

## **Measure EE: Cajon Valley Union School District \$20 Million EdTech® Bond Measure**

SDCTA SUPPORTS the Cajon Valley School District's proposed bond measure. The measure meets key provisions of the SDCTA Bond Support Criteria. The application submitted by the district outlines their technology needs, detailed cost estimates for expenditures, and maturities of the debt are required to match the average useful life of the assets. The district has proposed a nominal amount and short time duration for the measure as a means to measure success, with the intent to go back to voters if proven successful.

- In 2014, Cajon Valley Union School District submitted a request for support from the San Diego County Taxpayers Association (SDCTA) for a \$20 million EdTech® bond measure to be placed on the November ballot as Proposition C.
- The bond funds were meant to modernize the District's technological assets.
- After thorough analysis by staff during August of 2014, SDCTA supported this bond measure.
- Proposition C failed to pass by a slim margin (49.08%-50.92%).
- The District has chosen to place a substantially identical bond measure on the ballot for November 2016.
- On March 8, 2016, the District adopted all of SDCTA's most recent Best Practices regarding Independent Citizen Oversight and Construction and Professional Services Procurement.
- Cajon Valley Union School District's Director of Long-Range Planning attended SDCTA's "Envisioning and Managing Legitimate and Effective School Bonds" course in May 13, 2016.
- The SDCTA analysis of the original Proposition C bond measure can be viewed in Appendix A of this paper.

## **Appendix A: SDCTA Position Paper on Cajon Valley Union School District 2014 Proposition C Ballot Measure**

### **Proposition C: Cajon Valley Union School District \$20 Million EdTech® Bond Measure**

SDCTA **SUPPORTS** the Cajon Valley School District's proposed bond measure. The measure meets key provisions of the SDCTA Bond Support Criteria. The application submitted by the district outlines their technology needs, detailed cost estimates for expenditures, and maturities of the debt are required to match the average useful life of the assets. The district has proposed a nominal amount and short time duration for the measure as a means to measure success, with the intent to go back to voters if proven successful.

- In February 2008, voters within the Cajon Valley Union School District approved Proposition D, a \$156.5 million bond measure to fund the critically needed projects.
- In November 2012 the District presented Proposition C to voters and was approved with 58.2 percent of the vote.
- Proposition C reauthorized \$88.4 million in Proposition D bonds for the purpose of completing projects promised under the original measure approved by voters in 2008.
- The lack of increase in assessed value within the District led to the governing board moving forward with the measure as a means to increase taxes to access the remaining amount of bonds authorized by voters.
- The district is now proposing a \$20 million bond measure specifically to fund education technology over the next eight years.
- The district is seeking the authorization of \$20 million of bonds to pay for student technology with an estimated average increase in property taxes of \$15.48 per \$100,000 of assessed value.
- All bonds issued are required to have maturity of less than five years per the ballot resolution.
- The District is proposing this specific type of bond as opposed to an initial large bond amount to allow for the evaluation of the success of the One-to-One Digital Learning Program.
- The bonds will be issued over a nine year period, beginning in 2015 and are scheduled to be paid off by 2023.
- The District adopted its "Comprehensive Educational Technology 3-Year Plan." The plan covers a three-year period from July 1, 2014 through June 30, 2017.
- The initial technology rollout by the district was divided into four phases. Phases 1 and 2 have already been implemented by the district.
- Should voters approve the proposed measure, the district would begin to implement Phases 3 and 4 with the bond revenues.

**Proposition C: Cajon Valley Union School District \$20 Million EdTech® Bond Measure***August 2014***SDCTA Position:****Support**

**Rationale for Position:** The measure meets key provisions of the SDCTA Bond Support Criteria. The application submitted by the district outlines their technology needs, detailed cost estimates for expenditures, and maturities of the debt are required to match the average useful life of the assets. The district has proposed a nominal amount and short time duration for the measure as a means to measure success, with the intent to go back to voters if proven successful.

**Title:** “Cajon Valley Union School District Bond \$20 Million EdTech® Bond Measure”

**Election:** November 2014 General

**Description:** The authorization of \$20 million of bonds to pay for student technology with an estimated average increase in property taxes of \$15.48 per \$100,000 of assessed value. All bonds issued required to have maturity of less than five years.

**Jurisdiction:** Local

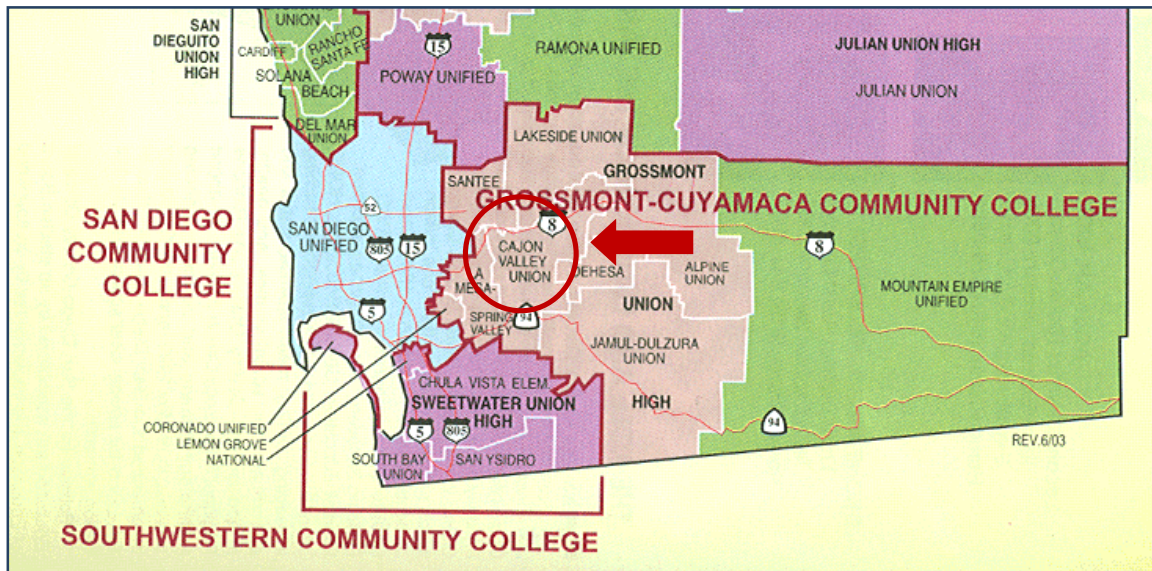
**Vote:** 55% Super Majority

**Fiscal Impact:** This bond would require residents to pay a tax of up to \$18.83 per \$100,000 of assessed property value. The average expected increase in property taxes is \$15.48 per \$100,000 of assessed value.

**Background:**

The Cajon Valley Union School District (District) has been seeking to improve its facilities in recent years, due in large part to the fact that 14 of its 28 campuses were constructed in the 1940’s and 1950’s. After narrowly missing a 2/3 majority vote to pass a bond measure in March 1999, voters approved Proposition X in November 2000, a \$76 million bond measure. This was the District’s first bond measure in 32 years. After using these funds to construct high priority projects, the District performed a needs assessment in 2007 and identified over \$200 million in additional needed improvements to the District. Approximately \$158 million in critical needs were labeled Priority 1 projects, with an additional \$47.5 million in “non-critical” improvements.

*Figure 1: Cajon Valley Union and Neighboring School Districts*



Source: San Diego County Office of Education

### *Proposition D*

The District went back to voters in February 2008 and proposed a \$156.5 million bond measure to fund the critically needed Priority 1 projects. This local measure, known as Proposition D, passed with 64.1 percent of voters in support.

According to the 2008 official ballot language, the funds from Proposition D were allocated “to improve the quality of education, upgrade and construct classrooms and joint use gymnasiums, increase access to computers and technology, replace 50-year old schools, make safety and security improvements, improve energy efficiency, and make the District eligible for State-matching grants.”

### *Proposition C*

In November 2012 the District presented Proposition C to voters and was approved with 58.2 percent of the vote. Proposition C reauthorized \$88.4 million in Proposition D bonds for the purpose of completing projects promised under the original measure approved by voters in 2008. The lack of increase in assessed value within the District led to the governing board moving forward with the measure as a means to increase taxes to access the remaining amount of bonds authorized by voters. Proposition C increased property taxes by an additional \$30 per \$100,000 of assessed valuation. Taking into account the original tax increase from Proposition D, the average homeowner will be paying \$177.57 annually in property taxes to fund the projects within the bond measure.

### *SDCTA Past Position*

SDCTA supported Proposition D because it met the vast majority of the Board-adopted criteria for bond support. Furthermore, SDCTA recommended that the District adopt the Association’s Oversight Committee Best Practices to ensure a successful oversight committee and bond program. The District stated adopted SDCTA’s Best Practices.

SDCTA opposed Proposition C, stating:

“To date, CVUSD has expanded the scope of four projects, with the most notable being a \$3.2 million expansion of Greenfield Middle School’s gymnasium. While it is understood that construction is dynamic and requires flexibility, repeated scope expansions jeopardize the future of critically-needed projects. SDCTA believes that project savings should be left in contingency and applied to future projects on the program list; repeatedly expanding projects with taxpayer dollars is fiscally irresponsible.”

### **Proposal:**

The Cajon Valley Union School District has proposed a bond measure for the November 2014 election that reads as follows:

“To increase student access to classroom computers; maintain and upgrade educational technology; keep pace with 21<sup>st</sup> century technological innovations; implement statewide technology requirements for testing and learning; and significantly reduce borrowing costs, shall Cajon Valley Union School District issue \$20,000,000 of short-term bonds with the interest rates at or below the legal limit, independent citizen oversight, and no money for administrator/teacher salaries, so long as all funds are spent locally and cannot be taken by the State?”

### **Proposed Technology Projects**

The District’s One-to-One Digital Learning Program is, “designed to provide every child with a personalized curriculum pathway that will result in college and career readiness.” The District is proposing this specific type of bond as opposed to an initial large bond amount to allow for the evaluation of the success of the program. They will also be available to consider all available funding options and assess the need for an additional bond measure to continue the technology plan.

Figure 2: Proposed Technology Program

Project Area	Project Description
Devices & Technology Systems	Computers and peripheral hardware
	Laptops, eReaders, eTablets, Chromebooks, Netbooks, iPads and mobile computing devices
	Projectors/Projection TV monitors
	Data backup systems
	Mobile computing device charging carts/cabinets
	Wireless access devices and systems
Software	Computer adaptive software/learning management systems
	Application/management software for mobile devices
Infrastructure	Computer and technology wiring, servers, routers, switches, storage area network and other information devices
Implementation	Installation and upgrading of various technology systems
	Training and related expenses resulting from the implementation of technology projects and internet access

Figure 3: Proposed Technology Equipment and Projects

Year	Project Description	Amount
2015	Completion of Final Phased 1:1 Device Rollout to School Sites	\$2,000,000
	Replacement Teacher Laptops and Projectors	\$1,850,000
	Enrollment/Escalation Contingency	\$150,000
	<b>Subtotal</b>	<b>\$4,000,000</b>
2018	1:1 Device Replacement	\$7,000,000
	Enrollment/Escalation Contingency	\$500,000
	<b>Subtotal</b>	<b>\$7,500,000</b>
2021	1:1 Device Replacement	\$7,000,000
	Replacement Teacher Laptops	\$1,200,000
	Enrollment/Escalation Contingency	\$300,000
	<b>Subtotal</b>	<b>\$8,500,000</b>
	<b>Total</b>	<b>\$20,000,000</b>

#### District Technology Plan

The District adopted its “Comprehensive Educational Technology 3-Year Plan.” The plan covers a three-year period from July 1, 2014 through June 30, 2017. The plan contains the required goals, objectives, benchmarks and timelines that cover all the three years in the plan and address the thirty required criteria for state approval.

The initial technology rollout by the district was divided into four phases. Phases 1 and 2 have already been implemented by the district and partially funded with Common Core dollars (\$3.2 million) and Proposition C bond funds (\$1.8 million). Should voters approve the proposed measure, the district would begin to implement Phases 3 and 4 with the bond revenues.

The district is also in the process of simulating the classroom learning environment with 400 students. The intent is to understand the curriculum and relationship between teachers and students with the devices and develop amendments or solutions prior to the full rollout of the 1:1 program should voters approve the bond measure.

Figure 4: Technology Project by Phase

	Category	Quantity	Cost
Phase 1	Teacher & Administrator Tablets	650	\$156,084
	<b>Total</b>		<b>\$156,084</b>
Phase 2	Student Chromebooks/Tablet/iPads		
	Hardware	6,413	\$2,244,600
	Accessories	11,457	\$295,897
	Device Management Software	14,914	\$208,420
	<b>Total</b>		<b>\$2,748,917</b>
Phase 3	Devices for 2 schools and remaining teachers		
	Hardware	4,015	\$1,416,853
	Accessories	5,109	\$149,516
	Device Management Software	10,015	\$136,937
	<b>Total</b>		<b>\$1,703,307</b>
Phase 4	One-to-One for remainder of District		
	Hardware	5,793	\$2,024,559
	Accessories	816	\$211,539
	Device Management Software	6,918	\$149,037
	<b>Total</b>		<b>\$2,385,134</b>

*Past Technology Funding*

Under Propositions D & C, a total of \$26.9 million in funding was allocated to upgrade technology infrastructure for all schools and instructional programs. The scope of work included relocating Main Distribution Frames (MDF) and Intermediate Distribution Frames (IDF); upgrading the fiber and copper cabling infrastructure; replacing network routers and switches; and upgrades to HVAC, plumbing and security to support the new IDF and MDF facilities.

The majority of this work has been completed and \$23,508,388 has been spent to date. The remaining \$3,356,116 is projected to be expended by October 2014 with completion of the final phase of work, which is currently in progress.

The district has also stated \$1.8 million from Proposition C will be used for “wireless learning devices.”

### **Fiscal Impact:**

The district is seeking the authorization of \$20 million of bonds to pay for student technology with an estimated average increase in property taxes of \$15.48 per \$100,000 of assessed value. All bonds issued are required to have maturity of less than five years per the ballot resolution.

Proposition C increased property taxes by an additional \$30 per \$100,000 of assessed valuation. Taking into account the original tax increase from Proposition D, the average homeowner will be paying \$177.57 annually in property taxes to fund the projects within the bond measure.

The bonds will be issued over a nine year period, beginning in 2015 and are scheduled to be paid off by 2023. Figure 6 outlines the proposed disbursement schedule. The maturity date of the bonds is proposed to be limited to three years, with a projected interest rate of 2 percent. Including interest, the total payback amount of the bonds is projected to be \$21.2 million.

*Figure 5: Proposed Issuance of Bonds*

Year	Issuance	Principal	Interest	Total
2015	\$4,000,000	\$1,280,000	\$107,200	\$1,387,200
2016		\$1,332,800	\$82,144	\$1,414,944
2017		\$1,387,200	\$56,043	\$1,443,243
2018	\$7,500,000	\$2,400,000	\$201,000	\$2,601,000
2019		\$2,499,000	\$154,020	\$2,653,020
2020		\$2,601,000	\$105,080	\$2,706,080
2021	\$8,500,000	\$2,720,000	\$227,800	\$2,947,800
2022		\$2,832,200	\$174,556	\$3,006,756
2023		\$2,947,800	\$119,091	\$3,066,891
<b>Total</b>	<b>\$20,000,000</b>	<b>\$20,000,000</b>	<b>\$1,226,934</b>	<b>\$21,226,934</b>



<b>Cajon Valley Union School District Bond Support Application and SDCTA Bond Support Criteria</b>			
<b>Criteria Item</b>	<b>Info Provided?</b>	<b>Criteria met?</b>	<b>Comments</b>
Program Description	Yes	Yes	1) Bond program is intended to fund 4 project categories: 1) Devices and Technology Systems; 2) Software; 3) Infrastructure; 4) Implementation
			2) Entire program intended to last 8 years
			3) Bond will have 3 issuances with each bond paid off within 3 years
			4) Bond proposal is for \$20 million
			5) Bond funds will not be used to pay for curriculum
Program Budget and Funding	Yes	Yes	1) Technology program has been broken down into 4 phases
			2) Phases 1 and 2 have been paid for through Common Core funding and past bond monies
			3) Phases 3 and 4 will be paid for by proposed bond funding
			4) Tax rate would increase by average of \$15.48 per \$100,000 assessed valuation
			5) District proposing to use maturities of less than 5 years for bonds
			6) Total cost of bond, including principal and interest, would be \$21.2 million
Cost Estimation and Feasibility	Yes	Yes	1) Program cost estimates developed following completion of 2014 technology master plan
			2) Cost estimates broken down by category: hardware, accessories and software
			3) Cost estimates include quantity, cost, tax and e-waste charges
			4) District included contingency of 4.75% for enrollment growth, cost escalation & unforeseen conditions
Program Justification	Yes	Yes	1) Providing each student a wireless device and access to computer adaptive content and curriculum will enable teachers to personalize learning based upon student interests and abilities
			2) Rather than requesting an initial, large bond amount; the bond was sized conservatively to fund the technology plan for approximately 8 years
			3) District plans to evaluate success of program, again consider all available funding options, and assess the need for an additional bond measure once program ends to continue technology plan
Facilities Master Plan & Facilities Needs Assessment	Yes	Yes	1) 2014-2017 Technology Plan has been provided
Program Execution Plan	Yes	Yes	1) Detailed proposed project phases has been outlined
			2) Draft project bond issuance schedule has been provided
			3) District estimates 3 bond issuances
			4) District has formed an Educational Technology Committee to ensure input from all stakeholders



Cajon Valley Union School District Bond Support Application and SDCTA Bond Support Criteria			
Criteria Item	Info Provided?	Criteria met?	Comments
Deferred Maintenance and Major Repair and Replacement Plan	Yes	Yes	1) District is proposing to use bond revenues to pay for final completion of 1:1 technology roll out
			2) District has projected device replacement every 3 years for students
			3) District has projected device replacement every 5 years for students
Complete Ballot and Resolution Language	Yes	Yes	1) Ballot language and resolution call for \$20 million in bonds to be approved by voters
			2) Ballot language limits maturities to less than 5 years
Provision for an "Independent Citizens' Oversight Committee"	Yes	Yes	1) District intends to maintain current ICOC for new technology bond
Adoption of SDCTA School Construction and Professional Services Procurement Best Practices			
Limited Use of District's "Education" Funds	Yes	Yes	1) District has stated all advocacy efforts will not be paid for by public funds
Joint Use of Facilities			
Opposition to Special Elections			
Follow-Up Bond Requirement			