

DOUGLAS COUNTY SCHOOL DISTRICT

MILL BOND OVERSIGHT AD HOC COMMITTEE (MBOC)

ANNUAL REPORT – AUGUST 22, 2023

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

Upon issuance of Bonds, the District in conjunction with Bond Counsel issues a TAX COMPLIANCE AND NO ARBITRAGE CERTIFICATE. The form simply states "The District reasonably expects as follows...The District will allocate at least 85% of the Net Sales Proceeds of the Series 2019 Bond to expenditures for the Project within three years of the Issue Date...". Once this test is passed at issuance, nothing further is needed, the District just needs to have a defensible plan to spend the funds.

In order to avoid a potential financial penalty, 85% of the bond funds must be spent within 3 years (by January 2022) and 100% of the funds are required to be spent within 5 years (by January 2024).

By January 2022 (the 3 year mark), the District had spent 83.72% of the funds, so there were three options:

1. Purposely yield restrict the earnings below the bond yield +0.125%
2. Buy tax exempt securities
3. Do nothing and complete a yield restriction calculator from the end of the 3rd year to the 5th year. If there is a payment due, the District is required to make the payment by the end of the 60th day from the 5th year date.

The District decided to complete the yield restriction calculator (#3 above). They are below the bond yield +0.125, so nothing is due. Nothing was required to be filed with the IRS, and the District will hold onto the report in case the IRS asks for the calculation in the future. The calculation will be performed again at the 5 year mark.

The bond funds are now projected to be fully spent prior to the 5 year mark, so no financial penalty will be owed at that time.

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 (as of May 2023)

Vanessa Hoffman (Vice-Chair), Employee Council Representative
Greg Miner, Neighborhood School Parent - Castle Rock Representative
Angi Rigot, Neighborhood School Parent - Parker Representative
Vacant, Charter School Parent Representative
Mona Rojas, Student Advisory Group Representative
Tariro Goronga, 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
Courtney Jewett, Licensed Educator – Elementary Representative
Kim Brust, Neighborhood School Parent - Highlands Ranch Representative
Elizabeth Barry, Neighborhood School Parent - Highlands Ranch Representative
Holly Nicholson-Kluth, Safety and Security Representative

Non-Voting Members

Kaylee Winegar, Board of Education Director
Richard Cosgrove, Chief Operating Officer
Jana Schleusner, 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 2022-2023 budget reflected the following:

- \$16.9M – Salaries and Benefits for Existing Employees
- \$ 6.6M – 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
- \$ 1.3M – Additional Special Education Support
- \$ 2.4M – Career and Technical Education (CTE).
- \$ 9.8M – Shared on an equal, per pupil basis with charter schools (based on actual 2022-2023 funded pupil count).

Note: Total budgeted amount is \$44.1M. 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 plus interest earned of \$15M, DCSD has spent approximately 97% of the \$305.7M of total available funds as of May 31, 2023.

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, 2023.

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 MOBC receives a progress report summarizing the activities for the quarter. While NV5 was actively managing the CIP projects, they provided the report. More recently, District staff has provided the report. The latest report (for June 2023), 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 its' 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 Financial Information as of May 31, 2023

Douglas County School District

Building Bond 41

Summary by Cabinet Prioritization Categories

Cabinet Prioritization Categories	Allocated Funding (Prioritization List)	18-19 Actuals	19-20 Actual	20-21 Actual	21-22 Actual	22-23 Projection	23-24 Projection
Projects Funded by Par Value of Bond							
Administration	\$ 5,642,090	\$ 753,323	\$ 1,749,242	\$ 1,806,489	\$ 896,570	\$ 418,172	\$ 18,294
Athletics	6,151,773	422,000	1,647,969	1,444,495	2,423,209	209,550	4,551
District Initiatives	13,274,078	993,588	737,839	1,644,812	4,495,914	2,721,792	2,680,134
Personalized Learning-SPED	743,848	19,428	113,191	232,122	54,823	324,282	-
Playgrounds	597,085	15,882	209,846	367,610	3,748	-	-
Technology-Student/Staff	12,000,000	3,114,769	5,379,352	3,513,903	-	-	-
Transportation	7,949,248	964,425	5,800,701	300,484	406,997	476,642	-
Security	12,000,000	-	2,685,719	4,519,247	1,417,805	3,376,642	-
Support Facilities	2,360,944	153,154	609,179	1,595,520	3,092	-	-
Furniture	2,000,000	-	1,195,775	173,985	575,306	54,934	-
Charter Security	3,000,000	-	113,900	602,288	989,858	1,294,541	-
Career Tech	13,700,000	-	910,132	6,423,495	6,041,585	19,452	-
New Alternative Education School - Pine Drive	1,034,642	26,609	190,311	755,951	61,770	-	-
VALE Alternative Education School	10,982,258	-	-	-	7,516,162	3,812,144	-
CVHS F Pod Addition	14,347,424	168,862	1,272,965	11,413,805	1,491,792	-	-
Personalized Learning-ADA	456,152	-	-	328,330	(90,179)	83,472	134,526
CIP Projects	143,735,459	8,568,581	41,594,082	65,584,857	27,947,227	-	-
Total Bond - Par	\$ 249,975,000	\$ 15,200,620	\$ 64,210,204	\$ 100,707,393	\$ 54,235,677	\$ 12,791,624	\$ 2,837,505
Projects funded from Bond Premium							
Certificate Of Participation Lease Payment Fund	\$ 12,033,334	\$ 12,033,334	\$ -	\$ -	\$ -	\$ -	\$ -
Underwriter Discount	1,062,394	1,062,394	-	-	-	-	-
Bond Issuance Costs	353,524	353,524	-	-	-	-	-
Technology-Student/Staff Premium*	4,239,807	-	-	802,840	1,042,445	2,386,499	-
New Innovation Campus - Pine Drive	1,421,524	-	100,225	832,697	488,602	-	-
Legacy Campus	9,894,591	-	-	-	8,127,748	1,202,965	563,878
CIP Overrun -Premium	11,811,634	-	-	-	1,820,654	7,637,297	2,353,683
Total Bond -Premium	\$ 40,816,808	\$ 13,449,251	\$ 100,225	\$ 1,635,536	\$ 11,479,449	\$ 11,226,761	\$ 2,917,561
Projects funded from Projected Bond Interest							
Legacy Campus*	\$ 14,932,021	\$ -	\$ -	\$ -	\$ 3,259,508	\$ 11,372,854	\$ 299,658
Total Projected Bond - Interest	\$ 14,932,021	\$ -	\$ -	\$ -	\$ 3,259,508	\$ 11,372,854	\$ 299,658
Grand Total	\$ 305,723,828	\$ 28,649,872	\$ 64,310,429	\$ 102,342,929	\$ 68,974,634	\$ 35,391,239	\$ 6,054,724

*Technology and Legacy Campus maintain additional funding in Capital Projects Fund 14 in addition to Bond Fund 41 to be spent in 2022-2023 and 2023-2024

2018 Bond Spend through May 2023

Master Program List	Actuals*	Obligations**	Actuals Plus Obligations
Personalized Learning-ADA ¹	276,782	27,900	304,682
Personalized Learning-SPED ²	643,451	915	644,366
Technology - Students/Staff ³	16,241,860	36,333	16,278,194
Playgrounds ⁴	597,085	-	597,085
District Initiatives ⁵	10,230,335	2,263,239	12,493,574
Security-District/Charter ⁶	11,658,324	730,886	12,389,210
Transportation ⁷	7,949,248	-	7,949,248
Furniture ⁸	1,999,963	-	1,999,963
Athletics ⁹	6,145,707	-	6,145,707
Support Facilities ¹⁰	2,360,944	-	2,360,944
Career Tech ¹¹	13,394,664	1,575	13,396,239
CIP Projects ¹²	151,786,337	1,223,108	153,009,445
CVHS F-Pod ¹³	14,347,424	-	14,347,424
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	26,433,865	587,102	27,020,967
VALE Campus ¹⁷	11,503,713	1,526,064	13,029,777
Administration ¹⁸	5,615,475	545,130	6,160,605
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	\$ 297,088,596	\$ 6,942,252	\$ 304,030,848

*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

Appendix 2

Douglas County School District - 2018 Bond Program Construction/Renovation Timeline

Updated August 2023

				2019				2020				2021				2022				2023																																											
				J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
2020 Capital Improvement Package (CIP)																																																															
Arrowwood Elem	Frontier Valley Elem	Pioneer Elem	South Ridge Elem																																																												
Castle Rock Middle	Heritage Elem	Ponderosa High	ThunderRidge High																																																												
Castleview High	Iron Horse Elem	Prairie Crossing Elem	Trailblazer Elem																																																												
Cherry Valley Elem	Legacy Point Elem	Ranch View Middle	Wildcat Mountain Elem																																																												
Cougar Run Elem	Meadow View Elem	Saddle Ranch Elem																																																													
Eldorado Elem	Mountain View Elem	Sagewood Middle																																																													
Franktown Elem	Northeast Elem	Soaring Hawk Elem																																																													
2021 Capital Improvement Package (CIP)																																																															
Bear Canyon Elem	Douglas Cty High N. Bldg.	Mountain Vista High	Rock Ridge Elem																																																												
Buffalo Ridge Elem	Douglas Cty High S. Bldg.	Pine Grove Elem	Rocky Heights Middle																																																												
Castle Rock Elem	Eagle Ridge Elem	Pine Lane North	Sand Creek Elem																																																												
Chaparral High	Flagstone Elem	Pine Lane South	Sierra Middle																																																												
Cherokee Trail Elem	Highlands Ranch High	Redstone Elem	Summit View Elem																																																												
Copper Mesa Elem	Mountain Ridge Middle	Rock Canyon High	Timber Trail Elem																																																												
2022 Capital Improvement Package (CIP)																																																															
Acres Green Elem	DC Oakes High	Fox Creek Elem	Renaissance Magnet																																																												
Coyote Creek Elem	DCHS Stadium	Larkspur Elem	Roxborough Primary																																																												
Cresthill Middle	District Media Center	Northridge Elem	Sedalia Elem																																																												
Projects Completed With Reallocated Funding *																																																															
Castle View Addition (F-Pod)																																																															
VALE																																																															
Legacy Campus																																																															
Charter School - CIP																																																															
Academy Charter	DC Montessori	Parker Core Knowledge	Skyview Academy																																																												
Challenge to Excellence	North Star Academy	Platte River Academy	STEM Academy																																																												

* Projects Completed With Reallocated Funding			
High School Replace parking lot lights with LED	Joint Service Center Replace MAU on bus garage	Sagewood MS Replace chiller	Heating Benchmark boiler at Douglas County High School North, new gym area
Middle School Replace parking lot lights with LED	Warehouse New delivery truck for warehouse	Heritage Rebuild cooling tower	Chaparral Raise concrete at south entry door to auditorium
Prairie Crossing Rebuild cooling tower	Stone Canyon water line repair/replacement	Eldorado Rebuild cooling tower	Joint Service Repair ponding at sidewalk area in front of main entrance
ThunderRidge Relocate freeze stats on RTU's	TRHS Replace domestic hot water boiler	DC Stadium Bleachers	Transportation Building B Repair ponding at entrance east side
Sage Canyon Replace chiller	CHS Domestic boiler replacement	Sedalia MAU Replacement	Wilcox MAU Replacement & com. room split system
Mesa MS Replace domestic hot water boiler	MVHS Domestic hot water boiler replacement	Notification devices	RCHS DX heating / cooling rooftop unit. Replacement
Pioneer Replace heating boiler	Elevator compliance items at (14) schools	Controls upgrade	Douglas County Stadium Replace heating unit at concession building
Heritage Kitchen hood repair	Replace leaking hot water heater/boiler	Replace boiler	Iron Horse Raise concrete slab in pod area
Red Stone Kitchen hood repair	Replace broken concrete from mud jacking	Replace drop down doors	
Arrowwood Kitchen hood repair	Mixed air dampers reprogrammed	Eldorado Kitchen hood repair	

Legend
Procurement
Design
Construction
All Phases
- Number of Months