

Capital Asset Advisory Committee
2018 Capital Improvement Program
Financial Status November 30, 2020

December 3, 2020

2018 CAPITAL IMPROVEMENT PROGRAM – FINANCIAL STATUS 11/30/2020

Revenue

| | |
|-------------------------|--|
| \$ (326,490,000) | First Bond Issuance |
| \$ (50,165,349) | Premium on First Bond Issuance |
| \$ (11,733,370) | Interest Through October 2020 |
| \$ (51,353,182) | Fiscal Years 2019, 2020 and 2021 Capital Transfers (COP Principal & Interest Payments Removed) |
| \$ (439,741,901) | |

Expenses

As of November 30, 2020

| | |
|----------------|---------------------------------|
| \$ 241,720,609 | Total Expended - All projects |
| \$ 104,607,077 | Total Encumbered - All projects |

Charter Projects

| | |
|---------------|----------------------------|
| \$ 38,984,172 | Total Expended - Charter |
| \$ 4,991,399 | Total Encumbered - Charter |

As of October 31, 2020

| | |
|----------------|---------------------------------|
| \$ 224,271,805 | Total Expended - All projects |
| \$ 117,596,928 | Total Encumbered - All projects |

| | |
|---------------|----------------------------|
| \$ 38,718,177 | Total Expended - Charter |
| \$ 5,088,593 | Total Encumbered - Charter |

\$ 1,525,205.97 in Contracts on December 10 BOE Agenda for Approval

2018 CAPITAL IMPROVEMENT PROGRAM – FINANCIAL STATUS 11/30/2020

Funding Breakdown 2018 Capital Improvement Program

| | | |
|-------|--------------------|--|
| \$ | 326,490,000 | First Bond Issuance |
| \$ | 50,165,349 | Premium on First Bond Issuance |
| \$ | 11,733,370 | Bond Interest Through October 30, 2020, Net of Bank Fees |
| \$ | 51,353,182 | FY 2019, 2020 & 2021 Capital Transfers |
| <hr/> | | |
| \$ | 439,741,901 | Funds to Date |
| \$ | 240,510,000 | Estimated Second Bond Issuance |
| | TBD* | Premium on Second Bond Issuance |
| | TBD* | Future Bond Interest Earnings |
| \$ | 83,601,924 | 4 Years Capital Transfer |
| | TBD* | Interest on Capital Transfer |
| | (1,655,349) | Issuance Costs |
| <hr/> | | |
| \$ | 762,198,476 | Preliminary Total |

TBD* To Be Determined

2018 CAPITAL IMPROVEMENT PROGRAM – FINANCIAL STATUS 11/30/2020

November 2020 Bid Results

None

E&FR Efficiency & Ready, A/R Addition, Renovation, DW Districtwide

Work to be Priced December 2020

Pomona HS Guarantee Maximum Price

2018 CAPITAL IMPROVEMENT PROGRAM – FINANCIAL STATUS 11/30/2020

Work in Progress

Alameda Addition / Renovation
Columbine HS Aux Gym, Exterior Entry
Conifer HS Aux Gym
Golden HS Artificial Turf & Track
Green Mountain HS Aux Gym
Jefferson Jr/Sr HS Addition / Renovation
Kendrick Lakes ES Replacement
Bell MS Addition
Manning School Addition
Parmalee ES Addition / Renovation
Warren Tech South
Wayne Carle MS Addition
Lumberg ES Addition / Renovation
LED Replacement Phase I Districtwide
Security Cameras Districtwide

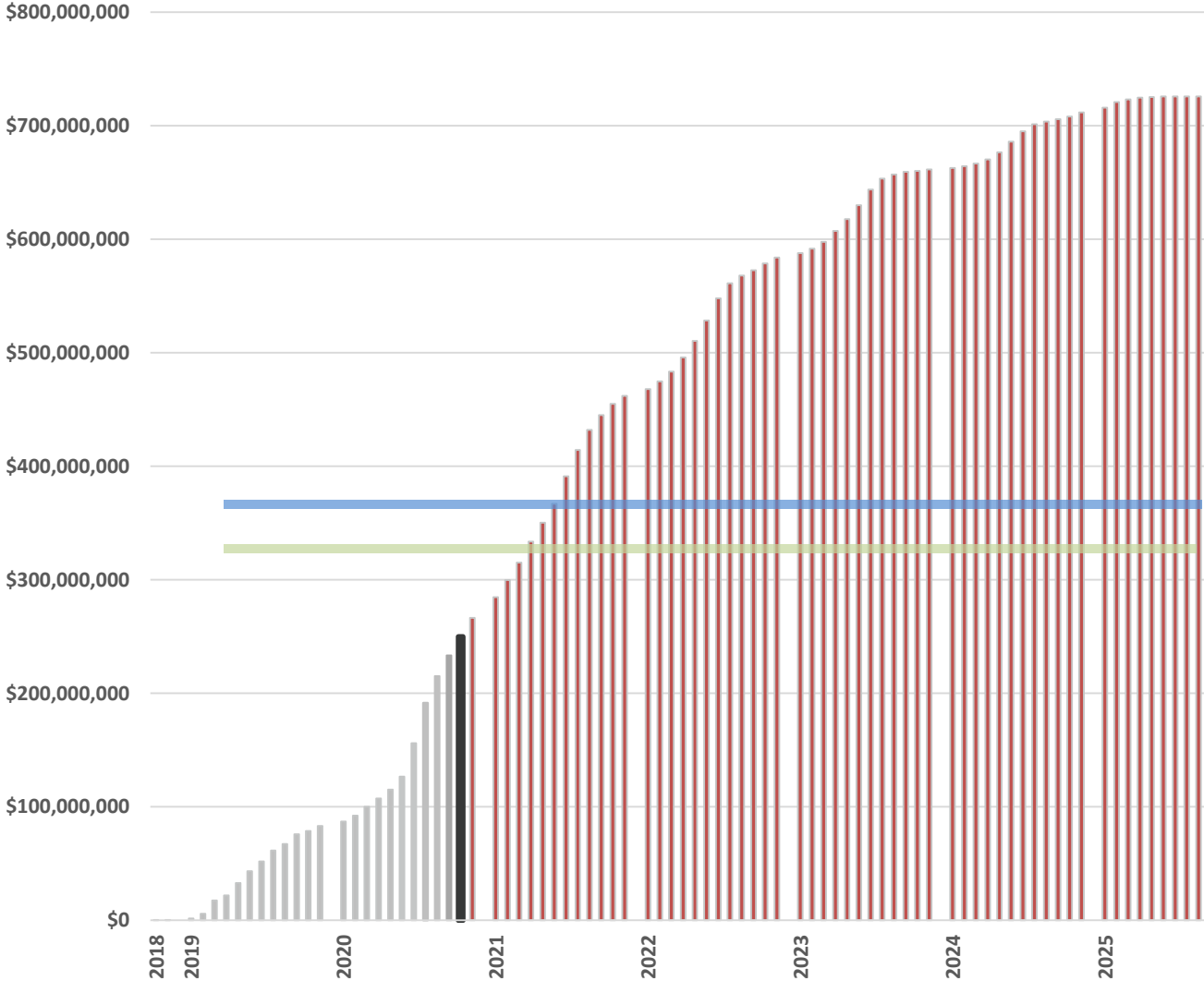
2018 CAPITAL IMPROVEMENT PROGRAM – FINANCIAL STATUS 11/30/2020

In Design

Evergreen HS Renovation
Evergreen MS Addition/Renovation
Marshdale ES Replacement
Pomona HS Addition/Renovation
Powderhorn Addition/Renovation
Prospect Valley ES Replacement
Ralston Valley HS Addition/Renovation
Standley Lake HS Addition/Renovation
21 Efficiency & Future Ready Projects
Playground Projects 10 Sites
HVAC Projects 6 Sites
Flooring Replacements 6 Sites
Artificial Turf & All-Weather Tracks 4 Sites
LED Replacements
Furniture, Fixtures & Equipment (FF&E) 14 Sites

2018 CAPITAL IMPROVEMENT PROGRAM – FINANCIAL STATUS 11/30/2020

Cash Flow





CAAC Design and Construction Update

12-3-2020



2020 Addition
Wilmot ES
HCM – CMGC Himmelman

Ribbon Cutting
10/29/20



2021 Projects

Kendrick Lakes ES – Replacement Larson Incitti – GC Roche

Construction
February
Completion



Conifer HS – Addition Cannon – CMGC FCI

Construction



Alameda HS – Addition WOLD – CMGC Phipps

Construction



Green Mountain HS – Addition MOA – CMGC GE Johnson

Construction



Columbine HS – Addition EIDOS – CMGC Swinerton

Construction



Manning Opt – 1 Story – 7 Classroom Addition + 2 Alts AMD – Fransen Pittman

Construction



CTE South – New Building + all alts HCM – JHL

<https://youtu.be/ez8dtM4PYGs>



Bell MS – 1 Story, 4 Classroom Addition Eidos – Golden Triangle

Construction



Jefferson HS – Aux Gym Addition MOA – Haselden

Construction



<https://youtu.be/ojfXYAXNsFI>



Wayne Carle – 2 Story – 8 Classroom Addition RB+B – Basset

Construction

<https://youtu.be/ikctn5Fz6SU>



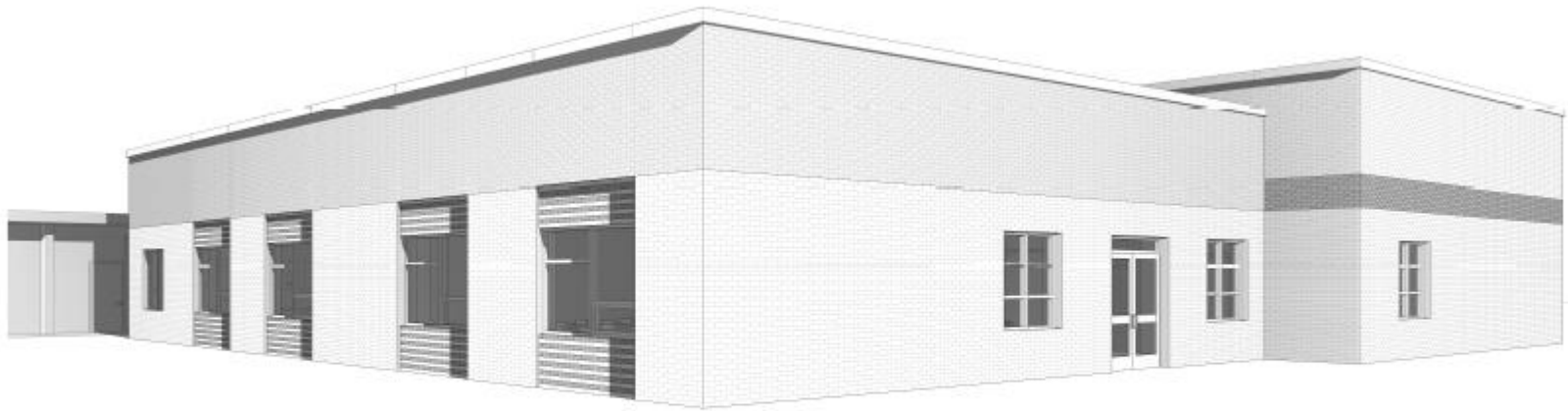
Parmalee ES – 1 Story –
6 Classroom Addition + 2 Alts
OZ – Saunders

Construction



Lumberg ES – 4 CR Addition MOA – CMGC Haselden

Construction



Foster ES – 1 Story – 7 Classroom Addition Larson Incitti – GE Johnson

Construction



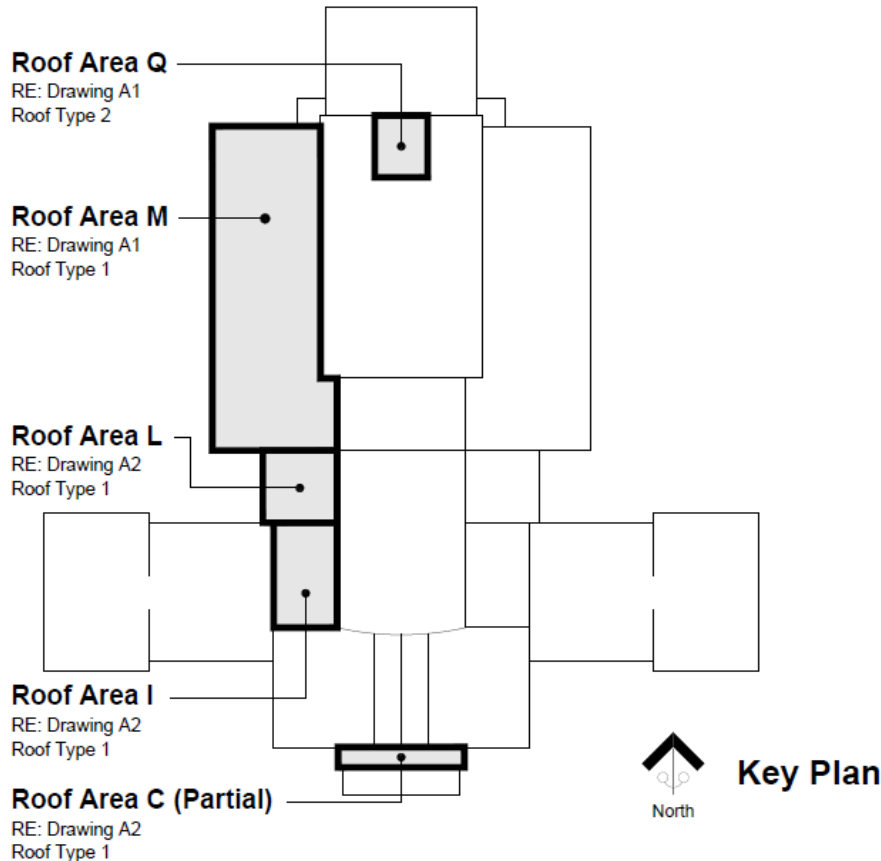
DW Roofing – 3 Schools D'Evelyn Opt, Fitzmorris ES & Lawrence ES

SR-DK – Arapahoe

Construction
Documents/
Bidding

D'Evelyn Opt
\$163,721

Under
Budget
\$91,279



Brady - Efficiency Future Ready

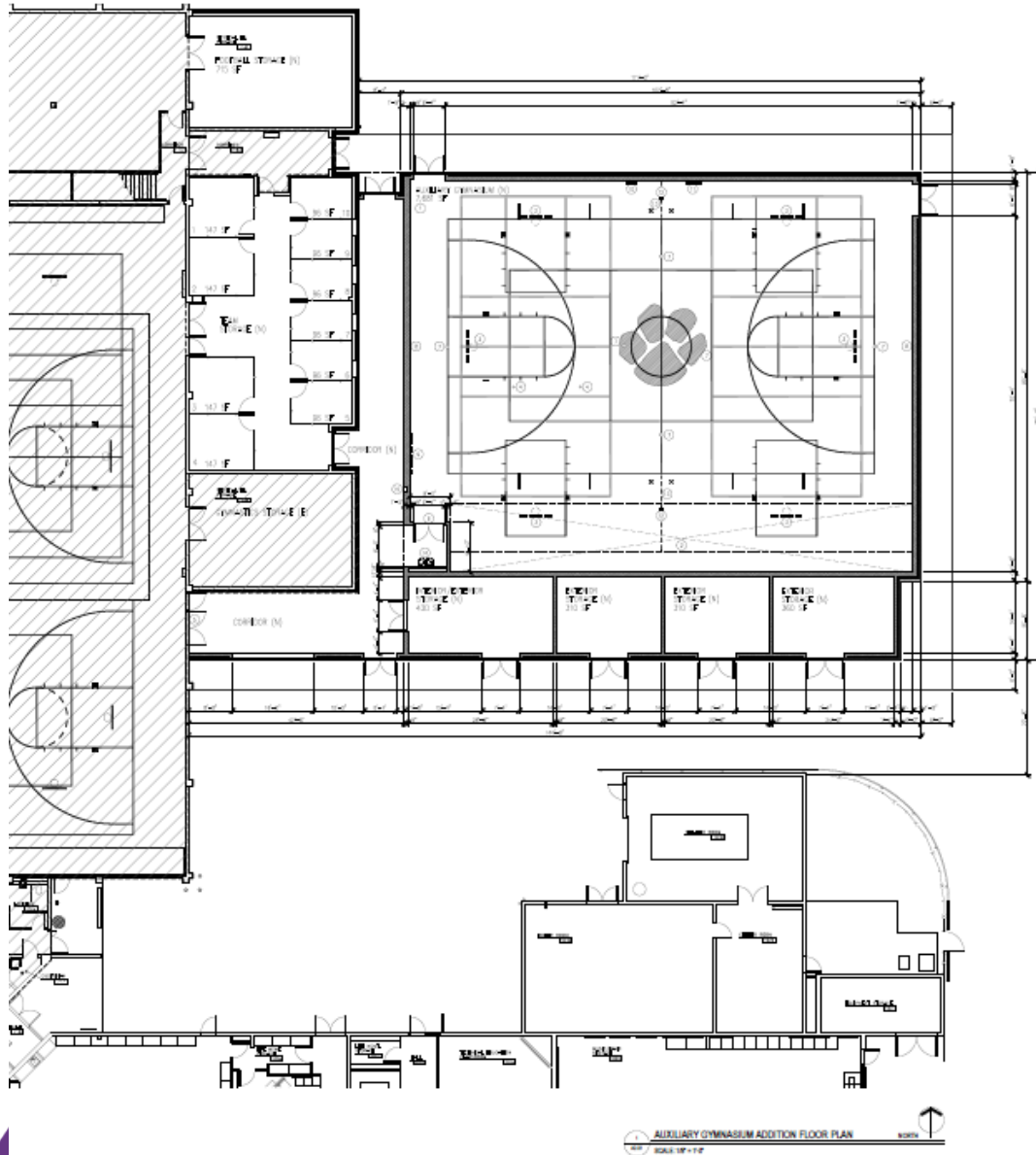
Design
Development

Alan Ford - TBD



Pomona HS – Aux Gym Addition Sybazz – Saunders

Construction Document



Marshdale ES - Replacement

HCM - TBD

Design
Development



JEFFCO PUBLIC SCHOOLS | MARSHDALE ELEMENTARY SCHOOL

SCHEMATIC DESIGN PACKAGE

10.16.2020

hord | coplan | macht

Marshdale ES - Replacement

HCM - TBD

Design
Development



Marshdale ES - Replacement

HCM - TBD

Design
Development



Marshdale ES - Replacement HCM - TBD

Design
Development



Marshdale ES - Replacement

HCM - TBD

Design
Development



Prospect Valley ES - Replacement MOA - TBD

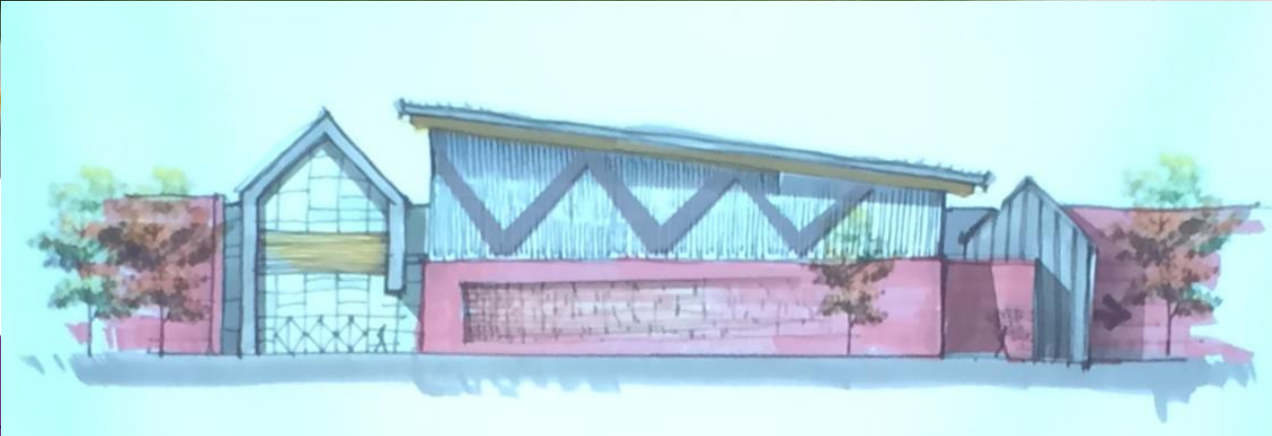
DAG #5

SITE
PLAN



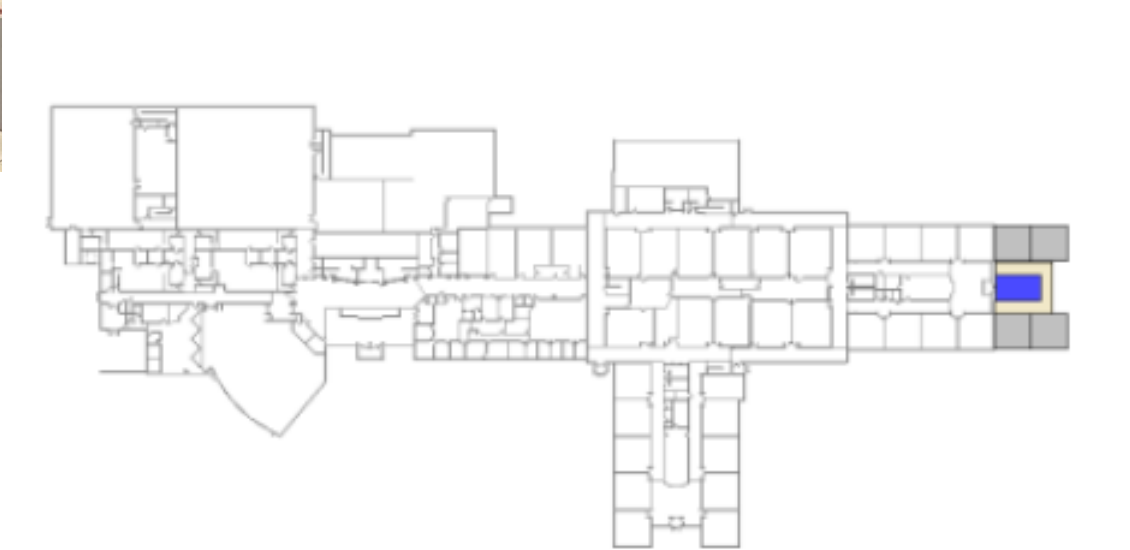
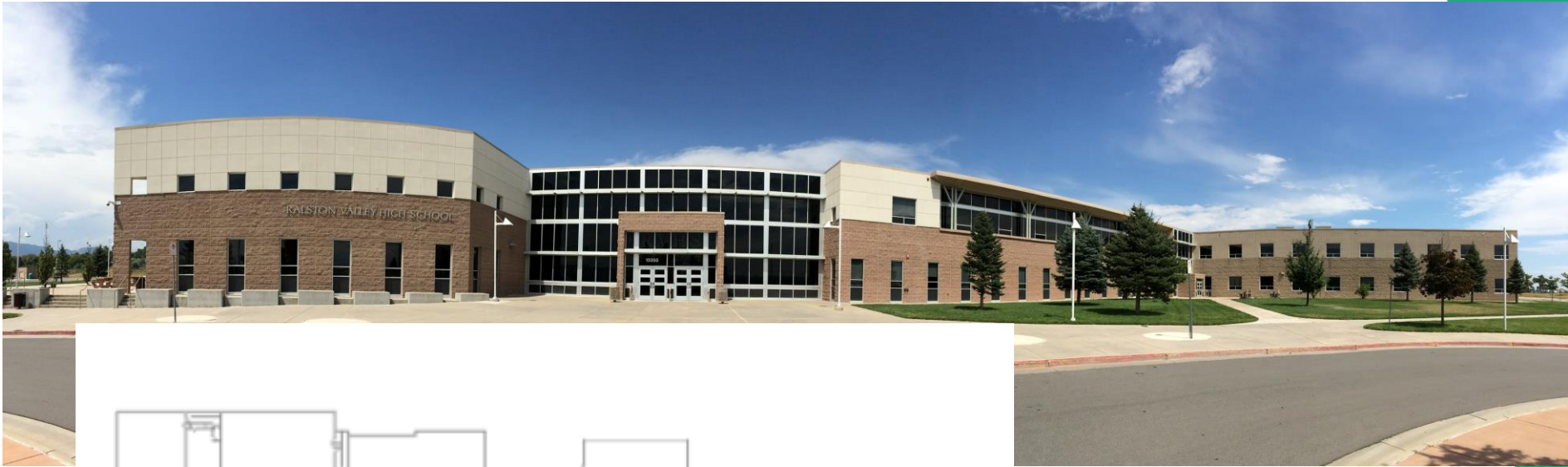
Standley Lake HS - Addition Cannon -TBD

DAG #3



Ralston Valley HS Addition EUA - TBD

DAG #3



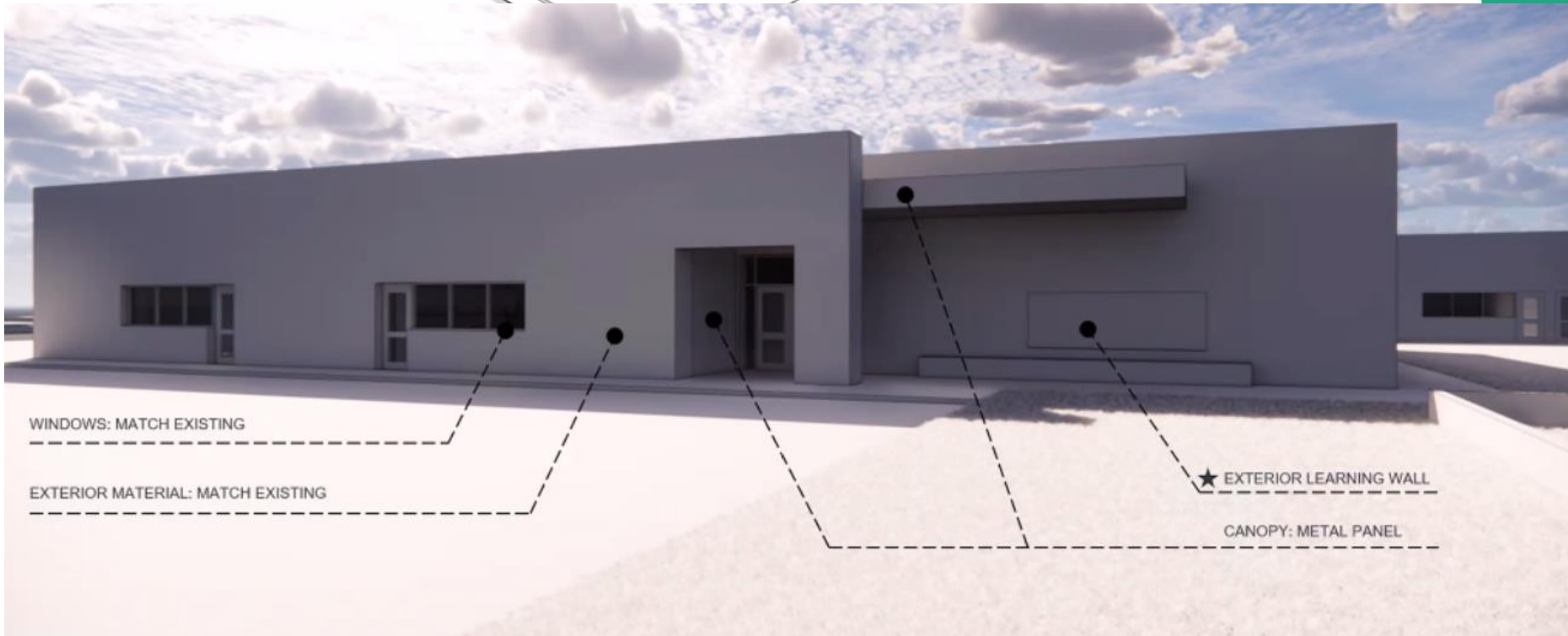
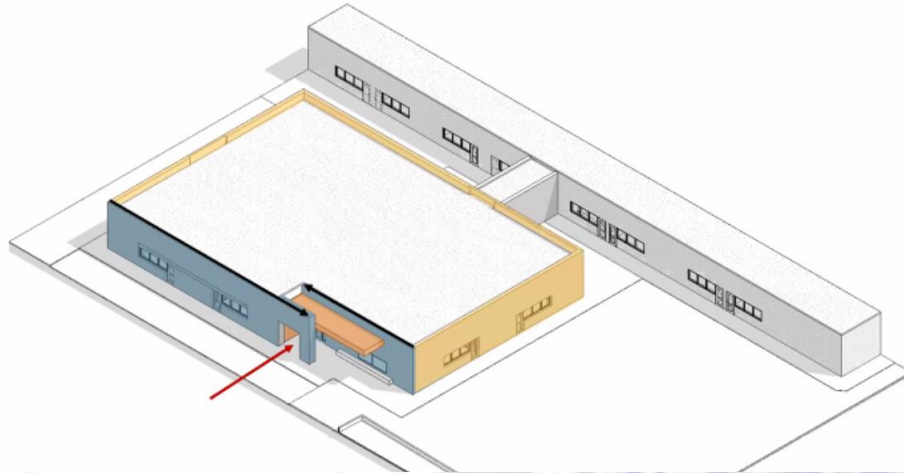
Evergreen MS - Addition AMD - TBD

DAG #4



Powderhorn ES - Addition Hollis & Miller – TBD

Schematic
Design
Review
12-10



Evergreen HS Efficiency Future Ready DLR - TBD

DAG #3



D'Evelyn – Master Plan & Efficiency Future Ready HCM - TBD

Design
Development
12-7



2021 24 Efficiency Future Ready & DW projects

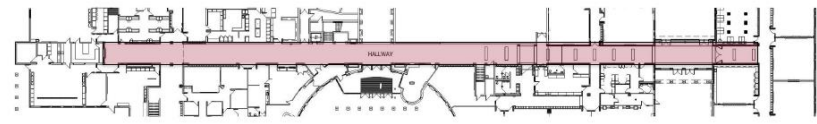
Chatfield HS, Dakota Ridge HS Efficiency Future Ready Cannon - TBD

Schematic Design

CANNONDESIGN



Dakota Ridge High School
Hallway Carpet
Replacement



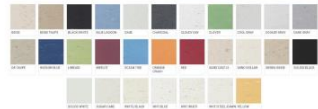
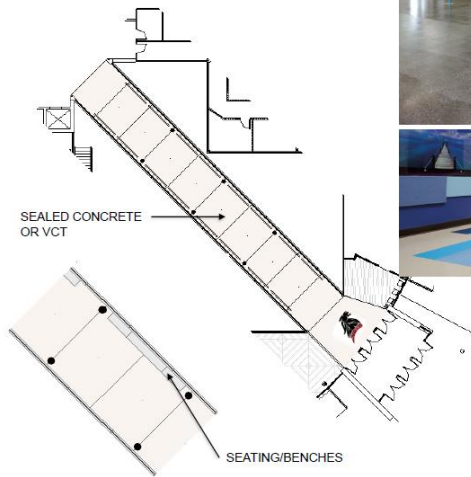
HALLWAY FLOOR FINISH REPLACEMENT



Chatfield High School
Bridge



CANNONDESIGN



Kullerstrand ES, Miller Special School Efficiency Future Ready Larson Incitti – TBD

Design
Development



Allendale ES, Stott ES, Vanderhoof ES Efficiency Future Ready EUA – TBD

Schematic
Design
Review 12-7



Carmody MS & Devinny ES

Efficiency Future Ready

DLH - TBD

Schematic
Design



Deane ES
Efficiency Future Ready
LOA - TBD

Design
Development



Maple Grove ES

Efficiency Future Ready

RTA - TBD

Design
Development
Review 12-4



Dennison ES Efficiency Future Ready

Hollis & Miller- TBD

Design
Development
Review
12-17



Ryan ES & Sheridan Green ES Efficiency Future Ready

Design Development

RB+B - TBD



ARCHITECTURAL NARRATIVE

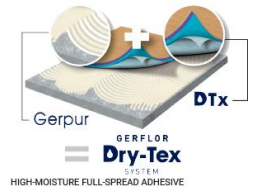
Replace Original Sports Court Flooring



SPORTS COURT FLOORING
GERFLOR - TARAFLEX SPORTS M PLUS



MAPLE DESIGN WITH MULTI-COLOR GAME LINES



HIGH-MOISTURE FULL-SPREAD ADHESIVE

SHERIDAN GREEN ELEMENTARY SCHOOL
Schematic Design Submittal

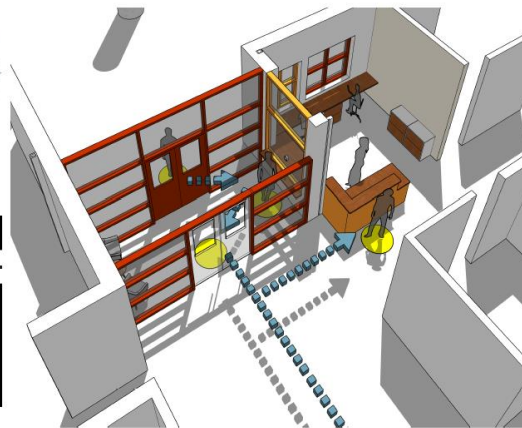
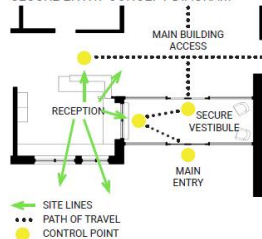
ARCHITECTURAL NARRATIVE

Secure Entry

Vestibule and Entry Changes

The existing hollow metal vestibules exterior and interior openings will remain in-place and only be modified to accept electronic strikes/access controls. The west wall of the vestibule will be opened to receive a new transaction window. The south exterior wall will be opened to receive a new exterior hollow metal window, allowing for enhanced visibility to any approaching visitors. The reception area will be re-configured to allow for three full workstations and better visibility to the main school corridor.

SECURE ENTRY CONCEPT DIAGRAM



PERSPECTIVE of SECURE ENTRY CONCEPT
Changes Highlighted in Orange



Everitt MS & Westridge ES Efficiency Future Ready

Schematic
Design

OZ - TBD



Lasley ES & Patterson ES Efficiency Future Ready

Design
Development

Treanor HL - TBD



Kyffin ES, Fitzmorris ES & Lawrence ES Efficiency Future Ready Eidos - TBD

Construction Documents



DW Turf Fields – Alameda HS,
D'Evelyn HS (T&F), Jefferson HS (T&F)
Wheat Ridge HS (track + drainage)
HCM - TBD

Design
Development
Review
12/11



Security Glass Installation 12 - Schools

| | |
|---------------|-------------|
| Creighton MS | Rose Stein |
| Red Rocks ES | Mandalay MS |
| Weber ES | Moore MS |
| Meiklejohn ES | Drake MS |
| Ken Caryl MS | Dutch |
| Leawood ES | Conifer HS |



DW – Playgrounds –
Elk Creek ES, Normandy ES
Shaeffer ES

Design
Development

Lime Green - TBD



DW – Playgrounds –
Warder ES, Secrest ES, Thomson ES,
Red Rocks ES, Stevens ES, Peck ES

Schematic
Design

Design Concepts - TBD



DW Roofing – 3 Schools Emory ES, Westgate ES, Stevens ES

Construction
Documents

WJE – TBD

DW Mechanical – 5 Schools
Elk Creek ES (RTU),
Edgewater ES (Boiler), Peck ES (Boiler)
Secrest ES (Boiler) , Thompson ES (RTU)

Construction
Documents

Columbine – TBD

DW LED - 18 Schools

Ackerman – CMGC Weifield

Construction



1. Columbine Hills ES
2. Deane ES
3. **Devinny ES**
4. Dennison ES
5. Fitzmorris ES
6. Kullerstrand ES
7. Lasley ES
8. Maple Grove ES
9. Patterson International
10. **Peck ES**
11. **Powderhorn ES**
12. **Ryan ES**
13. Secrest ES
14. **Sheridan Green ES**
15. **Stott ES**
16. Vanderhoof ES
17. Westgate ES
18. **Westridge ES**

DW LED 2021 – Ackerman – CMGC TBD

Schematic Design



1. **Columbine Hills ES**
2. **Edgewater ES**
3. **Elk Creek ES**
4. **Emory ES**
5. **Kyffin ES**
6. **Red Rocks ES**
7. **Shaffer ES**
8. **Stevens ES**
9. **Stony Creek ES**
10. **Thomson ES**
11. **Warder ES**
12. **West Jefferson ES**

Next Meeting 1/21/20



2020-21 ENROLLMENT MEMBERSHIP SUMMARY



12-03-2020

MEMBERSHIP NUMBERS - SUMMARY

DISTRICT-WIDE:

84,062 dropped to 80,098 (-3,964) (~-4.8%)

DISTRICT-MANAGED (W/O CHARTERS):

74,874 dropped to 71,006 (-3,868) (~-5.2%)

CHARTERS:

9,188 dropped to 9,092 (-96) (~-1%)

DISTRICT-WIDE LOSSES:

713 fewer Preschool students showed up from last year (2,796 dropped to 2,083)

782 fewer Kindergarten students showed up from last year (6,036 dropped to 5,254)

Pre-K and K loss totaled 1,495 of the 3,964, which is 37% of all students anticipated to attend this year but didn't.

AVERAGE LOSSES:

On Average, no big swing in High School Students (Grades 9-12), with a total loss of 207 Students for all four grades. (We projected an overall increase of 43)

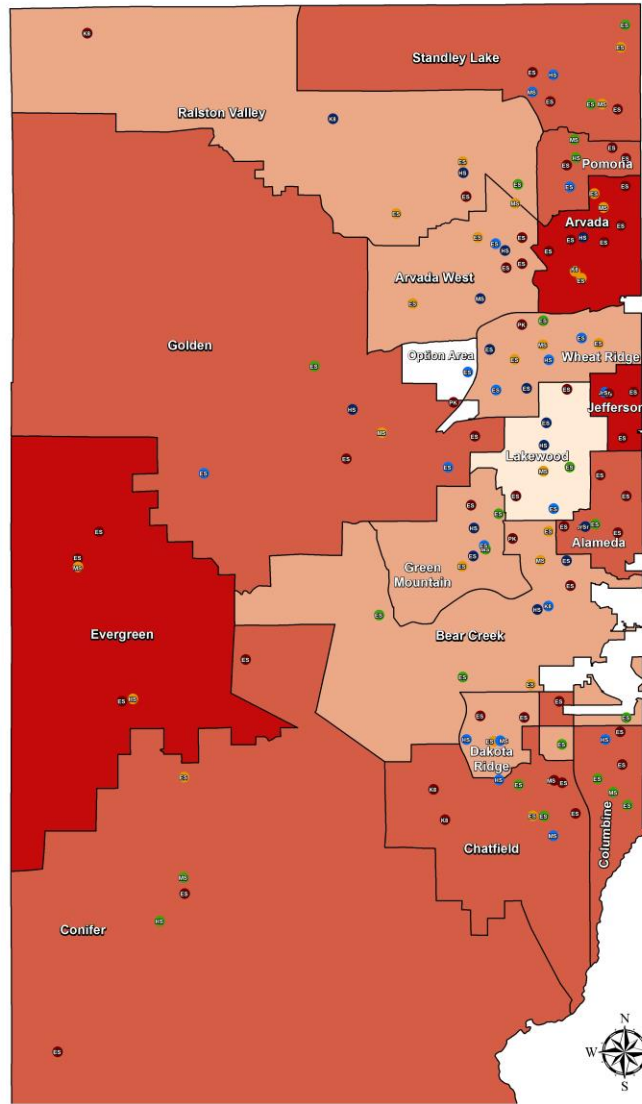
Each grade from 1st through 7th shows a loss of approx. 200-300 students per grade from the previous year (cohorts moving from 4th to 5th, 5th to 6th, etc.). 8th grade is somewhat stable.

Articulation Areas – Percentage Change 2019/2020 to 2020/2021

| Articulation Area | Year 2019-2020 | Year 2020-2021 | Percent Change |
|-------------------|----------------|----------------|----------------|
| Standley Lake | 4,500 | 4,254 | -5.47 |
| Pomona | 3,218 | 2,976 | -7.52 |
| Arvada | 4,460 | 3,690 | -17.26 |
| Arvada West | 4,652 | 4,479 | -3.72 |
| Ralston Valley | 5,677 | 5,508 | -2.98 |
| Wheat Ridge | 4,053 | 3,871 | -4.49 |
| Lakewood | 4,326 | 4,240 | -1.99 |
| Green Mountain | 3,930 | 3,777 | -3.89 |
| Columbine | 4,310 | 4,075 | -5.45 |
| Dakota Ridge | 4,490 | 4,281 | -4.65 |
| Chatfield | 6,283 | 5,895 | -6.18 |
| Jefferson | 1,780 | 1,598 | -10.22 |
| Alameda | 3,123 | 2,945 | -5.70 |
| Golden | 4,475 | 4,247 | -5.09 |
| Bear Creek | 5,270 | 5,056 | -4.06 |
| Evergreen | 3,060 | 2,743 | -10.36 |
| Conifer | 2,423 | 2,268 | -6.40 |
| Options* | 4,546 | 4,859 | 6.89 |
| Specials | 298 | 244 | -18.12 |
| Charters | 9,188 | 9,092 | -1.04 |

| | | | |
|--|-------|-------|-------|
| *Foster became a Option School this year percentage if Foster not included | 4,546 | 4,460 | -1.89 |
|--|-------|-------|-------|

Percent Change in Enrollment



Percent Change in Enrollment by School and Articulation Area from 2019-20 to 2020-21

Schools

% Enrollment Change from 2019

- over -10.01% (48 schools)
- -5.01% to -10.00% (25 schools)
- -3.01% to -5.00% (22 schools)
- -0.01% to -3.00% (19 schools)
- 6.00% to 0.00% (15 schools)

Articulation Areas

% Enrollment Change from 2019

- over -10.01% (3 Artics)
- -5.01% to -10.00% (7 Artics)
- -2.01% to -5.00% (6 Artics)
- 0.00% to -2.00% (1 Artic)

Next

Enrollment Projections!

From: Robert Greenawalt <robert.greenawalt@gmail.com>

Sent: Tuesday, November 24, 2020 11:28 AM

To: Reed Tim <Tim.Reed@jeffco.k12.co.us>

Subject: [EXTERNAL] Capital Improvement Program - Why a Performance Audit is Needed

Tim,

Please forward this email and attachment to members of the Capital Asset Advisory Committee.

Also, under Colorado's Open Meeting Law, please send me the link to the scheduled December 3 Zoom meeting of the Capital Asset Advisory Committee. I would like to personally hear the disparaging and degrading remarks made about me by District staff members - who have never credibly debunked any issue I have previously raised, by the way.

Thank you.

Robert Greenawalt

Members of the Capital Asset Advisory Committee:

Are you doing your job relating to oversight and monitoring of Jeffco's Capital Improvement Program?

At the October 7, 2020 Board of Education meeting, Director Rupert said:

*When we wrote the ballot language for 5B it talks specifically about the Capital Asset Advisory Committee paying attention to the expenditures and paying attention to the projects and so, what I ask of them is that they are making sure we are doing what we said we would do and making sure we are doing that with the budget that we allocated for it and that they have the level of confidence that at the end of the whole set of projects **we are going to be within the budget that we promised to voters.***

Can you honestly say that the Capital Improvement Program is within the \$705M budget promised to taxpayers, when last month you were told that the program now has a program value of \$762M?

That seems to be \$57M OVER budget to me.

As you know, the bond language also came with the stated promise to voters of an annual independent audit to provide taxpayers with full transparency relating to the CIP.

I've attached a document which outlines 10 areas where full transparency may not always be the case with the CIP and why an independent, outside performance audit should be conducted.

A Performance Audit is different from a Financial Audit and focuses on areas such as:

- Project management planning
- Cost management
- Time management
- Risk management
- Quality management
- Contract administration
- Safety management, and
- Construction management professional practices

As you can see, it is quite extensive and would bring the perspective of outside experts to either confirm, or help improve, the practices within Jeffco. It is an objective analysis for management and for those charged with governance and oversight. It is used to improve program performance, reduce costs, facilitate decision making and to contribute to public accountability.

I was disappointed to read in last month's Meeting Notes that the committee voted against having a Performance Audit.

This was a body blow to the transparency and accountability that Jeffco promised taxpayers.

Personally, I don't see any negatives associated with a Performance Audit. With over 50% of program value yet to be expended or encumbered, there is plenty of time to make program management improvements and provide greater value to taxpayers, if changes are recommended.

That leaves me to wonder why the committee voted against it, especially since that vote CLEARLY now places FULL and TOTAL responsibility for any and all program shortfalls squarely on the backs of the committee members.

Essentially, the committee just told taxpayers that there is NOTHING wrong with a program that is \$57M OVER budget and that the committee doesn't think that there are any areas in which Jeffco can improve.

Obviously, that is your choice. It is not the choice I'd make if I had the ability to bring in true experts who could do nothing but help improve the program's management, provide taxpayers with full transparency and help pave the way for successfully passing the next bond that Jeffco will want to float.

Anyway, take some time to carefully read and review the document I've attached (10 Reasons Why Jeffco Schools Capital Improvement Program Needs a Performance Audit). If Tim and Steve can't successfully answer even just one of the points I raise, I would think that is more than ample justification to request a Performance Audit.

Taxpayers were told that you, as a committee, would provide oversight and monitor the performance of the Capital Improvement Program. I believe that oversight requires more than looking at some nice construction pictures and seeing some high-level numbers. It involves a

deep understanding of the financial aspects of the program and asking hard and well-thought out questions of Tim and Steve. Taxpayers expect a program that delivers on Scope, Budget and Transparency. Can you honestly say that is currently the case?

Finally, I am more than willing to discuss my thoughts or any of my financial conclusions with either individuals or the committee as a whole; by phone, email or Zoom.

Robert Greenawalt, PMP
303-335-9806

10 Reasons Why Jeffco Schools Capital Improvement Program Needs a Performance Audit

1. \$57M over budget. On its own, a program that is \$57M over budget less than 2 years into a 6 year plan should automatically trigger a Performance Audit. Just to recap, voters were told the Capital Improvement Program would cost \$705M. At the CAAC’s last meeting in November, it had a \$762,179,035 price tag.

| PROPOSED INVESTMENT | | Project Phase | Project Count | Dollar Value |
|-------------------------------|----------------------|----------------|---------------|----------------------|
| Efficiency & Future Ready | \$250 Million | 0-Not Started | 133 | \$209,279,798 |
| Parity | \$125 Million | 1-Design | 64 | \$154,093,933 |
| Programmatic Needs | \$50 Million | 2-Bid-Award | 1 | \$5,414,315 |
| Growth Areas | \$56 Million | 3-Construction | 51 | \$244,236,483 |
| Replacements | \$56 Million | 4-Close Out | 40 | \$38,463,575 |
| Safety, Security & Technology | \$26 Million | 5-Complete | 22 | \$63,798,151 |
| Charters | \$56 Million | 6-On Hold | 0 | \$0 |
| Contingency | \$86 Million | 7-Contingency | 3 | \$46,892,780 |
| TOTAL | \$705 Million | Totals | 314 | \$762,179,035 |

2. Projected \$32M Contingency Shortfall. At the October 7th Board Study Session, Tim Reed told the Board that \$68M in contingency had been used to date. At the CAAC’s November meeting Tim presented the following numbers for funds Expended and Encumbered, totaling \$341M.

Expenses

As of October 31, 2020

\$ 224,271,805 Total Expended - All projects

\$ 117,596,928 Total Encumbered - All projects

Subtracting the \$68M of contingency from this value means that \$273M of the \$595M in total program costs are currently Expended or Encumbered, leaving \$322M in remaining projects. If that same rate of contingency usage continues, that would require remaining contingency of over \$79M. Yet, there is only \$47M in contingency remaining, a \$32M shortfall.

| | |
|---|----------------------|
| Expended as of Oct 31, 2020 | \$224,271,805 |
| Encumbered as of Oct 31, 2020 | +\$117,596,928 |
| Total Expended & Encumbered | =\$341,868,733 |
| Less Contingency Used to date | -\$ 68,000,000 |
| Project Work Encumbered or Expended | =\$273,868,733 |
| Contingency usage rate (\$68M/\$273M) | 24.83% |
| Remaining Project Work (\$595M - \$273M) | \$321,113,267 |
| Projected Contingency Required (\$321,113,267 * .2483) | \$ 79,736,893 |
| Less Contingency Remaining as of Oct 31, 2020 | -\$ 46,892,780 |
| Projected Contingency Shortfall | \$ 32,844,113 |
| Total Projected Contingency Usage (\$68M + \$80M) | \$147,736,893 |

Do the math. The numbers don't lie. This is not a healthy Program.

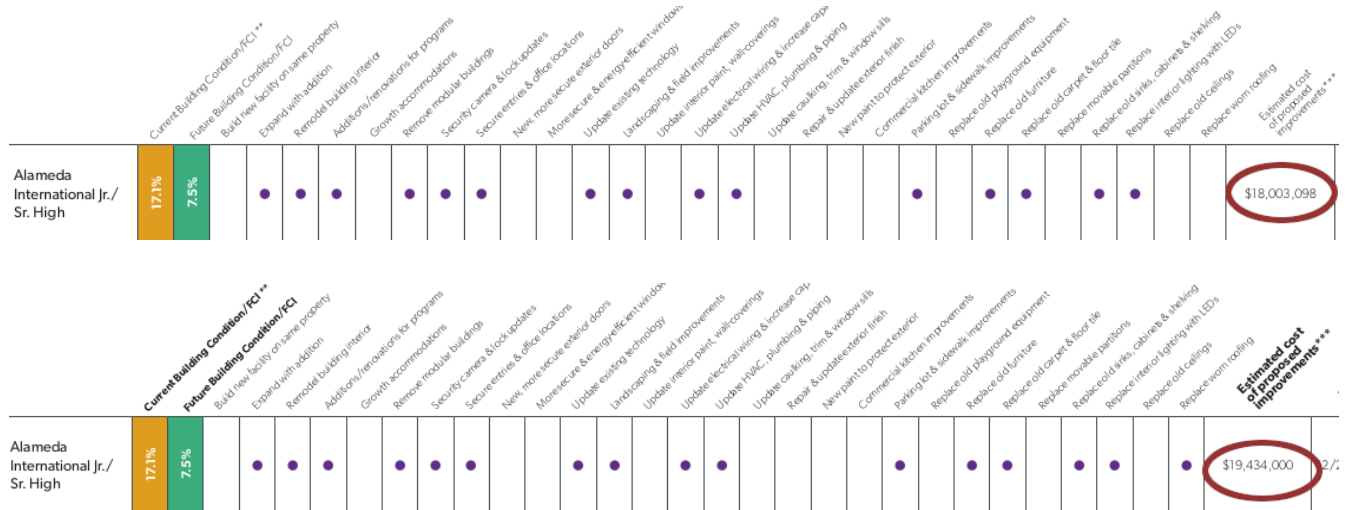
3. Deceptively adding \$31M to Flipbook costs. District project costs were presented to voters as \$563M. You can arrive at that number by subtracting the Charters \$56M and the Contingency \$86M from the Flipbook presentation.

| PROPOSED INVESTMENT | |
|-------------------------------|----------------------|
| Efficiency & Future Ready | \$250 Million |
| Parity | \$125 Million |
| Programmatic Needs | \$50 Million |
| Growth Areas | \$56 Million |
| Replacements | \$56 Million |
| Safety, Security & Technology | \$26 Million |
| Charters | \$56 Million |
| Contingency | \$86 Million |
| TOTAL | \$705 Million |

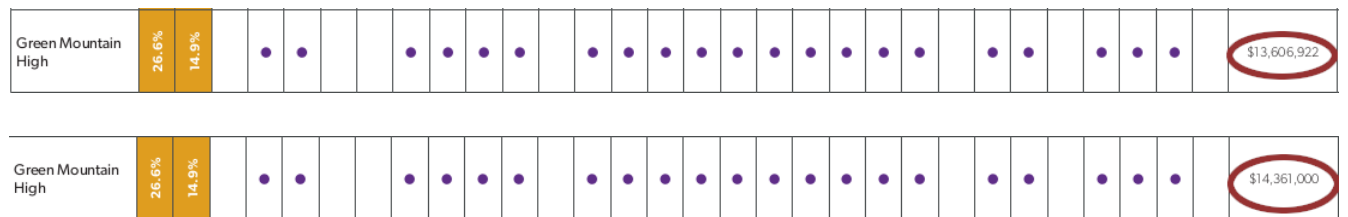
This can be verified by adding the costs of individual projects in the original Flipbook (Plus approx. \$17M in costs for Trailblazer, North Transportation Hub, OELS and Preschools projects which were withheld from voters).

However, sometime after the Bond passed, the District changed the Flipbook. The cost of nearly every project increased. Here are some examples:

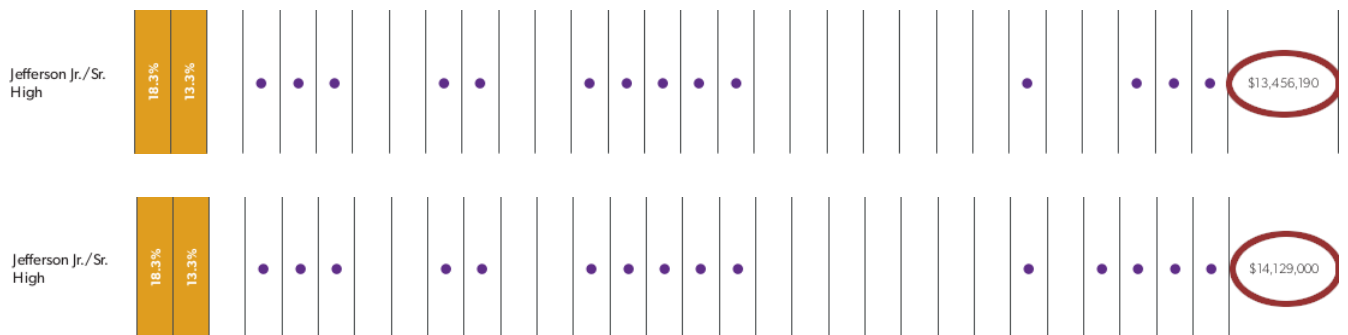
Alameda HS – an increase of \$1,430,902 to \$19,434,000



Green Mountain HS – an increase of \$754,078 to \$14,361,000



Jefferson Jr/Sr HS – an increase of \$672,810 to \$14,129,000



This had the net effect of raising BASE costs by a total of \$31,967,419. Essentially hiding \$31M of cost increases.

For example, when the construction budget for Alameda was presented to the Board, Contingency usage of \$10,047,814 was based on the updated Base cost of \$19,433,745, instead of the original cost estimate of \$18,033,098. This usage of the revised cost estimate deceptively hid the totality of the increase, and the additional use of Contingency, of \$1,430,902.

Alameda International Jr. / Sr. High School Budget Worksheet

| Full Name | Project Scope | Construction Budget | Added Soft Cost | Total Project Budget |
|------------------------------|--------------------------------------|---------------------|-----------------|-----------------------|
| Alameda Int'l Jr / Sr HS | Interior Finishes-Flooring, Casework | \$368,046 | 23.8% | \$ 483,000 |
| | Roofing | \$264,608 | 23.8% | \$ 347,255 |
| | FF&E | \$321,300 | 15.0% | \$ 378,000 |
| | Mechanical-Boiler,AHU | \$2,560,320 | 23.8% | \$ 3,360,000 |
| | Paving | \$180,022 | 23.8% | \$ 236,250 |
| | LED lighting and Power Improvements | 840,509.00 | 19.2% | \$ 1,040,550 |
| | Technology Infrastructure | 140,456.00 | 19.2% | \$ 173,884 |
| | Safety & Security | 234,092.00 | 19.2% | \$ 289,806 |
| | Addition/Renovation | 10,001,250.00 | 23.8% | \$ 13,125,000 |
| | | \$14,910,603 | 23.3% | \$ 19,433,745 |
| Project Construction Budget | | | | \$14,910,603 |
| Contingency | | | | \$1,444,885 |
| Completed Work | | | | (\$461,756) |
| Net Project Budget | | | | \$15,893,732 |
| GMP | | | | \$25,941,546 |
| Added Funds from Contingency | | | | (\$10,047,814) |

Therefore, cost estimates for all projects have now increased by \$100M; the \$68M in Contingency that Tim Reed freely told the Board PLUS the \$31M in hidden cost estimate increases.

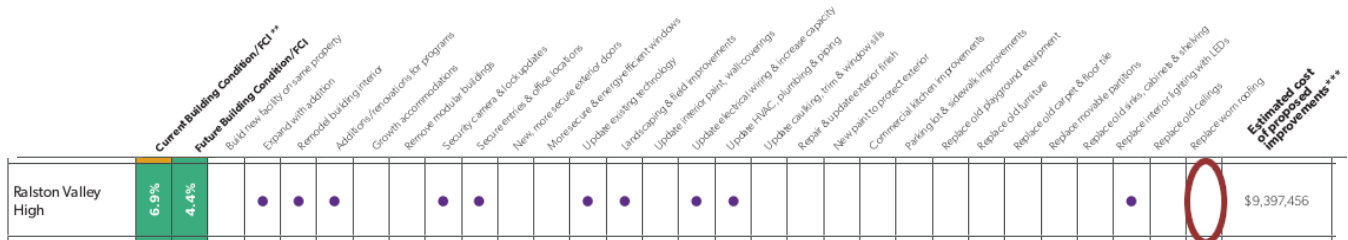
4. Failure to Share Bond Premium with Charter Schools. As recently as of the end of October, the District still had not shared Bond Premium with Charter schools, in violation of the Board's October 2018 Sharing Resolution. The District spreadsheet widely circulated to Charter Schools show that the District only calculated sharing revenue based on the Bond par of \$567M.

| Bond Allocation for District & Charter Schools | | | | |
|---|-----------------|----------------|--|----------------------|
| SB Bond \$567M | | | | |
| Actual Revenue & Expenses reflected | | | | |
| As of December 20, 2018 | | | | |
| | | | | Revenue |
| | Official | | | |
| | Oct 1 2018 | | | Bond Proceeds |
| | FTE | | | \$567,000,000 |
| District | 72,726.8 | 90.71% | | \$514,301,700 |
| Charter Schools | 7,452.0 | 9.29% | | \$52,698,300 |
| Jeffco Schools Total Bond Requ | 80,178.8 | 100.00% | | \$567,000,000 |

Yet, at the November 11th Board Study Session, Steve Bell told the Board that Bond Premium is shared with Charters. Therefore, at this point, Charters are owed approximately \$4.6M, PLUS interest – which will subsequently reduce the Contingency available for District projects by a corresponding amount.

Brian Ballard, Chair of the District’s Financial Oversight Committee, has said that it is the CAAC that has responsibility for overseeing 5B Bond funds. If that is the case, why hasn’t the CAAC ensured that District Charters have been given their complete share of the funds?

5. Out of Scope Projects. There are multiple projects that can be identified that were not in the scope presented to voters. Several easily identifiable, high-cost projects include: Ralston Valley HS Roof, Lakewood HS Track, West Jefferson MS Track, etc. The following images were taken from the Original Flipbook presented to voters and clearly do not show these projects.



Was there any discussion relating to the addition of scope and reduction of contingency for these and other added scope projects? What was involved with this process? Were these prioritized over replacement schools? Was there a vote?

6. Deceptively Hiding the True Cost of Alameda HS Cost Overruns. Similar to Jefferson Jr/Sr HS, Alameda HS is slated for Track and Field Upgrades. When the Jefferson project was submitted to the Board for approval, the Track and Field upgrades were included in the project costs and subtracted from the remaining budget.

| <u>X</u> Full Name | Project Scope | Construction Budget | Added Soft Cost | Total |
|-----------------------------|---|---------------------|-----------------|----------------------|
| Jefferson JR-SR HS | Exterior-Paint | \$20,003 | 23.8% | \$26,250 |
| | Interior Finishes- Flooring, Ceiling, Wall Finish, Casework | \$532,067 | 23.8% | \$698,250 |
| | Roofing | \$160,702 | 23.8% | \$210,895 |
| | Mechanical - Misc. | \$52,007 | 23.8% | \$68,250 |
| | LED Lighting and Power Improvements | \$247,996 | 19.2% | \$307,019 |
| | Technology Infrastructure | \$66,136 | 19.2% | \$81,876 |
| | Safety & Security | \$110,220 | 19.2% | \$136,460 |
| | Site Improvements | \$1,000,125 | 23.8% | \$1,312,500 |
| | Turf Field | \$400,050 | 23.8% | \$525,000 |
| | Addition/ Renovation | \$8,933,315 | 17.0% | \$10,762,500 |
| | Total | \$11,522,625 | 18.4% | \$ 14,129,000 |
| Project Construction Budget | | | | \$11,522,625 |
| Completed Work | | | | (\$1,444,266) |
| Net Construction Budget | | | | \$ 10,078,359 |
| Project GMP | | | | \$10,078,359 |
| On Budget | | | | \$0 |

This was not the case when Alameda was presented to the Board. The cost for the Track and Field upgrades were left off of the presented costs, effectively deceiving the Board that total overages are at least \$1.5M over what was shown. Was that intentional deception, or merely incompetence?

Alameda International Jr. / Sr. High School Budget Worksheet

| Full Name | Project Scope | Construction Budget | Added Soft Cost | Total Project Budget |
|------------------------------|--------------------------------------|---------------------|-----------------|-----------------------|
| Alameda Int'l Jr / Sr HS | Interior Finishes-Flooring, Casework | \$368,046 | 23.8% | \$ 483,000 |
| | Roofing | \$264,608 | 23.8% | \$ 347,255 |
| | FF&E | \$321,300 | 15.0% | \$ 378,000 |
| | Mechanical-Boiler,AHU | \$2,560,320 | 23.8% | \$ 3,360,000 |
| | Paving | \$180,022 | 23.8% | \$ 236,250 |
| | LED lighting and Power Improvements | 840,509.00 | 19.2% | \$ 1,040,550 |
| | Technology Infrastructure | 140,456.00 | 19.2% | \$ 173,884 |
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| | Addition/Renovation | 10,001,250.00 | 23.8% | \$ 13,128,000 |
| | | \$14,910,603 | 23.3% | \$ 19,433,745 |
| Project Construction Budget | | | | \$14,910,603 |
| Contingency | | | | \$1,444,885 |
| Completed Work | | | | (\$461,756) |
| Net Project Budget | | | | \$15,893,732 |
| GMP | | | | \$25,941,546 |
| Added Funds from Contingency | | | | (\$10,047,814) |

7. Recent Large Underspend on FF&E Projects. We all like to get good deals. However, the cost savings on several recent FF&E projects go beyond the definition of good deals, suspiciously into the realm of scope reductions. Look at some of the “savings” generated from **some** of these FF&E projects that were recently presented to the Board, \$150k, \$300k, \$315k and \$310k.

2018 Capital Improvement Program – Financial Status 9/30/2020
Completed Projects

| Project | Original Budget | Reallocated to Other Projects | Interest Earned (Charters Only) | Revised Budget | Final Cost | Over / (Under) |
|--|-----------------|-------------------------------|---------------------------------|----------------|--------------|----------------|
| Adams ES FF&E | \$ 324,450 | \$ - | \$ - | \$ 324,450 | \$ 171,725 | \$ (152,725) |
| Arvada HS FF&E | \$ 1,417,500 | \$ - | \$ - | \$ 1,417,500 | \$ 1,112,122 | \$ (305,378) |
| Arvada K-8 Efficiency and Future Ready | \$ 2,169,187 | \$ (74,323) | \$ - | \$ 2,094,864 | \$ 2,203,653 | \$ 108,789 |
| Arvada K-8 FF&E | \$ - | \$ - | \$ - | \$ - | \$ 710,075 | \$ 710,075 |
| Belmar School of Integ. Arts FF&E | \$ 78,750 | \$ - | \$ - | \$ 78,750 | \$ 419,530 | \$ 340,780 |
| Compass Montessori Golden Charter Debt | \$ 3,090,152 | \$ 1,156,350 | \$ - | \$ 4,246,502 | \$ 4,246,502 | \$ - |
| Coronado ES FF&E | \$ 525,000 | \$ - | \$ - | \$ 525,000 | \$ 208,575 | \$ (316,425) |
| Dutch Creek ES Efficiency and Future Ready | \$ 1,809,353 | \$ (706,515) | \$ - | \$ 1,102,838 | \$ 1,302,831 | \$ 199,993 |
| Dutch Creek ES FF&E | \$ 472,500 | \$ - | \$ - | \$ 472,500 | \$ 160,686 | \$ (311,814) |

These “savings” are 47%, 22%, 60% and 66% less than the original cost estimates. That’s far more than a reasonable person would expect from a “good” deal. What happened here? Was scope cut at these schools?

8. Unexplained Recent Increase to Capital Transfer Revenue. At the October CAAC meeting, members were shown Capital Transfers into the Capital Improvement Program of \$41.8M. Yet, in November, they were shown \$51.3M. Where did that additional \$9.5M come from?

2018 CAPITAL IMPROVEMENT PROGRAM – FINANCIAL STATUS 9/30/2020

Revenue

| | |
|-------------------------|--|
| \$ (326,490,000) | First Bond Issuance |
| \$ (50,165,349) | Premium on First Bond Issuance |
| \$ (11,826,161) | Interest Through August 31 |
| \$ (41,800,962) | Fiscal Years 2020 and 2021 Capital Transfers (COP Principal & Interest Payments Removed) |
| \$ (430,282,472) | |

2018 CAPITAL IMPROVEMENT PROGRAM – FINANCIAL STATUS 10/31/2020

Revenue

| | |
|-------------------------|--|
| \$ (326,490,000) | First Bond Issuance |
| \$ (50,165,349) | Premium on First Bond Issuance |
| \$ (11,713,929) | Interest Through September 2020 |
| \$ (51,353,182) | Fiscal Years 2019, 2020 and 2021 Capital Transfers (COP Principal & Interest Payments Removed) |
| \$ (439,722,460) | |

(On a side note, how does Interest Revenue DECREASE by \$110,000 from August to September? Can you trust any numbers that are presented?)

Approximately \$3M appears to come from the movement of the contingency in prior capital improvement programs such as 18M and 19M. This contingency decrease can be seen in documents presented to the CAAC.

o **Summary of Contingency and Remaining Program Funds**

| | |
|--|------------------------|
| ▪ Unallocated Cumulative Program Contingency | \$ 8,790,966.76 |
| ▪ Forecast Remaining Contingency in Projects | (\$ 108,181.40) |
| ▪ Sub Total | \$ 8,682,785.36 |

o **Summary of Contingency and Remaining Program Funds**

| | |
|--|------------------------|
| ▪ Unallocated Cumulative Program Contingency | \$ 5,886,218.48 |
| ▪ Forecast Remaining Contingency in Projects | (\$ 68,220.38) |
| ▪ Sub Total | \$ 5,787,998.10 |

But, the source of the remaining \$6.5M is unexplained as the value of the 18M, 19M, 20M programs remain the same. And this happened mere days after Steve Bell told the Board that the capital transfers would be \$20M/year over 6 years for a \$120M total.

9. Questionable Use of \$50M in Bond Premium for Contingency. Recently, Tim Reed and Steve Bell told the Board that during initial 5B discussions the bond ask amount was decreased and 2 replacement schools were removed from the list of projects. If this was the case, why then, when the District received \$50M in bond premium, weren't replacement schools immediately added to the list of projects? Instead, it appears that the \$50M in bond premium has merely been added to the \$86M already allocated to program contingency. What was the process in determining that the additional \$50M in contingency should be used for contingency instead of being used for replacement schools, particularly when taxpayers voters were told that Jeffco had \$1.3B in deferred maintenance needs?

10. Failure of CAAC Members to Maintain Independence. Tim Reed recently sent members of the CAAC a document relating to the Purpose and Membership of the committee. This document clearly states that members must be:

Independent and free from any relationship that would interfere with independent judgment

Gordon Callahan, a CAAC member, has a relationship with the District. His firm has been the recipient of nearly \$1M in contracts over the past year and a half.

This is not the appearance of independent judgment.

For taxpayers to fully trust the Capital Asset Advisory Committee ALL members of the committee must be completely independent and free of District relationships. Unfortunately, that is not currently the case. His continued membership on the committee is ethically questionable and erodes taxpayer trust.

Response to 10 Reasons Why Jeffco Schools Capital Improvement Program Needs a Performance Audit

1. \$57M over budget.

Response: *The \$705M that is cited does not take into consideration premium or accrued interest that in accordance with the bond language and IRS Arbitrage regulations are to be applied to capital projects. At the time of publication the district had no knowledge of what premium or interest earnings there would be. When the amount of those funds were identified the project costs were increased to compensate for future inflation. The budget has been adjusted to reflect the revenue (\$762,179,035) available as of October 31, 2020. The remaining bonds are about to be issued and could have a premium associated with them as well as interest on those bond proceeds that will accrue over the next three years resulting in an increase in Program revenue.*

2. Projected \$32M Contingency Shortfall

Response: *There are two types of contingencies in the bond program:*

- 1. Project specific contingency; 10% built into each project.
 - a. The current contingency in projects is \$37,410,593.*
 - b. This is from actual contingency lines and estimates of 10% on projects still in planning phases.**
- 2. Program contingency; bond program contingency not allocated to a specific project, \$46,710,766.*
- 3. Total contingency currently in the bond program \$84,121,359.*

Program contingency will fluctuate throughout the program. In addition to increasing with interest earnings, as individual projects finish, unused project contingency will be moved to program contingency. Increases in project activities will deplete the contingency as the projects start and may replenish as projects finish.

Historically, contingency usage is not a straight-line rate. Depending on the risk of projects and scheduling, rate of usage may be higher during certain project cycles compared to others.

3. Deceptively adding \$31M to Flipbook costs

Response: *Refer to question one. The project increases are to compensate for inflation, much the same as the premium and interest compensate for the inflationary impact on the bond proceeds.*

4. Failure to Share Bond Premium with Charter Schools

Response: *The charter's share of bond premium will be distributed after the issuance of the remaining bond amount. At that time, the amount of total bond premium will be established and the charters' share divided among them. Since there is no guarantee of premium on the second issuance and should the bonds be discounted that would impact the amount of the premium on the first issuance and the charter distribution.*

Response to 10 Reasons Why Jeffco Schools Capital Improvement Program Needs a Performance Audit

5. Out of Scope Projects

Response: The roofing at Ralston Valley HS and the artificial turf field at Lakewood HS were planned for the summer of 2019 for replacement using FY2019 Capital Transfer funds. The roof was beyond repair and the field failed the annual G-Max test risking harm to student athletes. The work was intended to be accomplished regardless of whether the bond was successful or not.

West Jeff MS artificial turf was added when the flipbook was revised for inflation. The WJMS page notes "...subject to change per final project scope." The existing field lacked a suitable playing surface due to the inability to provide irrigation at the site. The field work at Conifer HS provided an economy of scale to the West Jeff project.

6. Deceptively Hiding the True Cost of Alameda HS Cost Overruns

Response: Paragraph 3D of the Alameda International BOE agenda item describes the scope of site work. Turf field and all-weather track are not included in this scope. There is no deception the scope is very clear.

7. Recent Large Underspend on FF&E Projects.

Response: The department has a very efficient method of securing FFE. A catalog of room layouts and the furnishings was developed for principals and others to choose from. Those furnishings have been bid to several vendors to establish pricing. Some of the vendors belong to cooperative purchasing groups which also lowers costs. FFE selection and purchasing is done in-house without the use of consultants. The product quality is high, consistent across all facilities and the quantity is what's required.

FFE is part of the total project cost. Savings from the purchases are returned to the project. Any surplus at project financial closeout is returned to Program Contingency.

8. Unexplained Recent Increase to Capital Transfer Revenue

Response: \$9,552,220 in projects planned from the 2019 annual capital transfer (19M Program) were added to the bond project scope. These projects started in early 2018, in case the bond did not pass, they were planned to still be completed. These projects were added to the bond budget. It should be noted that the capital transfer money dedicated for these projects will be used for the bond program. Therefore, \$9,552,220 of 2019 annual transfer needs to be added to the capital transfer savings from 6 years to accurately reflect the funding dedicated to the program.

Response to 10 Reasons Why Jeffco Schools Capital Improvement Program Needs a Performance Audit

9. Questionable Use of \$50M in Bond Premium for Contingency

Response: The two replacement schools were removed from the program when the BOE directed the department to reduce the amount of the bond portion of the Capital Improvement Program from \$647M to \$567M. Since two additional replacement schools are beyond the scope of the Capital Improvement Plan and the voters did not have the opportunity to approve the two additional replacement schools they could not be added into the Program.

10. Failure of CAAC Members to Maintain Independence.

Response: Calahan Construction is a pre-qualified and approved vendor, work that they are able to procure is competitively bid in accordance with purchasing rules and other district regulations. Serving on a volunteer board that welcomes Mr. Calahan's expertise should not preclude his company from performing capital projects. Should we not secure brick from Lakewood Brick because Tom Murray is president, or asphalt from Asphalt Paving Co. because M.L. Richardson is a manager or Adolphson & Peterson Construction because Brittany Warga is a project manager?

2018 BOND PROGRAM COMMUNICATIONS UPDATE

CAPITAL ASSET ADVISORY COMMITTEE

DECEMBER 2020

COMPLETED WORK:

- Jefferson Jr./Sr. High School Groundbreaking
 - Streamed live on Facebook
 - Video posted and shared- [Jefferson High School Groundbreaking](#)
- [Updated flipbook](#) with additional financial information
 - Posted on Jeffco Builds
- Supported schools in ongoing bond project communications

Website analytics:

Jeffcobuilds.org and all pages with "jeffco builds" in the URL (ie sub-pages)

| Jeffco Builds page performance | Page views | Unique page views |
|--------------------------------|--------------|-------------------|
| October 2020 | 2,890 | 2,523 |
| November 2020 | 1,252 | 1,107 |
| % change | 57% decrease | 56% decrease |

*This change is most likely due to the Thanksgiving holiday break

UPCOMING WORK:

- Still trying to organize our board site tours
- Building out newsfeed (external news) for JeffcoBuilds
- Website refresh:
 - Updating the navigation of the page
 - Streamlining homepage design/layout
- Potentially designing/producing "completed project" signs/stickers for projects

