

FY 2009-10 Emergency Supplemental Capital Construction Request**Corrections***Colorado State Penitentiary II, High-Custody Expansion (COP Project)***Motion:**

Approve the state-funded supplemental request for the Colorado State Penitentiary II, High-Custody Expansion (COP Project) FY 2009-10 certificates of participation annual payment (\$2,855,175 CCF).

GENERAL INFORMATION

2008-192

1. Which supplemental criterion does the request meet?

Emergency

The department is currently in violation of certain state fiscal rules regarding spending for the project. Unless additional moneys are appropriated to the project, the controller's office will place a restriction on the lease-purchase payment line item, and the department will be unable to make the FY 2010-11 payment.

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

The department is unable to identify a project to restrict. No state moneys have been appropriated to any other project in the last three fiscal years except the Fort Lyon Acquisition and Renovation project. However, moneys for this project were rescinded during the 2009 session to help address the budgetary shortfall. According to the department, state moneys for the CSP II project have either been spent or are encumbered.

3. Has the request been approved by OSPB?

Yes

PRIOR APPROPRIATION AND SUPPLEMENTAL REQUEST INFORMATION

The appropriation to be amended was authorized in the following bill: SB 09-0259

<u>Fund Source</u>	<u>Prior Appropriations</u>	<u>Supplemental Request</u>	<u>Future Requests</u>	<u>Total Cost</u>
CCF	\$1,393,460	\$2,855,175	\$72,112,821	\$76,361,456
CERF	\$6,654,832	\$0	\$1,614,629	\$8,269,461
	\$8,048,292	\$2,855,175	\$73,727,450	\$84,630,917

REASON FOR SUPPLEMENTAL REQUEST

The certificates of participation (COPs) issued for the project were refinanced in early 2010 to take advantage of record low interest rates. The refinance was part of a budget balancing measure proposed by the Governor's Office of State Planning and Budgeting (OSPB). The committee heard a supplemental request to eliminate the FY 2009-10 appropriation to the project in February 2010. However, OSPB recently learned that the department made a partial FY 2009-10 payment for the project in August 2009. Although moneys for COP payments are annually appropriated by the General Assembly, payments are typically made twice yearly. This request is to reinstate moneys for the portion of the FY 2009-10 COP payment made in August 2009.

The provisions of House Bill 03-1256, which authorized the lease-purchase agreements for the project, limit the average annual payment and length of issuance for the project. These limits were unchanged by the COP refinance.

FY 2009-10 Emergency Supplemental Capital Construction Request

Corrections

Colorado State Penitentiary II, High-Custody Expansion (COP Project)

Motion:

Approve the state-funded supplemental request for the Colorado State Penitentiary II, High-Custody Expansion (COP Project) FY 2009-10 certificates of participation annual payment (\$2,855,175 CCF).

SUMMARY OF PROJECT

The Department of Corrections (DOC) received authorization under House Bill 03-1256 to enter into a lease-purchase agreement to construct a 948-bed high custody expansion to the existing 336-bed Centennial Correctional Facility (CCF) at the East Canon City Prison Complex in Canon City. The expansion, known as Colorado State Penitentiary II (CSP II), will be similar to the high-custody prototype design at the Colorado State Penitentiary, and includes site, perimeter, clinical and support services, and utilities components to address affected programs and services at the existing facility.

QUESTIONS / OUTSTANDING ISSUES

1. What source of state funds has been identified for this request?

According to OSPB, additional moneys for the project will be transferred from the General Fund to the Capital Construction Fund in FY 2009-10. OSPB anticipates that its June 21, 2010, forecast will reflect available moneys for this transfer. The transfer will be authorized by bill during the 2011 session. OSPB says that should there be insufficient General Fund moneys available to transfer for the project, additional cuts to FY 2009-10 will be required in order to fund the partial COP payment.