

**"Empowering
Students for
Success"**



Facilities Funding Report

Facilities Funds and District Facility Master Plan Update

November 6, 2013

Attachment 5

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Facilities Funds

- ▶ Nineteen individual funds in six major categories
 1. Deferred Maintenance
 2. Developer Fees
 3. Redevelopment Agency Pass-through Funds
 4. State Facilities Funds
 5. School Facility Improvement District (SFID) Funds
 6. Community Facility District (CFD) Funds

Deferred Maintenance

- ▶ Used for funding deferred maintenance projects such as roofs, driveways, sidewalks, playgrounds, etc.
- ▶ Under the old funding formula, the State provided funds and required the District to equally match and place in a separate fund
 - ▶ During economic downturn, the State allowed districts to use funds for unrestricted purposes
- ▶ Under the new Local Control Funding Formula, the State portion is within the “Base Grant” and the District may use the funds for any purpose
 - ▶ Deferred maintenance is funded by the District at levels deemed appropriate

Developer Fees

- ▶ Fees paid by developers to mitigate new construction
 - ▶ \$3.20 per square foot for residential property
 - ▶ \$0.51 for commercial or age-restricted property
 - ▶ \$0.41 for storage facilities
- ▶ Fees must be paid prior to issuing a building permit
- ▶ State Board of Equalization authorizes new rates every two years



Redevelopment Agency Pass Through

- ▶ In 2010, a new State law eliminated Redevelopment Agencies (RDA)
- ▶ Successor agencies are in charge of liquidating RDAs
- ▶ During the liquidation process, school districts continue to receive pass-through funds until the RDA's debt obligations are satisfied



State Facilities Funds

- ▶ The State provides matching funds for modernization and new construction projects
- ▶ Districts must provide matching funds
- ▶ The only source of matching funds the District has are CFD or RDA funds
- ▶ The State is contemplating a 2014 bond measure for school facilities
- ▶ Potential state-matching funds should be considered when allocating existing facilities funds



School Facility Improvement District (SFID) Funds

- ▶ This is a region-specific General Obligation (GO) voter approved bond
- ▶ CUSD's SFID passed with 73.2 percent of the vote on November 2, 1999
 - ▶ Beginning in March 2000, the District issued three series of bonds for \$65 million
- ▶ Includes all territory in the District excluding Mello-Roos areas formed before 1999

Community Facility District (CFD) Funds

- ▶ The Community Facilities Act (more commonly known as Mello-Roos) was a law enacted by the California State Legislature in 1982
 - ▶ The name Mello-Roos comes from its co-authors, Senator Henry J. Mello (D-Watsonville) and Assemblyman Mike Roos (D-Los Angeles)
- ▶ CFDs are homeowner tax assessments in new developments used to fund neighborhood infrastructure and new schools



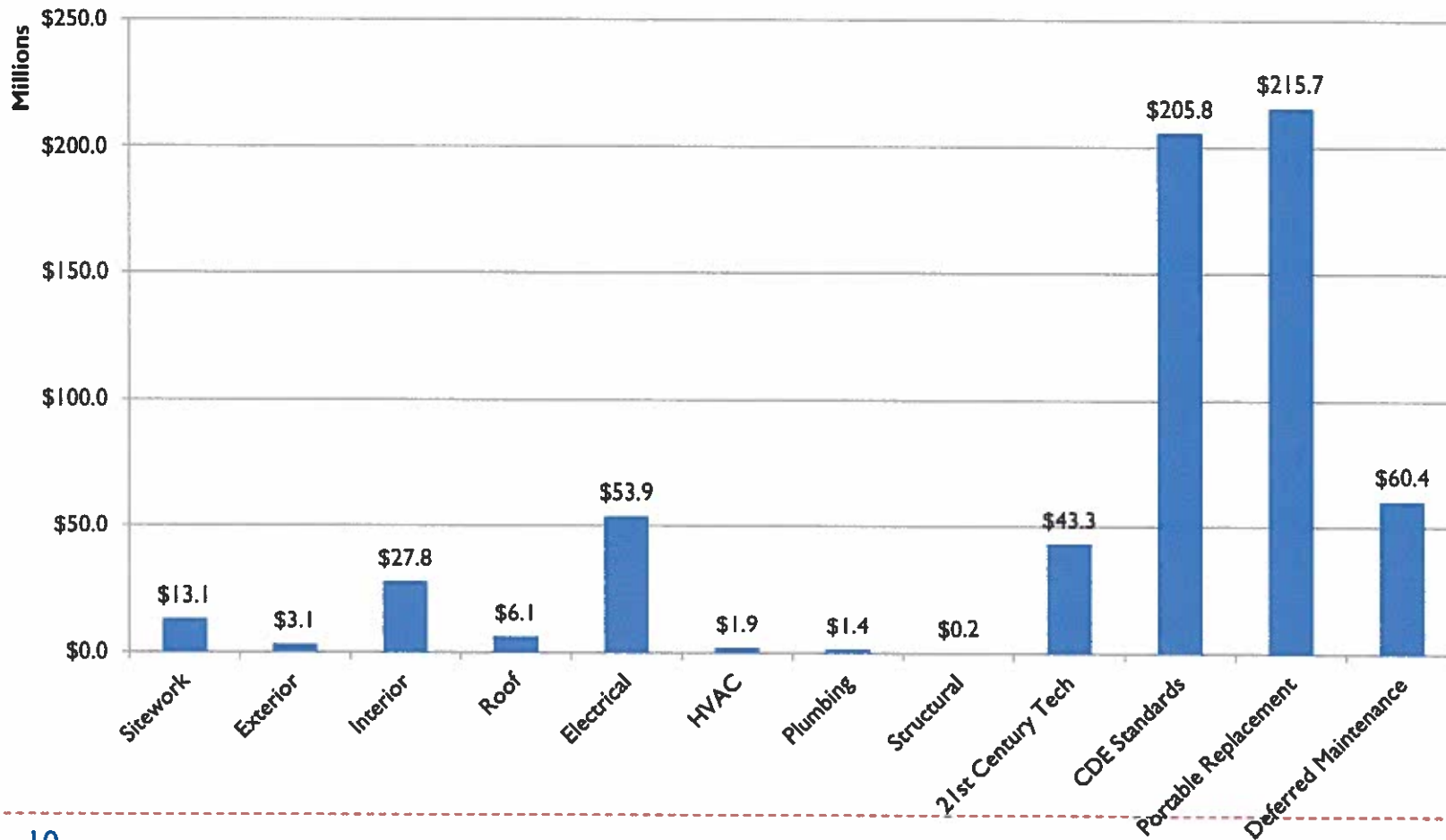
Funding Sources Limited Uses

- ▶ The District has about \$57 million in facilities funds as of the beginning of this fiscal year with several funds generating a total of approximately \$13.6 million each year with various ending points
 - ▶ Some funds are spoken for and not available for projects either because they are supporting debt service payments ending next year, or being considered for ending early
- ▶ Without spoken-for funds, the total available is \$44.9 million with various funds generating a total of approximately \$7.6 million in yearly facility funds
- ▶ CFD funds can only be used at certain schools
- ▶ Some funds can only be used for certain purposes
 - ▶ Deferred maintenance versus new construction



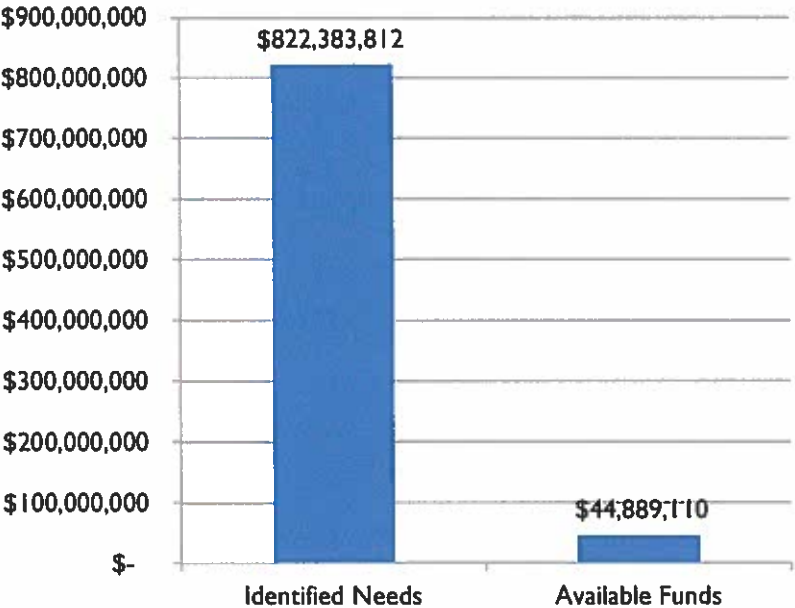
Facilities Master Plan

- ▶ Developed in 2009, Updated in 2013
- ▶ Needs shown in 12 categories

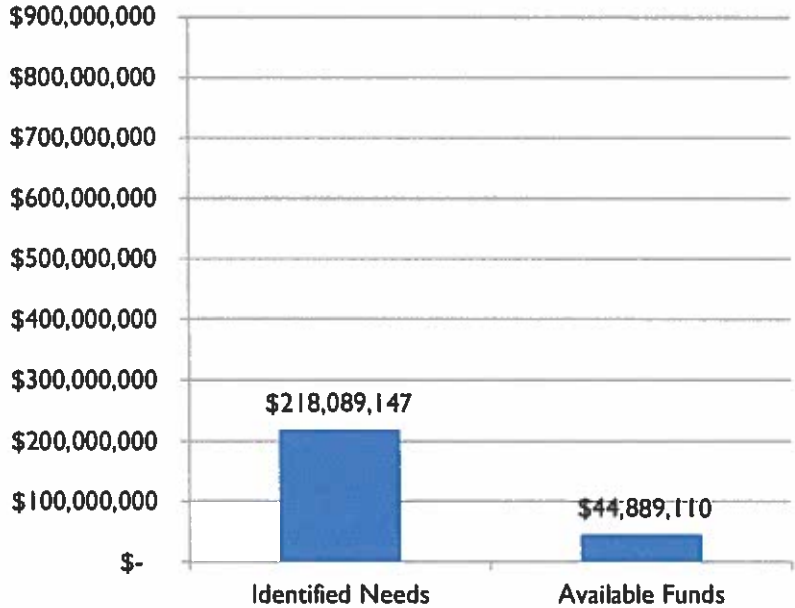


Needs versus Available Funds

All Identified Needs



Less 21st Tech, CDE Standards & Portables



For perspective, the total available funds is about \$801,000 per site. The HVAC repairs needed at Dana Hills High School are approximately \$2.3 million.



Identified Deferred Maintenance Needs

- ▶ As part of this report, the District's Maintenance and Operations Department performed a comprehensive assessment of deferred maintenance needs at all sites.
- ▶ The assessment reviewed needs in the following categories:
 - ▶ Paint
 - ▶ Fire Alarm
 - ▶ Phone System
 - ▶ Floor Covering
 - ▶ Heating, Ventilation and Air Conditioning (HVAC)
 - ▶ Roofing
 - ▶ Plumbing
 - ▶ Paving
 - ▶ Electrical Systems
 - ▶ Intercom Systems
 - ▶ Fencing
- ▶ As the report indicates, there are significant deferred maintenance needs.



Other Considerations

- ▶ **Certificates of Participation**
 - ▶ Converts long-term revenue stream into upfront facilities funds
- ▶ **New SFID**
 - ▶ Option for facility funding in specific areas
- ▶ **State Matching Funds**
 - ▶ Potential in 2014 for state school facilities bond measure
 - ▶ District would want to be sure to have funds on hand and projects ready to go to take advantage of state matching funds

