

2006 Bond Update November 28, 2006 Board of Education Meeting

On November 7, 2006, the voters of the Boulder Valley School District approved Ballot Measure 3A authorizing the issuance of \$296.8 million in bonds for district facility improvements set forth in the Educational Facilities Master Plan that was approved by the Board of Education on June 13, 2006.

The original planning for the bond issue called for the issuance of debt in three increments: \$120 million in 2007; \$100 million in 2009 and \$76.8 million in 2012. These amounts were based upon a preliminary six year, three-phase project list.

Since the successful passage of 3A, a considerable amount of time has been spent in developing the Phase 1 project list along with the sizing and issuance of the first series of bonds. In addition, numerous discussions framing how the projects will be managed and organizing the accountability system have also occurred.

District staff is proceeding with the following preliminary plans to begin the successful implementation of the 2007 Bond Issue:

Citizens' Bond Oversight Committee

The Board of Education is considering a draft proposal of the Citizens' Bond Oversight Committee later this evening. The proposal outlines the formation of an 18 member committee comprised of representative members of the Boulder Valley School District community. The two major functions of the committee are to monitor the 2006 bond issue and provide an independent review of the bond projects. Such monitoring and review is intended to provide a high level of accountability and communication on behalf of the Board of Education to the citizens of the District.

The Citizens' Bond Oversight Committee proposal is set for consideration at the December 12, 2006 Board of Education meeting. Upon approval, the recruitment of members will commence immediately with a goal of having names submitted for consideration at the January 23, 2007 board meeting. The initial meeting of the committee should occur during the first part of February 2007.

Bond Management/Phase I Projects

Bond Management Team

Plans to assemble a management team included surveying Boulder's neighboring school districts and informally interviewing industry professionals. Nearly all metro school districts manage their bond programs with internal staff assisted by contracted services from professional firms. This hybrid of district and contract employees allows for better institutional control, provides rapid professional support, and keeps management costs at a minimum, thereby maximizing funds to every school project. In addition, it utilizes the internal professional staff, who tend to be more vested and knowledgeable of the school district, in a leading role in the construction activities. This is especially true of the BVSD planning and engineering staff who should be acknowledged for their role in developing the 2006 Educational Facilities Master Plan and previous bond implementations.

We are in the process of developing an organizational structure to implement the 2006 Bond Program which will reflect a hybrid model. This will include internal leadership and BVSD oversight of all financial and construction activities. It will also provide for easy integration of external professional support in project management, construction oversight and industry experience. Later this week, we will distribute a Request for Qualifications to bond construction management firms to provide these services to BVSD. We will review the initial responses and then extend Requests for Proposal prior to December 20, 2006 to the most qualified firms. After careful review, a firm will be recommended to the Board at the February 13 meeting. A timeline has been provided for you which details these milestones (Attachment A).

Once the team is completely assembled and a firm is selected, we will develop a detailed construction schedule which will note the specific timelines of every project listed in the 2006 Educational Facilities Master Plan. We expect this activity to occur late in February. In the meantime, we have developed a preliminary project list for Phase 1 which will allow for those schools to begin preparing for the initial design and planning process.

Phase 1 Project List

As we addressed the sequence of projects, priorities were developed which reflect district needs, financial impacts to the voter, and capacity to complete the work in a timely fashion. Several bond projects are significant in size and scope, and many could be addressed as singular construction events. Other smaller school projects would lend themselves to savings associated with 'bundling' or combining with others to gain economies of scale. The Phase 1 projects typically fall into the former category and were compiled using the following guidelines:

- Addressing existing/anticipated overcrowding issues
- Minimizing multiple construction experiences for students as they matriculate through the school system (completing middle school & high school construction first)
- Equity between communities
- Projects which can be completed in 2007
- Charter school commitments
- Providing critical program enhancements
- Projects which need extensive planning which can start immediately
- District-wide IT projects

Attached to this report is a preliminary list of Phase 1 projects (Attachment B) along with accompanying detail supporting the selections using the aforementioned criteria (Attachment C). Several of the projects on the list are expected to extend into Phase 2 of the 2006 bond which is why the totals exceed the \$120m first debt issuance. Any adjustment or addition to the preliminary list would result in a corresponding move of a Phase 1 project to a later phase. A more detailed schedule will be developed, as mentioned before, when the assembled bond team works on the master schedule in February. We understand that schools will be anxious to begin work, and we are prepared to contact each administrative team to begin the process as soon as we assemble the management team in February.

Commitments

Finally, we made commitments during the election to provide substantial communication of our efforts, to make periodic presentations to the Citizens' Bond Oversight Committee, and to include school community participation in the design activities at each school. In addition, we will promote energy-efficient 'green' strategies during the construction phase and will meet the safety and security goals so important to our students, staff, and community. Hence, we will:

- Produce regular communication updates on our web site and for school newsletters
- Present to the 2006 Citizens' Bond Oversight Committee on a regular basis
- Convene Design Advisory Teams at every school to engage the communities in the design process of building projects
- Hire a consultant in wide-area network design and establish an IT advisory committee to assist with the development of the wide-area network design proposal
- Employ a 'green' technology specialist to assist us in identifying appropriate construction methods and products
- Address safety and security issues at each building as feasible

One final note, our Capital Reserve program will continue to support school efforts as before and will provide value-added benefits to bond projects as justified.

Debt Issuance – Phase I

The sizing for the first round of debt issuance is very important at this point in time, as the certification of the district's mill levies must occur no later than December 15th. The mill levies for the 2007 year will provide revenues to cover principal and interest payments on the Phase 1 debt issuance. The Board of Education will be asked to certify the 2007 mill levies at the December 12 Board meeting.

Based on the estimated costs for projects contained in Phase 1, the original plan for the sale of \$120 million in bonds in the spring of 2007 is still appropriate. This amount will provide the necessary funds to allow for the payment of construction costs, project management and additional staffing needs for the first two years of the Phase 1 projects.

The following timeline details the planned sequence of events for the first sale of bonds. The actual sale date is still being evaluated for the best time of issuance, with the sale occurring in March, April or May. The entire process will generally take 75 - 90 days:

1 - 30 Days

- Preliminary Drafting of Financing Documents: Bond Resolution; Preliminary Official Statement; Notice of Public Sale
- Finalize Preliminary Project Schedule
- Consideration of Bond Proceeds
- Reinvestment and Arbitrage Rebate Options
- Certification of Bond Fund Mill Levy to be collected in 2007 – December 2007 (in anticipation of Series 2007 Debt Service Payments)

31 – 60 Days

- First drafts of Financing Documents Circulated to Finance Team
- Finalize sizing of Series 2007 Bonds Established (based on projected Project Schedule and Reinvestment Strategy)
- Bond Ratings process initiated with Moody's, S&P, Fitch
- Meetings scheduled with Rating Agencies as necessary; which may include telephone conferences; district site visits by analysts and/or district presentations to agencies.

61 – 90 Days

- Ratings Received

- Board of Education Approves Bond Resolution
- Competitive Sale of Bonds on Internet
- Bond Closing and Reinvestment of Proceeds

Additional Considerations

In addition to the above, several other tasks regarding the 2006 Bond implementation are occurring. Primary tasks include:

- Development of the Supplemental Budget for the 2006-07 fiscal year to re-establish the Building Fund, a requirement of CDE to track all bond proceeds and expenditures, and revise the Bond Redemption Fund for updated principal and interest payments due in 2007. The Charter Fund and Capital Reserve Fund will also be revised to reflect revenues and expenditures related to the bond program. This revised budget will also authorize the expenditures of an appropriate amount of funds during the current fiscal year. This is scheduled for the January Board of Education meetings.
- Review needed staffing/organizational changes within Operational Services Division; Budget/Finance Departments and the Procurement and Materials Management Department to accomplish in-house bond program management responsibilities: overall program/project management; tracking of expenditures; bidding; communications.
- Implementing this bond issue will require additional staff and purchased services. The interconnection between the bond management group, planning/engineering, maintenance, operations, budget/accounting, procurement, and the physical access of building plans will require a close proximate location to each other in order to be successful. Currently, all of these services are located in close physical proximity (with the exception of a bond management team). As we add staff and services, we will need to adjust the current arrangement of office space at the Education Center to keep the new employees close to the existing group. This could have a bit of a 'domino effect' in office space and will impact some departments. Every attempt will be made to work with department directors and supervisors to minimize the impact on employee work spaces and services. The expenses for any moves will be addressed through the Capital Reserve Fund.

2006 Bond Program **Management Team Timelines**

Initial Task	Completion Date
<u>Program Management Firm Selection</u>	
• Prepare RFQ Docs	11/21/06
• RFQ Advertise	12/1/06
• RFQ to interested firms	12/1/06
• Receive RFQ's	12/15/06
• Select firms for RFP/notify	12/21/06
• Selected firms prepare RFP	1/26/07
• RFP due	1/19/07
• Review RFP/Interview firms	1/25/07
• Select RFP	2/7/07
• Recommendation to Board	2/13/07
• Program Mgmt. staff available for Master Schedule Selection	2/20/07
<u>Pre-Qualifications for Architects/Engineers</u>	
• Prepare pre-qual docs	12/1/06
• Advertise	12/7/06
• Available for pickup/on-line	12/11/06
• Pre-qual statements due	1/12/07
• Review by staff/shortlist	1/15/06-1/26/07
• Set up interviews	1/29/07
• Interviews	2/6/07-2/9/07
• Review/check references/Preliminary Select	2/14/07-2/27/07
• Assign projects	3/6/07
• Notify Architects/confirm interest	3/6/07
• Recommendation to Board	3/13/07
<u>Prepare Master Schedule</u>	
• Set ground rules with all parties	2/9/07
• Master scheduling charettes	2/16/07
• Prepare preliminary master schedule	2/20/07
• Review by all parties	2/26/07
• Meeting to finalize/approve	2/27/07
• Update final master schedule/assign architect	3/2/07

2006 Bond Program
Preliminary Phase I Project List

SCHOOL/PROJECT	BUDGET
BCSIS and High Peaks Elementary Schools	\$7,042,039
Foothill Elementary School	\$9,051,405
Crest View Elementary School	\$5,892,213
Lafayette Elementary School	\$3,009,587
Community Montessori	\$225,736
Columbine Elementary School*	\$700,000
Casey Middle School*	\$3,000,000
Louisville Middle School	\$16,045,864
Manhattan Middle School	\$10,461,508
Southern Hills Middle School	\$10,169,858
Boulder High School	\$11,812,819
Broomfield High School**	\$20,774,010
Centaurus High School**	\$4,769,311
Fairview High School**	\$10,056,974
Peak to Peak Charter	\$1,600,000
Summit Middle Charter School	\$5,200,000
Boulder Prep Charter School	\$400,000
Nederland Mid/Sr synthetic turf/track/field improvements	\$1,920,415
Centaurus High tennis courts, track, and field house	\$914,680
Broomfield High track and athletic field improvements	\$271,263
Fairview High athletic field improvements	\$853,605
Monarch High athletic field improvements	\$340,140
Develop comprehensive playground plan	\$100,000
IT Wide Area Network	\$10,600,000
IT LAN and VOIP at Phase I schools	\$2,674,000
	\$137,885,427

* Casey and Columbine budgets reflect partial expenditure for planning/design only. The construction will occur during Phase II.

** Broomfield High, Centaurus High, and Fairview High schools' budgets do not reflect athletics or playfields. These improvements are listed separately and are included in 2007 completed projects.

2006 Bond Program Preliminary Phase I Project List

SCHOOL/PROJECT	Address existing /anticipated overcrowding	Minimize multiple construction experiences for students (complete MS & HS construction first)	Equity between communities	Complete projects in 2007	Charter school commitments	Provide critical program enhancements	Phase 1 Programming/Design Only	Other	Remarks	Budget
BCSIS and High Peaks Elementary Schools	X					X		X	Two programs (4 round) occupying 3 round school. Playground improvements included in school budget.	\$7,042,039
Foothill Elementary School	X					X			Playground improvements included in school budget.	\$9,051,405
Crest View Elementary School	X					X			Playground improvements included in school budget.	\$5,892,213
Lafayette Elementary School	X		X			X			Playground improvements included in school budget.	\$3,009,587
Community Montessori				X				X	Remodel existing science and computer labs into kindergarten classrooms.	\$225,736
Columbine Elementary School							X		Planning/Programming /Design in Phase 1. Construction in phase 2.	\$700,000
Casey Middle School							X		Planning/Programming /Design in Phase 1. Construction in phase 2.	\$3,000,000
Louisville Middle School		X	X						Playfields included.	\$16,045,864
Manhattan Middle School for the Arts and Academics		X				X			Playfields included.	\$10,461,508
Southern Hills Middle School		X							Playfields included.	\$10,169,858
Boulder High School		X							Recht Field improvements included in school budget.	\$11,812,819
Broomfield High School		X	X			X			Athletic field improvements not included in this budget. See school project listed below.	\$20,774,010
Centaurus High School		X	X			X			Athletic field improvements not included in this budget. See school project listed below.	\$4,769,311
Fairview High School		X							Athletic field improvements not included in this budget. See school project listed below.	\$10,056,974
Peak to Peak Charter School K-12			X		X					\$1,600,000
Summit Middle Charter School					X					\$5,200,000
Boulder Preparatory Charter School					X					\$400,000
Nederland HS syn.turf/track/field improvements			X	X					Anticipated 2007 completion.	\$1,920,415
Centaurus HS tennis courts, track, and field house			X	X					Anticipated 2007 completion.	\$914,680
Broomfield HS track and athletic field improvements			X	X					Anticipated 2007 completion.	\$271,263
Fairview HS athletic field improvements				X					Anticipated 2007 completion.	\$853,605
Monarch HS athletic field improvements			X	X					Anticipated 2007 completion.	\$340,140
Develop comprehensive playground plan			X	X					Plan developed and implemented at selected school sites during Phase 1. Anticipated 2007 completion.	\$100,000
IT Wide Area Network								X	Assume complete in 18-24 months	\$10,600,000
IT LAN and VOIP at Phase 1 schools								X	Completed at Phase 1 project schools.	\$2,674,000

PHASE 1 TOTAL

\$137,885,427