

# FY 2010-11 Supplemental Capital Construction Request

## University of Colorado at Boulder Systems Biotechnology Building

**Motion:** Approve the supplemental request from the University of Colorado Boulder for additional cash funds spending authority for the Systems Biotechnology Building project (\$15,159,287 CF).

### GENERAL INFORMATION

2007-107

#### 1. Which supplemental criterion does the request meet?

Other

Supplementals to cash-funded higher education projects requested during the legislative interim are not required to meet the requirements of an emergency 1331 supplemental request.

#### 2. Which projects will be restricted to fund the supplemental request?

No restriction is necessary because the project is not funded from cash sources.

#### 3. Has the request been approved by OSPB and CCHE?

Yes

### PRIOR APPROPRIATION AND SUPPLEMENTAL REQUEST INFORMATION

The appropriation to be amended was authorized in the following bill: HB 10-1376

<u>Fund Source</u>	<u>Prior Appropriations</u>	<u>Supplemental Request</u>	<u>Future Requests</u>	<u>Total Cost</u>
CF	\$133,010,125	\$15,159,287	\$0	\$148,169,412
FF	\$15,000,000	\$0	\$0	\$15,000,000
	\$148,010,125	\$15,159,287	\$0	\$163,169,412

### REASON FOR SUPPLEMENTAL REQUEST

The university is requesting additional cash funds spending authority to complete work on a shelled fourth wing on the Jennie Smoly Caruthers Biotechnology Building, which is currently being constructed on the southwest corner of the university's research campus. The building will serve the Biochemistry, Chemical and Biological Engineering, and Molecular Biotechnology programs. The university says the overall project will help satisfy a need for more space due to growth in these programs, will allow the university to align its goals with an emerging industry, and will improve the university's position and national reputation as a premier research institution.

The original project, which is about one-third complete and is scheduled for completion in September 2011, features an auditorium, three research wings, and an unfinished, or "shelled," fourth research wing. This supplemental request will allow the university to finish out the 70,454-GSF fourth wing. According to the university, favorable market conditions have improved its purchasing power on the project, and it has determined that completing the fourth wing at this time will reduce long-term costs and immediately reduce its current campus-wide research space shortage. The university stresses that the timing for the approval of additional spending authority is critical to securing the best available pricing for finishing the shelled space since the contractor is mobilized and on-site. In addition, the university says it has recently learned that the contractor's price agreement for the additional build-out may not hold past January 1, 2011, due to potential price increases from suppliers, and it must act immediately to secure the favorable contract price. Attached is a letter from the university to the Department of Higher Education

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explaining the need for approval of additional spending authority (Attachment A), along with a resolution submitted to the university's Board of Regents seeking approval of an amendment to the project's program plan to go forward with the fourth wing build-out (Attachment B).

**Project funding history.** Originally conceived as a combination cash- and state-funded project, the university rescoped the project to separate the cash-funded phases due to the limited availability of state funding for capital construction projects. The project received a \$12.9 million cash fund appropriation for FY 2009-10 for the project's design, and an additional \$120.1 million cash fund appropriation for FY 2010-11 to construct the facility. The project also received \$15.0 million in federal funds spending authority for FY 2010-11 based on an American Recovery and Reinvestment Act grant awarded by the National Institutes of Health, which is being used to finish out shelled space in the building's main portion. Under a separate request, the university is seeking \$31.8 million in state funds for FY 2011-12 and FY 2012-13 to construct a fifth wing, or academic wing, featuring classroom space and teaching laboratories. This supplemental request brings the total price for the facility to \$194.9 million.

**Source of cash funds.** The university plans to use donations, grant funding, and the proceeds from campus-supported research to complete the fourth wing build-out.

### SUMMARY OF PROJECT

The project constructs the Jennie Smoly Caruthers Biotechnology Building (336,878 GSF, 199,443 ASF) on the university's research campus east of the main Boulder campus. When completed, the building will house three major units of the university: (1) the Biochemistry Division of the Chemistry and Biochemistry Department; (2) the Chemical and Biological Engineering Department; and (3) the Colorado Initiative in Molecular Biotechnology (CIMB).

The university says the new building will facilitate numerous enhancements, including:

- cutting-edge research that places the university at the forefront of systems biotechnology;
- interdisciplinary, hands-on education of graduate and undergraduate students, preparing them for the growing biotechnology workforce;
- technology transfer and economic development for Colorado's biotechnology industry;
- support for the university's goals of enhancing student learning, increasing service to the community, engaging students in the discovery and creation of new knowledge, and increasing support for teaching, research, and creative work; and
- creation of a flagship facility to anchor a new vision for expansion of the university's campus.

The building will feature flexible labs supported by state-of-the-art technology, an auditorium for large conferences, seminar rooms, classrooms, computer labs, teaching labs, open meeting areas, a café, and conference rooms organized around an interior "main street" concept. The research and teaching laboratories and classrooms will facilitate interdisciplinary research, graduate and undergraduate training, and collaboration with corporate partners. The meeting and communication facilities will help bridge the distance between the research campus and the main campus, as well as foster relationships between the university and industry.

Under the project, and in association with other university capital projects, stakeholder academic programs will vacate existing space on the main Boulder campus and move to the new facility, allowing other programs to expand into the vacated space.

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University of Colorado at Boulder  
*Systems Biotechnology Building*

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## QUESTIONS / OUTSTANDING ISSUES

None.



**University of Colorado**

*Boulder • Colorado Springs • Denver*

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November 24, 2010

Dan Krug  
Director of Capital Assets and Compliance  
Colorado Department of Higher Education  
1560 Broadway  
Suite 1600  
Denver, CO 80202

Re: Program Plan Amendment Systems Biotechnology Building

Dear Dan:

The Board of Regents has approved a program plan amendment to the Jennie Smoly Caruthers Biotechnology Building (Systems Biotechnology). I have attached the Regent resolution for your review. This amendment allows the campus to complete the fourth wing of research space and continue to request state funding for the additional wing of academic space. The academic wing proposal has not changed. Due to favorable market conditions, the campus has determined that completion of the fourth wing at this time will reduce long-term costs and ease current severe research space shortages.

As this project was approved as a "202" project, also attached is a supplemental request for your approval and submittal to the CDC and JBC. Funds to support the build-out of the fourth wing will be derived from a combination of private sector, gift and bequest, and campus research-supported funds. The campus will also maintain its separate state-fund request for FY11-12 and FY12-13 capital construction funds to finish 57,347 gsf of academic space and will adjust these requests if private dollars are necessary to supplant those of the state.

The timing of this action is critical to obtain best value pricing for finishing the additional space while the contractor is still mobilized and on-site. Additionally we have just learned today that the contractor's price agreement may not hold past January 1, 2011, due to potential increases from suppliers. In order to secure a contract price, I have also sent this request to the CDC staff. We may ask that this request be heard on December 1, 2010.

Please contact me if I can provide additional information or clarification. Thank you for all your help with this project.

Best Regards,

A handwritten signature in cursive script, appearing to read 'Kelly Fox'.

Kelly Fox  
Vice President and Chief Financial Officer

cc: Kori Donaldson, Capital Development Committee



## University of Colorado at Boulder

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 914 Broadway  
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 (303) 492-8908  
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**TO:** President Bruce D. Benson

**FROM:** Chancellor Phil P. DiStefano

**DATE:** September 30, 2010

**SUBJECT:** Third amendment to the Program Plan for a Systems Biotechnology Building

 A handwritten signature in black ink, appearing to read "Phil P. DiStefano".
 

Approved

Phil P. DiStefano

### I. REQUEST FOR ACTION BY THE BOARD OF REGENTS

With the concurrence of Interim Provost Moore and Vice Chancellor Bruno, I recommend the following resolution be submitted for approval by the Board of Regents on November 18, 2010.

RESOLVED that the Third Amendment to the *Program Plan for a Systems Biotechnology Building*, including the financial analysis incorporated therein, be hereby approved; and

FURTHER RESOLVED that the Board of Regents affirms the required four evaluation findings which are contained in the statement of information.

### II. STATEMENT OF INFORMATION

The Boulder Campus is proposing a third amendment to the program plan for the Jennie Smoly Caruthers Biotechnology Building. This proposal seeks to secure a total of \$194.9 million in legislative spending authority and expand the building from four wings to five. The amendment will align the program plan with the board-approved state budget request for construction of state academic space and raise spending authority to provide the campus with needed flexibility for self-funding portions of this work as donations and financing allow. In summary, previously approved spending authority for \$148 million is proposed to be raised to include funding for an additional \$15.1 million in research space and \$31.7 million in academic space. The scope of the academic space includes a fifth wing and finishing of teaching labs and auditoria which have been "shelled" in the initial building project.

The board approved second amendment to the program plan envisioned a building consisting of auditoria space and four wings. Regents granted the campus approval to proceed with the campus-funded construction of the initial building's auditorium and three wings, which is underway. Funding for a "fourth" wing, which was, at that time to be the state-funded academic wing, was separated out as a project to be built as funds were forthcoming.

Private and federal funds have allowed the initial building project to proceed well into construction on the East Campus. The initial building is approximately one-third complete, consistent with plans approved by the board in June 2009. Throughout construction, market conditions have been favorable, have offered excellent value, and as a result, the university's purchasing power has been enhanced. As reported to the board's capital construction subcommittee this past June, the campus has begun construction of a "shell and core" for the 70,454 gross square feet (gsf), fourth research wing of the building envisioned in the program plan and within the previously approved spending

authority, due to this favorable bidding climate. At that time, the campus also submitted a budget request for state funds to provide 57,347 gsf of state academic space. Since the original program plan only considered a four wing building, this action seeks to amend that program plan to accommodate an additional wing, consistent with the state budget request.

As currently planned, the project is on track to deliver the initial building with an auditorium, three research wings and a shelled fourth wing. Teaching laboratories and classrooms will also be shelled and caissons for a fifth wing will be poured. It is intended that finishing of fourth wing space be accomplished through research, grant funding and donations, and that academic space be finished with state support. However, due to the state fiscal environment, capital construction funds have not yet been appropriated. Therefore, this amendment also seeks to pursue fund-raising for academic space, if necessary. The intent of the campus is not to withdraw its state request for the completion of academic space as submitted this July, rather to provide the campus flexibility to proceed with the work if state funds are not appropriated and alternative sources of funds become available. If private dollars supplant those of the state, the campus will reduce its state budget request and seek legislative spending authority accordingly.

Consideration is being given to additional, necessary site grading and excavation, utilities infrastructure, HVAC systems and distribution to provide service capacity for the entire building, including the anticipated state-funded educational teaching and classroom space. Exterior finishes, pedestrian access and landscaping plans will maintain seamless consistency with that outlined for the initial structure. The volume of available parking will not be increased and is believed to be right-sized given existing parking capacity on the east campus and success with alternative mode travel to and from the Main Campus, within the community and across the region.

The timing of this action is critical, while the contractor is still mobilized and on-site, to obtain best value pricing for finishing the additional space. This work will provide lab space to support breakthrough innovation, technology transfer, and the preparation of a diverse workforce to support the expanding bioscience industry in the state. The Colorado Bioscience Association (CBSA) and Colorado Office of Economic Development and International Trade report that an impressive \$400 million in capital flowed into Colorado biosciences companies in 2009, this being only a fraction of the estimated \$1.1 billion in capital injected into the state economy and over \$6.8 billion created in shareholder value. CBSA also estimates that some 36,000 workers can attribute their current employment in the state to the emerging biosciences industry. Further, thirty-eight bioscience companies were formed based on University of Colorado developed technologies between 2002 and 2007, with the university producing about 10 new biosciences companies annually. Activities housed in the building will enable the campus to continue to fortify this highly sophisticated economic sector.

Planning for the building has been underway since 2005. In June 2006, the Board of Regents approved the original plan for a \$112.9 million, 262,662 gsf building, including an 80% campus to 20% state funding ratio. By the 2008-09 legislative session, the campus proposed to fund the \$12.9 million design of the building. Spending authority was provided in House Bill 08-1375.

Better information garnered during design and the further delay of construction led to the revisions made in the first program plan amendment which was approved by the Board of Regents in November 2008. The plan supported the construction of a \$169.7 million, 248,298 gsf building. The 80/20 percent campus to state funding proposal remained unchanged.

By June 2009, the reality that state funding would be delayed indefinitely led to the second amendment to split the project in two, allowing for contractors to proceed with the construction of the non-state funded initial building. This phased approach was approved by the Board of Regents in

June 2009 and detailed plans for a \$148 million initial building and \$31.7 million fourth academic wing. Design provided for four multistory wings and a single story wing of auditoria. All educational, undergraduate teaching space was to be shelled until such time that state funds were available.

Site development was initiated in August 2009 followed by building construction in the fall. The project will provide state-of-the-art facilities for cutting-edge biotechnology teaching and research upon its completion. Early occupancy of the initial building is scheduled to begin in late 2011, and if pursued this fall, the tenant fit-out finishing of the fourth wing would be complete in early 2012.

On October 27, 2010, this item will be reviewed and discussed at the Capital Construction Subcommittee meeting. Governing board submission of program plans include four findings as follows:

**A. *Conformity with Institutional Master Plan***

The facility addresses several institutional goals outlined in the approved 2001 *Campus Master Plan*, including: to provide high quality facilities to meet institutional needs; to use technology to improve learning, teaching and research; and, to help to accommodate future enrollment needs by freeing up academic space on the Main Campus. The provision of 199,443 asf (complete auditoria and five wings) resolves 19% of the year 2008–1,041,186 asf deficit of research space identified in the 2001 *Campus Master Plan*.

**B. *Evidence of Educational Program Benefits***

The systems biotechnology building is a critical component of the growth of three highly successful and synergistic programs at CU-Boulder: the Colorado Initiative in Molecular Biotechnology, the Biochemistry Division in the Department of Chemistry and Biochemistry, and the Department of Chemical and Biological Engineering. The building is planned to facilitate interdisciplinary research, graduate and undergraduate teaching, and collaboration with corporate sponsors. All of these efforts will support the faculty, students, and staff in these three units. To that end, it is believed at this time that academic space will be distributed throughout the building to support an integrated teaching model.

Overall, the building supports key strategic goals of the university as detailed in the CU-Boulder *Flagship 2030 Strategic Plan*, including enhanced student learning through student engagement in discovery and creation of new knowledge. This program also envisions a facility that will significantly contribute to regional and state economic development in the biotechnology sector.

The initial building will house over 63 senior faculty researchers and more than 600 research and support staff whose combined work will develop more effective medical diagnoses and therapies for cardiovascular disease, cancer, and infectious diseases, and create new opportunities in regenerative medicine. The building will also help CU build on its distinguished record in biotechnology research, which is generating biotech startup companies and attracting tens of millions of dollars annually in sponsored research awards.

**C. *Appropriateness of Financing***

Funding for the initial building is being realized. The most recent announcement of significant funding was in April of this year, when the campus was awarded \$15 million in federal American Recovery and Reinvestment Act (ARRA) funding via the National Institutes of Health (NIH), an agency of the U.S. Department of Health and Human Services. The use of ARRA funds is restricted to provision of space and equipment for research. Additional funding for the initial building is proceeding as planned with private gifts continuing to be received and debt financing being fully implemented.

Funds to support the build-out of the fourth wing and construction of the fifth wing will be derived from a combination of private sector, gift and bequest, campus research-supported funds, and state funds for academic space. The campus will maintain its request for FY11-12 and FY12-13 state capital construction funds to finish 57,347 gsf of academic space and will adjust these requests if private dollars are necessary to supplant those of the state.

**D. *Consistency with Campus Five-Year Capital Improvements Program (CIP)***

This project has been included in the CU-Boulder campus five-year CIP.

**III. PREVIOUS ACTIONS**

On June 24, 2010, the Board of Regents approved the naming of the systems biotechnology building as the "Jennie Smoly Caruthers Biotechnology Building."

On June 23, 2009, the Board of Regents approved the second amendment to the *Program Plan for a Systems Biotechnology Building*.

On November 20, 2008, the Board of Regents approved an amendment to the *Program Plan for a Systems Biotechnology Building*.

On June 29, 2006, the Board of Regents approved the *Program Plan for a Systems Biotechnology Building*.

Attachments