

**PITTSBURG UNIFIED SCHOOL DISTRICT  
PLANNING FOR THE FUTURE  
GENERAL OBLIGATION BONDS WORKSHOP  
JULY 24, 2018**

Presented by:

Enrique E. Palacios

Deputy Superintendent

&


Larry Scott

Director,

Facilities Planning & Management

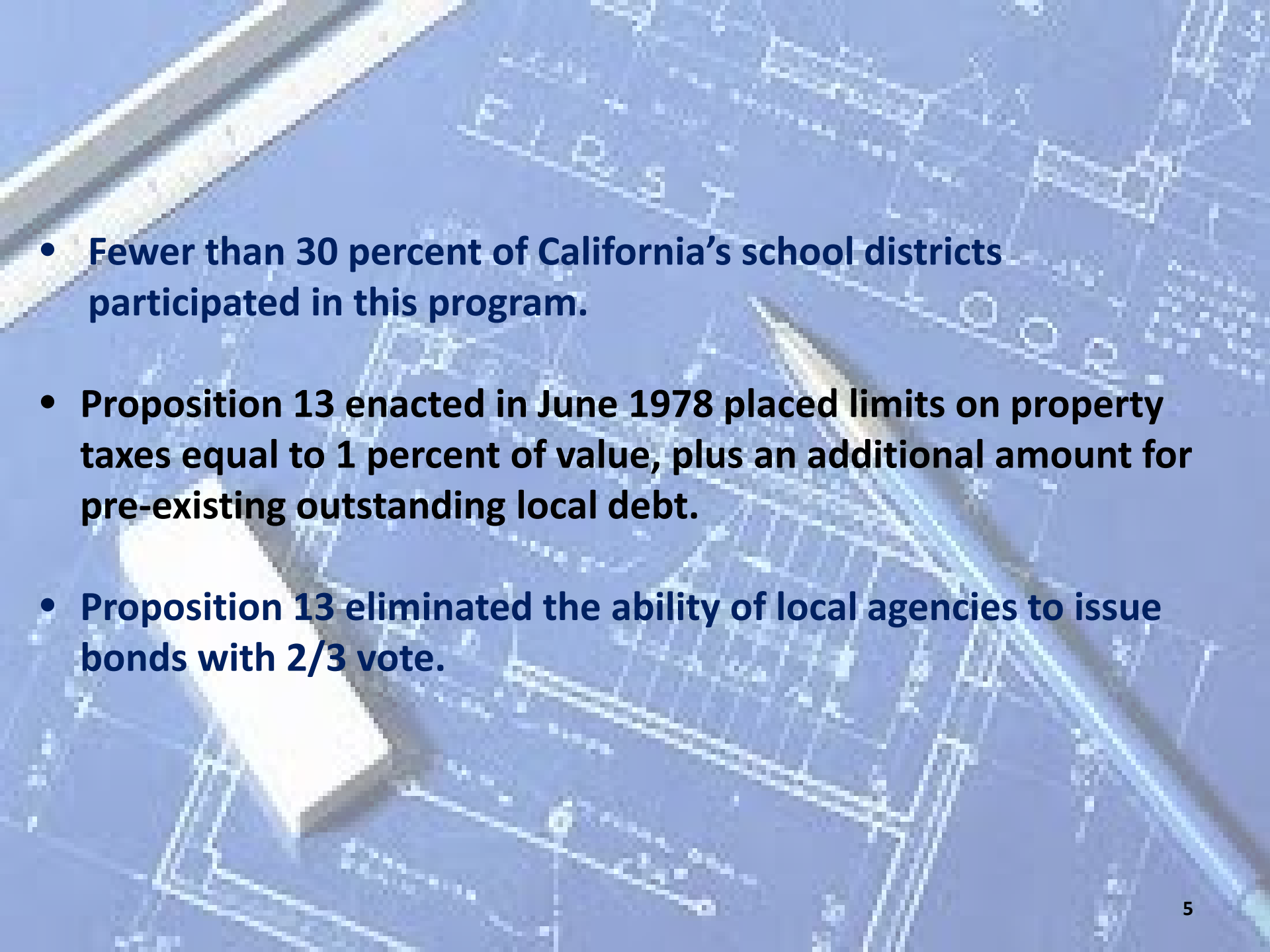
# OVERVIEW

- How is school construction and modernization paid in California?
- PUSD Bonding Capacity
- PUSD General Obligation Bonds
- State Matching Funds
- Projects Completed
- Proposed Projects

The background of the slide is a photograph of architectural blueprints spread out on a wooden table. A pencil and an eraser are visible on the blueprints. The text is centered over the image.

**How is school construction & modernization paid in California?**

- **Schools were generally built by local general obligation bonds requiring a 2/3 vote.**
- **The State School Building Aid Program provided assistance for “low-wealth” school districts (districts with small amounts of assessed value) which were bonded to their debt capacity. These debt capacity limits still apply to today’s elections.**
- **In order to qualify for state aid, a district had to show growth, and hold an election to accept a state loan and repay state loans by increasing local property tax. However, a cap on the total debt service kept debt service rates at a reasonable level. Loan was repaid from the state required tax rate over a 20-year period at which time any balance was forgiven.**

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- The background of the slide is a blue surface with white geometric lines, possibly a technical drawing or a map. A yellow pencil is visible in the lower-left quadrant, pointing towards the center. The text is overlaid on this background.
- **Fewer than 30 percent of California's school districts participated in this program.**
  - **Proposition 13 enacted in June 1978 placed limits on property taxes equal to 1 percent of value, plus an additional amount for pre-existing outstanding local debt.**
  - **Proposition 13 eliminated the ability of local agencies to issue bonds with 2/3 vote.**

## SUBSEQUENT TO PROPOSITION 13

- **Authorizing city and county governments to levy developer fees to provide interim housing (portable classrooms) for fast growing districts.**
- **Authorized constitutional amendment to restore ability of local governments to pass local bonds by 2/3 vote (1984).**
- **Established Mello-Roos community facility districts as an alternative method of financing local infrastructure, including schools. Could be implemented by either landowner vote or 2/3 vote of built-up community.**
- **Legislature, administrations and electorate authorized and passed \$17.5 billion in state bond issues between 1982 and 1998 to finance state's share of K-12 school construction costs.**

- **Established major program for school facilities in 1986 to provide funding for growth projects and modernization projects.**
- **Authorized school district governing boards to levy developer fees for school construction \$1.50 sq. ft. for residential property and \$0.25 sq. ft. for commercial property. (Currently \$3.48/sq. ft. and \$0.56/sq. ft.) Various court cases (known as Mira/Hart/Murrieta) allowed districts to obtain mitigation above these amounts.**
- **Required that school districts commit developer fee revenues as local match in order to receive state funding.**

- **The Legislature subsequently took many steps to make limited state bond money go farther, including giving highest priority for funding first to districts maintaining year round schools to avoid construction costs and subsequently to districts also funding 50 percent of the cost of projects.**
- **During the 90s, more and more districts attempted to pass local general obligation bonds, the most startling example of success was Los Angeles Unified which passed a \$2.4 billion bond in 1997.**
- **In 1998, the Legislature adopted a new State Program under SB 50 (Greene) with funding provided under Proposition 1A.**



# PROPOSITION 39

- **Approved by California voters in 2000.**
- **Lower voter approval for local bonds from 2/3 to 55%.**
- **Requires listing of proposed projects in ballot.**
- **Requires a Citizens Oversight Committee to monitor bond expenditures.**
- **Requires independent financial and performance audits.**
- **Set maximum limits for Unified School District at \$60 per \$100,000 of assessed valuation.**

## MAJOR ELEMENTS:

- **Computation of state aid for individual districts based on the same state amount per eligible student – adjusted by grade level and other factors.**
- **Districts required to contribute 50 percent of growth projects and 20 percent of approved funding based on state grant amounts or total project costs – whichever is less.**
- **In order to qualify for hardship funding because of limited financial resources districts must demonstrate a conscientious attempt to raise local funding by passing local bonds.**
- **In return for simplified modified grant program, districts required to assume all liability for cost over-runs and problems discovered during construction process. State relieved of such liability.**

# SUMMARY OF FINANCING OPTIONS FOR SCHOOL CONSTRUCTION & MODERNIZATION

- LOCAL GENERAL OBLIGATION BONDS
- STATE MATCHING FUNDS
- OTHER STATE FUNDS-PROP 39
- DEVELOPER FEES
- CERTIFICATE OF PARTICIPATION

# Tax Base per Student

- Relative to other Bay Area districts of similar size, PUSD's tax base per student is very low.

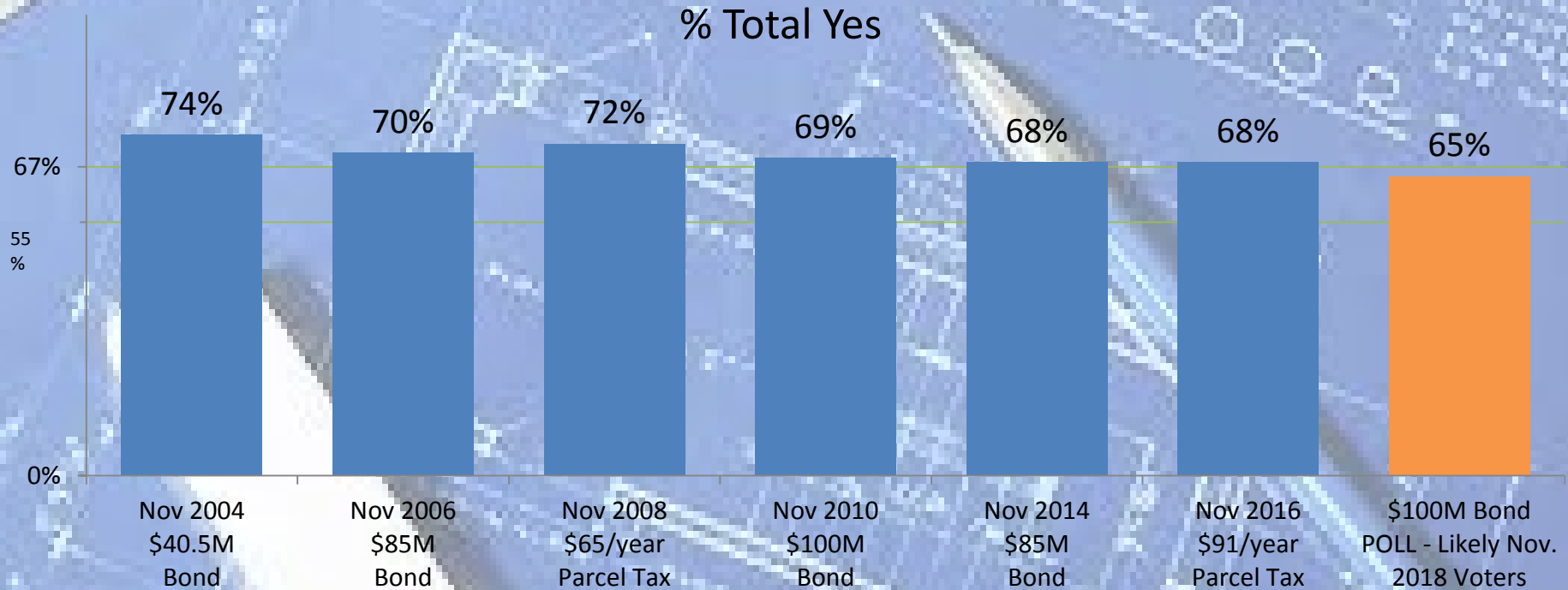
DISTRICT	ASSESSED VALUE	ASSESSED VALUE PER STUDENT	ACTUAL ENROLLMENT	NORMALIZED ENROLLMENT
MOUNTAIN VIEW-LOS ALTOS HSD	\$33,796,965,173	\$9,043,876	3,737	11,211
SUNNYVALE ESD	\$20,337,549,508	\$3,012,524	6,751	10,127
LOS GATOS-SARATOGA HSD	\$9,302,219,146	\$2,878,162	3,232	9,696
PALO ALTO USD	\$28,179,088,721	\$2,280,415	12,357	12,357
CAMPBELL ESD	\$15,987,182,143	\$2,075,988	7,701	11,552
BERKELEY USD	\$14,364,492,569	\$1,468,912	9,779	9,779
MORGAN HILLS USD	\$10,573,647,142	\$1,460,247	7,241	7,241
UNION ESD	\$7,304,419,475	\$1,378,713	5,298	7,947
MILPIPTAS USD	\$12,734,339,884	\$1,269,245	10,033	10,033
SAN LEANDRO USD	\$10,048,389,932	\$1,154,457	8,704	8,704
CASTRO VALLEY USD	\$6,912,809,079	\$750,576	9,210	9,210
GILROY USD	\$7,767,264,697	\$671,270	11,571	11,571
SAN LORENZO USD	\$6,335,390,968	\$516,332	12,270	12,270
<b>PITTSBURG USD</b>	<b>\$4,613,840,965</b>	<b>\$437,331</b>	<b>10,550</b>	<b>10,550</b>



**PUSD GENERAL OBLIGATION BONDS  
&  
STATE MATCHING FUNDS**

# GENERAL OBLIGATION BOND HISTORICAL VOTER SUPPORT

■ Election: Passed  
■ Poll Results (unaided vote)



66.7% - threshold for parcel tax to pass  
55% - threshold for GO bond to pass

**MEASURE E: \$40,500,000**

**2004**

**STATE MATCHING FUNDS: \$28,038,893**

- **FOOTHILL ES MODERNIZATION**
- **MARINA VISTA ES CONSTRUCTION**
- **RANCHO MEDANOS JHS CONSTRUCTION**
- **STONEMAN ES STRUCTURAL MITIGATION**

**MEASURE J: \$85,000,000  
2006**

**STATE MATCHING FUNDS: \$36,756,946**

- **BLACK DIAMOND HS CONSTRUCTION**
  - **PHS CONSTRUCTION**
  - **CAB MODERNIZATION**
- **PHS BASEBALL FIELD CONSTRUCTION**
  - **PHS FOOTBALL AND TRACK FIELD  
MODERNIZATION**



**MEASURE L: \$100,000,000**

**2010**

**STATE MATCHING FUNDS: \$7,748,464**

**MATCHING FUND APPLICATION IN PROCESS**

- **HEIGHTS ES CONSTRUCTION**
- **MLK Jr. JHS CONSTRUCTION**
- **PARKSIDE ES CONSTRUCTION**

**MEASURE N: \$85,000,000  
2014**

**MATCHING FUND APPLICATION IN PROCESS**

- **PHS NEW CLASSROOM CONSTRUCTION**
- **WILLOW COVE ES MPR CONSTRUCTION**
- **HILLVIEW JHS CONSTRUCTION**

# **ACCOUNTABILITY & TRANSPARENCY**

- **CLEAN ANNUAL FINANCIAL & PERFORMANCE AUDITS BY THIRD PARTY**
  - **AAA CREDIT RATING BY FITCH RATING**
    - **Aa3 BY MOODY'S**  
(Highest rating for size of school district and local economy)
  - **ONGOING REFINANCING OF BOND SERIES TO LOWER TAX BURDEN ON PROPERTY OWNERS**

# 2018 BOND MEASURE PROPOSED PROJECTS

	PROJECTED COST	PROJECTED COST
HIGHLANDS ES PORTABLE REPLACEMENT & MODERNIZATION	\$ 11,972,944	\$ 11,972,944
STONEMAN ES PORTABLE REPLACEMENT	\$ 12,886,053	\$ 12,886,053
WILLOW COVE ES PORTABLE REPLACEMENT	\$ 7,329,274	\$ 7,329,274
PHS ATHLETIC CONDITIONING CENTER	\$ 8,979,049	\$ 8,979,049
PHS TENNIS COURT MODERNIZATION	\$ 1,200,000	\$ 1,200,000
PHS GYM LIGHTING	\$ 282,771	\$ 282,771
PHS STADIUM LIGHTING	\$ -	\$ -
PHS BASEBALL & SOFTBALL FIELDS LIGHTING	\$ -	\$ -
DISTRICT OFFICE CONSTRUCTION	\$ 16,040,518	\$ 16,040,518
WORKFORCE HOUSING	\$ 35,000,000	\$ 35,000,000
TOTAL PROJECTED COST	\$ 93,690,609	\$ 93,690,609

# QUESTIONS

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