

Fiscal Year 2009-10 Capital Construction Request

Colorado School of Mines

Ford and Jones Road Property Purchase

PROGRAM PLAN STATUS

2010-104

Approved Program Plan?

 Yes

Date Approved:

 March 27, 2009

PRIORITY NUMBERS

Prioritized By

Priority

Dept/Inst

N/A of 4

Cash projects are not prioritized.

PRIOR APPROPRIATION AND REQUEST INFORMATION

<u>Fund Source</u>	<u>Prior Approp.</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>Future Requests</u>	<u>Total Cost</u>
CF	\$0	\$4,285,000	\$0	\$0	\$4,285,000
Total	\$0	\$4,285,000	\$0	\$0	\$4,285,000

ITEMIZED COST INFORMATION

<u>Cost Item</u>	<u>Prior Approp.</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>Future Requests</u>	<u>Total Cost</u>
Land Acquisition	\$0	\$4,285,000	\$0	\$0	\$4,285,000
Professional Services	\$0	\$0	\$0	\$0	\$0
Construction	\$0	\$0	\$0	\$0	\$0
Equipment	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$0	\$0	\$0	\$0	\$0
Contingency	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$4,285,000	\$0	\$0	\$4,285,000

PROJECT DESCRIPTION / SCOPE OF WORK

Colorado School of Mines (Mines) is requesting cash funds spending authority to purchase 6.91 acres and two buildings it is currently leasing adjacent to the campus. The purchase will allow Mines to take advantage of favorable long-term rates in the bond market to refinance existing debt and finance the purchase of the two buildings.

In 2008, the Colorado School of Mines Foundation purchased land adjacent to the main campus, including a 23,431-GSF industrial building at 1301 19th Street, an eight-unit apartment building at 1920 Jones Road, and a 95-spot parking lot. Subsequent to the purchase, the school negotiated a three-year lease agreement with the Colorado School of Mines Foundation for use of the two buildings and the adjacent parking lot. The lease agreement included an option to purchase the facilities. The school is currently using the industrial building for its music program, facility management operations, recycling services, storage, and distribution services. The apartment building is being used for student housing, and the parking lot is used for freshman parking.

Mines says it pays an interest rate of 5 percent on the annual lease payment for the facilities and its goal is to lower this interest rate when it finances the purchase of the two buildings.

PROJECT JUSTIFICATION

The university says it is more cost-effective to purchase the buildings rather than continue to lease the facilities. Also, if Mines waits to purchase the facilities until the end of the lease period, it may be more expensive to finance the purchase because interest rates will likely increase, says Mines.

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Mines says its campus is completely surrounded by local neighborhoods and there are limited to no opportunities for growth adjacent to the campus. The purchase of these two facilities on the 6.91 acres of land will provide long-term growth opportunities for the university, says Mines, and provide immediate alleviation of overcrowding in student housing, parking, programmatic space, and facility management space.

PROGRAM INFORMATION

Colorado School of Mines is a public research university devoted to engineering and applied science. There are about 4,500 students currently enrolled. According to Mines, it has the highest admission standards of any public university in Colorado and among the highest of any public university in the country.

LEED CERTIFICATION INFORMATION

The project is not required to comply with the provisions of Senate Bill 07-051 regarding LEED certification because it does not involve the renovation, design, or construction of a physical facility.

PROJECT STATUS

This is a new project.

SOURCE OF CASH FUNDS

The source of cash funds is university cash funds from tuition and academic fees. The existing budget includes a \$288,000 annual payment for the lease of the two facilities. Mines plans to bond for the project for a period of 20 years at a rate of less than 5 percent. The anticipated annual bond payment will be \$300,000.

STAFF QUESTIONS AND ISSUES

None.

IMPACT ON OPERATING BUDGET

	1st Year	2nd Year	3rd Year	Total
Personnel Services	The project has no impact on state operating costs. The maintenance and operating costs for the facilities will be funded through revenue generated from interest income, parking fees, and housing revenues.			
Maintenance				
Utilities				
Supplies/Equipment				
Other				

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PROJECT SCHEDULE

	Start Date	Completion Date
Physical Planning	A project schedule is not applicable to this request.	
Construction		
Equipment		
Occupancy		