

Proposition R: Ramona Unified School District \$66 million Bond Measure Brief Summary

SDCTA **SUPPORTS** the Ramona Unified School District's proposed bond measure. The proposed measure meets key provisions of the SDCTA Bond Support Criteria.

- Ramona Unified School District is proposing a \$66 million Proposition 39 General Obligation Bond measure.
- The measure would increase the current tax rate by a maximum \$60 per \$100,000 of assessed valuation.
- Bond projects are outlined in two phases.
- Cost estimates are broken down by campus site, priority and categories including soft costs and escalation.
- Preliminary cost summary assumes using \$13.8 million in state matching funds to complete all proposed projects.
- District proposing to use up to \$34 million for refunding previously issued Certificates of Participation. District currently has \$22.7 million in outstanding debt. Certificates of Participation used to construct 14 middle school classrooms, two elementary schools, and additional high school projects.
- Program cost estimates developed following completion of 2012 facility needs assessment.
- \$2.9 million of the District's \$5.9 million backlog will be addressed by the bond measure.
- District anticipates providing program management services in-house with existing staff.
- Proposed ballot language outlines the proposed project list by site.
- District has adopted all required SDCTA best practices.

Proposition R: Ramona Unified School District Bond Measure

Board Action:

SUPPORT

Rationale:

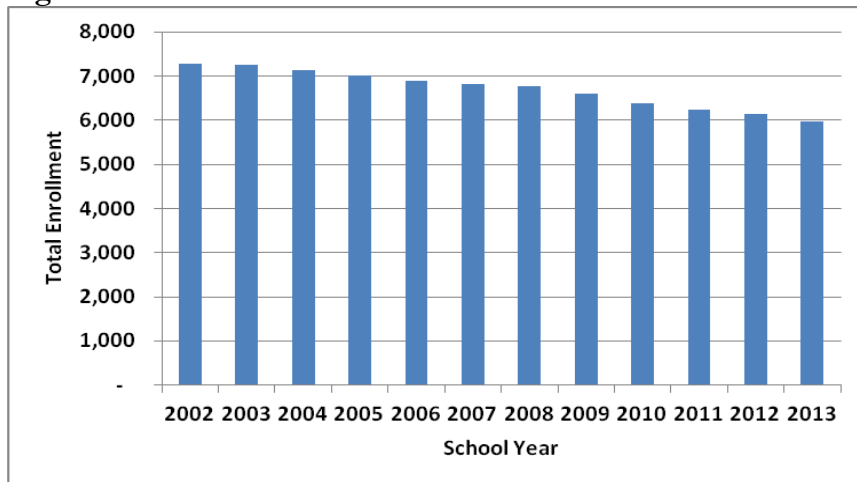
The Ramona Unified School District’s proposed bond measure meets key provisions of SDCTA’s School Bond Support Criteria. The application submitted by the District outlines the current deferred maintenance backlog, and how much of it will be addressed by the bond measure. As with other proposals, it is unclear if the District will be able to maintain facilities following completion of the bond program, although the proposed resolution outlines the District’s intent to adopt a report identifying sufficient financial resources to pay for the ongoing maintenance of funded projects. As opposed to past refunding measures, the proposed refunding is for debt previously issued for the construction of facilities to satisfy the needs of the District.

Background:

The Ramona Unified School District (RUSD) is located within a 172 square mile area of the Santa Maria Valley and has served the Community of Ramona since 1894. The District has since grown to approximately 6,000 students from Pre-Kindergarten through 12th grade in nine school sites across the District.

Following the completion of a Facilities Master Plan in 2001, the District has since reassessed priorities due to the evolution of student needs and enrollment decline. While accommodations for growth was the original priority, the focus has instead shifted to older schools that are in need of repair and upgrades to meet current standards.

Figure 1: District Enrollment



Proposal:

On July 2, 2012, the RUSD Board of Trustees voted to place a \$66 million school bond measure on the November 6, 2012 ballot.

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

“To improve the quality of education; repair/replace leaky roofs; increase student access to computers and modern technology; construct/modernize classrooms, restrooms, and school facilities; make health, safety and handicapped accessibility improvements; replace deteriorating portable classrooms; and improve energy efficiency; shall Ramona Unified School District acquire, construct, repair, equip school facilities by issuing \$66,000,000 of bonds at legal rates, with independent citizens’ oversight and NO money for employee salaries and all funds spent only on Ramona schools?”

The District has submitted its request for support to 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 its focus for the bond program on renovation and modernization of existing buildings.

Prior to placing the measure on the ballot, the District completed a Facilities Needs Assessment in 2012 that outlines the needs of the District. The submitted project lists for each of the ten (10) District sites are outlined in the following seven categories:

- Demolition
- Modernization
- New Construction
- Technology
- Sitework
- Contingency
- Soft Costs & Escalation

The District outlines the need for new construction at four of the sites within the District. The projects are listed in either Priority One or Priority Two. Priority One projects are those that are considered “Must Do”, while Priority Two projects are those that are “Need to Do”, and should be done once the first priority items are generally satisfied. The total projected cost for all of the projects at all of the District sites totals approximately \$47 million. This includes \$13.8 million in state matching funds, which won’t be needed to pay for projects until 2020. Figure 2 outlines the costs for each of the categories.

Figure 2: Project Cost Summary by Site

School Name	Demolition	Modernization	New Construction	Technology	Sitework	Contingency	Soft Costs & Escalation	Total Project Cost
Barnett ES	\$0	\$567,870	\$0	\$634,949	\$30,000	\$61,641	\$392,134	\$1,686,594
Hanson ES	\$0	\$0	\$0	\$699,500	\$125,000	\$41,225	\$342,977	\$1,208,702
Ramona ES	\$80,000	\$1,036,450	\$3,330,000	\$606,881	\$150,000	\$233,667	\$2,050,177	\$7,487,175
James Dukes ES	\$0	\$3,591,645	\$0	\$616,973	\$0	\$210,431	\$1,444,508	\$5,863,557
Mt. Woodson ES	\$0	\$692,200	\$3,000,000	\$613,886	\$110,000	\$220,804	\$1,914,878	\$6,551,768
Olive Peirce MS	\$0	\$3,256,715	0	\$1,179,568	\$325,000	\$238,064	\$1,388,233	\$6,387,580
Ramona HS	\$0	\$4,974,320	\$2,475,000	\$1,678,492	\$740,000	\$496,828	\$3,480,644	\$13,845,284
Montecito HS	\$0	\$75,000	\$420,000	\$360,966	\$75,000	\$46,548	\$295,618	\$1,273,132
Ramona Community School	\$0	\$550,000	\$0	\$675,728	\$82,500	\$65,411	\$447,143	\$1,820,782
District Offices	\$0	\$792,500	\$0	\$417,728	\$0	\$27,475	\$490,894	\$1,728,597
Total Cost	\$80,000	\$15,536,700	\$9,225,000	\$7,484,671	\$1,637,500	\$1,642,094	\$12,247,206	\$47,853,171

At the present time, the District is planning to utilize its own staff to complete the bond program. If many of the projects were to be done at the same time, an outside consultant might be used to help manage the projects.

Ballot Resolution and Language

On July 2, 2012, the RUSD Board of Trustees adopted the ballot resolution and corresponding items that will be presented to voters. Included within the ballot resolution are specific items pertaining to the SDCTA’s Independent Citizen’s Oversight Committee Best Practices, language regarding Joint-Use of Facilities, and Procurement Best Practices.

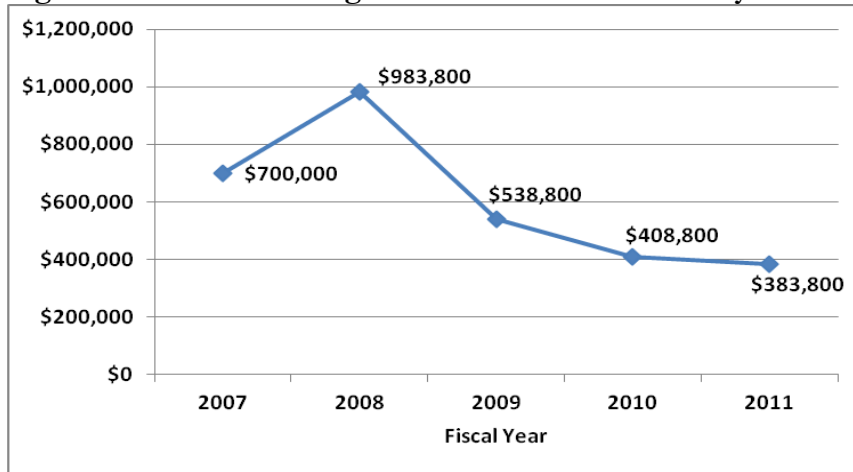
The project list that will be presented to voters identifies the various projects by site. The language does not outline the various projects by priority as has been outlined in the District’s Facilities Needs Assessment submitted to SDCTA.

Deferred Maintenance Funding

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 percent of their General Fund expenditures for facilities repair in addition to at least 0.5 percent of their General Fund expenditures for deferred maintenance work. The State recently allowed school districts to allocate deferred maintenance funds to the general fund. As a result, the District eliminated funding for deferred maintenance in FY 2009 and plans to do the same through FY 2014. The District has continued to expend funds from their deferred maintenance account, although the amounts have declined as the account balance has diminished.

Figure 3 outlines the amounts expended each year by the District from its deferred maintenance account.

Figure 3: District Funding of Deferred Maintenance by Year



Based on the information provided by the District, the total deferred maintenance backlog totals approximately \$5.9 million. Of the \$5.9 million in their deferred maintenance backlog, the District estimates that \$2.9 million in projects will be addressed by the proposed bond. The remaining \$3 million will need to be addressed in the future. The balance of the backlog is anticipated to be completed at a later date with either a later bond issuance or the reinstatement of the State's deferred maintenance program.

Fiscal Impact:

The District is anticipating issuing bonds in four series over the life of the program, beginning with an \$11.3 million issuance in early 2013. The remaining three bond issuances will take place in 2015 (\$8.9 million), 2017 (\$13.5 million) and 2022 (\$13.5 million). The District outlines the amount proposed to be dedicated to each of the sites from each bond issuance and the phase of the project that is proposed to be funded. The District is anticipating issuing 25-year current interest bonds as the financing mechanism. With interest, the total cost of the bonds with interest is expected to be between \$121 million to \$126 million. The District is expected to adopt SDCTA's policy regarding the use of Capital Appreciation Bonds on September 19, 2012.

The District has estimated the tax rate increase will reach a high of \$60 per \$100,000 assessed valuation for the cost of the bond debt. Based on the cash flow projects submitted, the District will be utilizing local revenue sources at multiple points throughout the life of the program.

A portion of the District's proposed \$66 million bond will be used to refund Certificates of Participation (COPs) that were issued by the District in 2004 to construct 14 middle school classrooms, two elementary schools, and additional high school projects. The COPs allowed the District to receive \$33.8 million in State Matching Funds. Beginning in FY 2013, the District will be paying approximately \$1.4 million annually for the COP debt, with that amount increasing in FY 2015, and each year thereafter. There is approximately \$22.7 million in outstanding COP debt.



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SDCTA Bond Support Criteria Analysis:

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

Ramona 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 9 schools and District office
			2) Project list within proposed ballot resolution is site specific
			3) Project list focused on renovation and modernization of existing buildings
			4) Program allocates funding for the payoff of existing COP debt
			5) Projects are classified in phases
Program Budget and Funding	Yes	Yes	1) Preliminary cost summary assumes \$66 million from GO bond and \$13.8 million in state matching funds
			2) Up to \$34 million will be used to repay past Certificates of Participation. Currently \$22.7 million in outstanding debt
			3) Cost estimates are broken down by campus site and priority
			4) District asking for increase of \$60 per \$100,000 assessed valuation
			5) District will use Current Interest Bonds as the debt financing mechanism
Cost Estimation and Feasibility	Yes	Yes	1) Program cost estimates developed following completion of facility needs assessment
			2) Facility needs assessment outlines need for new construction projects at 4 sites
			3) Preliminary budget based on projected bond issuances and priority
			4) Cost estimates broken down by category, including soft costs and escalation
Program Justification	Yes	Yes	1) The District is only one in the county yet to pass a bond to modernize/replace aging facilities
			2) Bond program will allow the District to provide facilities support needs of 21st Century Learner
			3) Community groups and organizations depend upon facilities to support needs of the community
Facilities Master Plan & Facilities Needs Assessment	Yes	Yes	1) 2001 Facilities Master Plan has been provided
			2) Priorities of the District have changed since completion of the Master Plan due to declining enrollment
			3) No new school sites contemplated for next 10-15 years; focus on renovation and modernization
Program Execution Plan	Yes	No	1) District anticipates providing program management services in-house with existing staff
			2) Schedule regarding projects provided and broken down by priority (one or two)
			3) Estimated bond issuance schedule has been provided. Unclear when during phase state matching funds are needed.
			4) District anticipating utilizing \$13.8 million in state matching funds to complete the bond program
			5) District has not provided expected completion date of projects



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Ramona Unified School District Bond Support Application and SDCTA Bond Support Criteria

Criteria Item	Info Provided?	Criteria met?	Comments
Deferred Maintenance and Major Repair and Replacement Plan	Yes	No	1) District still allocating funding from balance in deferred maintenance account for projects
			2) District has not funded deferred maintenance fund since FY2009. State has not required contribution since that time
			3) \$2.9 million of the District's \$5.9 million backlog will be addressed by the bond measure
Complete Ballot and Resolution Language	Yes	No	1) Adopted ballot language and resolution has been submitted
			2) Proposed ballot language outlines project list by site
			3) Ballot resolution outlines use of funds to pay off existing debt, but not in ballot question
Provision for an "Independent Citizens' Oversight Committee"	Yes	Yes	1) District included SDCTA ICOC best practices within ballot resolution
Adoption of SDCTA School Construction and Professional Services Procurement Best Practices	Yes	Yes	1) District included SDCTA ICOC best practices within ballot 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
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			