West Contra Costa USD

June 2014 Bond Election

Presentation to the Board of Education
February 26, 2014

Tonight's Resolution

- With tonight's resolution, the District will order a general obligation bond election for this June and establish the legal parameters for such election.

  - The amount of the authorization will be $270 million.

  - Proceeds from the authorization will be used to fund the District's ongoing bond program which is intended to provide safe and modern facilities to children throughout the District.

  - The ballot materials specifically highlight safety and accessibility issues, construction and upgrade of science and computer labs, and providing classrooms for both core academic programs and job training.

  - The estimated maximum tax rate impact is disclosed to be $36 per $100,000 of assessed value.

Planning Activities

- The size, purposes, and structure of the bond program are the result of planning that has occurred over time and particularly in the past few months.
  - Ongoing and active management are a hallmark of the District's bond program.
  - Late last year, the District commissioned a voter opinion survey that suggested strong support for the bond program.
  - The financing team developed a variety of alternative financing structures and presented them to the Facilities Subcommittee last month.
  - The Facilities Subcommittee expressed its preference for the alternative that we are presenting tonight.

Purposes of the Measure

- If approved by voters, the bond measure will allow the District to achieve a variety of purposes.
  - In the event that tax base growth is strong and remains consistent during the program's implementation period, the new bond measure will allow the District to accelerate its program, most notably so that the construction of the Pinole Valley High School does not crowd out other, critical projects.
  - In the event that tax base growth remains sluggish, slows, or reverses, the new bond measure will provide substitute funding for critical projects and for tax rate stabilization on prior measures.
  - At this point, it seems that tax rate stabilization will be necessary, primarily to mitigate potential tax rate increases for 2002 Measure D and 2005 Measure J.

Project List

- A number of changes to the long-form project list since 2012 Measure E are intended to both maintain flexibility and increase transparency.

  - Certain highlights of the bond measure were brought forward on the project list so that the list begins with a reasonable summary of the program.

  - Such summary includes not only projects, but also accountability requirements and other features of the program (including the priority that the District places on pursuing state matching funds, the necessity of receiving a bonding capacity waiver before issuing new bonds, and the possibility that bond proceeds may be used to stabilize tax rates on prior bond measures).

  - With clear reference to the bonding capacity waiver early in the project list, the awkward reference to it in the short-form ballot language is removed.

  - In part because of the possibility that the District might need (because of lack of tax base growth) to use proceeds from the new measure to fund projects originally intended to be funded from the prior measures, the project list overlaps significantly with those of 2010 Measure D and 2012 Measure E.
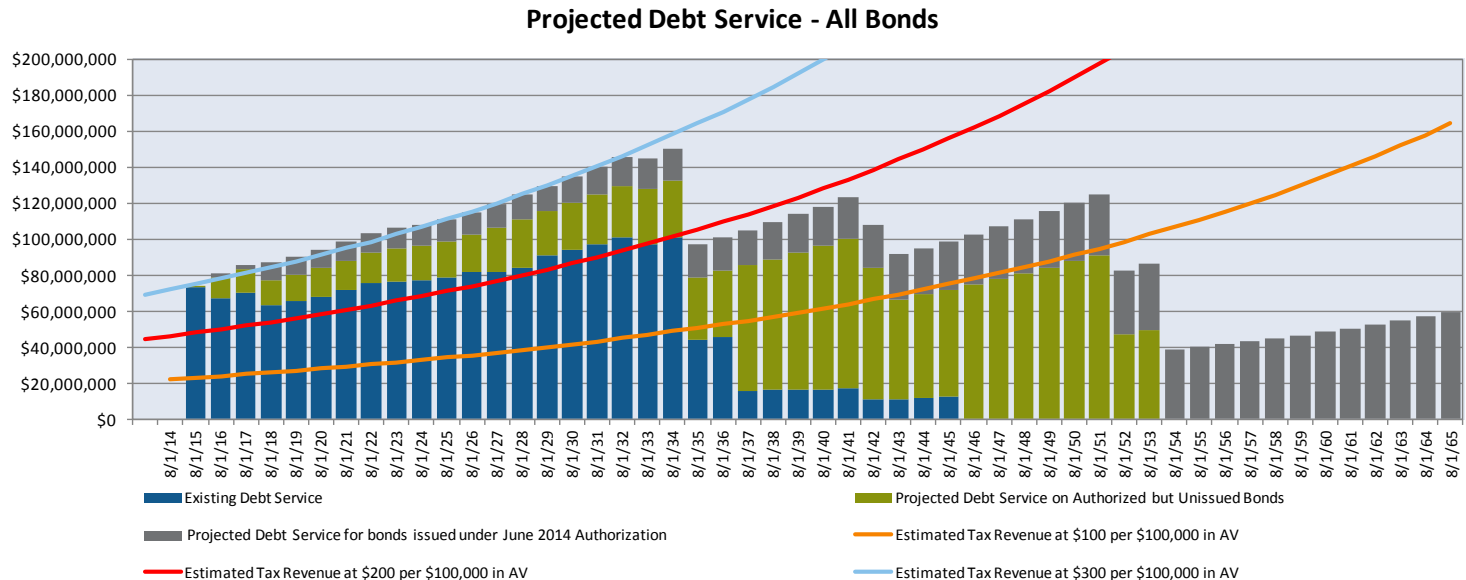
Program Structure

- In order to meet the District's objectives, the financing plan assumes that the tax base will grow over time and is designed around the concept of extended implementation.

Summary of Financing Plan	
Amount of Authorization	$270 Million
Tentative Issuance Schedule	$45 Million in alternate years from 2015 through 2025
Term of Repayment	Up to fourty years for each series.
Escalation of Repayment	4% annually once all bonds have been issued
CABs required?	No
Assumed Interest Rate	5.75% for each series
Assumed Tax Base Growth	4% per year
Estimated Maximum Tax Rate Impact	$36 per $100,000 of assessed value
Estimated Repayment Ratio	3.2 to 1

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public finance

Projected Tax Rate Impact

- While the projected maximum tax rate impact of the new measure is disclosed in the tax rate statement to be $36 per $100,000 of assessed value, careful structuring of the repayment, scheduled repayment of prior bond measures, and reasonable tax base growth may allow overall bond tax rates to remain below $300 per $100,000 of assessed value and decline significantly over time.

Projected Debt Service - All Bonds

Legend:
- Existing Debt Service
- Projected Debt Service for bonds issued under June 2014 Authorization
- Estimated Tax Revenue at $200 per $100,000 in AV
- Projected Debt Service on Authorized but Unissued Bonds
- Estimated Tax Revenue at $100 per $100,000 in AV
- Estimated Tax Revenue at $300 per $100,000 in AV

Ballot Language

- The official ballot language has been developed by bond counsel with input from the District administration, all members of the financing team, and members of the Facilities Subcommittee.

> "To repair and upgrade neighborhood schools, shall West Contra Costa Unified School District improve earthquake safety, senior citizens and handicap accessibility; update science, computer labs, remove asbestos, hazardous materials and lead-based paint; bring West County schools up to the same standard; meet fire codes, construct, equip facilities, thereby increasing public safety, by issuing $270 million of bonds the State cannot take, at legal rates, with strict citizens oversight, annual audits and absolutely no money for pensions or administrators' salaries?"

Voter Pamphlet

- In addition to the ballot language, District voters will be provided with other information regarding the bond measure.
  - Long-form project list (full text).
  - County counsel's impartial analysis.
  - Tax rate statement.
  - Ballot arguments (argument in favor, argument against, rebuttals).

Next Steps

- In order to have the measure placed on the June ballot, the District must submit materials to the appropriate parties by next Friday, 7th.

  - Submission of material to Registrar of Voters, Clerk of the County Board of Supervisors, and County Superintendent of Schools.

  - Review of impartial analysis of county counsel.

  - Submission of ballot argument in favor and, if necessary, rebuttal to argument against.

  - Ongoing contact with Registrar of Voters to ensure that everything is in order.