

Proposition U: Grossmont Union High School District Bond Measure

Board Recommendation:

SUPPORT

Rationale:

The Grossmont Union High School District bond proposal qualifies for SDCTA endorsement, meeting the vast majority of the Board-adopted criteria for bond support.

Background:

In 2004, the voters in the Grossmont Union High School District (GUHSD) passed Proposition H, a \$274 million bond measure dedicated to addressing the then estimated \$370 million in facility needs at the 16 school sites within the District. Under Proposition H, the District was able to receive \$120 million in State matching funds. The measure increased homeowners' property taxes by \$28 per \$100,000 of assessed value.

The San Diego County Taxpayers Association (SDCTA) has experienced difficulties with GUHSD in the past. In 2005, SDCTA sent a letter to the District inquiring as to why a member of a taxpayers association was not serving on the Independent Citizens Oversight Committee (ICOC) as required by Proposition 39. Additionally, SDCTA expressed concerns regarding the completion of performance audits and ICOC annual reports in a timely manner, up-keep of the ICOC website and the proper scheduling of ICOC meetings.

In 2007, the Proposition H ICOC issued a report indicating there were insufficient bond funds to complete the list of projects promised to voters. The cause of the shortfall has been blamed on a number of factors, including construction inflation, inaccurate cost estimates, and problems with staff monitoring the program. The current bond support application indicates that changes in project scope have also contributed to the funding shortfall. It is now estimated the cost to complete the work listed in the Proposition H project list has increased from \$453 million to over \$600 million. In response to these problems, the District has: hired a program manager to take over the bond program; replaced staff members with those with construction experience; expanded the ICOC to eleven members; and had SDCTA give a presentation regarding ICOC Best Practices.

Proposal:

The question before voters will read as follows:

“To better prepare local high school students for college and high demand jobs, by upgrading educational technology, constructing science labs, replacing deteriorated portables, rehabilitating aging classrooms/equipment/sites/joint-use facilities, improving safety/energy-efficiency, and constructing a new school in Alpine/Blossom Valley; shall Grossmont Union High School District issue \$417,000,000 in bonds at legal rates, qualifying for State matching funds, with

independent oversight, annual audits, no funding for administrator salaries, and all money benefiting East County high schools?”

Facilities Master Plan:

In spring 2008, the District formed a team to update the Long Range Facilities Master Plan (LRFMP) and evaluate each campus to determine the following:

- Modernization work expected to be completed utilizing Proposition H funds
- Modernization work needed to complete the modernization of all campus facilities not originally anticipated for completion under Proposition H
- Modernization work needed to bring all campuses up to a common standard or “parity”

District needs have been estimated to total \$1.09 billion. This amount does not include those projects currently funded under Proposition H. The needs of the District have been quantified in 2008 dollars and are outlined by category within Table 1.

Table 1			
GUHSD Master Plan Need			
Category	Proposition H Modernization Needs	Future Modernization Work Needed	"Parity" Study
Modernization	\$ 129,675,056	\$ 244,686,115	\$ 649,296,383
New High School (Phase I)	\$ 37,167,172	\$ -	\$ -
FF&E, CTE, Interim Housing	\$ 10,000,000	\$ 5,000,000	\$ 19,000,000
TOTAL	\$ 176,842,228	\$ 249,686,115	\$ 668,296,383
TOTAL NEED			\$ 1,094,824,726

The District’s LRFMP has outlined the need at each individual campus by project, as well as the cost of completion, including estimates for soft costs, overhead/profit, and program contingency. The total cost for each campus is also delineated into the aforementioned categories. The District has estimated receiving \$50 million in state matching funds through passage of this measure.

Table 2	
Proposed Bond Funding	
Category	Funding Amount
Modernization to Complete Prop. H	\$ 176,000,000
Future Modernization Work	\$ 173,000,000
"Parity" Study	\$ 118,000,000
Total	\$ 467,000,000

It is unclear if the prioritization of projects to be completed has been finalized since the proposed funding within the Future Modernization category and "Parity" category will not address the total needs.

The total needs for each of the sites within the proposed measure are detailed in Table 3 below.

Table 3			
Total Need by Site (Outlined in Proposed Measure)			
School Site	Modernization to Complete Prop. H	Future Modernization Work	"Parity" Study
Grossmont High School	\$ 21,442,216	\$ 26,424,873	\$ 52,679,243
Helix Charter High School	\$ 12,854,424	\$ 33,633,475	\$ 30,618,660
El Cajon Valley High School	\$ 24,232,527	\$ 22,938,213	\$ 58,809,563
Mount Miguel High School	\$ 833,750	\$ 25,685,753	\$ 57,889,534
El Capitan High School	\$ 3,718,358	\$ 28,897,358	\$ 55,949,628
Granite Hills High School	\$ 25,633,977	\$ 25,635,728	\$ 38,205,343
Monte Vista High School	\$ 6,921,793	\$ 23,134,061	\$ 40,737,233
Santana High School	\$ 9,353,841	\$ 22,076,866	\$ 65,880,257
Valhalla High School	\$ 17,927,293	\$ 15,747,870	\$ 35,582,783
West Hills High School	\$ -	\$ 2,117,725	\$ 36,776,504
Steele Canyon High School	\$ -	\$ 7,683,840	\$ 17,541,683
Chaparral High School	\$ 6,756,877	\$ 7,098,131	\$ 24,439,214
New High School - Alpine/Blossom Valley	\$ 37,167,172	\$ -	\$ 70,454,072
GUHSD Work Training Center	\$ -	\$ 1,938,469	\$ 12,693,010
TOTAL	\$ 166,842,228	\$ 243,012,362	\$ 598,256,727

Proposition H Projects

The proposed measure will address the \$176 million in outstanding Proposition H projects, the \$249 million in modernization projects not within Proposition H, and a portion of the \$668 million in “parity” projects. The “parity” projects have yet to be prioritized but are currently in the process since all of these projects will not be addressed through bond monies. Within the application, the District has outlined the number of projects within the Proposition H measure that have yet to be completed. A total of 21 projects across nine campuses have yet to be completed under Proposition H funding. By the end of 2009, it is anticipated 90 percent of the Proposition H program will be completed or underway.

Under the proposed measure, construction at the high school in Alpine/Blossom Valley will not begin until student enrollment within the District exceeds 23,245 students, or last year’s enrollment. Based on the demographic study completed by the District, this enrollment level will not be reached until enrollment begins to increase in 2018-19. The superintendent has made it clear his intentions to ramp up enrollment through various programs, and intends to meet this point prior to the projections.

Implementation Timeline

The District has proposed completing the bond program in five separate phases coinciding with each bond issuance. The first phase of construction is expected to begin in the first quarter of 2009, although those projects that are expected to begin have yet to be determined. Whether or not unfinished Proposition H projects will be included in the first phase remains unclear since the project schedule will be crafted based on need and available funding from the state.

The District has yet to prioritize the project schedule even though the first phase is set to begin in early 2009. The projects within the remaining four phases have also not been finalized.

Fiscal Impact:

The proposed bond measure will increase homeowner’s property taxes by \$27.90 per \$100,000 of assessed value. This amount is in addition to the \$27.95 per \$100,000 of assessed value that has been applied through passage of Proposition H. Officials have stated the tax will remain at or near the \$27.90 amount throughout the repayment of the bonds.

The District has submitted a debt service schedule within the bond support application. The schedule states the estimated amount of interest to be paid over the life of the bonds totals approximately \$537.4 million. The total amount of principal and interest will total approximately \$953.8 million. The repayment of the bonds is expected to last 25 years. If the measure passes, the District can expect to receive \$50 million in State matching funds to be used to help complete the LRFMP.

The bond resolution currently allows school sites to receive discretionary funds in the amount of \$150 per student (based on fiscal year 2009-10 enrollment) of bond proceeds. The funds can be spent on any of the following project categories:

- School improvements to support student health, safety & security
- Projects to improve school accessibility; code compliance upgrades
- School improvements to support student learning & instruction
- Major building repair and replacement

The District has budgeted \$3 million of the bond program for discretionary funds. Furthermore, each of the sites does not have the same amount of need. Some campuses have received funding via Proposition H bond dollars and will receive additional discretionary funds, while others that display need but were not included within the previous measure will receive a limited amount. Newer schools will also be receiving these funds while their need may be smaller compared to older schools.

Deferred Maintenance:

The District funds approximately \$2.6 million in deferred maintenance projects each year. For the current fiscal year, and next fiscal year, the District will fund a larger portion of deferred projects due to the allocation of unused state matching funds. Table 4 below details the District’s five-year deferred maintenance plan submitted to the state.

Table 4

Grossmont Union High School District Five-Year Deferred Maintenance Funding

Project Category	Number of Projects	Current Fiscal Year	Second Fiscal Year	Third Fiscal Year	Fourth Fiscal Year	Fifth Fiscal Year	Total Estimate Cost
Asbestos	1	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000
Electrical	10	\$ 100,000	\$ 325,000	\$ 200,000	\$ 140,000	\$ -	\$ 765,000
Floor Covering	5	\$ 85,000	\$ 66,000	\$ 70,000	\$ -	\$ -	\$ 221,000
HVAC	7	\$ 100,000	\$ 450,000	\$ 400,000	\$ -	\$ 700,000	\$ 1,650,000
Painting	10	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ 1,150,000	\$ 1,200,000	\$ 7,150,000
Paving	13	\$ 120,000	\$ 110,000	\$ -	\$ 300,000	\$ 350,000	\$ 880,000
Plumbing	4	\$ 125,000	\$ 35,000	\$ 40,000	\$ -	\$ -	\$ 200,000
Roofing	9	\$ 1,000,000	\$ 750,000	\$ 250,000	\$ 300,000	\$ -	\$ 2,300,000
Wall Systems	11	\$ 60,000	\$ 70,000	\$ -	\$ 330,000	\$ 50,000	\$ 510,000
Grand Total	70	\$ 3,290,000	\$ 3,506,000	\$ 2,660,000	\$ 2,320,000	\$ 2,400,000	\$ 14,176,000

Officials have stated the District has a \$50 million deferred maintenance backlog. It has been estimated the proposed measure will address \$30 million of this backlog, leaving approximately \$20 million un-funded. The District is currently conducting a study to confirm these estimates, as well as determine how much funding will be needed to maintain the newly constructed and modernized buildings.



SDCTA Bond Support Criteria Analysis:

Grossmont Union High School District Bond Support Application and SDCTA Bond Support Criteria			
Criteria Item	Info Provided?	Criteria met?	Comments (** Indicates a potential issue)
Program Description	Yes	Potential Issue: #3	1) Project list in Ballot Resolution meets SDCTA criteria. 2) Projects are outlined by site and budgeted. 3) Bond resolution outlines projects by site. Each site will receive discretionary funds based upon enrollment.**
Program Budget and Funding	Yes	Yes	1) The District's Long-Range Facilities Master Plan outlines the total need of the District as well as the amount the bond program will cover. 2) The cost of the Program Manager (5%) has been included within the program contingency (10%) for a total contingency of 15%. 3) District has submitted Debt Service schedule as well as schedule of all bond issuances. 4) District estimates state funding in the amount of \$50 million.
Cost Estimation and Feasibility	Yes	Yes	1) The total \$1.1 billion of District need has been broken down by new construction, modernization, and interim housing & FF&E.
Program Justification	Yes	Yes	1) The District has outlined the reasons for the projects not completed within Proposition H, and the cost of those remaining projects. The District has not outlined a plan to address the remaining needs after the proposed bond program is completed.
Facilities Master Plan	Yes	Yes	1) The District's LRFMP outlines the total need, which projects were originally planned to be completed through Proposition H, and the implementation schedule for all bond projects.
Facilities Needs Assessment	Yes	Yes	1) Addressed and included within Facilities Master Plan.
Program Execution Plan	Yes	Potential Issue: #1	1) The District submitted a phased timeline for construction as well as a schedule for future bond issuances. The schedule though does not include what projects are within each of those phases.** 2) The District will continue to retain the services of Gafcon, Inc. as Program Manager.
Deferred Maintenance and Major Repair and Replacement Plan	Yes	Potential Issue: #2	1) The District provides its 5-year Deferred Maintenance Funding Plan, as well as documentation of its compliance with maintenance funding requirements. 2) The total value of the District's Deferred Maintenance Backlog will not be addressed. It is unknown if and when the District will address the remaining deferred maintenance projects.**
Complete Ballot and Resolution Language	Yes	Potential Issue: #2	1) The ballot resolution outlines project categories for each school site. 2) The resolution outlines site discretionary funds for the each site based on student enrollment. Each site will receive \$150 per student based on 2009-10 enrollment.**
Provision for an "Independent Citizens' Oversight Committee"	Yes	Yes	1) The District has worked in the past with SDCTA regarding the ICOC with an SDCTA representative currently serving on the committee.
Limited Use of District's "Education" Funds	Yes	Yes	1) The Board will specifically adopt a resolution requiring no use of District funds for advocacy to meet requirement within SDCTA Criteria.
Joint Use of Facilities	Yes	Yes	1) District currently has joint use agreements with the Cities of Santee, El Cajon, La Mesa and the County for District facilities, and will continue to utilize these agreements with new projects completed within proposed measure.
Opposition to Special Elections	N/A	N/A	
Follow-on Bond Requirements	Yes	Yes	1) The District has outlined those projects in the Proposition H ballot language that were not completed but is expected to be completed with the new bond. 2) The costs associated with these incomplete projects have been submitted. The total cost for uncompleted projects is estimated at \$176.8 million