

July 25, 2024

TO: Douglas County School District (DCSD or the District) Board of Education (BOE)

FROM: DCSD Fiscal Oversight Committee (FOC)

SUBJECT: 2024 Bond Comments

The primary function of the FOC is to assist the BOE in fulfilling its fiscal oversight responsibilities with integrity and reliability. Additionally, prior to the BOE asking for voter support for the authorization to incur multi-year debt obligations (Bond), the FOC is responsible for reviewing and commenting on the need(s) for asking voters to approve a new Bond.

The FOC shall assess the timing, amount, and purpose(s) of the Bond question.

As such, the FOC has prepared the following comment regarding the potential 2024 Bond.

- We commend the District Staff for providing data and information that has allowed the FOC to make informed comments on the potential Bond.
- Staff has provided updates on the Master Capital Plan (prepared by Staff and the Long Range Planning Committee), as follows:
  - \$20M committed in 2024;
  - \$833M needed in the short term (2024-2029);
  - \$1,062 needed in long term (2030-2035).
- The District is in a deferred maintenance situation, where many necessary and required repairs and maintenance have been delayed, with potentially higher costs to resolve issues down the road.
- The Master Capital Plan requires funding that is not currently available. According to the 5/28/2024 Staff presentation to the FOC, this can be addressed in a number of ways:
  - Cut District operating expenses by 34% to generate \$166.6M per year for the next 5 years;
  - Tap into unassigned fund balance (\$64M) and cut operating expenses by 31% (\$153.8M) for the next 5 years;
  - Pair a \$35M/year MLO and cut operating expenses by 24% over the next 5 years (\$118.8M/year);
  - Pass a series of bonds over the next decade, which would not require significant cuts to operating expenses.
- Staff has shared potential bond cycle modeling scenarios over the course of the next decade that would assist in maintaining existing District assets, as well as

address the need for expansion and investment in new and growing areas of Douglas County.

- Staff has shared multiple funding strategies and options, including:
  - “No Mill Rate Change Bond” - \$490M – no tax increase as some existing bond debt payments are being retired;
  - “1.5 Mill Rate Increase Bond” - \$590M – minimal tax increase as the retirement of some existing bond payments offset the majority of the cost of this bond;
  - “No Bond” – tax decrease, however, any future bond measures would create a significant tax increase.
- Staff has advised that the BOE is closely monitoring polling data to measure the opinions of Douglas County residents. This information will be used to make informed decisions on the nature of any potential bond ask in the coming months.
- The FOC recognizes that there are imminent and critical infrastructure, maintenance, and construction investment needs that the District would be responsible and prudent to address. The FOC is in alignment with Staff’s projections on future funding needs as outlined in the Master Capital Plan.
- Proper funding of the Master Capital Plan requires funding allocations that the District does not currently have in place. Significant cuts to existing operating expenses, potentially at the expense of funding for support staff, teachers, programming, and student enrichment programs, would have a negative impact on students, is not in the best interest of the District, our students, and the Douglas County community. As such, the FOC agrees that a Bond would be the preferred method of funding the Master Capital Plan.

It is important that the District prioritize the safety of students, staff, and teachers, and continue to make important investments in our community and provide access to best-in-class educational opportunities for all Douglas County students and citizens. Being good and wise stewards of taxpayer funds, and clearly communicating with staff, parents, and taxpayers is critical.

We thank the BOE and Staff for working with the FOC, and we look forward to continuing to serve the BOE with its fiscal oversight responsibilities. If any additional information or clarification is needed, we would be happy to respond.

Sincerely,

A handwritten signature in black ink, appearing to read "James Coope". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

James Coope, Chair, on behalf of the FOC