

Measure MM: MiraCosta Community College District \$455 Million Bond Measure Brief Summary

SDCTA **SUPPORTS** Measure MM. The MiraCosta Community College District proposed bond measure meets key provisions of the SDCTA's Bond Support Criteria. The application submitted by the District outlines the needs of the District, proposed plans, and draft budgets for each of the proposed projects. The descriptions of the projects submitted and outlined in the 2016 Facilities Master Plan Update have been thoroughly vetted with the community and no reason has been found that would prevent the district from executing the projects. The District has documented its intent to issue 25-year Current Interest Bonds as a financial mechanism and has adopted all of the SDCTA policies.

- In 2012 MiraCosta Community College District proposed a \$497 million bond measure (Prop EE), which was narrowly defeated by voters with 54.74% voting yes where 55.0% was required.
- The SDCTA supported the 2012 bond issue based on a submittal at that time.
- MiraCosta Community College District is currently proposing a \$455 million Proposition 39 General Obligation Bond measure.
- The measure may increase the current tax rate by a maximum of \$25 per \$100,000 of assessed valuation by law. The District is proposing to raise the tax rate by \$15.99 per \$100,000 assessed valuation. Based on the average home price in the District this will result in a \$66.10 increase to each taxpayer.
- The District's Master Plan includes the need to address new construction, renovation, and modernization, infrastructure, parking, and landscaping.
- Elimination of space deficits, temporary classrooms, dispersed student services, aging underground utilities, and parking deficits is a stated goal.
- The District has documented its intent to issue 25-year Current Interest Bonds and has adopted SDCTA's policy regarding the use of Capital Appreciation Bonds.
- The District has adopted all required SDCTA best practices including recent revisions.
- The District has stated that it will not rely on any state matching funds to assist in completing projects. The entire program will be funded by the bond measure.
- Technology will not be financed with this bond issue and be funded with state funding for instructional equipment.



Measure MM: MiraCosta Community College District \$455 Million Bond Measure

Staff Recommendation:

SUPPORT

Board Action:

?????

Title: “Measure MM: MiraCosta Community College District \$455.0 Million Bond Measure”

Election: November 2016 General

Description: The issuance of \$455 million of Proposition 39 General Obligation Bonds with an increase in property taxes by a maximum of \$25 per \$100,000 of assessed value to fund school modernization.

Jurisdiction: Local

Vote: 55% Super Majority

Fiscal Impact: The District has documented its intent to issue 25-year Current Interest Bonds and has adopted SDCTA’s policy regarding the use of Capital Appreciation Bonds. The District is proposing to raise the tax rate by \$15.99 per \$100,000 assessed valuation. Based on the average home price in the District this will result in a \$66.10 increase to each taxpayer.

Rationale:

The MiraCosta Community College District proposed bond measure meets key provisions of the SDCTA’s Bond Support Criteria. The application submitted by the District outlines the needs of the District, proposed plans, and draft budgets for each of the proposed projects. The descriptions of the projects submitted and outlined in the 2016 Facilities Master Plan Update have been thoroughly vetted with the community and no reason has been found that would prevent the district from executing the projects. The District has documented its intent to issue 25-year Current Interest Bonds as a financial mechanism and has adopted all of the SDCTA policies.

While SDCTA has received objections to the support of the MiraCosta Community College District proposed bonds from the Encinitas Taxpayers Association, we believe that the District’s Facilities Master Plan provides a detailed description of which buildings will be modernized, renovated, and newly constructed. The District aims to address several long-term needs for which it would not be able to receive state funding. Locally approved Prop 39 General Obligation Bonds can only be used for construction, rehabilitation, equipping school facilities, or land acquisition. A list of projects to be funded must be included in the issuance. In order to qualify certain requirements must be met, such as class size, technology needs, and independent performance and financial audits. The financial accounting for projects must be reported to the appropriate state agency—in this case the California Community Colleges (CCC) System. Few CCC projects since 2000 have been funded exclusively with state funds, but in some cases they have been matched with state funds, which requires an approval process governed by the CCC System. The CCC System has encouraged these alternate means of financing.

Background:

The MiraCosta Community College District is comprised of four campuses: Oceanside, San Elijo, Community Learning Center, and Technical Career institute (TCI). MiraCosta owns and operates three of the four sites: Oceanside, San Elijo, and the Community Learning Center – The TCI Site has recently been rented and renovated. As such, the TCI is not the subject of this bond issue.

MiraCosta College provides career training and academic services to students from Carmel Valley to Camp Pendleton, serving more than a third of local high school graduates. The District contributes to the local economy by training workers in biomedical engineering, biotech, computer science, hospitality, homeland security, nursing, and manufacturing. MiraCosta College also serves Veterans and their families through job training and counseling.

Currently, state funds and grants cannot provide adequate funding for the improvements that the District is seeking to make on its campuses. The District has not passed a local bond measure in over 50 years. While it has worked to maintain and improve its facilities with existing revenue and grants, it is seeking funding from a \$455 million bond measure in order to keep up with demand for its courses and ensure that its facilities are modern and effective in the 21st century.

The District hopes to use bond funds to improve its Veterans Center, renovate career and college preparation facilities, update instructional technology, address safety concerns, improve access for students with disabilities, and provide new facilities for future enrollment growth over the next decade.

Proposal:

On July 13, 2016 the MCCD Board of Trustees voted to place a \$455 million school bond measure on the November 8, 2016 ballot.

The ballot question expected to be put before the voters will read as follows:

“MIRACOSTA COLLEGE JOB TRAINING, COLLEGE TRANSFER, VETERAN SUPPORT MEASURE. To upgrade classrooms and career training facilities for science, healthcare, technology, advanced manufacturing, other growing local industries, provide job training/placement to Navy/Marines/other veterans, improve access to affordable higher education for local students, improve disabled access, repair, construct, acquire classrooms, facilities, sites/equipment, shall MiraCosta Community College District issue \$455,000,000 in bonds, at legal rates, subject to control, requiring annual audits, and independent citizen oversight?”

The District has submitted its request for support to the San Diego County Taxpayers Association (SDCTA). The request included materials intended to satisfy the SDCTA Bond Support Criteria. Those materials have been reviewed and an analysis of the results is provided below. A summary table of this analysis can be found at the end of this report.

Review of SDCTA Bond Support Criteria:

Program Description, Budget & Funding, Program Execution

The 2016 Facilities Master Plan Update analyzed existing facilities and outlined development goals that align with the future needs of MiraCosta College as identified in the District's updated Educational Master Plan completed in fall of 2015.

A large and diverse set of stakeholders from the Board of Trustees to students, faculty, and facilities personnel participated in the master planning process through workshops, online surveys meetings, and campus forums. Assessment of existing conditions on each campus found:

- Space deficits on all three campuses
- Out dated classrooms and labs which cannot support current instruction and learning
- Aging facilities with electrical and air conditioning systems requiring repair or replacement
- Significant number of instructional space in temporary buildings
- Student services impaired by disperse locations throughout the Oceanside campus
- Underground utilities in poor condition, and technology infrastructure at capacity
- Significant parking deficiencies at Oceanside and the Community Learning Center

Based on the above assessments the District identified priorities to be addressed with the proposed bond issue. The District has outlined the projects anticipated by campus in its endorsement request application, and they can be found in Appendix A at the end of this paper.

The District's Master Plan includes Rough Order of Magnitude (ROM) budgets for the program and projects outlined. The District's consultant, Steinberg Architects, and their sub-consultants, Kitchell and MGAC, identified the types, sizes, and amount of space required for each project through the creation of the Facilities Master Plan Update.

The District, in conjunction with Steinberg, developed plans for new construction, renovation, and modernization projects on a building-by-building basis. Steinberg's consultant MGAC, a cost and risk management firm, determined cost per square foot through project descriptions and reflected the type of building and construction that would be involved. These estimated costs per square foot are based on current construction trends and costs identified by MGAC, and are in line with California Community College Chancellor's Office guidelines.

In addition to the construction cost, the ROM budget includes costs for equipment, technology systems, professional services, fees, and escalation costs.

ROM budgets have included a 10% construction cost contingency and a 5% escalation factor per year to the mid-point of construction. Implementation plans and project timelines were developed as part of the Facilities Master Plan Update, and these were used to account for cost inflation at the time of construction.

Figure 1 shows the ROM Budgets by Site for each campus.

Figure 1: Rough Order of Magnitude (ROM) Budget by Site

	Oceanside	San Elijo	Community Learning Center
New Construction	\$173,517,000	\$10,501,000	\$9,055,000
Renovation	\$104,858,000	\$14,754,000	\$3,928,000
Modernization	\$16,938,000	\$6,880,000	\$7,464,000
Building Demolition & Swing Space	\$7,520,000	\$3,161,000	\$116,000
Campus-Wide Site Improvements	\$73,971,000	\$7,343,000	\$6,128,000
Sustainability Improvements	\$8,341,000	\$562,000	\$237,000
Total	\$385,145,000	\$43,201,000	\$26,928,000

The District does not plan to use staff to manage and execute the program. Instead, the District plans to utilize a program management company to oversee the execution of the bond program.

Ballot Resolution and Language

On July 13, 2016, the District formally adopted the ballot language as previously indicated.

The MCCD Board of Trustees has formally adopted the SDCTA’s Independent Citizens’ Oversight Committee Best Practices and SDCTA School Construction and Professional Services Procurement Best Practices. The District also included within the draft ballot resolution its intent to pursue practical opportunities to incorporate joint-use within its bond program and SDCTA recommended provisions regarding fair and open competition for all District construction projects.

The project list that will be presented to voters does **NOT** identify the various projects by site.

Deferred Maintenance Funding

The California Community Colleges Chancellor’s Office COMET System FCI Report for the District and the *Survey Detail Report* was submitted to SDCTA for review. The District plans to use bond funds as a method of eliminating deferred maintenance backlog and funding major repair and replacement projects. Once the backlog of deferred maintenance has been removed, the District will ensure there will be no reliance on bond issues to fund maintenance. The District will accomplish this by transferring funds into the District’s Capital Outlay Fund.

Figure 2 below shows the District’s 5 year scheduled deferred maintenance funding plan.

Figure 2: Five Year Scheduled Maintenance Plan District Roll Up

Summary	Roof	Utility	Mechanical	Exterior	Other
	Est. Total	Est. Total	Est. Total	Est. Total	Est. Total
2015	\$420,000	\$150,000	\$500,000	\$100,000	\$400,000
2016	\$220,000	\$580,000	\$1,010,000	\$100,000	\$672,000
2017	\$100,000	\$810,000	\$290,000	\$100,000	\$430,000
2018	\$0	\$2,450,000	\$240,000	\$44,000	\$332,000
2019	\$46,000	\$6,390,000	\$330,000	\$0	\$630,000
TOTAL	\$786,000	\$10,380,000	\$2,370,000	\$344,000	\$2,464,000

SDCTA “Envisioning and Managing Legitimate and Effective Public School Bonds” Course:

The SDCTA recommends that senior staff, Board members, or Independent Citizen Oversight Committee members from each school district attend SDCTA’s “Envisioning and Managing Legitimate and Effective Public School Bonds” Course. This course covers financing, construction, and governance in regards to school facilities bonds. MiraCosta Community College District’s Director of Facilities attended SDCTA’s bond course on May 13, 2016.

Fiscal Impact:

Based on cash flow projections and the estimated timeline for the sale of bonds the District has outlined a reasonable financing plan for a November 2016 bond. The length of time to access \$455 million of bond authorization is projected as 7 years.

There will be no Capital Appreciation Bonds included in the entire bond program and the repayment ratio is expected to be less than 2 to 1.

The following Bond issues are anticipated:

Series A (2017)	\$ 80,000,000
Series B (2019)	\$125,000,000
Series C (2012)	\$125,000,000
Series D (2024)	\$125,000,000

The measure may increase the current tax rate by a maximum of \$25 per \$100,000 of assessed property valuation by law. The District is proposing to raise the tax rate by \$15.99 per \$100,000 assessed valuation. Based on the average home price in the District this will result in a \$66.10 increase to each taxpayer.

Assessed valuation growth projections are conservatively estimated as 2.00% for 2016-17, 3.00% for 2017-18, and 4.00% annually thereafter, whereas the 25-year historical assessed valuation growth had averaged 6.3% per year.

Mira Costa Community College District Bond Support Application and SDCTA Bond Support Criteria			
Criteria Item	Info Provided?	Criteria Met?	Comments
Program Description	Yes	Yes	1) Bond program outlines the needs and proposed projects at three of the District's campuses
			2) Project list focuses on creating 21 st century learning environments, infrastructure, parking, building improvements, and safety & security
			3) Estimated project costs for each site have been provided
			4) Project list within proposed ballot resolution is
Program Budget and Funding	Yes	Yes	1) Bond proposal is for \$455 million with 4 issuances
			2) Cost estimates broken down by campus site and project
			3) Bond funds sufficient to complete project list without state funding
			4) District has estimated that the added tax rate will be \$15.99 per \$100,000 of assessed valuation
			5) District has will be using 25 year Current Interest Bonds as the debt financing mechanism
Cost Estimation and Feasibility	Yes	No	1) Program cost estimates developed with consultants following completion of facilities master plan update in 2016
			2) No site acquisition required
			3) Costs NOT broken down as hard and soft
			4) Costs of borrowing included
Program Justification	Yes	Yes	1) The District justifies the need for the measure to complete \$455 million in needs
			2) The District serves more than one third of local high school students as well as veterans and active duty military personnel
			3) Demand for career-training courses and student enrollment is growing
			4) Bond program would allow the District to make essential improvements and upgrades to aging facilities
Facilities Master Plan & Facilities Needs Assessment	Yes	Yes	1) A Facilities Master Plan has been provided
			2) A 2016 Facilities Needs Assessment for the District has been provided
Program Execution Plan	Yes	Yes	1) Bond issuance schedule has been provided
			2) Estimated program timeline has been provided
			3) Construction projects within each phase outlined
			4) District plans to use a construction management company to oversee the program

Mira Costa Community College District Bond Support Application and SDCTA Bond Support Criteria			
Criteria Item	Info Provided?	Criteria Met?	Comments
Fair and Open Competition	Yes	Yes	1) District adopted language stating that the District will promote fair and open competition for all District construction projects within its ballot resolution on July 13, 2016
Bond Financing & Technology	Yes	Yes	1) District adopted provisions regarding the use of Capital Appreciation Bond as board policy on June 22, 2016
Deferred Maintenance and Major Repair & Replacement Plan	Yes	Yes	1) A funding plan to eliminate deferred maintenance and address ongoing routine maintenance needs has been included
			2) A history of deferred maintenance funding for previous years has been included
			3) Bond proceeds would help eliminate the District's deferred maintenance backlog
			4) The District would then transfer funds to Capital Outlay Fund to pay for future maintenance projects
Complete Ballot and Resolution Language	Yes	No	1) Ballot language and resolution for \$22 million was adopted on July 7, 2016
			2) Ballot languages does NOT outline projects by site
Provision for an "Independent Citizens' Oversight Committee"	Yes	Yes	1) District adopted SDCTA ICOC Best Practices via resolution on June 22, 2016
Adoption of SDCTA School Construction and Professional Services Procurement Best Practices	Yes	Yes	1) District adopted SDCTA School Construction and Professional Services Procurement Best Practices
Certification of Governing Board Members and Oversight Committee Members	Yes	Yes	1) The District's Director of Facilities attended the SDCTA "Envisioning and Managing Legitimate and Effective Public School Bonds" course on May 13, 2016
Limited Use of District's "Education" Funds	Yes	Yes	1) SDCTA staff has reviewed ballot measure references in District materials and 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) District has included language within the ballot resolution intent to pursue practical opportunities to incorporate joint-use
Opposition to Special Elections			
Follow-Up Bond Requirement			

Appendix A: Bond Project List

Oceanside Campus

Build New Classrooms, Science Labs and Educational Facilities

- Construct and acquire classrooms, science labs, facilities, equipment and career training facilities in science, healthcare, technology and skilled trades to better prepare students for success in college and careers.
- Add classrooms for high-demand courses in nursing, bio-manufacturing, and other skilled-trades that serve our local economy
- Expand and improve the Veteran's Center which provides job training, counseling, and support services to navy, marine, and other military veterans and their families

Facilities include:

Allied Health Building	Arts/Media Services Building
Chemistry & Biotechnology	Campus Police Building
Student Services	Resource Center
Gym Complex	Miscellaneous Support Buildings

Upgrade, Renovate and Improve Classrooms, Labs and Facilities

- Upgrade classrooms, science labs and learning space to provide up-to-date academic and career training and to accommodate a growing student population.
- Repair or replace leaky roofs, worn-out floors and restrooms, old rusty plumbing, and faulty electrical systems.
- Improve heating, ventilation, insulation, doors, lighting and windows to increase energy efficiency and save money. Improve access for students with disabilities. Ensure facilities meet earthquake safety standards

Facilities include:

Library Building 1200	Instructional Building 3700
Student Center Building 3400	Automotive Building 4000
Theater Building 2000	Building 4100
Art Building 2100	Building 4400
Instructional Building 3000	Science Building 4500
Instructional Building 3100	Tutoring Building 4600
Instructional Building 3200	Instructional Building 4800
Instructional Building 3300	Administration Building 1000
Tutoring Building 3601	

Modernize Labs, Classrooms and Libraries to Support Up-To-Date Learning Environment to Train Students for Future Careers

- Update classrooms, labs, libraries, instructional technology and computer systems for improved student learning in core subjects like math, science and technology and to support a modern, 21st century education

Facilities Include:

Library 1200	Facilities (Buildings 4200 & 4300)
--------------	------------------------------------

Instructional Building 3500
Automotive Building 4000

Building 4700

Make Essential Safety Repairs and Upgrades

- Repair or replace outdated plumbing, sewer, gas lines, storm drains and faulty electrical systems.
- Improve communications system to support 21st century communications

Facilities Include:

Domestic Water Repair
Sanitary Sewer Repair
Storm Drainage Repair

Natural Gas Repair & Valves
Communications

Improvements to Accessibility, Walkways, Energy Efficiency and Way Finding

- Improve student safety and campus security systems, including security lighting, walkways, emergency communications systems, smoke detectors, fire alarms, and sprinklers.
- Improve access for students with disabilities.
- Make improvements to water and energy efficiency.

Facilities Include:

Campus Quad, Promenades
Academic Hub Plazas
Outdoor Classrooms
Athletic Fields
Bioswales & Native Plantings
Sod Removal Transit Center
Pedestrian Bridge

Monument Sign
Sidewalk Improvements
Site Lighting
New Parking Lots
Expanded & Reconfigured Parking Lots
New Visitor Parking

San Elijo Campus

Build New Facilities to Support Student Services

- Student Services & Administration Building

Upgrade, Renovate and Improve Classrooms, Labs and Facilities

- Upgrade classrooms, science labs and learning space to provide up-to-date academic and career training.
- Repair or replace leaky roofs, worn-out floors and restrooms, old rusty plumbing, and faulty electrical systems.
- Improve heating, ventilation, insulation, doors, lighting and windows to increase energy efficiency and save money.
- Improve access for students with disabilities.
- Ensure facilities meet earthquake safety standards.

Facilities Include:

Library Building 100
Student Center Building 900

Science Building 400
Instructional Building 500

Modernize Labs, Classrooms and Libraries to Support Up-To-Date Learning Environment to Train Students for Future Careers

- Update classrooms, labs, instructional technology and computer systems for improved student learning in core subjects like math, science and technology and to support a modern, 21st century education

Facilities Include: Instructional Building 200

Instructional Building 300

Building 700

Instructional Building 600

Make Essential Safety Repairs and Upgrades

- Repair or replace outdated plumbing, sewer, gas lines, storm drains and faulty electrical systems. Improve communications system to support 21st century communication

Facilities Include:

Sanitary Sewer Repair

Natural Gas Repair & Valves

Storm Drainage Repair

Communications

Improvements to Accessibility, Walkways, Energy Efficiency and Way Finding

- Improve student safety and campus security systems, including security lighting, walkways, emergency communications systems, smoke detectors, fire alarms, and sprinklers.
- Improve access for students with disabilities.
- Make improvements to water and energy efficiency.

Facilities Include:

Entry Plaza & Quad

Landscaping Improvement

Landscaping

Bioswale & Native Plantings

Outdoor Learning Spaces

Sidewalk Improvement

Community Learning Center

Build New Facilities to Support Student Services

Facilities Include:

Student Resources Building

Upgrade, Renovate and Improve Classrooms, Labs and Facilities

- Upgrade learning space to provide up-to-date academic and career training and to accommodate a growing student population.
- Repair or replace leaky roofs, worn-out floors and restrooms, old rusty plumbing, and faulty electrical systems.
- Improve heating, ventilation, insulation, doors, lighting and windows to increase energy efficiency and save money.
- Improve access for students with disabilities.
- Ensure facilities meet earthquake safety standards

Facilities Include:

Building A, Student Resources

Modernize Labs, Classrooms and Libraries to Support Up-To-Date Learning Environment to Train Students for Future Careers

- Upgrade science centers and labs to allow for state-of-the-art courses in biology, chemistry and physical sciences
- Update classrooms, labs, libraries, instructional technology and computer systems for improved student learning in core subjects like math, science and technology and to support a modern, 21st century education
- Provide additional learning space to accommodate growing student enrollment

Facilities Include:

Building A & B, Classrooms

Make Essential Safety Repairs and Upgrades

- Repair or replace outdated gas lines.
- Improve communications system to support 21st century communication

Facilities Include:

Natural Gas Repairs & Valves

Improvements to Accessibility, Walkways, Energy Efficiency and Way Finding

- Improve student safety and campus security systems, including security lighting, walkways, emergency communications systems, smoke detectors, fire alarms, and sprinklers.
- Improve access for students with disabilities.
- Make improvements to water and energy efficiency

Facilities Include:

Expanded & Reconfigured
Parking
New Campus Quad

New Entry / Gateway
Bioswales & Native Planting