Joint Budget Committee

Interim Supplemental Budget Requests FY 2025-26 and FY 2022-23

Capital Construction

Prepared by:
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Contents

Interim Supplemental Requests: FY 2025-26

→ Department of Corrections - DRDC Fire Protection System Replacement

Item	Total Funds	General Fund/CCF	Cash Funds	Reapprop. Funds	Federal Funds
Request	$8,001,044	$8,001,044	$0	$0	$0
Recommendation	8,001,044	8,001,044	0	0	0
Staff Recommendation Higher/-Lower than Request	$0	$0	$0	$0	$0

Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.? YES

The Controller may authorize an overexpenditure of the existing appropriation if it: (1) Is approved in whole or in part by the JBC; (2) Is necessary due to unforeseen circumstances arising while the General Assembly is not in session; (3) Is approved by the Office of State Planning and Budgeting (except for State, Law, Treasury, Judicial, and Legislative Departments); (4) Is approved by the Capital Development Committee, if a capital request; (5) Is consistent with all statutory provisions applicable to the program, function or purpose for which the overexpenditure is made; and (6) Does not exceed the unencumbered balance of the fund from which the overexpenditure is to be made.

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES

An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.

Explanation: JBC staff and the Department agree that this request is the result of updated project cost data that was not available when the original appropriation was made.

Request

The Department of Corrections requests an increase of $8,001,044 from the General Fund/Capital Construction Fund for the Fire Protection System Replacement capital renewal project at the Denver Reception and Diagnostic Center (DRDC). An incorrect amount of $8,871,228 was listed in OSPB correspondence dated May 21, 2026 and June 4, 2026. Corrected paperwork was submitted prior to the CDC hearing for this request.

CDC Approval

The Capital Development Committee denied this request on a vote of 6-0 on June 15, 2026.

Recommendation

Staff recommends that the Committee approve the request. Staff appreciates the Capital Development Committee's hesitation to approve an additional $8.0 million cost, but is concerned that making the Department wait months to go to bid on a project with significant life safety concerns will ultimately end up costing the same or more while putting the project significantly behind schedule.

Analysis

Funding History

The DRDC Fire Protection System Replacement was funded as a single-phase project in FY 2025-26. The Department's original request was for $21,333,662. The CDC recommended, and the JBC approved, $14,265,654 for the project in the FY 2025-26 Long Bill. This project was the Department's top priority of all its FY 2025-26 requests due to the requirement for the facility to be under a 24/7 fire watch until the system is replaced.

During the FY 2024-25 and FY 2025-26 budget cycles, CDC staff identified errors in how the Department of Corrections was calculating inflation for all of its projects. CDC staff documented the issues and created detailed calculations with recommendations for recalculated costs of each DOC project requested for FY 2025-26. These calculations were discussed with the Department of Corrections and Office of the State Architect. A memo with a recommended project cost of $14,265,654 was presented to the CDC on December 12, 2024.

The OSPB letter dated May 21, 2026 insinuates that this request is the result of CDC staff's recommended inflation calculations and states that "DOC used the appropriation to have the project evaluated by a professional design services firm, which provided an Opinion of Probable Cost (OPC), and confirmed the Department's estimate of inflation but also included $1.8 million of additional costs due to code changes." However, the submission did not include mathematical proof that demonstrates this claim. Based on discussions with the Department, it is staff's understanding that the increase is due to the estimated cost of project components coming in substantially higher under current estimates from the design phase compared to those provided by a different consultant two years ago. Changes to building and fire code requirements by the City/County of Denver have also added additional costs.

The total cost of the project is now estimated at $22,266,698, an increase of $8,001,044 from the current appropriation. The Department cannot go to bid on the project without a sufficient appropriation. If this request is approved, the General Assembly will need to transfer $8.0 million from the General Fund to the Capital Construction Fund during the 2027 legislative session.

Project Background

This is a capital renewal project that addresses a life safety concern at the Denver Reception and Diagnostic Center. The facility's original fire alarm and suppression systems, installed over 33 years ago, have reached the end of their serviceable life and can no longer meet modern safety or operational standards. The suppression system leaks extensively and cannot be counted on to perform during an emergency. A third-party consultant verified that the systems are in a state of failure and cannot be salvaged through repairs. According to National Fire Protection Association (NFPA) guidelines, fire alarm systems should be replaced every 10 to 15 years. DRDC's are more than twice that age.

DRDC houses 638 inmates and functions as the Department's statewide intake center for all newly sentenced individuals. The facility has been placed under continual fire watch, mandated and overseen by the Denver Fire Department and Fire Marshal. This requires in-person checks of all areas every 30 minutes, around the clock. Staffing the fire watch protocol adds pressure to existing staffing needs. Personnel are being diverted from essential functions to maintain basic life safety compliance.

The project will replace the fire suppression and detection systems, including:

- fully replacing fire alarm systems in all DRDC buildings, including installing new fire alarm control panels, initiating devices, occupant notification units, and fire sprinkler interfaces;
- fully replacing the fire suppression system at the center, including the incoming water service flange, backflow devices, piping and valves, sprinkler heads, and associated infrastructure; and
- addressing deficiencies in ADA and code compliance.

Interim Supplemental Requests: FY 2022-23

→ Fort Lewis College – Health Science Center

Item	Total Funds	General Fund/CCF	Cash Funds	Reapprop. Funds	Federal Funds
Request	$163,314	$0	$163,314	$0	$0
Recommendation	163,314	0	163,314	0	0
Staff Recommendation Higher/-Lower than Request	$0	$0	$0	$0	$0

Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.? **YES**

The Controller may authorize an overexpenditure of the existing appropriation if it: (1) Is approved in whole or in part by the JBC; (2) Is necessary due to unforeseen circumstances arising while the General Assembly is not in session; (3) Is approved by the Office of State Planning and Budgeting (except for State, Law, Treasury, Judicial, and Legislative Departments); (4) Is approved by the Capital Development Committee, if a capital request; (5) Is consistent with all statutory provisions applicable to the program, function or purpose for which the overexpenditure is made; and (6) Does not exceed the unencumbered balance of the fund from which the overexpenditure is to be made.

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? **YES**
An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.

Explanation: JBC staff and the Department agree that this request is the result of an unforeseen contingency of final cash expenditures to close out the project extending past the end of the fiscal year for which the appropriation was made.

Request

Fort Lewis College (FLC) requested an extension of spending authority for $163,314 of institutional cash funds appropriated in H.B. 22-1329 (Long Bill). This appropriation expired at the end of FY 2024-25. The State Controller’s Office has advised that it is impossible to extend spending authority once a fiscal year has closed, so the $163,314 must be approved as additional cash spending authority added to the FY 2022-23 appropriation rather than the extension of the original cash spending authority.

CDC Approval

The CDC approved this request on a vote of 6-0 on June 15, 2026.

Recommendation

Staff recommends that the Committee approve $163,314 of additional institutional cash funds, as advised to by the Office of the State Controller. This amount will be added to the original cash appropriation of $2,952,432 for the Fort Lewis College Health Sciences Center in H.B. 22-1329 (Long Bill) with a footnote allowing expenditure through the close of FY 2025-26.

Analysis

The Health Sciences Center project was funded by a combination of certificates of participation (COPs) from S.B. 20-219 (Lease-purchase Issuance for Capital Construction) and an institutional cash match appropriated in H.B. 22-1329 (Long Bill). The COP funds expired on February 24, 2026; however, the college's cash funds spending authority expired on June 30, 2025. FLC mistakenly believed that the expiration of the cash funds spending authority was reset to the COP expiration date. While FLC was able to carry forward cash funds that were encumbered by June 30, 2025, $163,314 was not encumbered by the deadline and was reverted. The college has spent the full original institutional cash budget for the project, but requires spending authority in order to book the $163,314 for accounting purposes. The State Controller's Office has advised that it is impossible to extend spending authority once a fiscal year has closed, so the $163,314 must be approved as additional cash spending authority rather than the extension of the original cash spending authority.