

DOUGLAS COUNTY SCHOOL DISTRICT

MILL BOND OVERSIGHT AD HOC COMMITTEE (MBOC)

ANNUAL REPORT – AUGUST 9, 2022

Purpose of Mill Bond Oversight Ad Hoc Committee (MBOC):

The charge of the MBOC is to become familiar with the 2018 mill levy override (MLO) and bond (Bond) program and project list, monitor the progress of the improvements and programs being implemented and ensure MLO/Bond expenditures are in alignment with ballot language approved by voters.

MBOC Committee Term

On June 22, 2021 the Board of Education passed a Resolution to extend the MBOC beyond the original sunset date of December 31, 2022, until such time as the Bond projects and programs are completed.

Time Period to Spend the Bond Funds

85% of the bond funds must be spent within 3 years (by February 2022) and 100% of the funds are required to be spent within 5 years (by February 2024)

MBOC Responsibilities:

The responsibilities of the MBOC include

- Assisting the Board of Education (BOE) in fulfilling its responsibility to provide transparency and assurance that mill levy and general obligation bond funds, approved by Douglas County voters in November 2018, are spent as intended and represented to the voters
- Reporting periodically, at least annually, to the BOE regarding the status of MLO/Bond expenditures
- Assisting in maintaining public trust and confidence in the District through active involvement in MLO/Bond project communications
- Meeting regularly to review progress to date
- Reviewing MLO/Bond expenditures for alignment with ballot language approved by voters
- Participating in scheduled site visits during construction, as invited by the DCSD Chief Operations Officer
- Reviewing the Chief Financial Officer's recommendations for maintaining congruence between financial statements and identified spending of MLO/Bond funding
- Reviewing the ongoing master schedule of projects
- Providing regular updates to the DCSD Communications Team that can be shared with the community

Background:

Douglas County School District had not had a local funding initiative passed since 2006. There are many funding challenges and needs that must be addressed to ensure that each and every one of DCSD's students has access to the best possible education. The Board of Education unanimously approved staff's recommendation to place bond and mill levy override questions on the November 2018 ballot for the citizens of Douglas County. Both ballot issues passed with 52% of the voters in agreement. The average Douglas County homeowner, with a home valued at \$470,000 will pay an additional \$17.33 per month (\$208.00) per year (*numbers from 2018*). Urgent needs at the time the bond and MLO were passed, included:

- Increasing pay to retain and attract excellent teachers amidst the teacher shortage.
- Enhancing the security of our schools and investing in additional mental health support and prevention programming for students.
- Providing additional pathways that prepare our students for their future careers or vocations.
- Updating the aging school buildings and providing space for growth to ensure optimal learning environments for current and future generations of students.
- Ensuring all students have equitable access to excellent educational resources and programming in their schools.

MBOC Committee Members:

The MBOC is comprised of voluntary representative members of the Douglas County School District community (including staff and board committee representatives). Members represent a broad background of viewpoints and interests including, but not limited to public education, financial management, human resources, information technology, development/construction, architecture/engineering, and facility operations, including safety and security.

Voting Members

Vanessa Hoffman (Vice-Chair), Employee Council Representative
Greg Miner, Neighborhood School Parent - Castle Rock Representative
Angi Rigot, Neighborhood School Parent - Parker Representative
Sabrina DeRamus, Charter School Parent Representative
Mona Rojas, Student Advisory Group Representative
Barrett Rothe, Business Community Representative
Kristin Baumgartner, Government Agency Representative
Joe Robinson, Community Member At-Large Representative
Jim Maras, Fiscal Oversight Committee Representative
John Freeman (Chair), Long Range Planning Committee Representative
Irene Borisov, District Accountability Committee Representative
Vacant, Licensed Educator – Secondary Representative
Vacant, Licensed Educator – Elementary Representative
Vacant, Neighborhood School Parent - Highlands Ranch Representative
Vacant, Neighborhood School Parent - Highlands Ranch Representative
Vacant, Safety and Security Representative

Non-Voting Members

Kaylee Winegar, Board of Education Director
Richard Cosgrove, Chief Operating Officer
Jana Schleusner, Interim Chief Financial Officer

Staff and Contractor Support

Eric McCain, Director of Construction
Colleen Doan, Director of Budget
Henry Gaud, NV5

Funding Overview:

Mill Levy:

Ballot question 5A asked that Douglas County District Taxes be increased \$40,000,000 annually commencing in Collection year 2019. The final revised 2021-2022 budget reflected the following:

- \$16.9M – Salaries and Benefits for Existing Employees
- \$ 5.5M – Changing the counselor ratio at middle and high schools and adding counselors at elementary schools. All school counselor allocations will be rounded up to full FTE.
 - 1.0 Counselor at all elementary schools (with the exception of Cherry Valley)
 - 250:1 ratio at secondary schools (lowered from 350:1)
- \$ 7.1M – Site-Based Budgeting and School-Level Funding
 - \$2.4M to redesign Gifted and Talented allocation to a minimum 0.5 FTE in all neighborhood schools (except Cherry Valley)
 - \$4.7M to redesign discretionary weighted student funding to align resources to schools with needs of students based on at-risk and academic intervention measures
- \$ 1.3M – Additional Special Education Support
- \$ 2.0M – Career and Technical Education (CTE).
- \$ 9.3M – Shared on an equal, per pupil basis with charter schools (based on projected 2019-2020 enrollment).

Note: Total budgeted amount is \$42.1M. It is possible to exceed the \$40 million approved by the voters due to significantly underspending in the first year and therefore carrying the balance forward to future years. Within a few years, this balance will have been appropriated and the total budget will become \$40 million.

Bond:

The 2018 Bond program was built off of \$249,975,000 of bond proceeds. Given the bonds were sold at a premium in January 2019 for an additional \$40,816,808 and including interest earned estimated \$15M, DCSD has spent approximately 84% of the \$305.7M of total available funds as of May 31, 2022.

The plan for neighborhood schools constructed prior to 2007 is to extract years 1 – 4 of the 2018 [Capital Improvement Projects](#) and fund all the Tier 1 (critical needs which if not addressed, may cause a facility to close) and approximately 50% (by cost) of the Tier 2 (important needs, which, if not

addressed, may cause a portion or designated area of a facility to be unusable or negatively impact learning) projects. District staff and contractors will work with each school to determine which of the Tier 2 needs should be funded.

The plan for charter schools constructed prior to 2007 is to fund the most urgent Tier 1 projects as allowed by state law.

Please see Appendix 1 for a bond financial report as of May 31, 2022.

Bond Project Schedule:

The high level construction / renovation timeline for each facility within the District is in Appendix 2.

District project managers are continuing to communicate and coordinate with all affected users regarding work in their facility. An overview of the projects for each school may be viewed [here](#). The current status of the projects and budgets for each school may be viewed [here](#).

Bond Progress Reports:

Each quarter, the District's 2018 Bond Owner's Representative, NV5, provides a progress report to the MBOC. The latest report (for June 2022), is linked [here](#).

These reports include sections for:

- An executive summary of activities which occurred during the quarter
- Project status for: capital improvement projects for neighborhood and charter schools, support facilities, ADA, athletics, career and technical education, district wide initiatives, furniture, information technology, playgrounds, personalized learning, security and transportation, and new construction
- Procurement
- Schedule
- Budget
- Challenges / Risks
- Next Steps

For Further Information:

- Please visit the [MLO / Bond Updates website](#) for information on the following topics:
 - MLO / Bond News
 - MLO / Bond FAQ's
 - Bond Construction and Improvement Reports
 - How Will My School Benefit?
 - Where the Bond Money Will Go
 - Where the MBO Funds Will Go
 - Cost of the MBO / Bond
 - Staff Compensation
 - DCSD Funding in the News

- For the information (reports) provided to the MBOC since it's inception, please use this [link](#) and choose the report(s) for a given meeting.
- Please visit the [MBOC website](#) for additional information about the oversight committee.
- Questions? Please email the MBOC at MBOC@dcsdk12.org.

Appendix 1

Bond Expenditure Report as of May 31, 2022

2018 Bond Spend through May 2022

Master Program List	Actuals*	Obligations**	Actuals Plus Obligations
Personalized Learning-ADA ¹	238,152	13,250	251,402
Personalized Learning-SPED ²	419,259	57,775	477,034
Technology - Students/Staff ³	13,739,815	315,764	14,055,579
Playgrounds ⁴	597,085	-	597,085
District Initiatives ⁵	6,893,540	1,629,537	8,523,077
Security-District/Charter ⁶	10,114,615	1,944,771	12,059,386
Transportation ⁷	7,472,607	452,121	7,924,727
Furniture ⁸	1,909,333	87,344	1,996,676
Athletics ⁹	5,608,116	435,052	6,043,168
Support Facilities ¹⁰	2,360,944	-	2,360,944
Career Tech ¹¹	13,377,027	15,440	13,392,467
CIP Projects ¹²	139,656,790	8,886,483	148,543,273
CVHS F-Pod ¹³	14,347,424	18,079	14,365,503
New Alternative School - Pine Drive ¹⁴	1,034,642	-	1,034,642
New Innovation Campus - Pine Drive ¹⁵	1,421,524	-	1,421,524
Legacy Campus ¹⁶	10,819,721	1,165,568	11,985,289
VALE Campus ¹⁷	7,500,292	269,500	7,769,792
Administration ¹⁸	5,136,406	312,146	5,448,552
Cost of Issuance ¹⁹	351,524	-	351,524
Underwriters Discount ²⁰	1,062,394	-	1,062,394
Certificate of Participation Lease Payment Fund ²¹	12,033,334	-	12,033,334
	\$	\$	\$
TOTALS	256,094,544	15,602,829	271,697,373

*Actuals - Expenses that have been paid

**Obligations - Estimated Expenses that have not been paid

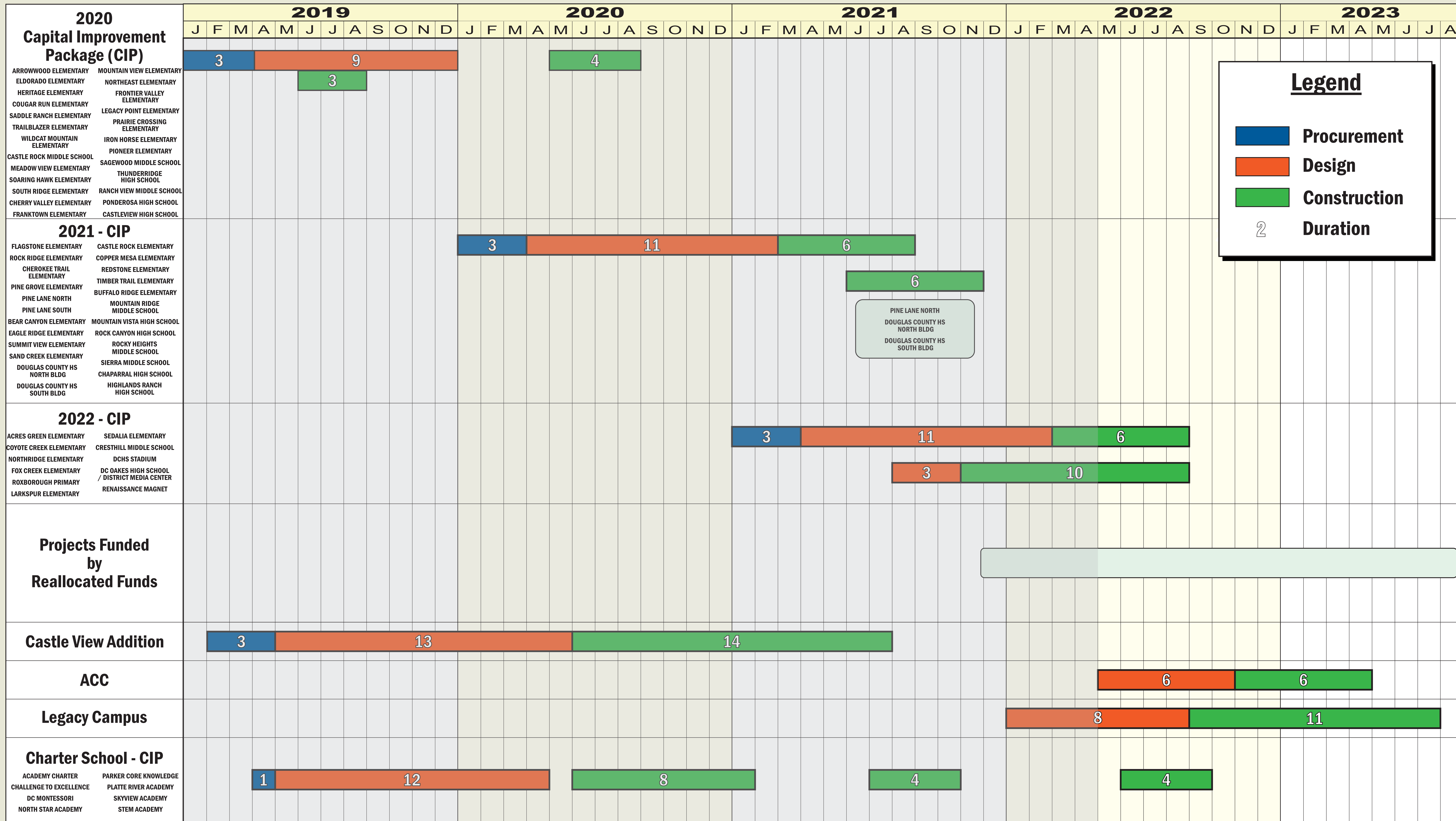
Descriptions of Master Program List Categories:

- ¹ Equipment and construction upgrades for Americans with Disabilities Act (ADA) student and public use
- ² Calming rooms for students in center-based Special Education programs who utilize a quiet space to accommodate sensory needs or needs related to self-regulations
- ³ Refreshment of aging computers in schools and improving network and core services for District-wide operations
- ⁴ Implementation of playground improvements across the District
- ⁵ Projects such as location-specific signage, MFD copier refresh, underground fire alarm conduit and wire replacement at Stone Canyon Outdoor EdVentures, Vehicle Purchases, Cooling Towers, Chillers
- ⁶ Enhancements to the physical security in each one of the school buildings for neighborhood and charter schools
- ⁷ Replacement of transportation buses, vehicles and equipment that are beyond their useful life
- ⁸ Furniture replacements for neighborhood schools
- ⁹ Improvements to various athletic facilities such as new turfs, stadium lighting and PA systems
- ¹⁰ Improvements to various district support facilities (capital renewal for non-school facilities)
- ¹¹ Enhancements to career tech programs at each neighborhood high school
- ¹² Capital renewal in all schools 2006 and older for all Tier 1 needs as well as the most urgent Tier 2 needs.
- ¹³ New Construction for Castle View High School F-Pod
- ¹⁴ Design Costs for the New Alternative Education Facility - Pine Drive
- ¹⁵ Design Costs for the New Innovation Campus Pine Drive
- ¹⁶ Purchase and Tenant Finish Legacy Campus
- ¹⁷ Purchase and Tenant Finish VALE Campus
- ¹⁸ Cost of NV5 construction management firm, Portfolio Financial Management financial consulting serving agent and District staff costs paid by the bond
- ¹⁹ Fees associated with the issuance of bonds by the District paid primarily to Hilltop Securities, Butler Snow, Moody's and Fitch
- ²⁰ Underwriting discount paid to RBC Capital Markets for their services as underwriter in the sale of the 2018 bond
- ²¹ Defeasance of COP debt without having to extract funds from the General Fund or contingency for gross savings of \$3.8M

Appendix 2

2018 Bond Program Schedule

2018 BOND PROGRAM



Legend

- Procurement
- Design
- Construction
- Duration

PINE LANE NORTH
 DOUGLAS COUNTY HS NORTH BLDG
 DOUGLAS COUNTY HS SOUTH BLDG