IMPARTIAL ANALYSIS OF MEASURE Q

Prepared by County Counsel

Measure Q, if approved by the voters, would allow the Sacramento City Unified School District (•DistrictŽ) to incur bonded indebtedness up to a maximum amount of \$346 million. The proceeds from the issuance and sale of such general obligation bonds could only be used for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities.

No funds derived from bond sales may be used for general school operating expenses, including administrator and teacher salaries, or for any purpose or project other than those expressly stated in the measure. Measure Q lists the school facility improvement projects within the District intended to be financed by bond sales.

To assure that funds are spent only as specified in the measure, Measure Q requires: 1) the appointment of a citizen•s oversight committee and 2) completion of annual independent performance and financial audits.

If Measure Q is passed, the actual dates of sale and the amount of bonds sold would be governed by the District based on the need for construction funds and other factors. If Measure Q is approved, the tax rates necessary for payment of principal and interest on any bonds sold will be largely dictated by the timing of the bond sales, the amount sold at a given sale, market interest rates at the time of each sale (although in no event greater than the maximum bond interest rate allowed by law), as well as actual assessed valuation of taxable property in the District over the term of repayment. Joint Use. The District may enter into agreements with the County of Sacramento or other public agencies or nonprofit organizations for joint use of school facilities financed with the proceeds of the bonds in accordance with Education Code Section 17077.42 (or any successor provision). The District may seek State grant funds for eligible joint-use projects as permitted by law, and this proposition hereby specifies and acknowledges that bond funds will or may be used to fund all or a portion of the local share for any eli-

Resource and Energy Conservation Improvement Projects Throughout the District

Bond funds will be used to implement resource and energy conservation improvements, including improvements that align with the District•s Sustainable Facilities Master Plan, to promote efficient use, and conservation of resources, reduce energy and water usage and costs, which projects would include, but not be limited to:

- € Install energy efficient systems, such as solar photovoltaic panels, dual-pane windows, solar tube skylights, automatic hand dryers, and energy-efficient water heaters and other appliances to save money and natural resources;
- € Upgrade, repair or replace plumbing fixtures, appliances, irrigations sytems and drains with efficient alternatives, such as low-flow fixtures and dual-flush toilets;
- € Modernize lighting systems, heating, ventilation, and air conditioning (HVAC) with building code compliant energy efficient systems, to conserve energy and improve classroom air quality;

Each project listed is assumed to include its share of costs of the election and bond issuance and other construction-related costs, such as construction management, architectural, engineering, inspection and other planning costs, legal, accounting and similar fees, independent annual financial and performance audits, a customary construction contingency, and other costs incidental to and necessary for design, planning, implementation and completion of

our local schools over the past few years, the fact remains that many of our neighborhood schools are old, classrooms are inadequate, electrical systems are outdated. The average age of our local schools is 50 years. Schools built years ago need significant updating.

Over the past year each school in the district was independently evaluated to determine the most critically-needed repairs and renovations. They found roofs needing repair, deteriorating plumbing and heating systems, inadequate lighting, wiring and electrical outlets in many classrooms. When repairs involve breaking through walls and ceilings, asbestos is often present, making even minor problems expensive to fix.

Measure Q will provide funding to upgrade classrooms, computer systems, science labs in our local high schools and middle schools. Measure Q insures that students have the facilities needed to provide career training and classrooms for advanced courses in math, science and technology.

project plan. This plan, which was created with input from, par-

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT MEASURE R

R "To improve the health and safety of children, repair playgrounds and playfields to meet modern safety standards, improve physical education facilities and bathrooms, improve irrigation systems and water drainage to reduce water consumption, remove asbestos, lead paint and

IMPARTIAL ANALYSIS OF MEASURE R

Prepared by County Counsel

Measure R, if approved by the voters, would allow the Sacramento City Unified School District ("District") to incur bonded indebtedness up to a maximum amount of \$68 million. The proceeds from the issuance and sale of such general obligation bonds could only be used for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities.

No funds derived from bond sales may be used for general school operating expenses, including administrator and teacher salaries, or for any purpose or project other than those expressly stated in the measure. Measure R lists the school facility improvement projects within the District intended to be financed by bond sales.

To assure that funds are spent only as specified in the measure, Measure R requires: 1) the appointment of a citizen's oversight committee and 2) completion of annual independent performance and financial audits.

If Measure R is passed, the actual dates of sale and the amount of bonds sold would be governed by the District based on the need for construction funds and other factors. If Measure R is approved, the tax rates necessary for payment of principal and interest on any bonds sold will be largely dictated by the timing of the bond sales, the amount sold at a given sale, market interest rates at the time of each sale (although in no event greater than the maximum bond interest rate allowed by law), as well as actual assessed valuation of taxable property in the District over the term of repayment.

Passage of Measure R requires approval by fifty-five percent of the voters voting thereon.

FULL TEXT OF MEASURE R BOND AUTHORIZATION

By approval of this proposition by at least 55% of the registered voters voting on the proposition, the Sacramento City Unified School District (the "District") shall be authorized to issue and sell bonds of up to \$68,000,000 in aggregate principal amount to provide financing for the specific school facilities projects listed in the Bond Project List below, and in order to qualify to receive State matching grant funds, subject to all of the accountability safe-guards specified below.

ACCOUNTABILITY SAFEGUARDS

The provisions in this section are specifically included in this proposition in order that the District's voters and taxpayers may be assured that their money will be spent wisely to address specific facilities needs of the District, all in compliance with the requirements of Article XIII A, Section 1(b)(3) of the State Constitution, and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Education Code Sections 15264 and following).

Evaluation of Needs. The Board of Education hereby certifies that

it has evaluated the facilities needs of the District, and the priority of addressing each of these needs. In the course of its evaluation, the Board of Education took safety, class size reduction and information technology needs into consideration while developing the Bond Project List.

Limitation on Use of Bond Proceeds. The State of California does not have the legal authority to take locally approved school district bond funds for any State purposes. The Constitution allows proceeds from the sale of bonds authorized by this proposition to be used only for the construction, reconstruction, rehabilitation, or replacement of school facilities listed in this proposition, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses. Proceeds of the bonds may be used to pay or reimburse the District for the cost of District staff only when performing work on or necessary and incidental to the bond projects.

Independent Citizens' Oversight Committee. The Board of Education shall establish an independent Citizens' Oversight Committee (pursuant to Education Code Section 15278 and following), to ensure bond proceeds are spent only for the school facilities projects listed in the Bond Project List. The committee shall be established within 60 days of the date on which the Board of Education enters the election results on its minutes.

<u>Annual Performance Audits</u>. The Board of Education shall conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects listed in the Bond Project List.

Annual Financial Audits. The Board of Education shm [6l concatt aned from

year, fiscal year, or other appropriate annual period cer shall determine, and may be incorporated into budget, audit, or other appropriate routine report to t

FURTHER SPECIFICATIONS

Specific Purposes

All of the purposes enumerated in this proposition shall be united and voted upon as one single proposition, pursuant to Education Code Section 15100, and shall constitute the specific purposes of the bonds, and proceeds of the bonds shall be spent only for such purposes, pursuant to Government Code Section 53410.

Joint Use. The District may enter into agreements with the County of Sacramento or other public agencies or nonprofit organizations for joint use of school facilities financed with the proceeds of the bonds in accordance with Education Code Section 17077.42 (or any successor provision). The District may seek State grant funds for eligible joint-use projects as permitted by law, and this proposition hereby specifies and acknowledges that bond funds will or may be used to fund all or a portion of the local share for any eligible joint-use projects identified in the Bond Project List or as otherwise permitted by California State regulations, as the Board of Education shall determine. <u>Rate of Interest</u>. The bonds shall bear interest at a rate per annum not exceeding the statutory maximum, payable at the time or times permitted by law.

<u>Term of Bonds</u>. The number of years the whole or any part of the bonds are to run shall not exceed the legal limit, though this shall not preclude bonds from being sold which mature prior to the legal limit.

BOND PROJECT LIST

The Bond Project List below describes the specific projects the Sacramento City Unified School District proposes to finance with proceeds of the bonds. Listed projects will be completed as needed at a particular school site according to Board-established priorities, and the order in which such projects appear on the Bond Project List is not an indication of priority for funding or completion. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. Certain construction funds expected from non-bond sources, including State grant funds for eligible projects, have not yet been secured. Until all project costs and funding sources are mation contained in numbered paragraphs 1 - 3 below is provided in compliance with Sections 9400-9404 of the Elections Code of the State of California. This information is based on the best estimates and projections presently available from official sources, experience within the District and other demonstrable factors.

1. The best estimate of the tax which would be required to be levied to fund this bond issue during the first fiscal year after the sale of the first series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is 1.0ϕ per \$100 (\$10.00 per \$100,000) of assessed valuation in fiscal year 2013-14.

2. The best estimate of the tax rate which would be required to be levied to fund this bond issue during the first fiscal year after the sale of the last series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is 1.0¢ per \$100 (\$10.00 per \$100,000) of assessed valuation in fiscal year 2014-15.

3. The best estimate of the highest tax rate which would be required to be levied to fund this bond issue, based on estimated assessed valuations available at the time of filing of this statement, 1.0ϕ per \$100 (\$10.00 per \$100,000) of assessed valuation in fiscal year 2013-14.

Approval of the ballot measure authorizes the issuance of bonds under certain conditions, and is not approval of a specific tax rate or a specific bond issuance plan. The tax rate estimates in this statement reflect the District's current projection of future assessed values and of future debt service payments, which are

ARGUMENT AGAINST MEASURE R

Politicians don't get it, and Measure R is an excellent example. Bureaucrats want you to pay more taxes in an economy worse than any since the Great Depression. And California is at the top of the unemployment rankings.

The politicians who run Sacramento City schools want to borrow \$68 million to repair facilities that the district hasn't maintained, while they still owe \$556 million on past projects. This District has declining enrollment, but it rarely consolidates schools to save money. Instead, they cut teachers, counselors, music, sports, transportation, and otherwise preside over a decline in the quality of education our children receive. And the State of California says the District "may not meet its financial obligations" in the future.

Worse, the District has refused to temper this request with reform that could save taxpayers considerable money. They could allow construction to be performed under fair and open competition, allowing all contractors to compete with each other for the project Instead, the District shows every indication that they will rely on a contracting process, which, according to a recent study, costs taxpayers up to 15%, more than necessary and excludes many local workers from working on these construction projects.

Meanwhile, this District is accused of illegal teacher layoffs. It fired its 'Teacher of the Year.' It has an unfunded benefit obligation of \$552 million, and despite declines in enrollment, will close only 2 schools out of 127 facilities. Maintenance on existing schools is deferred, and yet they ask taxpayers to fund this grandiose new spending, all while insisting that the construction be at a rate 15% higher than necessary.

The District shouldn't continue to spend money it doesn't have and ask taxpayers to fund projects that cost more than they should. Vote NO on Measure R. For more information, see http://www.fairandopencompetitionsacramento.com.

Eric Christen, Executive Director Coalition for Fair Employment in Construction

Nicole Goehring, Government Affairs Director Associated Builders and Contractors, Northern California Chapter

Stephen R. McCutcheon, Jr. Concerned Parent

Terry Seabury, CEO Western Electrical Contractors Association

Tracy Threlfall, Interim Executive Vice President Plumbing-Heating-Cooling Contractors Association of California