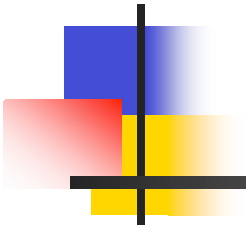


Garden Grove Unified School District

Office of Business Services



District Facilities Funding & Review

March 10, 2010



District Facilities Funding & Review

- Status of District Facilities
- Age of School Facilities
- Facilities Needs
- Modernization Eligibility
- Facilities Funding Sources
- Survey of District's Voters



District Facilities Funding & Review

- Voter Survey Results
- Next Steps:
 - Consider Board Resolution to Order Election to Authorize the Issuance of School Bonds
- Bond Specialists
- Campaign Legalities
- June 8, 2010 Bond Election



Status of District Facilities

- 70 school sites
 - 1,323 original built classrooms
 - 418 modified classrooms (for CSR resized from 279 original built)
 - 571 portable classrooms
- 2,312 total classrooms



Status of District Facilities

- 3,565,308 million sq. ft.
- 1,035.3 acres
- Average acres
 - Elementary site = 10.4 acres
 - Intermediate = 19.3 acres
 - High school = 38.7 acres



Age of School Facilities

Most district schools were built in the 1950's and early 1960's before the unification of 3 districts:

- Unification in 1965 (Alamitos Elementary, Garden Grove Elementary, and Garden Grove High School Districts)

- Elementary schools – all over 25 years old
30 of the 47 sites will be > 50 years old as of June, 2010
- Intermediate schools – all over 25 years old
3 sites (out of 10 sites) will be > over 50 years old as of June, 2010
- High schools – all over 25 years old
3 schools (out of 7 sites) will be > 50 years old as of June, 2010



Age of District Facilities

■ Elementary Sites:

- 1949 = [Lincoln](#) (1971 - Adult Ed)
- 1950 = Newhope, Sunnyside
- 1954 = Mitchell
- 1955 = [Brookhurst](#) (1992), [Clinton](#)(-Mendenhall; Corner 2003), Crosby, Evans, Gilbert, [Peters](#) (Int.; 1992-K/6; 2002 4/6), Stanford, Wakeham
- 1956 = Bryant, Faylane, Hazard, [Mark Twain](#) (1993 - Sp Ed Center), Violette, Warren
- 1957 = Hill, Riverdale, Woodbury
- 1958 = Excelsior, Lawrence, [Skylark](#) (1997)
- 1959 = Rosita
- 1960 = Carver, Eisenhower, Morningside, Parkview, [Simmons](#) (1998), Stanley, Zeyen
- 1961 = [Garden Park](#) (2002), Murdy, Patton, Russell
- 1962 = Anthony, Cook, Enders, Heritage, Paine, Post
- 1963 = [Carrillo](#) (1988), Marshall
- 1964 = [Edgar](#) (2002), Monroe
- 1965 = Allen,
- 1966 = Barker
- 1973 = Northcutt



Age of School Facilities

■ Intermediate Schools

- 1951 = Hare (2001 - Continuation High School)
- 1952 = Ralston (formerly Lampson)
- 1957 = Alamitos
- 1958 = Walton (1992)
- 1961 = Doig, Irvine
- 1962 = Fitz, Lake (1973 – Cont. HS; 2001 – Intermediate)
- 1963 = Jordan
- 1964 = Chapman (1981 - Adult Ed)
- 1966 = McGarvin
- 1967 = Jordan SLC
- 1968 = Bell
- 1973 = Hettinga (1981 - Adult Ed)



Age of District Facilities

- High Schools
 - 1921 = Garden Grove
 - 1957 = Rancho Alamitos
 - 1959 = Bolsa Grande
 - 1961 = Santiago
 - 1963 = La Quinta
 - 1965 = Pacifica
 - 1968 = Los Amigos



Facilities Needs & Modernization Eligibility

- Functional life expectancy of school facilities with good maintenance is 50 years old.
- School buildings are aging.
 - Eligibility for “Modernization” – any modification of a permanent structure that is at least 25 years old
- It is common practice in California to modernize school facilities at least once every 25 years.
- The district’s schools are overdue for modernization.



Facilities Needs & Modernization Eligibility

- District's capital facilities budgets and deferred maintenance sources are not enough to cover all desired modernization improvements or potential disruptive facilities events.
- Analysis of Modernization Needs of School Facilities:
 - Elementary Schools -- \$299 million
 - Intermediate Schools -- \$97.7 million
 - Highs Schools -- \$239.6 million

 - Total -- \$636.4 million estimated needs



Facilities Needs and Modernization Eligibility

- Major needs to prevent facilities related disruptive events:
 - Electrical
 - Plumbing
 - HVAC
 - Technology demands
 - Structural repairs
 - Lighting, roofing, windows, security, environmental efficiencies
 - Hazardous materials abatement
 - Americans with Disabilities Act (ADA) access

Facilities Needs and Modernization Eligibility



Additional examples of needed modernization include:

- Asphalt on play surfaces and in parking areas
- Exterior painting
- Interior painting
- Door and door hardware replacement
- Fencing systems
- Flooring in classrooms and student use areas
- Environmental efficiency improvements
- ADA compliance at most schools
- Plumbing fixtures in student restrooms
- Media and technology access for classrooms
- And many more areas not covered here



Facilities Funding & Modernization

- If modernization costs increase due to unforeseen events or inflation, the district must pay the increases.
- State funds are limited by statute, so all state grants are full and final.
- District should plan for inflation, soft construction costs (architectural fees, DTSC, preliminary environmental assessments, filing fees), non-classroom improvements, potential unforeseen events that will likely occur during the modernization process, other costs to finish out projects (clean-up projects 4-5 years after modernization).
- Since many schools are over 50 years old, a local modernization fund of \$250 million would be the minimum amount necessary to address the critical infrastructure needs of facilities.



Facilities Funding Sources

- School Facilities Program (SFP) modernization program (Prop 1D \$1.7 billion remaining)
 - All California taxpayers contribute to state's debt service payment
 - The district's estimated eligibility is \$200 million (fair share)
- Local source – General Obligation Bond
 - 40 percent of the total state SFP project
 - Current capital projects count toward the match
 - Local modernization fund of \$250 million would be the estimated minimum amount for an adequate modernization program for all our schools.



Facilities Funding

- School Facilities Program funds (\$200 million)
- General Obligation Bond (\$250 million)
 - \$35 per \$100,000 assessed valuation
- \$450 million modernization projects



Facilities Funding – Bond Structuring

- \$250 million
 - 3 General Obligation Series
 - \$130 million (2010) – 30 years
 - \$60 million (2013) – 35 years
 - \$60 million (2016) Bond Anticipation Note (BAN) – 3 years
 - \$60 million (2019) to repay the BAN – 35 years
 - Repayment (year 2054 final year)
 - For our schools built in the 1950's and 1960's, district paid back state by 1997.



Survey of District's Voters

- Mid - 1990's to Current: District supported facilities improvements from existing revenue sources (small scale participation in state new construction / modernization programs)
- March 2009 - Determine modernization eligibility
- May 2009 - Complete Facilities Modernization Needs Assessment
- May 2009 - Application filing and consulting services. File modernization applications (retain Caldwell, Flores, Winters)
- November 2009 - Share Needs Assessment with Board
- November 2009 - Facilities Study Session
- December 2009 – Board presentation on Facilities Modernization
- December 2009 – Retain Survey and Bond consultant (George K Baum Co.) and Bond Counsel (JonesHall)
- Dec.2009 – March 2010 - File plans and funding applications with Department of State Architect/California Department of Education
- February 2010 – **Survey of voters** interest and willingness to vote for a GO bond (55% vote).
- February 2010 - Results of Voter of Survey



Major Needs compared to Voter Survey Results

- Major Facilities Needs Identified:
 - Electrical
 - Plumbing
 - HVAC
 - Technology demands
 - Structural repairs
 - Lighting, roofing, windows, security, environmental efficiencies
 - Hazardous materials abatement
 - Americans with Disabilities Act (ADA) access
- Voter Survey Results:
 - Venting and heating systems – safe and healthy, energy efficiency
 - Structural earthquake safety improvements as necessary
 - Plumbing and restrooms
 - Electrical wiring and power to keep up with computer and technology needs
 - Roofs and ceilings repair/replace
 - Over 50 year old schools require repairs and upgrades
 - Students should have equitable school facilities



Next Steps

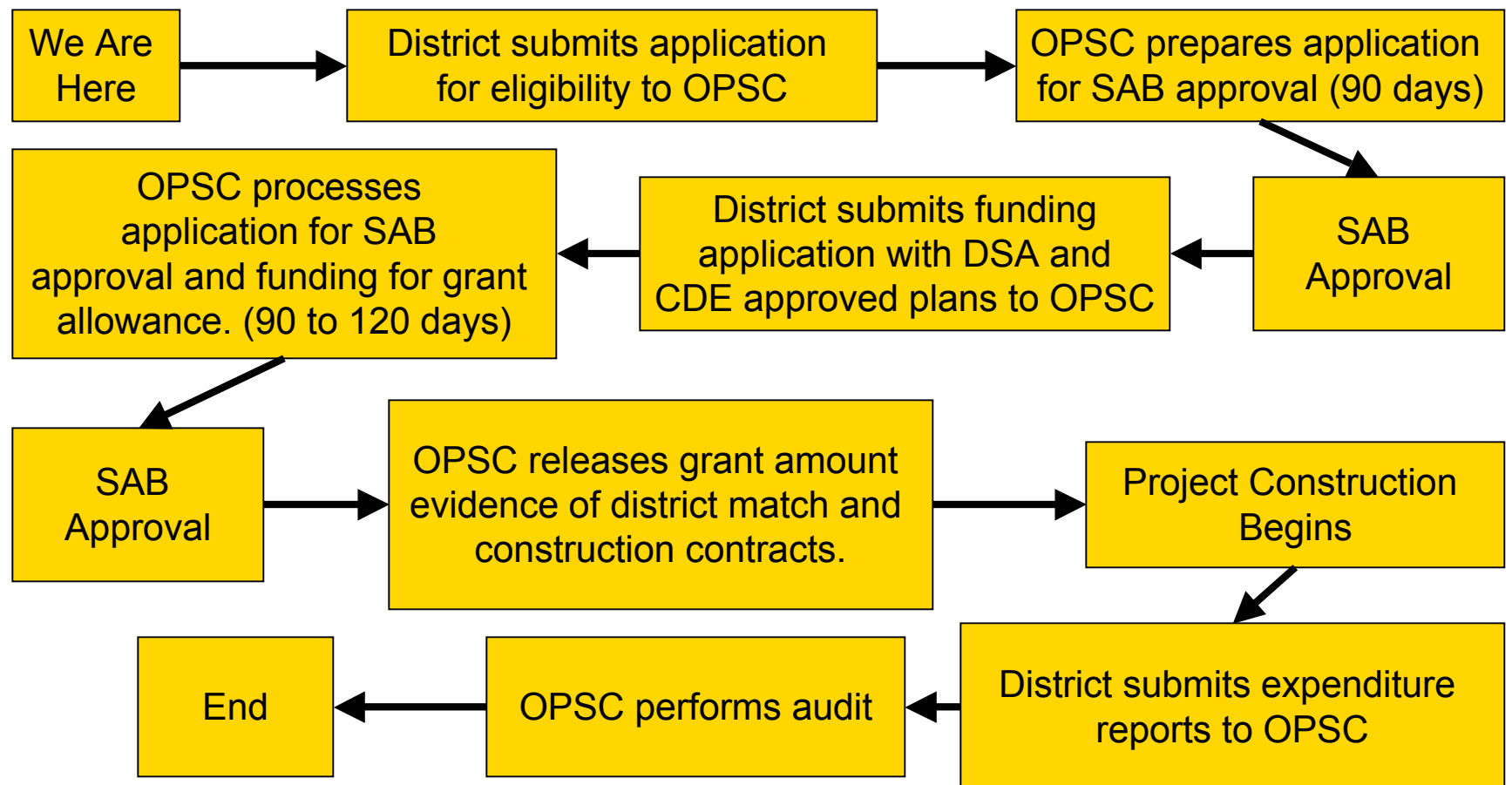
- March 10, 2010 – Board considers Resolution No. 17 to authorize bond election on June 8, 2010
- March 10, 2010 – Board considers Resolution No. 18 to file modernization projects with the Office of Public School Construction (OPSC)
- Obtain Department of State Architect (DSA)/CDE plan approval for schools (ongoing process)
- April 6, 2010 – Board Facilities Modernization Process presentation; prepare a Fact Sheet, Q&A Sheet
- June 8, 2010 - Bond Election
- October 2010 - Initial bonds sold (estimate)



Next Steps

- 2010 – Establish a Bond Oversight Committee
- 2011 -- State Allocation Board (SAB) approves modernization projects and allocates funds
- 2011 – Staffing for site preparation work and facilities accounting in Business, Facilities, Maintenance & Ops
- 2011 – Project bid packages prepared and distributed
- 2011 – 2014 – Modernization in schools begins
- 2012 – 2013 -- Modernization projects funded
- 2014 – Modernization projects completed

State School Building Funding Process





Bond Specialists

- Facilities funding and bond specialists – services (George K. Baum Co.):
 - Voter opinion survey
 - Analysis of results (tax tolerance and structure)
 - Bond structuring
 - Writes bond language
 - Campaign services
 - Bond election
 - Post-election Bond Oversight Committee training
 - Investment banking services



Bond Specialists

- Prepare Facilities Financing Plan
- Analysis of District's Tax Base and Growth Potential
- Bond Structure
- Assist Bond Counsel in the preparation of necessary resolutions and legal documents
- Prepare presentation materials and conduct rating agency meetings with District administration
- Evaluate necessity of bond insurance and apply for insurance, if necessary
- Market the Bonds to Investors and Conduct Sale of the Bonds



Use of Bond Funds

Proposition 39

- Land acquisition
- Purchase of construction of new school facilities
- Renovation and repair of existing school buildings
- Permanent improvements to school grounds
- Furnishing and equipping of school facilities
- Lease of real property for school facilities
- Tax rate for any single election must be projected to be no more than:
 - \$60 for a unified school district
 - \$30 for an elementary school district
 - \$25 for a community college district(per \$100,000 of assessed value)



Bond Election

- Board Approval - requires 2/3 approval of school board members
- Requires 55% voter approval (Prop 39)
- Statewide primary, general or special election
- Current opportunities
 - June 8, 2010
 - November 2, 2010
- Accountability requirements:
 - List of specific school facility projects to be funded
 - Citizens Oversight Committee (COC)
 - Performance and Financial Audits
 - Separate Account/Annual Report



Bond Counsel Services

- Jones Hall Law Corporation
 - Pre-election services
 - Work with district's financial/bond advisors
 - Prepares resolutions and legal documents
 - Compliance with campaign rules
 - Post-election services



Bond Campaign Legalities

- No District resources may be used to advocate a position on the bond measure.
- Resources of the District may be used to provide and disseminate information to the public about the possible effects of the bond issue – fair and impartial presentation of relevant facts.
- “Resources” should be defined broadly to include all things of value which belong to the district including employee’s time on the job.
- District employees may engage in advocacy activities on their own time but not as official representatives of the District.
- Discussion regarding the bond measure may occur among employees during working hours but should not include advocacy or advocacy campaign matters.



Bond Campaign Legalities

- District may have a representative attend a meeting of a public or private organization to discuss the reasons the governing board called the election, respond to inquiries from a citizens group. When speaking to a citizen's group during work hours, District representative may not urge the group to vote for or against the bond measure.
- School district premises should not be used for advocacy activities at any time of the day, except advocacy groups renting facility under Civic Center Act outside the school day.
- Board members retain their 1st Amendment rights as individuals and may engage in advocacy activities in support of a ballot measure as long as district resources are not used.
- Ballot measure and efforts to disseminate information may be discussed at Board meetings but advocacy campaign matters or planning should not be discussed during Board meetings.

What happens if the facilities bond does not pass?

- District will not be able to identify matching funds (40% local share), and not qualify to receive the State's (60%) modernization share for all schools.
- District will continue with pay-as-you-go method for school repairs with existing dwindling funding sources – piece meal work of repairs in asphalt, roof, electrical, heating-ventilation-air-conditioning maintenance ...
- District more likely to experience increase frequency of major disruptive events related to facilities with longer intervals before services are restored – electrical failures, plumbing inadequacies, playing catch-up with access requirements ...