



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# 10.3

Meeting Date: January 22, 2015

Subject: Measures Q and R Bond Review and 2015 Bond Sale

- Information Item Only
- Approval on Consent Agenda
- Conference (for discussion only)
- Conference/First Reading (Action Anticipated: _____)
- Conference/Action
- Action
- Public Hearing

Department: Facilities Support Services

Recommendations:

- Develop bond issuance plan and initiate the bond sale process given the project funding priorities of the District, with approval of the issuance of the bonds to be considered by the Board in spring 2015.
- Continuous community involvement through website postings and school site outreach.
- Continue to engage the school sites to determine appropriate project scope for core academic transformation.
- Continue implementation of bond projects through 2017.
- Update community and Board as needed.

Background/Rationale: On November 6, 2012, the District received authorization, by more than fifty-five percent of the votes cast by eligible voters, to issue General Obligation bonds under two separate measures: Measure Q for \$346 million and Measure R for \$68 million.

Measure Q is to provide for the upgrading of classrooms; science labs; computer systems and technology; renovating heating and ventilation systems; improving student safety and security systems; and repairing roofs, restrooms, floors and plumbing.

Measure R is to provide for the repair of playgrounds and playfields to meet modern safety standards; the improvement of physical education facilities and restrooms; the removal of asbestos and lead paint; and the upgrading of kitchen facilities to improve children's nutrition.

Financial Considerations: General Obligation bonds are voter-approved debt, which are secured by the legal obligation to levy *ad valorem* property taxes sufficient to pay annual debt services. General Obligation bonds are independent from the District's general fund. As authorized by the taxpayers, the county director of finance is obligated to levy ad valorem taxes on a property subject to taxation in the District.

Documents Attached:

1. Executive Summary

Estimated Time of Presentation: 20 minutes

Submitted by: José L. Banda, Superintendent
Cathy Allen, Assistant Superintendent
Facilities Support Services

Approved by: José L. Banda

Board of Education Executive Summary

Facilities Support Services

Measures Q and R Bond Review and 2015 Bond Sale
January 22, 2015



I. OVERVIEW / HISTORY

On November 6, 2012, the District received authorization, by more than fifty-five percent of the votes cast by eligible voters, to issue General Obligation bonds under two separate measures: Measure Q for \$346 million and Measure R for \$68 million.

Measure Q is to provide for the upgrading of classrooms; science labs; computer systems and technology; renovating heating and ventilation systems; improving student safety and security systems; and repairing roofs, restrooms, floors and plumbing.

Measure R is to provide for the repair of playgrounds and playfields to meet modern safety standards; the improvement of physical education facilities and restrooms; the removal of asbestos and lead paint; and the upgrading of kitchen facilities to improve children's nutrition.

Following the passage of Measures Q and R, the District conducted its first bond sales in the summer of 2013. \$43 million in Measure Q bonds were issued and \$27 million in Measure R bonds were issued. The \$70 million total is to fund projects for the two-year period, 2013-2014 through 2014-2015.

These initial projects were identified in late spring/early summer 2013, and are either complete or in various stages of planning and construction.

In order to keep project construction moving forward, additional bonds were scheduled to be issued this year. The size and timing of the bonds to be issued is dependent on a variety of factors, including the District's project priorities, estimated project costs, resulting expenditure schedules and assessed value in the district.

Measure Q and R projects are evaluated and prioritized using criteria from the Deferred Maintenance Plan and the Sustainable Facilities Master Plan. Each project is identified based on criteria outlined in each of the Plans and then prioritized based on the scoring. High priority projects that can be reasonably completed within the next 2-3 years are then considered as part of the Measure Q and R bond issuance plan.

The original bond issuance plan set forth in 2013 utilized conservative assumptions for estimating the amount of bonds that could be issued through 2019. With higher than assumed growth in assessed value in the District, more bonds can be issued over the next four to five years than originally anticipated. As such, the District's project implementation can be adjusted accordingly. Since assessed value and the economy in general will change from year-to-year likely resulting in modifications to any bond issuance plan, the District will continue to update information and monitor outside factors to ensure the overall success of the bond program.



II. DRIVING GOVERNANCE

- BP 7000 Facilities
- BP 7111 Evaluating Existing Facilities
- BP 7110 Facilities
- BP 3111 Business and Non-instructional Operations
- BP 7210 Facilities
- AR 7110 Facilities

III. BUDGET

General Obligation bonds are voter-approved debt, which are secured by the legal obligation to levy *ad valorem* property taxes sufficient to pay annual debt services. General Obligation bonds are independent from the District's general fund. As authorized by the taxpayers, the county director of finance is obligated to levy *ad valorem* taxes on a property subject to taxation in the District.

IV. GOALS, OBJECTIVES, AND MEASURES

Further identify, fund and implement projects authorized by the voters. Measurements will include annual evaluation of projects completed and their alignment to the Sustainable Facilities Master Plan.

V. MAJOR INITIATIVES

Measure Q funds are categorized in the following manner:

- Core Academic, Renovation, Modernization, Repair & Upgrade Projects
- Technology Upgrades
- District-Wide Fire & Irrigation Improvements
- Resource & Energy Conservation Improvement Projects
- Ongoing Funds & Operations

Measure R funds are categorized in the following manner:

- Health & Safety
- Athletics: Fields, Gyms, Locker Rooms
- Health & Nutrition
- Ongoing Funds & Operations

Board of Education Executive Summary

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VI. RESULTS

The District is implementing a long-term plan to fund and implement approved projects while minimizing the impact to our taxpayers. A summary of Q and R bond funded projects and expenditures from the original sale will be shared with the Board in addition to projected bond allocations for 2015 through 2017.

VII. LESSONS LEARNED/NEXT STEPS

- Develop bond issuance plan and initiate the bond sale process given the project funding priorities of the District, with approval of the issuance of the bonds to be considered by the Board in spring 2015.
- Continuous community involvement through website postings and school site outreach.
- Continue to engage the school sites to determine appropriate project scope for core academic transformation.
- Continue implementation of bond projects through 2017.
- Update community and Board as needed.