

Higher Education Projects Authorized by HJR 08-1042 -- Potential Inflation Savings / (Shortfall)
Amount

CDC #	Institution	Project Title	State Funds	Cash Funds	Total	Per. Month Inflation Factor (as of April 2008)	Amount of State Funds Inflation (as of April 2008)	Per. Month Inflation Factor (as of Dec. 2008)	Amount of State Funds Inflation (as of Dec. 2008)	Difference	Notes from Schools
1	University of Northern Colorado	Bullen Hancock Interior Renovation	11,591,235	0	11,591,235	0.54%	\$0	0.35%	\$0	\$0	See attached.
2	Colorado Northwestern Community College	Academic Building, Craig Campus	21,324,383	2,142,038	23,466,421		\$0		\$0	\$0	See attached.
3	Colorado State University - Pueblo	Academic Resources Center Remodel	22,005,202	0	22,005,202	0.56%	\$123,229	0.56%	\$123,229	\$0	None.
4	Colorado School of Mines	Brown Hall Addition	6,748,298	0	6,748,298	0.87%	\$484,054	0.48%	\$359,066	\$120,588	1. A factor for the duration of the project is applied to these numbers e.g. if a project uses 0.5% per month as an inflation factor and the project has a 15-month duration then the total % inflation cost is 0.5% per month x 15 months = 7.5% total project inflation. 2. Typically for CSM projects, only the construction costs are escalated, not the soft costs. Presuming that the state monies fund both soft and construction costs, a pro rata adjustment must be made to accurately reflect those funds that are escalated vs. those that are not. This adjustment has been made based on the ratio of soft costs to construction costs for the Brown Hall project. \$0 No inflation factor was applied to the request. \$0 The project is nearly complete with design and was already in construction when COP funding was received. As a result, we do not have any inflation savings since contracts are in place and the guaranteed maximum price is set. \$0 See attached.
5	Colorado State University	Clark Building Revitalization (Capital Renewal Project)	2,000,000	0	2,000,000	0.00%	\$0	0.00%	\$0	\$0	See attached.
6	Auraria Higher Education Center	Science Building Addition and Renovation	63,615,180	22,227,526	85,842,706	0.00%	\$0	0.00%	\$0	\$0	See attached.
7	Western State College	Taylor Hall Renovation and Addition	21,065,116	0	21,065,116	0.67%	\$0	0.71%	\$0	(\$118,201)	We are currently at Schematic Design and our Architect and Construction Manager/General Contractor have done some serious cost estimating and our project is currently tracking slightly over the total project budget by around \$150,000, which we will value engineer to get back to budget. We plan to drive piles in January for the building's foundation so any change in the project budget would require some re-design and likely compromise the program. Attached is our best estimate on inflation and how it compares to original projections as requested.
8	Mesa State College	Wubben Hall Expansion and Renovation	14,775,193	3,652,294	18,427,477	0.67%	\$0	0.71%	\$0	(\$118,201)	We are currently at Schematic Design and our Architect and Construction Manager/General Contractor have done some serious cost estimating and our project is currently tracking slightly over the total project budget by around \$150,000, which we will value engineer to get back to budget. We plan to drive piles in January for the building's foundation so any change in the project budget would require some re-design and likely compromise the program. Attached is our best estimate on inflation and how it compares to original projections as requested.
9	University of Colorado - Colorado Springs	Renovate Existing Science Building	17,085,472	0	17,085,472	0.20%	\$392,966	0.70%	\$1,320,000	(\$927,034)	See attached.
10	Morgan Community College	Nursing, Health Technology, and Science Building Addition/Renovation	4,684,093	168,000	4,852,093		\$0		\$0	\$0	See attached.
11	Front Range Community College	Larimer Campus, Science Classroom Addition/Renovation	14,184,265	591,011	14,775,276		\$0		\$0	\$0	See attached.
12	Adams State College	Richardson Hall Renovation and Addition	12,643,641	1,390,800	14,034,441	0.00%	\$0	0.00%	\$0	\$0	Project has not been funded yet. Initial cost estimates for the Richardson Hall program plan were derived in July 2006 and are stated as such. Published inflation rates for 2007 were 13%. Our project was adjusted from programming to 12% above initial estimate. We then added a cash match for an adjustment for this year. All our estimates were based on a July 2008 start and contract date. If anything, we are even at that point and we are still concerned that the original budget was not fully developed by the former facilities director. We're in the middle of our Plachy Hall project that is woefully short based on the budget put together at the same time and by the same former employee. Understanding that the CDC may be able to squeeze our project onto the list if others feel they have overstated inflation, I believe it to be highly unlikely that any institution on the COP list will feel comfortable with dropping their number. Adams State College does not.
13	Fort Lewis College	Berndt Hall Reconstruction	3,247,000	0	3,247,000	0.67%	\$0	0.67%	\$0	\$0	See attached.
14	Fort Lewis College	Berndt Hall Reconstruction	25,074,673	4,231,974	29,306,647	0.00%	\$0	0.00%	\$0	\$0	None. Project has not been funded yet. See attached.
15	Colorado School of Mines	Marquez Hall Petroleum Engineering Building	20,000,000	0	20,000,000	0.00%	\$0	0.00%	\$0	\$0	Project has not been funded yet from FIML. We are estimating inflation savings of about \$375,000 for the cash-funded portion, based on the same calculations described above for the Brown Hall Addition project.
16	Northeastern Junior College	E.S. French Renovation	8,646,704	0	8,646,704	0.00%	\$0	0.00%	\$0	\$0	Project has not been funded yet. See attached.
17	Colorado State University	Chemistry Building Addition	40,000,000	5,000,000	45,000,000	0.05%	\$0	0.00%	\$0	\$0	Project has not been funded yet. No inflation was applied to the request.
TOTAL			\$306,694,445	\$39,403,643	\$348,098,088		\$1,000,849		\$1,801,295	(\$918,647)	Estimated amount available for additional projects due to inflation - for informational purposes only, does not represent a request for additional funding

UNIVERSITY of
NORTHERN COLORADO



Department of Facilities Management

Attachment A

Date: December 11, 2008

To: Daniel Krug
Colorado Dept of Higher Education

From: Kirk Lechliter
Assistant Vice President, Facilities Management

Re: FML COP Inflation Survey

Dan, I have attached the survey for the UNC Butler Hancock Interior Renovation project. Below I have listed our assumptions and some additional explanation.

Our initial request submitted in July 2007 (FY 08/09 Request) included a 6.5% per year inflation factor on the basic cost per square foot for construction. Inflation was not applied to Professional services, Equipment or Contingency. This equals approximately .54% per month without the impact of compounding.

The latest information we have indicates that construction inflation for the Denver area over the past quarter was approximately .68% or approximately 3% per year (.25% per month). Many materials are still trending high with improvement being seen in a limited number of areas.

It is important to remember that between the July 2007 and July 2008, inflation continued at the high levels of the past few years. For this survey, we are using a blended rate of 4.5% (.375% per month) which reflects approximately 10 months at the higher inflation rates and the balance of the project at a lower rate. In addition, one quarter of data does not provide a good picture for future costs.

We were able to discuss the question of construction inflation with our CM/GC for the project, Hensel Phelps Construction. They indicated that it would be premature to anticipate any significant savings at this time.

Please feel free to contact me if there are any questions.

Colorado Community Colleges System

I confirmed that we took out all out-year inflation, per OSPB and CCHE request last April, of the project estimates—despite the fact that most of them will take at least two years to complete.

Here is what we deducted from our various projects:

CNCC—Craig Campus Academic Building: (\$1,483,008 GF)

FRCC—Larimer Campus Science Classroom Addition/Renovation: (\$1,331,110 GF)

MCC—Nursing, Health Tech, and Science Building: (\$168,707 GF)

NJC—ES French Renovation: (\$421,795 GF)

Total GF reductions: (\$3,404,620)

If you need the before and after paperwork, let me know--but I am sure that Ryan has it in his files. Also, we added \$828,110 in additional cash to the CNCC and FRCC projects, per CCHE requirements. And, \$1.9 million of CNCC funds are currently frozen. If these are not unfrozen, we will have to down scope that project.

Given this, I am not sure how to fill out the form, but hopefully this conveys that we do not believe that we can squeeze any more out of the inflation turnip at this point.

Mark

Western State College

Dan,

The Taylor Hall program plan was developed in July 2006 and at that point in time established a budget of \$19,309,263. As per our standards, our budget in the program plan assumed funding in the next cycle, in this case FY2007-08, and as such incorporated projected inflation for FY2006-07. Since funding for Taylor Hall was not provided in FY2007-08, we adjusted the budget by approximately 10% for inflation and 5% for the newly adopted requirement for high performance buildings, as allowed under SB07-51. This revised the request to \$22,261,295 and the project was resubmitted for FY2008-09 funding.

Upon the opportunity to fund this project in one lump sum through the FML legislation, the DHE reduced our request to \$21,065,116, assuming inflation costs could be saved by elimination of project phases. This new amount represents a 9% adjustment over the initial FY2007-08 request. We anticipate the establishment of a guaranteed maximum price (GMP) for this project by October 2009.

Essentially then, this 9% increase over the initial budget is to cover inflation over a 2+ year period. Even with a slowing economy and construction market, we don't anticipate that this amount will cover the inflationary costs of this period and we will be forced to trim the project from what was originally envisioned in the program plan.

Having said this, we are very appreciative of the support the department and the General Assembly has provided to Western and we feel confident that we can deliver a quality project with the amount that has been appropriated.

My hope is that this information satisfies the needs of the CDC, but please let me know if further information is requested.

Regards,
Brad

University of Colorado at Colorado Springs

Regarding a Possible Reduction of the UCCS Science Building Renovation Appropriation (\$17,085,472) December, 2008

The Science Building on the UCCS campus is over 28 years old. The laboratory technology has not been upgraded since the building was built, which includes many safety oriented systems such as fume hoods, specialty gas distribution and chemical handling. While minor repairs have been made to the original building structure in the last 28 years, the building's infrastructure remains substantially unchanged since its construction.

The science program needs that are a part of this renovation were identified over 10 years ago resulting in the development of a Program Plan in 1998, which was updated in 2006. However the budget has remained unchanged since the original Program Plan. In the interim, according to Engineering News Record, national construction inflation since 1998 has been in excess of 35% indicating that the current budget for construction alone should be over \$17.3 million and the project budget should be approximately \$23 million, compared to the \$17,085,472 in law. [It should be noted that construction inflation in Colorado Springs has been considerably higher than that experienced nationally.] Currently, the Construction Concept Estimate developed from the Program Verification process indicates that the construction budget should be approximately \$15.3 million while the 1998 Program Plan construction budget has been set at \$12.8 million. It is clear that this project will be financially challenged with the current budget. Recognizing that the estimate is 10 years old and that the concept estimate indicates budget challenges, **steps are already being taken to set priorities for improvements.** For example, the faculty and staff offices and the auditorium will receive only refurbishment improvements of new paint, carpet, etc., thus keeping the primary focus of this renovation on the improvements for safety and energy conservation in the laboratory, research and learning support areas. **Any potential reductions in the budget will seriously compromise the primary focus of this renovation.**

Programmatically, when the Biology Department moves out of the Science Building into the new Science Engineering Building, it will be necessary to re-program the building to accommodate the needs of Chemistry, Anthropology, Geography and the Science Learning Center. Chemistry is a key curriculum of the College of Letters, Arts and Sciences, the largest college in the University. It is also a key supporting curriculum of the expanding nursing program. The current Chemistry space is undersized and inadequate for both teaching and research and unable to accommodate the student throughput needed for the programs it supports. In the last ten years alone, Chemistry degrees granted have increased over 200% and chemistry course credit hours taught have increased almost 100%. The Science Learning Center is a key part of UCCS's retention strategy, ensuring that students who are challenged with the intricacies of the sciences have an excellent additional learning environment. The current Science Learning Center is a small, poorly laid out space that is challenged to meet the needs of the 41,950 visits in FY08. These visits represent a 27% increase over last year and a 117% increase from two years ago. Further, the Science Learning Center has shown that its use has increased the grades and reduced drops in chemistry and biology classes for students using the Center.

While the roof has had an overlay improvement in the last 28 years, there are other substantial building issues requiring attention. But more important, the fume hood technology, specialty gases, purified water, vacuum systems and other systems that are unique to science buildings are all over 28 years old. Thus, an important part of meeting the goals of this renovation is improvements in these expensive science support systems. A budget reduction would seriously compromise the ability of this renovation to meet the improvements in safety and quality that are needed.

The Science Building renovation project has moved ahead quickly with Schematic Design already completed and Design Development started. By February 2009 we will be preparing the construction documents. The entire design process, which is almost 1/3rd complete has been prepared based on the \$17.08 million available for the project. **The construction portion of the project should be underway by June 2009 and complete by summer 2010.**



Physical Plant Services – Project Management
1000 Rim Drive
Phone: (970) 247-7000 Fax: (970) 247-7555

Daniel Krug
Financial and Compliance Analyst
Colorado Department of Higher Education
1560 Broadway, Suite 1600
Denver, CO 80202

December 11, 2008

RE: FLC Project # C9112 – Estimated Inflation

Dear Mr. Krug,

Phase 1 of the Fort Lewis Berndt Hall Reconstruction for Geology/Physics/Engineering project is included with the COP as project #13 in the amount of \$3,247,000. This funding includes all professional services for the project but does not include construction dollars. This figure matches the amount of our original FY 08/09 Capital Construction request that was submitted to CCHE in July of 2007 and there has been no inflation factor applied to this amount.

The construction phase of this project is included with HJR 08-1042 as project #14 at a total amount of \$29,306,647 (part State and part FLC funding). This phase of the project is not included as part of the COP.

The new project reconstructs a portion of Berndt Hall that will not be vacated until the completion of our current project (P0734 – Berndt Hall Reconstruction for Biology/Agriculture). Consequently, we have scheduled the construction work for the Geology/Physics/Engineering project to begin in early 2010.

The approved Program Plan for this project considers this time frame and that document incorporated an annual inflation factor of 8%. Based upon this inflation factor, the total cost of the project as detailed within the Program Plan and as submitted to CCHE with our FY08/09 and our FY 09/10 Capital Construction requests is \$34,474,837. As part of the development of HJR 08-1042, the total project amount was reduced by \$1,921,190 to \$32,553,647.

The 2007 Program Plan document includes a total inflationary escalation of \$5,848,855 for this project for the 39 months between the submittal of our original Capital Construction Request and the projected mid-point of construction in December of 2010. This estimate results in a monthly inflation cost of \$149,971.

Since the market conditions are highly volatile and we do not know when the construction funding will be provided, it is very difficult to realistically estimate the actual inflationary impacts upon this project. For this reason, we believe that the annual inflation factor of 8% as incorporated by the Program Plan is reasonable to use until the market conditions and the timing of the construction funding are clarified.

Per your request, I have completed the spreadsheet you have forwarded in accordance with these assumptions.

Please let me know if you have questions and thank you for your help with our FLC projects.

Respectfully,

Mark Gutt,
Fort Lewis College Construction Manager
c: File(2)