

# Capital Asset Advisory Committee Meeting Notes

Thursday, January 21, 2021

## Attending

Members: Gordon Calahan, Megan Castle, Kathy Hodgson, George Latuda, Tom Murray, M.L. Richardson, Brittany Warga

Staff: Steve Bell, Heather Frizzell, Jason Hendricks, Bruce Huxley, Berry Jones, Tim Reed, Nicole Stewart, Maureen Wolsborn, Robin Acree

**Location: FM Large Conference Room/Zoom, 809 Quail Street, Bldg. 4, Lakewood, CO 80215**

**Time: 8:00-10:00am**

## General-

- **CIP Update-Presentation**-The 2<sup>nd</sup> issuance of the bond occurred in early December for \$240.5M and \$68.3M in premium. The first issuance was \$326.5M and \$50.2M in premium.
  - To date available revenue is \$745.6M
  - To date expenditures \$260M-for all projects through Jan. 15, 2021
  - To date encumbrances are \$103.8-for all projects through Jan. 15, 2021
- Charters expenditures over the same period: \$41.4M and \$2.7M in encumbrances.
- \$4.47M in contracts will go before the BOE on February 4 for approval.
- **Discussion**-Revised reporting document (*attached to agenda*). The report was created based on suggestions from M.L. Richardson at the December meeting.
  - The document shows the project location, work in progress, original project budget, current project budget, variance, hazardous materials expenses and a notes column. On the last page of the report is a Key identifying reasons for a cost overrun.
  - It was suggested that it might be appropriate to place the report on the JeffcoBuilds website although the document will be in the information placed in the monthly CAAC location.
  - Tom Murray would like to see a highlighted rows for those projects that are over the original project budget by \$500K. These are projects recommended for review by CAAC.
- **Bond Ratings:** Steve noted Jeffco's credit rating is very high with Aa2/AA ratings resulting in the significant premium the second issuance received.
  - Analysts with the rating agencies congratulated the district on the CIP and how it was being implemented. Steve Bell congratulated both Nicole Stewart and Tim Reed's teams. Steve stated two things the analyst pointed out:
    - Fiscal management of policies and practices over the past year despite the extraordinary circumstances of 2020. Congratulations to Nicole's team.
    - Given the scope of work during and what has been accomplished during these times, the management of the 2018 CIP by the Construction Management team was exceptional. Congratulations to Tim's team.
  - George Latuda stated that the bond results are rated about as high as they possibly could be. Each month a report is sent to the IRS detailing what the district is spending. The sale and spending is very encouraging. Great job!

- **Kathleen Askelson Report**-The BOE requested and received an interim report on the 2018 CIP prepared by former CFO Kathleen Askelson. The report was included in the pre-meeting material. The Report reviewed costs, budgets, made recommendations for improving reporting, noted differences between project budgets and pre-bond material that was used to describe project scopes, preliminary budgets and schedules. The Report also described the hows and whys of delivery methods.
- **Charter Premium Sharing**-\$640,652 has been designated as the premium share for each charter. Provided the charters were in the district at the time the bond passed, they will receive a share. Doral and Great Works Montessori will not receive theirs at this time but will when their length of time as charters meet district requirements. Charters were told January 22 of the amount of their allocation. The allocation will incur interest depending upon when the funds are spent.
- **Construction Work in Progress Report**-Presentation
  - Slide show of progress at sites under construction was presented.
  - Marshdale and Prospect Valley replacement elementary schools are both in design. Anticipated bidding Marshdale in March 2021, Prospect Valley August or September 2021.
  - Kendrick Lakes is scheduled to be turned over to the district in February 2021, once students and staff have moved into the new building demolition of the former school and reclamation of that portion of the site will begin.

## Communications

- There has been an increase in traffic to the JeffcoBuilds' website.
- Communication pitches to media outlets are made weekly. Effort is being made to put out stories on construction in the next few weeks.
- Events are being scheduled for Foster, Lumberg, Kendrick Lakes and Alameda.
- Communications is working on the website redesign to incorporate news feeds.

## Planning/Property Management Update

- Enrollment Updates: Planning/Property met with district Leadership to discuss enrollment projections for next year. The annual Enrollment Report should be ready for publication in March.
- Summary of Findings will also be published in March. Completing assessments, reviewing work completed and meeting with Facilities teams to review deficiencies.
- 47 temp buildings have been confirmed for removal this summer. 15 are stand-alone removals and 32 are associated with construction projects.
  - With the work completed over the past three years and what is anticipated for 2021, the number of temp buildings will have been reduced by 50%.

## Construction Management Update

General Update: Construction management is fully staffed. The management fee which includes expenses and salaries of the project managers is 4% and contained within the soft costs of a project's budget. A 4% management fee is exceptionally low compared to the private sector. As a result of efficiencies in the department, the management fee is going to be reduced from 4% to 2%. The reduction will stay in the project budget. This says a lot about Berry Jones, Heather Frizzell and the CM team. The department has done a great job of keeping on budget and track.

- Two contracts are currently on the 2/4 BOE agenda for approval. 2021 District Wide HVAC project at five elementary schools and the -Seeking recommendation from CAAC to move forward. The re-roof of Stevens ES.

- The 2021 DW HVAC project exceeds the project budget by more than \$500K, in fact, the overage is \$1.3M. Requiring review and a recommendation from CAAC. The scope of this work was developed largely from the asset management plan. Thomson ES was identified as a candidate for mechanical work. When a consultant is selected they are given a scope sheet, told to work with the PM to verify the scope. In the case of Thomson, the consultant reviewed the condition of the 16 roof top units and determined they were at or approaching the end of the life cycle (30 years). The units were replaced in 1995, 26 years ago. The scope review determined that a cascading failure of the units was likely and that instead of replacing them as they failed it would be more economical to replace all of them at the same time. When the units fail individually, building maintenance funds the replacement which may take a significant amount of time to locate a replacement unit, and the area in the school served by the unit will be down causing discomfort to the occupants since the unit provides both cooling and heating.

There was consensus recommending an increase to the 2021 DW HVAC project budget and to include the recommendation in the BOE agenda item.

- Kathy Hodgson-Yes, thinks it is a reasonable cost for the upgrade of 1.3M overage.
  - Tom Murray-Yes, states to defer the problem will cost more in the end.
  - George Latuda-Yes
  - Gordon Calahan-Yes
  - Megan Castle-Yes
  - M.L. Richardson-Yes
  - Brittney Warga-Technical difficulties no vote
  - Jeff Wilhite-not in attendance
- Other:
  - Ron Mitchell joined the Board of the Jeffco/DeAngelis Foundation. The Foundation was started two years ago to provide training to first responders and enhance student safety.
  - The Superintendent search is underway. A survey has been put out to the community asking for feedback.
- H/G-(H is the first issuance, G is the second issuance) bond programs: 72% of the total number of projects are in some state from design through completion.
- Summary of Contingency and Unallocated Program Funds-numbers rose significantly with the inclusion of the second issuance premium. The charter share of both premiums were shown as a reduction. \$2M will be put back into mgmt. due to fund reduction from 4% to 2%.