Bond Oversight Committee

Committee Logistics; Update on Facility Maintenance; Further Prioritization Criteria Discussion; Financial Update

September 26, 2014
Agenda

Welcome & Public Comment 15 minutes

Committee Co-Chair Election and Transition Picture 15 minutes

Facility Maintenance 45 minutes
• Review 2012 GOB Investments
• Discussion of Outstanding Needs
• Discussion of Facility Maintenance Prioritization Criteria

Bond Financial Update 5 minutes

Next Steps 10 minutes
Co-Chair Election

Election Process

• Committee members may self-nominate or nominate another committee member
• New co-chair will fulfill Kelly’s term (through February) at which point he/she may run for reelection
• Blind ballot voting for new co-chair
• If majority votes not received on the first election, will eliminate lowest vote recipient and repeat
### Bond Term Summary and Transition Process

<table>
<thead>
<tr>
<th><strong>Member</strong></th>
<th><strong>Appointed by</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Roger Kilgore</td>
<td>Board</td>
</tr>
<tr>
<td>Cathryn Milkey <em>(Tom Migaki)</em></td>
<td>Board</td>
</tr>
<tr>
<td>Stacie Gilmore</td>
<td>Superintendent</td>
</tr>
<tr>
<td>Beverly Haddon</td>
<td>Superintendent</td>
</tr>
<tr>
<td>Monique Lovato</td>
<td>Superintendent</td>
</tr>
<tr>
<td>Michelle Moss</td>
<td>Superintendent</td>
</tr>
<tr>
<td>Luis Torres</td>
<td>Superintendent</td>
</tr>
<tr>
<td>Mark Ajluni <em>(Lee White)</em></td>
<td>Board</td>
</tr>
<tr>
<td>Mary Brice</td>
<td>Board</td>
</tr>
<tr>
<td>Luchia Brown</td>
<td>Board</td>
</tr>
<tr>
<td>Doug Elenowitz</td>
<td>Board</td>
</tr>
<tr>
<td>Patricia Frederico</td>
<td>Board</td>
</tr>
<tr>
<td>Kendra Black</td>
<td>Superintendent</td>
</tr>
<tr>
<td>Kelly Leid</td>
<td>Superintendent</td>
</tr>
<tr>
<td>Karen Taylor</td>
<td>Superintendent</td>
</tr>
</tbody>
</table>

- **All members serving a two-year term (even recent replacements) have terms that expire in February.**
- **Applications will be made available during the December/January timeframe.**
- **Members with expiring terms are welcome to reapply.**
- **Orientation for any new members will occur in March and they will join our April meeting.**
Process for Potential Premium Reserve Allocation

- June 2014: Discussion of Process and Prioritization Criteria
- August 2014: Technology and Safety and Security Update; Criteria Discussion
- September 2014: Facility Maintenance Update; Criteria Discussion
- October 2014: SRA Discussion and Further Criteria Discussion
- November 2014:
  1. New Capacity Needs Update; Criteria Finalization; Financial Update
  2. Staff presents premium reserve recommendations
- December 2014: Public Comment Session, Response to BOC Questions and Deliberation on Recommendations
- January 2014: Recommendations to BOE and Board action on Bond reserve

Scheduling Additional BOC Meetings
2012 CPAC
Facility Maintenance Assessment Process

- Facility Age
- System Replacement vs. Extended and Continued Maintenance
  - Expected remaining system life
  - Expected Performance
- Outdated Spaces and Life Safety Technologies
- Exterior Building Envelopes and Grounds
- Changing DPS Standards and Expectations.
- Additional Projects Considered

**Physical Condition**
- **Excellent** (New or Like-New)
- **Good** (Normal Wear-and-Tear)
- **Poor** (Excessive Wear-and-Tear; Showing Signs of Failure)
- **Very Poor** (Exceeded useful Life; System Failure)

**Programmatic Specifications**
- Conformance with Education Specifications
- Program Adequacy and Use
- Master Plans

**Detailed Assessments:**
- Mechanical and Electrical Systems
- Air Conditioning Upgrades
- Useful Life of Equipment
2012 CPAC
Facility Maintenance CPAC Prioritization Criteria

- The expenditure is necessary for the **safe or efficient operation of a facility** or other capital asset to meet pressing code and life safety compliance, health and environmental safety, or to satisfy basic health concerns.

- The expenditure is necessary to preserve capital assets and avoid costly repairs in the future by **replacing or repairing systems in imminent danger of failure**, exterior weatherization, and any facilities that are vulnerable for temporary or permanent closure.

- The expenditure supports the instructional core by **improving the teaching and learning environment**.

- The expenditure supports district-wide **technological infrastructure**.

- The expenditure moves the district to a more financially and environmentally **sustainable position** by replacing inefficient equipment and high maintenance systems.

- The overall expenditures provide for **regional equity** and are consistent with strengthening the district as a whole.

- The overall expenditures convey a message of public relevance and will result in both visible and **real improvements** to our school facilities.

- The expenditures for the bond emphasize **one-time capital projects**.
The 3 bond categories assigned to Facility Management have been spread into 10 planning categories to better assess and prioritize needs.

Staff accessed and prioritized the 5-year horizon of requirements based on critically and urgency and made recommendations to the sub-committee on which items to include at varying funding levels.
Facility Maintenance:
2012 CPAC: Funded and Unfunded from 2012 Bond Build

I don’t recall ANY Top priority Health/Safety projects NOT being included in the 2012 bond. I’d like to understand what is in the purple projects for Fire Systems and Water & Air Quality (also equipment, electrical, roofing, but those are less critical).

Note: ‘Need’ is constantly evolving and this need represents a point-in-time summary that was presented to CPAC during the spring of 2012. This funded/unfunded view of ~$565M in need was filtered from a much larger value that was then filtered based on committee criteria and prioritization. Category 1 = critical need... Category 4 = low need
During the 2012 CPAC process, we identified over $500M in unfunded facility maintenance need.

### Drivers of Need

- Over 160 district managed sites, 38 of which were constructed prior to 1950.

- Key costs involved in maintaining older buildings include:
  - Updating heating systems (every 15-20 years)
  - Re-roofing buildings (every 10-20 years)
  - Renovate plumbing and installations (every 30-40 years)
  - Investments in bringing buildings up to code (e.g., fire suppression or ADA)
  - Preventative maintenance (as needed)
  - Updating cooling solutions (as needed)
The team has reviewed current work schedules, maintenance and student services requests along with unfunded projects from 2012 CPAC to assess the most urgent needs for investment.

<table>
<thead>
<tr>
<th>Row Labels</th>
<th>Number of Projects</th>
<th>Estimated Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>40</td>
<td>$16 (M)</td>
</tr>
<tr>
<td>Medium</td>
<td>38</td>
<td>$17 (M)</td>
</tr>
<tr>
<td>Low</td>
<td>49</td>
<td>$21 (M)</td>
</tr>
<tr>
<td>Grand Total</td>
<td>127</td>
<td>$53 (M)</td>
</tr>
</tbody>
</table>

Note: Request not exhaustive of maintenance need; focused within available funding window to provide more detail.
BOC Feedback on Previous Facility Maintenance Criteria

2012 CPAC Criteria Review – Maintenance
(respondents selected their top 3 criteria)

- Safe or efficient operation of a facility
- Improving the teaching and learning environment
- Financially and environmentally sustainable
- Regional equity and strengthening the district as a whole
- One-time capital projects
- Support the technological infrastructure
- Visible and real improvements to our facilities

Discussion Question

- With such large, pressing need in facility maintenance, how would you like to see staff prioritize projects?
- What types of projects would you like to see prioritized, for example:
  - Projects addressed the most critical outstanding needs in each maintenance area.
  - Projects that address previously identified needs (e.g., 2012)
  - Projects that serve campuses without significant 2012 GOB investment
  - Concentrate in one area of facility maintenance or distribution across
  - Projects with cost saving opportunities with ongoing work

N = 11 survey responses, from summer 2014
### 2012 Bond Financial Update (as of Aug 31)

#### Planned Budgets and Expenditures

<table>
<thead>
<tr>
<th></th>
<th>Prior Years</th>
<th>2015</th>
<th>Project Target GOB Budgets FY13-FY17</th>
<th>Project to Date Expenditures</th>
<th>Commitments</th>
<th>Total</th>
<th>Remaining Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Schools/Capacity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northfield 6-12 Campus – Phase 1</td>
<td>9,863,105</td>
<td>21,555,620</td>
<td>35,079,144</td>
<td>4,207,803</td>
<td>29,547,593</td>
<td>33,755,397</td>
<td>1,323,747</td>
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<tr>
<td>1860 Lincoln St.</td>
<td>23,006,147</td>
<td>-</td>
<td>23,006,147</td>
<td>21,617,735</td>
<td>322,937</td>
<td>21,940,673</td>
<td>1,065,474</td>
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<tr>
<td>Hampden Heights</td>
<td>17,668,558</td>
<td>4,182,433</td>
<td>21,850,991</td>
<td>4,196,464</td>
<td>15,784,705</td>
<td>19,981,169</td>
<td>1,869,822</td>
</tr>
<tr>
<td>East Quad</td>
<td>775,280</td>
<td>15,375,442</td>
<td>18,678,137</td>
<td>167,874</td>
<td>91,029</td>
<td>258,903</td>
<td>18,419,234</td>
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<tr>
<td>Dunkirk</td>
<td>11,945,546</td>
<td>3,539,192</td>
<td>15,484,739</td>
<td>13,931,662</td>
<td>207,170</td>
<td>14,138,832</td>
<td>1,345,907</td>
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<tr>
<td>Colorado Heights Campus Phase 2</td>
<td>9,650,100</td>
<td>3,781,570</td>
<td>13,431,670</td>
<td>10,436,895</td>
<td>2,224,244</td>
<td>12,661,139</td>
<td>770,531</td>
</tr>
<tr>
<td>1205 Osage</td>
<td>7,200,000</td>
<td>-</td>
<td>7,200,000</td>
<td>509,169</td>
<td>151,313</td>
<td>660,481</td>
<td>6,539,519</td>
</tr>
<tr>
<td>Kepner ECE AKA Paschal LeDouxa Ac.</td>
<td>5,569,470</td>
<td>22,000</td>
<td>5,591,470</td>
<td>5,245,447</td>
<td>25,890</td>
<td>5,271,337</td>
<td>320,133</td>
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<tr>
<td>Other2</td>
<td>33,104,065</td>
<td>19,703,538</td>
<td>61,188,933</td>
<td>30,809,473</td>
<td>4,017,863</td>
<td>34,827,336</td>
<td>26,361,597</td>
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<tr>
<td>2014A Issuance</td>
<td>3,419,698</td>
<td>15,138,070</td>
<td>25,216,368</td>
<td>6,286,880</td>
<td>2,446,673</td>
<td>8,733,553</td>
<td>16,482,815</td>
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<tr>
<td><strong>Total New Schools/Capacity</strong></td>
<td><strong>122,201,969</strong></td>
<td><strong>83,297,867</strong></td>
<td><strong>226,727,598</strong></td>
<td><strong>97,409,403</strong></td>
<td><strong>54,819,417</strong></td>
<td><strong>152,228,820</strong></td>
<td><strong>74,498,778</strong></td>
</tr>
</tbody>
</table>

#### Critical Maintenance

<table>
<thead>
<tr>
<th></th>
<th>Prior Years</th>
<th>2015</th>
<th>Project Target GOB Budgets FY13-FY17</th>
<th>Project to Date Expenditures</th>
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<th>Total</th>
<th>Remaining Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renovation</td>
<td>17,648,004</td>
<td>20,846,046</td>
<td>54,187,407</td>
<td>24,845,224</td>
<td>5,946,828</td>
<td>30,792,052</td>
<td>23,395,355</td>
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<tr>
<td>HVAC</td>
<td>4,953,071</td>
<td>15,879,204</td>
<td>41,991,314</td>
<td>13,734,012</td>
<td>2,432,133</td>
<td>16,166,145</td>
<td>25,825,170</td>
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<tr>
<td>Fire Systems</td>
<td>2,047,470</td>
<td>5,193,563</td>
<td>17,125,789</td>
<td>3,849,778</td>
<td>635,740</td>
<td>4,485,518</td>
<td>12,640,271</td>
</tr>
<tr>
<td>Plumbing</td>
<td>583,438</td>
<td>5,854,872</td>
<td>18,280,617</td>
<td>3,727,748</td>
<td>1,651,238</td>
<td>5,378,985</td>
<td>12,901,632</td>
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<td>Code-ADA-Safety</td>
<td>551,908</td>
<td>4,641,350</td>
<td>11,311,219</td>
<td>3,109,019</td>
<td>1,258,552</td>
<td>4,367,571</td>
<td>6,943,648</td>
</tr>
<tr>
<td>FFE</td>
<td>793,407</td>
<td>2,468,340</td>
<td>4,900,629</td>
<td>1,658,259</td>
<td>522,446</td>
<td>2,180,706</td>
<td>2,719,923</td>
</tr>
<tr>
<td>Site Work</td>
<td>358,717</td>
<td>1,452,122</td>
<td>2,266,469</td>
<td>2,426,626</td>
<td>16,910</td>
<td>2,443,536</td>
<td>(177,067)</td>
</tr>
<tr>
<td>Other</td>
<td>3,453,505</td>
<td>4,009,507</td>
<td>13,694,243</td>
<td>534,454</td>
<td>58,013</td>
<td>592,466</td>
<td>13,101,777</td>
</tr>
<tr>
<td><strong>Total Maintenance</strong></td>
<td><strong>30,389,519</strong></td>
<td><strong>60,345,005</strong></td>
<td><strong>163,757,688</strong></td>
<td><strong>53,885,119</strong></td>
<td><strong>12,521,861</strong></td>
<td><strong>66,406,979</strong></td>
<td><strong>97,350,708</strong></td>
</tr>
</tbody>
</table>

#### Technology

<table>
<thead>
<tr>
<th></th>
<th>Prior Years</th>
<th>2015</th>
<th>Project Target GOB Budgets FY13-FY17</th>
<th>Project to Date Expenditures</th>
<th>Commitments</th>
<th>Total</th>
<th>Remaining Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>ED Tech</td>
<td>9,395,957</td>
<td>5,805,180</td>
<td>16,622,045</td>
<td>8,345,291</td>
<td>429,240</td>
<td>8,774,531</td>
<td>7,847,514</td>
</tr>
<tr>
<td>IT</td>
<td>4,647,436</td>
<td>3,586,208</td>
<td>12,060,644</td>
<td>141,935</td>
<td>-</td>
<td>141,935</td>
<td>11,918,691</td>
</tr>
<tr>
<td>IT Operational Improvements</td>
<td>4,327,870</td>
<td>386,000</td>
<td>4,713,870</td>
<td>2,482,932</td>
<td>121,090</td>
<td>2,604,022</td>
<td>2,109,848</td>
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<tr>
<td>HRIS</td>
<td>1,014,846</td>
<td>-</td>
<td>1,014,846</td>
<td>734,367</td>
<td>-</td>
<td>734,367</td>
<td>280,479</td>
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<tr>
<td>Tech Safety/Security</td>
<td>2,808,059</td>
<td>2,711,725</td>
<td>6,341,599</td>
<td>3,228,663</td>
<td>99,736</td>
<td>3,328,399</td>
<td>3,031,200</td>
</tr>
<tr>
<td><strong>Total Technology</strong></td>
<td><strong>22,194,168</strong></td>
<td><strong>12,489,113</strong></td>
<td><strong>40,753,004</strong></td>
<td><strong>14,933,206</strong></td>
<td><strong>650,065</strong></td>
<td><strong>15,583,272</strong></td>
<td><strong>25,169,732</strong></td>
</tr>
<tr>
<td><strong>Total Program Administration</strong></td>
<td><strong>15,658,707</strong></td>
<td><strong>14,515,846</strong></td>
<td><strong>106,450,328</strong></td>
<td><strong>14,583,123</strong></td>
<td><strong>617,729</strong></td>
<td><strong>15,200,852</strong></td>
<td><strong>91,249,476</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>190,444,364</strong></td>
<td><strong>170,647,831</strong></td>
<td><strong>537,688,617</strong></td>
<td><strong>180,810,851</strong></td>
<td><strong>68,609,072</strong></td>
<td><strong>249,419,923</strong></td>
<td><strong>288,268,695</strong></td>
</tr>
</tbody>
</table>

1. Net of Cost of Issuance Expenses
2. Other projects is the sum of all projects with a budget less than $5M
Next Steps

- Scheduling additional October and November meetings
  - Looking at October 24 and November 21

- Regular report to the BoE including information on prioritization criteria scheduled for working session November 17

- Update to BoE on Business Diversity Outreach presented on September 15th. Materials shared with committee via email
BOC Feedback on Previous Prioritization Criteria

2012 CPAC Criteria Review – Technology
(respondents selected their top 3 criteria)

- Ability to Implement
- Magnitude of Impact
- Alignment with Denver Plan
- Operational Savings
- Prior Investments

N = 11 survey responses, from summer 2014

2012 CPAC Criteria Review – New Capacity
(respondents selected their top 2 criteria)

- Commitments: BOE commitments, regional equity
- Supply and Demand: data driven approach, regional enrollment growth, forecasted capacity utilization
- Fiscal Responsibility: capacity solution with the lowest taxpayer cost
BOC Feedback on Previous Prioritization Criteria

2008 BOC Prioritization Criteria Review
(respondents selected their top 3 criteria)

- The project is necessary for the safe or efficient operation of a facility or other capital asset to meet code compliance, health and safety or basic infrastructure requirements
- The project is critical to the implementation of the ongoing instructional and business reforms of the district (The Denver Plan)
- The project supports an existing commitment, leverages or enables the opportunity to attract other financial resources to support a district priority, or leverages resources in place to implement more cost-effectively at this...
- The project attracts and retains students
- The project enables a reduction in operating costs, thereby improving the long-term financial health of the district.
- The project represents an appropriate solution to a clearly identified and presently existing need
- The project supports the technological infrastructure and day-to-day operations of the district
- The project or process is described with sufficient specificity and detail that the district can readily be held accountable for the proper and timely use of the funds allocated
- Funding for the project work cannot be obtained from other sources without jeopardizing district operations

N = 11 survey responses, from summer 2014
Additional Criteria Proposals

• New schools or creating additional space at high performing schools.

• Commitments or promises made to voters about projects, whether directly or implied, must be considered if DPS is going to maintain trust and be able to secure future funds.

• Fulfilling commitments made to communities and taxpayers when the bond was passed IF they still are relevant and appropriate.

• Respond to demand demonstrated by the schools students choose in the annual school choice process

N = 11 survey responses, from summer 2014