

Proposition E: Escondido Union School District \$182.1 Million Bond Measure

SDCTA is **NEUTRAL** on Proposition E. The measure meets most of the key provisions of the SDCTA Bond Support Criteria. The application submitted outlines the facility needs of the district, detailed cost estimates for expenditures, and a proposed bond issuance schedule. The district has not yet developed a timeline for completion of the projects, and the ballot resolution does not limit the maturity length of the bonds for technology infrastructure as outlined. The project list outlined within the ballot resolution does not list the projects to be completed by site.

- The Escondido Union School District operates 22 elementary and middle schools, one community day school, and a state preschool program on a traditional calendar.
- In March 2002, voters within the District passed Proposition K, a \$46.3 million school bond measure to (1) upgrade, improve, and modernize existing neighborhood schools, and (2) build two new schools to address increasing enrollment and the resultant overcrowding of facilities.
- The San Diego County Taxpayers Association supported the District's bond measure.
- In 2014, the District completed comprehensive facility condition assessments of their 25 campuses.
- The assessment concluded the needs of the District totaled \$340.2 million in critical, immediate, and discretionary projects.
- The District has proposed a \$182.1 bond measure for the November 2014 election to fund the district's priority projects largely informed by the needs assessment.
- The \$182.1 million in proposed projects was filtered into five (5) priority levels.
- Priority 1 level projects account for \$154.4 million of the total amount, with Priority 2-5 level projects making up the remaining \$27.7 million.
- The District has identified \$23.7 million in technology infrastructure projects that are proposed to be completed across the various District site.
- This measure could require residents to pay a tax of up to \$30.00 per \$100,000 of assessed property value.
- The average expected increase in property taxes would be \$29.00 per \$100,000 of assessed value.
- The District is proposing seven (7) bond issuances between 2015 and 2033 to complete the projects outlined in the measure.

Proposition E: Escondido Union School District \$182.1 Million Bond Measure

September 2014

SDCTA Position:

NEUTRAL

Rationale for Position:

The measure meets most of the key provisions of the SDCTA Bond Support Criteria. The application submitted outlines the facility needs of the district, detailed cost estimates for expenditures, and a proposed bond issuance schedule. The district has not yet developed a timeline for completion of the projects, and the ballot resolution does not limit the maturity length of the bonds for technology infrastructure as outlined. The project list outlined within the ballot resolution does not list the projects to be completed by site.

Title: “Escondido Union School District \$182.1 Million Bond Measure”

Election: November 2014 General

Description: The authorization of \$182.1 million of bonds to pay for student technology with an estimated average increase in property taxes of \$29.00 per \$100,000 of assessed value. The measure would address the District’s total need of \$340.8 million according to recent facilities needs assessment. The bond program is intended to fund 3 project categories: 1) Safety & Security Projects; 2) Energy Efficiency Projects; 3) District-Wide Instructional Technology & Wiring Projects.

Jurisdiction: Local

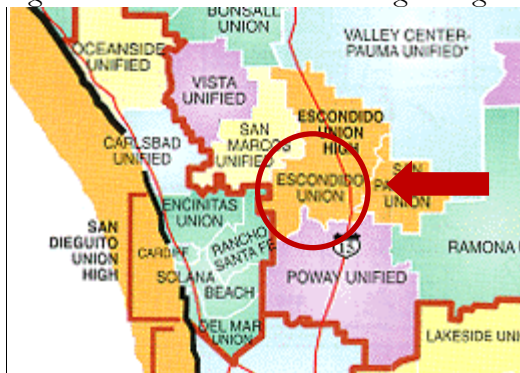
Vote: 55% Super Majority

Fiscal Impact: This bond could require residents to pay a tax of up to \$30.00 per \$100,000 of assessed property value. The average expected increase in property taxes would be \$29.00 per \$100,000 of assessed value.

Background:

The Escondido Union School District (District) covers 77 square miles in northeast San Diego County and serves over 18,000 students. The District operates 22 elementary and middle schools, one community day school, and a state preschool program on a traditional calendar.

Figure 1: Escondido Union and Neighboring School Districts



Source: San Diego County Office of Education

Proposition K

In March 2002, voters within the District passed Proposition K, a \$46.3 million school bond measure to (1) upgrade, improve, and modernize existing neighborhood schools, and (2) build two new schools to address increasing enrollment and the resultant overcrowding of facilities. The San Diego County Taxpayers Association (SDCTA) supported the District’s bond measure.

Facilities Needs Assessment

In 2014, the District completed comprehensive facility condition assessments of their 25 campuses. The work included:

- Conducting a comprehensive assessment of each facility to identify needs for immediate repairs as well as identifying problems that will require capital renewal of major building and site systems;
- Evaluating the educational adequacy of each instructional site and understanding the District’s direction in regards to technology upgrades that have been mandated by the School Board; and
- Gathering utilization data to help define current student space needs.

The cost of improvement includes current deficiencies, both physical and code related, and budget estimates in regards to condition, adequacy, safety and future capital renewal needs. This involves the repair, replacement or modification to current physical conditions, educational adequacy, utilization, energy conservation opportunities and technology readiness.¹

The assessment concluded the needs of the District totaled \$340.2 million. The projects were divided among three categories: 1) Critical; 2) Immediate; and 3) Discretionary.

Figure 1: Facilities Condition Assessment Results

| Assessment | Amount |
|---------------|----------------------|
| Critical | \$167,065,000 |
| Immediate | \$28,680,000 |
| Discretionary | \$144,577,000 |
| Total | \$340,322,000 |

Critical needs are further broken down into subcategories: Technology Infrastructure, School Site Security, and Facilities. The amount determined to be necessary to make improvements under each category are outlined in Figure 2. A further breakdown of the projects proposed to be funded under each category are listed in Figure 3.

¹ Escondido Union School District Facilities Assessment. June 20, 2014

Figure 2: Critical Needs by Category

| Critical Category | Amount |
|---------------------------|----------------------|
| Technology Infrastructure | \$23,759,000 |
| School Site Security | \$31,383,000 |
| Facilities | \$111,923,000 |
| Total | \$167,065,000 |

Figure 3: List of Critical Needs Projects

| Category | Project | Category | Project |
|-----------------------|----------------------------------|--------------------|--------------------------------------|
| Technology | Expanded Electrical System | Facilities | Structural Repairs |
| | Technology Upgrades | | Kitchen Renovation |
| School Site Safety | Upgrade Fire Alarm System | | Building Water, Sewer, & Natural Gas |
| | Replace Play Equipment | | Potable/Irrigation Water Separation |
| | Fencing and Gates | | Upgrade HVAC; Add DDC Controls |
| | Video Surveillance | | Site Water, Sewer and Natural Gas |
| | Upgrade Drop-off & Pick-up | | Building Plumbing Fixtures |
| | Administration Offices Allowance | | ADA Upgrade of Restrooms |
| | | | Roofing Repairs |
| | | | Marquee Signs |
| | | Electrical Systems | |

Following completion of the assessment, District staff reviewed the projects and determined its own critical needs list. Some projects were moved from lower priority status to critical, using direction by the District’s governing board.

Proposal:

The Escondido Union School District has proposed a bond measure for the November 2014 election that reads as follows:

“To repair/replace outdated classrooms/school buildings with safe, modernized facilities, improve student safety/campus security, keep technology infrastructure up-to-date in K-8 classrooms, science labs, libraries/computer systems, acquire, construct, repair classrooms, sites/equipment, provide all students with access to the education, facilities, and technology needed to succeed in high school/college, shall Escondido Union School District issue \$182,100,000 in bonds at legal rates, with citizen oversight, annual audits, and all money for Escondido elementary/middle schools?”

Project Funding List

Following the completion of the Facilities Needs Assessment, District staff evaluated the list of projects and developed their own project list of immediate needs to be funded by the proposed bond measure. The District outlined the needs at each site, and have outlined the expected cost to complete those projects. The amount projected to be funded for projects at each site are outlined in Figure 4.

The \$182.1 million in proposed projects was further filtered into five (5) priority levels. Priority 1 level projects account for \$154.4 million of the total amount, with Priority 2-5 level projects making up the remaining \$27.7 million.

Figure 4: Total Project Costs by Site

| Elementary Schools | | Middle Schools | | District Facilities | |
|--------------------|--------|----------------|--------|----------------------------------|-------|
| Bernardo | \$2.7 | Bear Valley | \$3.9 | Nicolaysen Community Day School | \$3.4 |
| Central | \$11.1 | Del Dios | \$11.1 | Carilyn Gilbert Education Center | \$4.6 |
| Conway | \$8.6 | Hidden Valley | \$10.7 | Maintenance & Operations | \$2.7 |
| Farr | \$3.1 | Mission | \$13.1 | | |
| Felicita | \$9.3 | Rincon | \$11.3 | | |
| Glen View | \$5.6 | | | | |
| Juniper | \$8.1 | | | | |
| Lincoln | \$11.8 | | | | |
| LR Green | \$8.6 | | | | |
| Miller | \$7.8 | | | | |
| North Broadway | \$8.3 | | | | |
| Oak Hill | \$7.3 | | | | |
| Orange Glen | \$7.2 | | | | |
| Pioneer | \$6.9 | | | | |
| Reidy Creek | \$2.7 | | | | |
| Rock Springs | \$5.6 | | | | |
| Rose | \$6.5 | | | | |

Technology Infrastructure

A portion of the bond program is proposed to be dedicated to Technology Infrastructure. The District has identified \$23.7 million in projects that are proposed to be completed across the various District site. The District is proposing issuing \$8.4 million in bond monies to complete a portion of these projects immediately in 2015. Three additional issuances are proposed to be made beginning in 2021 to complete additional upgrades at various sites.

The District proposes to issue debt with maturities of no more than 15 years to fund these projects. Thought the ballot resolution adopted by the District does not require the governing board to issue debt with maturities of no more than 15 years.

Project Schedule

While the District has developed a draft bond issuance schedule that outlines the timing and the size of the bonds, a complete project schedule listing when projects are to be completed has not been developed. The District has developed a list of 20 “Quick Start” projects across 13 campuses in which planning can be completed prior to the election, and can be immediately started once the first series of bonds are issued (assuming passage of the measure).

Fiscal Impact:

The District is seeking authorization to issue \$182.1 million of bonds to pay for facility and technology improvements throughout the district. This measure would require residents to pay a tax of up to \$30.00 per \$100,000 of assessed property value. The average expected increase in property taxes is \$29.00 per \$100,000 of assessed value.

Property owners within the District are currently paying \$20.84 per \$100,000 of assessed valuation for Proposition K bonds. These bonds are expected to be paid off by 2026. The District is assuming annual assessed valuation growth rates to be 4 percent.

Bond Issuance Schedule

The District is proposing seven (7) bond issuances between 2015 and 2033 to complete the projects outlined in the measure. An initial \$8.4 million has been allocated toward technology infrastructure projects, with the remaining three series planned to be used for upgrades needed in future years. As mentioned previously, the District proposes to issue debt with maturities of no more than 15 years to fund these projects.

Figure 5: Proposed Issuance of Bonds

| Year | Construction | Technology | Total |
|------|--------------|--------------|--------------|
| 2015 | \$50,000,000 | \$8,400,000 | \$58,400,000 |
| 2018 | \$50,000,000 | \$0 | \$50,000,000 |
| 2021 | \$10,000,000 | \$2,100,000 | \$12,100,000 |
| 2024 | \$10,000,000 | \$1,800,000 | \$11,800,000 |
| 2027 | \$5,000,000 | \$11,400,000 | \$16,400,000 |
| 2030 | \$15,000,000 | \$0 | \$15,000,000 |
| 2033 | \$18,400,000 | \$0 | \$18,400,000 |

Appendix A: Escondido Union School District Bond Support Application and SDCTA Bond Support Criteria

| Escondido Union School District Bond Support Application and SDCTA Bond Support Criteria | | | |
|--|----------------|---------------|---|
| Criteria Item | Info Provided? | Criteria met? | Comments |
| Program Description | Yes | Yes | 1) Bond program is intended to fund 3 project categories: 1) Safety & Security Projects; 2) Energy Efficiency Projects; 3) District-Wide Instructional Technology & Wiring Projects |
| | | | 2) Final bond issuance to take place in 2033 |
| | | | 3) Bond program will have 4 issuances |
| | | | 4) Bond proposal is for \$182.1 million |
| Program Budget and Funding | Yes | Yes | 1) Facilities Needs Assessment lists 3 categories of projects: 1) Critical; 2) Immediate; and 3) Discretionary |
| | | | 2) Critical needs have been divided into 5 priority levels |
| | | | 3) Tax rate would increase by average of \$29.00 per \$100,000 assessed valuation |
| | | | 4) Total cost of bond, including principal and interest, projected to be \$351.7 million |
| Cost Estimation and Feasibility | Yes | Yes | 1) Program cost estimates developed following completion of 2014 facilities needs assessment |
| | | | 2) Cost estimates broken down by site and category |
| | | | 3) Critical projects total \$167 million |
| | | | 4) Facilities needs assessment outlines \$340 million in total district needs |
| Program Justification | Yes | Yes | 1) District has completed a facilities needs assessment that outlines the needs of each district site |
| | | | 2) Many of the facilities within the district were built as early as 1938, with half built before 1970 |
| | | | 3) District needs to make upgrades to be able to handle evolving technology wiring issues to accommodate technology in the classroom |
| Facilities Master Plan & Facilities Needs Assessment | Yes | Yes | 1) 2014 Facilities Needs Assessment has been provided |
| Program Execution Plan | Yes | No | 1) Detailed proposed project schedule for 1 st issuance only provided |
| | | | 2) Draft project bond issuance schedule has been provided |
| | | | 3) District estimates 7 bond issuances |
| | | | 4) District has not determined if a program manager will be used |
| Deferred Maintenance and Major Repair and Replacement Plan | Yes | Yes | 1) District allocating fund balance and other funding sources in deferred maintenance account for projects |
| | | | 2) District has begun allocated General Fund dollars to Deferred Maintenance account |
| | | | 3) District has identified 140 projects totaling \$10 million to be completed over next 12 years |



| Escondido Union School District Bond Support Application and SDCTA Bond Support Criteria | | | |
|---|-----------------------|----------------------|--|
| Criteria Item | Info Provided? | Criteria met? | Comments |
| Complete Ballot and Resolution Language | Yes | No | 1) Board adopted ballot language and resolution has been provided |
| | | | 2) Proposed ballot language does not outlines project list by site |
| | | | 3) Proposed ballot language does not limit maturity dates for bonds used to fund technology infrastructure |
| Adoption of SDCTA Independent Citizens' Oversight Committee Best Practices | Yes | Yes | 1) District has adopted SDCTA ICOC best practices as Board policy |
| Adoption of SDCTA School Construction and Professional Services Procurement Best Practices | Yes | Yes | 1) District has adopted SDCTA School Construction and Professional Services Procurement Best Practices as Board policy |
| 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 |
| 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 | | | |