

Proposition O – Sweetwater Unified High School District Bond Measure

Board Recommendation (10/13/06):

SUPPORT

Rationale:

The Sweetwater Unified High School District has demonstrated their ability to manage school bond programs effectively and efficiently, finishing Proposition BB projects under budget and ahead of schedule; thereby saving taxpayers millions of dollars. There is a clear case for need, and Proposition O has met all of the SDCTA criteria for education bond support.

Background:

Voters within the Sweetwater Unified High School District passed Proposition BB in November of 2000, allowing the District to issue \$187 million in bonds to modernize facilities at schools across the District. This measure raised property taxes by \$26.92 for every \$100,000 of assessed property, with a bond pay-off date by 2030. The Sweetwater District was also able to leverage \$138 million of state matching funds, bringing the total amount of total improvement dollars used to \$325 million.¹ SDCTA supported Proposition BB.

The use of external construction management to oversee 13 projects, along with “summer sprint” program allowed for the accelerated completion. In the end, this strategic management will save taxpayers \$72 million in inflation costs – dollars that could pay for more school improvements. The Sweetwater Unified High School District was a finalist for the 2006 Golden Watchdog Award.

Proposition O is the second part of a two-phase plan to complete the District’s Long Range Facilities Master Plan (**Appendix A**). Proposition BB completed about one-third of the projects, focusing on smaller projects at each school instead of starting and finishing bigger projects at a few of the schools. Proposition O will finish the last two-thirds of the projects still remaining in the Master Plan.

Proposal:

This measure would allow the Sweetwater Unified High School District to issue \$644 million in bonds that will be used to address the critical and urgent needs of schools in the District.

The language before voters will read as follows:

“To improve learning/safety at every Sweetwater Union High School District campus by repairing/earthquake retrofitting classrooms/restrooms; installing upgraded fire safety systems, security fencing, safety lighting; upgrading science

¹ “School renovation program gets a kick into high gear”. *San Diego Union-Tribune*. June 30, 2005.

labs/computer technology; improving handicap accessibility; replacing leaky roofs, heating/air conditioning, outdated plumbing; removing asbestos, mold, and lead paint; shall the District issue \$644 million in bonds, at legal interest rates, with citizens' oversight, independent annual audits, and no money for administrators' salaries?"

Fiscal Effects:

This bond would require residents to pay an additional \$27 per \$100,000 of assessed property for at least 25 years. The average assessed values of a home and expected property tax increase in cities within the district are as follows: Chula Vista - \$238,103 assessed property value and \$64.29 increase; National City - \$162,283 assessed property value and \$43.82 increase; San Ysidro - \$180,522 assessed property value and \$48.74 increase; and Imperial Beach - \$193,616 assessed property value and \$52.28 increase.² The interest rate on any bond, which is established at the time of the bond issuance, cannot exceed 12% per annum.

Enrollment Projections:

The District's enrollment has risen by about 7,000 students since 2000, almost all of it accounted for in neighborhoods east of Interstate 805. Four schools have been built in this area since 2002 to absorb the growth.³ In 2000, about 13,000 parcels in the District were taxed while nearly 28,000 parcels are being taxed today.

In 2005, the District's total enrollment was roughly 42,000 students. With booming development in Eastlake and other communities in the eastern areas of Chula Vista, Davis Demographics & Planning, Inc. expects the District to reach a total enrollment of 50,000 students by the year 2010.⁴ The projections (Figures 1 and 2) combine historical enrollment, actual enrollment, birth and population data, and projected housing development to arrive at these figures.

² www.homegain.com

³ "Proposition O would bring \$644 million for schools". *San Diego Union-Tribune*. September 27, 2006.

⁴ "Sweetwater Union High School District: Fall 2005/2006 Student Population Projections By Residence (Worst Case Scenario)". Davis Demographics & Planning, Inc. April 20, 2006.

Sweetwater Union High School District Enrollment Projection								
Year	2005	2006	2007	2008	2009	2010	2011	2012
Grades 7-8	12830	12919	13312	13931	14327	14783	15539	16461
Grades 9-12	29061	31187	32382	32856	33743	34856	36156	37758
Total	41891	44106	45694	46787	48070	49639	51695	54219

Figure 1

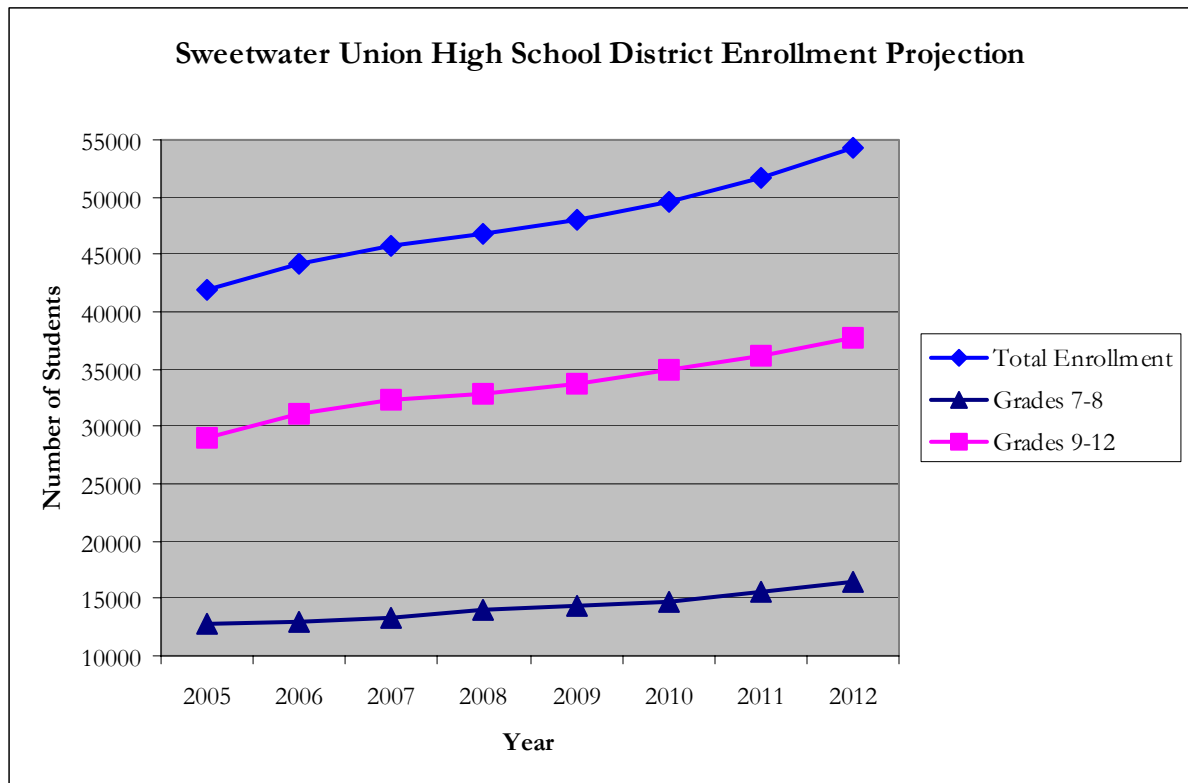


Figure 2

Need for Funds:

The average daily attendance (ADA) for the District during the 2004-05 school year was 39,597 students. During that year, the District’s total expenditure per student was \$7,281, 14% below the average total expenditure per student in the County.

Sweetwater clearly has a need for funds to finance the completion of projects initiated under Proposition BB. Increasing enrollment and the general condition of facilities are key components of this need. Currently, the overall spending and capital outlays per student ADA are roughly similar to the county average.⁵ While spending is adequate at the moment, much of this is due to the passage of Proposition BB bonds. If another bond issuance is not

⁵ Expenditures in Sweetwater are within one standard deviation of the countywide mean.

approved, increasing enrollment will cause funding in the district to drop below average countywide levels.

Deferred Maintenance:

Like other districts, Sweetwater has indicated to SDCTA that there is a lack of resources to maintain funding for the deferred maintenance account. Sweetwater Unified allocates .5% of its' General Fund towards deferred maintenance, the minimum amount required by the State to receive a matching .5%. If the District were to allocate the necessary funds needed to keep up with scheduled maintenance, roughly \$12 million will be needed each year, \$9 million more than the \$3 million Sweetwater has budgeted towards deferred maintenance.

Independent Citizen's Oversight Committee:

Section 10 of the Bond Resolution addresses the creation of the Independent Citizens' Oversight Committee (ICOC). Members of the ICOC will be appointed at a regular scheduled Board meeting, and will include construction, finance or other qualified professional in its membership. The ICOC will review, provide comments to the Board on bond measure expenditure plans, bond measure-related staffing and consultants and the District's deferred maintenance plans. The ICOC will be advisory only, and shall not replace or impede the activities or decisions of the District's Board of Education. The District adopted virtually all of SDCTA's recommendations to empower the ICOC.

Argument of Proponents:

- Proposition BB provided critically needed repairs, renovated existing schools and constructed new classrooms.
- Proposition O is needed to complete the job of repairing and improving our schools.
- All schools and students in the Sweetwater District will benefit from Proposition O.
- Proposition O is subject to strict accountability requirements, including independent citizen oversight and annual audits.

Signors of the Arguments in Support of Proposition O:

- Gregory R. Cox, San Diego County Supervisor
- Dianne Bliven, 2006 Teacher of the Year, Sweetwater Unified High School District
- Norma L. Hernandez, Superintendent/President (Retired), Southwestern College
- Raquel Marquez, President, Board of Trustees, San Ysidro School District
- Roger Cazares, CEO (Retired), MAAC Project

Arguments of Opponents:

- There is over forty billion dollars' worth of state bonds on the ballot.
- In San Diego County, there are 6 bond measures totaling over 3 billion dollars – all of which involve tax increases.

- Over 90% of private schools in San Diego County charge less tuition than what we taxpayers are now spending on public school students. Usually a lot less – often more than 60% less than public schoolings total costs.

Signors of the Arguments in Opposition of Proposition O:

- Bonnie T. Wikkering, Retired
- Jesse Thomas, Candidate, State Senate – 40th District
- Edward Teyssier, Business Owner, National City

Appendix A

Long Range Facilities Master Plan (LRFMP)

Sweetwater Union High School District

Funding Category	Existing Schools	New Schools	Total
LRFMP (Revision 1)	\$875,500,000	N/A	\$ 875,500,000
Interim Housing	\$ 33,600,000	N/A	\$ 33,600,000
LRFMP including Interim Housing	\$909,100,000	N/A	\$ 909,100,000
Cost Escalation	\$ 41,358,940	N/A	\$ 41,358,940
LRFPM Rev. 2	\$950,458,940	\$ 677,000,000	\$1,627,458,940
Maximum funding currently available (including State match - secured)	\$337,409,621	\$ 630,500,000	\$ 967,909,621
Unfunded Need	\$613,049,319	\$ 46,500,000	\$ 659,549,319
Future State Match for Modernization (based on eligibility)	\$ 22,482,545	\$ -	\$ 22,482,545
Future State Match for Growth (based on eligibility)	\$ 38,192,176	\$ 5,483,427	\$ 43,675,603
Funding Assigned to Projects not listed in LRFMP	\$ 27,786,354	\$ 22,822,476	\$ 50,608,830
Proposition O	\$580,160,952	\$ 63,839,049	\$ 644,000,001

Source: Sweetwater Union High School District Superintendent