

## **Proposition M: Dehesa School District Bond Measure Brief Summary**

SDCTA **supports** Dehesa School District's bond measure as the District has demonstrated adequate need for facility upgrades. An independent assessment of the District's facilities found that several of its older buildings are in need of major repairs and maintenance. Additionally, the District, although technically K-8, has not been able to accommodate students in grades 7-8 for several years. The District believes that it is the will of the community for local middle school facilities to be provided for all students. Priority of bond financing has been properly assigned to replacement and renovation of the worst facilities outlined in the facilities needs assessment and creation of new middle school facilities.

In addition, SDCTA recommends that the District hire a project manager for its bond program and that going forward, the District place greater importance on budgeting funds for maintenance and major facility repairs

- Dehesa School District is proposing issuance of \$5.5 million in General Obligation (G.O.) bonds. This issuance is contingent upon special financing through the State's Qualified School Construction Bond (QSCB) program. If this financing does not come through, total G.O. bond issuance would be only \$3.0 million.
- The estimated cost of the bond's associated projects is \$13.37 million. The District anticipates using \$2.4 million in District funding, \$2.1 million in State funding, and an uncertain amount of Federal Indian Education Act Grant funding to cover the total cost of the project.
- The project would include construction of eight new buildings totaling 25,643 square feet at an average projected price of \$251 per square foot, construction of a new outdoor pavilion (9,212 square feet), and renovation of two existing buildings.
- A facilities needs assessment conducted by an outside firm, Johnson Controls, found that several facilities were in need of major repairs and maintenance.
- The District failed to meet four of SDCTA's bond support criteria.
  - Cost of borrowing and cash flow analysis were not provided.
  - It is unclear how the District plans to cover \$2.5 million in lost funding if QSCB financing does not come through.
  - No timeline or benchmarks are provided for project completion.
  - The bond resolution does not include a clause pertaining to Joint Use of facilities.

**Prop M: Dehesa School District Bond Measure**

August 2010

**Board Recommendation:**

**SUPPORT**

**Rationale:**

SDCTA supports Dehesa School District’s bond measure as the District has demonstrated adequate need for facility upgrades. An independent assessment of the District’s facilities found that several of its older buildings are in need of major repairs and maintenance. Additionally, the District, although technically K-8, has not been able to accommodate students in grades 7-8 for several years. The District believes that it is the will of the community for local middle school facilities to be provided for all students. Priority of bond financing has been properly assigned to replacement and renovation of the worst facilities outlined in the facilities needs assessment and creation of new middle school facilities. However, SDCTA does recommend that the District place greater importance on budgeting funds for future maintenance and major facility repairs.

In addition, SDCTA recommends that the District hire a project manager for its bond program and that going forward, the District place greater importance on budgeting funds for maintenance and major facility repairs.

**Background:**

Dehesa School District (District), established in 1876, consists of only one (1) elementary school located in the City of El Cajon. Enrollment during the 2009-2010 school year totaled 166 (K-6). As part of the projects funded through Prop M, the district wishes to expand it facilities to allow for enrollment in grades 7-8. Should the district expand into grades 7-8, its total enrollment is projected to grow to 237 in 2012-2013.

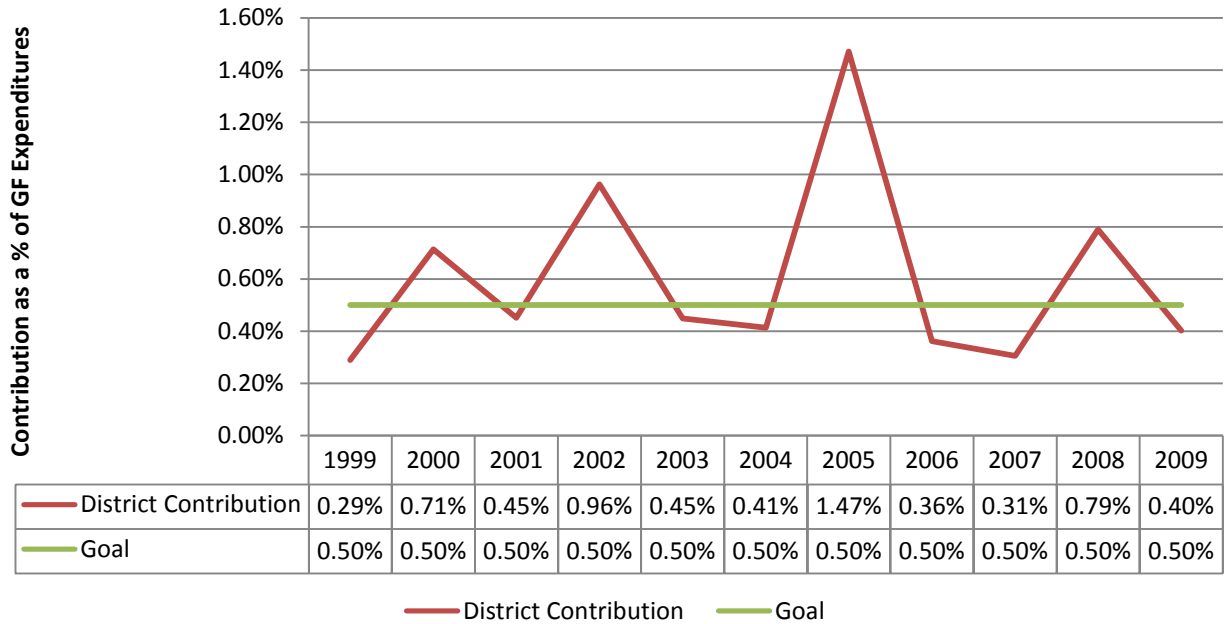
**Dehesa School District Projected Enrollment**

	Projected Enrollment				Average Daily Attendance			
	2010	2011	2012	2013	2010	2011	2012	2013
K-6	166	199	193	182	162.25	189	183.1	172.9
Middle School	0	13	37	55	0	12.4	35.4	52.3
<b>Total</b>	<b>166</b>	<b>212</b>	<b>230</b>	<b>237</b>	<b>162.25</b>	<b>201.4</b>	<b>218.5</b>	<b>225.2</b>

Source: Dehesa School District

The proposed measure will be the third General Obligation (G.O.) Bond Measure passed in the District (previous issuances in 1950 and 1970). The 1950 bond issue was a \$38,000 (nominal dollars) G.O. bond that allowed the District to construct its administration building. The District’s 1970 bond was for \$160,000 (nominal dollars) and was used to construct the District’s kindergarten area.

## Deferred Maintenance Contributions FY 1999 - FY 2009



The District is a participant in the State’s school building program, which requires the District to contribute an amount at least equal to 2.5% of their General Fund expenditures for facilities repair in addition to at least .5% of their General Fund expenditures for deferred maintenance work. The State recently allowed school districts to reduce this contribution from 3% to 1% of General Fund Expenditures through FY 2013. In FY 2009, the District contributed \$9,127 (0.40%) to its deferred maintenance fund and expended \$13,633 from this fund for maintenance. The large increase in deferred maintenance spending in FY 2005 was due to an influx in state funding for facilities modernization. This funding becomes available to the District every 25 years. **On average, the District has contributed .6% from FY 1999 to FY 2009 to its Deferred Maintenance Fund.**

**Proposal:**

The District is pursuing a Proposition 39 school facilities bond (which requires a 55% vote of the public) for the November 2, 2010 general election.

The question before voters will read as follows:

“To improve student access to computers and modern technology; replace portable classrooms and construct new classrooms; build a new science lab and library and other educational facilities; shall Dehesa School District be authorized to issue \$5.5 million of bonds within legal interest rates, so long as there is an independent local citizens’ oversight committee and no funds can be taken by the State and spent elsewhere?”

The total bond project is projected to cost \$13.37 million. The district expects to receive \$5.5 million from the bond issuance, which it will combine with \$2.4 million in current district funds and \$2.1 million from the State. The district also expects to receive funding through a Federal Indian Education Act Grant; however the amount of this funding source is unknown.

Of the \$5.5 million in potential financing provided through G.O. bond issuance, \$2.5 million would be provided from the State through a Qualified School Construction Bond (QSCB) program. The QSCB provides for subsidized, low cost borrowing for school districts. By borrowing through the low cost program, the district would be able to borrow up to \$5.5 million while still complying with the tax rate imposed by Proposition 39 (2000) of \$30 per \$100,000 of assessed value. However, should the district fail to secure funding through QSCB they would only be able to issue \$3.0 million in G.O. bonds.

The project list provided by the District is as follows:

- Upgrade classrooms with up-to-date computers and technology.
- Build a science lab.
- Replace temporary portable classrooms that have exceeded their useful life with new permanent classrooms.
- Build a new library, including for joint use.
- Construct additional classrooms, administrative offices, and other educational facilities.
- Provide an outdoor pavilion for P.E. and other community and school activities.

**As a small district, Dehesa will elect not to hire a construction or program supervisor. Instead, the District will use current staff for program management.**

#### **Facilities Needs:**

In the fall of 2008 the District hired the firm Johnson Controls to conduct a school-wide inspection to determine the condition of the facilities. The inspection determined, among other things, that:

- Existing windows in several buildings need to be replaced because they were single pane and not shatter resistant.
- Several classroom doors lack panic hardware.
- An entire row of modular classrooms is in need of new roofing and carpeting.
- A multi-classroom unit and the current library need new HVAC units.
- The campus-wide fire alarm system needs to be upgraded to be up to code.

In 2009, the firm NTC Architects was hired to develop the district's Facilities Needs Assessment and Master Plan. The Master Plan addressed the issues noted by Johnson Controls, as well as recognized the districts goals to enhance library, art, science, music, and physical education facilities and provide adequate classroom space to expand enrollment in grades 7 and 8. Altogether, the Master Plan outlines construction of eight new buildings totaling 25,643 square feet at an average projected price of \$251 per square foot, construction of a new outdoor pavilion (9,212 square feet), and renovation of two existing buildings. The total construction costs are estimated to be \$10,964,300.

As funding permits the construction will be done in the following phases.

- Phase 1: Construct a new middle school facility with science lab, elective room, and classroom. (\$1.23 million)
- Phase 2: Replace five portable classrooms. (\$1.77 million)
- Phase 3: Construct a new kindergarten classroom area. (\$796,950)
- Phase 4: Construct a new library, resource, cultural center. (\$1.38 million)
- Phase 5: Modernize the current administration building and multipurpose center. (\$1.30 million)
- Phase 6: Construct an outdoor pavilion for physical education. (\$1.84 million)



**Fiscal Impact:**

The District plans to issue a single series of bonds in January 2011 totaling \$5.5 million (with QSCB funding) with an amortization period of 30 years. Property tax rates will not exceed \$30 per \$100,000 of assessed value.



**SDCTA Bond Support Criteria Analysis:**

*(See SDCTA's Bond Support Criteria for more information)*

<b>Dehesa School District Bond Support Application and SDCTA Bond Support Criteria</b>			
<b>Criteria Item</b>	<b>Info Provided?</b>	<b>Criteria met?</b>	<b>Comments</b>
Program Description	Yes	Yes	Project would construct eight (8) new buildings and a pavilion in addition to renovating two (2) existing buildings.
Program Budget and Funding	Yes	No	District has not determined how it will fund the project if QSCB funding does not come through.
Cost Estimation and Feasibility	Yes	Yes	Cost estimates provided by the firm NTD Architecture
Program Justification	Yes	No	Enrollment projections provided only for 3 years as opposed to 10 years.
Facilities Master Plan	Yes	Yes	
Facilities Needs Assessment	Yes	Yes	
Program Execution Plan	Yes	No	Limited information provided about timeline and benchmarks for project completion; no information provided about District resources available to manage the project, as project management will not be contracted out.
Deferred Maintenance and Major Repair and Replacement Plan	Yes	Yes	
Complete Ballot and Resolution Language	Yes	Yes	
Provision for an "Independent Citizens' Oversight Committee"	Yes	Yes	
Limited Use of District's "Education" Funds	Yes	Yes	
Joint Use of Facilities	Yes	No	SDCTA's Joint Use provisions not incorporated into the District's resolution.