



## **Proposition EE: MiraCosta Community College District \$497 million Bond Measure Brief Summary**

**SDCTA SUPPORTS** Proposition EE. The MiraCosta Community College District proposed bond measure meets key provisions of SDCTA's Bond Support Criteria. The application submitted by the District outlines the need of the District, plans and draft budgets for each of the proposed projects. Voters within the District will have an understanding of Phase I of the program prior to the election, but other phases will be determined following the election, should voters approve the measure. The descriptions of the projects submitted and outlined in the Master Plan have been thoroughly vetted, and no reason has been found that would prevent the District from executing the projects. The District has documented its intent to issue 25-year Current Interest Bonds as its financing mechanisms, and has adopted SDCTA's policy regarding the use of Capital Appreciation Bonds.

- MiraCosta Community College District is proposing a \$497 million Proposition 39 General Obligation Bond measure.
- The measure would increase the current tax rate by a maximum \$25 per \$100,000 of assessed valuation. District is proposing to raise the tax rate by \$19.64 per \$100,000 assessed valuation.
- Current Rough Order of Magnitude budgets outline \$497 million in projects.
- The program is based off a Comprehensive Master Plan finalized by the District in 2011.
- The District's Master Plan includes the need of expanding science, biotechnology, nursing, technical health-related careers, and job-training programs.
- The projects at each of the District's three sites are projected to be completed within three major phases.
- Preliminary budgets submitted to SDCTA are broken down by campus site and type of construction at each site.
- The District has set aside funding for detailed phasing of Phase I. Other programming yet to be completed and will not be finalized until after voter approval of the measure.
- The District has documented its intent to issue 25-year Current Interest Bonds as its financing mechanisms, and has adopted SDCTA's policy regarding the use of Capital Appreciation Bonds.
- District has adopted all required SDCTA best practices.

**Proposition EE: MiraCosta Community College District Bond Measure**

**Board Action:**

**SUPPORT**

**Rationale:**

The MiraCosta Community College District proposed bond measure meets key provisions of SDCTA's Bond Support Criteria. The application submitted by the District outlines the need of the District, plans and draft budgets for each of the proposed projects. Voters within the District will have an understanding of Phase I of the program prior to the election, but other phases will be determined following the election, should voters approve the measure. The descriptions of the projects submitted and outlined in the Master Plan have been thoroughly vetted, and no reason has been found that would prevent the District from executing the projects. The District has documented its intent to issue 25-year Current Interest Bonds as its financing mechanisms, and has adopted SDCTA's policy regarding the use of Capital Appreciation Bonds.

**Background:**

The MiraCosta Community College District (MCCD) consists of three (3) campuses in coastal north San Diego County:

- **Oceanside:** 121.5 acre site offers credit, career technical and noncredit courses. The general education credit courses lead to transfer and/or to one of 93 associate degree majors. Career technical courses lead to associate degrees or certificates in 28 majors. Noncredit classes tailored for older adults are also offered on this campus.
- **San Elijo:** 48 acre site offers general education credit courses leading to transfer or an associate degree in 57 of MCCD's 93 associate degree majors. A variety of career technical education courses are offered. Non credit courses are offered on a limited based on an agreement with the San Dieguito Union High School District.
- **Community Learning Center (CLC):** 7.6 acre site offers a wide variety of non credit programs. Credit courses offered at the site are intended to support students' transition from noncredit to credit enrollment.

The 2011 Comprehensive Master Plan estimates that by 2020, nearly 20,000 individuals will be attending the District's three campuses. Figure 1 outlines the current and projected headcount by campus site.

**Figure 1: Current and Projected Headcount by Campus**

	Oceanside	San Elijo	CLC
<b>Fall 2009</b>			
<b>Credit</b>	10,119	3,652	44
<b>Non-Credit</b>	117	76	2,342
<b>Total</b>	<b>10,236</b>	<b>3,728</b>	<b>2,386</b>
<b>Fall 2020</b>			
<b>Credit</b>	12,345	4,455	54
<b>Non-Credit</b>	129	84	2,576
<b>Total</b>	<b>12,474</b>	<b>4,539</b>	<b>2,630</b>

**Proposal:**

On August 7, 2012, the MCCD Board of Trustees voted to place a \$497 million school bond measure on the November 6, 2012 ballot.

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

“To prepare students for universities/jobs/careers by: Expanding science labs, health-related careers, bio-technology, nursing, technical job training; Upgrading outdated electrical systems, wiring, computer technology/Internet access; Improving support facilities for Veterans; Meeting handicap accessibility requirements; Acquiring/constructing/repairing facilities, sites/equipment; shall MiraCosta Community College District issues \$497,000,000 in bonds at legal rates, requiring all funds remain local, financial audits, citizen’s oversight, and NO money for pensions or administrators’ salaries?”

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

**Review of SDCTA Bond Support Criteria**

*Program Description, Budget & Funding, Execution Plan*

The District has outlined six (6) areas of need for each campus site within the proposed bond program and master plan:

1. New Construction
2. Renovations
3. Modernizations
4. Campus-Wide Site Improvements
5. Sustainability Improvements
6. Technology Improvements

The District’s Comprehensive Master Plan included a Rough Order of Magnitude (ROM) budget for the projects outlined. The District’s consultant, HMC Architects utilized the California

Community College Chancellor’s Office standards for building cost guidelines and all associated project costs. Figure 2 outlines the project costs by need and by site.

**Figure 2: Rough Order of Magnitude Budget by Site**

	Oceanside	San Elijo	CLC
New Construction	\$87,704,183	\$13,273,217	\$4,609,862
Renovations	\$44,803,864	\$9,596,470	\$6,658,954
Modernizations	\$29,655,983	\$5,215,513	\$2,070,919
Campus-Wide Site Improvements	\$82,461,235	\$21,857,319	\$8,075,234
Sustainability Improvements	\$24,675,687	\$3,434,366	\$2,430,627
Technology Improvements	\$47,994,700	\$10,735,868	\$8,851,600
Contingency (20%)	\$63,459,130	\$12,822,551	\$6,539,440
<b>Total</b>	<b>\$380,754,782</b>	<b>\$76,935,304</b>	<b>\$39,236,636</b>

The District’s program is divided into phases at each of the campuses. Both the Oceanside Campus and the San Elijo Campus have three phases in their program and the Community Learning Center has two phases. The proposed projects for each of these phases by site are listed in Appendix A. The detailed programming for each phase, including scheduled start and end dates for each project, have yet to be outlined. The District has set aside funding to develop detailed planning for Phase I, which is expected to be completed between August 7 and November 1, 2012, should the District move forward in placing a measure on the ballot.

The District has stated more detailed programming and budgeting within each phase will be developed now that the Board has placed a bond measure on the ballot. In the interim, the ROM budgets by phase are outlined in Figure 3.

**Figure 3: ROM Budget by Phase**

Program Phase	Budgeted Amount
<b>Phase I</b>	\$168 million
<b>Phase II</b>	\$183 million
<b>Phase III</b>	\$146 million

The District has issued a Request for Proposals (RFP) for bond underwriting services. To date, seven responses to the RFP have been submitted. The District has indicated four bond issuances of \$95 million and a fifth bond issuances of between \$117 million for each issuance will be needed to complete the program, while keeping the tax rate below the legal limit of \$25 per \$100,000 assessed valuation. The District has stated the tax rate under the current financing plan will be no more than \$19.64 per \$100,000 assessed valuation. The District intends to select a bond underwriter following the placement of the measure on the ballot. The District has documented its intent to issue 25-year Current Interest Bonds as its financing mechanisms, and has adopted SDCTA’s policy regarding the use of Capital Appreciation Bonds.

The District does not plan to use staff to manage and execute the program. Instead, the District plans to utilize a program management company to oversee the execution of the bond program.

### *Ballot Resolution and Language*

On August 7, 2012, the District formally adopted the ballot language as previously indicated.

The MCCD board of trustees has formally adopted the SDCTA Independent Citizens' Oversight Committee Best Practices, SDCTA School Construction and Professional Services Procurement Best Practices, and included within the draft ballot resolution its intent to pursue practical opportunities to incorporate joint-use within its bond program.

The project list that will be presented to voters does not identify the various projects by site or by priority. Instead, the language within the resolution outlines the projects by the following goals:

- 1) Academic facility and technology upgrade projects to help students transfer to four-year universities or be trained for good jobs;
- 2) Essential repair and construction projects to provide greater access to an affordable education; and
- 3) 21st century job training and infrastructure projects

The resolution also directs readers to the District's website to view the Master Plan and the projects that are outlined for each location and the phase in which the projects are intended to be completed. Information on the website is detailed and outlines the relationship between the capital projects and educational programming.

### *Deferred Maintenance Funding*

The District sets its annual maintenance budget based upon the prior year funding level plus any increases to fixed utilities, contractual obligations and programmatic increases. The District did not disclose the required amount to maintain the District's facilities annually, only that it does spend "an adequate amount." The District further states, "In terms of the five-year infrastructure scheduled maintenance plan, current funding is inadequate due to the total lack of state funding and the unprecedented decline of property tax revenues to the district during the recession."

In total, the District estimates the outstanding need within the five-year maintenance plan totals approximately \$1.2 million. All of the unfunded maintenance needs would be eliminated should voters approve the bond measure.

### **Fiscal Impact:**

The District has indicated four bond issuances of \$95 million and a fifth bond issuance of between \$117 million for each issuance will be needed to complete the program, while keeping the tax rate below the legal limit of \$25 per \$100,000 assessed valuation. The District has stated the tax rate under the current financing plan will be no more than \$19.64 per \$100,000 assessed valuation. The District intends to select a bond underwriter following the placement of the measure on the ballot. The District has documented its intent to issue 25-year Current Interest Bonds as its financing mechanisms, and has adopted SDCTA's policy regarding the use of Capital Appreciation Bonds. The draft total cost, including principal and interest, is estimated to be \$965.2 million.

The District has stated that it will not be relying on state matching funds to assist in completing projects. The entirety of the program will be funded by the proposed bond measure.



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**SDCTA Bond Support Criteria Analysis:**

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

MiraCosta Community College District Bond Support Application and SDCTA Bond Support Criteria			
Criteria Item	Info Provided?	Criteria met?	Comments
Program Description	Yes	Yes	1) District has outlined 3 focus areas: 1) Academic facility and technology upgrade projects to help students transfer to four-year universities or be trained for good jobs; 2) Essential repair and construction projects to provide greater access to an affordable education; and 3) 21st century job training and infrastructure projects
			2) Project list outlined within ballot resolution
			3) Projects proposed for all 3 campuses of the college
			4) No site acquisition is necessary
			5) Projects are not yet classified in phases
Program Budget and Funding	Yes	Yes	1) Final budget with detailed architectural programming and design yet to be completed
			2) Rough Order of Magnitude budget does include soft costs and contingency costs for each project
			3) ROM budget totals \$497 million
			4) Bond program does not anticipate or require State matching funds
			5) Tax rate increase estimated to be \$19.64 per \$100,000 assessed valuation but can legally be \$25 per \$100,000 assessed valuation. A bond consultant has yet to be hired to determine final rates
Cost Estimation and Feasibility	Yes	Yes	1) Program budget based on development of 2011 Comprehensive Master Plan
			2) Cost estimates are based on a Rough Order of Magnitude using guidelines from the California Community College Chancellor's Office
			3) Preliminary budget based on projected timelines, include cost inflation factors and contingency
			4) Cost estimates broken down by hard and soft costs
			5) Preliminary budgets broken down by campus site and type of construction at each site
Program Justification	Yes	Yes	1) The District justifies the need for the measure to modernize classrooms that are in aging facilities
			2) The District's Master Plan includes the need of expanding science, biotechnology, nursing, technical health-related careers, and job-training programs.
			3) District must expand and build new facilities as student population continues to grow
Facilities Master Plan & Facilities Needs Assessment	Yes	Yes	1) 2011 Master Plan has been provided
			2) Needs Assessment conducted, which identifies major repair and replacement needs of the District
			3) Facilities Condition Index report conducted for the District on behalf of California Community College Chancellor's Office COMET System



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**MiraCosta Community College District Bond Support Application and SDCTA Bond Support Criteria**

Criteria Item	Info Provided?	Criteria met?	Comments
Program Execution Plan	Yes	Yes	1) The projects at each of the three sites are projected to be completed within three major phases
			2) District has set aside funding for detailed phasing of Phase I. Other programming yet to be completed
			3) District submitted draft cash flows and debt issuance schedule, but will be finalized after the election, should voters pass the measure
			5) District expects to have 4 issuances of \$95 million and 1 issuance of \$117 million. Maximum tax rate projected to be \$19.64 per \$100,000 assessed valuation
			6) District will be utilizing a program management firm to manage the bond program
Deferred Maintenance and Major Repair and Replacement Plan	Yes	Yes	1) District stated current funding is inadequate due to the total lack of state funding and the unprecedented decline of property tax revenues to the district during the recession
			2) District estimates the outstanding need within the five-year maintenance plan totals approximately \$1.2 million
			3) All of the maintenance needs would be eliminated should voters approve the bond measure
Complete Ballot and Resolution Language	Yes	Yes	1) Ballot language and resolution adopted by the Board August 7, 2012
			2) Proposed ballot language outlines project list
Provision for an "Independent Citizens' Oversight Committee"	Yes	Yes	1) District adopted SDCTA ICOC best practices via resolution
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 via resolution
Limited Use of District's "Education" Funds	Yes	Yes	1) SDCTA staff has reviewed ballot measure references in District materials and has not found a violation in regard to SDCTA's Standards for Publicly Funded Advocacy For or Against Ballot Measures
			2) District has stated no public funds will be used for advocacy efforts and activities
Joint Use of Facilities	Yes	Yes	1) District has included language within the ballot resolution intent to pursue practical opportunities to incorporate joint-use
Opposition to Special Elections			
Follow-Up Bond Requirement			



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### Appendix A: Project List by Site and Phase

	Phase I	Phase II	Phase III
<b>Oceanside</b>	New Instructional Building-Biological Sciences	New Instructional Building-Allied Health	New Instructional Building-Kinesiology
	New Maintenance, Operations and Purchasing Complex	Administration Building Renovation	Automotive Technology Building Renovation
	Campus Police Building Modernization	Student Center Building Renovation	Building 4100 Renovation
	Library Building Modernization	Student Services and Instructional Buildings	Science Building Renovation
	Theater Building Modernization	Building 4700 Renovation	Horticulture Complex Renovation
	Art Building Modernization	Building 4800 Modernization	Child Development Center Modernization
	Creative Arts Building Modernization	Campus Green	West Entry Drives and Parking Improvements
	Art-Music Building Modernization	Student Plaza	East Entry Drives and Parking Improvements
	Concert Hall Modernization	Scholar's Garden	Arboretum
	Buildings 3500, 3600 and 4600 Modernization	Northeast Parking Lot	Parking Lots 1A and 2A Improvements
	Natural Habitat Reserve		South Campus Photovoltaic System
	Entry Signage		North Barnard Drive Improvements
	Arts Yard and Storage		Lot 3E Improvements
	Parking Lot 1B Improvements		Activity Field
Parking Lot 4C Improvements		Event Garden	
North Campus Photovoltaic System		Oceanside Terrace	
<b>San Elijo</b>	New Instructional Building-Science	Student 900 Renovation	New Student Services Building
	Library Building Modernization	Student Plaza and Amphitheater Improvements	Art Building 200 Renovation
	Building 300 Modernization	Activity Field	Administration Building 800 Renovation
	Building 500 Renovation		Drives and Parking Improvements-Phase 2
	Building 600 Modernization		Campus Quad Improvements
	Facilities Building 700 Modernization		
	MiraCosta College Boulevard Sign		
Drives and Parking Improvements-Phase I			
<b>Community Learning Center</b>	New Student Services Building	New Storage Service Yard	
	Building A and B Modernization	Building A Renovation	
	Student and Forecourt Plaza	Drives and Parking Improvements-Phase II	
	Entry Plaza and Study Gardens		
	Drives and Parking Improvements-Phase I		