

Analysis of Resolution No. 1920-29 – RESOLUTION OF THE BOARD OF TRUSTEES OF THE CAPISTRANO UNIFIED SCHOOL DISTRICT ORDERING A SCHOOL BOND ELECTION ON MARCH 3, 2020 WITHIN SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 2 OF THE CAPISTRANO UNIFIED SCHOOL DISTRICT AND AUTHORIZING NECESSARY ACTIONS IN CONNECTION THEREWITH

The Capistrano Unified School District has provided information that will appear on the ballot on March 3, 2020.

RESOLUTION OF THE BOARD OF TRUSTEES OF THE CAPISTRANO UNIFIED SCHOOL DISTRICT ORDERING A SCHOOL BOND ELECTION ON MARCH 3, 2020 WITHIN SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 2 OF THE CAPISTRANO UNIFIED SCHOOL DISTRICT AND AUTHORIZING NECESSARY ACTIONS IN CONNECTION THEREWITH

Background

School facilities in California, as in most states, are financed by a combination of local and state funds. However, state funding for facility maintenance, upgrades, and new construction ran out several years ago, causing school districts to rely more on local methods to raise funds for major facility needs. At present time, all state funds for facilities are provided through matching grants, but there must be local funds to match to receive these funds.

Capistrano Unified School District (CUSD) School Facilities Improvement District No. 2 (SFID #2) is comprised of all land located within the City of San Clemente, plus the land located within that portion of the Palisades Elementary School attendance boundary within the Cities of San Clemente and Dana Point, but excludes all land that is located within a Community Facilities District No. 90-2 and Improvement Area No. 2002-1 of Community Facilities District No. 90-2, both created by the District under the Mello-Roos Community Facilities Act of 1982 for the purpose of funding or financing school facilities. Within SFID #2 are the following schools: San Clemente High School (built 1965); Shorecliffs Middle School (built 1977); Bernice Ayer Middle School (built 1998); Las Palmas Elementary School (built 1934); Concordia Elementary School (built 1959); Palisades Elementary School (built 1964); Truman Benedict Elementary School (built 1988); Clarence Lobo Elementary School (built 1994); and Marblehead Elementary School (built 2001). Approximately 8,000 students attend these school sites. Many of the schools in this area were built more than 50 years ago and need repairs and upgrades to continue providing high-quality educational experiences for decades to come.

The need for facilities upgrades and modernization at schools within SFID#2 has been well documented and a concern of the community for many years. In 2009, the district created a facilities master plan with the assistance of architects which included input from stakeholders from each site – site principals, site teachers and site classified staff, and parents determined needs for each campus. This report was reviewed and costs recalculated in 2013. Further review by district and site leaders was completed in 2016 in the lead up to the unsuccessful Measure M bond measure.

In 2015, CUSD invited community members and leaders to join the Community Committee on School Classrooms and Campus Facilities in order to again examine needs and receive input. This committee prioritized facility needs and determined that current state funding levels and existing district resources were insufficient to address all the facility needs in CUSD. This committee further determined that CUSD must consider local funding sources to address its

facility needs. After internal discussions, community facilities committee meetings, and community outreach, CUSD concluded that a SFID Bond is the most effective way to secure funding to update the campuses to accommodate and facilitate 21st century learning. At this point, CUSD placed a district wide bond on the November 2016 ballot, Measure M. Unfortunately Measure M was not successful.

In January 2017, CUSD formed the Facilities and Finance Advisory Committee comprised of independent citizens representing all regions of the school district to look at other ways of funding the district's facility needs, analyze issues with Measure M, and advise on paths forward to meet the district's facility needs. The Facility and Finance Advisory Committee has met monthly since the start of 2017 and made multiple presentations of findings to the Board of Trustees. The Facilities and Finance Advisory Committee recommended that CUSD conduct a thorough investigation of the true facility needs for the District. The result of this is the Kitchell Site Condition Reports for each site completed between June and November 2017. The Kitchell Reports are available for public review on the CUSD website. The Facilities and Finance Advisory Committee also recommended CUSD look towards smaller bonds that cover individual communities and/or high school feeder patterns. This recommendation was given to help increase confidence in the district that money raised locally will stay local.

Arguments for:

To continue to excel and support student learning for college and career, all schools within SFID #2 need major repairs and upgrades. Modern buildings facilitate flexibility for current educational needs. With school sites in excess of 50 years old, the spaces available for learning do not meet the needs of the 21st century classroom.

Communities with updated schools are more appealing to new residents and young families. Investing in local schools has been shown to boost property values by 6-7%.

Average per pupil funding in California is among the lowest in the nation, and CUSD is funded well below the California State average; annual state funding for CUSD schools is inadequate to meet educational and facility needs.

Annual operating funds from the state of California are completely separate from capital expenditure monies. These operational funds are in no way sufficient to pay for major facility improvements. The only realistic solution to SFID #2's facility needs is a local bond that will provide the necessary funding for all schools listed within SFID #2.

The proposed bond will provide CUSD funds to immediately begin to address problems and/or important upgrades to school campuses located in SFID #2. By passing a bond measure in this election cycle, CUSD can potentially take advantage of California state matching dollars for projects in SFID #2 that may be available to districts that have approved bond measures and local matching funds by 2020.

The cost to complete identified repairs and improvements will increase over time.

All CUSD campuses within SFID #2 require health and safety repairs and upgrades to ensure equitable facilities for all students. A significant percentage of buildings are portable classrooms needing replacement as they have reached the end of their serviceable functionality.

Detailed projects for SFID #2 are outlined in the bond language Section 3: Bond Project list; which is further broken down into Category A: Campus Upgrades for SFID No. 2 Sites and Category B: Campus Upgrades at San Clemente High School.

The projects funded through this bond are capital facilities that will outlast the term of the bond. The bond will not pay for computers, vehicles, audio-visual aids, or other equipment that will wear out or become obsolete while the bond debt is outstanding. All projects funded must last until 120% of time it takes to repay the bonds. For example, if it takes 30 years to repay the bonds, anything built with bond dollars must last a minimum of 36 years.

Additionally, by law, bond funds will be used for safety improvements and modernization, but cannot be used for salaries, pensions, daily operations, maintenance operations, or consumables. Bond funds may only be used for construction, reconstruction, seismic-retro-fit, rehabilitation, or replacement of school facilities as described in the Bond Project List.

The bond will be issued incrementally in response to the school district's needs within SFID #2 and prevailing interest rates, not all at once. This allows the district to coordinate, plan, and manage projects effectively over a prolonged period of time.

The district will budget 2 percent of its operating funds (not bond money) for economic uncertainties. In addition, the district will set aside funds annually from the General Fund into a special reserve for the purpose of meeting future construction, deferred maintenance, and other major repair needs. Over the planned five-year period of the bond program, the special reserve will meet or exceed the recommended savings of 2-4 percent of the value of the bonds issued (\$2.4 million - \$4.7 million in total, or approximately \$470,000 to \$940,000 per year.)

Multiple forms of community oversight are written into the bond language to ensure that monies are spent appropriately. Accountability through an Independent Citizen's Bond Oversight Committee to ensure that bond proceeds are expended only for the school facilities projects described in the Bond Project List, in accordance with Education Code Section 15278 *et seq.* In addition, Annual Performance and Financial Audits and an Annual Report to the Board of Trustees is legally mandated in the bond language. Additionally, to ensure transparency, all documentation used by the Independent Citizen's Bond Oversight Committee will be available to the public on an internet website maintained by the District.

Arguments against:

The state of California should fully fund schools, including major facility upgrades and new buildings. Some feel that the state funds should be sufficient, that education should be prioritized over other projects, and that local funding should not be necessary.

CUCPTSA response: State legislators have created the current system wherein local communities fund school modernization and construction projects through issuing bonds. The state may provide some matching funds to assist with projects if any is available. There is no movement at the state level to change this process and it is not reasonable to let the facilities continue to deteriorate.

Homeowners will pay increased property tax.

CUCPTSA response: The property tax increase will be an investment in our community and our children. A local school bond defines "local control". Property owners may see an increase in

their property values that exceeds the annual bond payment as a result of upgraded school facilities.

Because some schools are older than others and require more funds to update, spending may not be evenly spread among all campuses.

CUCPTSA response: How funding is spread across SFID #2, all students will benefit from the improvements to San Clemente High School, even though the elementary and middle schools will see less funds. Additionally, as a community it is up to all of us to ensure that all children have adequate facilities.

Funding flexibility built into the bond could allow the district to change priorities away from currently listed projects.

CUCPTSA response: Oversight committees (mandated in the bond resolution) comprised of local community members will ensure that the bond funds are spent on the Bond Project List and reflect the priorities of the community.

CUCPTSA Rationale:

The mission of the California State PTA and CUCPTSA is to positively impact the lives of all children and families, and the PTA speaks for every child with one voice. The PTA believes all students should have a safe and healthy learning environment conducive to active learning. Facility maintenance and improvement is vital to this process. And as the PTA is the largest child advocacy organization, CUCPTSA must speak representing the needs of students for safe, modern school facilities.

The California State PTA has written and voted to support over 25 resolutions that govern the authority a PTA Unit, Council, or District has to take positions on school facilities and funding including, but not limited to: California K-12 Public School Funding Crisis adopted May 1998, reviewed and deemed relevant April 2018; Ballot Propositions (Initiatives) adopted May 1999, reviewed by Board of Managers March 2013; Education – A 21st Century Vision adopted April 2005, reviewed by Board of Managers April 2015; Financing California’s Public Schools adopted by Convention Delegates May 2007; Mitigating Earthquake Hazards in Public Schools adopted May 1989, reviewed by Board of Managers January 2010; School Construction Funding adopted May 1986, reviewed and deemed relevant April 2018; School Facilities and Public Planning adopted May 1991, reviewed by Board of Managers March 2012; and School Facilities Crisis adopted May 1990, reviewed by Board of Managers April 2015.

The state of California has not taken responsibility to help fund major local school facility needs at the local level. There is no expectation that this stance will change, especially in the near future.

CUSD is a unified district and all children in the district deserve updated schools. However, CUSD is a very diverse district and to best enact change, school bonds need to be local to a city or school family to help maintain trust with the communities. As such, SFID #2 supporting all schools located within the City of San Clemente, plus the land located within that portion of the Palisades Elementary School attendance boundary within the Cities of San Clemente and Dana Point, but excludes all land that is located within a Community Facilities District No. 90-2 and Improvement Area No. 2002-1 of Community Facilities District No. 90-2, both created by the District under the Mello-Roos Community Facilities Act of 1982 for the purpose of funding or

financing school facilities; shares the expense and benefit of modern, equitable school facilities. Property values are enhanced by better schools and everyone benefits from a well-educated community.

School facilities are used by the entire community including local athletic clubs, churches, girl/boy scouts, after school programs, performing arts groups, non-profits, and other community organizations. Upgrading our schools is a benefit to everyone in the community whether or not they have children enrolled in the schools.

Inaction results in further declining facilities that will affect the health, safety, and well-being of the children in our community as well as make it increasingly difficult for teachers to prepare students for 21st century college and careers in a rapidly changing world.

Our primary consideration with regards to everything PTA is “what is in the best interest of all children.” This workgroup recommends CUCPTSA take a support position on Resolution No. 1920-29: RESOLUTION OF THE BOARD OF TRUSTEES OF THE CAPISTRANO UNIFIED SCHOOL DISTRICT ORDERING A SCHOOL BOND ELECTION ON MARCH 3, 2020 WITHIN SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 2 OF THE CAPISTRANO UNIFIED SCHOOL DISTRICT AND AUTHORIZING NECESSARY ACTIONS IN CONNECTION THEREWITH.

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