

# **Facilities Advisory Committee Recommendation**

**October 7, 2019**

## Facilities Advisory Committee-Objectives

- On January 22, 2019, the Board of Education “BOE” approved the formation of a Facilities Advisory Committee “FAC.”
- The role of the FAC was to review, evaluate and report to the BOE the District’s facilities’ needs, to include: capital projects, deferred maintenance, and safety and security improvements. The FAC was charged with making a recommendation to the BOE with regard to facilities’ needs based on its review.
- Today, on behalf of the members of the FAC, I am happy to share with you the committee’s **unanimous** recommendation.

## **Facilities Advisory Members and District Representatives**

- Committee members were selected by application and include: parents, community members, district staff, and a student representative.
- The committee has substantial relevant experience in: residential and commercial real estate development, finance, accounting, general and project management, architecture, engineering, construction, and a variety of other disciplines.

## Facilities Advisory Members and District Representatives

- The FAC also had the benefit of additional district staff to assist the committee in better understanding the needs of the district. The FAC is grateful for the assistance of Assistant Superintendent Business Services, **Julie Boucher**; Chief Technology Officer, **Stephen Choi**; Director of Maintenance and Operations, **Jim Fahey**; HMS Publications & ASB Teacher, Activities Director, **Jose Caire**; and SMUSD Board Member, **Corey Barberie**, as the BOE representative.
- The FAC appreciates the efforts of **Tamara Conger** who coordinated our agendas and assisted the FAC in its efforts in innumerable ways, as well as **Dr. Jeff Wilson**, who joined us for several committee meetings.

## Facilities Advisory Committee-Who Are We?

<b>Jose Caire</b>	<b>Jeanie Caldwell</b>	<b>Corey Barberie</b>
<b>Michael Berger</b>	<b>Justin Wang, Student</b>	<b>Hal Suetsugu</b>
<b>Paul Callahan</b>	<b>Bob Horgan</b>	<b>Tony Poneck</b>
<b>Jeff Morris</b>	<b>David Duong</b>	<b>Weiming Tommy Tang</b>
<b>Jim Barger</b>	<b>Joan Huang</b>	<b>Marla Felber</b>
<b>Jesse Hong</b>	<b>Chris Maling</b>	<b>Paul Chan</b>

## The Recommendation-Background

- The charge to the FAC was limited to providing a recommendation on the current state and current and ongoing needs of the facilities of SMUSD.
- To deliver on this charge; however, it was necessary for the FAC to not only study the facilities' issues; but also, a number of other supporting issues. These issues included, but were not limited to:
  - Prior General Obligation Bond funded capital improvements
  - Current SMUSD annual expense budget
  - Current and future state of education (**collaboration, agile programming and open spaces**)
  - Community Survey 2016
  - School district financing options

## The Recommendation

- The FAC also considered the past performance of SMUSD in its education of the community's children and SMUSD's strategic vision for delivering on that world class education.
- For the benefit of those in the audience and those who might review the recommendation at a later date, a summary of all areas reviewed is included in this presentation. These facts are an important part of the ultimate recommendation(s) made by the FAC.

# The SMUSD Educational Experience

## ***Vision***

Delivering a world-class education with recognized excellence in Academics, Arts and Athletics.

...And Activities.

SAN MARINO UNIFIED SCHOOL DISTRICT

*A Legacy of Excellence*

Strategic Plan  
Summary  
2016-2020



### ***Vision***

Delivering a world-class education with recognized excellence in Academics, Arts and Athletics.

### ***Goals and Objectives***

- Leading edge excellence in Academics, Arts and Athletics
- Long-term Fiscal Health
- Technology Integration
- Communication Strategies

### ***Mission***

The SMUSD delivers supportive environments and innovative opportunities for student learning, promotes individual student excellence, invites collaboration and discovery, and challenges students to take responsibility as members of a diverse, global community.

### ***Cornerstones for Success***

- Each individual has dignity and worth
- Education is for all, and learning never stops
- All students are unique, and all students can learn
- High expectations and challenging curricula
- Community involvement
- Outstanding, highly trained, and dedicated personnel
- Personal responsibility and accountability
- Serving others
- Continuous improvement

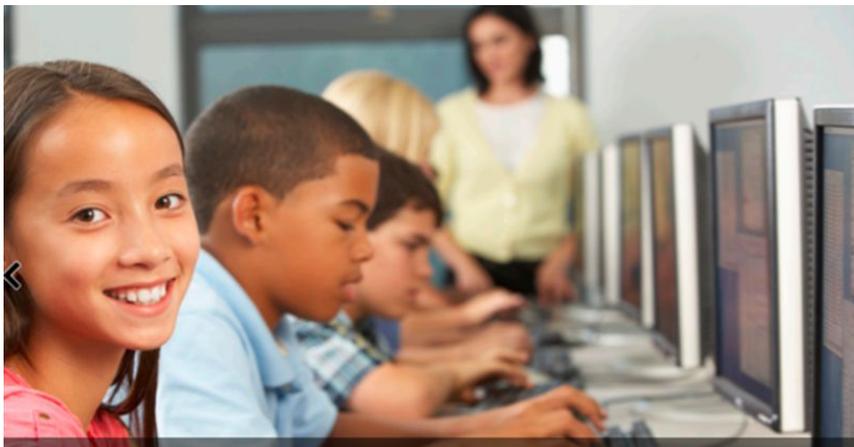


### ***Graduates will be:***

- Astute critical thinkers
- Passionate, self-directed learners
- Effective communicators
- Collaborative, adaptable professionals
- Producers of excellence
- Innovative technology users
- Community and global contributors
- Personally responsible
- Individuals who embrace challenging opportunities through prudent risk-taking
- Individuals of strong moral character and integrity

## SMUSD Performance

For the past 18+ years, the San Marino Unified School District is ranked as **the top unified school district in California**. Each school site is designated as a California Distinguished and a Blue Ribbon School. While the following slides focus on achievements at the high school, our middle and elementary schools have programs that achieve the same levels of excellence.



**San Marino USD  
is #1 in the State**



*Where Every School is a California Distinguished and Blue Ribbon School*

## **SMUSD Performance**

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Throughout its history, SMHS has won over **300 league titles and over 70 CIF championships**. In addition, SMHS has nearly 600 student-athletes participating which accounts for nearly 60% of all students. Nearly every sport features both Junior Varsity and Varsity level competitions with several also including freshman level.



## **SMUSD Performance**

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SMHS Visual and Performing Arts was honored by the Los Angeles Music Center with the prestigious **BRAVO Award for Excellence in Arts Education**. Visual and Performing Arts programs are regularly recognized for their superior productions/performance.



## SMUSD Performance



The graduation rate for students at SMHS for 2017-18 , was 96.4 percent, with **98 percent of the students in the Class of 2018 pursuing higher education**. Other students are pursuing careers in the military or finishing specialized educational programs.

## Key Areas of FAC Study

- Existing Reports

The FAC reviewed several reports which were commissioned by SMUSD between 2015 and 2018. These reports were site specific and included:

Capital Facilities Needs Assessment
Safety and Security Assessment
District Budget and State Funding
Deferred Maintenance Report
Traffic Studies

- Site Tours

FAC members toured all district sites, getting a look first hand at the current state of the facilities.

## Key Areas of FAC Study

- Historical Context

The committee also invited several members of the community who were instrumental in the prior SMUSD renovation and construction which began in the early 1990's and completed in 2006. These individuals shared their insights and best practices:

**Andy Barth**, Former SMUSD Board Member

**Scott Jenkins**, Former SMUSD Board Member and Oversight Chair

**Tim Wright** , Former Oversight Chair

## **Key Areas of FAC Study**

- Site Principal Presentations

All site principals provided updates to the FAC on the status of their facility and site needs.

- District Budget Presentation

Assistant Superintendent, Julie Boucher, explained the state and local funding sources and provided the FAC with a detailed explanation of how the funds then translate to the district's annual expense budget.

- Future of Educational Spaces Presentation

Executive Director of Curriculum and Instruction, Jason Kurtenbach, provided the FAC with a vision of the future for classroom instruction.

## Key Areas of FAC Study

- SMUSD Deferred Maintenance Planning  
Jim Fahey, Director of Maintenance and Operations shared with the FAC with the annual plan for maintenance.
- Superintendent Jeff Wilson  
Although new in the role, Dr. Wilson shared with the FAC areas of importance for district facilities and shared some of the successes seen as a result of facility improvements in his prior district.

## Key Areas of FAC Study

- TBWB Strategies

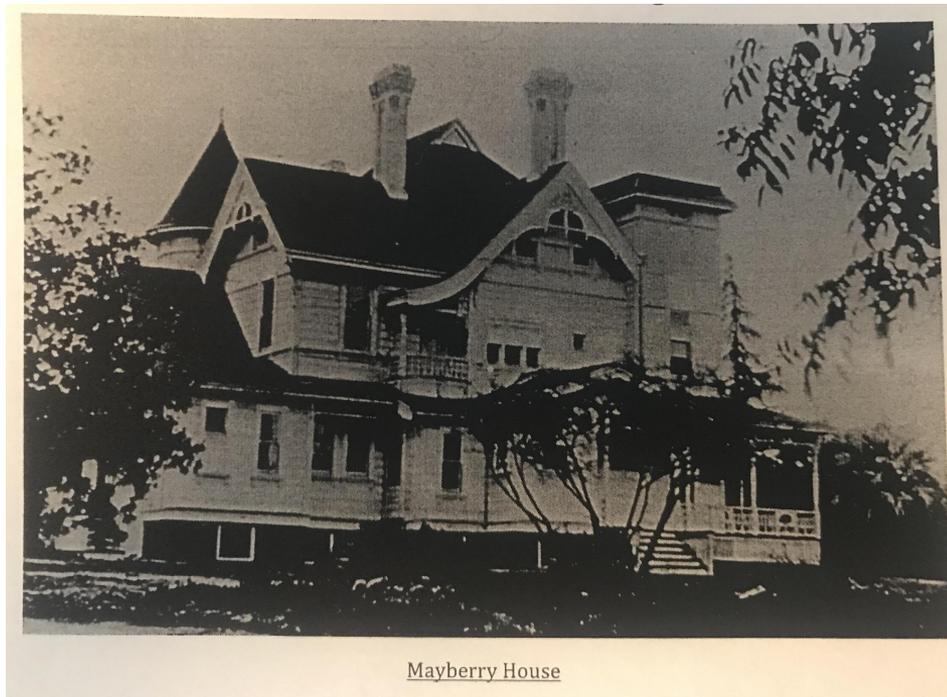
Joy Tatarka provided the FAC with the strategy, questionnaire and results of the 2016 SMUSD Issues Survey which shared with the community facility issues and asked if they would support a bond to resolve those issues. In addition, Ms. Tatarka provided the calendar of eligible ballot dates along with election timelines.

- Keygent Advisors

Chet Wang provided the FAC with a summary of existing financial obligations and the basis for considering a new or replacement obligation to fund additional facility needs.

## How SMUSD Has Changed

- **“We’ve Come A Long Way”**  
The first San Marino school in a house at the corner of Monterey Road and Oak Knoll, in what was known as the **Old Mayberry Home**, on September 9, 1917. There were **3 teachers and 35 students**. Grades 1-3 were taught in the dining room, grades 4-5 in an upstairs bedroom and 6-8 in the living room. High school students attended South Pasadena High until South Pasadena failed to support a bond for financial support for the schools, creating the impetus for San Marino residents to open its own high school in 1952.



## The Current Landscape

Site	Opened	Square Footage	Acreage	Comments
San Marino High School	1948	187,750	24.8	Original site of Carver Elementary
Huntington Middle School	1918	106,141	14.5	
Carver	1953	57,183	10	Relocated to its current site
Valentine	1938	48,557	7.8	WPA Project
District Offices	1931	10,408	0.97	Including portables
Maintenance and Opns	1953	10,771	1.16	
		<b>420,810</b>	<b>59.23</b>	

- Since 1917, SMUSD has grown to 4 school sites and 2 support sites with **421K SF** of space on almost **60 acres**.
- These sites currently support **2,892 students**.
- Until the bond projects in the 1990's little or no renovation was done.

Note: Del Mar Field and Hill Harbison not included.

## **Historical Context- June 1996 & June 2000 Bonds**

Scott Jenkins, Former School Board Member and Oversight Chair; Andy Barth, former School Board Member; and Tim Wright, former Oversight Chair, provided the FAC with the history and management of the construction projects completed with the 2 bonds obtained in June 1996 and 2000. The FAC was provided with a copy of the February 13, 2007, Citizens' Oversight Committee's Final Report, a copy of which is included as an exhibit to this presentation. Highlights of the report are included here.

- In the early 1990's, district facilities were old and in significant need of repair.
- In 1995, the BOE commenced the process to address the need for facilities modernization, forming a committee of community members to prepare a master plan. That plan was submitted to the BOE in 1996. The BOE sought approval from the community for bond financing for the proposed work.
- The bond funds and projects were overseen by a Citizens' Oversight Committee which worked to ensure the projects met the need of the district, were appropriately costed, and managed to completion.

## **Historical Context- June 1996 Bond & June 2000 Bond**

- An initial bond of \$34.3 million which represented the expected costs of the construction was approved in June 1996. By 1999, it was clear that the initial estimate of costs was inadequate. The Oversight Committee initially attempted to reduce the project scope; however, that was inadequate to complete critical projects. The committee further sought to reduce project expenses. In addition, they applied for and received almost \$7M in state matching funds.
- Ultimately, it was determined that an additional bond was needed to complete critical projects. In June 2000, after considerable debate, the community approved a second bond in the amount of \$18M which would complete the critical projects.
- As a result of poor cost estimates, in early 2001, the Oversight Committee became increasingly dissatisfied with the original architects and construction manager. Accordingly, new architects were hired and a new construction management firm was appointed. Thereafter, the quality of the cost estimating and the attendant value engineering was significantly improved.

## Historical Context- June 1996 & June 2000 Bonds

- With the additional bond proceeds, the Oversight Committee moved forward with the completion of substantially all the major work outlined in the Project Master Plan.
- The end result was that SMUSD completed almost \$70M in construction work over a 10 year period.

	<i>millions</i>
1996 General Obligation Bond	\$34.30
2000 General Obligation Bond	\$18.00
Interest Earnings	\$7.20
State Bond Matching Funds	\$7.00
Other Local Funding	\$0.90
Miscellaneous Sources	<u>\$2.30</u>
Total	<b>\$69.70</b>

- The final report noted that work was left undone due to the limited funding. The areas left out of the work included: District Maintenance and Operations Facilities, Stoneman, and the locker rooms and gyms at the high school. The district office was not included in the original scope of work. San Marino Schools Foundation subsequently funded an upgrade to the locker rooms after the bond project ended. It is also important to note that not all needed work was included in the original scope of the project.

## **Historical Context- June 1996 & June 2000 Bonds**

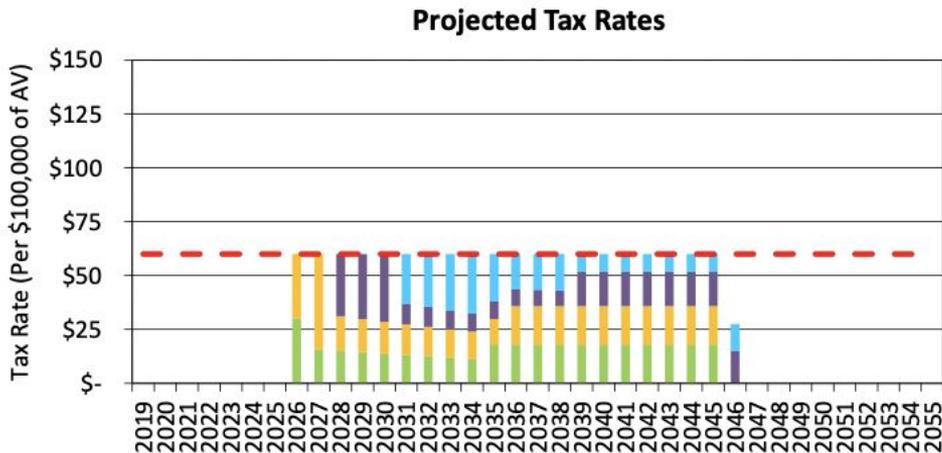
- The committee highlighted the need to reserve for the maintenance requirements of the facilities. As previously noted, the FAC confirms this recommendation but acknowledges the further limitations of SMUSD to fund that maintenance.
- Some confusion exists regarding the purpose of the second bond. To eliminate any confusion, the 2000 bond was for the explicit purpose of finishing the scope of construction/renovation work as proposed by the Project's Facilities Master Plan.
- Learnings and insights shared by Scott/Andy/Tim included the following:
  1. Maintain a management structure that includes a construction manager who is autonomous from the selected architects.
  2. Educate, educate, educate. The community is supportive and smart when they are given the facts to make a reasoned decision.
  3. Recognize that the current facilities have an exterior presence that is excellent. In comparison to the 1990's facades, the districts do not "look bad." Education must be provided to explain the current concerns.

# Illustrative 2020 GO Bond Election: \$200 Million

## Assumptions:

- Prop 39 Election
- Maximum new tax rate of \$60 per \$100,000 of AV starting in 2026
- Annual AV growth rate: 4.5%
- GO bond interest rates: **4.25% - 4.75%** <sup>(1)</sup>
- Estimated final tax: **2057**
- \$99.97 aggregate tax rate across all outstanding bonds through year 2025
- Only current interest bonds

Illustrative Issuance Schedule <sup>(2)</sup>		
Issue	Issue Date	Proceeds
Series A	April 2021	\$ 40,000,000
Series B	August 2024	40,000,000
Series C	August 2027	40,000,000
Series D	August 2030	40,000,000
Series E	August 2033	40,000,000
Total		\$ 200,000,000



(1) Slightly higher than current market interest rates to be conservative.

(2) Issuance schedule for illustrative purposes only. Actual amounts and dates will be tailored to the District's project needs.





In addition to the bond construction, SMUSD approved a capital project for a gymnasium, known as the **Barth Athletic Complex** “BAC” at HMS in 2015. The project was seeded by community donations totaling approximately \$4.5M. Total cost was \$15.9M. The project completed in August 2019 and is open for the 2019-2020 school year.

The capital expenditure for the gym increases the total capital spend on building improvements since 1998 to \$86M.

## Total Cost of Capital Expenditures Since 1998

Site	Renovation Period	(millions)
San Marino High School	1998-2017	\$38.60
Huntington Middle School	2000-2019	\$27.51
Carver	2000-2018	\$12.18
Valentine	2000-2018	\$7.87
District Offices	-	-
Maintenance and Opns	-	-
		<b>\$86.16</b>

# Per Pupil Funding

2017-18 Per Pupil Funding - Source Ed-Data  
(www.eddata.org)

- Total expenditures for public elementary and secondary schools in the **United States averages \$13,847** per student.
- Total expenditures per student for CA USD's is **\$11,954**.
- SMUSD receives **\$9,053** in per student funding from the state of CA. This amount is **35%** less than the average student in the US receives and **24%** less than what the average student in CA receives.
- Thanks to the generosity of parents and other community members, some of the per pupil revenue difference is made up with donations to **PTAs** and the **Schools Foundation**.

School District	Average Daily Attendance	Local Control Funding Formula	Federal Funding	Other State Funding	Total State and Federal Funding
<b>2017-18 Per Pupil Funding - Source Ed-Data (www.eddata.org)</b>					
School District	Average Daily Attendance	Local Control Funding Formula	Federal Funding	Other State Funding	Total State and Federal Funding
San Marino USD	2,987	\$8,240	\$291	\$522	\$9,053
Alhambra USD	16,352	\$9,998	\$744	\$1,314	\$12,056
Arcadia USD	9,210	\$8,501	\$354	\$1,054	\$9,909
La Canada USD	4,045	\$7,975	\$218	\$1,119	\$9,312
Los Angeles USD	477,631	\$11,374	\$1,233	\$2,024	\$14,631
Manhattan Beach USD	6,383	\$8,183	\$285	\$1,385	\$9,853
Palos Verdes Peninsula USD	10,985	\$8,077	\$201	\$1,373	\$9,651
Pasadena USD	16,003	\$9,727	\$1,296	\$2,281	\$13,304
San Gabriel USD	5,008	\$9,362	\$542	\$1,073	\$10,977
South Pasadena USD	4,644	\$8,196	\$282	\$590	\$9,068
<b>CA - Statewide Average for USD's</b>	<b>N/A</b>	<b>\$9,892</b>	<b>\$705</b>	<b>\$1,357</b>	<b>\$11,954</b>

## **Parcel Tax Revenue Approved by San Marino Community**

- The community also approved two Parcel Taxes which supplement SMUSD's annual expense budget.
  - Measure E was last approved in 2015 in the amount of \$926.94. It will be up for renewal in June 2021.
  - Measure R was last approved in 2019 in the amount of \$366.00. It will be up for renewal in June 2025.
- Recent increases in parcel tax waivers have decreased the typical revenue the district receives from parcel taxes. The reduced income for 2019-2020 is \$252K resulting from an additional 191 requests for waiver.

## Deferred Maintenance Programming and Funding

- Prior to 2008-09, the state had a state-sponsored matching deferred maintenance grant program whereby the state would match District contributions equal to 1/2 of 1% of total District expenditures. The District contributed approximately \$250K annually, and the State matched the contribution.
- In 2009-10, with the economic downturn, along with other categorical programs, the state provided school districts with what was termed "categorical flexibility." Districts could use their categorical funds, including the Deferred Maintenance Funds, for any purpose. Many school districts "swept" (that was a formal term that the state noted was allowed) their deferred maintenance funds into their General Fund. **SMUSD did not.**
- In 2013-14, with the inception of LCFF (Local Control Funding Formula) the state reiterated their mandate that school districts expend 3% of their funds on Routine Restricted Maintenance (RRM). The District contributions met or exceeded the required minimum contribution to RRM. These funds now come from General Fund and general operating revenues.

## Deferred Maintenance Programming and Funding

- Through 2014-15, SMUSD maintained its Deferred Maintenance Fund balance and continued to contribute to the fund upwards of \$450,000 per year. SMUSD's contribution to Deferred Maintenance was more than double than 1/2 of 1% of total expenditures.
- The District embarked on the BAC project in 2015. With the District's resources in its Capital Fund and Developer Fees Fund as well as private donations, the decision was made to proceed with the project.
- A substantial number of the proposed projects reviewed by the FAC are for typical maintenance or to resolve deferred maintenance and have been pending for some time. While the FAC appreciates that due to the state elimination of the already limited funds for facilities' maintenance, SMUSD does not receive adequate revenue to fully fund the required maintenance of its sites, the FAC recommends that SMUSD prepare a plan and associated budget for the maintenance of its facilities. Minimally, it is important that the community understand the cost of unfunded maintenance.
- Further recommendations on this topic are included in the final recommendations section at the end of the presentation.

## Site Visits



The FAC toured all sites to see first hand the work necessary to maintain the properties.

## FAC Observations

- Exterior presence of schools was excellent.
- Areas that were renovated in the recent bonds were attractive and well maintained.
- Areas that were not renovated or minimally renovated exhibited a need for replacement or renovation.
- Air conditioning units are aged.
- Roofs need repair.
- Portable classrooms throughout the district are aged, substantially past their useful life, and do not present an environment consistent with district standards.
- Technology is aged and does not provide students with the world class experience expected at SMUSD.

## Site Reports

- The district commissioned a broad spectrum of reports covering safety and security needs, traffic calming measures, capital needs and “major” deferred maintenance needs. The traffic study has already advanced with the city of San Marino agreeing to pursue Metro allocated funds of approximately \$6M to improve traffic flow around the school sites.
- The projects outlined in the reports along with the district’s list of other identified needs were reviewed by the FAC.
- All projects were evaluated on a 4 point scale:
  - **Priority 1:** Significant Safety or Security Issue, Cost of Maintenance/Repairs not economic, Critical for world class education
  - **Priority 2:** Moderate Safety or Security Issue, Cost of Maintenance/Repairs not economic, Important for world class education
  - **Priority 3:** Insignificant Safety or Security Issue, Cost of Maintenance/Repairs insignificant, Desired for world class education
  - **Priority 4:** Nice to have

Additionally, some projects were deemed unnecessary or duplicative and removed from consideration. Others were deemed general maintenance in nature and not prioritized.

# Capital Improvement Priorities

## Cost Summary by Priority (All)

Priority	(All)
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Row Labels	2019 Estimated Totals	# of Projects
Carver	\$12,765,400	15
Del Mar Field	\$450,000	1
District Office	\$11,608,000	1
District-Wide	\$15,991,660	8
Huntington	\$22,501,000	21
Maintenance Yard	\$2,600,000	1
SMHS	\$101,492,600	33
Valentine	\$43,549,370	17
Grand Total	\$210,958,030	97

- A complete list of projects with cost and descriptive information is included as an exhibit to this recommendation. Projects were prioritized based on the costs and descriptions provided in the context of the needs observed by the FAC. **It is the recommendation of the FAC that should the BOE decide to move forward with the capital improvements, a concurrent review of the scope and cost of these project be completed.**
- Cost estimates were provided by architects, construction manager or other professionals. The estimates were updated for annual escalation costs. The FAC relied upon the estimates provided by construction professionals.
- As noted, priority 1 and 2 projects generally represent those with security or safety improvements to the sites. All sites believe that safety and security will be enhanced by adding a single point of entry.

# Capital Needs Sorted by FAC Priority

## Cost Summary by Priority (1 and 2)

Priority	(Multiple Items)
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Row Labels	2019 Estimated Totals	# of Projects
Carver	\$5,610,000	7
District-Wide	\$12,081,660	5
Huntington	\$17,778,000	14
SMHS	\$9,035,800	14
Valentine	\$22,428,000	9
Grand Total	\$66,933,460	49

#	Priority Definition
1	Significant Safety/Security Important for World Class Educ.
2	Moderate Safety/Security Critical for World Class Educ.
3	Insignificant Safety/Security Desired for World Class Educ.
4	Nice to have

## Cost Summary by Priority (3)

Priority	3
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Row Labels	2019 Estimated Totals	# of Projects
Carver	\$2,925,400	5
Del Mar Field	\$450,000	1
District Office	\$11,608,000	1
District-Wide	\$3,910,000	3
Huntington	\$4,375,000	6
SMHS	\$83,261,800	15
Valentine	\$4,417,370	7
Grand Total	\$110,947,570	38

## Cost Summary by Priority (4)

Priority	4
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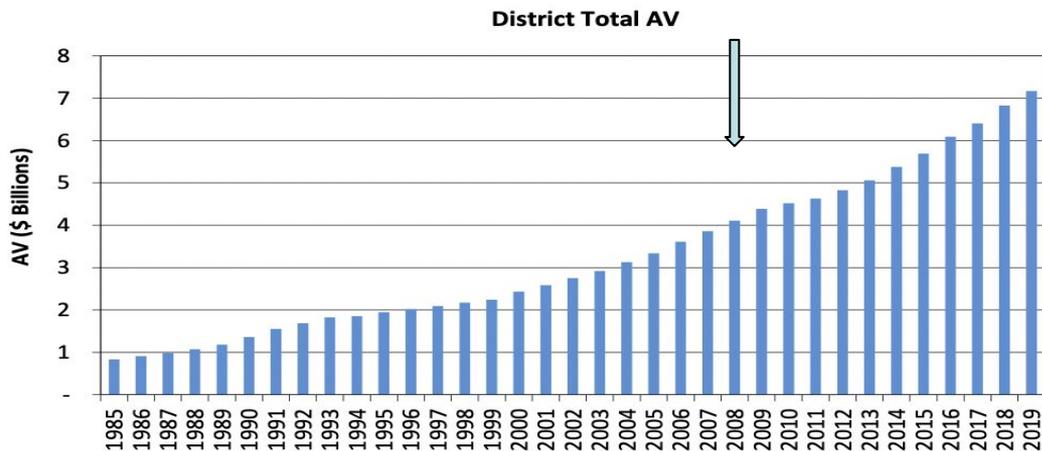
Row Labels	2019 Estimated Totals	# of Projects
Carver	\$4,230,000	3
Huntington	\$348,000	1
Maintenance Yard	\$2,600,000	1
SMHS	\$9,195,000	4
Valentine	\$16,704,000	1
Grand Total	\$33,077,000	10

## Capital Improvement Financing Alternatives

- California school districts have several financing options available to them in regards to funding and financing school modernization/construction and equipment.
- The majority; however, choose to move forward with debt financing – funds are borrowed upfront and repaid over time, with interest.
- The most common form of school district debt financing for capital projects is a General Obligation (“GO”) bonds . GO bonds require voter approval, and repayment is made from property taxes levied on taxable property within district boundaries.
- Bond pricing and amounts are driven by: Amount of Capital Needed; Assessed Property Values and Current Interest Rates.

# District Assessed Valuation History (1)

The District has experienced very strong historical AV growth



Growth Statistics			
Annualized Growth Rates:		Lowest Rolling Averages:	
1-year:	4.64%	3-year:	3.21%
5-year:	5.67	5-year:	3.59
10-year:	5.19	10-year:	4.83
15-year:	5.55	15-year:	5.55
20-year:	5.79	20-year:	5.24
25-year:	5.54	25-year:	5.42
30-year:	5.85	30-year:	5.85
35-year:	6.48		

FY	Total AV <sup>(1)</sup>	Annual % Change
1985	\$ 832,519,103	
1986	912,082,977	9.56 %
1987	983,769,327	7.86
1988	1,072,698,200	9.04
1989	1,182,666,727	10.25
1990	1,361,463,277	15.12
1991	1,552,227,006	14.01
1992	1,689,982,922	8.87
1993	1,823,735,131	7.91
1994	1,856,965,304	1.82
1995	1,948,500,618	4.93
1996	2,023,529,605	3.85
1997	2,091,386,611	3.35
1998	2,175,356,928	4.02
1999	2,243,121,082	3.12
2000	2,434,488,730	8.53
2001	2,584,729,004	6.17
2002	2,756,592,066	6.65
2003	2,922,503,610	6.02
2004	3,131,792,009	7.16
2005	3,338,959,867	6.61
2006	3,609,107,985	8.09
2007	3,863,230,057	7.04
2008	4,112,800,913	6.46
2009	4,389,162,068	6.72
2010	4,523,835,967	3.07
2011	4,633,179,408	2.42
2012	4,826,061,694	4.16
2013	5,063,144,206	4.91
2014	5,377,108,286	6.20
2015	5,694,054,731	5.89
2016	6,090,954,958	6.97
2017	6,407,411,062	5.20
2018	6,830,264,858	6.60
2019	7,170,448,186	4.98
2020	7,503,260,374	4.64

(1) Source: California Municipal Statistics, Inc. and Los Angeles County.



# 2018-19 Per Parcel AV of Single Family Homes <sup>(1)</sup>

The average AV of a single family home is **\$1,361,180** while the median is \$1,051,398

2018-19 Assessed Valuation	No. of Parcels <sup>(2)</sup>	Cumulative No. of Parcels	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$99,999	59	59	1.17%	1.17%	\$ 4,680,749	0.07%	0.07%
\$100,000 - \$199,999	411	470	8.15%	9.32%	\$ 60,664,503	0.88%	0.95%
\$200,000 - \$299,999	206	676	4.08%	13.40%	\$ 50,366,927	0.73%	1.69%
\$300,000 - \$399,999	176	852	3.49%	16.89%	\$ 61,791,842	0.90%	2.59%
\$400,000 - \$499,999	189	1,041	3.75%	20.64%	\$ 85,427,320	1.24%	3.83%
\$500,000 - \$599,999	218	1,259	4.32%	24.97%	\$ 120,063,905	1.75%	5.58%
\$600,000 - \$699,999	278	1,537	5.51%	30.48%	\$ 181,281,054	2.64%	8.22%
\$700,000 - \$799,999	286	1,823	5.67%	36.15%	\$ 215,041,280	3.13%	11.35%
\$800,000 - \$899,999	289	2,112	5.73%	41.88%	\$ 245,890,183	3.58%	14.94%
\$900,000 - \$999,999	271	2,383	5.37%	47.25%	\$ 256,967,970	3.74%	18.68%
\$1,000,000 - \$1,099,999	257	2,640	5.10%	52.35%	\$ 269,416,343	3.92%	22.60%
\$1,100,000 - \$1,199,999	199	2,839	3.95%	56.30%	\$ 229,306,895	3.34%	25.94%
\$1,200,000 - \$1,299,999	179	3,018	3.55%	59.85%	\$ 223,477,193	3.26%	29.20%
\$1,300,000 - \$1,399,999	169	3,187	3.35%	63.20%	\$ 227,558,368	3.32%	32.51%
\$1,400,000 - \$1,499,999	170	3,357	3.37%	66.57%	\$ 246,610,177	3.59%	36.11%
\$1,500,000 - \$1,599,999	175	3,532	3.47%	70.04%	\$ 271,032,061	3.95%	40.06%
\$1,600,000 - \$1,699,999	145	3,677	2.88%	72.91%	\$ 239,424,903	3.49%	43.54%
\$1,700,000 - \$1,799,999	119	3,796	2.36%	75.27%	\$ 208,303,486	3.03%	46.58%
\$1,800,000 - \$1,899,999	139	3,935	2.76%	78.03%	\$ 256,919,424	3.74%	50.32%
\$1,900,000 - \$1,999,999	103	4,038	2.04%	80.07%	\$ 200,931,765	2.93%	53.25%
\$2,000,000 and greater	1,005	5,043	19.93%	100.00%	\$ 3,209,272,715	46.75%	100.00%
<b>Total</b>	<b>5,043</b>		<b>100.00%</b>		<b>\$ 6,864,429,063</b>	<b>100.00%</b>	

(1) Source: California Municipal Statistics, Inc. and Los Angeles County.

(2) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.



# Tax Rate History & Projections

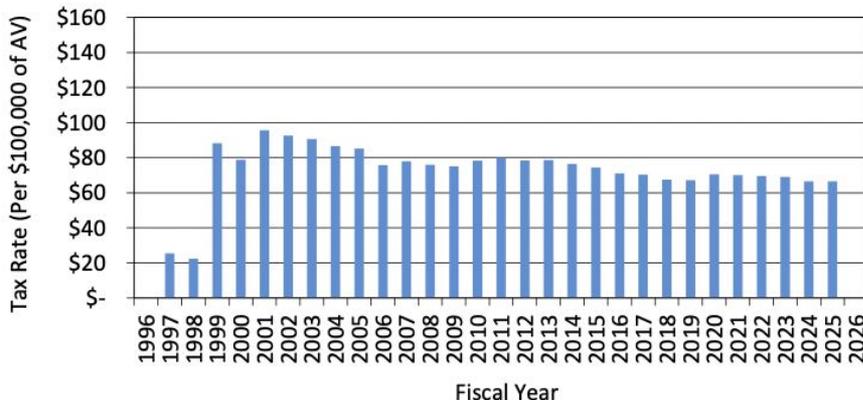
- In the 1996 and 2000 bonds, the community approved an estimated tax rate of \$99.97 per \$100,000 of AV.
- Tax rates have been below those estimates and are projected to remain below the estimates.

Fiscal Year	Tax Rate Per \$100,000 AV
1996	\$ -
1997	25.48
1998	22.39
1999	88.20
2000	78.86
2001	95.70
2002	92.61
2003	90.59
2004	86.53
2005	85.15
2006	75.74
2007	78.01
2008	75.86
2009	75.05
2010	78.25
2011	80.17
2012	78.54
2013	78.66
2014	76.48
2015	74.36
2016	71.14
2017	70.40
2018	67.57
2019	67.10
2020	66.93
2021	69.95
2022	69.40
2023	68.87
2024	66.36
2025	66.35
2026	-

Average: \$74.16

Average: \$73.13

**Historical & Projected Tax Rates <sup>(1)</sup>**



(1) Actuals through 2019-20. Projections thereafter assume future AV growth of 4.5% annually.



# Interest Rates

Municipal bond interest rates are near historic lows resulting from:

- Slowdown in European economies
- Geopolitical uncertainties surrounding Brexit, Iran and Hong Kong
- Trade war with China
- Fed and other central bank rate cuts/stimulus measures



(1) Index reflects average yield to maturity of 20 general obligation bonds with 20-year maturities rated AA+ by Moody's Investors Service and AA by Standard and Poor's. Source: The Bond Buyer & Bloomberg.



## **Community Survey-2016**

In 2016, SMUSD initiated a survey by TBWB Strategies to gauge community support for a new capital project. The findings were as follows:

1. Voters strongly approve of the performance of SMUSD.
2. Voters demonstrated a direct correlation between the successful performance of the district and their willingness to support a bond measure.
3. Voters do not believe that the district has a great need for funding.
4. Voters' level of support; however, did exceed the 55% threshold required to pass.
5. Voters' funding priorities include: school repairs, safety and security improvements and science/engineering classrooms.
6. Voters indicated a low priority for performing arts and athletic facility upgrades.
7. Voters are concerned about the potential tax impact of a new measure but indicated support if the tax did not exceed currently approved levels.

## Bond Timing in 2020

Planning Phase	March 2020	November 2020
<p>2 Build Consensus</p> <p>3 Build a Strong Measure</p> <p>4 Campaign for the Win</p> <p>Call for Election</p> <p>Election Day</p>	<p><b>Now – Nov. 2019:</b> Build Consensus</p>	<p><b>Now – July:</b> Build Consensus</p>
	<p><b>October. 2019:</b> First Reading</p> <p><b>November. 2019:</b> Second Reading</p> <p><b>By Dec. 6th:</b> Board Calls for Election</p>	<p><b>May 2020:</b> First Reading</p> <p><b>June 2020:</b> Second Reading</p> <p><b>By July 2020:</b> Board Calls for Election</p>
	<p><b>Nov. 2019 – Mar. 2020:</b> Independent Advocacy Campaign</p>	<p><b>Aug. – Nov. 2020:</b> Independent Advocacy Campaign</p>

- TBWB provided timelines for election options should the BOE move forward with the capital projects. These timelines are directional. Should the BOE wish to move forward with a March election, the FAC has confirmed that there is adequate timing to complete the necessary pre-work successfully.
- Although March and November 2020 are available in 2020, the November election will be a presidential one and will also include at least 2 tax initiatives, one of which is to rollback proposition 13 for businesses. Getting a message heard in November may be difficult.
- Another consideration for a 2020 bond is the continued low interest rates.

## FAC Recommendations

### **The FAC makes these recommendations as a unanimous committee.**

- The FAC supports moving forward with a capital improvement project sufficient enough to complete the projects as identified in our priority listing.
- The FAC believes that the district is best served by improving its aging infrastructure, enhancing the safety and security of all sites, improving the facility space to support current learning recommendations, and upgrading its technology support. This is not a complete list; however, it represents the highest levels of priorities.
- The FAC recommends a further review of scope and cost for large projects to be done concurrently with bond planning should the BOE elect to do so.
- The FAC notes that the majority of the proposed projects were not a part of the original bond projects, either as originally out of scope or were casualties of limited funding.

## **FAC Recommendations**

- The FAC notes that a very large majority of the projects and costs indicated in our review are related to a long term need for deferred maintenance. As such, should a capital project be approved, a large portion of the bond would go only to maintaining existing facilities. This model does not provide an appropriate allowance for SMUSD to invest in improvements to the district. As such, the FAC believes it is critical that a plan be established to fully fund deferred maintenance.
- The FAC recommends the preparation of a robust deferred maintenance plan for SMUSD. While we acknowledge that SMUSD does not have adequate revenues to fund the expected cost of a plan, the cost must be identified and at a minimum shared with the community.
- The FAC recommends that consideration be given to the establishment of an ongoing revenue option for the funding of the deferred maintenance plans.

## **FAC Recommendations**

- The FAC notes that some of the recommended projects have an expense benefit to SMUSD. It is suggested that SMUSD identify the expense savings and build it into future SMUSD budgets.
- Whether SMUSD chooses to move forward with a capital improvement project or not, the FAC strongly recommends that SMUSD engage in a comprehensive effort to educate its constituents. During the course of its review, it was identified that a very high level of incorrect and/or mis-information exists in the community about SMUSD and its former bond projects. While we have attempted to clarify those misconceptions in this recommendation, we believe that further education is likely.

# Questions?

## Exhibits

Project Listing

Citizen's Oversight Committee Final Report (2007)