

DRAFT Ltr to Board of Education.

Given state budget triggers there is a possibility that existing operating budgets could be reduced and potentially result in a Board decision to close selected schools. During their September 15, 2011 meeting, the ICOC decided to make the following recommendation to the Board of Education:

If there is a decision to close selected schools:

- There should not be any additional Proposition S funded construction work done on schools to be closed.
- Any saved money from canceled construction work should not be used for new projects or to reshuffle project sequencing or priorities.
- Any saved money should be used to accelerate existing Proposition S projects in accord with original priority sequencing.

The ICOC has consistently reported that there will not be sufficient funds to complete all work listed in the Proposition S ballot, (refer to 2009 and 2010 ICOC annual reports). This is based on risk adjusted cost projections prepared by staff. The most significant factor in these risk adjusted cost projections is how soon construction can be completed. Based on analysis presented to the ICOC by the district's financial advisors (Mark Young and Keygent) current risk adjusted cost projections may be overly optimistic.

As reported in the ICOC October-December 2010 Quarterly Status report:

- The best-case cost projection scenario (which shows a \$10 million funding shortfall) is based on completing the Proposition S program by 2019.
- The worst-case cost projection scenario (which shows a \$140 million funding shortfall) is based on completing the program by 2024.
 - Mark Young's October 2010 presentation to the ICOC showed the expected last issue of the Proposition S bonds would be between 2021 and 2028. Final funding may not be available until 2-4 years beyond current best-case and worst-case cost projections.
 - Keygent's September 2011 presentation to the Finance Planning & Controls subcommittee concluded that the earliest bonds could be sold is between 2028 and 2032. This is 8-9 years beyond current best-case and worst-case cost projections.

Based on available information, any and all achieved cost savings should be focused on delivering the promises made by Proposition S in accord with original priority sequencing.