West Contra Costa USD

Presentation to the Facilities Subcommittee

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History

- The District has been addressing its school facilities needs on an ongoing and consistent basis since 1998.
    - Over this period of time, local voters have approved six separate bond measures totaling $1.63 billion.
    - The District has been actively issuing bonds at expending bond proceeds at a pace of approximately $50 million to $100 million per year.
    - Such expenditures have allowed the District to modernize more than half of the schools in the District.
    - Under the current financing plan, the District intends to modernize the remaining schools over the next ten years or more.

Economic Downturn

- Due to the economic downturn, the District's bond program became significantly constrained.
  - In 2009-10 and 2010-11, the District's tax base lost 20% of its value (assessed values remain below 2006-07 values today).
  - There were significant concerns that the District would not be able to fund projects that were already underway.
  - Ultimately, the District's 2009 bond offering was reduced in size from $210 million to $105 million (which still required significant deferral of debt service).
  - By summer 2010, issuance of bonds under the 2005 Measure J bond program was effectively suspended (with $78 million remaining to be issued).

Re-Envisioned Program

- Over the past few years, the District has re-envisioned its program to move forward on a more stable basis.
  - Issuance of bonds under the 2005 Measure J bond program was suspended.
  - 2010 Measure D bond program was built around lower initial tax base and more conservative assumptions (though still with significant escalation).
  - In 2012, voters approved 2012 Measure E, a similarly constructed bond program, which will allow the District to accelerate projects beyond what would have been possible with 2010 Measure D alone.
  - As constructed, the combined programs will allow for $60 million or more in annual expenditures.

Projected Issuance Schedule

- Under the current financing plan, the District will issue bonds in alternate years through 2023.

Pro-Forma Issuance Schedule

	2005 Measure J	2010 Measure D	2012 Measure E	Total
Issued To Date:	**$322,409,709**	**$100,000,000**	**$0**	**$422,409,709**
2013	$0	$65,000,000	$60,000,000	$125,000,000
2015	$0	$65,000,000	$60,000,000	$125,000,000
2017	$0	$65,000,000	$60,000,000	$125,000,000
2019	$0	$65,000,000	$60,000,000	$125,000,000
2021	$0	$20,000,000	$105,000,000	$125,000,000
2023	$77,590,291	$0	$15,000,000	$92,590,291
Total	**$400,000,000**	**$380,000,000**	**$360,000,000**	**$1,140,000,000**

Sizing Decisions

- As in the past, decisions regarding sizing of each issue will be made by the Board of Education at the time of each issuance based on a number of sometimes competing interests.
    - Bonds are scheduled to be issued in alternate years, and will ideally provide sufficient funds for three years worth of expenditures.
    - Sizing and structuring decisions will be intended to maintain flexibility and to provide the likelihood of continued access to bond funds over time.
    - Debt service will be structured to meet target tax rates in initial years, stay within tax rate targets throughout, and leave room for future bonds.
    - There will be recognition that the early years are when the bond program is most flexible, but also when there is the most uncertainty and risk.

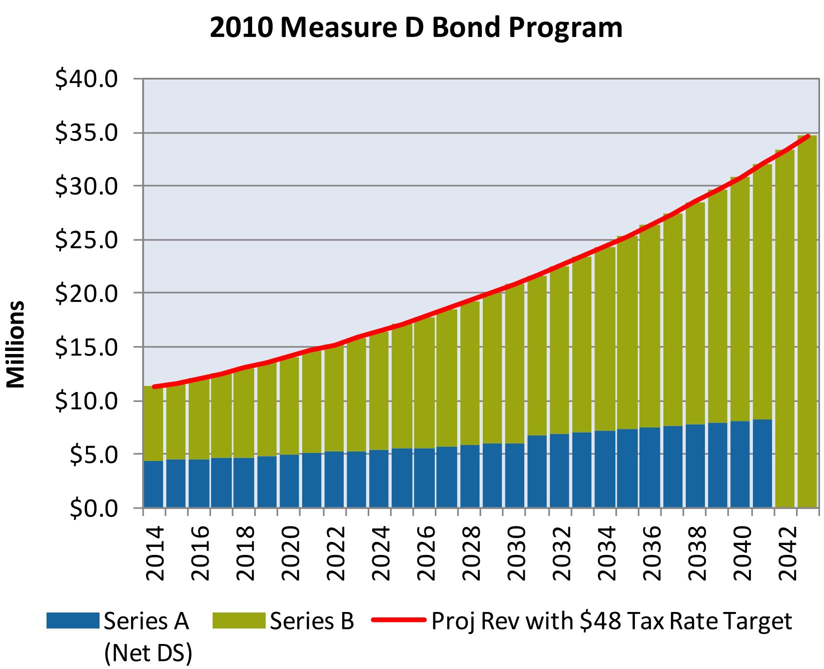
Program Funding versus Project Funding

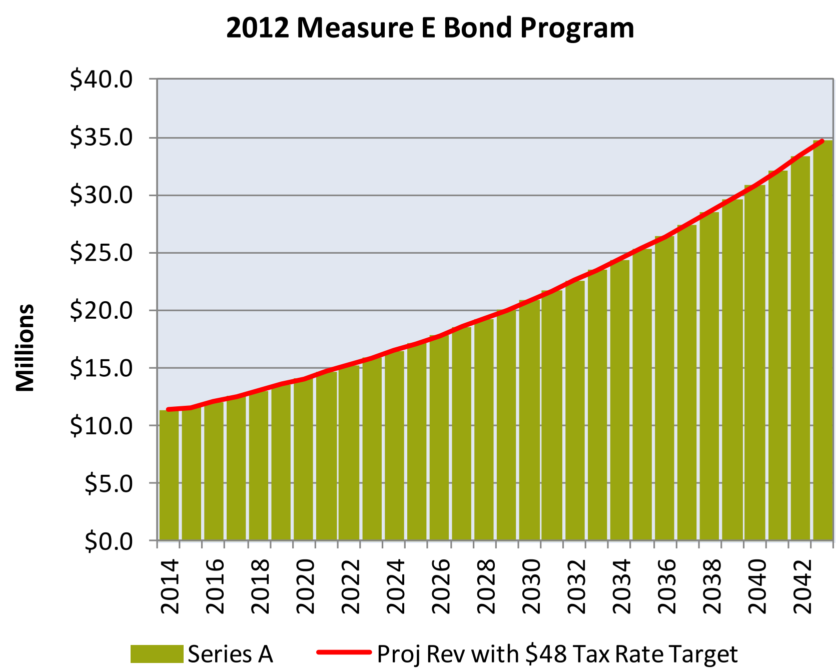
- In addition to sizing considerations, the financing team has proposed moving from a largely program funding model to one that has more project funding elements.
  - In the program funding model, reliable access to bond proceeds was assumed.
  - Projects moved ahead on an independent schedule, and bond proceeds were accessed when funds ran low.
  - The 2009 experience led to a desire to incorporate elements of project funding into the plan.
  - In a project funding model, each series of bonds is associated with certain projects.
  - One goal is to identify projects "straddling" two series of bonds at the time the first series is issued.

Max-Out Bonds

- Polar opposite of the approach is to issue as many 2010 Measure D bonds and as many 2012 Measure E bonds as possible within currently estimated tax rate constraints.

Estimated Max Out Amount: $481 Million including $98 million of Capital Appreciation Bonds





Accelerating with Growth

- Another possibility is that the District will be able to accelerate the program gradually with strong tax base growth during the implementation period.

2010 Measure D Bonds and 2012 Measure E Bonds Only

Consecutive Years of 6% Growth	2013	2015	2017	2019	2021	2023
None	$125 million	$125 million	$125 million	$125 million	$125 million	$15 million
2 Years	$125 million	$155 million	$155 million	$155 million	$50 million	$0 million
4 Years	$125 million	$155 million	$180 million	$180 million	$0 million	$0 million
6 Years	$125 million	$155 million	$200 million	$100 million	$0 million	$0 million

NOTE: Figures represent consecutive estimates, acceleration could be faster still.

Project Costs and Cash Flow Forecast

- Regardless of the issuance strategy, it will be important to develop reliable estimates for project costs and cash flow needs.
    - Current forecast is that, based on current commitments, available bond proceeds and anticipated funds will be not entirely sufficient to fund projects currently underway.
    - The next bond series will need to include funding for projects that are essentially underway or nearly underway, including Portola, Coronado, Nystrom, and the El Cerrito Stadium project.
    - Projects funded with the next series of bonds will need to be evaluated both on a budget and cash flow basis, and projects straddling bond issuances should be identified.