

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
 FROM Amanda Bickel, JBC Staff (303-866-4960)
 DATE April 21, 2021
 SUBJECT Adams State University Plachy Hall Supplemental/Budget Modification

BACKGROUND: Staff was informed on March 24, 2021, that the Adams State University (ASU) Plachy Hall HVAC upgrade and replacement project was coming in far over budget and that the school would likely be unable to proceed with the project without an additional appropriation in the range of \$1.5 to \$2.0 million. As staff described to the JBC on March 26, based on discussion with ASU, the Office of the State Architect, and Colorado Commission on Higher Education (CCHE) and Capital Development Committee (CDC) staff, staff anticipated that ASU would work quickly through CCHE and the CDC to submit a formal request for additional funding, enabling the JBC to take action during conference committee on the Long Bill if appropriate.

CCHE, CDC, AND GENERAL ASSEMBLY ACTION:

- ASU submitted a revised request to CCHE for its Plachy Hall project on 3/30/21.
- The request was reviewed and recommended by CCHE on April 2, 2021 and reviewed and recommended by the CDC on April 8, 2021.
- In addition, on April 8, 2021, the Senate adopted a second reading amendment to S.B. 21-224 (Capital Related Transfers of Money) to increase the transfer from the General Fund to the Capital Construction Fund by \$1,714,246. This amendment was retained in the House.

Based on the recommendations of the CCHE and the CDC, staff recommends that the Committee amend the FY 2018-19 appropriation for the Plachy Hall project, adding \$1,714,246 from the Capital Construction Fund. Through this action, the General Assembly will also extend the availability of the original appropriation for a further three years or until the project is completed. ASU expects to complete the entire project in the summer of 2021 but possibly after the June 30, 2021, when the current appropriation will expire.

Funding Source	Total Project Cost	Total Prior Appropriation	Current Budget Year Request	Year Two Request	Year Three Request	Year Four Request	Year Five Request
Capital Construction Funds (CCF)	\$7,786,435	\$6,072,189	\$1,714,246	\$0	\$0	\$0	\$0
Cash Funds (CF)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reappropriated Funds (RF)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds (FF)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Funds (TF)	\$7,786,435	\$6,072,189	\$1,714,246	\$0	\$0	\$0	\$0

APRIL 21, 2021

ADDITIONAL BACKGROUND ON THE PROJECT:

Plachy Hall is a 118,054 GSF mixed use building with athletic and academic programing. As reflected in the table above, ASU previously received appropriations of \$6,072,189 to replace the HVAC system for Plachy Hall. The funding was included in two parts. The first appropriation was in H.B. 18-1322 (the FY 2018-19 Long Bill). The second part of the funding was provided through H.B. 20-1408 (Distribution of H.B. 20-1377 Capital Construction Fund Money), which set aside \$49 million of SB 17-267 COP proceeds for controlled maintenance projects and specifically identified \$2.8 million in funding for the Plachy Hall project.

ASU's request indicated that the building was constructed in 1963 and is operating with the original air handling units. There have been numerous problems due to the age and condition of the HVAC system. Two of the four boilers are no longer functional, and the building had to be closed for multiple days in January 2020 due to a break-down. Further break-downs will shut down the building for extended periods of time and disrupt athletic programs, academic programs (kinesiology and sports psychology), and administrative activities. The building houses the University's field house, swimming pool, and gymnasium, among other facilities. If the remaining boilers fail, there could be significant damage to all building systems.

The scope of work is to replace/upgrade significant portions of the HVAC system building wide due to a failed steam/boiler system and ventilation/air system that no longer meet air quality code standards. This includes changing over the current steam boiler system to a hydronic system and moving to a single monitoring system from three systems with pneumatic controls.

The initial Capital Renewal request was for \$5.2 million, derived from a 2015 bid. The State took a phased approach to funding with an initial appropriation in FY 2018-19, but ASU determined that this was not logistically possible and so waited to begin work on the project until phase 2 funding was received in FY 2020-21. ASU reports that the appropriated project budget of \$6.1 million was achievable per a January 2020 firm bid. However, the funding in H.B. 20-1408 was not authorized until July 2020, and, combined with delays in procuring mechanical equipment due to the pandemic, the project could not be completed during the summer of 2020 prior to the winter freeze.

Due to the escalation of materials costs due to the pandemic, the low bidder was not able to hold the pricing for the project for construction in summer 2021. The bidder reported 300% increase costs for mechanical equipment and sharp increases in material costs. The engineering consultant and design team pursued several design alternatives but determined that the changes necessary would drastically impact the scope of the project. ASU does not believe it can proceed without additional funds.

The CCHE commissioners raised concerns about the request at their meeting. ASU was only able to secure one hard bid, and commissioners were concerned about insufficient detail and price gouging. However, CCHE ultimately recommended moving ahead with the project by a 9-2 vote. According to its letter, "*The CCHE approved this request because it believes this project constitutes an emergency.*" The CDC voted to recommend funding for the project on a vote of 6-0.

Rep. Edie Hooton, *Chair*
Rep. Janice Rich
Rep. Alex Valdez

Sen. Tammy Story, *Vice-Chair*
Sen. Rhonda Fields
Sen. Jerry Sonnenberg



Capital Development Committee

State Capitol Building, Room 029
Denver, Colorado 80203-1784
(303) 866-3521



April 8, 2021

Senator Dominick Moreno, *Chair*
Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, CO 80203

Dear Senator Moreno,

On April 8, 2021, the Capital Development Committee (CDC) considered one supplemental request from Adams State University. *The committee approved the request as submitted.*

Table 1
Capital Development Committee Recommendation

Institution	Project Title	Project Short Description	Cost	Vote
Adams State University	Plachy Hall HVAC Upgrade and Replacement (Capital Renewal)	The project retrofits the HVAC system in the school's main athletic facility.	\$1,714,246 CCF	6-0

The committee approved it as a supplemental request with the understanding that the project may instead be included in the Long Bill, and with the knowledge that the Office of State Planning and Budgeting has not yet approved the project. If you have any questions or concerns about the CDC's recommendation, please call Bo Pogue, Legislative Council Staff, at 303-866-5390.

Sincerely,

Representative Edie Hooton
Chair, Capital Development Committee

c: Capital Development Committee Members
Joint Budget Committee Members
Dr. Cheryll Lovell, Adams State University
Kevin Daniel, Adams State University
Bruce Del Tondo, Adams State University
Spencer Rockwell, Office of State Planning and Budgeting
Lauren Gilliland, Colorado Commission on Higher Education
Amanda Bickel, Joint Budget Committee Staff
Alfredo Kemm, Joint Budget Committee Staff
Capital Development Committee Staff