

# FY 2010-11 Supplemental Capital Construction Request

## Colorado School of Mines Marquez Hall Petroleum Engineering Building

**Motion:** Approve the supplemental request from the Colorado School of Mines for additional cash funds spending authority for the Marquez Hall Petroleum Engineering Building project (\$17,600,000 CF).

### GENERAL INFORMATION

2008-045

#### 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 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: SB 07-0181

<u>Fund Source</u>	<u>Prior Appropriations</u>	<u>Supplemental Request</u>	<u>Future Requests</u>	<u>Total Cost</u>
CF	\$0	\$17,600,000	\$0	\$17,600,000
CFE	\$20,000,000	\$0	\$0	\$20,000,000
	\$20,000,000	\$17,600,000	\$0	\$37,600,000

### REASON FOR SUPPLEMENTAL REQUEST

The college is requesting additional cash funds spending authority to alter the scope of the Marquez Hall project to add an academic wing to the building using the proceeds from a student building fee. Originally conceived as a research facility, Marquez Hall will now feature both research and general classroom space. According to the college, the revised project will allow it to partially mitigate a campus shortage of classroom and laboratory space highlighted in a recent space utilization study. The facility will also allow the college to better accommodate its rapidly expanding Petroleum Engineering Department, which the college says is among the highest ranked and most respected programs of its kind in the world, draws support from industry and government agencies, and provides input to the federal government and news media on energy-related issues. The college says that if the supplemental cash funding is not approved, the Petroleum Engineering Department will continue to occupy inadequate space in Alderson Hall, which compromises the quality and growth potential of the program and poses health and safety issues for its students and staff. In addition, the college will continue operating with its current campuswide space deficit, which results in certain classes not being offered.

**Project funding history.** Marquez Hall received a \$40 million cash fund appropriation for FY 2006-07, which was requested as a supplemental in order to expedite the facility's design. In FY 2008-09, spending authority for this project was reduced to \$20 million, and the college requested, but did not receive, state funds to cover all or a portion of the remaining \$20 million in subsequent years. The college says it anticipated receiving no state funding

# FY 2010-11 Supplemental Capital Construction Request

## Colorado School of Mines Marquez Hall Petroleum Engineering Building

**Motion:** Approve the supplemental request from the Colorado School of Mines for additional cash funds spending authority for the Marquez Hall Petroleum Engineering Building project (\$17,600,000 CF).

for FY 2010-11, and thus reduced the scope of the building's design to meet a \$26.6 million cash-funded budget. With a new bond offering in May 2010, backed by a previously passed student capital construction fee and the addition of an \$11 million academic wing to the project's scope, the budget for the project is now \$37.6 million.

**Source of cash funds.** The source of cash funds for the project is gifts and donations, along with debt funding backed by the proceeds of a student building fee. The bonds are scheduled to be issued in October 2010, with an interest rate of 3.8 percent and an average annual payment of \$650,000. The university says it has met its fund-raising goal for the project, with fund-raising efforts targeting the oil and gas industry.

### SUMMARY OF PROJECT

The project constructs Marquez Hall (83,421 GSF), a new building that will face 16th and Arapahoe streets adjacent to Alderson Hall and will house the Petroleum Engineering Department, along with a wing for general instructional and laboratory use. Marquez Hall will be built on the site of the Annex Building, which will be demolished in conjunction with the project's design. The hall will be three stories high on its west side and four stories high on its east side, and will contain the following spaces:

- classrooms, including two large conventional classrooms;
- offices;
- teaching, resource, and computer laboratories;
- computational-based research laboratories, including wet laboratories;
- a drilling simulator laboratory;
- a two-story lobby/gallery housing exhibits that relate to petroleum engineering; and
- a computer-intensive Center for Visualization devoted to the presentation and exploration of complex three-dimensional information.

The Petroleum Engineering Department currently shares Alderson Hall with the Chemical Engineering Department, and will continue to use a specialized lab in the building as well as the wood and metal shops. Space in Alderson Hall vacated by the Petroleum Engineering Department will be occupied by other programs.

### QUESTIONS / OUTSTANDING ISSUES

1. Since the original cash funds appropriation for Marquez Hall was made in FY 2006-07, why has design not yet been completed on the project?

The original \$40 million project was initially taken through schematic design. We then put the project on hold while fund-raising efforts continued. For the FY 2009-10 request we revised our fund-raising amount from \$20 million to \$25 million and reduced the request for state funds to \$15 million. With the onset of the economic downturn it became apparent that the state funding was unlikely and we decided to reduce the scope of the project, redesigning it to reflect a \$25 million budget. Once we met our funding goals we re-started the reduced scope project which brings us to our current request.

Additionally, a very competitive bidding market left us with a surplus of a student approved building fee that was slated to be used for the Brown Hall addition. Subsequently, the students voted in May 2010 to apply the surplus fee to an academic classroom wing that would be added to the Marquez Project. The decision to add it to Marquez Hall was made to take advantage of the efficiencies and cost savings of a larger building versus building a small, stand alone, classroom building. Note that an academic building is on the college's two-year list. This is the same building as above and will be removed from the two-year list at the next request.