



2018 Capital Improvement Program Update

February 2023

Goals of the Presentation:

- Provide an overview of initial plans and scope of the 2018 capital improvement projects
- Review subsequent approvals that were made between 2018-present, along with cost overrun challenges
- Preview and begin to align around future investment decisions
 - Remaining unallocated funds
 - Recommended investments for review/prioritization



Summary & Presentation Goals

- We are now in our 5th year of a 6-year capital improvement program with total program funding of ~\$832M to date.
- We have spent 73% of total program funding, and encumbered (committed) 6%, leaving 20% remaining in scheduled projects not yet encumbered, in program contingency and currently unallocated to projects.
- We have added an estimated \$82.8M in new scope and additional uses.
- We have experienced significant cost overruns on a number of projects begun in 2019-2021 largely due to unanticipated market and site conditions, requiring use of contingency reserves (including premium funds) to ensure successful completion.
 - School construction cost inflation increased by more than 2x what was estimated in 2018
- We will complete detailed reconciliation work to confirm unallocated funding that can be used to fund other priority projects.
- We have an opportunity to re-evaluate several high-dollar projects using current enrollment projections, and possibly re-allocate some of those funds.
- We are making process changes to confirm program balances, improve program controls, as well as the quality and visibility to CIP information



2018 Ballot Initiative (5B)

“A capital program to improve, enhance and secure all Jeffco Public Schools, resulting in a learning environment that prepares our students for the future.”



Program Terminology & Definitions

- **Capital Improvement Program (CIP)** = the six year plan to improve buildings and equip them with appropriate Furniture, Fixtures & Equipment (FF&E) that was funded through the 2018 ballot initiative.
- **Bond Premium** = the supplemental funds available to the district at bond issuance based on the market conditions; in a low interest rate environment, premium issuance can support an interest rate that is more attractive to bond investors
- **Capital Transfer or Cap Transfer** = Money transferred annually from the district's General Fund to the Capital Reserve Fund
 - In 2017, when the bond was proposed to voters, Jeffco committed to transfer \$23 MM from the district's general fund to the CIP every year for six years, totaling \$138 MM

The Original 2018 Capital Improvement Plan (CIP) and Historical Financial Information



2018 Bond Ballot Initiative Proposed School Improvements*

**This is how the CIP was presented to the public and the Board in 2018*



JEFFCO PUBLIC SCHOOLS

FUNDING

2018 Bond (Question 5B)

\$567 Million

Annual Capital Transfer (6 years)

\$138 Million

Available Funds

\$705 Million

OUTLAY

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

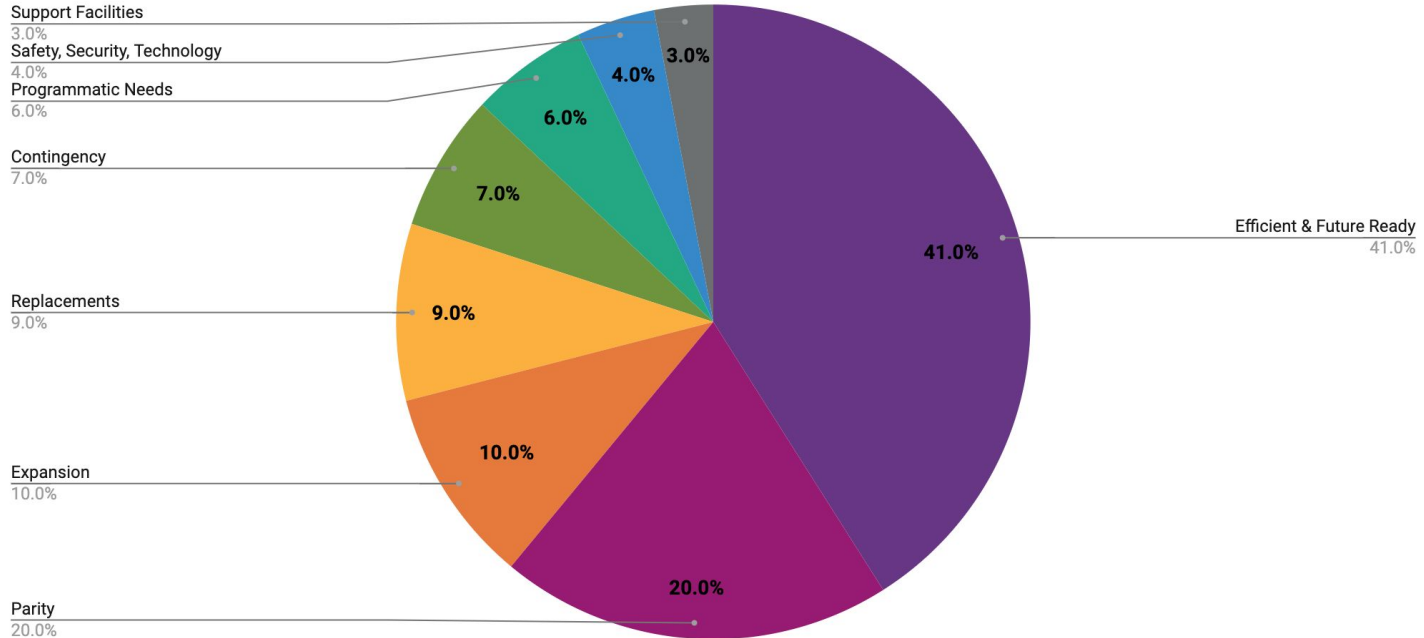
\$86 Million

TOTAL

\$705 Million

Original 2018 CIP Outlay by Category

Distribution by Category



CIP Program Total Funding: Planned, Actuals To-Date & Forecast

PROPOSED CAPITAL IMPROVEMENT PROGRAM PLANNED VS. ACTUAL SOURCES OF FUNDING			
<i>(Amounts displayed in millions)</i>	Planned	Actual to Date	FY25 Forecast
Bond (2018/2020)	\$567	\$567	\$567
Premium	\$0	\$118	\$118
Interest, Net of Fees	\$0	\$11	\$15
Capital Transfer from General Fund	\$138	\$95	\$138
Totals	\$705	\$791	\$838

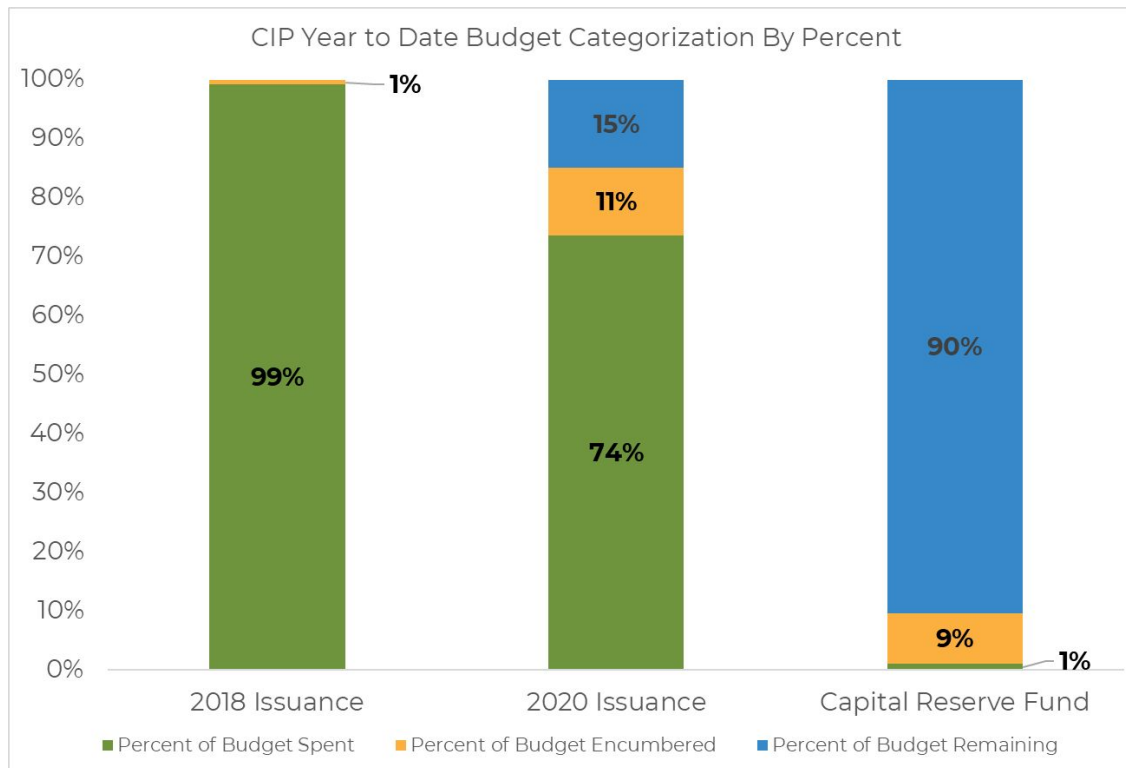
Capital Transfer Actual Figure of \$95 m includes annual transfer of \$23.8 m and excludes other additional transfers that were one-time (e.g., add'l \$5m in FY22 to fulfill general fund obligation towards JeffcoNote)

CIP Expenditure Definitions for Following Slide

- **Budget Spent**
 - Funds expended on both planned and unplanned project costs
 - Includes any funds drawn from contingency
- **Budget Encumbered**
 - Funds encumbered, through an open contract, for expenses that are scheduled to occur
- **Budget Remaining**
 - Funds not yet encumbered through a contract, but part of either a) project budget or b) allocated contingency
 - Funds not yet budgeted to either projects or contingency



% Expended by Source, to Date



Figures above are approximate. The district is working to conduct a comprehensive reconciliation of all spending - as documented in the project management system and the accounting system (PeopleSoft)

Board Decisions & Cost Changes in CIP

Time period: 2018 to Jan 2023



Larger Scope Additions & New Uses of Funds*

Project and Description	Board Approved Contract	Date Board Approved	Total Project Cost (including soft costs, FFE)
Additional Charter Share (based on unplanned premium & interest)	BOE does not approve charter construction contracts	10/4/18 (original)	\$11,146,694 in addition to original allocation
567/581 Conference Place (purchase & renovation for a new PL center) **	\$7,270,000 (max amount approved)	9/6/2018	\$6,165,000 (actual purchase) + \$506,698 upfit
JeffcoNet (district owned fiber network for high speed internet access)	\$21,600,000 (of \$36 M total project)	10/10/19	\$21,600,000 (of \$31.4 revised project)
Trailblazer Stadium Improvements (built permanent locker rooms, press box)	\$3,225,500	3/5/20	\$4,275,888
D'Evelyn Jr. Sr. Addition	\$4,949,000	4/8/21	\$6,262,085
ROFTS Schools (ADA, PreK, FF&E and some additional classrooms)	\$13,231,870 to-date (add'l projects 3/9/23)	12/15/22 2/9/23	\$32,920,785 (net add beyond existing \$3.5 M budget)
Partial List of Scope & Use Additions	\$50,276,370	N/A	\$82,877,150

*There are additional smaller projects that have been added over time. This table includes the largest additions.

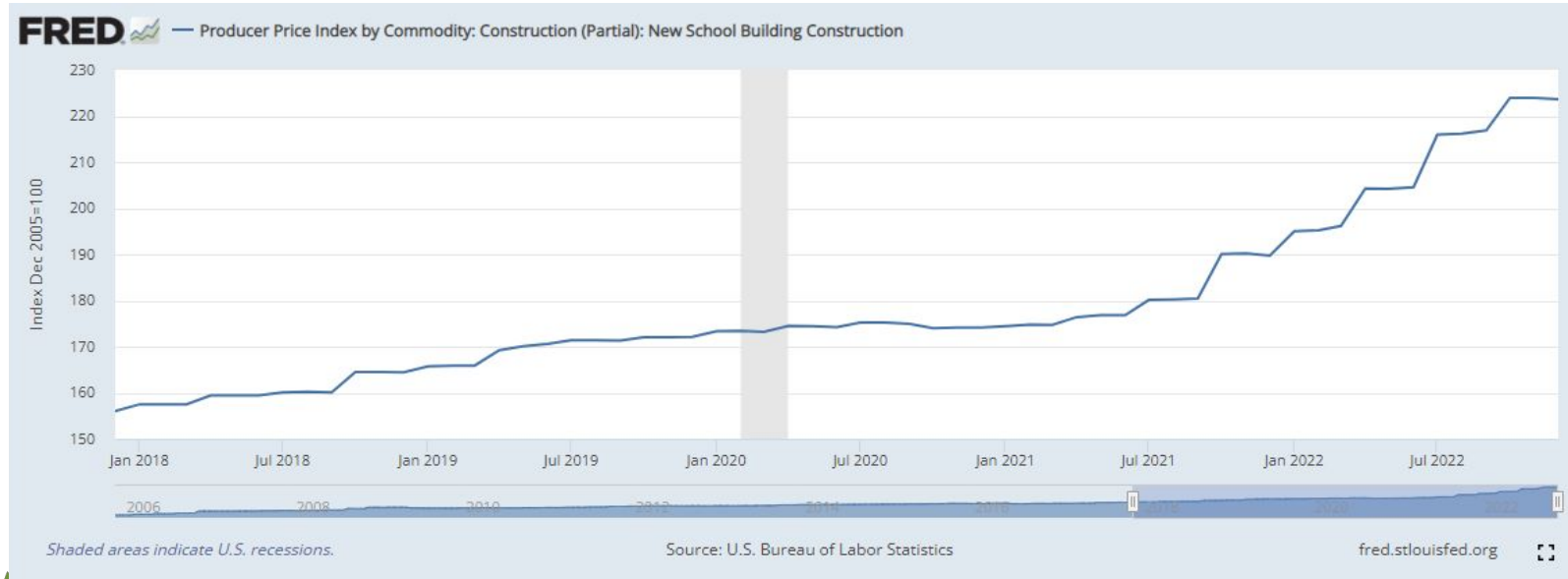
**The June 2022 BOE presentation didn't include the full purchase price; gross purchase included here, however purchase is partially offset by sale of a separate property; future updates pending to present full accounting on a net add basis.

Cost Overages: Contributing Factors

- **Market Conditions**
 - Inflation
 - Supply Chain Issues
 - Contractor Participation
 - Subcontractor Labor Shortages
- **Unanticipated Conditions**
 - Unanticipated regulatory requirements
 - Unforeseen site/building conditions
- **Original Definition of Proposed Work**
 - Preliminary designs only when estimated
 - Scope changes
 - Educational Requirements (i.e. larger library or classroom than originally planned for)



2018-2023 Construction Market Conditions



Actual inflation for School Building Construction has increased > 40% over the past 5 years, with the majority (~28%) since Jan 2021.

Projects that Completed with Significant Variance (>2M over budget)

Project Description	Original Cost Estimate	Total Project Cost	Date Board Approved
All Weather Track/Turf Fields. Post-tension concrete used to prevent premature failure of the track due to poor soil conditions.	\$15,045,000	\$51,046,500	4/4/19 3/5/20 3/4/21
Alameda Jr. Sr. partial replacement & renovation (accomplishes parity commitment that was made to the students, staff and community). Unforeseen asbestos removal.	\$19,055,745 \$0	\$29,882,228 \$2,054,769 \$31,936,997 (total)	5/7/20
Columbine HS (extensive utility work beyond the original scope of the project, new school image and safety and security upgrades)	\$11,482,013	\$18,136,680	3/5/20
Subtotal This Page	\$45,582,758	\$101,120,177 (overage \$55,537,419)	N/A

Projects that Completed with Significant Variance (>2M over budget)

Project Description	Original Cost Estimate	Final or Current Cost	Date Board Approved
Wilmot ES Addition/Renovation. Significant utility work and difficult site conditions.	\$3,212,843	\$8,259,796	10/10/19
Arvada HS Addition/Renovation. Auxiliary gym parity between high schools, new fire alarm system, significant mechanical work, ADA access.	\$12,018,096	\$15,456,834	11/7/19
Conifer HS Addition/Renovation. Auxiliary gym parity between high schools and mountain site conditions.	\$7,550,789	\$10,460,106	3/5/20
Mount Evans Dining Hall. Fire authority changes after Marshall Fire, mountain site conditions, market conditions.	\$3,210,190	\$5,611,048	3/3/22
Jeffco Open School. Fire authority changes, utility relocations, working in occupied building, market conditions.	\$9,700,287	\$11,838,273	11/4/21
Subtotal This Page	\$35,692,205	\$51,626,057 (overage \$15,933,852)	



Current CIP Financial Summary & Projects to Re-Evaluate



CIP Financial Snapshot, Focus on Unallocated Funds

Coming Soon



Note that the balance of unallocated funds changes frequently as projects come to a close and their remaining budget/contingency drops back into the program level unallocated/contingency funding.

Currently Planned Projects to Re-evaluate

Scheduled renovations to Fairmount ES, McLain HS, Rooney Ranch ES, Bradford K-8 (N), Bradford K-8 (S), Leawood ES, Normandy ES, Meiklejohn ES, Westwoods ES, Free Horizon Montessori	\$8.9 M
Leyden Rock New School	\$29.4 M
Red Rocks Ranch (West Lakewood) New School	\$29.4 M
Funded addition at Oberon	\$3.7 M
TBD Projects in schools impacted by the next phase of Regional Opportunities for Thriving Schools (ROFTS Phase II)	TBD
Total Projects to Re-evaluate	\$71.4 M + TBD



Previously Unplanned Projects to Consider for Future Funding

Fletcher Miller - renovate, rebuild or relocate and renovate	\$16-25 M (depends on approach)*
Athletic Field Lighting - for high school turf fields, due to later school end times and adjusted practice schedules	\$6.5 M**
New Secondary/K-8 Investments - relating to the next phase of Regional Opportunities for Thriving Schools (ROFTS Phase II)	TBD (information scheduled to be available later this year)

Staff recommend that the BOE direct staff to explore the top two options, alongside bringing updated information on the balance of unallocated funds and obtaining input from the CAAC. Please see the appendix for the complete list of potential additional projects as presented in June 2022.

**Multiple options are being considered including renovation at current site, rebuilding at current site, and build/renovate a new site.*

***Estimate only; final costs and overall need across sites are still being collected*

Process Improvements: Implemented Updated Procurement Policies*

❖ **Revised policies DJ/DJA and DJE (Bidding & Procurement Procedures)**

- The director of purchasing shall serve as chief procurement officer for the school district and shall establish procedures governing the purchase of materials, supplies, equipment and services including capital construction expenditures.
- All contractual services and purchases of supplies, materials, and equipment in the amount of \$100,000 or more will be put to bid, including capital construction expenditures.
- Explicitly state that construction contracts are covered by these policies, and that the same district-level authority and competitive bidding procedures are required for purchased associated with capital construction projects.
- Added regulation (DJE-R)
 - Provide more detail regarding competitive bidding procedures for capital construction projects including using scored bidding using qualitative criteria.
 - Clarify approval process and limitations for change orders

*These changes are made (in part) in response to items 11-14 from the 2021 Moss-Adams Capital Improvement Program Evaluation report.

Current Activities & Next Steps



Research & Process Improvements: Underway & Planned

1. Engage a consultant (in lieu of internal staff we are seeking to hire) to reconcile the current actual and forecasted spend of all CIP projects to ensure we are comfortable with the amount of unallocated contingency funds that are available to invest in other priority projects **(Owner: Copeland/Suppes)**
2. Engage a consultant to assess and improve the program financial reporting to accurately show monthly financial status at the right level of detail to make easy to understand for key stakeholders including the CAAC, Superintendent & Board of Education **(Owner: Copeland/Suppes)**
3. Review all in-process and not-yet-started projects in the CIP and, where applicable, update the forecast-to-complete amounts to ensure we are adequately accounting for any risk that may remain to deliver on remaining commitments in the program **(Owner: Reed/Suppes)**



Next Steps for New Project(s) Approval

1. Confirm total unallocated CIP funds that can be used to fund other priority projects (see #1 on previous slide).
2. Board of Education to confirm priority of Fletcher-Miller, HS Field Lights analysis, and any other high priority, unfunded projects.
3. Board of Education request the CAAC to review original CIP priorities along with the list of current priority projects requiring funding, and provide recommendations to the Board of Education on which projects to fund based upon current priority and availability of funding.



Process Improvements: Other Improvements Underway

- ❖ **Design and Implement process improvements in Master Planning and Project Estimating Controls (Recommendations 4A & 5 from 2021 Moss Adams Capital Improvement Program Evaluation Report)**
 - ❖ Ensure that foundational documents and reporting align and can be reconciled
 - ❖ Ensure clear and consistent reporting that provides stakeholders with accurate information on the budget, cost, duration and scope of projects funded through the bond program.
- ❖ **Design & implement process improvements and Adherence to Design and Construction Budget and Schedule Reporting (Recommendations 6A, 6B, 10A & 10B from 2021 Moss Adams Capital Improvement Program Evaluation Report)**
 - Update CAAC bylaws to provide additional guidance related to authority, expectations, and reporting practices, and add committee officer positions.
 - Formalize procedures for when funds can be pulled from project and program contingency buckets, as well as approval/use of unallocated program
 - Develop a prioritized list of capital projects that can be funded with remaining bond funds



Appendix Table of Contents

Slides 28 and 29:

- **Future Prioritized Projects for Unallocated Funds (from 6.8.22 presentation)**



2018 Capital Improvement Program*

Unallocated Funds: Prioritized Projects Summer 2022 Staff Recommendations

Alameda School Based Health Clinic: Providing matching dollars for to construct freestanding building for health services	\$ 300,000
Relocate Security/Data Center: Building 1 remodel	\$ 1,000,000
North Transportation: Replace existing facility to provide expanded site to meet regional growth*	\$ 3,500,000
Regional Opportunities for: Thriving Schools: Fund opportunities brought forward through Community Consolidation Rec's	\$ 12,000,000
Fletcher Miller Replacement: Custom building for students with unique needs on the existing site	\$ 16,000,000
School Safety Enhancements: TBD	\$ 3,000,000
TOTAL	\$ 35,800,000



*Summer 2022 recommendations are currently being reassessed, alongside the financial reconciliation and will be revisited with CAAC and the BOE once reconciliation is complete.

2018 Capital Improvement Program*

Unallocated Funds: Prioritized Projects For Consideration in November 2022 Following Consolidation Decisions

Elk Creek Turf Play Field: Replace existing rock surface (no irrigation available)	\$ 500,000
Conifer HS Soccer Turf Field: Replace current surface (no irrigation available)	\$ 750,000
Lakewood HS CTE Addition: Freestanding building on the site	\$ 875,000
Jeffco Stadium Repair: Structural repairs to two District stadiums	\$ 3,000,000
North Transportation: Replace existing facility to provide expanded site to meet regional growth**	\$ 3,500,000
Conifer HS Auditorium: Add 300-seat auditorium addition to the school which is the only HS without an auditorium	\$ 6,000,000
South Area Athletic Complex: Track, field, soccer/lacrosse (similar to north area)	\$ 20,000,000
FNS Central Kitchen: Facility to prepare, package, and deliver scratch cooking districtwide and house CTE ProStart program	<u>\$ 40,000,000</u>
TOTAL	\$74,625,000

*Summer 2022 recommendations are currently being reassessed, alongside the financial reconciliation and will be revisited with CAAC and the BOE once reconciliation is complete.

**Assumes sale of existing site to offset the development costs

