

Proposition X: South Bay Union School District Facilities Bond

Board Recommendation:

SUPPORT

Rationale:

The South Bay Union School District bond proposal qualifies for SDCTA endorsement, meeting the vast majority of the Board-adopted criteria for bond support.

Background:

Twelve (12) elementary schools compose the South Bay Union School District, centered in Imperial Beach, CA. The District serves 8,352 students in the communities of Imperial Beach, San Ysidro and South San Diego.¹ The proposed \$59.4 million bond would completely modernize 7 of the District’s twelve 12 elementary schools which are eligible for state matching funds, as well as improve windows, replace sewers and remodel bathrooms at the remaining five 5 school sites within the District. Four other District facilities are included in the modernization proposal: VIP Village Preschool Facility, Education Center, Facilities/Transportation Facility and the Purchasing/Child Nutrition Facility.

The question put to voters in the November 2008 election will read:

“To improve the quality of education, renovate and modernize classrooms, restrooms, and school facilities; make health and safety improvements; upgrade electrical systems, improve access to computers and technology; repair and replace roofs, plumbing heating ventilation, and air-conditioning systems; and qualify the District for \$17,000,000 in State matching grants, shall South Bay Union School District issue \$59,400,000 of bonds at the lowest possible interest rates, with no money for teacher/administrator salaries, and spending reviewed by an independent oversight committee?”

SDCTA Bond Support Criteria Analysis:

Program Budget and Funding:

Summary of Estimated Costs by Prioritization Category					
	Category 1	Category 2	Category 2-	Category 3	Category 4
Estimated Construction Cost	\$43,043,308	\$16,277,959	\$9,549,074	\$20,595,571	\$19,827,696
Estimated Soft Cost	\$15,065,158	\$5,697,286	\$3,342,176	\$7,208,450	\$6,939,694

¹ 2006-2007 Statistics. California Department of Education: www.ed-data.k12.ca.us

Estimated Total Project Cost	\$58,108,466	\$21,975,245	\$12,891,250	\$27,804,021	\$26,767,390
Category 1 and 2 Total		\$80,083,711			
Tech Soft Cost Reduction		\$2,122,365			
TOTAL COST		\$77,961,346			
FUNDING					
Bond Revenue		\$59,400,000			
State Matching Funds		\$17,000,000			
TOTAL FUNDS²		\$76,400,000			

Issues: Perhaps the most fundamental issue that SDCTA analysis of bond applications seeks to rectify involves predicting as accurately as possible whether the projects promised by districts can be delivered with the requested bond funds. A comparison of the projects listed in the ballot resolution and the specific projects listed for each site in the District’s Facilities Master Plan allows for a preliminary examination of the District’s plans to deliver projects, especially given their prioritization. An example of the comparison between the two documents for one school site is provided below for explanatory purposes. In order to receive a satisfactory checkmark, projects in the Facilities Master Plan Project List must fall within prioritization Categories 1 or 2, as the completion of these two categories represents the attainment goal of the proposed bond.

A comparison of all the projects promised in the ballot resolution does not coincide with the number of projects budgeted in Categories 1 and 2 (the projects that the District explicitly states it intends to complete under this bond proposal). In essence, the language of the bond resolution over-promises what the District has estimated it can afford to accomplish with bond proceeds and matching funds. The remaining lower-priority projects, Categories 3 and 4, will be financed “[a]s other funding sources such as additional Redevelopment, federal facility improvement funding, etc. become available.”³

Notice the inclusion of the replacement of portable classrooms with new classrooms in the example provided below. Throughout the District’s Facilities Master Plan, the replacement of portable classrooms is given the lowest priority (Category 4), yet promised at 7 of the 12 school sites affected by the bond proposal. Similarly, roof replacement is prioritized as “Category 3,” yet the promise to “Repair/replace deteriorating roofs” applies to 6 of the 12 proposed school sites.

School Site Comparison Example: Nestor Elementary	
Bond Resolution Project List	Facilities Master Plan Project List
Health and safety improvements, including removing asbestos and other hazardous materials and installing PA systems/clocks	✓
Upgrade electrical systems and improve student	✓

² Does not include interest earned on bonds or costs associated with borrowing.

³ SBUSD Bond Support Application

access to computers and modern technology	
Upgrade outdated fire alarm systems.	✓
ADA upgrades and improvements to restrooms, classrooms, and playgrounds.	✓
Repair/replace old and deteriorating plumbing and sewer systems, including water lines/stop valves.	✓
Renovate and repair outdated restrooms.	✓
Make repairs and improvements to classrooms and school facilities, including the auditorium.	✓
Upgrade HVAC.	✓
Upgrade old playgrounds, playfields and equipment.	**Category 3**
Replace old windows.	✓
Make upgrades to kitchen facilities.	✓
Improve student safety by installing additional fencing and security systems.	✓
Repair/replace deteriorating roofs.	New sight screen to cover conduit only; replacement of roofs is Category 3
Replace old portable classrooms with new classrooms	**Category 4: Replacement of 6 portables and possible construction of two story permanent classroom buildings**
Make general site improvements, including replacing concrete sidewalks/steps.	✓
Replace old and deteriorating storage containers.	**Category 3**

A summary table of residual projects by school site is presented below.

Site Comparison of Bond Resolution and Facilities Master Plan			
Site	Matching Projects (Categories 1 or 2)	Matching Projects (Including Category 2-)	Total Projects
Bayside Elementary	14		15
Berry Elementary	10	12	14
Central Elementary	12	14	16
Emory Elementary	11		15
Imperial Beach Elementary	11	13	15

Mendoza Elementary	9		9
Nestor Elementary	12		16
Nicoloff Elementary	14		15
Oneonta Elementary	11	12	15
Pence Elementary	10	12	14
Sunnyslope Elementary	12	13	15
VIP Village Preschool	7		11
West View Elementary	12		15
TOTAL	145	155	185
Percentage	78.38%	83.78%	

District Response: The District justifies their inclusion of the Category 3 and 4 projects in the ballot resolution as a need for flexibility in the event that the program can be accelerated and/or escalation costs are lower than expected. The District mentions its consideration of pursuing interim financing, such as Citizens Option for Public Safety (COPS) borrowing, in order to speed up the implementation of its bond program.

Deferred Maintenance Backlog and Funding:⁴ The District estimates its total Deferred Maintenance Backlog at \$13.2 million, \$7.3 million of which the proposed bond measure would eliminate. The District is “hopeful” that \$2.4 million of roofing needs will be financed through a separate “solar project.” The remaining \$3.5 million needs to be addressed with District funds and State funding when available.

SDCTA Bond Support Criteria Applied

SBUSD's Bond Support Application and SDCTA Bond Support Criteria			
Criteria Item	Info Provided?	Criteria met?	Comments (** Indicates a potential issue)
Program Description	Yes	Yes	1) Project list in Ballot Resolution meets SDCTA criteria. 2) Clear description of bond program and its integration with the Facilities Master Plan.
Program Budget and Funding	Yes	Unclear	1) The total needs identified in the Facilities Master Plan are divided into four categories of prioritization. Categories 1 and 2 are to be funded by the proposed bond. In its application, the District briefly mentions its long-term strategy for funding Categories 3 and 4. Clearly, the available funding of Category 3 and 4 projects is uncertain.** 2) A 6% inflation factor has been assumed in deriving all construction cost estimates. Furthermore, 30% has been allocated for soft costs in addition to a 10% contingency for uncertainties.

⁴ E-mail from District Assistant Superintendent, Business Services

Cost Estimation and Feasibility	Yes	Yes	1) Evidence of credible cost estimates provided; no site acquisition required.
Program Justification	Yes	Yes	1) The application justifies the need for modernization improvements at sites throughout the district. Furthermore, the District discloses its strategy for funding lower priority projects within the Facilities Master Plan (Categories 3 and 4) through alternative funding sources, such as Redevelopment and federal facility improvement funding as it becomes available.
Facilities Master Plan	Yes	Yes	1) Sufficient
Facilities Needs Assessment	Yes	Yes	1) Addressed and prioritized in Facilities Master Plan.
Program Execution Plan	Partially	Unclear	1) The District discloses its intention to issue a \$12.4M Series A bond in 2009, followed by an \$11.9M Series B bond in 2012. These two bonds are estimated to combine with State matching funds of approximately \$17M to "Significantly complete the majority of work" at the 7 modernization sites. Beyond this description, however, no implementation timeline is provided. 2) The District intends to issue and RFP for program management services.
Deferred Maintenance and Major Repair and Replacement Plan	Yes	Unclear	1) The District provides its 5-year Deferred Maintenance Funding Plan, as well as documentation of its compliance with maintenance funding requirements. 2) The total value of the District's Deferred Maintenance Backlog \$13.2 million, \$7.3 of which would be eliminated by the bond measure. A potential "Solar Project," District funds and any future State matching funds, will address the remaining backlog.
Complete Ballot and Resolution Language	Yes	No	1) Only 78% of the projects listed in the bond resolution match Categories 1 and 2.** This increases to 83% if "Category 2-" is included.
Provision for an "Independent Citizens' Oversight Committee"	Yes	Yes	1) The District approved the adoption of the SDCTA "ICOC Best Practices" at its June 26, 2008 Board Meeting.
Limited Use of District's "Education" Funds	Yes	Yes	
Joint Use of Facilities	N/A	N/A	
Opposition to Special Elections	N/A	N/A	
Follow-on Bond Requirements	N/A	N/A	