigations, Reports.** Identify other engineering design fees, not related to the physical structure, such as civil engineering for site grading, sewage treatment, water treatment, traffic, etc. Include the estimated costs for site topographic information, utility surveys, soil tests and reports, and other tests required by the specifications (e.g., concrete strength, weld tests, etc.) Testing for the existence of asbestos and air monitoring during remediation also should be included here.

B-3. **Architectural/Engineering/Basic Services.** Identify all fees for the design of the building. These include architectural design, structural engineering, mechanical engineering, and all special consultants such as fire protection, acoustics, information technology, etc.

B-4. **Code Review/Inspection.** Include the cost for an approved Code Review Agent review for compliance with the building codes as required by the Office of the State Architect per Section 24-30-1303(1)(r), C.R.S.

B-5. **Construction.** If applicable, include the construction manager fee. Note that only paid, outside consultants are allowed. No departmental FTE can be paid through capital construction.

B-6. **Advertisements.** Include advertisement costs, if any.

B-7. **Inflation for Professional Services.** Here, the agency must complete both the total dollars attributed to inflation and the percentage. Percentage increases **MUST** be defended in the narrative portion of the document, or 0% inflation will be recommended by OSPB.

B-8. **Other (Specify).** Include all additional anticipated professional fees for the project. Specify fees associated with the new High Performance Certification Program as implemented by the Office of the State Architect. Specify the type of fee or fees. Please note that tap fees are not professional service fees.

B-9. **Total Professional Services.** Enter total of items B-1 through B-7 (do not add in the

inflation percent at 7b). If this amount exceeds 10 percent of line C-4, "Total Construction Cost," for a new facility or 15 percent for a renovated facility, attach a written explanation to justify higher costs than generally allowed.

C. Construction. This section displays the total amount of money requested for the project. Do not include an amount under the column "Prior Appropriation" unless funds were appropriated in a previous Long Bill or other separate appropriation. Estimates should be based on the anticipated cost of construction for July of the year for which the appropriation is requested.

C-1. Infrastructure

(a) Services/Utilities. The building construction cost (C-1) will include utilities to a point five feet outside the building. The utilities cost should include all other costs associated with obtaining power, water, gas, telephone lines, sewer, etc., extended from the nearest source to within five feet of the building(s). Include water or tap fees paid to other governmental entities in this line. Do not include funds for other infrastructure reserves. Other infrastructure projects resulting from the impact of the requested project should be submitted as a separate capital construction project request(s).

(b) Site Improvements. Include all excavation and backfill costs to prepare the site and all other work such as clearing, leveling, asphalt paving, curb and gutter, walks, site lighting, drainage structures, etc. All work related to landscaping should be included here as well. Examples include: sod, trees and bushes, and irrigation systems.

C-2. Structure/Systems/Components. Include the estimated cost for the construction of the building(s). The cost should include utilities to a point five feet outside the building line. Provide the gross square footage of the new facility or the gross square footage to be renovated next to "GSF" in the first column on the left. The cost of temporary power, water, etc., during construction provided by the state cannot be included. Include basic pricing in the following categories as they pertain to the specific project:

(a) New (\$_____/GSF)

(b) Renovated (\$_____/GSF)

C-3. Other (Specify). Include any asbestos or other types of hazardous material remediation required and any demolition as line item costs here; specify those and other construction costs.

C-4 High Performance Certification Program. Include all anticipated construction, materials, and equipment costs associated with complying with the High Performance Certification Program as implemented by the Office of the State Architect. These additional costs must comply with statute, if not; a waiver is required from the Capital Development Committee.

C-5. Inflation for Construction. Here, the agency must complete both the total dollars attributed to inflation and the percentage. Percentage increases **MUST** be defended in the narrative portion of the document, or 0% inflation will be recommended by OSPB.

C-6. **Total Construction Costs.** Add C(1) through C(5a) and enter the total here.

D. Equipment and Furnishings.

D-1. **Equipment.** Enter the cost of the equipment required for the project. This item should include equipment that can be moved and reused even if it is a built-in and would not be included in the general construction contract. Examples include equipment for kitchens, laboratories, laundries, shops, medical facilities, stages, communication, etc. Computer and Network Equipment includes workstations, file servers, routers, hubs or switches, printers, scanners, and other required hardware. Include in this line movable partitions, work surfaces, etc., which are part of the offices and workstations. If the total cost of all computer and information technology (IT) equipment and wiring included in D-3 exceeds \$2 million, a CC-IT form must be completed in addition to including the costs in lines D-1 through D-3. All scientific or instructional equipment costing \$50,000 and having a life expectancy of five years or greater is considered capital construction. For information on what is not acceptable as capital construction, see Appendix B.

D-2. **Furnishings.** The cost of the furniture and other items necessary to complete the project for occupancy should be included here. These items would not normally be a part of the general construction contract. Examples are window coverings, cabinets, wardrobe, desks, chairs, tables, seating, etc.

D-3. **Communications.** Include the costs associated with telephones and other communications here, such as the purchase and/or installation of fiber optic cable or other wiring for voice, Internet, intranet, local area network, and/or audio conferencing capabilities. Do not include cost of equipment for programs related to communication, computers, or other devices for audio or video equipment. These costs are part of equipment included in D-1.

D-4. **Inflation for Equipment and Furnishings.** Here, the agency must complete both the total dollars attributed to inflation and the percentage. Percentage increases **MUST** be defended in the narrative portion of the document, or 0% inflation will be recommended by OSPB.

D-5. **Total Equipment and Furnishings Cost.** Add D-1 through D-4a and enter the total here. If the "Total Equipment and Furnishings Cost" exceeds 10% of Total Construction Cost, attach an itemized list for both "Equipment" and "Furnishings."

E. Miscellaneous

E-1. **Art in Public Places.** Section 24-48.5-312, C.R.S., requires that "not less than one percent of the state funded portion of the total construction cost" must be used for the acquisition of works of art when appropriate. An appropriation for professional services may include planning for acquisition of works of art, which may be applied to the 1% appropriation requirement. This requirement applies to all new construction projects and all renovation projects of more than \$2 million each year a request for funding is submitted. The 1% requirement does not apply to telecommunications, information technology, capital renewal, or controlled maintenance projects or to projects that are exclusively cash-funded. Apply the applicable percentage to line C-5

of the project cost sheet. Specify the amount dedicated for this program. Agencies need count only the state-funded portion of the construction request, and only if that amount is to be appropriated (certificates of participation are typically not appropriated). However, institutions are strongly encouraged to apply the 1% to all fund sources of construction.

Please include all funds for Art in Public Places on this line. Do not include it in other lines on the form.

E-2. Building Maintenance Fund. The Office of State Planning and Budgeting strongly recommends that future deferred maintenance be funded for the requested project by the establishment of a building maintenance fund. Please enter the amount that will be placed into the fund, by year, so that enough will be accrued in fifteen years to avoid state-funded Controlled Maintenance.

For each new capital construction project (creating a new building or totally renovating an existing one) it is recommended that the agency or institution initially set aside 1% of the construction cost at a minimum into an interest bearing account for future controlled maintenance needs and, if possible, add to that account annually 1% of the Current Replacement Value (CRV) from operating/maintenance funds. The account should not have to be accessed for at least ten to fifteen years after project completion. This time frame is based on the expected useful-life of materials, equipment and building systems and the need to design and construct higher quality, more durable buildings in compliance with the High Performance Building Certification Program legislation. These assumptions must be described in the CC-C Word document under Section 11.17 Calculations. If no fund is established, the agency or institution should explain why on the Word document.

E-3. Relocation Costs. For some projects it will be necessary to temporarily move some, or all, of the occupants and equipment to another facility. Those moving costs should be shown here. The cost of renting or leasing temporary space should NOT be included here. Lease costs are operating expenses.

E-4. Other (Specify). Enter all other costs here.

E-5. Total Miscellaneous Costs. Add E-1, E-2, E-3, and E-4 and enter the total here.

F. Operating Costs. Operational costs are directly related to the operation of the facility itself and include Maintenance and repair costs, custodial care, security, and employee services and personnel. This for the total estimated operating cost for the project. Add F-1, F-2, F-3, and F-4.

G. Total Project Costs. This is the total estimated cost of the project. Add A-1, B-9, C-6, D-5, and E-5 and enter the total here for each year that appropriations are requested.

H. Project Contingency. These lines provide the contingency for the entire project. Each institution should plan for these funds to be reverted upon completion of the project. Contingencies are established for unanticipated project costs. Add B-9, C-6, D-5, and E-5 and multiply the appropriate percentages. Project contingencies for all new construction, equipment purchases, or facility-related planning studies will be 5% of the total project cost, excluding land acquisition costs. Contingencies for project renovations will be 10% of total project costs, also excluding land acquisition costs. Projects involving both renovation and

new construction must indicate how the contingency was calculated. Institutions deviating from these percentages must justify the request on the CC-C Word Document in Section 11.17 “Calculations” for funding consideration. Appropriate use of project contingency funds is outlined in the Office of the State Architect’s Procedures Project Cost and Management Guidelines. All contingency costs must be reported on the Capital Construction Project Application Form (SC 4.1) after project completion. Remaining balances are to revert to the Capital Construction Fund.

I. **Total Budget Request.** Add items F and G-3 and enter the total here.

J. **Source of Funds.** The request is not complete until the fund sources are correctly delineated. Sources of funds may be CCF (Capital Construction Fund, typically funded as a General Fund transfer), CF or Cash Funds (from a Cash Fund balance or from institution funds, RF or Re-appropriated Funds (funds transferred from another agency), or FF (federal funds). All fund sources must total to the “Total Budget Request.

Instructions for: CC-IT

The instructions are the same as for the CC-C IT Cover Page (Excel), except as identified below. The CC-IT document shall include all costs associated with components of the information technology project. If the project will require additional funds to complete in subsequent years, list those funds required for the following five years. Do not include an amount under “Prior Appropriation” unless it appeared in a signed Long Bill, special bill, or supplemental bill

The following rows of this section are explained in more detail as follows:

A. Land Acquisition. If this project will include a cost to acquire/lease land, enter amount here.

B. Contract Professional Services.

B-1. **Consultants/Contractors.** Enter consultant and/or contractor costs for project development (i.e., consultant/contractor costs not included in other professional service categories).

B-2. **Quality Assurance.** Identify all consultant fees for the quality assurance portion of this project.

B-3. **Independent Verification and Validation.** This is intended as a third-party review performed by the Governor’s Office of Information Technology. This review is not required for institutions of higher education.

B-4. **Training.** Include all training costs associated with initial roll-out of the project. This includes first-time training costs only. Ongoing or periodic training is an operating fund expense. Training cannot pay for state FTE.

B-5. **Leased Space.** If applicable, include temporary costs associated with leasing space for consultants working on the project.

B-6. **Feasibility Study.** This is for preparing a feasibility study per the Office of

Information Technology criteria. This review is not required for institutions of higher education.

B-7. Inflation for Professional Services. Here, the agency must complete both the total dollars attributed to inflation and the percentage. Percentage increases **MUST** be defended in the narrative portion of the document, or 0% inflation will be recommended by OSPB.

B-8. Other Services/Costs. List and describe any other cost related to this project.

B-9. Total Professional Services Cost. Enter the sum of items B-1 through B-8, not including 7b.

C. Associated Building Construction. This section displays the total amount of money requested for building construction needed to support the information technology request. Estimates should be based on the anticipated cost of construction for July 1 of the year for which the appropriation is requested.

C-1. New (GSF). Include the estimated cost for the construction of the building. The cost should include utilities to a point five feet outside the building line. Provide the gross square footage of the new facility in the far left column. Include any hazardous substance remediation or any demolition costs here. The cost of temporary power, water, etc., during construction provided by the state cannot be included. Include the basic pricing on the next line in the far left column.

C-2. Renovate/Connection Costs (GSF). Include the estimated cost for renovation of an existing building. The cost should include infrastructure connections. Provide the gross square footage to be renovated with this item. Include any asbestos remediation and/or any demolition costs here. The cost of temporary power, water, etc., during construction provided by the state cannot be included. Include the basic pricing on the next line in the far left column.

C-3. Site Work/Landscaping. Include all the excavation and backfill costs to prepare the site and all other work such as clearing and grubbing, asphalt paving, curb and gutter, walks, site lighting, drainage structures, etc. All work related to landscaping should be included here. Examples include, sod, trees and bushes, and irrigation systems.

C-4. Inflation for Construction. Here, the agency must complete both the total dollars attributed to inflation and the percentage. Percentage increases **MUST** be defended in the narrative portion of the document, or 0% inflation will be recommended by OSPB.

C-5. Total Construction Costs. Add C-1 through C-4a and enter the total here.

D. Software Acquisition.

D-1. Software COTS. Include the cost of commercial off-the-shelf software needed to implement the project.

D-2. Software Built. Include the costs associated with developing new custom software. This should be separate from general professional service fees.

D-3. **Inflation for Construction.** Here, the agency must complete both the total dollars attributed to inflation and the percentage. Percentage increases **MUST** be defended in the narrative portion of the document, or 0% inflation will be recommended by OSPB.

D-4. **Total Software Cost.** Add D-1 through D-3a and enter the total here.

E. Equipment

E-1. **Servers.** Enter the cost of all servers.

E-2. **PCs, Laptops, Terminals, PDAs.** The cost of new personal computers, laptops, terminals, and personal digital assistants (PDAs) should be included here. Identify the cost of those items required for the implementation of the new technology system.

E-3. **Printers, Scanners, Peripherals.** Include the costs associated with printers, scanners, and peripherals related to the implementation of the new technology system.

E-4. **Network Equipment/Cabling.** Include costs associated with network equipment.²⁷

E-5. **Other (Specify).** Specify costs associated with other equipment.

E-6. **Miscellaneous Costs.** Specify other costs not included elsewhere and enter the total here.

E-7. **Total Equipment and Miscellaneous Cost.** Add E-1 through E-5 and enter the total here.

F. **Total Project Cost.** This is the total estimated cost of the project. Add A-1, B-8, C-4, D-3, E-6, and F-1 and enter total here.

G. **Project Contingency.** These lines provide the contingency for the entire project. Each institution should plan for these funds to be reverted upon completion of the project. The project contingencies are for unexpected costs that occur during project implementation, and therefore property acquisitions are not considered in the contingency calculation. Add B-9, C-6, D-5, and E-7 and multiply the appropriate percentages explained below. Project contingencies for all new construction, equipment purchases, or information technology-related planning studies will be 5% of the total project cost. Contingencies for project renovations will be 10% of total project costs. Agencies deviating from these percentages must justify the request in writing in the CC-C support form.

H. **Total Budget Request.** Add items F and G-3 and enter the total here. Fund splits must be included.

Instructions for: CC-C and CC-IT Word Form

The narrative template for both traditional capital and IT requests is not the same. Use the CC-C Word Document for capital construction and the CC-C IT for information technology projects. After submission to OSPB, requesters typically receive comments or questions from OSPB. The responses to the questions are expected to be integrated into the revised form before signature (not simply

answered via email) so that the information is there for the Capital Development Committee, the Joint Technology Committee and the Joint Budget Committee.

All items in the template should be completed as indicated. Do not leave any rows blank, and use N/A only as appropriate. As necessary, please replace empty checkboxes () with checked boxes () from the symbols list.

CC-C Word Form

Header Information

Identify the institution submitting the request and the institution's CEO. Beneath the department name, identify that the request constitutes a traditional Capital Construction request, and indicate the correct date of the request.

Request Title and Priority Number

Identify all requests with a unique priority number based on the prioritization undertaken by the governing board. The priority number **MUST** match the CC-P. Then, describe the request in a short title that will identify it in a unique way. The title should match the title on the CC-P.

Signature

Each funding request must be signed by the CEO or designated representative. This signature indicates that the institution's CEO has reviewed and approved the request.

Summary Header Table

In the table below the request title and priority number, enter the total funds amount and complete columns for the appropriate sources of funding (Capital Construction Funds, Cash Funds, Re-appropriated Funds, etc.). This table should identify funding for all years associated with the request. ***In this table, only include relevant columns and rows, and delete others – the summary table should not include columns or rows filled entirely with zeros.***

Request Summary

This section is meant to be short; type *one paragraph* to describe the amount of the request and the construction project itself.

Background and Justification

Include *as many paragraphs as necessary* to describe the conditions leading to the necessity of this capital request. This includes a description of why current buildings or systems have become inadequate for programmatic use, and a description of the programmatic necessity of capital construction or improvement.

If this facility has been given a "Facility Condition Index Score," please include a description of that score in this section. Please include ALL information you would like to be considered for the scoring of the project.

Project Description

Include *as many paragraphs as necessary* to describe the project. For construction projects, this would include the amount of space needed, the types of rooms or equipment included in the request, and similar items. For IT requests, this includes a thorough discussion of the software, services, and hardware to be purchased.

Please note in this section if this request represents a continuation from a project appropriated in a previous year.

Life Cycle Cost (LCC) Analysis

Identify the feasible project alternatives and common assumptions and parameters for the economic evaluation of the alternatives (i.e. weighing the benefits and costs of building a new facility versus; reuse of an existing occupied or vacant facility through renovation/capital renewal, purchasing an existing facility or leasing third party space to meet the project needs, and how this project aligns with the agency's facilities master plan and facility program plan). Please describe each alternative, the total estimated life-cycle costs of the alternatives, and provide a present value comparison of the alternatives. Assume that the total life cycle cost is the total project cost plus owning and operating costs over a study period of thirty years. As applicable; indicate how this request would reduce the agency's Controlled Maintenance backlog (i.e. incorporating identified projects on the agency's Controlled Maintenance Five Year Program Plan and or through deficiencies identified through the Facility Condition Audit).

Consequences if Not Funded

Include as many paragraphs as necessary to explain the likely outcome if this request is not approved.

Operating Budget Impact

If you have an operating budget impact, please submit a corresponding operating budget request.

As necessary and appropriate, include a discussion of how this project will affect operating appropriations in the department. This includes a discussion of any appropriation increases or decreases necessary to provide for building or system maintenance, increases or decreases in FTE, and the anticipated time line for operating impacts.

Assumptions for Calculations

In as many paragraphs and tables as necessary, include descriptions of the calculations used to justify the amount requested. Descriptions of assumptions and calculations should include:

- Estimated expenditures for land purchases;
- Estimated expenditures for professional services;
- Estimated expenditures for construction;
- A list of equipment and furnishings, including estimated prices;
- Calculations for art in public places, as necessary;
- Inflation assumptions by year and component;
- A discussion of costs associated with High Performance Certification Program (HCHP), or LEED certification, and the target certification level. If HCHP certification will not be pursued, please provide an explanation as to why the project is exempt from this requirement; and
- Other details as necessary.

If the request results in a change to approved planning documents, an amendment to the planning document should be submitted simultaneously, explaining why. In that case, this response should refer to the specific attached plan or amendment and describe exactly what has changed. Page number references should be included.

Supplemental Criteria (if necessary)

Describe the necessity of this project as a supplemental request. Describe any unforeseen circumstances that necessitate an appropriation in advance of passage of the Long Bill.

Additional Request Information Table

Please complete all rows in this table and replace empty checkboxes () with checked boxes () from the symbols list.

Continuation History Table

If this project is a continuation from a prior year's appropriation, please complete this table to summarize previous appropriations. The total appropriations in prior years should match the corresponding entry on the CC-C or CC-IT Excel Cover Page.

Estimated Project Time Table

In this table, identify the critical steps to be completed as part of the requested project, estimate the start date for those steps, and estimate the completion date for those steps. Add or delete rows from this table as necessary.

Cash Fund Projections Table

If the request involves a cash fund source, this section must be fully completed. If no cash funds are involved, please delete the table.

If the project is being financed, the table must describe the terms of the bond, including the length of the bond, the expected interest rate, when the agency plans to go to market, and the expected average annual payment. Institutions of higher education must indicate whether or not it will finance the cash-funded portion of the project through the Intercept program.

Please indicate the actual cash fund balance at the end of the most recently completed fiscal year, the projected fund balance at the end of the current fiscal year, and the projected cash fund balances in the request year and out-year. Projected balances must reflect the anticipated balances if the project is approved. All components for each source of cash funds must be completed.

Please indicate here whether ANY cash funds pledged to this project (past, present or future) are from student fees. All components for each source of cash funds must be completed.

CC-C IT Form

Header Information

In the header, insert the department's seal.

Identify the department Executive Director and indicate the correct date of the request.

Signature

The department's Executive Director must sign each funding request, once OSPB has approved the request. This signature indicates that the Executive Director has reviewed and approved the request.

Summary Header Table

In the table below the request title and priority number, enter the total funds amount and complete columns for the appropriate sources of funding (Capital Construction Funds, Cash Funds, Re-appropriated Funds, etc.). This table should identify funding for all years associated with the request.

In this table, only include relevant columns and rows, and delete others – the summary table should not include columns or rows filled entirely with zeros.

Request Summary

This section is meant to be short; type one paragraph to describe the amount of the request and the construction project itself.

Project Description

In many paragraphs as necessary please include a discussion of what will happen to the old system and infrastructure, licensing agreements, and maintenance agreements. Include the inputs the department will receive from end users of the system when planning the project. Describe how the project builds upon the existing IT environment at the department and/or throughout interfacing state systems.

Please note in this section if this request represents a continuation from a project appropriated in a previous year.

Background and Justification

Include as many paragraphs as necessary to describe the conditions leading to the necessity of this capital request. Describe the risks if the request is not approved.

If the department has conducted an external assessment to establish an industry baseline for similar systems/projects, please include it here.

If an audit has occurred, please include it here.

Implementation Plan

Please outline the implementation plan for this project, highlighting change management, internal and external training plans, and how affected parties will be engaged throughout the process.

Alignment with OIT Best Practices

Explain how this project confirms to OIT best practices. In depth, please describe OIT's engagement in the planning process in terms of evaluation, suggestions, and recommendations.

Security and Backup/Disaster Recovery

Describe the data protection and disaster recovery considerations factored into the plan.

Business Process Analysis

Explain the business process analysis performed before this project was developed and if the IT system was designed to fix an operational problem.

Systems Integration Opportunities

Describe the opportunities for systems integration with other agencies in this project, if any.

Program Plan

Explain the review process and the program plan.

Cost Savings and Improved Performance Outcomes

Describe the cost savings or improved performance outcomes as a result of this project.

Estimate the cost savings of a project, which includes, but is not limited to, efficiency gains, risk aversion, and time savings. Include key performance indicators.

Cost-Benefit Analysis and Project Alternatives

Identify the strengths and weaknesses of project alternatives and common assumptions and parameters for the economic evaluation of the alternatives. State each alternative, the total estimated costs of the alternatives, and a comparison of project requested and the alternatives. Justify the total life cycle costs and how the project compared to alternatives.

Quantify anticipated operating and administrative efficiencies or program enhancements and service expansion through a cost-benefit analysis and return on investment calculations.

Consequences if Not Funded

Include as many paragraphs as necessary to explain the likely outcome if this request is not approved.

Operating Budget Impact

If you have an operating budget impact, please submit a corresponding operating budget request.

As necessary and appropriate, include a discussion of how this project will affect operating appropriations in the department. This includes a discussion of any appropriation increases or decreases necessary to provide for building or system maintenance, increases or decreases in FTE, and the anticipated time line for operating impacts.

Assumptions for Calculations

In as many paragraphs and tables as necessary, include descriptions of the calculations used to justify the amount requested. Descriptions of assumptions and calculations should include:

Estimated expenditures for land purchases;

Estimated expenditures for professional services;

Estimated expenditures for construction;

A list of equipment and furnishings, including estimated prices;

Calculations for art in public places, as necessary;

Inflation assumptions by year and component;

A discussion of costs associated with High Performance Certification Program (HCHP), or LEED certification, and the target certification level. If HPCP certification will not be pursued, please provide an explanation as to why the project is exempt from this requirement and other details as necessary.

If the request results in a change to planning documents, an amendment to the planning document should be submitted simultaneously, explaining why. In that case, this response should refer to the specific attached plan or amendment and describe exactly what has changed. Page number references should be included.

Additional Request Information Table

Please complete all rows in this table and replace empty checkboxes (

) with check

Continuation History Table

If this project is a continuation from a prior year's appropriation, please complete this table to summarize previous appropriations. The total appropriations in prior years should match the

corresponding entry on the CC-C or CC-IT Excel Cover Page.

Estimated Project Time Table

In this table, identify the critical steps to be completed as part of the requested project, estimate the start date for those steps, and estimate the completion date for those steps. Add or delete rows from this table as necessary.

Cash Fund Projections Table

If the request involves a cash fund source, this section must be fully completed. If no cash funds are involved, please delete the table.

For each cash fund requested, identify the name and CORE number of the fund. Identify the statute that created the fund, and describe how revenue accrues to the fund. If this project will require a fee increase or other revenue increase, describe the increase and identify the additional revenue that is likely to be collected.

If the project is being financed, the table must describe the terms of the bond, including the length of the bond, the expected interest rate, when the agency plans to go to market, and the expected average annual payment.

Please indicate the actual cash fund balance at the end of the most recently completed fiscal year, the projected fund balance at the end of the current fiscal year, and the projected cash fund balances in the request year and out-year. Projected balances must reflect the anticipated balances if the project is approved.

All components for each source of cash funds must be completed.

Instructions for: CC-C2

The CC-C2 was developed to respond to provide basic information to CCHE and the CDC about projects exceeding \$2 million dollars – cash funded projects not funded through the Intercept Act. Note that the CC-C2 has been streamlined to three sections:

Section 1: Summary Information

- All items must be completed as indicated. Do not leave any rows blank. Use N/A only if appropriate. Replace empty checkboxes () with check symbols list.
- Project Name should be the exact same as the project title on the Two-Year cash list (CC-LCF form). Please do not use acronyms in the title.
- Double click on the header to enter the agency name and project name. The Project Name should be the exact same as the project title on the Two-Year cash list (CC-LCF form). Please do not use acronyms in the title.

Section 2: Brief Summary of Capital Project

This section is meant to be short; a quick place that analysts, Commissioners, and legislators can go to get the basic outline of the request. This section should stand on its own as a general, succinct, complete summary of the request. Additional information can be provided in Section 3.

- Section 2a - Briefly explain the project stating exactly what the project will be physically accomplishing and why.
- Section 2b – Briefly explain what spending authority is being requested, and how cash funds will be provided.
- Section 2c – Briefly explain the campus programs and/or population that will impacted by the project.
- Section 2d – Briefly describe LEED and associated cost assumptions.

Section 3: Additional Information

Institutions can supplement the form by adding additional information if necessary. For example, if the project is being financed, it might be useful to describe the anticipated terms of the bond, including the length of the bond, the expected interest rate, when the agency plans to go to market, and the expected average annual payment. It might also be useful to outline the source of funding, if by student fee note the charge to students and when the fee was approved.

Five-Year Capital Construction Program (CC-P)/Governing Board Priority Statements

Description of: CC-P

Each institution must submit a CC-P form if it anticipates beginning *any* state funded capital construction project through FY 2021-22. The form is to alert DHE and other state agencies about possible future projects planned within a five-year period and to help ensure continuity among project requests. The accuracy of the prior-year appropriations is checked. Project titles, funding amounts and phasing, and funding sources on the CC-P form should match those on CC-C forms for individual projects. Only projects requesting full or partial funding shown as state capital construction funds or from the Federal Mineral Lease revenues should be included on the CC-P. These projects must indicate a governing board priority number on the CC-P. All cash requests are included only on the Two-Year List (CC-LCF form) only.

Along with the CC-P form, each governing board should submit to DHE a statement about the relative order of importance of projects proposed for FY 14-15, and how those projects relate to those planned for the next five years. The statement should also indicate how projects included in the five-year plan relate to current facility master plans.

Instructions for: CC-P

The CC-P form should be filled out electronically for new projects for the Request Year and any out years. For the FY 17-18 budget cycle, the forms should address FY 17-18 to FY 21-22. State statutes require institutions to estimate the expected completion date if funding is available for each project. All components of the form should be filled in. The institutions name should be clearly delineated, headers should carry onto all pages, and page numbers should be included. All forms must be dated.

Preliminary submissions should project the Governing Boards' schedule of capital construction projects for five years including the Budget Request year. For institutions of higher education, governing board amendments to the institution's preliminary schedule should be identified in the FINAL submission. Projected costs are in current dollars. List each project in sequential order of importance.

The same project name should match exactly to the CC-C, CC-B, or CC-IT forms. The facility and the institutional program that will occupy the facility upon completion of the project should be identified. If it is a project that benefits the entire campus, write "Campus Wide." The total project cost is the sum of the prior appropriations and all future costs by funding source. All previous appropriations must match the CC-C, CC-B, and CC-IT forms.

For the Capital Construction Appropriation Phase, designate the appropriation phases in each year's estimated project cost.

- PP = Physical Planning, which includes architectural and engineering planning and design;
- C = Construction, which funds actual construction;
- E = Movable Equipment, which equips the completed project for occupancy and use.

The Five-Year Capital Improvement Program Priority Statement should explain, in relation to the Institutional Master Plan, the institutions' or governing board's judgment of the relative programmatic importance among the facilities projected for the ensuing five-year period. The statement should also explain the multi-year scheduling of any Phased Projects.

Two-Year Capital Construction List of Cash Funded projects (CC-LCF)

Description of: CC-LCF

Each institution must submit a CC-LCF form if it anticipates beginning *any* 100% cash funded capital construction project through FY118-19. This means that any 100% cash funded project that has **not yet commenced** should be listed on the Two-Year list. DHE staff have interpreted the statute to mean that this rolling two year list means that any project listed on it could commence during the current or next fiscal year (provided that all appropriate approvals are secured). DHE is required to submit a list of cash funded projects to the CDC to review and approve. Following the approval of the Two-Year list by the CDC and approval of program plans by DHE (where applicable) institutions will be permitted to begin construction on cash funded projects as they see fit. Project titles, funding amounts and phasing, and funding sources on the CC-LCF form should match those on CC-C or CC-C2 forms for individual projects. Only projects with full cash or federal funding should be included on the CC-LCF. These projects do not require a governing board priority number.

Instructions for: CC-LCF

The CC-LCF form should be filled out electronically for new 100% cash funded projects for the Request Year and any out years. For the FY17-18 budget cycle, the forms should address FY16-17 to FY17-18. State statutes require institutions to estimate the expected completion date if funding is available for each project. All components of the form should be filled in. The department or institutions name should be clearly delineated, headers should carry onto all pages, and page numbers should be included. All forms must be dated.

Prepared by is the name of the person preparing the form; include the email address and telephone number. This should be the person whom is to be contacted by DHE should there be questions about the form.

Institution Name is the name of institution in which the project is to be constructed. Unlike prior versions of the CC-P form, this is not a drop down menu.

Project Title is the name of the project that must be used throughout on all documents submitted to CCHE and the Office of the State Architect.

Funding Source can include:

“CF” is Cash Funds. Cash Funds are those funds derived from fees, tuition, other earmarked funds, grants, donations, damage awards, transfers of funds from other state departments, revenues from designated enterprise functions (student housing and dining, bookstore, student union, etc.), and from sales of university-owned property (where specific provisions exist to not require the funds to revert to the General Fund).

“FF” is Federal Funds. Any funds received directly from the federal government; includes categorical grants or block grants not necessarily available for uses outside of those specified in the grant award.

“TF” are Total Funds. This is a formula that will auto-populate based on the CF and FF entries.

Project Type is a drop down menu. Select the most applicable description from “New Construction”, “Renovation”, or “Renovation and Expansion.”

Intercept Project is a drop down menu. Select the most applicable description and section of Statute. Will with project be funded in whole or in part using funds subject to the Higher Education Intercept Act (SB08-245) and subject to C.R.S. 23-1-106 (10).

DHE Approval is a drop down menu. Select the most applicable description from:

Pending – a project subject to C.R.S 23-1-106 (10) that has submitted the Program Plan for DHE review but has not yet been approved or rejected.

No – a project subject to C.R.S 23-1-106 (10) that has had its Program Plan refused by DHE.

Yes – a project subject to C.R.S 23-1-106 (10) that has had its Program Plan approved by DHE

N/A – a project subject to C.R.S 23-1-106 (9) that does not require DHE Program Plan review.

List Approval Date is a field requiring a month and year. The List Approval Date reflects the month and year that the project was previously approved as part of the Two-Year Capital List of Cash Funded Projects if applicable. The date should reflect the most recent list approval date by the CDC or CCHE whichever is later. The purpose of the field is to assist the CDC and CCHE in knowing when the two-year list approval commenced for the project.

Project Category is a drop down menu. Select the most applicable description and appropriate section of Statute. “Academic” facilities are core to the role and mission of a college/university. “Auxiliary” facilities are not core to the role and mission, and typically have dedicated funding

sources (i.e. residence halls, recreation centers, etc.).

Est. Start Date is when the project is expected to initiate and encumber expenses, provide month and year.

Est. Completion Date is when the structure will have occupancy, provide month/year.

Funding Method is a drop down menu. Select the most applicable description of the source of the funds. This can include:

- **Appropriated Fee** is a fee that fits the criteria for an “Academic and Academic Facility Fee” in the annual Long Bill.
- **Gift/Donation**
- **Grant**
- **Non-Appropriated Fee** is a fee that is based on use (i.e. parking fee, recreation center fee, or residence hall rent, etc.)
- **Tuition**
- **Other**

Supplemental Appropriations (CC-B)

Description of: CC-B

Institutions submit CC-B forms to adjust previous year(s) appropriations or to use funds realized in a prior fiscal year. In rare cases, supplemental appropriations can be used to make funds available when the General Assembly is not in session.

Some supplemental requests are 1331s, which are supplementals that are emergencies submitted when the General Assembly is not in session. Emergency requests are allowed under the provisions of HB 98-1331. The HB 98-1331 process has been used to address both emergency issues as well as to correct technical errors. This process should be used to address those issues that cannot wait to be addressed through the standard supplemental process. 1331 supplemental capital construction requests, regardless of funding source, are limited to emergency situations.

An emergency supplemental request requires the same documentation as a regular supplemental request (i.e., the CC-C Narrative form), with the CC-B Excel Cover Page. If the amount of an emergency supplemental changes, it should be corrected in a regular supplemental submission as a revised request, rather than a new incremental supplemental.

Institutions of higher education will submit first to the Department of Higher Education; DHE will, in turn submit the request to OSPB. OSPB will submit the approved version to the Capital Development Committee and the Joint Budget Committee.

A supplemental request must also include a written justification of why the project is necessary as a supplemental request. Departments must describe any unforeseen circumstances that necessitate the appropriation in advance of passage of the Long Bill.

Inflation Factor

The Office of State Planning and Budgeting is requiring that agencies indicate the actual inflation factor for each year for each major component on the CC-C Excel Cover Page (professional services, construction or improvement, and equipment and furnishings).

In addition, the CC-C narrative must include a description of all inflation assumptions, as delineated on the Cover Page, by year and by component (professional services, construction or improvement, and equipment and furnishings).

OSPB recommends that agencies and institutions of higher education use the Engineering News Record (ENR) building cost index by applying a four year average of ENR historic indexes. OSPB recommends using ENR's nationwide average instead of the Denver percentages. The ENR Building Cost Index is 68.38 hours of skilled labor at the 20-city average of bricklayers, carpenters and structural ironworkers rates, plus 25 cwt of standard structural steel shapes at the mill price prior to 1996 and the fabricated 20-city price from 1996, plus 1.128 tons of Portland cement at the 20-city price, plus 1,088 board-ft of 2 x 4 lumber at the 20-city price. Estimates should be based on the mid-point of the construction period included in the request. If other assumptions are used, they should be fully explained in the CC-C form.

Appendix A: CCHE Statutory Authority for Capital Construction

Most of DHE's statutory authority for review of capital construction projects comes from the Colorado Revised Statutes (C.R.S.) 23-1-106- *Duties and powers of the commission with respect to capital construction and long-range planning*. In italics in parentheses following each subsection is information about where to find information about it in this manual, DHE policies, or elsewhere.

(1) Except as permitted by subsections (9) and (10) of this section, it is declared to be the policy of the general assembly not to authorize any activity requiring capital construction or capital renewal for institutions of higher education unless approved by the commission. (*See sections in this manual on capital project reviews.*)

(2) The commission shall, after consultation with the appropriate governing boards of the state institutions of higher education and the appropriate state administrative agencies, have authority to prescribe uniform policies, procedures, and standards of space utilization for the development and approval of capital construction or capital renewal programs by institutions. .

(3) The commission shall review and approve facility master plans for all state institutions of higher education on land owned or controlled by the state or an institution and capital construction or capital renewal program plans for projects other than those projects constructed pursuant to subsection (9) or (10) of this section. Except for those projects constructed pursuant to subsection (9) or (10) of this section, no capital construction or capital renewal shall commence except in accordance with an approved facility master plan and program plan. (*See sections in this manual on capital construction project reviews; also DHE Policy III, Part D - Guidelines for Long- Range Facilities/Infrastructure Planning Guidelines.*)

(4) The commission shall ensure conformity of facilities master planning with approved educational master plans and facility program plans with approved facilities master plans. (*See sections in this manual on capital construction project reviews.*)

(5)(a) The commission shall approve plans for any capital construction or capital renewal project at any state institution of higher education regardless of the source of funds; except that the commission need not approve plans for any capital construction or capital renewal project at a local district college or area vocational school or for any capital construction or capital renewal project described in subsection (9) or (10) of this section. (*See sections in this manual on capital construction project reviews*)

(b) The commission may except from the requirements for program and physical planning any project that requires less than two million dollars of state moneys. (*See section in this manual on program plan waivers.*)

(6) (a) The commission shall request annually from each governing board of each state institution of higher education a five-year projection of capital construction or capital renewal projects to be constructed but not including those projects constructed pursuant to subsection (9) or (10) of this section. The projection must include the estimated cost, the method of funding, a schedule for project completion, and the governing board-approved priority for each project. The commission shall determine whether a proposed project is consistent with the role and mission and master planning of the institution and conforms to standards recommended by the commission. (*See instructions for the Five-Year Capital Construction Plan in this manual.*)

(b) The commission shall request annually from the governing board of each state institution of higher education a two-year projection of capital construction projects to be constructed pursuant to subsection (9) or (10) of this section and estimated to require total project expenditures exceeding two million dollars. The projection must include the estimated cost, the method of funding, and a schedule for project completion for each project. A state institution of higher education shall amend the projection prior to commencing a project that is not included in the institution's most recent projection. *(See instructions for the Two-Year Cash Funded Capital List in this manual.)*

(7) (a) The commission annually shall prepare a unified, five-year capital improvements report of projects to be constructed, but not including those capital construction or capital renewal projects to be undertaken pursuant to subsection (9) or (10) of this section, coordinated with education plans. The commission shall transmit the report to the office of state planning and budgeting, the governor, the capital development committee, and the joint budget committee, consistent with the executive budget timetable, together with a recommended priority of funding of capital construction or capital renewal projects for the system of public higher education. The commission shall annually transmit the recommended priority of funding of capital construction or capital renewal projects to the capital development committee no later than November 1 of each year. *(See section in this manual on DHE prioritization of state-funded projects.)*

(b) Except as provided in subsection (5) of this section, it is the policy of the general assembly to appropriate funds only for capital construction or capital renewal projects approved by the commission.

(c) (I) The commission annually shall prepare a unified, two-year report for capital construction or capital renewal projects described in subsection (9) or (10) of this section and estimated to require total project expenditures exceeding two million dollars, coordinated with education plans. The commission shall transmit the report to the office of state planning and budgeting, the governor, the capital development committee, and the joint budget committee, consistent with the executive budget timetable.

(II)(A) The commission shall submit the two-year projections prepared by each state institution of higher education for each two-year period to the office of state planning and budgeting and the capital development committee. The capital development committee shall conduct a hearing in each regular legislative session on the projections and either approve the projections or return the projections to the state institution of higher education for modification. The commission and the office of state planning and budgeting shall provide the capital development committee with comments concerning each projection.

(B) A state institution of higher education may submit to the staff of the capital development committee, the commission, and the office of state planning and budgeting an amendment to its approved two-year projection. The capital development committee shall conduct a hearing on the amendment within thirty days after submission during a regular legislative session of the general assembly or within forty-five days after submission during any period that the general assembly is not in regular legislative session. The capital development committee shall either approve the projections or return the projections to the state institution of higher education for modification. The commission and the office of state planning and budgeting shall provide the capital development committee with comments concerning each amendment.

(8) Repealed.

(9)(a) Except as provided in paragraph (d) of this subsection (9), a capital construction or capital renewal project initiated by the governing board of a state institution of higher education that is contained in the most recent two-year projection approved pursuant to subparagraph (II) of paragraph (c) of subsection (7) of this section, as the projection may be amended from time to time, and that is to be acquired or constructed and operated, and maintained solely from cash funds held by the institution is not subject to additional review or approval by the commission, the office of state planning and budgeting, the capital development committee, or the joint budget committee. *(See sections in this manual on Non-Intercept Auxiliary Projects.)*

(b) Except as provided in paragraph (d) of this subsection (9), a capital construction or capital renewal project for an academic building initiated by the governing board of a state institution of higher education that is contained in the most recent two-year projection approved pursuant to subparagraph (II) of paragraph (c) of subsection (7) of this section, as the projection may be amended from time to time, and that is to be acquired or constructed solely from cash funds held by the institution and operated and maintained from such funds or from state moneys appropriated for such purpose, or both, is not subject to additional review or approval by the commission, the office of state planning and budgeting, the capital development committee, or the joint budget committee. Any capital construction or capital renewal project subject to this paragraph (b) must comply with the high performance standard certification program established pursuant to section 24-30-1305.5, C.R.S. *(See sections in this manual on Non-Intercept Academic Projects.)*

(c) Each governing board shall ensure, consistent with its responsibilities as set forth in section 5 (2) of article VIII of the state constitution, that a capital construction or capital renewal project initiated pursuant to this subsection (9) is in accordance with its institution's mission, be of a size and scope to provide for the defined program needs, and be designed in accordance with all applicable building codes and accessibility standards.

(d) (I) The provisions of this subsection (9) do not apply to a capital construction or capital renewal project that is to be acquired or constructed in whole or in part using moneys subject to the higher education revenue bond intercept program established pursuant to section 23-5-139.

(II) Any plan for any such capital construction or capital renewal project that is estimated to require total expenditures of two million dollars or less shall not be subject to review or approval by the commission. *(See sections in this manual on SB 01-209 projects.)*

(e) A capital construction or acquisition project approved and appropriated prior to January 1, 2010, may be contained in the most recent unified two-year capital improvements project projection approved pursuant to subparagraph (II) of paragraph (c) of subsection (7) of this section. The projection may be amended from time to time and shall not be subject to additional review or approval by the commission, the office of state planning and budgeting, or the joint budget committee.

(10)(a)(I) The commission shall review and approve any plan for a capital construction or capital renewal project that is estimated to require total expenditures exceeding two million dollars and that is to be acquired or constructed and operated, and maintained solely from cash funds held by the state institution of higher that, in whole or in part, are subject to the higher education revenue bond intercept program established pursuant to section 23-5-139. *(See sections in this manual on Intercept Auxiliary Projects.)*

(II) The commission shall review and approve any plan for a capital construction or capital renewal project for an academic building that is estimated to require total expenditures exceeding two million dollars, that is to be acquired or constructed solely from cash funds held by the state institution of higher education that, in whole or in part, are subject to the higher education revenue bond intercept program established pursuant to section 23-5-139, and that is operated and maintained from such cash funds or from state moneys appropriated for such purpose, or both. Any capital construction or capital renewal project subject to this subparagraph (II) must comply with the high performance standard certification program established pursuant to section 24-30-1305.5, C.R.S. (*See sections in this manual on Intercept Academic Projects.*)

(III) Any plan for any such capital construction or capital renewal project that is estimated to require total expenditures of two million dollars or less is not subject to review or approval by the commission. (*See section in this manual on projects costing less than \$2 million.*)

(b) Upon approval of a plan for a capital construction or capital renewal project pursuant to paragraph (a) of this subsection (10), the commission shall submit the plan to the capital development committee. The capital development committee shall make a recommendation regarding the project to the joint budget committee. Following the receipt of the recommendation, the joint budget committee shall refer its recommendations regarding the project, with written comments, to the commission.

(c) A capital construction project approved and appropriated prior to January 1, 2010, may be contained in the most recent two-year projection approved pursuant to subparagraph (II) of paragraph (c) of subsection (7) of this section, and may be amended from time to time.

(10.2) (a) (I) Notwithstanding any law to the contrary, all academic facilities acquired or constructed, or an auxiliary facility repurposed for use as an academic facility, solely from cash funds held by the state institution of higher education and operated and maintained from such cash funds or from state moneys appropriated for such purpose, or both, including, but not limited to, those facilities described in paragraph (b) of subsection (9) of this section and subparagraph (II) of paragraph (a) of subsection (10) of this section, that did not previously qualify for state controlled maintenance funding will qualify for state controlled maintenance funding, subject to funding approval by the capital development committee and the eligibility guidelines described in section 24-30-1303.9, C.R.S.

(II) For purposes of this paragraph (a), the eligibility for state controlled maintenance funding commences on the date of the acceptance of the construction or repurposing of the facility or the closing date of any acquisition. The date of the acceptance of construction or repurposing shall be determined by the office of the state architect.

(b) (I) The general assembly hereby finds, determines, and declares that the classification of facilities as academic facilities or auxiliary facilities can be difficult, and such classifications often change as academic needs, student needs, and new construction and design practices emerge. Therefore, the office of the state architect, in collaboration with the department of higher education and the office of state planning and budgeting, shall develop guidelines in order to assist such classification. The guidelines shall be annually reviewed and approved by the capital development committee. The guidelines must address the following two factors that have historically been considered when classifying academic facilities and auxiliary facilities:

(A) The funding source for the facility; and

(B) The nature and use of the facility.

(II) The guidelines established pursuant to this paragraph (b) must use the definitions set forth in subsection (10.3) of this section.

(10.3) As used in this section, unless the context otherwise requires:

(a) "Academic facility" means any facility, including any supporting utility infrastructure and site improvements, that is central to the role and mission of each state institution of higher education as set forth in this title. Examples include, but are not limited to, classrooms, libraries, and administrative buildings.

(b) "Auxiliary facility" means any facility, including any supporting utility infrastructure and site improvements, funded from an auxiliary source such as housing or parking revenue or any facility that has been historically managed as an auxiliary facility and is accounted for in financial statements of state institutions of higher education as a self-supporting facility. Examples include, but are not limited to, housing facilities, dining facilities, recreational facilities, and student activities facilities.

(c) "Capital construction" has the same meaning as set forth in section 24-30-1301 (2), C.R.S.; except that it does not include the installation, development, or upgrade of information technology as specified in section 24-30-1301 (2) (g), C.R.S.

(d) "Capital Renewal" has the same meaning as set forth in section 24-30-1301 (3), C.R.S.

(e) "Facility" has the same meaning as set forth in section 24-30-1301 (8), C.R.S.

(f) "State institution of higher education" means a state institution of higher education as defined in section 23-18-102(10), and the Auraria higher education center created in article 70 of this title.

(10.5) (a) For any project subject to subsection (9) or (10) of this section, if, after commencement of construction, the governing board of the state institution of higher education receives an additional gift, grant, or donation for the project, the governing board may amend the project without the approval of the commission, the office of state planning and budgeting, the capital development committee, or the joint budget committee so long as the governing board notifies the commission, the office of state planning and budgeting, the capital development committee, and the joint budget committee in writing, explaining how the project has been amended and verifying the receipt of the additional gift, grant, or donation.

(b) For any project subject to subsection (9) or (10) of this section, the governing board may enhance the project in an amount not to exceed fifteen percent of the original estimate of the cost of the project without the approval of the commission, the office of state planning and budgeting, the capital development committee, or the joint budget committee so long as the governing board notifies the commission, the office of state planning and budgeting, the capital development committee, and the joint budget committee in writing, explaining how the project has been enhanced and the source of the moneys for the enhancement. *(See sections in this manual on projects costing less than \$2 million and Governing Board Annual Report on Cash-Funded Projects.)*

(c) For any project subject to subsection (9) or (10) of this section, the governing board of the state institution of higher education implementing the project is not required to submit for the

project quarterly expenditure reports as described in section 24-30-204 (2), C.R.S. the governing board shall submit for the project annual expenditure reports as required in section 24-30-204 (1), C.R.S.

(11) (a) Each state institution of higher education shall submit to the commission on or before September 1 of each year a list and description of each project for which an expenditure was made during the immediately preceding fiscal year that:

(I) Was not subject to review by the commission pursuant to subsection (9) of this section;

(II) Was approved pursuant to subsection (10) of this section;

(III) Was estimated to require total expenditures of two million dollars or less; or

(IV) Was amended or enhanced after commencement of construction pursuant to subsection (10.5) of this section. *(See sections in this manual on projects costing less than \$2 million and Governing Board Annual Report on Cash-Funded Projects.)*

(b) The commission shall submit a compilation of the projects to the capital development committee on or before December 1 of each year.

(12) Each state institution of higher education shall submit to the commission a facility management plan or update required by section 24-30-1303.5 (3.5), C.R.S. The commission shall review the facility management plan or update and make recommendations regarding it to the department of personnel.

Appendix B: Capital Construction and Controlled Maintenance Definitions

A project qualifies for DHE capital construction review and inclusion in the capital construction budget if it meets the criteria set out below as set forth in C.R.S. 24-30-1301.

A. Capital Asset means:

- Real property;
- Information technology;
- Fixed equipment;
- Movable equipment; or
- Instructional or scientific equipment with a cost that exceeds \$50,000

Capital Asset does not include:

- Instructional or scientific equipment purchased by a state institution of higher education if the institution uses moneys other than those appropriated pursuant to section 24-75-303, C.R.S.

B. **Capital Construction** includes:

- Acquisition of a capital asset or disposition of real property.
- Construction, demolition, remodeling, or renovation of real property necessitated by changes in the program. Changes in the program may also incorporate the need to meet standards required by applicable codes; to improve energy conservation; to save costs for facility staffing, operations, or maintenance; or to improve appearance.
- Site improvements or development of real property (landscaping, upgraded utilities, signage etc.)
- Installation of the fixed or moveable equipment necessary for the operation of new, remodeled, or renovated real property, if the fixed or movable equipment is initially housed in or on the real property upon completion of the new construction, renovation or remodeling.
- Installation of the fixed or movable equipment necessary for the conduct of programs in or on real property upon completion of the new construction, remodeling, or renovation.
- Contracting for the services from architects, engineers and other consultants to prepare plans, program documents, life-cycle cost studies, energy analyses and other studies associated with any capital construction project and to supervise construction or execution of such capital construction.
- Installation, development, or upgrade of information technology, including the purchase of services for the office of information technology on the condition that the use of such services is the most cost beneficial option or falls within the duties and responsibilities of the office of information technology or the office's chief information officer as described in sections 24-37.5-105 and 24-37.5-106.
- Preliminary planning including initial review of proposed projects for a) conformity with long-range development plans; b) technical and economic feasibility of the project; c) preparation of outline plans and specifications; or d) preparation of preliminary cost estimates.
- A new construction or renovation, including the cost of initial design has the total cost of more than \$500,000.

The following expenses are **NOT** capital construction budget requests:

- Printing, publishing, photocopying, and other similar costs related to project administration;
- Postage, certified mailings, long-distance telephone charges, etc.
- Employee compensation or reimbursement for time performing project-related work regardless of the work performed;
- Reimbursement of “in-town” expenses such as food, fuel, etc.
- Travel and lodging expenses directly related to project management;
- Renting or leasing temporary space for people and equipment to accommodate construction projects; these costs must be paid from operating funds.

C. **Information Technology Budget Request** categorized as capital construction projects include the installation, development or upgrade of information technology, including the purchase of services from the Office of Information Technology (OIT) the condition that the use of such services is the most cost beneficial option or falls within the duties and responsibilities of OIT. These projects are reviewed and prioritized by the Joint Technology Committee.

Information Technology projects include:

- They have total implementation costs of \$500,000 or more and the majority of the components have a useful life of at least five years. Smaller information technology projects and funding for modifications to existing systems may be requested through the operating budget.
- Personal computer replacement or maintenance is not included in the information technology request (unless as a component of a much larger institutional computer systems upgrade).

D. Capital Outlay minor construction, renovation, or routine maintenance, and smaller information technology projects, may be requested and paid from the operation budget. This does not include capital construction, controlled maintenance, or capital renewal. It includes operating expenses such as:

- Equipment, meaning motor trucks designated over three-quarters of one ton, tractors, trailers, snowmobiles, boats, machinery, reference books, office furniture, file cabinets, typewriters, adding and calculating machines, and other business machines, having a useful lifetime of one year or more, or other items, including, but not limited to, tools, implements, and instruments, which may be used continuously without material change in physical condition, costing more than \$100 and less than \$50,000.
- Alterations and replacements, meaning major and extensive repair, remodeling, or alteration of buildings, the replacement thereof, or the replacement and renewal of the plumbing, wiring, heating, and air conditioning systems therein, costing less than \$50,000.
- New structures, meaning the construction of new buildings where the cost will be less than \$50,000, including the value of materials and labor, either state-supplied or supplied by contract.
- Non-structural improvements to land, meaning the grading, leveling, drainage, and landscaping thereof and the construction of roadways, fences, ditches, and sanitary and storm sewers, where the cost will be less than \$50,000.
- DHE and OSPB, in consultation with the Office of the State Architect, will review on a case by case basis, if needed, to confirm that "Capital Outlay" does not include those

things defined as capital construction by section 24-75-301, C.R.S.

- E. **Capital Renewal** requests are classified and prioritized as capital budget requests. Capital Renewal requests have costs exceeding \$2.0 million in a fiscal year and include projects that that are more cost-effective or better addressed by corrective repairs. Program planning requirements are waived for capital renewal projects. Smaller projects are requested as controlled maintenance capital budget requests or projects that can be phased and each phase is less than \$2.0 million.
- F. **Controlled Maintenance** includes:
- Corrective repairs or replacement, including improvements for health, life safety, and code requirements used for existing real property; and
 - Corrective repairs for replacement, including improvements for health, life safety, and code requirements, of the fixed equipment necessary for the operation of real property, when such work is not funded in a state agency's or state institution of higher education's operating budget.
 - May include contracting for the services of architects, engineers, and other consultants to investigate conditions and prepare recommendations for the correction thereof, to prepare plans and specifications, and to supervise the execution of such controlled maintenance projects as provided through an appropriation by the general assembly.

Controlled Maintenance does **NOT** include:

- Corrective repairs or replacement when such work is funded in an agency's operating budget to be accomplished by the agency's physical plant staff.
- Repair and replacement of fixed and movable equipment necessary for the conduct of programs (such repairs are funded as capital renewal).
- Repairs for rented or leased facilities, or facilities maintained by a self-liquidating property fund.
- Minor maintenance projects may not be accumulated to create a controlled maintenance project.

Capital construction projects arise out of an agency's need to create, expand, relocate, or alter a program due to growth, advances in technology or changes in methods or program delivery.

Requests addressing physical space requirements needed to accommodate particular functions, such as those traditionally included in facility programs, would constitute a "program-driven" request, and therefore, be considered a capital construction request.

G. A **Continuation Project** is a project that was:

- Appropriated in a previous year's Long Bill with Capital Construction or General Funds and the institution received funding for that project; or
- Appropriated in a previous year's Long Bill with Capital Construction or General Funds and the institution did not receive funds because the project was de-appropriated due to state budget cuts.
- Included as the out-year funding from a prior request. The out-year funding must have been included in a prior CC-C request that was funded for the initial year.

H. A **Non-continuation Project** is one that can stand alone and may not necessarily require additional appropriations to complete. In these cases, CC-C forms should be submitted in each year the project requests an appropriation. For example, a new state-funded building may require enough time in the design phase that it would be appropriate to request

professional services appropriations in year one of the project and construction and equipment funding in subsequent years.

A **Phased Project** is a project that delivers a complete usable portion of a project. For example, a four-phase addition to a building could be submitted as four individual projects if each addition could be completed separately as a stand-alone project.

Appendix C: FY 2017-18 Criteria and Scoring Method

#1 Health, Life Safety, and Code Issues *(Projects with clear and urgent life or safety implications)*

ALL INSTITUTIONS	
Health, Life Safety, and Code Issues	Points
A new building for a new program or to mitigate space needs.	N/A – points would not be applied to denominator
Level 3 Controlled Maintenance or less than 20 years since last remodel.	3
Level 2 Controlled Maintenance or 20-30 years since last remodel.	4
Level 1 Controlled Maintenance or 31-40 years since last remodel.	6
Greater than Level 1 Controlled Maintenance/Capital Renewal or Greater than 40 years since last remodel.	8
Documentation from a qualified engineer, fire marshal, attorney, or other qualified third party professional that there is a very significant legal and/or health/life safety risk.	2
TOTAL	/10

#2 Other Fund Sources

(Including projects that are funded partly by non-state funds and non-student fee funds)

This category will be worth 15 points based on the amount of other funds that an institution of higher education will provide with the exception of student fees. *If an institution includes student fee funding as a source of other fund sources, the institution will be eligible for 75% of the points that they would be eligible for without the use of student fees.* Scoring will differ based on the different types of institutions

RESEARCH INSTITUTIONS	
<i>Cash Contribution of Total Funds Requested</i>	<i>Points</i>
No cash contribution	0
1-9%	6
10-19%	8
20-29%	10
30-39%	12
40-50%	14
Over 50%	15
Use of student fees	Point total *.75
Other Fund Sources Total	/15
FOUR YEAR INSTITUTIONS	
<i>Cash Contribution of Total Funds Requested</i>	<i>Points</i>
No cash contribution	0
1-8%	6
9-16%	8
17-24%	10
25-32%	12
33-40%	14
Over 40%	15
Use of student fees	Point total *.75
Other Fund Sources Total	/15
COMMUNITY COLLEGES	
<i>Cash Contribution of Total Funds Requested</i>	<i>Points</i>
No cash contribution	0
1-5%	6
6-10%	8
11-15%	10
16-20%	12
21-25%	14
Over 25%	15
Use of student fees	Point total *.75
Other Fund Sources Total	/15

#3 Space Needs Analysis

(Reflects how much space the institution or department has in its inventory, justification on how well the space needs are filled by the request, and how much space it needs based on the Master Plan, FTE projections, or student enrollment projections)

ALL INSTITUTIONS	
Space Needs	Points
No Space Needs/Capital Renewal.	N/A – points would not be applied to denominator
Programmatic space needs, not necessarily a shortage of space.	5
Large space needs but not as pressing and does not cause a waiting list for programs. Does not affect the general population but addresses a specific need or problem.	7
Massive space needs (usually including waiting lists or “bottleneck programs”) that affect the general population.	9
Waiting lists in place for courses due to space and affects one of the “Top 30 Occupations with Highest Projected Opening with More than Half of Workers with Postsecondary Experience” included in the most recently released Skills for Jobs report.	10
TOTAL	/10

#4 Clear Identification of Beneficiaries

(The request must clearly identify the individuals that will be served and how they will be served better by the project requested.)

ALL INSTITUTIONS	
Clear Identification of Beneficiaries	Points
Affects mostly faculty office space.	2
Affects some students or only faculty research.	4
Affects most students.	6
Affects whole campus.	8
TOTAL	/8

#5 Achieves Goals

(Integral to achieving statewide policy goals/integral to institutional planning goals including: Higher Education Master Plan, State Goals and Needs, Institutional Facilities Master Plan, Institutional Strategic Plan, and 5-year needs list)

ALL INSTITUTIONS	
Achieves Goals	Points
Does not articulate any goals that are met.	0
Missing 4 goals.	1
Missing 3 goals.	2
Missing 2 goals.	3
Missing 1 goal.	4
Meets goals/aligns with: Higher Education Master Plan, State Goals and Needs, Institutional Facilities Master Plan, Institutional Strategic Plan, and 5-year needs list.	5
TOTAL	/5

#6 Governing Board Priority

(Projects will receive points based upon the priority that the governing board has assigned to each project)

CU and CSU SYSTEM	
Governing Board Priority	Points
Higher than Sixth Priority	2
Sixth Priority	4
Fifth Priority	6
Fourth Priority	10
Third Priority	15
Second Priority	17
Top Priority	20
Total	/20
OTHER INSTITUTIONS	
Governing Board Priority	Points
Higher than Sixth Priority	2
Sixth Priority	4
Fifth Priority	6
Fourth Priority	8
Third Priority	10
Second Priority	15
Top Priority	20
Total	/20
COMMUNITY COLLEGES	
Governing Board Priority	Points
Higher than Sixth Priority	2
Sixth Priority	6
Fifth Priority	8
Fourth Priority	12
Third Priority	15
Second Priority	17
Top Priority	20
Total	/20

Appendix D: Capital Assets Purpose Codes

Preference will be given to those projects which provide the most efficient use of state resources including but not limited to: innovative solutions to space needs, co-location of programs resulting in space and program efficiencies, and operating cost reductions.

A. State Financial Obligations	(1) Certificates of Participation	(2) Other		
B. Continuation Projects Final Phase	(1) Continuation Projects Final Phase			
C. State Wide Priorities	(1) Statewide High Priorities (determined by OSPB/CCHE)			
D. Controlled Maintenance	(1) Level 1 Life Safety	(2) Level 2 Program Disruptions	(3) Level 3 Deterioration	
E. Continuation Projects	(1) Continuation Projects Not Final Phase	(2) Continuation Projects A&E funding only		
F. New Projects	(1) Statutory Requirements Mandates those projects, which are directed by court order or reduce the state's legal liability.	(2) Renovation/ Replacement of Existing Space/Equipment a. significant cost-savings or cost avoidance b. increased level of service	(3) Facility Infrastructure Improvements (4) Technology Infrastructure Improvements	(5) Construction of New Building or Expanded Space a. significant cost-savings or cost avoidance b. increased level of service
G Immediate Future Program Needs — Solutions to Growing Deficiencies	(1) Mandates those projects, which are directed by court order or reduce the state's legal liability.	(2) Renovation / Replacement of Existing Space / Equipment	(3) Construction of New Building or Expanded Space to Consolidate Programs from Obsolete and Congested Space.	(4) Facility Infrastructure Improvements (5) Technology Infrastructure Improvements

Appendix E:
Memorandum of Understanding between State Controller's Office
and Capital Development Committee Six-Month Rule

Enforcement of C.R.S. 24-30-1404, as revised April 2001

C.R.S. 24-30-1404(7) requires agencies to execute a contract and encumber funds for any professional services, as defined by C.R.S. 24-30-1404(6), related to a capital construction or controlled maintenance project within six months of the date the appropriation becomes law. For projects when no professional service contract is required, a contract for the project must be entered into within this same six-month time frame. This Memorandum of Understanding (MOU) between the State Controller's Office (SCO) and the Capital Development Committee (CDC) defines the process to be used by departments or institutions to comply with the requirements of the statute.

Construction Projects with professional service contracts

These are typically large building projects that require significant up-front design work.

- Compliance with the six-month rule requires all architecture/engineering services contracts or any other significant professional services contracts related to the design of the project, identified in the project plan, be executed and encumbered within the six-month date. The department controller or institution chief financial officer (CFO) and project manager will certify compliance to the SCO.

-or-

- The project plan may contain an amount for professional services, proposed by the department or institution and agreed to by the CDC, to be encumbered by the six-month date that is less than the architectural/engineering services contracts or other significant professional services contracts related to the design of the project, identified in the project plan. The project plan must also include justification for the proposed amount. The CDC will communicate the approved encumbrance amount to the SCO as a waiver recommendation under C.R.S. 24-30-1404(7). The SCO will issue the waiver letter to the department or institution. If the department or institution cannot encumber the CDC-approved amount by the six-month date, it must submit a new waiver request or revert the project funds.

Alternatively, the department or institution that cannot encumber all of the professional services may follow the normal waiver request process when the problem is identified.

Construction Projects without professional services contracts

These are typically maintenance or repair projects, which may be at one location or spread over many locations. However, no professional service contracts are required to be obtained for the project to commence, or professional services are provided from non-capital construction sources.

Compliance with the six-month rule will be met with an encumbrance, by the six-month date, for the total amount of the project, identified in the project plan. The department controller or institution CFO and project manager will certify compliance to the SCO.

-or-

The project plan may contain a project amount, proposed by the department or institution and agreed to by the CDC, to be encumbered by the six-month date that is less than the full amount of the project identified in the project plan. The CDC will communicate the approved encumbrance amount to the SCO as a waiver recommendation under C.R.S. 24-30-1404(7). The SCO will issue the waiver letter to the department or institution. If the department or institution cannot encumber this amount by the six-month date, it must submit a new waiver request or revert the project funds.

Non-Construction Projects – IT or Equipment Purchases:

Compliance with the six-month rule will be met with an encumbrance, by the six-month date, for the full amount of the project identified in the project plan. The department controller or institution CFO and project manager will certify compliance to the SCO.

-or-

The project plan may contain a project amount, proposed by the department or institution and agreed to by the CDC, to be encumbered by the six-month date that is less than the full amount of the project as identified in the project plan. The CDC will communicate the approved encumbrance amount to the SCO as a waiver recommendation under C.R.S. 24-30-1404(7). The SCO will issue the waiver letter to the department or institution. If the department or institution cannot encumber this amount by the six-month date, it must submit a new waiver request or revert the project funds.

Other Issues

- Projects with multiple phases.

The six-month rule requirement is generally monitored for compliance in the first phase of a project. If subsequent phases of a project are dependent on the first phase, once compliance is met in the first phase of the project, additional phases do not have a six-month rule requirement. If multiple phases of a project are designed as stand-alone projects, each phase or the project will be required to meet the six-month rule.

- Project Plans

The Office of State Planning and Budgeting (OSPb), Colorado Commission on Higher Education (CCHE), and State Buildings Programs are responsible for monitoring spending on capital construction or controlled maintenance projects to determine the department or institution has complied with the intent of the project plan.

**Appendix F: OSA FY 2017-18 Capital Construction/Controlled
Maintenance Combined Budget Request Submission Instructions**

See link below:

<https://www.colorado.gov/pacific/osa/cc>