



VISTA UNIFIED SCHOOL DISTRICT \$247 MILLION BOND MEASURE

July 2018

SDCTA Position:

SUPPORT

Rationale for Position:

Vista Unified School District's proposed bond measure meets key provisions of SDCTA's Bond Support Criteria, including new provisions to help increase transparency, accountability, and responsible fiscal management in the District. The application submitted by VUSD outlines the needs of the District, proposed plans, and draft budgets for each of the proposed projects. The descriptions of the projects submitted have been thoroughly vetted, and no reason has been found that would prevent the District from executing the projects. The District has adopted all of the recommended SDCTA policies and best practices. In addition, the District has demonstrated its desire to protect taxpayer funds by consistently funding deferred maintenance projects and recently refunding some of its outstanding debt, saving taxpayers an estimated \$21 million.

Title: Measure 'X'

Jurisdiction: Vista Unified School District

Type: Bond Issue

Vote: 55% Supermajority

Status: On the November 6, 2018 General Election Ballot

Issue: \$247 Million Bond Measure

Description: The issuance of \$247 million of Proposition 39 General Obligation Bonds with an increase in property taxes by a maximum of \$60 per \$100,000 of assessed value to fund school modernization.

Fiscal Impact: The total cost of the bond, including principal and interest, is estimated at \$506 million. The District is proposing to raise the tax rate by an estimated \$33.15 per \$100,000 of assessed valuation.

Background

Vista Unified School District (VUSD) consists of 29 schools over 39 square miles in Vista, eastern Oceanside, Carlsbad, San Marcos, and unincorporated areas of San Diego County. Established in 1916, the District currently serves approximately 22,000 students from preschool to twelfth grade. In addition to its schools, the District has authorized five independent charter schools to operate within its boundaries, providing schooling for an additional 3,000 students. Lastly, the District operates one of the largest adult education programs in San Diego County, which enrolls approximately 20,000 students annually.



Several schools throughout the district have won state-level awards of achievement for implementing state standards and outstanding educational and governance programs. In alignment with this achievement, the District developed a Blueprint for Educational Excellence and Innovation in 2012 containing strategies to improve its schools. With the help of input from the community and the district’s contractor, Eric Hall & Associates, this Blueprint strategic plan led to the creation of a new Facilities Master Plan in 2016.

The 2016 Facilities Master Plan outlined the need for the replacement of aging portables and the modernization of buildings over 10 years old. The District’s Board and staff then consulted with the community a second time to develop a plan to meet the most pressing of these needs, leading to the conclusion that a General Obligation bond measure would be appropriate to meet the funding gap. Funds from the bond measure to be placed before voters in 2018 would be used for improvements and modernizations at over 29 facilities.

Proposal

On May 31, 2018, the Vista Unified School District Board of Education voted to place a \$247 million school bond measure on the November 6, 2018 ballot.

The ballot question expected to be put before voters will read as follows:

“To repair, upgrade, equip classrooms, science labs, local school facilities supporting college readiness, career preparation, math, science, engineering, technology, skilled trades; repair aging classrooms/schools including deteriorating roofs, plumbing, and electrical; improve student safety/school security; shall Vista Unified School District issue \$247 million dollars in bonds at legal rates, raising approximately \$13 million annually while bonds are outstanding, at a rate of 3 cents per \$100 of assessed value, requiring citizen oversight, all funds for local schools?”

The District has submitted its request for support from the San Diego County Taxpayers Association (SDCTA). The request included materials intended to satisfy the 2018 SDCTA Bond Support Criteria. Those materials have been reviewed and an analysis of the results is provided below. A summary table of the analysis can also be found at the end of this report.

Review of SDCTA Bond Support Criteria

Program Description

The District’s Facilities Master Plan was developed in coordination with the Superintendent’s Facility Advisory Committee, consisting of staff, parents, community members, and administration members. This committee prioritized the District’s facility needs, including deferred maintenance, with a long list of projects estimated at \$900 million. The bond program proposed by this measure would address the District’s most pressing needs, including upgrading many of its 489 portable classrooms and creating improvements to its technology infrastructure.

As the District consists of many school facilities, the bond project list provided in the measure is extensive. Projects fall into six categories and can meet one or more of several classifications—new/replacement construction (N/RC), modernization of existing facilities (M), increasing capacity (I), and updates to facilities to meet code compliance or safety requirements (U). A complete list of projects is included as an appendix to this report. Projects are not listed in order of priority, and as such voters will be unable to determine when each project is scheduled for completion.

As projects are completed and plans are finalized, more accurate project costs will be calculated, and certain projects may be delayed or taken off the project list as a result. District documents indicate that the Board of Education will have the discretion to determine if full reconstruction is necessary for any projects involving renovation or modernization of a building.

Budget, Funding, and Execution Plan

Cost estimates, which include considerations for contingencies and escalation costs, for the projects proposed to be funded through bond revenues were derived with the help of the District’s architects and construction manager. No specific project requires the use of funds outside of those from the bond measure, but the District intends to seek and use funding from development impact fees, joint use in partnership with other agencies, and state matching funds to complete the projects on its list.

Proposed bond issuance	\$247,000,000
Redevelopment funds over a 10-year period	\$20,000,000
State matching funds	\$18,000,000
Developer fees	\$5,000,000
General Fund	\$2,000,000
Total Available Funding	\$292,000,000

The District, along with its consultants, provided estimated costs for projects to be complete with the funding sources outlined above. These costs were broken out between hard and soft costs, as well as costs by site and category. A summary of these costs is outlined below (see appendix A for description of categories).

Figure 1: VUSD Capital Spending Plan Summary

Category A	Category B	Category C	Category D	Category E	Category F	Total
\$24,729,588	\$11,295,700	\$22,555,858	\$16,080,404	\$23,276,893	\$193,577,433	\$291,515,876

All bonds will be issued as current interest bonds with maturities that do not exceed the useful life of the assets the bond revenues will fund. The District used a conservative 3.75% growth rate assumption for the assessed value of property within its boundaries, which affects the estimated property tax rate and future bond revenue.



The District intends to use the help of Eric Hall and Associates to manage and execute its bond program, including seeking regulatory approval and funding at the state level. The District's Assistant Superintendent-Business Services also has extensive experience in procurement and construction management, including for the District's Proposition O bond program, which operated from 2003 to 2013.

Additionally, VUSD has contracted with Erickson-Hall Construction for the management of its construction program from the design phase through implementation and to assist its staff with the public project bidding process. The District has contracted with five architectural firms and an Executive Architect to oversee and coordinate projects so that they are in line with proper rules, regulations, and standards.

Ballot Resolution and Language

On May 31, 2018, the District adopted the final ballot language and tax rate statement. The District has submitted language to SDCTA that outlines the ballot question, as well as other items pertaining to SDCTA's best practices.

On May 8, 2018, the VUSD Board of Education formally adopted Resolution No. 18-47, "Resolution of the Board Education of the Vista Unified School District Committing to Bond Measure and Capital Projects Accountability and Transparency." If the bond measure is adopted by voters, the Board will adopt this resolution as formal Board policy.

The resolution contains language that satisfies SDCTA School Construction and Professional Services Procurement Best Practices, SDCTA recommended policy regarding the use of Capital Appreciation Bonds, and SDCTA recommended provisions regarding fair and open competition for all District construction projects. The District also included within the draft ballot resolution its intent to pursue practical opportunities to incorporate joint-use within its bond program.

VUSD's Accountability Resolution also contains language adopting a "No Pay to Play" policy and planned ethics education for District Board members, satisfying requirements of SDCTA's 2018 Bond Support Criteria. The District will also make its ethics training available to CBOC members, exceeding SDCTA's recommendations to help promote accountability and responsible fiscal management. Lastly, the Accountability Resolution includes the adoption of SDCTA's Independent Citizens' Oversight Committee Best Practices.

Deferred Maintenance Funding

Over the past five years, the District has spent over \$22 million on its deferred maintenance needs, including roof, asphalt, and concrete repairs, cooling and heating system replacement, painting projects, and a football stadium replacement. In addition, the District maintains an operating budget in its Routine Restrict Maintenance Account to ensure that ongoing maintenance needs can be addressed. In its most recent Five-Year Expenditure Plan, VUSD outlined over \$6 million in deferred maintenance projects.

Figure 2: VUSD Deferred Maintenance Five-Year Plan

Project Category and Quantity	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Total Estimated Cost
Electrical (74)	\$22,840	\$70,000	\$62,662	\$71,017	\$79,372	\$124,044
Floor Covering (51)	\$401,113	\$432,500	\$313,312	\$355,087	\$396,862	\$2,177,468
HVAC (35)	\$193,246	-	\$208,875	\$236,725	\$264,575	\$1,049,051
Pool (10)		\$4,500	\$5,222	\$5,918	\$6,614	\$1,049,051
Painting (29)	\$450,000	-	\$104,437	\$118,362	\$132,287	\$684,000
Concrete/Asphalt (33)	\$125,000	\$260,000	\$162,922	\$184,645	\$206,368	\$138,002
Ramps (5)	-	\$84,000	-	-	-	\$1,049,051
Roofing (25)	\$206,118	\$249,000	\$186,943	\$186,943	\$236,794	\$1,118,926
Total	\$1,398,327	\$1,100,000	\$1,044,373	\$1,044,373	\$1,322,873	\$6,049,197

SDCTA School Bonds Coursework

The SDCTA recommends that senior staff, Board members, or Independent Citizen Oversight Committee members from each school district attend the San Diego Taxpayers Educational Foundation’s coursework around best practices for school bond programs. Along with UC San Diego Extension, SDTEF hosts “The Practice of Designing & Running School Bonds” course, a hybrid in person and online course designed for school district superintendents and executive financial staff to learn about the process of designing, campaigning for, and running a school bond program. Along with Point Loma Nazarene University, SDTEF hosts a “Legitimate and Effective School Bonds” Course, an online course designed for school board members and ICOC members, as well as candidates, to learn about their oversight role for a bond program.

Vista Unified School District’s Assistant Superintendent-Business Services, Executive Director of Facilities and Operations, and a member of the District’s Board of Education participated in SDCTA’s “Legitimate and Effective School Bonds” course with Point Loma Nazarene University in February and May of 2018.

Fiscal Impact

The measure may increase the property tax rate by a maximum of \$60 per \$100,000 of assessed property valuation by law. The District is proposing to raise the tax rate by an estimated \$33.15 per \$100,000 assessed valuation. Based on the average home price in the District, this will result in a \$107.73 increase to each taxpayer annually. The highest estimated tax rate expected is \$35.17 per \$100,000 of assessed valuation. Assessed valuation growth projections are conservatively estimated as 3.75% annually, whereas the 25-year historical assessed valuation growth had averaged 5.87% per year.

Based on cash flow projections and the estimated timeline for the sale of bonds the District has outlined a reasonable financing plan for a November 2018 bond. The length of time to access \$247 million of bond authorization is projected as ten years.

There will be no Capital Appreciation Bonds included in the entire bond program and the repayment ratio is expected to be 2.05 to 1. Total cost of the bond, including principal and interest, is estimated to be \$506.025 million. The following bond issues are anticipated.

Figure 3: Estimated Bond Proceeds

Bond Proceeds	Series A (2019)	Series B (2022)	Series C (2025)	Series D (2028)	Series E (2031)	Total
Bond Par Amount	\$49,400,000	\$49,400,000	\$49,400,000	\$49,400,000	\$49,400,000	\$247,000,000
Issuance Costs	\$445,000	\$445,000	\$445,000	\$445,000	\$445,000	\$2,225,000
Net Available for Projects	\$48,955,000	\$48,955,000	\$48,955,000	\$48,955,000	\$48,955,000	\$244,775,000

Vista Unified School District Bond Support Application and SDCTA Bond Support Criteria			
Criteria Item	Info Provided?	Criteria Met?	Comments
Program Description	Yes	Yes	1) Bond program outlines the needs and proposed projects at each of the District's schools
			2) Project list focuses on modernizing facilities and infrastructure, improving safety, and replacing aging portables
			3) Estimated project costs have been provided
			4) Project list within proposed ballot resolution is site specific
Program Budget and Funding	Yes	Yes	1) Bond financing scenarios made using 3.75% assessed valuation growth rates
			2) Costs associated with borrowing included, as well as expected interest revenues
			3) District has estimated that the added tax rate will be \$33.15 per \$100,000 of assessed valuation
			4) The District will be using 30-year current interest bonds as the debt financing mechanism
Cost Estimation and Feasibility	Yes	Yes	1) Project cost estimates, which include hard and soft costs, developed with the help of consultants following the completion of a Long Range Facilities Master Plan in 2016
			2) Preliminary budget included with a timeline for completion of projects
			3) Needs estimated at \$646,666,963
Program Justification	Yes	Yes	1) The District justifies the need for the measure to complete some of the projects listed in the needs assessment in the Facilities Master Plan
			2) The funds from this bond would be sufficient to complete the proposed projects with additional sources
			3) Funding would help bring school facilities into compliance with current codes and improve safety, technology infrastructure, and energy-saving systems.
Program Execution Plan	Yes	Yes	1) Estimated bond issuance schedules have been provided
			2) Estimated program timeline and construction schedules provided
			3) District plans to oversee projects with the help of several contractors with extensive experience
Fair and Open Competition	Yes	Yes	1) District adopted language stating that the District will promote fair and open competition for all District construction projects within its ballot resolution on May 8, 2018
			2) District has clearly stated that it does not intend to use a Project Labor Agreement but would provide public notice in advance if so

Vista Unified School District Bond Support Application and SDCTA Bond Support Criteria			
Criteria Item	Info Provided?	Criteria Met?	Comments
Bond Financing & Technology	Yes	Yes	1) District adopted provisions regarding the use of Capital Appreciation Bonds on May 8, 2018
			2) No technology devices will be purchased with bond funds
Deferred Maintenance and Major Repair & Replacement Plan	Yes	No	1) District included a five-year history of deferred maintenance spending and a future five-year spending plan
			2) District provided a deferred maintenance project list
Financial Status	Yes	Yes	1) District provided a listing of all outstanding debt
			2) District described procedures for disclosing bond-related information
Selection of Bond Agency	Yes	Yes	1) District described process used to select financial professionals
			2) District provided its Debt Policy, which outlines the process for selecting a method of sale
Joint Use of Facilities	Yes	Yes	1) District has included language within the ballot resolution intent to pursue practical opportunities to incorporate joint-use
Complete Ballot and Resolution Language	Yes	Yes	1) Ballot language and resolution for \$247 Million was adopted on May 31, 2018
			2) Ballot language outlines project list by site
Bidding Process	Yes	Yes	1) District adopted a “No Pay to Play” policy on May 8, 2018
Provision for an “Independent Citizens’ Oversight Committee”	Yes	Yes	1) District adopted SDCTA Oversight Committee Best Practices on May 8, 2018
Adoption of SDCTA School construction and Professional Services Procurement Best Practices	Yes	Yes	1) District adopted SDCTA School Construction and Professional Services Procurement Best Practices on May 8, 2018
Education of Governing Board Members and Oversight Committee Members	Yes	Yes	1) The District’s Assistant Superintendent-Business Services, Executive Director of Facilities and Operations, and a member of the District’s Board of Education attended the SDCTA “Legitimate and Effective School Bonds” course in 2018.
Opposition to Special Elections			

Appendix A: Project List

Projects fall into six categories and can meet one or more of several classifications—new/replacement construction (N/RC), modernization of existing facilities (M), increasing capacity (I), and updates to facilities to meet code compliance or safety requirements (U).

Category A: Projects to create 21st century learning environments to support science, technology, engineering, and math curriculum and career/technical education training opportunities.

Classification

- M/I Provide classrooms, labs and equipment for career and technology education classes so students are prepared for college and in-demand jobs in fields like health, sciences, engineering, technology, and skilled trades.
- M/I Provide the facilities and technology needed to support high quality instruction in math, science and technology.
- M/I Create flexible, multi-use classrooms to support hands-on science instruction and learning-by-doing.
- M Renovate, reconfigure, and/or repurpose existing classrooms and buildings to accommodate 21st century learning methods
- I Construct, furnish and equip flexible classrooms, learning studios, innovation centers, collaboration spaces and maker spaces.
- M Renovate, repair and upgrade school libraries to accommodate modern technology.
- I Construct and/or improve, furnish and equip middle and high school performing arts and music spaces and venues.
- M Renovate and upgrade multipurpose rooms and play areas on elementary and middle school campuses.
- I Upgrade, construct or relocate food service facilities, community centers, meetings spaces, workrooms, and parent/student support service areas.

Schools and Sites where Category A projects are planned: Alamosa Elementary School; Guajome Park Academy; Rancho Buena Vista High School; Vista Academy of Visual and Performing Arts (“VAPA”); Vista Magnet Middle School

Category B: Projects to modernize technology infrastructure.

Classification

- M Provide updated classroom Audio/Visual technology for content delivery and presentation, which may include projectors and/or large format flat- screen monitors, sound and voice amplification systems and ceiling mounted speakers.
- M Acquire and install centrally manageable, networked loudspeaker, bell and clock systems.
- M Acquire computer hardware for student use in the classroom that is current and up-to-date.

- M Improve school site network infrastructure in order to enhance network- based content and curriculum delivery and network security, which may include:
- Upgrade and improve the routing and network aggregation capabilities for each site in order to support the larger numbers of concurrent network and internet connections.
 - Upgrade and improve the network access layer switching capabilities in order to support the larger numbers of devices on our school networks as well as supporting the higher speed requirements.
 - Upgrade and improve classroom wiring for both wired and wireless data communication.
 - Where necessary, upgrade and improve fiber network cabling between data wiring closets at the school sites.
 - Upgrade infrastructure for improved network security.

Schools and Sites where Category B projects are planned: Vista High School; Vista Innovation and Design Academy (“VIDA”)

Category C: Projects to improve student and campus safety and security.

Classification

- M/U Acquire and install classroom intrusion alarms, video surveillance cameras, safety locks on classroom doors, fencing, gates, and exterior lighting for student safety.
- M Upgrade emergency communications and technology backup systems, signage and fencing.
- M/U Update aging classrooms and facilities to meet current fire, seismic safety and disability access codes.
- M/U Improve student safety and traffic circulation by upgrading or providing additional school drop-off areas, safe paths of travel and parking lots.
- M/U Resurface playgrounds, asphalt areas, patios and lunch areas to improve safety.

Schools and Sites where Category C projects are planned: Bobier Elementary School; California Avenue Elementary School; Mission Vista High School; Rancho Buena Vista High School; VAPA; Vista High School; VIDA; Vista Magnet Middle School

Category D: Projects to modernize and upgrade utility infrastructure, improve building functions and systems, and install energy efficiency systems.

Classification

- M/U Replace outdated and deteriorating utility infrastructure, electrical, lighting, plumbing, heating, sewer and ventilation systems.
- M Install air conditioning or other classroom cooling systems.
- M Install energy efficiency equipment and systems, including solar energy systems, to improve energy efficiency and implement sustainability and best/green energy practices.

M/U Improve site accessibility and install ramps to meet Americans with Disabilities Act compliance.

Schools and Sites where Category D projects are planned: Beaumont Elementary School; Bobier Elementary School; Casita Elementary School; Foothill Elementary School; Maryland Elementary School; Mission Meadows Elementary School; Monte Vista Elementary School; Rancho Buena Vista High School; Vista High School; VIDA

Category E: Projects to complete basic facility upgrades and to meet current academic and safety standards.

Classification

- M Fix and/or replace deteriorating roofs.
- M/U Renovate and expand restrooms for students and staff.
- M Repaint school exteriors and interiors and refresh or replace landscaping.
- M Install or repair shade structures on school campuses and create sheltered eating and outdoor learning areas as needed
- M Furnish classrooms and learning spaces with flexible furniture.
- M/U Replace or update drinking fountains and bottle filling stations
- M Build new or transform existing spaces to ensure functional kitchens, multi-use rooms and stages to meet District facility standards for elementary, middle and high schools.

Schools and Sites where Category E projects are planned: Hannalei Elementary School; Mission Vista High School; Monte Vista Elementary School; Rancho Buena Vista High School; Rancho Minerva Middle School; T.H.E. Leadership Academy; Vista Adult Transition Center; Vista High School; VIDA; Vista Magnet Middle School.

Category F: Projects to remove portable buildings from school campuses.

Classification

- M Remove or demolish aging portable buildings and classrooms that are no longer needed to accommodate student enrollment on school sites.
- I Replace aging portable buildings with new classrooms and classroom buildings.

Schools and Sites where Category F projects are planned: Alamosa Elementary School; Alta Vista High School; Beaumont Elementary School; Bobier Elementary School; Breeze Hill Elementary School; Casita Elementary School; Empresa Elementary School; Foothill Elementary School; Guajome Park Academy; Grapevine Elementary School; Lake Elementary School; Madison Middle School; Major General Murray High School; Maryland Elementary School; Mission Meadows Elementary School; Monte Vista Elementary School; Rancho Buena Vista High School; Roosevelt Middle School; T.H.E. Leadership Academy; Vista Adult Transition Center; Vista High School; VIDA