

# Bold Plan Update

## *Strategic Adjustments for a Stronger Future*



DUVAL COUNTY  
PUBLIC SCHOOLS





# Overview (Bold Plan -> MFP)

**1. Context - Background & Climate**

**2. Master Facility Plan (MFP) Costs and Revenues**

**3. Funding and Reducing MFP Costs**

# Context - Our Original Improvement Priorities

## Priority 1: Mission Critical Systems

Deficiencies or conditions that may directly affect a school's ability to remain open or deliver the educational curriculum. These items normally include deficiencies related to fire code, building safety, and severely damaged or failing building components. *Example: Fire alarm systems*

## Priority 2: Indirect Impact to Educational Mission

Items that may progress to a Priority 1 that are not addressed in the near term. *Examples: Roofing that could cause a deterioration of integral building systems and conditions affecting roof and window replacements*

## Priority 3: Short Term Conditions

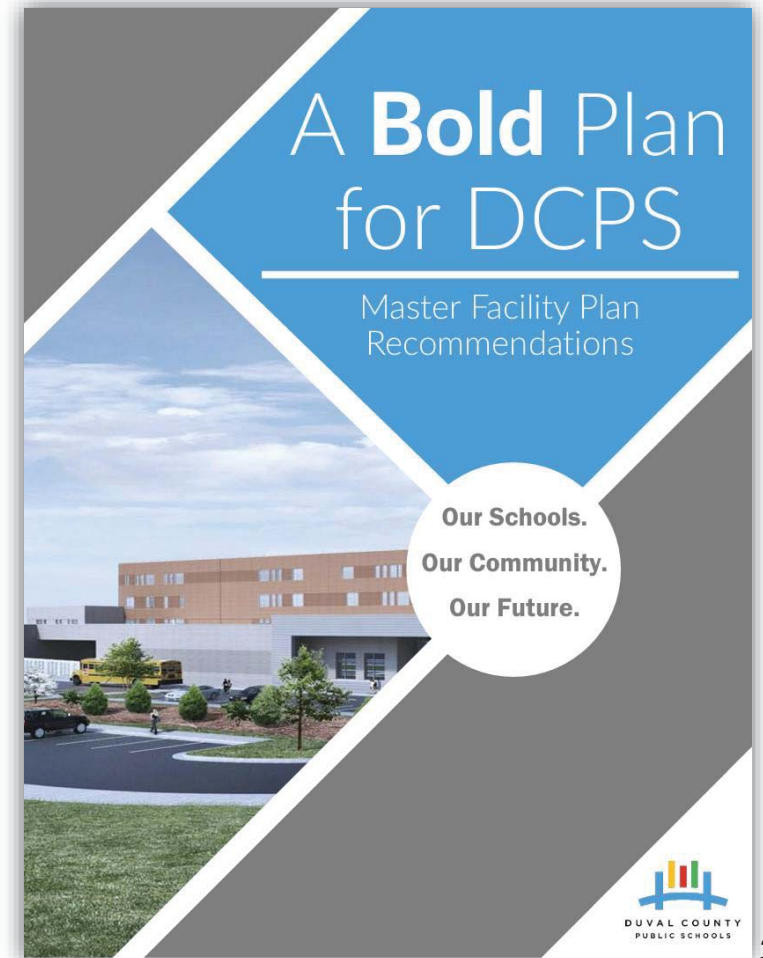
Deficiencies that are necessary to the mission of the school but may not require immediate attention. These items should be considered necessary improvements in order to maximize efficiency and usefulness of the facility. *Examples: Site improvements, plumbing, electrical deficiencies*

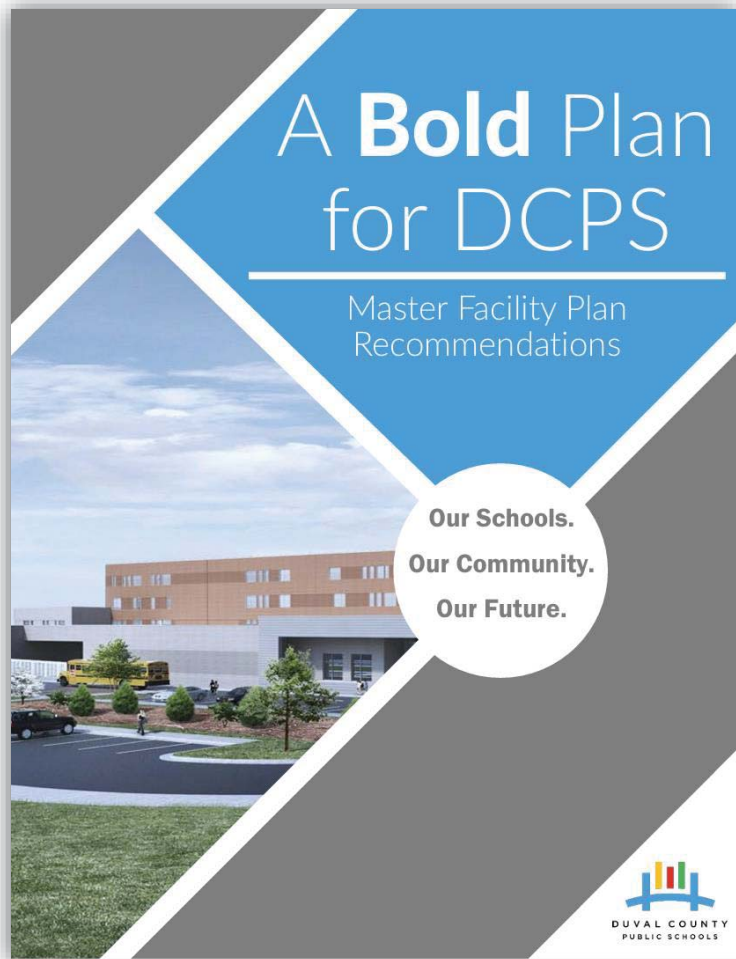
## Priority 4: Long Term Requirements

Items or systems which are likely to require attention within the next five years or would be considered an improvement to the instructional environment. The improvements may be aesthetic or may provide greater functionality. *Examples: Cabinets, finishes, paving, removal of abandoned equipment, and educational accommodations associated with special programs*

## Priority 5: Enhancements

These items are deficiencies that are aesthetic in nature or are considered enhancements. These items may be optional to a district but are generally included under a comprehensive renovation project plan. *Examples: Repainting, recarpeting, improved signage, or other items that provide for an improved facility environment*

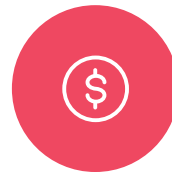




## Context - Assumptions



In 2018-19, the district had **16.5 million square feet** of facilities across over **157 campuses** and **110,922 students** and operated at **82% capacity**. **Overall goal to right-size the district.**



Pre-pandemic 2018-2019 industry standard costs for new construction were used for new build projects. Industry standard maintenance planning factors were used for renovation/deferred maintenance projects. Both were reasonable prior to COVID 19 pandemic.



Maintenance records were analyzed, and costs adjusted based on findings.

# A **BOLD** Plan for DCPS

## Master Facility Plan (MFP) Overview



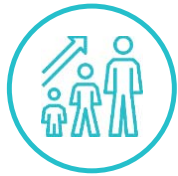
**28**

new schools



**11 year**

reduction in building age



**2%**

increased seat utilization



**\$1.08 billion**

in major school repairs



**438**

approximate portables removed



**3,172**

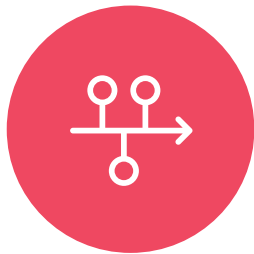
reduction in student seats

# Context - Board Authority/Oversight



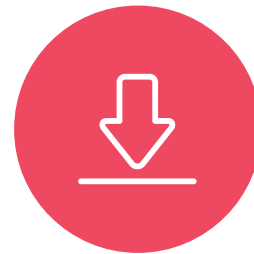
- School Board approved the Bold Plan by project, by cost allocation. Any changes to either project scope or cost require board action.
- All Board-approved changes, including contract selections and awards, budget transfers, and project cancellations, are updated in the dashboard and reports.
- Milestones for board authority and oversight on new footprint projects:
  - 7 approvals
  - Regular quarterly reports

# Context - Current Cost Trends



## Prices stabilizing for construction materials

After significant increases post pandemic, prices have flattened out recently



## Some costs decreased, but most still elevated

Selected material costs dropped 2.7% over past year, but still up 39% vs pre-pandemic



## Supply chain improvements led to stabilization

Better supplier performance allowed prices to stop increasing

In the last two years, rising material and labor costs have disrupted construction projects, causing budget overruns, delays, and quality issues. While costs seem to be stabilizing, it's too early to say the risks are fully mitigated.

# MFP Costs

## Assumptions for Cost Model

### Sales Tax Revenue

Sales tax revenue is forecasted as shown on the pending December 2023 five-year capital plan. These projections are escalated by 1% per year thereafter.

### Millage Revenue

Millage revenues are forecasted as shown on the pending December 2023 five-year capital plan. These projections are escalated by 1% per year thereafter.

### Project Costs/Budgets

Project costs have been re-calculated based on current costs of recently awarded projects. The new project budgets will be used for project costs shown on the pending December 2023 five-year capital plan. These projections are escalated by 2% per year thereafter.

### Operations Revenue

Operations Revenue is forecasted to align with model projections each fiscal year.

### Project Prioritization

Projects are sequenced based on Bold Plan priorities (SPAMS – reductions in excess **S**eats, **P**ortables, building **A**ge, **M**aintenance Backlog and increase operational cost **S**avings).

### Constant Costs

Project Management cost (Jacobs) and District Initiative Projects have been forecasted at \$12M/yr and \$11M/yr respectively, from 2023 onwards or until completed.

### Charter Schools' Share

Sales Tax and Millage have been forecasted to go to Charter Schools per statute as shown on the pending December 2023 five-year capital plan. These projections are escalated by 1% per year thereafter and are subject to future legislation and enrollment trends.



# MFP Costs

## Examples of Awarded Contracts

The awarded contracts serve as a focused case study, offering insights into the fundamental issues impacting the capital improvement program. These contracts exemplify how broader economic conditions have led to considerable budget overruns.

Project (New Builds)	Original Bold Plan Allocation	Current Budget	Percent Increase	Opening Date
Rutledge H. Pearson ES	\$28,753,370	\$40,442,891	40.7%	August 2023
Chaffee Trail MS	\$38,677,260	\$60,739,039	57.0%	August 2024
Highlands ES	\$28,862,910	\$53,358,272	84.9%	August 2024
Southside Estates ES	\$28,957,450	\$56,157,469	94.0%	August 2024
	<b>\$125,250,990</b>	<b>\$210,697,671</b>	<b>68.2%</b>	

# MFP Costs

## Overview of Costs

- The MFP projected an original cost of **\$1.91B** for a term of **15 years**, spread across **180 projects**.
- Since the MFP approval in July 2019, **costs have increased substantially** exceeding initial estimates.
- The **escalated MFP total cost** is now projected to reach up to **\$3.91B** upon completion of the MFP

# MFP Revenues

## Overview of Revenue

- MFP revenue was anticipated to offset the projected \$1.91 billion in project costs.
- This revenue was expected to be generated through a combination of a half-cent sales tax and millage allocations (i.e., **75%/25% split**).
- MFP revenue projections have also escalated from **\$1.91B** up to **\$3.5B**.
- However, **\$0.86B** has been shifted by statutory law to Charter schools from District Sales Tax and Millage thereby reducing revenue now available to the MFP.

# MFP Costs

Revenue vs. Costs



**\$1.4B\***  
Difference



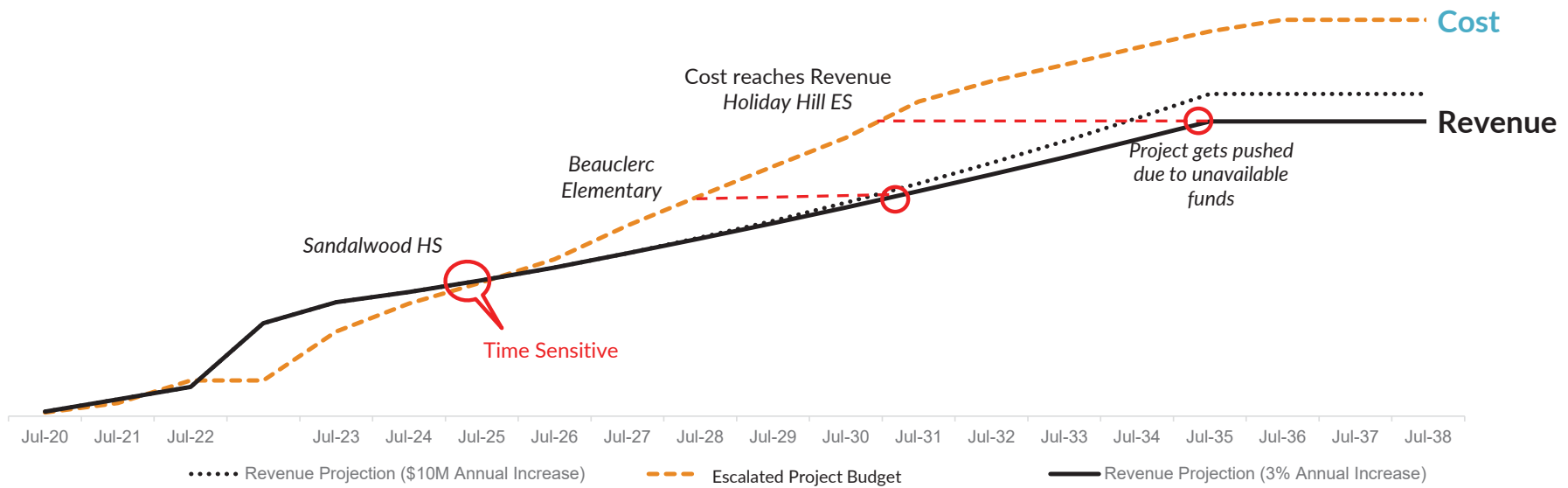
**Revised Revenue**

**Revised Cost**

\*Considering all the assumptions made for the cost model, are true.

# MFP Costs

## Impact of Shortfall on Project Execution



## Funding the Plan

- Take advantage of returning debt capacity.
- Increase millage level available for future bond payments per calculations from our financial advisor (PFM).
  - Increasing the mil rate from 0.31 to 0.85 is within industry standards per PFM.
- Extend bond payback period past 2036.

## Funding the Plan

- The previous steps provide the capability of funding from 91% up to 97% of all MFP projects. The shortfall ranges from \$340M down to \$120M.
  - The 97% solution raises revenue growth assumptions from 1 to 2%.
  - 100% solution with a 3% or higher revenue growth

# Funding the Plan

## Future Bonds

Issue four additional COPS bonds in years shown to cover current funding shortfall as follows;

- COPS 2024-25
- COPS 2026-27
- COPS 2029-30
- COPS 2032-33

*Break for PFM Financial Presentation*



# Funding the Plan

## Reducing the Payback Period

- Funding the full MFP may require some project scope cutbacks.
- The payback period can be shortened and/or shortfall lessened if additional cost reductions actions are taken.
  - Approving additional school consolidations with only renovation projects, no new footprint construction (i.e., using deferred maintenance/renovation funds to renovate future school consolidations buildings).
  - Reducing some deferred maintenance costs where impact is not as significant (i.e., non-critical systems).

# About Capital Outlay FTE Projections (COFTE)

Based on the 2023-24 capacity and 20-day counts, the district currently has **33,958** empty seats.

The Florida Department of Education (FDOE) annually prepares Capital Outlay Full-Time Equivalent (COFTE) Public School Enrollment projections for each school district for a 10-year period. The COFTE methodology uses a cohort-survival technique that presumes that the last five years is the best predictor of the next ten years. FDOE projections are for public school enrollment only and do not include private school, charter school, virtual school, VPK or home school enrollment

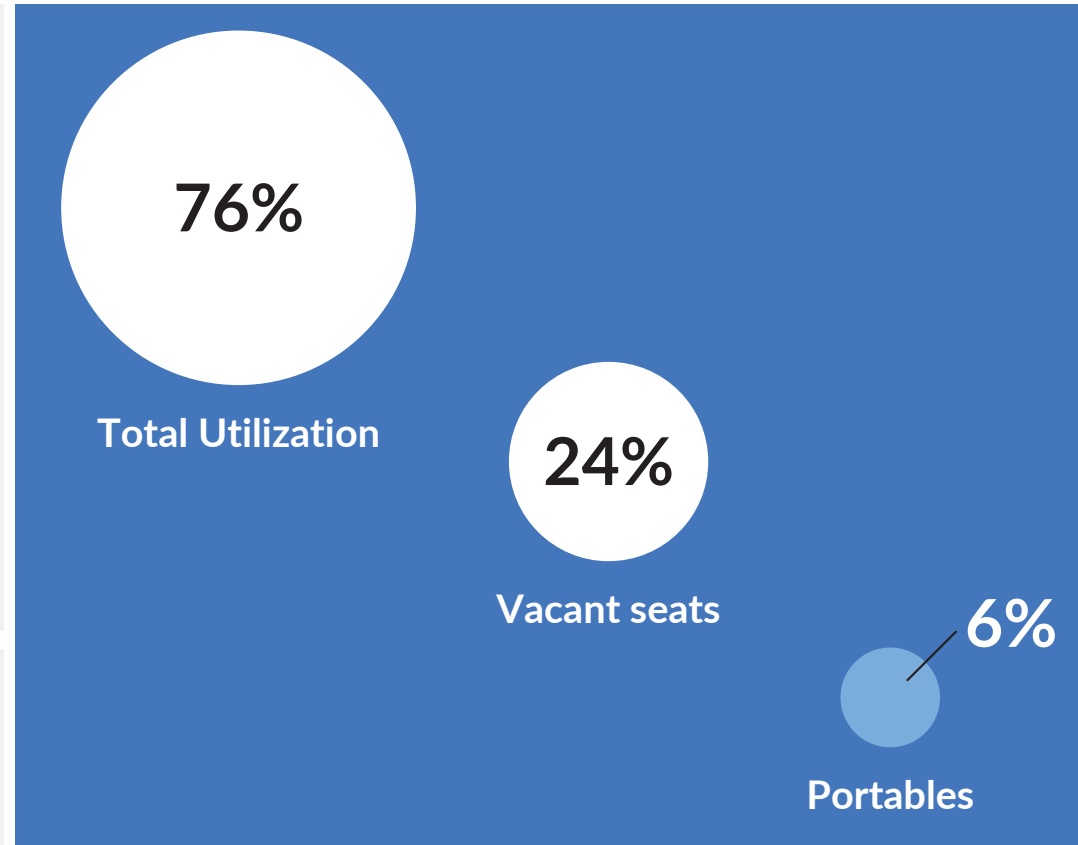
- The current COFTE for DCPS is 99,561 which has to be distributed amongst the DCPS schools each year.
- The district cannot exceed COFTE and when a new school is built or a consolidation occurs, COFTE has to be reallocated.
- The state approves new footprint projects based on COFTE

# Reducing MFP Costs – Right Sizing Schools



## Recommendation Description

- For the 2022-2023 academic year, the district had a total enrollment of 102,302 students, which is below the district's total capacity of 134,951 students. This suggests that the district is operating at approximately 76% of its total capacity.
- 6% of the total capacity are portables.
- The enrollment projections for the next 10 years in the district show a steady decline, further reducing the utilization.



Estimated Gain

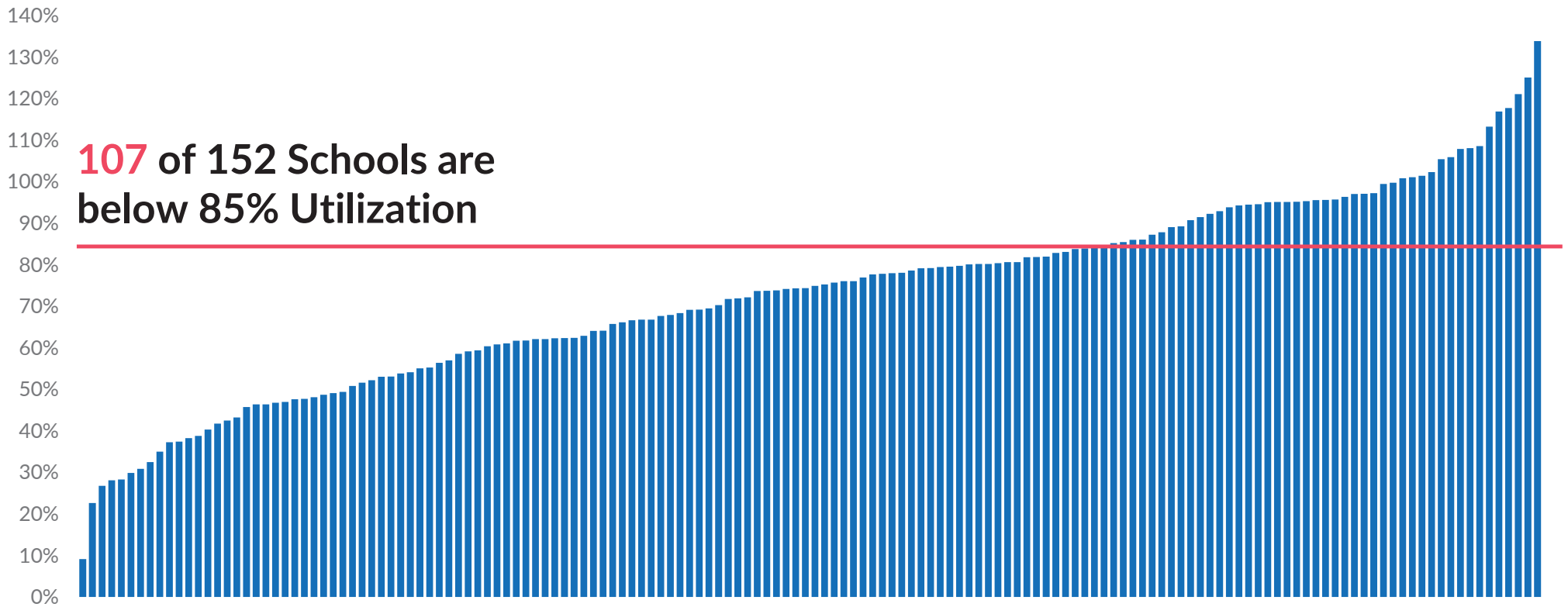
**Up to \$100M**

# Reducing MFP Costs – Right-Sizing Schools

## Courses of Action Recommendation



2023-2024 Utilization Rates



# Reducing MFP Costs – Right-Sizing Schools

## Courses of Action Recommendation



By consolidating schools and limiting investments in closing facilities, we can optimize operations and invest in new efficient facilities.



### Optimize capacity

Elementary schools should optimally have 800 students, Middle schools 1,200 students, and High schools 2,000 students for efficient operations.



### Replace aged facilities

Schools that are over 50 years old should be considered for closure and students should move to schools with excess capacity or additions/new/replacement schools.



### Avoid major renovations, additions, replacements

Freeing up capital for essential and strategic assets



### Generate Savings

Leads to immediate OpEx savings through reduced staffing, utilities, maintenance etc.

Facility Condition Index	High > 50%	Close Consolidate Rebuild	Renovate Consolidate	Replacement Renovate/Addition Boundary Change
	Medium 30 to 50%	Renovate New Program Boundary Change	Renovate	Renovate/Addition Boundary Change
	Low > 30%	Consolidate New Program Boundary Change	General Maintenance	Addition Boundary Change
	Utilization <85%		Utilization 85 to 105%	Utilization > 105%
		School Utilization		

All recommendations are based on current statutory language. 21

# Reducing MFP Costs - Cap Costs

## Courses of Action Recommendation

### Recommendation Description

- **Budget & Risk Management:** Implement budget caps while conducting risk assessments to manage spending and anticipate system failures.
- **Analysis & Review:** Review equipment warranties to understand both immediate and future implications.
- **Budget Control:** Primarily aids in cash flow management rather than achieving long-term savings.
- **Risks:** Strategy may lead to future liabilities, including increased chances of emergency repairs and warranty defaults.

Focusing our limited budget on these prioritized facility needs will maximize impact on safety, comfort and reliability. Deferred maintenance work will remain.



### Safety and security

Implement security camera upgrades and additional lighting in parking lots



### Critical building systems

Update fire suppression system and replace backup generators



### Building envelope

Repair roof leaks and reseal openings where required



### HVAC

Replace aging air handlers



### Estimated Reduction

**\$103 – 290M**

All projects below the line will be deferred.

- Flooring
- Painting
- Grease Traps
- Lift Stations
- Generators
- Paving
- Windows
- Doors

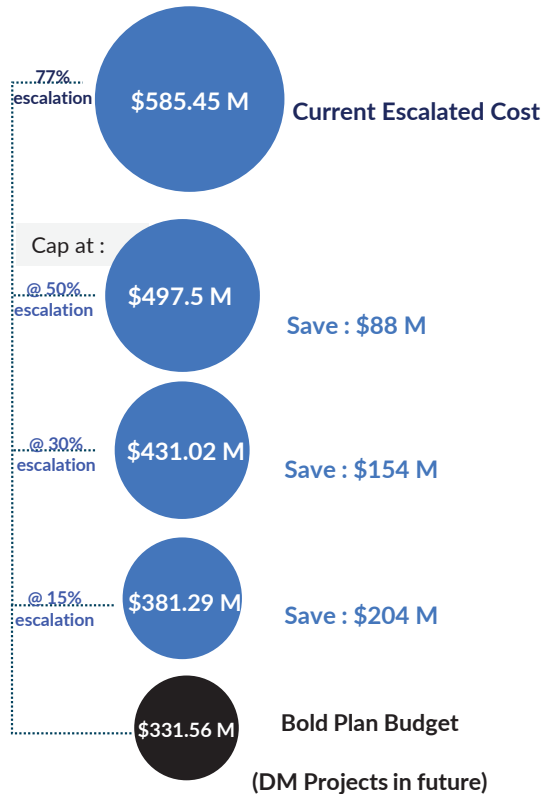
# Reducing MFP Costs - Cap Costs

## Courses of Action Recommendation

### Deferred Maintenance

To cap costs, we plan to target **deferred maintenance** projects and reduce their scope.

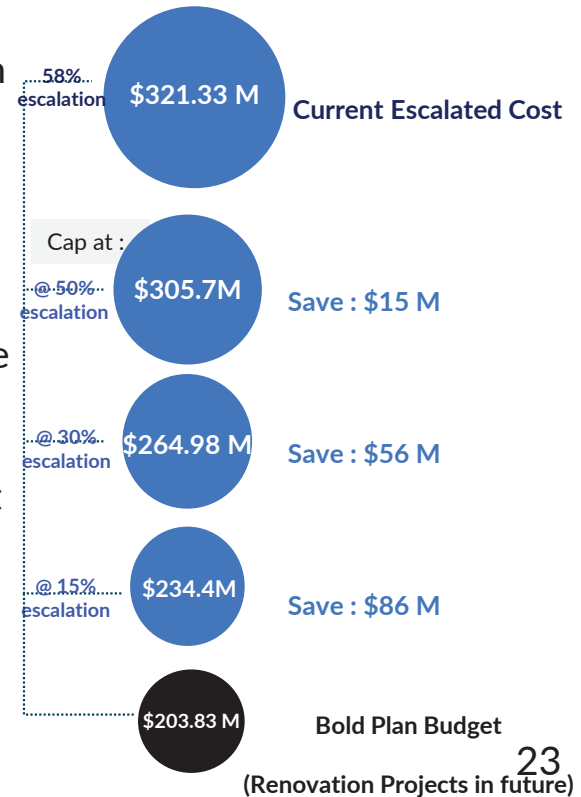
We'll evaluate three scenarios capping the Bold Plan budget at 20%, 30%, and 50% escalation, given that the current escalation stands at 77%.



### Renovation Projects

To cap costs, we plan to target **renovation projects** and reduce their scope.

We'll evaluate three scenarios capping the Bold Plan budget at 20%, 30%, and 50% escalation, given that the current escalation stands at 67%.



# Prioritize Projects

## Courses of Action Recommendation

### Recommendation Description

- **Reduction in Facility Age**
  - Prioritize projects that reduce the average age of facilities
- **Reduction in Deferred Maintenance**
  - Prioritize projects that improve facilities condition assessed by FCI ratio.
  - Prioritize projects that reduce deferred maintenance backlog
- **Excess Capacity Reduction**
  - Prioritize projects that reduce excess capacity and improve space utilization
- **Portables Reduction**
  - Prioritize projects that remove portable classrooms and improve permanent capacity utilization
- **Operating Savings**
  - Prioritize projects that generate significant savings in maintenance and/or utility costs

Eliminating the lowest-scoring projects from each district. This ensures that resources are allocated to projects with the most critical needs.



### Defer Projects

Defer these projects into a future referendum so that they are prioritized once funding becomes available.



### Budget Reassessment

Reallocate the budget to focus on higher-priority projects, taking into account the reduced scope.



### Risk Mitigation

Assess the long-term impact of eliminating these projects, especially if deferred maintenance costs could escalate over time.



### Estimated Reduction

**\$118-290 M**

**1 Project:**

**\$118M**

**2 Projects:**

**\$202M**

**3 Projects:**

**\$290M**



# Next Steps

## Our Commitments

- Annual Board Workshop – A review of future projects that are 2 years out for any needed Bold Plan amendments.
- Move forward with the attaining of bonds needed to keep the MFP moving forward.
- Review incoming revenue and recommend cost reduction actions as needed to reduce MFP costs.