

BEST School District and BOCES Grant Waiver Application
Hinsdale County School District RE-1
February 23, 2018

The BEST grant is a matching grant and each applicant is assigned a unique minimum matching requirement, pursuant to 22-43.7-109(9) C.R.S., to identify their financial capacity. An applicant may apply to the Capital Construction Assistance Board for a waiver or reduction of the matching moneys requirement for their project if the applicant determines their minimum match is not reflective of their current financial capacity, pursuant to 22-43.7-109(10) C.R.S.

Waiver applications are reviewed independent of the grant application. Upon review of the waiver application, the Capital Construction Assistance Board will make a motion to approve or deny the applicant's waiver request.

The Capital Construction Assistance Board shall seek to be as equitable as possible by considering the total financial capacity of each applicant pursuant to 22-43.7-109(11) C.R.S.

Instructions

Be specific when answering the questions and explaining the issues and impacts. Your response should include dollar amounts and specific ways in which such issues and impacts make it impossible for the applicant to make its full matching contribution. Please submit meeting minutes, award/non-award letters, official communications, budget documents, or other relevant documentation to support the responses provided.

Question 2, subsections A-H are related directly to the factors used in calculating the matching percentage. Only respond in detail to the factors which you believe inaccurately or inadequately reflect financial capacity. For those factors which you believe accurately or adequately reflect financial capacity, please leave the response blank or type "Agreed".

1. Please describe why a waiver or reduction of the matching contribution would significantly enhance educational opportunity and quality within your school district or BOCES, or why the cost of complying with the matching contribution would significantly limit educational opportunities within your school district or BOCES.

Our community will not support a bond greater than \$4 million: If our community had to meet the 58% match determined by the BEST formula for calculating matching percentages for our \$15 million project, our bond would be approximately \$8.7 million. In 2015, our community voted against a \$5.9 million bond by a 2 to 1 margin. The project was for improved security measures and a gymnasium. Feedback following the election indicated that the tax increase warranted by a bond of this size was simply unacceptable. A negative campaign was run in our local paper saying exactly that; a project with this price tag was too much for our property owners. Reasons indicated included that our community has a high percentage of retired people on fixed incomes who cannot afford a tax increase, and also a high percentage of second home owners who are less directly engaged with the school and who staunchly oppose higher taxes in their vacation community as their taxing priority is their primary home in another community in Colorado or, for many, out of state.

In 2015 as part of the bond campaign, 371 registered voter households received a survey (included with waiver documentation); the 111 respondents (strong response rate at 30%) indicated a 78% approval rating of the District (gave the District an A or B grade) (George K. Baum & Co., 2015, p. 5). Despite this extremely high approval rating

(reported by GK Baum as the highest they had ever seen), our bond failed. In the survey, cost was the most frequently cited concern with the project (George K. Baum & Co., 2015, pp. 7, 12).

Further feedback following the election was that community members felt that a bond for \$3.0 - \$4.0 million would have been acceptable. We are seeking a waiver to reduce our match from 58% to 30%. A 30% match on our \$13.5 million project is \$4.05 million. The District's \$500,000 capital reserve contribution to the match results in a \$3.55 million bond, which was indicated as feasible. Further grant funding and other fundraising is also being sought to reduce the amount of the bond.

We need to enhance educational opportunity by making our campus more secure. Without the reduction in match, we will not be able to pass a bond to raise the necessary funds for our project. Our renovation/addition project significantly enhances educational opportunity primarily by restructuring our school's layout and implementing basic safety measures to address our exceptional need for a more secure campus.

We are frighteningly behind in security features. America experienced 17 school shootings in the first 45 days of 2018 (Everytown for Gun Safety, 2018). Even if the definition of 'school shooting' is narrowed, there have been seven school shootings in that time (Emery, 2018), many of them in small communities like Lake City. It's a scary reality that we are obligated to address, and our current facility lacks critical design and infrastructure features to meet the needs of a secure school in the 21st century.

We need to rectify basic facility inequities. Hinsdale RE-1 is the only school district in the state without a gymnasium. It is nothing less than outrageous that the Colorado students living in Lake City do not have access to a needed physical education and multi-purpose facility. We are not shooting the moon with a frivolous wish list in this project; the spaces we are seeking are fundamental to educational opportunity in Colorado in 2018. We are 142 years overdue for a physical education space on our campus.

We also lack entirely a career and technical education space and a commercial kitchen to ensure continuation of the federal school lunch program we implemented for the first time in the district's 142 year history this year (food is currently prepared by a vendor off site, a tenuous situation).

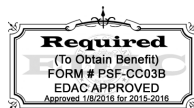
We do great work, but are reaching the end of our rope. We are lacking equity with other districts in the state. We face the risk of losing staff and families from our district due to our underdeveloped facility. We are just about worn out from all of the extra effort we have to expend due to our inadequate facility - having constant tension regarding school security, walking 3.5 blocks to an inadequate leased gym, having our preschool off campus, 'making do' for career and technical education space, hoping an off-site vendor can continue our lunch program.

Amazingly, we have performed remarkably well given our challenging circumstances: we have been Accredited with Distinction for the past nine years; we have sent our cross country, basketball, track, and Knowledge Bowl teams to state championship competitions; we have participation rates in basketball over 70% despite having no gym; we have state champion track athletes despite having no track; we have managed to retain a strong K-12 PE teacher and maintain a standards-based PE program despite having no gym; we have launched graduates into the music profession despite having no music education facilities; we have implemented an AP for All program and have gone from zero to four AP course offerings in three years with more on the way. We can only maintain this level of excellence if we continue to evolve and develop educational facilities that are on par not only with others in the state, but with essential developments in education for the 21st century.

2. Please describe any extenuating circumstances which should be considered in determining the appropriateness of a waiver or reduction in the matching contribution.

Extenuating circumstances which make a reduction in our matching contribution appropriate include:

Lack of equity - We are the only school district in the state without a gymnasium. This condition should not exist in the



state of Colorado, period.

High housing vacancy rate – According to Colorado’s Department of Local Affairs (DOLA), in 2016, 76.78% of our 1,421 housing units, or 1091 units, stand vacant; only 330 of our housing units are occupied (Colorado Department of Local Affairs [DOLA], 2018a). This rate points to the reality that many of our taxpayers are disconnected from our community; they do not live here. They are second or third homeowners whose loyalties lie with their primary residence, not Lake City.

High rate of retirees – According to DOLA, in 2016, 36% of Hinsdale County’s population of 775, or 276 people, are over the age of 60 (DOLA, 2018b) compared with about 16% state-wide (Administration for Community Living, 2012). Retirees often live on fixed incomes and resist any tax increases as such increases have a strong negative impact on their budget. The high concentration of older adults in Lake City makes funding a school project more challenging; the reduction in match is essential.

High Cost of Living – According to the Colorado Legislative Council’s 2016 report “2015 Colorado School District Cost of Living Analysis,” of the state’s 178 school districts, Hinsdale RE-1 has the 13th highest cost of living (Pacey Economics, Inc., 2016). We are a resort community without a ski area to boost the overall economy – Lake City functions on a summer tourist economy only, but our cost of living is on par with ski area towns like Telluride, Vail, and Breckenridge. Additionally, according to the USGS, Hinsdale County is the most remote county in the lower 48 states (Human, 2007). The remote nature of our community automatically increases the cost of everything, from groceries to building materials, gasoline to first aid supplies. Our high cost of living makes it hard to live here. Year round residents struggle. The reduction in our match will give a bond a chance.

High rate of residents without school-aged children – The 2015 GK Baum survey of 371 registered voter households in Hinsdale County School District indicated that 76% of 111 respondents, or 84 people, did *not* have children under the age of 19 (George K. Bauem & Co., 2015). Only 24 respondents had school-aged children in their homes. This reflects the high percentage of our voters who do not have a direct connection to the school and thereby feel less invested in the district’s success.

High cost of construction – RTA architects originally estimated our project cost at \$10-\$12 million. Cost estimation by FCI Construction of Durango increased the cost estimate to \$13.5 million. RTA has vast experience in getting a rough estimate of school construction at least in the ballpark. Even the team at RTA was taken aback by the extremely high cost of construction due to our remote location.

Budget constraints - Cuts in state funding from the Budget Stabilization Factor (Negative Factor) have forced us to do all we can simply to maintain the status quo and do our best not to regress in our educational offerings. We have not been able to keep pace with evolving needs in school security and educational opportunity because of this. We have managed to build a \$500,000 capital reserve for this project, but not more than that due to the BS Factor.

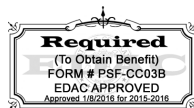
**The following are factors used in calculating the applicant’s matching percentage. Only respond to the factors which you feel inaccurately or inadequately reflect financial capacity. Please provide as much supporting detail as possible.*

A. Per Pupil Assessed Valuation relative to the statewide average – The higher the Per Pupil Assessed Value the higher the match.

Applicant’s PPAV: \$ 751,370.06

Weighted Rank: 4.75% of 5% max

Per Pupil Assessed Valuation is intended to show a community’s ability to fund a school, but for a small



district like ours, PPAV is very misleading. Our district is the 13th smallest district in the state, our 78.5 Full Time Equivalent (FTE) students putting us in the 7th percentile of all districts. Our district's assessed valuation of just under \$59 million puts us in the 39th percentile of all districts, or 70th of 178 districts. Those factors together result in our high PPAV which is in the 95th percentile, or 10th highest, of all districts.

Our high Per Pupil Assessed Valuation is primarily skewed by our small number of students, which does not recognize that whether we have 100 or 1000 students, we still must have a superintendent (in our case a superintendent/principal), an administrative assistant, a business manager, a boiler system, snow removal, janitorial staff, etc. The PPAV does not recognize this small scale factor the way the school finance formula does. So, while assessed valuation per child appears high, it is misleading.

PPAV further does not capture the inflated property values in our district relative to our Median Household Incomes or relative to our extremely high Cost of Living (13th highest district in the state). While our PPAV suggests wealth, that is not an accurate picture of locals' and voters' lives but instead of our resort expenses without a ski area to support costs.

B. The district's median household income relative to the statewide average – The higher the median household income, the higher the match.

Applicant's Median Household Income: \$51,705.00

Weighted Rank: 8.01% of 15% max

The Median Household Income cited here is significantly higher than two other sources we have for Median Household Income. The US Census Bureau's American Community Survey 2011-2015 5-Year Estimate had the MHI for the Town of Lake City at \$44,821 and a survey of water and sewer customers conducted by the Town of Lake City in 2014 established MHI at \$35,513 (see Median Household Income Town of Lake City Waiver included with waiver documents). While the Town of Lake City does not fully encompass Hinsdale RE-1, it is an important economic indicator as the bulk of economic activity occurs within Town limits.

The Colorado Legislative Council's "2015 Colorado School District Cost of Living Analysis" sets the benchmark for the state MHI to be representative of a teacher's salary with a bachelor's degree and 10 years of experience. This benchmark is \$51,930. The cost for the same 'basket of goods' in Hinsdale RE-1 is found to be \$55,446, giving us an index of 107 and a rank of 13 out of 178 districts, reflecting our extremely high cost of living. Furthermore, our actual salary for a teacher with a bachelor's degree and 10 years of experience is only \$38,151, 31% below the income the research established for living in our community.

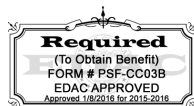
The Median Household Income cited here is not an accurate representation of a typical Lake City household; the amount is inflated.

C. Percentage of pupils eligible for free or reduced cost lunch relative to the statewide average – The lower the percentage for free and reduced cost lunch, the higher the match.

Applicant's FRED Percent: 34.1

Weighted Rank: 15.17% of 20% max

The free and reduced cost lunch eligibility data (FRED) is based on federal guidelines that do not take into account local cost of living factors. Hinsdale RE-1 has the 13th highest cost of living of all 178 school districts in the state. If eligibility factors took local cost of living into account, a far higher percentage of students would qualify for free or reduced lunch. We look OK relative to federal guidelines, but just about all families here struggle due to our high cost of living and our weak economy (summer tourism only) relative to that cost of living.



D. Bond Election failures and successes in the last 10 years – The more attempts the school district has made, the lower the match.

Applicant's Bond Elections: 1

Adjustment: -1% (-1% per attempt)

2015 Bond for \$5.9 million failed by a 2 to 1 margin. We need the BEST match reduced to help ensure our voters will pass a school bond. They have spoken clearly that above a certain level, they will not vote yes.

E. Bond mill levy relative to the statewide average – The higher the bond mill levy, the lower the match.

Applicant's Bond Mill Levy: 1.49

Weighted Rank: 14.72% of 20% max

We have a low existing bond mill levy. Because of that, this formula pushes us towards a higher match because the expectation is that our community has the capacity to pay for a higher bond mill levy. In Lake City, that is just not the case. It took two tries with five years in between to pass the \$1.2 million bond in 2001, the only bond ever passed in this district's 142 year history, and that resulted in an undersized, inadequate facility nearly from the day it opened. Without a waiver to reduce a possible bond for this project, the community will not vote yes. Our district is exceptional at doing amazing things with not enough, but we cannot build a facility without our community being on board with a bond. A reduction in our match is essential to keep our bond as low as possible, within a range our community can accept. Our need is real; that we don't have a high bond mill levy currently is more a reflection of our ability to make good with inadequate resources and facilities than it is a reason to deny us further funding.

F. The school district's current available bond capacity remaining. - The higher the bond capacity, the higher the match.

Applicant's Remaining Bond Capacity: \$ 11,796,510

Weighted Rank: 8.54% of 20% max

While the bond capacity appears healthy relative to the scale of the project we are proposing, our community simply will not pass a bond over \$4 million. Our bonding capacity is inflated due to our high assessed valuation because of the resort effect that Lake City experiences. Property values in the district are high because of second/third homeowners, but population is low and the ability of this population to support a tax hike is very limited due to the very high cost of living we have here and because of the high concentration of retired people on fixed incomes.

G. The school district's unreserved fund balance as it relates to their overall budget.

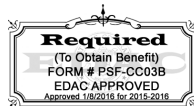
District's Unreserved General Fund: \$1,515,222

Weighted Rank: 7.98% of 20% max

The district will post \$500,000 towards the match to help get the bond to an acceptable level. The reduction in match is critical for this plan. This \$1.5 million snapshot of our unreserved fund balance does not reflect the reality that we have worked exceptionally hard to have funding available to cover budget shortfalls exactly like the ones that the Budget Stabilization Factor has produced. Our budget has dipped into our reserves in four of the past five years. We believe this trend may continue not only due to the BS Factor, but also because of the over 80% reduction in Secure Rural Schools funding from the federal government. Our funding from this source has dropped from a high of over \$212,000 in 2011 to \$0 in 2017.

H. Other unusual financial burdens not reflected in the match calculation (ie. underfunded mandates, unexpected expenses, self-funded programs).

One of the greatest financial burdens we bear is for special education. In January 2018, our special education population topped out at 15% of our current enrollment with fully half of those considered 'Tier B' (high needs)



disabilities by CDE. These disabilities include (among others) Serious Emotional Disability, Hearing Impairment Including Deafness, Multiple Disabilities, and Autism Spectrum Disorder. CDE funds these challenging disabilities with an additional stipend, dependent on the amount budgeted by the legislature, and then also allows for a competitive funding applications for High Cost Funding based on in-district students whose expenses exceed \$25,000. Base funding for each student with a disability is \$1,250. Tier B funding is typically less than \$2,000 per student. We have been granted the High Cost Funding for the past two years for three students, and we anticipate that funding to continue for at least the next ten years due to our student enrollment profile.

The facility expansion we have addresses the needs of our high-intensity-disability population by including a nursing station (which we don't currently have), a public address (PA) system throughout the building that will be designed with visual paging features for our deaf/hard of hearing students, and small-group learning spaces to accommodate the needs we have for small group and 1:1 testing and instruction for our students with disabilities. The national occurrence of deaf/hard of hearing is 2 to 3 per 1000 children born, or 0.2 to 0.3%. We have a student population of more than 10 times that rate, with over 3% deaf/hard of hearing students. In emergencies these students rely on visual cues from their peers instead of the emergency communications system.

Furthermore we have a staff member and a student who use wheelchairs. Our current facility has bottleneck areas that restrict their movement during times of congestion. This is especially concerning during evacuations, but is simply frustrating to their everyday mobility. Our Commons becomes an overcrowded seating area during lunch which prevents people in wheelchairs from getting through easily, and the corridor leading from the main entrance to the rest of the school is too narrow for a wheelchair if even one other person is in the corridor. Also, our staff bathroom that has appropriate wheelchair clearances is now rarely available to staff as the staff workroom to which it is connected has been changed into our counseling office.

3. What efforts have been made to coordinate the project with local governmental entities, community based organizations, or other available grants or organizations to more efficiently or effectively leverage the applicant's ability to contribute financial assistance to the project? Please include all efforts, even those which may have been unsuccessful.

In 2013, a Community Recreation Committee convened including representatives from the Town of Lake City, Hinsdale County, our school district, and at-large community members

The CRC identified improving the school district facility as a top priority and garnered a \$50,000 private donation to develop conceptual plans for the addition of a gymnasium and multi-purpose space to the school. These plans were the foundation for the district's bond effort in 2015 which ultimately failed. Private funding options and other grant possibilities (GoCo, Temple-Hoyne Buell, Boettcher, Daniels) for the project were also researched and pursued, but were ultimately unsuccessful.

Additionally, the school district has worked with our local Lake Fork Health Services District and with Hinsdale County to coordinate the pursuit of capital campaigns. By avoiding seeking funding simultaneously, we are positioning each entity's projects in a small funding ecosystem to more effectively leverage our ability for successful funding.

We enjoy small-scale community support for sending all of our high school students to Washington DC every four years, for our Parent/Teacher/Student Association projects, and for our hot lunch program, but we do not have an education foundation as many of our similarly profiled resort communities do. Raising funds on a large scale in Lake City, though, has only happened once in the district's 142 year history, when a bond passed for \$1.2 million in 2001.

4. **Final Calculation:** Based on the above, what is the actual match percentage being requested?

CDE Minimum Match Percentage:

