

STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION

February 9, 2022

TOPIC: Spending Authority Request for Community College of Aurora's New Center for Applied Engineering, Diesel and STEM Building

PRESENTED BY: Dr. Mordecai Brownlee, President

RELATIONSHIP TO THE STRATEGIC PLAN:

- Commitment to academic excellence.
- Commitment to community leadership and service.
- Commitment to institutional growth and excellence.

EXPLANATION:

Background

In the FY 2021 Long Bill, the General Assembly approved the CCA capital construction request for a new Diesel Building, with a combination of \$6.2 million in state General Fund and \$3.2 million in institutional cash funds from a combination of reserves and fund raising activity—for a total appropriated cost of \$9,395,879. This will be the first time in 23 years that the Community College of Aurora (CCA) will construct a new facility on its CentreTech Campus.

Since the project's conception, CCA has continued to engage with diesel, engineering and other industry partners in related technical fields to gather input on the capital construction plan and the potential for expanding the college's certificate and degree program offerings. These conversations surfaced the regional need for education and training programs related to electric vehicles, compressed natural gas technology, autonomous vehicles and similar engineering applications that would leverage CCA's existing and planned diesel technician programming.

As a result of these conversations, the vision for the new building has been modified to include additional technical certificate and degree programs as well as interdisciplinary, experiential workshop space for engineering and other STEM students. These programs will replace the originally envisioned non-Diesel tenants (which were the CCA Facilities and Information Technology functions), but still fall within the original square footage (22,250 gross square feet/ 17,800 assignable square feet) and original project cost of \$9,395,879 approved by the General Assembly.

New Opportunity

In addition to these program tenant changes, CCA has also engaged in discussions with the construction industry regarding workforce needs in their service area. High growth industries such as construction, infrastructure, and transportation are struggling with the aftermath of the pandemic and are experiencing a severe shortage of skilled workers, which is hampering economic recovery. The construction industry has a significant and far-reaching economic impact in Colorado. According to the 2020 Colorado Construction Industry Economic Impact Report, construction contributed \$21.2 billion dollars to the Colorado economy in 2018, representing nearly 6% of all industries. Additionally, every \$1 billion dollars added to Colorado's construction industry produces \$2.2 billion in output and \$1.2 billion of added value across all of Colorado's industries. The report also stated that Colorado's construction industry employed 173,096 people on average in 2018, accounting for 8% of all employees in the state, equating to 15,729 jobs and \$804 million in household earnings. Construction payroll totaled \$10.8 billion in 2018 in Colorado.¹

Despite this substantial contribution to Colorado's economy, the construction industry - and specifically home building - is facing a workforce crisis. A lack of skilled construction labor is a key limiting factor for improving housing inventory and affordability. According to the Home Builders Institute's Fall 2021 Construction Labor Market Report, the number of open construction sector jobs currently averages between 300,000 to 400,000 each month nationally and the construction industry needs more than 61,000 new hires every month to keep up with both industry growth and the loss of workers either through retirement or simply leaving the sector. In Colorado, the number of construction jobs is expected to grow by 29% or 50,051 new jobs between 2018 and 2028.²

As a result, CCA, in partnership with the BuildStrong Academy of Colorado, is exploring a dynamic new training and education space for students and industry partners featuring construction trades. This space would include four additional homebuilding laboratories, three classrooms, supporting classroom and laboratory storage areas, and a full-service office suite to support the advising, tutoring, and faculty space needs for the academy. This will enable the BuildStrong Academy of Colorado to double its training capacity from 500 to 1,000 students annually. The estimated additional gross square footage needed for the BuildStrong Academy of Colorado is 17,105.

¹ 2020 Report Economic Impacts of the Construction Industry on the State of Colorado, for NECA, RMMCA and SMACNA by Comcast Media and Technology Center (CMTCC) Construction Engineering and Management, University of Colorado Denver

² The HBI Construction Labor Market Report, Fall 2021, Research Economics Group, National Association of Home Builders

CCA, along with the Community College of Aurora Foundation, is working on a capital campaign to raise the additional \$4,599,586 needed for the additional space, which is envisioned to be integrated into the design of the original Diesel Building project if the funding and timing aligns. Integrating the BuildStrong Academy space into the design of the Diesel building will enable CCA to realize education and training synergies between front line, technician training programs with engineering, sustainability and information technology programs for students who are on a design, management, research or related academic and career path.

CCA has already secured a private donation of \$1 million dollars toward the additional space, and has been notified of tentative approval of \$3.5 from Arapahoe County’s American Rescue Plan Act (ARPA) funds for this use. CCA anticipates to hear back from Arapahoe County with a final decision in February. In the meantime, CCA is also working with various community partners to raise additional funds to bring this to fruition.

The table below is a breakdown of the comparison from what is approved by the General Assembly and the estimated new cost of CCA’s New Center for Applied Engineering, Diesel and STEM Building.

Funding Source	Approved Funding	Revised Funding
State of Colorado Capital Construction Funds	\$6,188,439	\$6,188,439
CCA Reserve Funds	\$1,500,000	\$1,500,000
CCA Foundation	\$1,707,440	\$1,707,440
Private Donation Received	\$0	\$1,000,000
Additional Resources Needed	\$0	\$3,599,586
Total Project Cost	\$9,395,879	\$13,995,465

At this point, CCA is only requesting the Board approve additional cash spending authority of \$4,599,586 in order to facilitate the timing of required future cash spending authority approvals from the Colorado Commission on Higher Education and Capital Development Committee—which typically takes a few months. If CCA successfully secures commitments of the funding necessary to proceed with the BuildStrong Academy add-on space (and the appropriate external executive branch and legislative approvals), it will come back to the Board in April with an update on progress to date.

If the timing does not work out to integrate the BuildStrong Academy space into the design of the building, CCA will proceed with the original General Assembly approved Diesel building project, with the modified tenant arrangement as described above. And, CCA would continue to work to pursue funding for the Academy space, potentially as a phase 2 addition to the Diesel building project in the future.

RECOMMENDATION:

First, staff recommends the Board approve that the legislatively-approved Diesel building move forward with the modified tenant arrangement as outline above. Second, staff recommends that the Board approve the additional cash spending authority of \$4,599,586 for the Community College of Aurora's New Center for Applied Engineering, Diesel and STEM Building to move forward for executive and legislative branch approvals (along with any request-documentation/forms associated with additional spending authority), bringing the total spending authority to \$13,995,465 for the integrated project. Staff also recommends that if the System Chancellor determines that external fundraising has been secured by CCA in time to proceed to integrate the BuildStrong Academy space into the Diesel building design and construction, the Board delegates signature authority to the System Vice Chancellor of Finance and Administration for all contractual and related documentation on the condition that all Board and State processes are followed. If the fundraising has been determined not to have been secured by the System Chancellor in time, CCA will return to the Board for formal approval to proceed when the funds have been secured.