



CALEXICO UNIFIED SCHOOL DISTRICT

Background

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- The District has conducted a facilities master plan to evaluate present and future school and classroom facilities needs; the need far exceeds available funding
- A preliminary analysis of potential State aid eligibility for new construction and modernization grants has been undertaken, however a local match is required
- A survey of likely voters in the District has been completed and presented to the Board regarding general attitudes towards the District, support for master plan projects, and the feasibility of a new general obligation bond election to assist in providing additional local funding and the required State match for grants
- The Board has directed staff to establish a preliminary capital and financing program based on the master plan and survey results and to take the necessary actions to prepare for consideration of a November 2016 Prop 39 general obligation bond election
- Today, the District Board will consider the following:
 - ✓ Major components of a potential Capital and Financing Program
 - ✓ Anticipated Sources and Uses of Funds (Bonds & State Aid)
 - ✓ Proposed List of Projects
 - ✓ Required Bond Election Resolution and Election Proceedings

State Aid Eligibility - New Construction

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- The State School Facility Program (SFP) provides pupil grants for new school construction, but requires an equal (50/50) local match
- Using State loading standards, pupil grants are based on the total number of **permanent classrooms available** (relas are not counted) to house students by grade level, any shortfall establishes SFP eligibility
- District is estimated to be eligible for \$23.2 million in State new construction grants and may be eligible for an additional site service allowance of \$3.4 million for a combined total of \$26.7 million
- To optimize the receipt of State aid, the District would need a local match amount of approximately \$26.7 million
- The greatest SFP grant eligibility at this time is for high school grades 9-12 of approximately \$16.8 million

Estimated New Construction Eligibility - Districtwide 50/50 Program

Grade Level	Eligible Pupils	SFP Per-Pupil Grant	Est. State Grant (50%)	Est. Local Match (50%)	Combined Matches (100%)
K-6	184	\$10,634	\$1,956,656	\$1,956,656	\$3,913,312
7-8	397	\$11,247	\$4,465,059	\$4,465,059	\$8,930,118
9-12	1,175	\$14,311	\$16,815,425	\$16,815,425	\$33,630,850
Subtotal*			\$23,237,140	\$23,237,140	\$46,474,280
Est. Site Service (15%)			\$3,485,571	\$3,485,571	\$6,971,142
Total			\$26,722,711	\$26,722,711	\$53,445,422

* Does not include SDC severe/non-severe allowance

State Aid - Modernization

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- The State School Facility Program (SFP) provides pupil grants for modernization of permanent and portable classrooms that are 25 or 20 years old, respectively - A local 40 percent match is required
- Eligibility is based on the total number of students currently housed in eligible classrooms based on State loading standards; grants are school site specific
- The District is estimated to be currently eligible for \$9.5 million in modernization funds, increasing to \$16.9 million in 2021 and \$22.3 million in 2024
- To optimize the receipt of State aid, the district would need a local match of approximately \$6.4 million today; in total \$14.8 million in local funding is needed to match \$22.3 million in grant funding

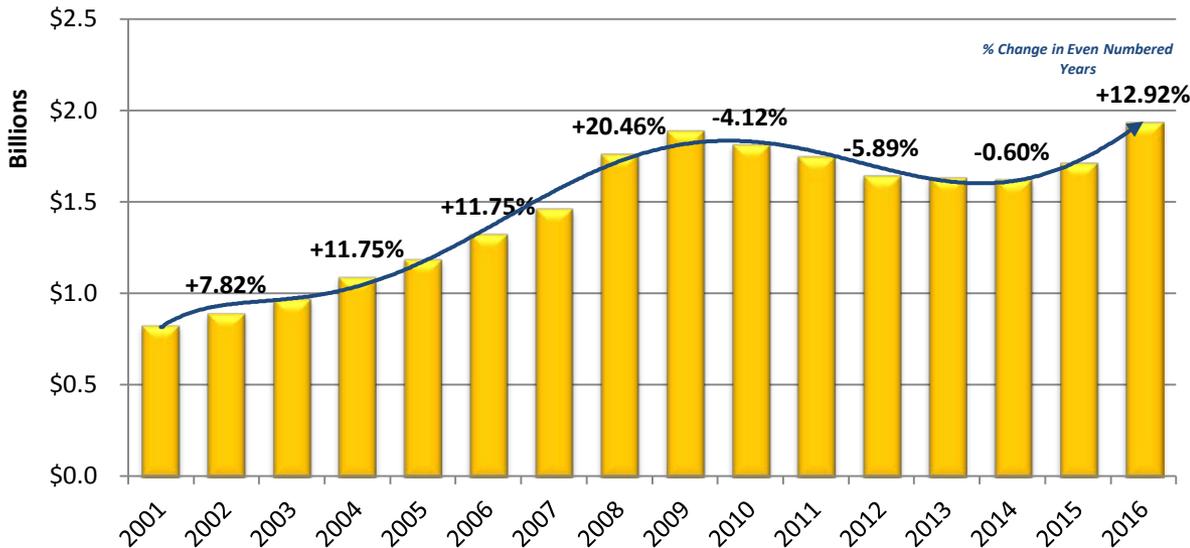
Estimated Total Modernization Eligibility - **Portable and Permanent** Classrooms 60-40 Program

School Site	Est. CRM Eligibility 2016-17	District Match Required (40%)	Est. CRM Eligibility 2018-2021	District Match Required (40%)	Est. CRM Eligibility 2022-24	District Match Required (40%)	Total Grant	Total District Match (40%)
Blanche Charles Elementary	\$ -	\$ -	\$ 2,429,400	\$ 1,619,600	\$ 101,225	\$ 67,483	\$ 2,530,625	\$ 1,687,083
Cesar Chavez Elementary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dool Elementary	\$ 1,822,050	\$ 1,214,700	\$ -	\$ -	\$ 101,225	\$ 67,483	\$ 1,923,275	\$ 1,282,183
Jefferson Elementary	\$ -	\$ -	\$ 101,225	\$ 67,483	\$ 202,450	\$ 134,967	\$ 303,675	\$ 202,450
Kennedy Gardens	\$ 1,012,250	\$ 674,833	\$ 404,900	\$ 269,933	\$ 101,225	\$ 67,483	\$ 1,518,375	\$ 1,012,250
Mains Elementary	\$ 1,214,700	\$ 809,800	\$ 506,125	\$ 337,417	\$ 303,675	\$ 202,450	\$ 2,024,500	\$ 1,349,667
Rockwood Elementary	\$ 1,417,150	\$ 944,767	\$ 202,450	\$ 134,967	\$ 607,350	\$ 404,900	\$ 2,226,950	\$ 1,484,633
Enrique Camarena Jr. High	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
William Moreno Junior High	\$ -	\$ -	\$ 2,775,384	\$ 1,850,256	\$ 925,128	\$ 616,752	\$ 3,700,512	\$ 2,467,008
De Anza 9th Grade Academy	\$ -	\$ -	\$ 151,389	\$ 100,926	\$ 1,968,057	\$ 1,312,038	\$ 2,119,446	\$ 1,412,964
Calexico High	\$ 3,481,947	\$ 2,321,298	\$ 605,556	\$ 403,704	\$ -	\$ -	\$ 4,087,503	\$ 2,725,002
Aurora High (Continuation)	\$ 605,556	\$ 403,704	\$ 151,389	\$ 100,926	\$ 1,059,723	\$ 706,482	\$ 1,816,668	\$ 1,211,112
Adult Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 9,553,653	\$ 6,369,102	\$ 7,327,818	\$ 4,885,212	\$ 5,370,058	\$ 3,580,039	\$ 22,251,529	\$ 14,834,353
Cumulative Total	\$ 9,553,653	\$ 6,369,102	\$ 16,881,471	\$ 11,254,314	\$ 22,251,529	\$ 14,834,353	\$ 22,251,529	\$ 14,834,353

Assessed Valuation

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- District Assessed Valuation (AV) provides the basis for determining the timing and amount of available bond proceeds
- District AV has experienced overall positive growth over the last 15 years, except during the Great Recession when AV declined during FY 2010 - FY2014
- In the last 2 years, AV has substantially increased, surpassing the cumulative impact of previous AV declines
- Historically, District AV has averaged 6.06% annually over the last 15-year period and 4.18% over the last ten years



Historical Assessed Valuations		
FYE	Total	% Change
2001	\$830,397,055	-
2002	\$895,310,247	7.82%
2003	\$971,958,976	8.56%
2004	\$1,092,277,797	12.38%
2005	\$1,189,851,932	8.93%
2006	\$1,326,630,985	11.50%
2007	\$1,464,651,080	10.40%
2008	\$1,764,377,762	20.46%
2009	\$1,894,374,824	7.37%
2010	\$1,816,253,094	-4.12%
2011	\$1,751,643,547	-3.56%
2012	\$1,648,428,060	-5.89%
2013	\$1,634,957,831	-0.82%
2014	\$1,625,121,341	-0.60%
2015	\$1,716,224,199	5.61%
2016	\$1,938,017,296	12.92%
Pre-Recession Average		10.93%
5-Year Average		2.24%
10-Year Average		4.18%
15-Year Average		6.06%

Bonding Capacity

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- By statute, the District's bonding capacity is equal to 2.5% of its total AV
- As of FY 2016, the District had an AV of approximately \$1.9 billion and a gross bonding capacity of \$48.5 million
- Based on the remaining annual principal payments to be repaid for prior bonds, the District has a net bonding capacity today of \$21.9 million
- Bonding capacity is projected to increase as remaining principal is repaid and as District AV grows
 - Example: bonding capacity grew by \$6.2 million in FY 2016 from the scheduled repayment of outstanding principal and an increase of 12.92% in AV
- If needed, the California Department of Education, through the State Superintendent's Office, can grant waivers to increase bonding capacity to districts needing to sell additional bonds

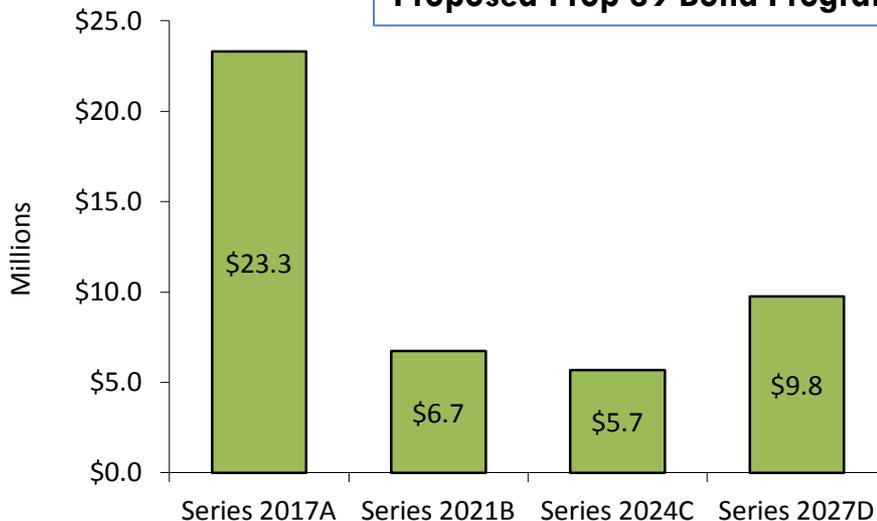
BONDING CAPACITY ANALYSIS	
Fiscal Year 2015-16	
Assessed Valuation	\$1,938,017,296
Applicable Debt Limit	2.50%
Gross Bonding Capacity	\$48,450,432
Minus Outstanding Bond Principal	\$26,513,154
Net Remaining Bonding Capacity	\$21,937,279

Estimated Bond Proceeds

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- A new Prop 39 bond election allows the District to apply a tax levy up to \$60 per \$100,000 of AV on all taxable parcels within the District
- The bond levy generates tax revenues for bond debt repayment – the District’s general fund is **not** the repayment source – County levies and collects required ad valorem tax under Prop 13 and makes annual debt payments without District intervention
- Approximately \$45 million in total bond proceeds are estimated to become available over time
- Bond proceeds are projected to become available via four bond sales (series) over a 10-year period; bonds may be issued sooner or under an extended timeline, depending on AV growth

Proposed Prop 39 Bond Program: \$45 million in Authorized Proceeds



Program Assumptions:

- Tax Rate: \$60/ \$100,000 of AV
- Annual projected AV growth rate: 4.0% (2/3 of 15-year historical avg.)
- Estimated Funding period: 10 years
- Number of est. series: 4 series of bonds
- Bond Terms per series (years): 25, 25, 25, 30
- Assumed interest rates for bonds: 4.25%, 4.75%, 5.25%, 5.75%
- Total Est. Repayment Ratio (Total debt service/principal amount): 2.4 to 1

Considerations

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- Based on the previous analysis, the District has the potential to raise approximately \$93.9 million over time for capital improvements from a combination of State aid grants (\$48.9 million) and a local general obligation bonds (\$45 million) [Subject to change](#)
- The largest State grants available are for the new construction of high school, middle school and elementary classrooms and facilities; these may also benefit the District the most
- The District's facilities mater plan identified a \$200 million capital improvement program with the High School as the site with the greatest amount of need, with additional need for Jr. high school and elementary facility improvements
- There is a need to construct Camarena Jr. High with adequate support facilities that are best provided by rededicating the former De Anza School site to house a permanent Camarena Jr. High, especially given its existing new gym, library, and cafeteria facilities
- Funds are limited, not all improvements can be made at this time; therefore it is recommended that the District focus on implementing projects based on survey findings which are supported by the greatest amount of likely voters and can produce the greatest amount of additional grant funding
- The survey identified strong support to rebuild Calexico High School to improve CTE and college opportunities for students for grades 9-12 students; to build a permanent Camarena Jr. High on the eastside comparable to Moreno Jr. High; to replace portable facilities at district sites with 21st century classrooms; and to increase student and teacher access to computers and modern classroom technology districtwide

Sample Sources & Uses

FUNDING SOURCES	Phase 1 (2017-20)	Phase 2 (2021-26)	Phase 3 (2027-30)	Total
Beginin Balance	-	1,653,099	(1,262,837)	
New Prop. 39 GO Bond				
2017 Series	23,312,136			23,312,136
2021 Series		6,720,465		6,720,465
2024 Series		5,676,346		5,676,346
2027 Series			9,291,053	9,291,053
GO Bonds Subtotal	23,312,136	12,396,812	9,291,053	45,000,000
State Aid				
Est. New Construction Eligibility				
High School	19,337,739	-	-	19,337,739
Jr. High	-	\$5,134,818	-	5,134,818
Elementary	-	\$2,250,154	-	2,250,154
Other	-	-	-	-
New Construction Aid Subtotal	19,337,739	7,384,972	-	26,722,711
Est. Modernization Eligibility				
High School	3,481,947	605,556	-	4,087,503
Jr. High	-	5,819,958	-	5,819,958
Elementary	-	5,466,150	5,061,250	10,527,400
Other	-	-	1,816,668	1,816,668
Modernization Aid Subtotal	3,481,947	11,891,664	6,877,918	22,251,529
Total Sources	46,131,822	33,326,547	14,906,133	93,974,240
Cumulative Sources	46,131,822	77,805,270	93,974,240	93,974,240

FUNDING USES	Phase 1 (2017-20)	Phase 2 (2021-26)	Phase 3 (2027-30)	Total
High School Improvements	44,478,723	1,009,260	-	45,487,983
Middle School Improvements	-	19,969,566	-	19,969,566
Elementary School Improvements	-	13,610,559	8,435,417	22,045,975
Other	-	-	3,027,780	3,027,780
Program Reserve	-	-	3,442,937	3,442,937
Total Uses	44,478,723	34,589,385	14,906,133	93,974,240
Cumulative Uses	44,478,723	79,068,107	93,974,240	93,974,240

- ❑ The capital program assumes the District elects to fund State aid eligible projects first in order to leverage state grants and maximize total funding
- ❑ State Aid funding sources are contingent on the successful passage of the State Bond measure and establishment of the District's baseline eligibility

Proposed Project List

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- ✓ Acquire, construct, and modernize classrooms and related facilities to accommodate student enrollment and implementation of the District's educational program
- ✓ Replace portable classrooms with permanent classroom facilities and modernize existing facilities to create 21st century learning environments at existing school sites
- ✓ Construct and expand vocational classrooms and career technical facilities
- ✓ Modernize existing teaching facilities and classrooms to accommodate modern classroom instruction
- ✓ Upgrade and integrate information technology infrastructure for new and modernized facilities and expand the use of digital technologies in the classroom
- ✓ Provide furnishings, fixtures, and equipment to meet current teaching standards and requirements
- ✓ Update science labs, aging bathrooms, assembly spaces, emergency communication systems, and technology infrastructure
- ✓ Upgrade fields, play courts, and athletic and performance spaces for school and community use
- ✓ Improve circulation and parking and reconfigure drop-off and pick-up areas at schools to enhance student safety and reduce neighborhood traffic delays
- ✓ Retrofit classrooms with energy efficient air conditioning, heating, and safety systems to reduce overall costs
- ✓ Address unforeseen conditions revealed by construction/modernization (e.g., plumbing or gas line breaks, dry rot, seismic, structural, etc.)
- ✓ Perform necessary site preparation/restoration in connection with new construction, renovation or remodeling

Next Steps

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- If the District elects to proceed, it is recommended that the Board adopt the proposed resolution which includes:
 - A request to the County to call and consolidate the proposed bond election with the November General Election
 - An attached form of ballot measure for consideration by the district's voters
 - An attached list of projects pursuant to Prop 39 requirements
 - A tax rate statement estimating the amount of tax and total repayment required to issue and retire all proposed bonds
 - The establishment of a Citizen's Oversight Committee pursuant to Prop 39 upon the successful passage of the Bond measure by local voters
- It is also recommended that the Board direct staff to take all necessary steps to call the election and to implement the proposed program

Timeline Overview

- CFW works with the District every step of the way to ensure successful calling of the election and completion of election proceedings

	Jun	Jul	Aug	Sept	Oct	Nov
District Election Filing/ Activities		District calls election				
		Tax rate statement filed with County				
			Argument In-Favor Delivered to County Registrar			
			District Announces Formation of Oversight Committee			
				Ballot Language Submitted to Registrar/County Counsel		
				File Rebuttal to Argument Against (if necessary)		
County Election Activities					Oversight Committee Applications	
					Sample ballots mailed by County	
					Absentee Ballots mailed by County	Election Day