Joint Budget Committee

Interim Supplemental Budget Request FY 2022-23

Capital Construction

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

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Interim Supplemental Requests

Department of Corrections Capital Renewal Funding Transfer

	Request	Recommendation
Total	**$0***	**$446,212**
FTE	0.0	0.0
General Fund	0	0
Cash Funds	0	446,212
Federal Funds	0	0

* The request as officially submitted is for a net-zero transfer of funds from an under-budget Department of Corrections (DOC) capital project to an over-budget DOC capital project. As discussed elsewhere in this document, the interim supplemental process is only for the consideration of overexpenditures.

Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.? [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.]	**YES**
Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [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.]	**YES**

Explanation: JBC staff agrees that additional funding to complete the DOC East Cañon City Prison Complex Water Tank Repair and Replacement project is necessary due to an unforeseen contingency/construction cost information that was not available at the time the original appropriation was made in H.B. 22-1329 (Long Bill).

Department Request

The Department requests a net-zero transfer of funds from an under-budget capital renewal project to an over-budget capital renewal project, both of which were originally appropriated in H.B. 22-1329 (Long Bill). The Buena Vista Sanitary Sewer Line Replacement project is substantially complete and in the final closeout phase; $446,212 cash funds from the Revenue Loss Restoration Cash Fund will be unspent after final completion. The East Cañon City Prison Complex Water Tank Repair and Replacement project is underway and expected to exceed its original appropriation.

CDC Approval

The Capital Development Committee (CDC) approved the request on September 15, 2025.

Staff Recommendation

Pursuant to Section 24-75-111, C.R.S., the interim supplemental request process allows for "an expenditure in excess of the amount authorized by an item of appropriation" in certain situations. Therefore, the Joint Budget Committee can act to approve an overexpenditure for the East Cañon City Prison Complex (ECCPC) Water Tank Repair and Replacement project, but cannot approve a transfer between projects or a reduction to the Buena Vista Sanitary Sewer Line Replacement project at this time. **Staff recommends that the Committee approve an overexpenditure of $446,212 cash funds (from the Revenue Loss Restoration Cash Fund originating as General Fund) for the East Cañon City Prison Complex Water Tank Repair and Replacement project.**

Staff Analysis

The projects in question were originally funded in H.B. 22-1329 (Long Bill) from the Revenue Loss Restoration Cash Fund originating from money the state received from the Federal Coronavirus State Fiscal Recovery Fund. In order to address restrictions and deadlines related to the Federal Coronavirus State Fiscal Recovery Fund monies, both projects were amended by H.B. 24-1466 (Refinance Federal Coronavirus Recovery Funds) to specify that a portion of the appropriations from the Revenue Loss Restoration Cash Fund originate from the General Fund.

Officially, the Office of State Planning and Budgeting (OSPB) and the Department are requesting a transfer of $446,212 from the Buena Vista Sanitary Sewer Line Replacement project to the ECCPC Water Tank Repair and Replacement project. Both of these projects are classified as capital renewal, which are controlled maintenance or bundled controlled maintenance projects with costs exceeding $2.0 million (this threshold was later raised to $4.7 million). The State Architect has authority to transfer funds from one controlled maintenance project to another when the actual cost of a project exceeds the amount appropriated or when an emergency need arises[1]. However, this authority does not apply to capital renewal projects.

The Buena Vista Sanitary Sewer Line Replacement project repaired and replaced failing sanitary sewer lines that were negatively sloped (which inhibits flow), blocked by grease, deteriorating, and exhibiting signs of intrusion from outside elements. The project received an appropriation of $2,324,904 from the Revenue Loss Restoration Cash Fund in FY 2022-23. While all of the funds were encumbered in the construction contract, the project is in the final closeout phase and $446,212 is expected to be unencumbered and returned to the Revenue Loss Restoration Cash Fund after the final paperwork is completed.

The ECCPC Water Tank Repair and Replacement project includes the purchase of a new 1.63 million gallon steel water tank and the repair of an existing 1.60 million gallon water tank to increase potable water storage capacity and comply with fire suppression code requirements. The ECCPC serves 31 percent of the DOC's incarcerated population. Absent the second tank, the system has a single point of failure that could result in the loss of use for the entire ECCPC. The original 1.60 million gallon tank was purchased used in 1992 and needs roof repairs, cleaning,

[1] Section 24-30-1303.7, C.R.S.

blasting, and interior and exterior recoating to extend its useful life. The project received an appropriation of $5,349,710 from the Revenue Loss Restoration Cash Fund in FY 2022-23.

At the time of this writing, the DOC had finished installing the new 1.63 million gallon tank and expects it to be operational in December. They will then turn their attention to refurbishing the existing tank. The Department indicates that the entire appropriation is encumbered and being used for the new tank, with only contingency funds remaining for the old tank. The existing tank has not been inspected since 2016 and the original cost estimates are now outdated. DOC will not know the exact cost until they open the hatch to start the inspection and refurbishment process. The Department maintains that the additional $446,212 will be sufficient to complete the project. Unused funds will revert to the Revenue Loss Restoration Cash Fund upon project completion.

Staff recommends approval of the $446,212 overexpenditure for the ECCPC Water Tank Repair and Replacement project. Absent this approval, the Department could run out of money and have to pause work on the project while awaiting the regular supplemental process. If this overexpenditure is approved, staff will also recommend a corresponding reduction of $446,212 to the Buena Vista Sanitary Sewer Line Replacement project during the regular supplemental process.