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TRANSMITTAL MEMORANDUM

June 15, 2017

TO: Capital Development Committee

FROM: Kori Donaldson, Principal Research Analyst, 303-866-4976

SUBJECT: BEST Program Lease-Purchase Submission

Please find attached a submittal describing the FY 2017-18 school capital construction projects recommended for funding, in part, through the issuance of certificates of participation (COPs) issued under the Building Excellent Schools Today (BEST) program. The recommendation is made to the Capital Development Committee (CDC) by the Colorado State Board of Education. New COP issuances under the BEST program require prior legislative authorization from the Capital Development Committee.

The submittal includes:

- A report prepared by the Division of Capital Construction within the Colorado Department of Education describing the BEST program, the methodology used to select projects for funding, the review process, and summaries of the prioritized projects. The role of the CDC in the review and approval process is described beginning on page 4 of the report.
- A list of the FY 2017-18 projects prioritized for funding, in part, through COPs.
- A list of the prioritized projects by legislative districts.
- A map illustrating the location of the prioritized projects.



COLORADO
Department of Education

Prioritized FY2017-18 Recommended BEST Lease- Purchase Grants

Submitted to:
Capital Development Committee

By:
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On behalf of: Colorado State Board of Education

June 21, 2017

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Executive Summary

Pursuant to Article 22-43.7 C.R.S., the BEST Act, financial assistance is provided from the public school capital construction assistance fund (assistance fund) to school districts, charter schools, institute charter schools, BOCES, and the Colorado School for the Deaf and Blind to assist with the construction of new public schools and the renovation of existing public schools.

The source of funding for the assistance fund is revenues from the State Land Trust, lottery proceeds, marijuana excise tax, matching grant funds, and interest on monies in the assistance fund.

The BEST Act also established the Public School Capital Construction Assistance Board (CCAB). The CCAB accepted 50 applications for BEST funding on February 24, 2017. The total grant amount requested was \$76.8 million, with \$61.9 million in matching funds, for a total of \$138.7 million in total project costs. On May 17th and 18th, the CCAB reviewed grant applications at day-long public meetings and pursuant to Section 22-43.7-109(7) C.R.S. prepared prioritized lists of projects to be approved by the State Board to receive financial assistance. The State Board of Education met on June 15, 2017 and approved the list of projects included in this report on page 2. Thorough review was given to every application by division staff and the CCAB.

The following is a link to a summary of the grant applications received on February 24, 2017:

<http://www.cde.state.co.us/cdefinance/ccasummarybookfy17-18>. A hard copy of the summary is available upon request.

Standard of Review for the CCAB

The CCAB, taking into consideration the financial assistance priority assessment, in conformance with statute, has prioritized applications for public school facility capital construction projects based on the following criteria, in descending order of importance and pursuant to Section 22-43.7-109(5) C.R.S.:

1. Projects that will address safety hazards or health concerns at existing public school facilities, including concerns relating to public school facility security and projects designed to incorporate technology into the education environment. In prioritizing an application for a public school facility renovation project that will address safety hazards or health concerns, the CCAB shall consider the condition of the entire public school facility for which the project is proposed and determine whether it would be more fiscally prudent to replace the entire facility than to provide financial assistance for the renovation project;
2. Projects that will relieve overcrowding in public school facilities, including but not limited to projects that will allow students to move from temporary instructional facilities into permanent facilities;
3. All other projects.

The methodology the CCAB used to select the prioritized projects for funding is as follows:

1. The Director of the division introduced the project (applicant name, project title and priority #), then asked the applicant's presenters to introduce themselves;
2. After the presenters introduced themselves, they were given a two-minute window to present their project to the Assistance Board;
3. Following the applicant's presentation, the CCAB Board Chair opened the floor to any discussion, questions or comments the Assistance Board had pertaining to the application;
4. After the CCAB reviewed the grant application, and all questions had been answered, each CCAB member completed a grant application evaluation sheet;



5. If a waiver was requested as part of the application package, the CCAB evaluated the waiver application, asked any questions and completed a waiver evaluation sheet;
 - a. Statutory waivers were automatically approved and a waiver evaluation was not be needed;
 - b. The Assistance Board Chair entertained a motion to approve an applicant's waiver request;
 - c. Applicants whose waiver request was denied were still eligible to receive a grant;
6. After all evaluation sheets were collected by division staff, the next grant application was reviewed;
7. This process was repeated until all applications were reviewed;
8. The division staff input the scores from the evaluation sheets into a master spreadsheet that tallied the total scores for each project;
 - a. First, the grant applications were sorted by their identified statutory need (priority 1, 2, or 3);
 - b. Then, the sorted applications were prioritized by their evaluation score, as determined by the average overall Assistance Board score;
9. The division staff presented the Assistance Board with the results of the grant application evaluation sheets;
10. The Assistance Board reviewed the prioritized list and made any final discussion remarks;
11. A funding line was drawn at the set amount of available funding (State share), which the Assistance Board reviewed and made their final motion to approve the list.

Standard of Review for the State Board of Education

Generally, the State Board may approve, disapprove or modify the provision of financial assistance for any project recommended by the CCAB, but may only disapprove or modify if the State Board concludes that the CCAB misinterpreted the results of the prioritization assessment conducted pursuant to Section 22-43.7-108 C.R.S. or misapplied the prioritization criteria specified in Section 22-43.7-109(5) C.R.S. The CCAB is required to submit the list of recommended projects to the State Board no later than June 20 of each year for approval, disapproval or modification. Then the State Board must submit to the Capital Development Committee of the General Assembly a prioritized list that includes only those projects for which the State Board is recommending awards of financial assistance that involves lease-purchase agreements.

Pursuant to Section 22-43.7-109(7)(a), the prioritized list of projects for which the State Board recommends financial assistance shall include the State Board's recommendation as to:

1. The amount of financial assistance;
2. The type of financial assistance to be provided. In this case the projects are recommended for BEST lease-purchase grants using new lease-purchase or previously financed moneys;
3. The amount of applicant matching moneys for each recommended project based upon information provided by the applicant;
4. The source of matching moneys for each recommended project based upon information provided by the applicant.

The CCAB may recommend back-up projects for financial assistance if another higher priority project or group of projects becomes ineligible for financial assistance. This would be due to the inability of an applicant to raise required matching moneys by a deadline prescribed by the Assistance Board as a condition of their financial assistance award.

Standard of Review for the Capital Development Committee

No later than June 25 of each year, the State Board shall submit to the Capital Development Committee a revised prioritized list that includes only those projects for which the State Board is recommending awards of



financial assistance that involve lease-purchase agreements. The State Board shall submit with the list the information regarding the details of the financing of the listed projects that the CCAB submitted to the State Board. No later than July 15 of each year, the Capital Development Committee may approve the list or may disapprove the list if the committee concludes that the inclusion of one or more of the projects on the list will unreasonably increase the cost of providing financial assistance that involves lease-purchase agreements for all of the projects on the list. If the Capital Development Committee does not approve or disapprove the list by July 15, it is deemed to have approved the list as submitted.

If the Capital Development Committee disapproves the revised prioritized list, it shall provide its reasons for doing so in writing to the CCAB no later than July 20. No later than August 1, the CCAB may resubmit the list with modifications or additional information, or both, that address the committee's concerns. No later than August 15, the Capital Development Committee may approve the entire resubmitted list or may disapprove one or more projects on the resubmitted list if the committee again concludes that the inclusion of the project or projects will unreasonably increase the cost of providing financial assistance that involves lease-purchase agreements for all of the projects on the list. If the Capital Development Committee disapproves a project on the resubmitted list, the project shall not receive financial assistance that involves lease-purchase agreements, and the remaining projects on the resubmitted list shall receive such financial assistance as recommended by the State Board. If the Capital Development Committee does not approve or disapprove the resubmitted list by August 15, it is deemed to have approved the list as resubmitted.

Conclusion

The State Board of Education is submitting to the Capital Development Committee the following prioritized list and description of five projects for lease-purchase financing, with two projects as back-up project if the higher prioritized project becomes ineligible for financial assistance due to the inability of raising their required matching moneys. The State Board met on June 15, 2017 and pursuant to Section 22-43.7-109(7)(a) C.R.S., approved the Capital Construction Assistance Board's grant recommendations. This report includes the following prioritized list and description of five projects for lease-purchase financing, with two projects as back-up project if the higher prioritized project becomes ineligible for financial assistance due to the inability of raising their required matching moneys.

The following is submitted for Capital Development Committee approval at their June 21, 2017 meeting.



List of Prioritized FY2017-18 BEST Lease-Purchase Grants

County	Applicant	Project Description	BEST Request Amount	Applicant Contribution	Total Request & Matching Contribution
SAGUACHE	*MOUNTAIN VALLEY RE 1	PK-12 Replacement	\$ 27,072,252.00	\$ 3,724,699.00	\$ 30,796,951.00
MORGAN	BRUSH RE-2(J)	MS Replacement & HS Renovation	\$ 27,637,690.04	\$ 32,444,244.84	\$ 60,081,934.88
RIO GRANDE	*DEL NORTE C-7	New PK-12 Consolidated	\$ 27,168,587.83	\$ 17,913,517.00	\$ 45,082,104.83
OTERO	*MANZANOLA 3J	New PK-12 School	\$ 21,450,029.93	\$ 1,958,351.00	\$ 23,408,380.93
MONTEZUMA	*MANCOS RE-6	K-12 Campus Major Renovations	\$ 19,770,130.45	\$ 4,978,773.80	\$ 24,748,904.25
*Projects with an asterisk are dependent on a 2017 Bond Election for applicant matching contribution		Total recommended for Lease Purchase Grants	\$ 103,328,559.80	\$ 56,040,811.84	\$ 159,369,371.64
The following projects have been identified as Lease-Purchase back-up projects in the event an awarded Lease-Purchase project cannot secure its matching contribution, in priority order by category					
ROUTT	*HAYDEN RE-1	JrSr HS Replacement and ES Renovation	\$ 41,056,537.00	\$ 22,296,400.00	\$ 63,352,937.00
PUEBLO	SWALLOWS CHARTER ACADEMY	Modular Replacement - Brick & Mortar	\$ 15,711,467.15	\$ 247,361.85	\$ 15,958,829.00



Summaries of the Prioritized FY2017-18 BEST Lease-Purchase Grants

Mountain Valley RE-1 / PK-12 Replacement

This project addresses health and safety by replacing the district's PK-12 school facilities. Aged, and failing, the current facilities are in a state of disrepair. Nearly every building system has failed in the main facility, as well as in the 1933 cafeteria. Wall partitions in the cafeteria have reached a state of failure in which plumbing fixtures such as urinals can no longer be held in the wall, and settling of the facility has caused door jambs to shift and no longer latch, requiring books to be jammed in to keep doors shut. Also present are numerous site deficiencies and a lacking security infrastructure. This project will enhance student achievement by replacing the failed school buildings with a new safe, secure, and healthy facility appropriate for a 21st century learning environment. The project qualifies for the High Performance Certification program and intends to target the highest certification possible.

This project is recommended for BEST Lease Purchase funding as follows:

Grant Amount \$27,072,252; District Contribution \$3,724,699 or 12% with the source of match coming from the district's 2017 bond election.

Del Norte C-7 New / PK-12 Consolidated

This project addresses health and safety issues by replacing the district's deficient school facilities with a new, consolidated school facility which will house all grade levels, PK-12. Currently, the district maintains more than six facilities which are all in a state of disrepair with a range of deficiencies from compromised structural foundations and failed major building systems to the presence of hazardous materials including lead paint, radon, and asbestos, and unsecured, detached, and spread out campus layouts which are dissected by main city streets. This project will enhance student achievement by consolidating all students into one safe, secure and healthy facility which meets the needs of a 21st century learning environment. In addition, the project solution will downsize the District's current square footage by nearly 57,000 square feet. The project qualifies for the High Performance Certification Program and will target the highest certification possible.

This project is recommended for BEST Lease Purchase funding as follows:

Grant Amount \$27,168,587; District Contribution \$17,913,517 or 40%, with the source of match coming from the district's planned November 2017 bond election.

Brush RE-2J / MS Replacement and HS Renovation

This project addresses a variety of health and safety issues, including asbestos materials throughout, unsecured entrances, mechanical failures, extensive roof leaks, water damage, code deficiencies, sanitary waste concerns, and electrical deficiencies, by replacing a middle school and partially replacing a high school with an addition and renovation at the high school site. This project will enhance student achievement by providing a modern, safe, secure, and high performing middle school and high school. The new addition and renovation project will target Collaborative for High Performance Schools Verified Leader certification.

This project is recommended for BEST Lease Purchase funding as follows:

Grant Amount \$27,637,690; District Contribution \$32,444,245 or 54%, with the source of match coming from 2016 bond proceeds.



Manzanola 3J / New PK-12

This project addresses health and safety with the development of a new pre-kindergarten thru twelfth grade school to replace the existing 1925 high school and a 1975 elementary school that have hazardous material concerns, mechanical system deficiencies and a roof that leaks in the 1925 building. This small rural school has seven different facilities that students travel between on a daily basis rain or shine and pose a security concern with direct access to the students. This project will enhance student achievement by providing a single school building that is safe and secure with new building systems and technology to provide for the current learning of all students. The building will be designed and built to high performance standards.

This project is recommended for BEST Lease Purchase funding as follows:

Grant Amount \$21,450,030; District Contribution \$1,958,351 or 8.5%, with the source of match coming from the district's planned November 2017 bond election.

Mancos RE-6 / K-12 Campus Major Renovations

This project addresses health and safety, as well as overcrowding by completing major renovations of the district's K-12 campus. Deficiencies present on the campus include: failed and failing major building systems such as HVAC, electrical distribution, and plumbing systems; inadequate security infrastructure; a site layout which is lacking safe drop off accesses for buses or parents and requires students to cross multiple lanes of traffic to access the campus; an undersized cafeteria and kitchen space which requires the storage of food products and kitchen equipment to be kept in the cafeteria eating space and accessible to students; and multiple disconnected classroom spaces which compromises the ability of the district to maintain proper security. This project will enhance student achievement by renovating the K-12 campus: upgrading and replacing building systems; building an addition onto the elementary building to connect it to the cafeteria and provide small children with safe access between the buildings; expanding the kitchen and cafeteria space; building a connecting addition onto the currently separate middle school buildings; installing a bus loop for safer student drop off and access to the campus; and renovating the performance center.

This project is recommended for BEST Lease Purchase funding as follows:

Grant Amount \$19,770,130; District Contribution \$4,978,773 or 20%, with the source of match coming from the district's planned 2017 bond election.



Summaries of the Prioritized FY2017-18 BEST Lease-Purchase Back-up Grants

BACK-UP

Hayden RE-1/ JrSr HS Replacement and ES Renovation

This project addresses health and safety issues by constructing an addition to the elementary school that would house the junior-senior high school and renovating the elementary school to better accommodate 21st century learning and pre-kindergarten. This consolidation provides the district with the opportunity to cut duplicative operational costs associated with two separate non-contiguous campuses transitioning to one campus serving all of the students. This project will enhance student achievement by designing for a single point of entry for optimal control of school safety; clear and concise circulation; safe and separated vehicular, bus, and pedestrian traffic; addition of an auxiliary gym to support the community and student winter season needs for recreational space; consolidated administrative and support services. A High-Performance Certification Program will be implemented with the proposed design solution.

This project is recommended for BEST Lease Purchase (backup) funding as follows:

Grant Amount \$41,056,537; District Contribution \$22,296,400 or 35%, with the source of match coming from the district's success with a planned 2017 bond election.

BACK-UP

Swallows Charter Academy / Modular Replacement - Brick and Mortar

This project addresses health and safety by replacing existing modular classroom buildings with a brick and mortar school building. The campus is made up of numerous modular buildings which were intended to be temporary. The building systems are in need of attention, the roofs leak and mold has been identified in some of the buildings. Students travel between buildings to access classroom activities. Given the location of the school, not only are there concerns of access to the students but the weather is always a concern. Dirt flying during windy days, rain resulting in mud/ rivers across the site, and snow often make it difficult for students to travel between buildings.

This project will enhance student achievement by developing a new brick and mortar classroom building that will allow students to learn in a safe, secure environment not impacted by the elements. The building will be designed with high performance criteria and meet the current standards for teaching technologies.

This project is recommended for BEST Lease Purchase (backup) funding as follows:

Grant Amount \$15,711,467; Charter Contribution \$247,362 or 2%, with the source of match coming from the charter's educational foundation and capital reserves.

FY2017-18 BEST Lease-Purchase Grants

County	Applicant	Project Description	BEST Request Amount	Applicant Contribution	Total Request & Matching Contribution
SAGUACHE	*MOUNTAIN VALLEY RE 1	PK-12 Replacement	\$ 27,072,252.00	\$ 3,724,699.00	\$ 30,796,951.00
MORGAN	BRUSH RE-2(J)	MS Replacement & HS Renovation	\$ 27,637,690.04	\$ 32,444,244.84	\$ 60,081,934.88
RIO GRANDE	*DEL NORTE C-7	New PK-12 Consolidated	\$ 27,168,587.83	\$ 17,913,517.00	\$ 45,082,104.83
OTERO	*MANZANOLA 3J	New PK-12 School	\$ 21,450,029.93	\$ 1,958,351.00	\$ 23,408,380.93
MONTEZUMA	*MANCOS RE-6	K-12 Campus Major Renovations	\$ 19,770,130.45	\$ 4,978,773.80	\$ 24,748,904.25
*Projects with an asterisk are dependent on a 2017 Bond Election for applicant matching contribution		Total recommended for Lease Purchase Grants	\$ 103,328,559.80	\$ 56,040,811.84	\$ 159,369,371.64
The following projects have been identified as Lease-Purchase back-up projects in the event an awarded Lease-Purchase project cannot secure its matching contribution, in priority order by category					
ROUTT	*HAYDEN RE-1	JrSr HS Replacement and ES Renovation	\$ 41,056,537.00	\$ 22,296,400.00	\$ 63,352,937.00
PUEBLO	SWALLOWS CHARTER ACADEMY	Modular Replacement - Brick & Mortar	\$ 15,711,467.15	\$ 247,361.85	\$ 15,958,829.00

FY2017-18 BEST Lease-Purchase Grants by Legislative Districts

District	Project	House District	Representative	Senate District	Senator
Recommended					
Mountain Valley RE-1	PK-12 Replacement	62	Donald Valdez	35	Larry Crowder
Brush RE-2(J)	MS Replacement & HS Renovation	65	Jon Becker	1	Jerry Sonnenberg
Del Norte C-7	New PK-12 Consolidated	62	Donald Valdez	35	Larry Crowder
Manzanola 3J	New PK-12	47	Clarice Navarro	35	Larry Crowder
Mancos RE-6	K-12 Campus Major Renovations	58	Marc Catlin	6	Don Coram
Backup Projects					
Hayden RE-1	JrSr HS Replacement and ES Renovation	26	Diane Mitsch Bush	8	Randy Baumgardner
Swallows Charter Academy	Modular Replacement	46	Daneya Esgar	3	Leroy Garcia

FY2017-18 BEST Lease-Purchase Grants by District

