

Proposition L: Julian Union High School District Bond Measure Brief Summary

SDCTA remains **neutral** on Prop L. Julian Union High School District is pursuing a \$2.1 million Prop 39 facilities bond to replace a building on its campus that has been deemed “uninhabitable”.

While the District has failed to meet key components of SDCTA’s Bond Support Criteria, the District has demonstrated a clear need for an additional funding source that would provide an opportunity to replace the high school science building. However, the District is relying too heavily on the State matching grant to complete this replacement. If, for whatever reason, the District were unable to receive the grant, there would not be enough local funds available (even with this bond’s voter approval) to replace the condemned building.

SDCTA is interested in working with the District to resolve this issue if Prop L fails to pass or they are unable to receive State funds in a timely manner.

- Julian Union High School District is pursuing a \$2.1 million general obligation bond (through Proposition 39) to replace its science building and to upgrade its facilities. The bond would be placed on the November 2010 ballot.
- The total Bond Program is \$3.97 million with the rest of the funds coming from the State (\$1.87 million) through a School Facility Hardship Grant.
- The bond program is an extension of the 1996 bond program. The past program was completed but it was later determined that two of its buildings were structurally unsound. Through litigation, the District was able to receive funds to replace one of these buildings, but the other building is still deemed “uninhabitable”.
- This bond program will not address all of the District’s needs.
- As a small district, Julian Union High School District was unable to provide us with the detailed information we request within our Bond Support Criteria.
 - Hard and soft costs have not been accounted for within a comprehensive budget.
 - The District does not have a Facilities Master Plan nor a Facilities Needs Assessment.
 - The District has not provided SDCTA with a plan to eliminate Deferred Maintenance and has not demonstrated a commitment to fund deferred maintenance over the past ten years.

Proposition L: Julian Union High School District Bond Measure

July 2010

Board Recommendation:

NEUTRAL

Rationale:

Julian Union High School District is pursuing a \$2.1 million Prop 39 facilities bond to replace a building on its campus that has been deemed “uninhabitable”. The District has failed to meet key components of SDCTA’s Bond Support Criteria—most of which can be attributed to the small size (and limited funds) of the District.

The District has demonstrated a clear need for an additional funding source that would provide an opportunity to replace the high school science building. However, the District is relying too heavily on the State matching grant to complete this replacement. If, for whatever reason, the District were unable to receive the grant, there would not be enough local funds available (even with this bond’s voter approval) to replace the condemned building.

SDCTA is interested in working with the District to resolve this issue if Prop L fails to pass or they are unable to receive State funds in a timely manner.

Background:

Julian Union High School District consists of only one (1) high school and a small continuation school. Enrollment within the District is expected to decline substantially by 2020. The District’s enrollment projections assume the District will lose 25% of its enrollment by the fiscal year (FY) 2020. In the last six (6) years, the District’s enrollment has declined 29%.

Table 1: Julian Union High School District Projected Enrollment, FY 2010 – FY 2020

Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Enrollment	169	174	176	192	186	191	189	167	158	133	127

Source: Julian Union High School District

Thus far, the District has used both local and state funds to complete maintenance and modernization projects to improve school facilities. The proposed measure will be the second General Obligation Bond Measure passed in the District (the first was in 1996).¹ The bond issued was for a \$2.5 million General Obligation Bond. The bond was intended to modernize and repair two buildings; however, the two buildings were “rendered uninhabitable by substandard workmanship” which prompted the District to enter into litigation. While the District won the suit, the award only covered enough to repair one out of the two buildings.² The District has not completed a Facilities Master Plan and Facility Needs Assessment to determine the total need of facilities within the District.

Proposal:

The District is pursuing a Proposition 39 school facilities bond (which requires a 55% vote of the public) for the November 2, 2010 general election.

The question before voters will read as follows:

¹ The District bond passed with a small threshold: 66.7% was needed and 66.8% was achieved. At the time the bond measure was passed, the District had 240 students.

² The settlement awarded \$1.15 million. \$658,000 was used to reconstruct and repair one of the substandard buildings. \$750,000 was spent on legal fees. \$250,000 has been spent on temporary housing.

“To maintain a safe and effective quality student learning environment, provide a modern science/technology center building with classrooms and key learning facilities and to provide for campus renovations, shall the Julian Union High School District be authorized to issue \$2,100,000 in bonds within legal interest rates, including independent citizens’ oversight, with mandatory audits, where bond funds will be spent locally, cannot be taken by the State and spent elsewhere, and without an estimated increase in over projected future tax rates and to qualify for State matching funds?”

The \$3.97 million program will be funded through general obligation bonds (\$2.1 million) and a State Facilities Hardship grant (\$1.87 million).

Facilities Needs:

Julian Union High School District has not completed a needs assessment or a master plan. The District plans to replace one of its two previously determined “uninhabitable” buildings on its high school campus. The other building was repaired through legal settlement proceeds. The District is also planning on improving upon items that were deferred. The complete list of projects is as follows:

1. Reconstruct, rebuild and modernize the District’s science/classroom building, which may include, classrooms, student lab facilities, technology learning center, instruction space and support facilities and infrastructure, including, but not limited to restrooms;
2. Improve student safety by renovation of outdated and inadequate sewer facilities and connections to support sanitary facilities on campus;
3. Improve student safety by replacing or renovating worn, uneven, unsafe and/or broken walkways and sidewalks;
4. Acquiring or constructing water storage tanks, and pumps, a water filter system and/or an improved irrigation system for efficient watering and support of the athletic fields on campus; and
5. Renovation of interior spaces and seating of the existing historic theater building on campus.

The District’s last School Accountability Report Card noted the following in regard to the most recent site inspection

- The District’s facilities are in good repair and grounds, buildings, and restrooms are well maintained.
- Four classrooms, a Resource Specialist Program classroom, and a multi-purpose room have been renovated.
- A building on the campus is unoccupied due to “structural deficiencies”.³
- One portable classroom is in need of wall repair.⁴

The first priority of the District is to “replace the District’s science/classroom building that was condemned due to faulty construction in 2004.” Everything else becomes second priority for the District.

Approximately \$300,000 will be the cost associated with borrowing. The District is planning on using a project manager from the San Diego County Office of Education.

There are still facilities needs of the District that will not be met with this bond program.

Table 3: Julian Union High School District Bond Program Funding Sources

³ Engineers hired by the District recently advised that this building “could soon create a significant life and safety risk” to the adjoining buildings.

⁴ This will not be completed as part of the bond program.

Funding Source	Amount
General Obligation Bonds	\$ 2.1 million
State Grants	\$ 1.87 million
Total	\$ 3.97 million

State funding is anticipated to come through the form of a State Facilities Hardship grant. To be eligible for this grant, a district must demonstrate one of the following: “facilities must be provided/replaced due to an imminent health and safety threat, or existing facilities have been lost to fire, flood, earthquake or other disaster.” In 2006, the District received conceptual approval to replace the aforementioned second “uninhabitable” building. Because the District was unable to come up with the matching funds, the District had to reapply. The District received re-approval in May of 2010. If State funding does not come in when anticipated, the bond program will be put on hold until it does.

Fiscal Impact:

Bonds are not anticipated to be sold in a series. The District does not anticipate the property tax rates will exceed \$30.00 per \$100,000 of assessed value.

The total cost of the program is \$3.97 million. Of this, the District plans to receive \$2.1 million from general obligation bonds. The District is anticipating \$1.87 million in State grants for its facilities projects.⁵

Deferred Maintenance and Regular Routine Maintenance:

The District has a section within its bond resolution to commit to funding deferred maintenance.

Section 17. The Board hereby states that, in connection with the bond measure described and ordered herein, that the District has on file plans and policies to address issues of deferred maintenance of District properties and facilities, with a goal thereof to eliminate deferred maintenance of District properties and facilities using available funds, including, but not limited to State funding to reduce deferred maintenance of District properties and facilities.

The District is a participant in the State’s school building program, which allows the District to receive a \$1 for \$1 match (up to at .5% of their General Fund expenditures) for its deferred maintenance plan. The State recently allowed school districts to suspend their deferred maintenance contributions. The District has taken the State up on this opportunity and has not contributed to its deferred maintenance in FY 2009, FY 2010, nor is the District projected to in FY 2011.

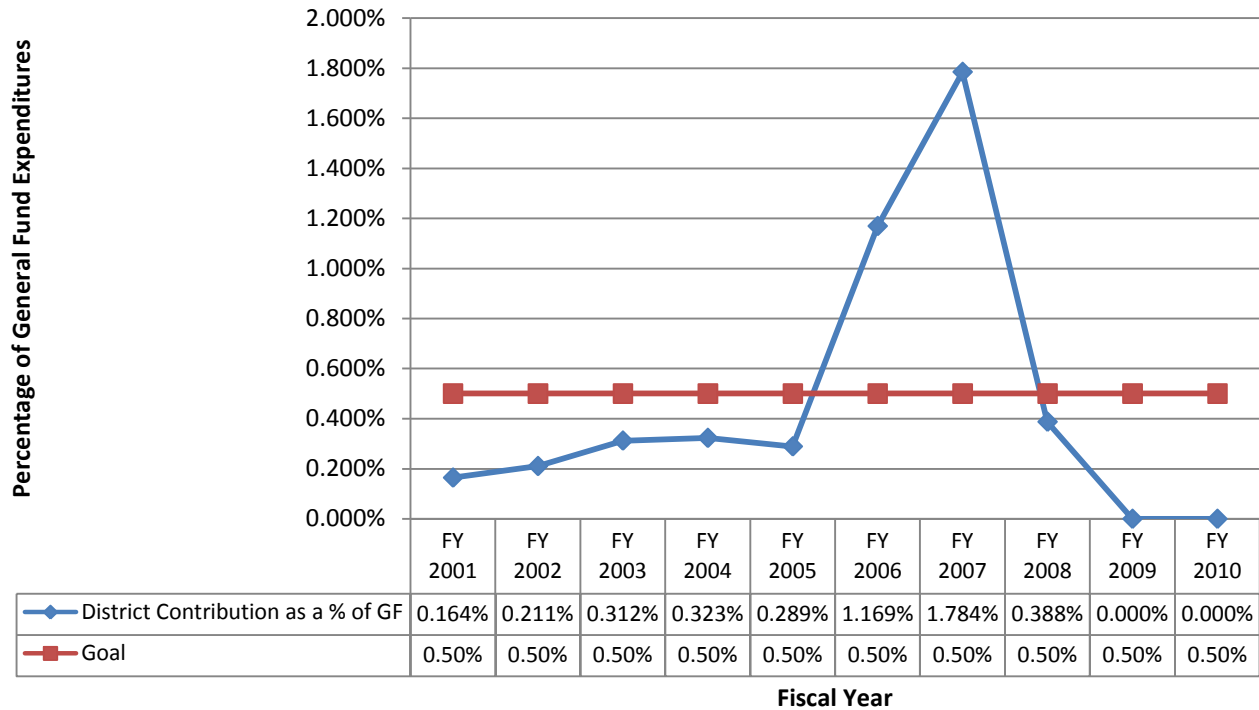
From FY 2001 – FY 2005, the District failed to meet its .5% goal on deferred maintenance funding; however, in FY 2006 and FY 2007, the District quadrupled its deferred maintenance contributions.

⁵ SDCTA Staff spoke with the State Allocation Board regarding the potential for funding. Although Julian Union High School District has received preliminary approval, funds have not been reserved for the District. To date, the District has yet to submit a formal funding application, therefore, official approval of the request has not been granted. Release of funds for State Allocation Board grants is contingent upon bond sales; however, facility hardship grants have recently been given top priority. This means that while previously a waiting list was established based upon chronological approval given for the funds, now facility hardship applicants (like Julian Union High School District) get bumped to the front of the list.

Although the District has not contributed to its deferred maintenance fund, the District still has a balance within the account of \$65,394.70 (or 2% of the District’s General Fund operating budget in FY 2010).

Julian Union High School District Deferred Maintenance as a % of General Fund

Source: Julian Union High School District



Consolidation opportunities:

A study was issued in 1993 regarding the potential for consolidation of the Julian Union High School District and the area’s elementary school districts: Julian Union, Warner Union, and Spencer Valley. Reorganizations of school districts are specifically discussed in the Education Code, Section 35753. Each condition laid out in this section of the Education Code was studied in 1993. Below is a list of the State Board of Education conditions for reorganization and the key findings, if any, that the authors of the study came to when reviewing the potential consolidation:⁶

1. The reorganized districts will be adequate in terms of number of pupils enrolled.

Key Finding: State regulations (Section 18573 of Title 5 of the California Code of Regulations) aim to discourage reliance on state support and the County Office of Education. Depending upon the current and

⁶ California Education Code, Section 35753 also says the following: “The State Board of Education may approve a proposal for the reorganization of school districts if the board determines that it is not practical or possible to apply the criteria of this section literally, and that the circumstances with respect to the proposals provide an exceptional situation sufficient to justify approval of the proposals.”

future enrollment of some schools, a reorganization may be prohibited if it will place a more independent school in “direct service” status, i.e. more reliant on state and county support.⁷

2. The districts are each organized on the basis of a substantial community identity.

Key Finding: Distance to Julian High School is a negative factor for families that do not live nearby. Overall, the area to be served has many commonalities.⁸

3. The proposal will result in an equitable division of property and facilities of the original district or districts.
4. The reorganization of the districts will preserve each affected district's ability to educate students in an integrated environment and will not promote racial or ethnic discrimination or segregation.

Key Finding: There are concerns that unifying around the boundaries of the Warner Elementary School District and the additional area of the Julian Union High School District could cause negative effects regarding racial and ethnic balances of the American Indian student population.⁹

5. Any increase in costs to the state as a result of the proposed reorganization will be insignificant and otherwise incidental to the reorganization.

Key Finding: Costs to the state are not projected to increase with reorganization.¹⁰

6. The proposed reorganization will continue to promote sound education performance and will not significantly disrupt the educational programs in the districts affected by the proposed reorganization.

Key Finding: Educational programs for the elementary school districts are not likely to be significantly impacted. Depending upon the reorganization of territory for the high school students, there could be negative impacts.¹¹

7. Any increase in school facilities costs as a result of the proposed reorganization will be insignificant and otherwise incidental to the reorganization.

Key Finding: If reorganization left out the Warner Union Elementary School District, Julian Union High School would have a large capacity surplus. Additionally, the new Warner Unified School District would be left to build additional facilities to accommodate the high schools.¹²

8. The proposed reorganization is primarily designed for purposes other than to significantly increase property values.

Key Finding: Reorganization would not significantly impact property values.¹³

⁷ Calwell Flores Winters, Inc. “A Report on the Study of Feasibility of Unification and School District Reorganization for the Julian Union High School District.” September 1993. Page 38.

⁸ Ibid., Page 39.

⁹ Ibid., Page 39.

¹⁰ Ibid., Page 40.

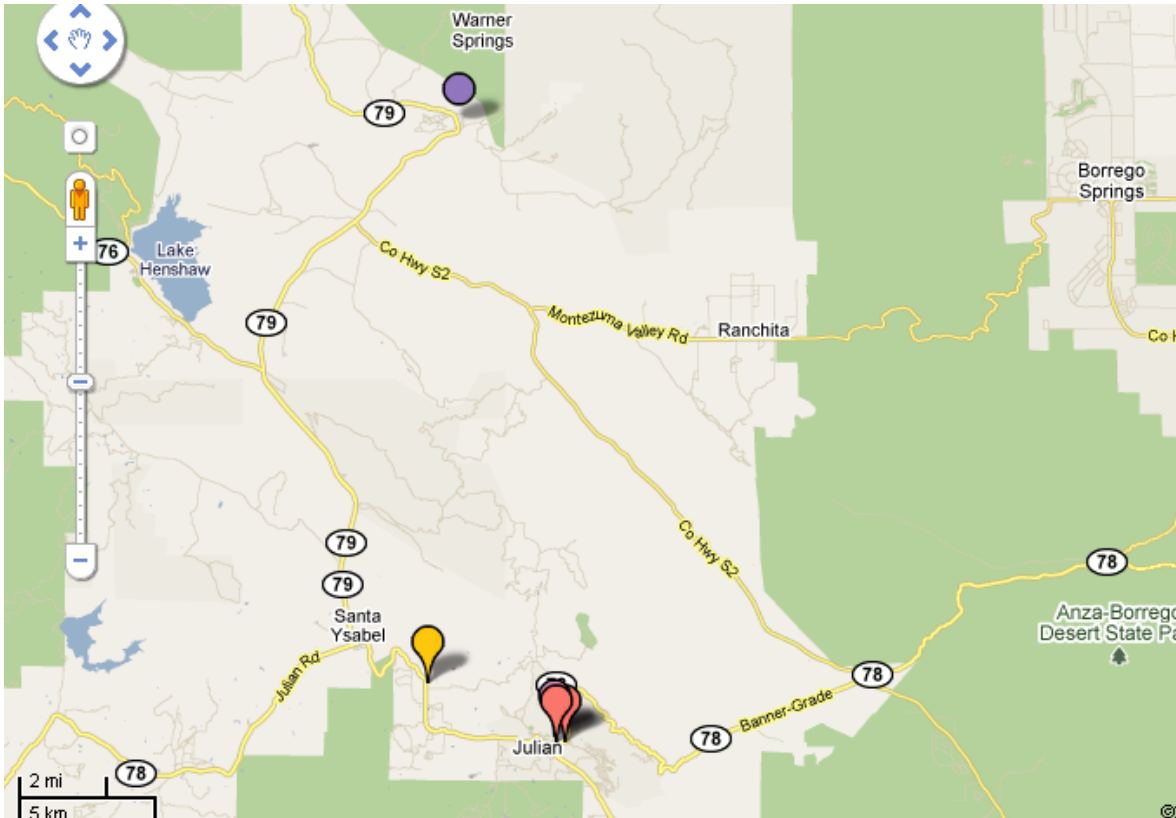
¹¹ Ibid., Page 40.

¹² Ibid., Page 40. Note: Warner Union Elementary School District has since become Warner Unified School District.

¹³ Ibid., Page 40. Note: Warner Union Elementary School District has since become Warner Unified School District.

9. The proposed reorganization will continue to promote sound fiscal management and not cause a substantial negative effect on the fiscal status of the proposed district or any existing district affected by the proposed reorganization.

Key Finding: Consolidating all four districts would result in negatively impacted fiscal conditions of the new unified district. Consolidating without Warner Union Elementary School District could result in a net revenue gain by the newly unified district.¹⁴



Source: Google Maps

¹⁴ Ibid., Page 41. Note: Warner Union Elementary School District has since become Warner Unified School District.

SDCTA Bond Support Criteria Analysis:

(See SDCTA's Bond Support Criteria for more information)

Julian Union High School District Bond Support Application and SDCTA Bond Support Criteria			
Criteria Item	Info Provided?	Criteria met?	Comments
Program Description	Yes	Yes	1) Reconstruction, rebuild, and modernization of the District's science/classroom building
			2) Renovation of the District's historic theater
			3) Other renovation is to improve the safety of the school, such as sewer facilities, sidewalks, water storage, etc.
Program Budget and Funding	Somewhat	Somewhat	1) Program totals \$3.97 million: \$2.1M in local funding; \$1.87M in State funding
			2) The District expects that there will be \$300,000 in associated borrowing costs
			3) Hard costs and soft costs are not identified
			4) The District has budgeted for a 2% contingency
Cost Estimation and Feasibility	Yes	Yes	1) Lusardi Construction Company provided an independent review of the cost estimates, providing a total of \$3.2 million to complete replace the science building.
Program Justification	Yes	Yes	1) District justifies the need for the bond to meet the match for the State's Facility Hardship funds
			2) District has had a decimated tax base in recent years
			3) District demonstrates need for replacement of a building due to "uninhabitable" conditions rendered as a result of work performed during the last bond
Facilities Master Plan	No	No	1) District does not have a Facilities Master Plan.
Facilities Needs Assessment	No	No	1) District does not have a Facilities Needs Assessment
Program Execution Plan	Yes	Yes	1) The District anticipates that construction will be completed in 16 months.
			2) The District plans to work with the San Diego County Office of Education to identify a project manager.
Deferred Maintenance and Major Repair and Replacement Plan	No	No	1) Unclear if District has funds available to maintain buildings once completed
			2) Funding plans have not been identified for deferred maintenance and major repair and replacement
			3) It is unclear how much of the bond will be used to address past deficiencies and lack of funding
			4) The District plans to issue a Deferred maintenance Plan when it is required by the State again in 2013.



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Complete Ballot and Resolution Language	Yes	Yes	1) Resolution and project list has been provided.
Provision for an "Independent Citizens' Oversight Committee"	Yes	TBD	1) District has not yet adopted SDCTA ICOC best practices, but a provision exists for an ICOC within the measure
Limited Use of District's "Education" Funds	Yes	Yes	1) SDCTA staff has not found a violation in regard to SDCTA's Standards for Publicly Funded Advocacy For or Against Ballot Measures
Joint Use of Facilities	Yes	Yes	1) Statement of joint use is found within measure
			2) District has already pursued joint use efforts
Opposition to Special Elections			
Follow-Up Bond Requirement	Some	No	1) The District's first bond program was completed, but it was discovered four years later that the two major buildings were structurally unsound.