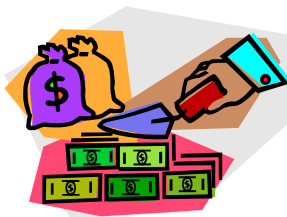


Disclaimer: Provided for distribution in advance of the meeting.  
Please see Board minutes for Q&A and verbal commentary.

# Washington Unified School District



## Financial Planning for Potential November 2014 Bond Measure



Presented by Lori Raineri & Stacie Frerichs

May 8, 2014

# Agenda

- **Financial Plan for Facilities**
  - **Potential of a November 2014 Bond Measure**
    - » **The District will also seek other sources of facilities funding, e.g. the State School Construction Program**
- **District's Tax Base**
- **Update on Community Input Team**
- **Next Steps**
- **Appendix**
  - **November 19, 2013 Presentation**

# CIP → Indicates Total \$ Facilities Need

■ 2014 draft estimates of just over \$210 million needed for existing facilities

## Project Cost Summary

SCHOOL SITES	MODERN- IZATION Sq. Ft.	MODERNIZE SITE & (E) BLDGS	RENOVATE/ REPURPOSE (E) BLDGS	NEW BLDGS/ ADDITIONS	TOTAL CONSTRUCTION COSTS	TOTAL PROJECT COST (Const. Cost + 35%)
Riverbank Elementary School	95,662	\$8,516,411	\$0	\$0	\$8,516,411	\$11,497,155
Elkhorn Village Elementary School	67,372	\$17,093,438	\$1,170,000	\$23,783,500	\$42,046,938	\$56,763,366
Westmore Oaks Elementary School	67,372	\$15,989,536	\$2,788,500	\$0	\$18,778,036	\$25,350,348
Stonegate Elementary School	62,709	\$2,890,779	\$0	\$0	\$2,890,779	\$3,902,551
Southport Elementary School	60,273	\$4,758,879	\$0	\$0	\$4,758,879	\$6,424,486
Bridgeway Island Elementary School	65,815	\$2,189,351	\$0	\$0	\$2,189,351	\$2,955,624
Westfield Elementary School	48,588	\$11,911,869	\$0	\$0	\$11,911,869	\$16,081,023
Bryte Elementary School	43,101	\$14,467,801	\$0	\$0	\$14,467,801	\$19,531,532
River City High School	278,747	\$2,819,849	\$0	\$14,680,250	\$17,500,099	\$23,625,133
West Sacramento Early College Prep School	41,095	\$6,828,799	\$0	\$0	\$6,828,799	\$9,218,879
Alyce Norman Education Center	43,584	\$6,524,320	\$0	\$0	\$6,524,320	\$8,807,831
Yolo Education Center	41,185	\$7,295,938	\$0	\$0	\$7,295,938	\$9,849,516
District Office	68,371	\$10,359,796	\$0	\$0	\$10,359,796	\$13,985,724
Maintenance Facility	6,400	\$250,000	\$0	\$1,920,000	\$2,170,000	\$2,929,500
<b>Total Area (Sq. Ft.)</b>	990,274					
<b>Total Construction Cost</b>		\$111,896,764	\$3,958,500	\$40,383,750	\$156,239,014	
<b>Total Project Cost</b>						<b>\$210,922,669</b>

# Facilities Matter



# Goals of Potential Bond Measure

## ■ Match timing of issuance with expenditures

### – Assumed 5-Year Expenditure Plan

- » will need further refinement as priority of projects is determined and budgets are confirmed
- » designed to complete projects within capabilities of the District and minimize the effect of inflation

<u>Expenditures</u>		
<u>Year</u>	<u>Expenditures</u>	<u>Percent of Total</u>
1	\$5,000,000	10.5%
2	\$10,000,000	21.0%
3	\$10,000,000	21.0%
4	\$10,000,000	21.0%
5	\$12,730,000	26.7%
Total	\$47,730,000	100.0%

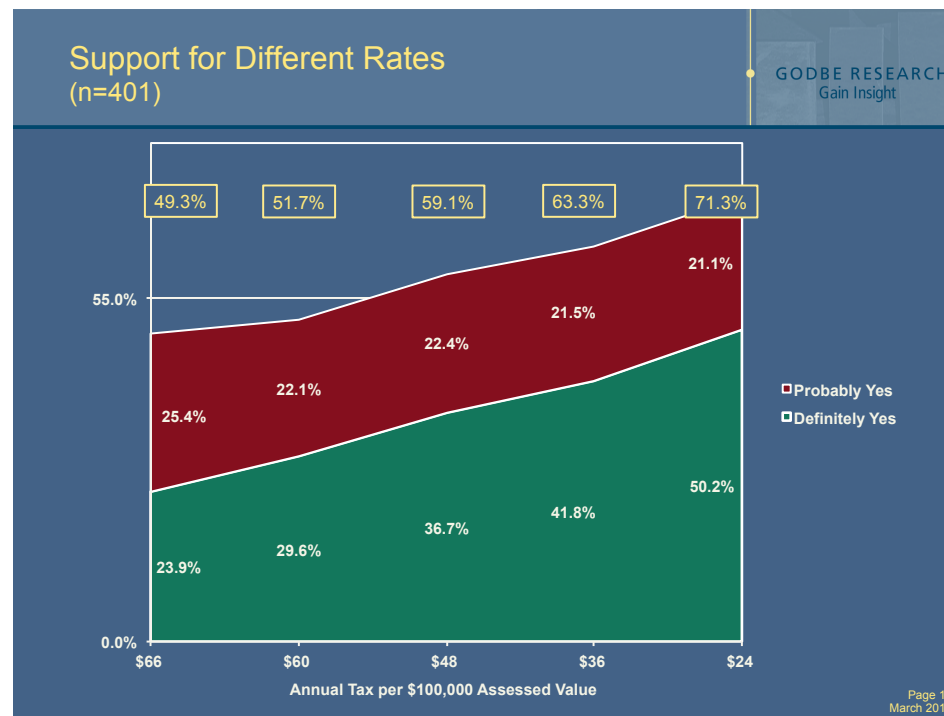
Expenditures based on assumed value of \$5 million in year 1 for ramp up, \$10 million in subsequent years and any remainder in year 5.

## ■ Be responsive to public opinion survey

## ■ Comply with all legal constraints on school district bond issues

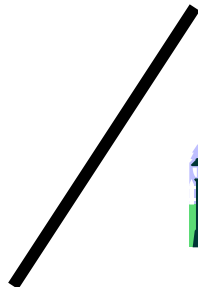
# Survey Results → Support for \$39 Tax Rate

- **59%** of likely November voters support a tax rate of \$48/\$100,000 of assessed value
  - Support rises to **63%** at a \$36/\$100,000 tax rate
  - Extrapolated support at \$39/\$100,000 = **63%**

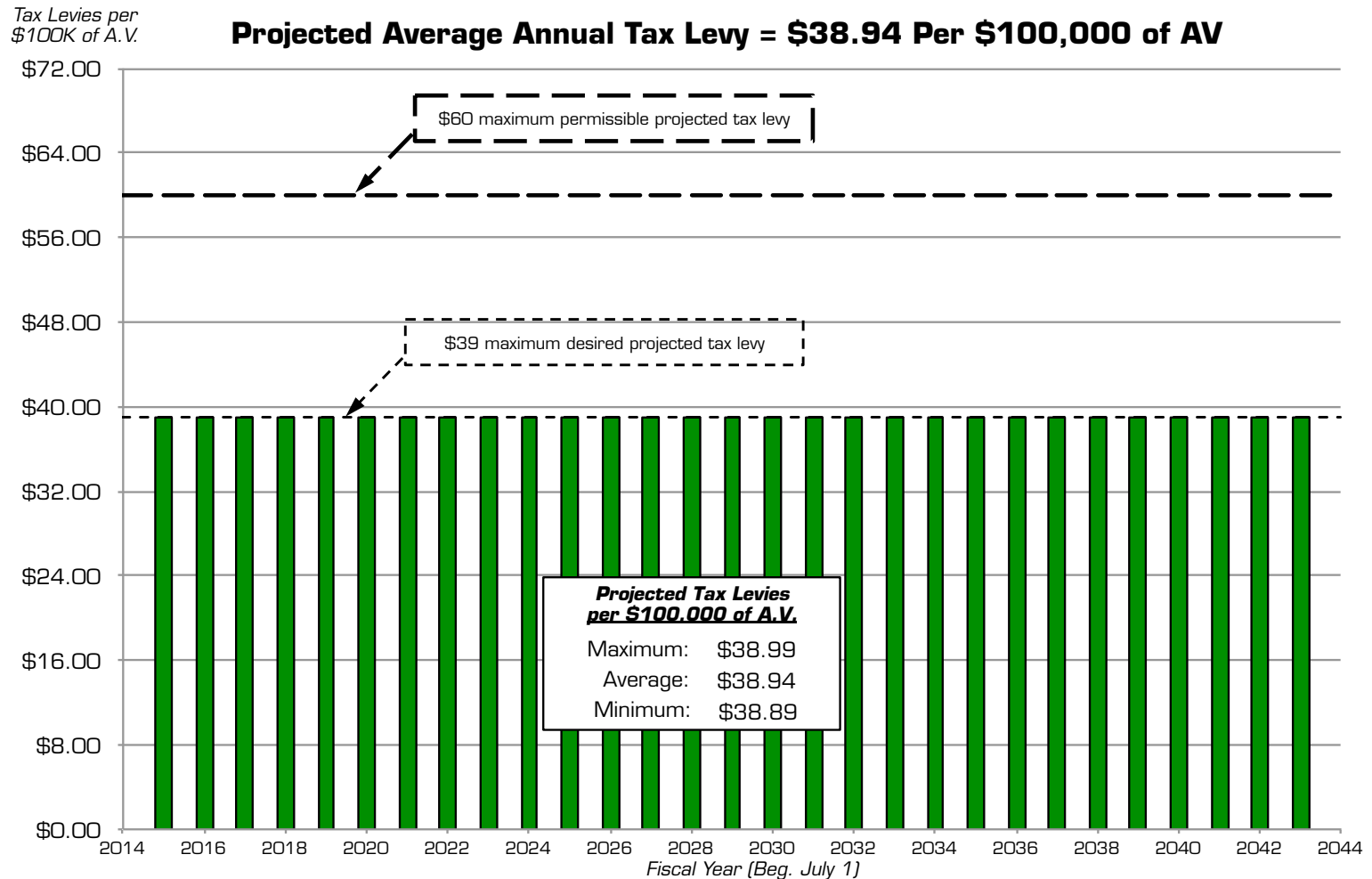


# Review: G.O. Bond Tax Rate

- **Bond tax rate  $\approx$  debt service  $\div$  assessed value**
  - We say “  $\approx$  ” because there are different types of assessed value in the tax base, and they are treated differently in the calculation
- **Each property in the District pays its pro rata share, based on its individual assessed value (not market value)**



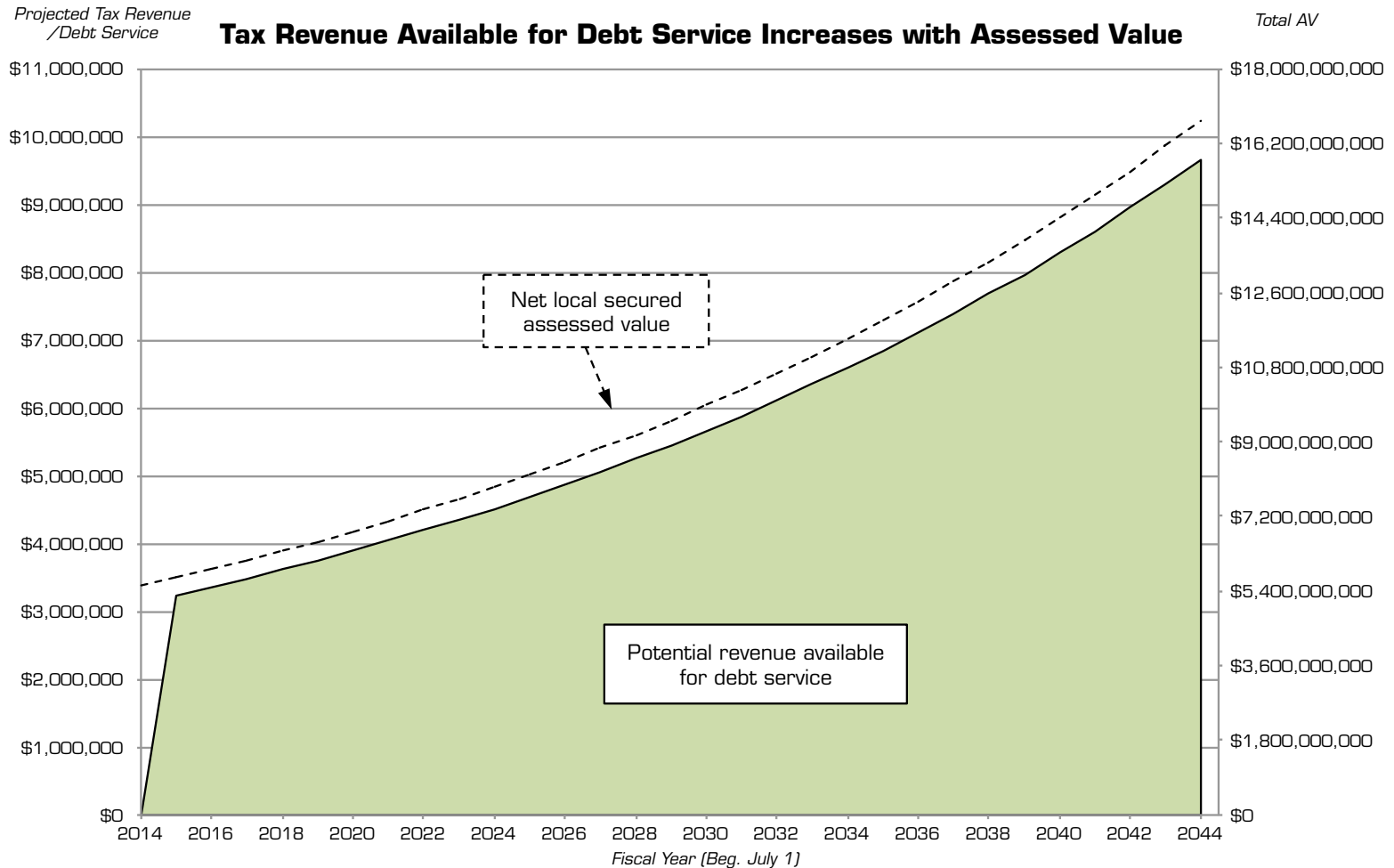
# Constraint: Tax Rates $\leq$ \$39 / \$100,000 AV



Tax levy projections based on estimated debt service for the potential measure, and future assessed value, for which, net local secured AV is assumed to grow 4% annually, while all other AV types are assumed to remain unchanged.



# Stable Tax Rate and Growing Tax Base

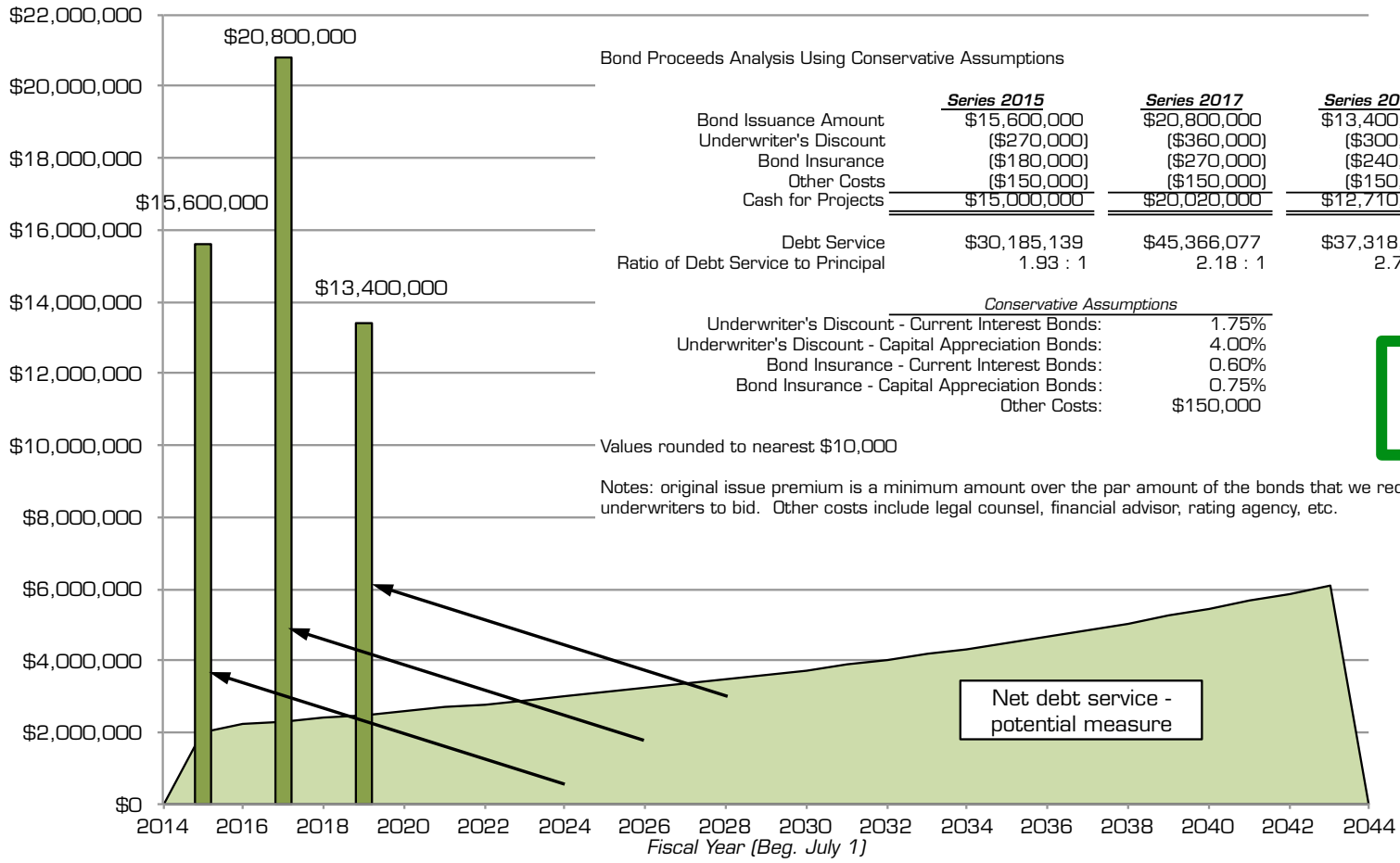


Net local secured AV is assumed to increase 4% annually, while all other AV types are assumed to remain unchanged.

# \$39 Tax Rate → \$49.8 Million in Bonds

## Tax Rate Constraint Supports \$49.8 Million in Bonds, Issued over Three Series to Generate \$47.7 Million for Projects

Issuances/  
Debt Service



**\$47.7 million  
for projects**

Net local secured AV is assumed to increase 4% annually, while all other AV types are assumed to remain unchanged. Issuances rounded to nearest \$10,000.

# Community Input Team

- Team of community members convening for 4 meetings to:
  - Learn about facilities, school finance, bond measures, property taxes and public opinion
  - Report from the Team will be presented to the Board on June 12



# Next Steps for November Election

- **End of April - May: Community Input Team**
- **May: Develop bond resolution, ballot statement, project list and tax rate statement**
- **June 12: Board hears report from Community Input Team**
- **June 26: Board considers resolution calling for election**
- **August 8: Statutory deadline for calling of election**
- **November 4: Election Day**



# For Reference

## ■ Appendix

– November 19, 2013 Presentation

# Washington Unified School District



## Presentation Regarding Potential November 2014 Bond Measure



Presented by Lori Raineri and Stacie Frerichs  
November 19, 2013

# Agenda

## ■ Last Thursday

- Overview of General Obligation Bonds & Taxes
- Role of Public Opinion Survey

## ■ Tonight

- Review of Prior District Bond Measures
- Example Bond Financial Plan
- Next Steps For November Election



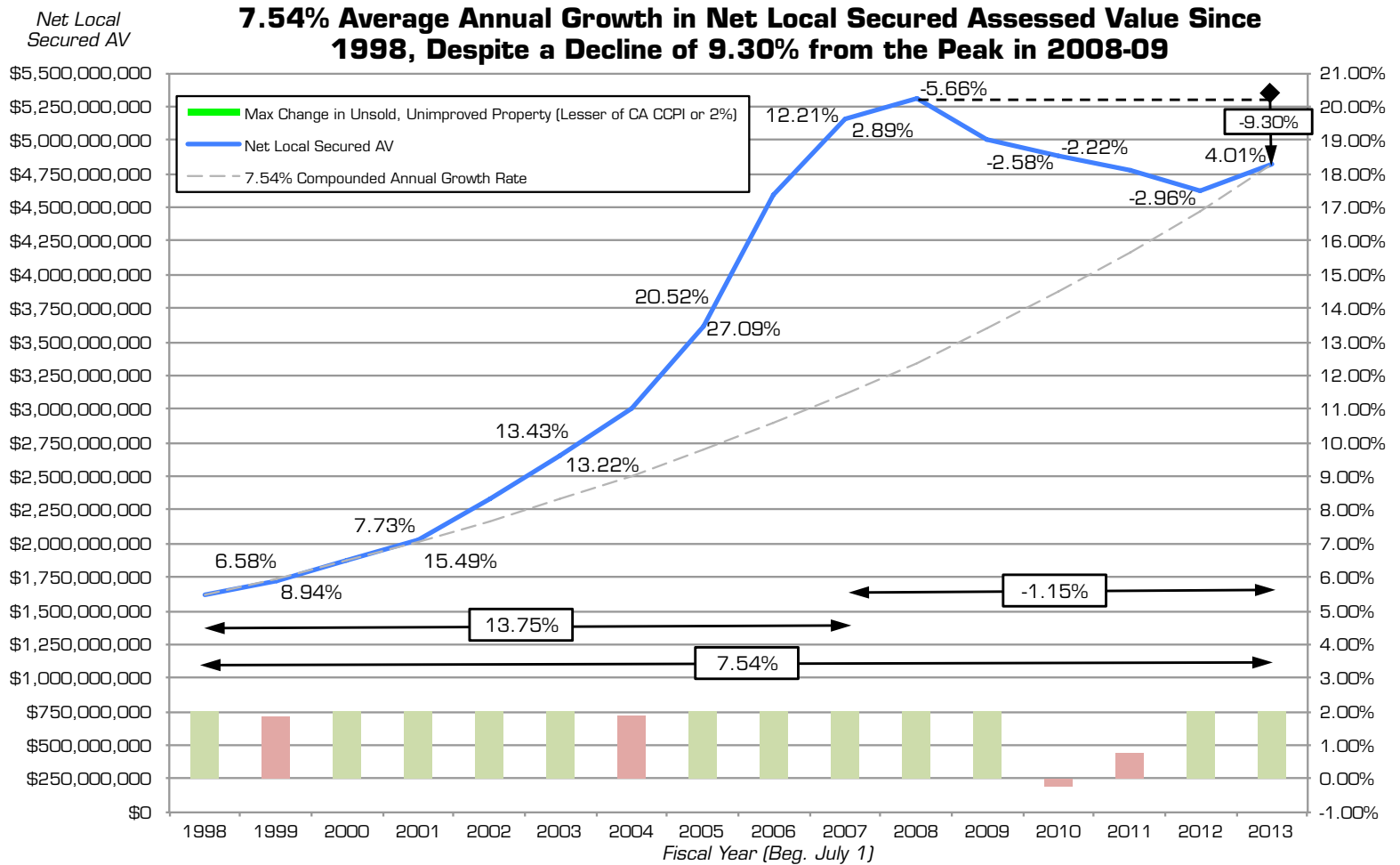
# Review - G.O. Bond Tax Rates

- Bond tax rate  $\approx$  required tax collection  $\div$  total assessed value within District
- Each property pays its pro rata share, based on its individual assessed value (not market value)





# Historical Assessed Value

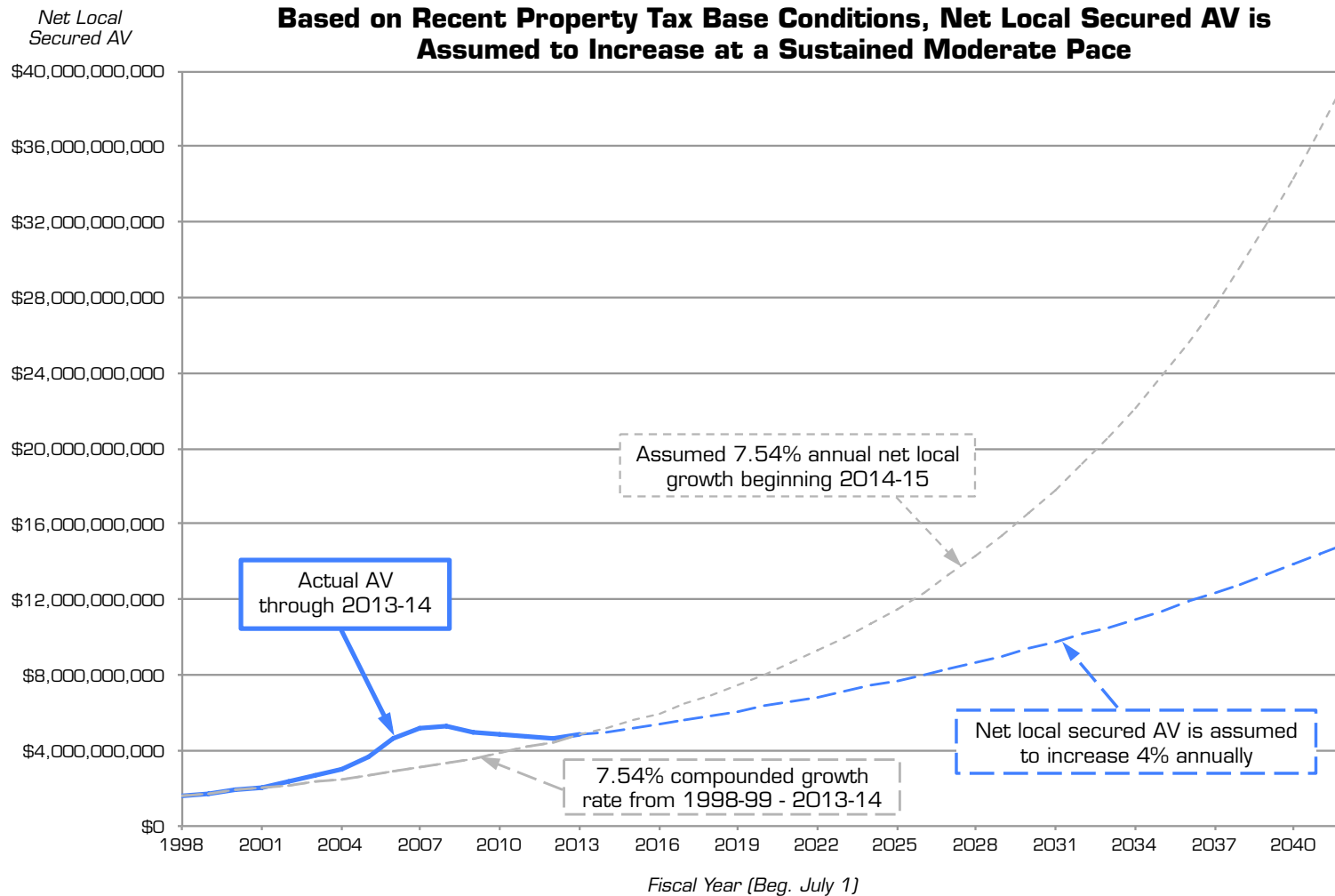


Historic assessed value (AV) provided by the Yolo County Auditor-Controller's Office. The District's total AV is comprised of net local secured, utility, homeowners exemption, and unsecured values. Since 1998-99, net local secured has annually comprised 84% - 91% of the District's total AV. As individually the other components are relatively small and tend to be subject to less predictable volatility, the AV focuses on net local secured.

# Reasons Assessed Value Can Change

- Pursuant to Proposition 13 (and embodied in Article 13A of the California Constitution), a school district's property tax base can change for four reasons:
  - Properties are sold (and reassessed at the sale price).
  - Properties are improved (and reassessed with the value of the improvement).
  - A year passes (each property's assessed value increases by the lesser of 2% or the change in the California Consumer Price Index).
  - Market value of one or more properties declines below assessed value - assessed value can be adjusted downward to the market value. If market value subsequently increases, assessed value can “catch up” to pre-decline AV plus allowable adjustments (e.g. 2% annual increase).

# Currently Assumed Future Assessed Value

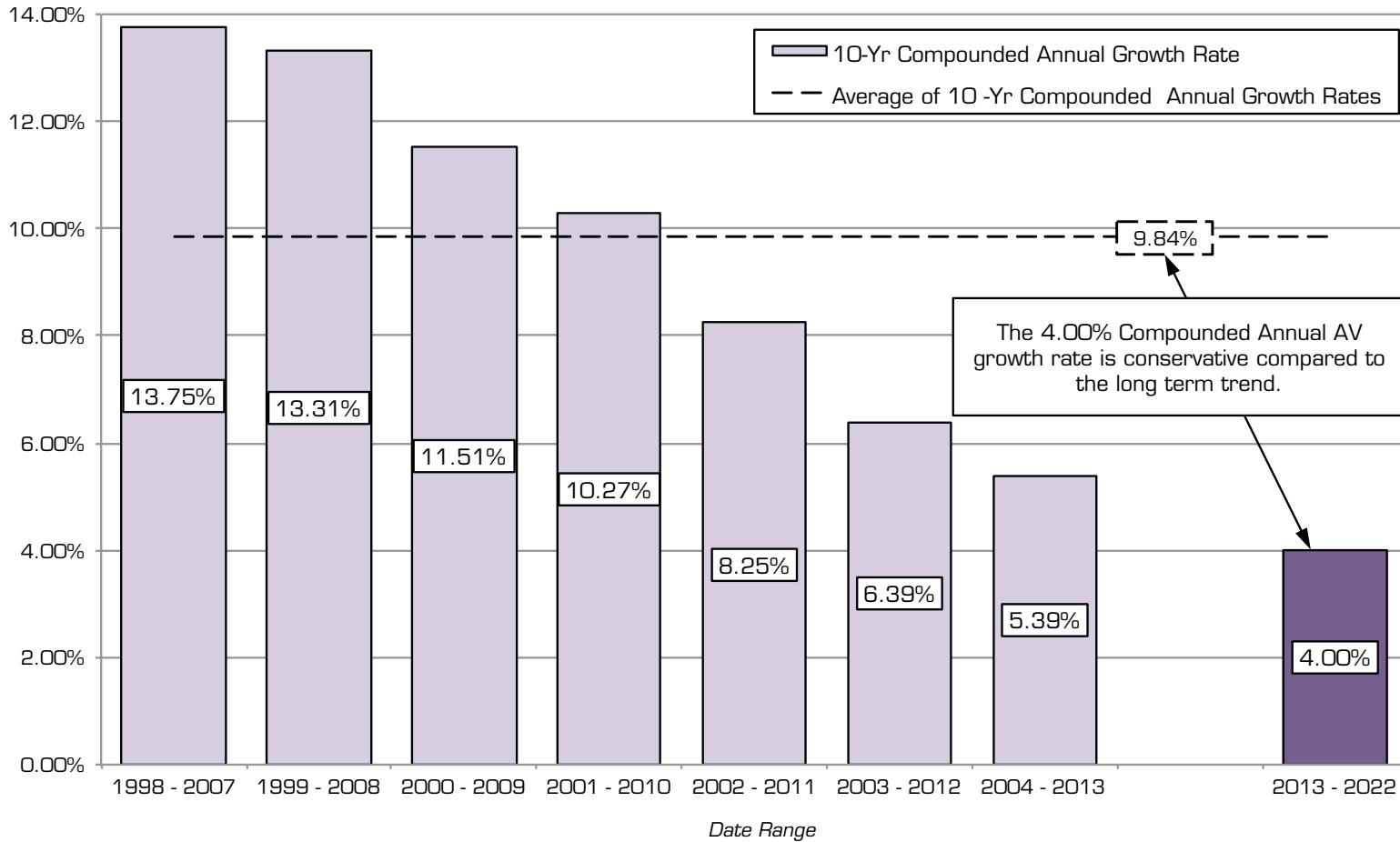


Note: actual assessed value as provided by Yolo County. All other types of AV are assumed to remain unchanged.

# Historical 10-Year CAGR

Compounded Annual Growth Rate - Net Local Secured AV

**Based on Long Term Historical Trends, 4.00% Annual Growth Assumption for Net Local Secured AV is Conservative**

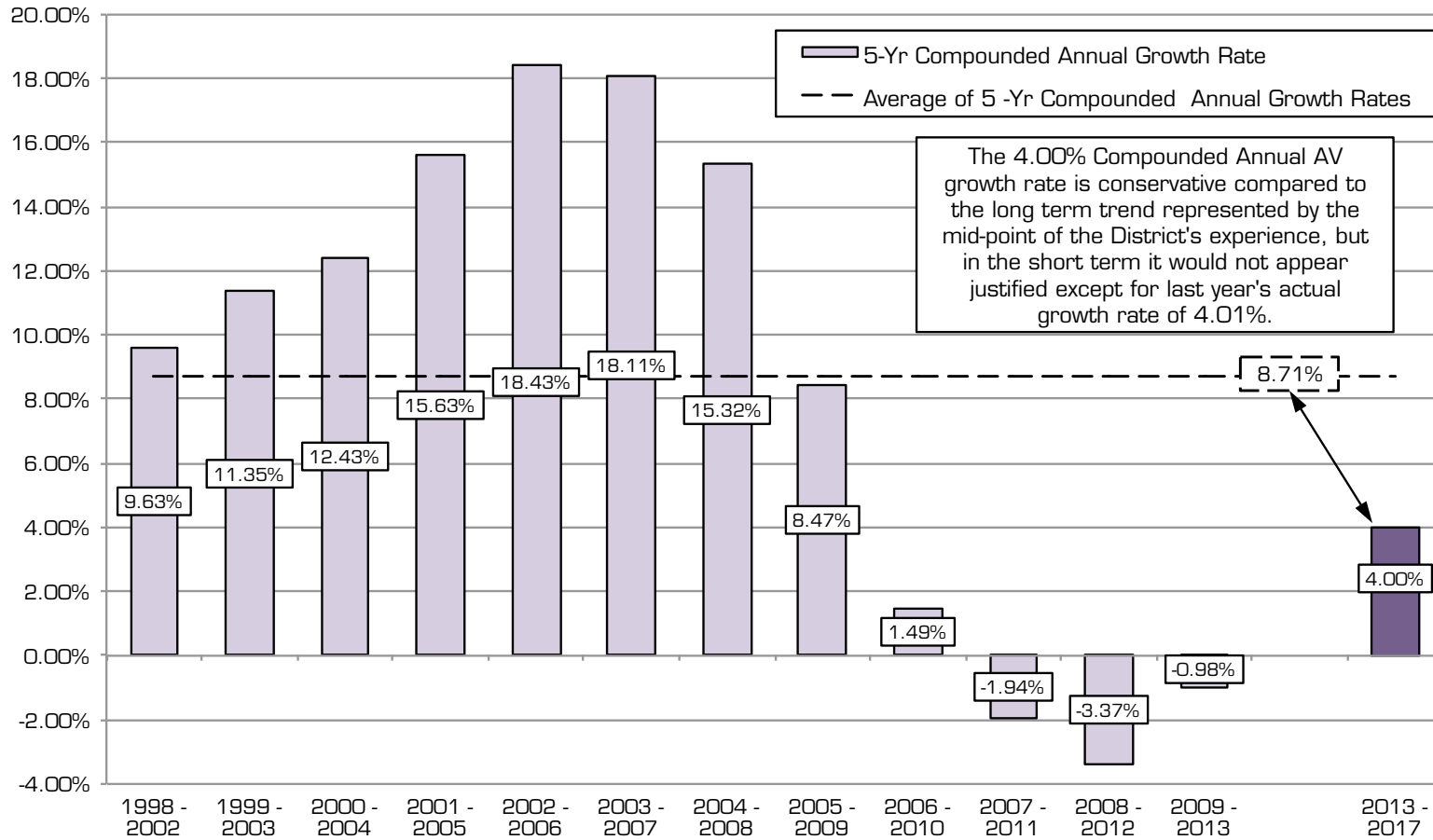


Historical data from Yolo County Auditor-Controller's office. Net local secured AV is assumed to increase 4% annually, while all other AV types are assumed to remain unchanged.

# Historical 5-Year CAGR

Compounded Annual Growth Rate - Net Local Secured AV

## 4.00% Annual Growth Assumption for Net Local Secured AV is Less Conservative in the Short Term



Historical data from Yolo County Auditor-Controller's office. Net local secured AV is assumed to increase 4% annually, while all other AV types are assumed to remain unchanged.

# Justification for 4% AV Growth Assumption

- 2013-14 assessed value is the result of a 4.01% growth rate
- Long term growth rate (10-years) has been > than 4% in every 10 year period since 1998
- Short term growth rate (5-years) reveals short term volatility

# Prior District G.O. Bond Measures

## ■ Measure R

- Date: November 2, 1999
- Amount: \$17.45 million
- Election result: pass - 79.6% in favor (2/3 required)

## ■ Measure Q

- Date: March 2, 2004
- Amount: \$52 million
- Election result: pass - 68.7% in favor (55% required)

## ■ Measure S

- Date: November 6, 2007
- Amount: \$59 million
- Election result: did not pass - 50.5% in favor (55% required)

# Measures R & Q - Bond Issuance History

General Obligation Bonds, November 1999 Election - Measure R, \$17,540,000

Series	Close Date	Bond Type	Issuance - New Money	Issuance - Refinancing	Total Issuance	Original Total Net Debt Service	Debt Service to Principal at Issuance	Principal Paid & to be Repaid as of Nov 1, 2013	Debt Service Paid & to be Paid as of Nov 1, 2013	Ratio of Total Debt Service to Principal	Outstanding Principal as of Nov 1, 2013	Able to Call?	Next Call Date	Callable Principal	Weighted Average Callable Coupon	Next Call Premium
A	May-01	CIBs	\$10,070,000	\$0	\$10,070,000	\$19,680,703	1.95 : 1	\$1,330,000	\$6,146,366	4.62 : 1	\$0	n/a	n/a	\$0	n/a	n/a
B	Mar-07	CIBs	\$4,190,000	\$0	\$4,190,000	\$6,434,735	2.14 : 1	\$4,190,000	\$6,434,735	2.14 : 1	\$3,915,000	Yes	Aug 1, 2016	\$3,410,000	4.06%	0%
		CABs	\$3,279,422	\$0	\$3,279,422	\$9,560,000		\$3,279,422	\$9,560,000		\$3,279,422	No	n/a	\$0	n/a	n/a
2010 Rfg	Nov-10	CIBs	\$0	\$9,510,000	\$9,510,000	n/a	n/a	\$9,510,000	\$12,591,057	1.32 : 1	\$8,410,000	Yes	Aug 1, 2019	\$5,070,000	3.90%	0%
			<u>\$17,539,422</u>	<u>\$9,510,000</u>	<u>\$27,049,422</u>	<u>\$35,675,438</u>	<u>2.03 : 1</u>	<u>\$18,309,422</u>	<u>\$34,732,158</u>	<u>1.90 : 1</u>	<u>\$15,604,422</u>					

General Obligation Bonds, March 2004 Election - Measure Q, \$52,000,000

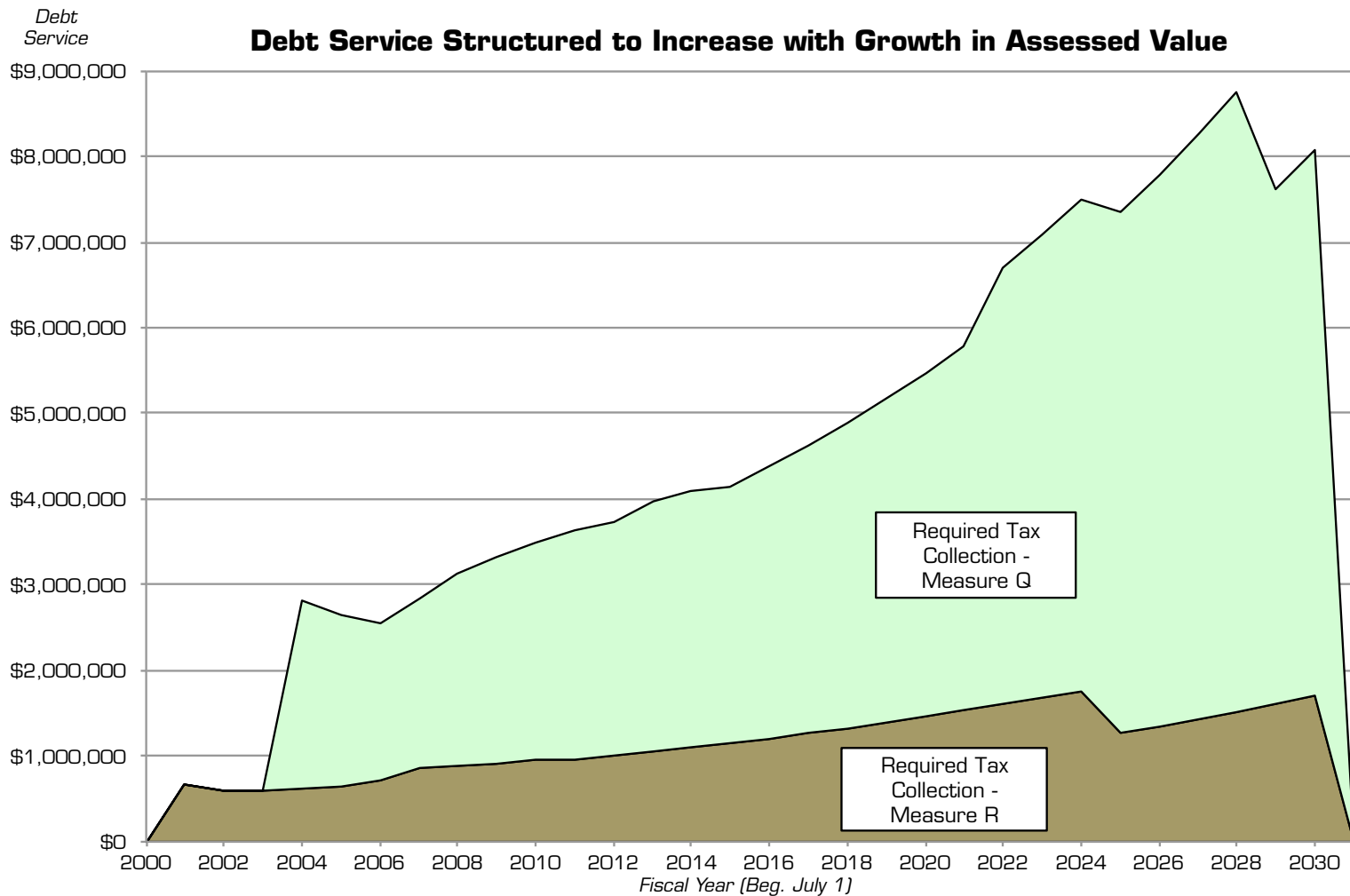
Series	Bond Type	Issuance - New Money	Issuance - Refinancing	Total Issuance	Total Net Debt Service	Debt Service to Principal at Issuance	Principal Paid & to be Repaid as of Nov 1, 2013	Debt Service Paid & to be Paid as of Nov 1, 2013	Ratio of Total Debt Service to Principal	Outstanding Principal as of Nov 1, 2013	Able to Call?	Next Call Date	Callable Principal	Weighted Average Callable Coupon	Next Call Premium	
A	Aug-04	CIBs	\$29,445,000	\$0	\$29,445,000	\$47,458,113	2.08 : 1	\$6,965,000	\$17,227,313	3.03 : 1	\$0	n/a	n/a	\$0	n/a	n/a
		CABs	\$10,554,040	\$0	\$10,554,040	\$35,930,000		\$10,554,040	\$35,930,000		\$10,554,040	No	n/a	\$0	n/a	n/a
B	Nov-06	CIBs	\$5,095,000	\$0	\$5,095,000	\$7,221,601	2.28 : 1	\$5,095,000	\$7,221,601	2.28 : 1	\$4,000,000	Yes	Aug 1, 2016	\$2,895,000	4.07%	0%
		CABs	\$6,905,433	\$0	\$6,905,433	\$20,090,000		\$6,905,433	\$20,090,000		\$6,905,433	No	n/a	\$0	n/a	n/a
2012 Rfg	Oct-12	CIBs	\$0	\$21,150,000	\$21,150,000	n/a	n/a	\$21,150,000	\$26,512,630	1.25 : 1	\$20,815,000	No	n/a	\$0	n/a	n/a
			<u>\$51,999,473</u>	<u>\$21,150,000</u>	<u>\$73,149,473</u>	<u>\$110,699,714</u>	<u>2.13 : 1</u>	<u>\$50,669,473</u>	<u>\$106,981,544</u>	<u>2.11 : 1</u>	<u>\$42,274,473</u>					

(1) Series A (Measure R) refinanced by Series 2010 Refunding Bonds, saving taxpayers \$943,281;  
 (2) Series A (Measure Q) CIBs refinanced by Series 2012 Refunding Bonds, saving taxpayers \$3,718,170.

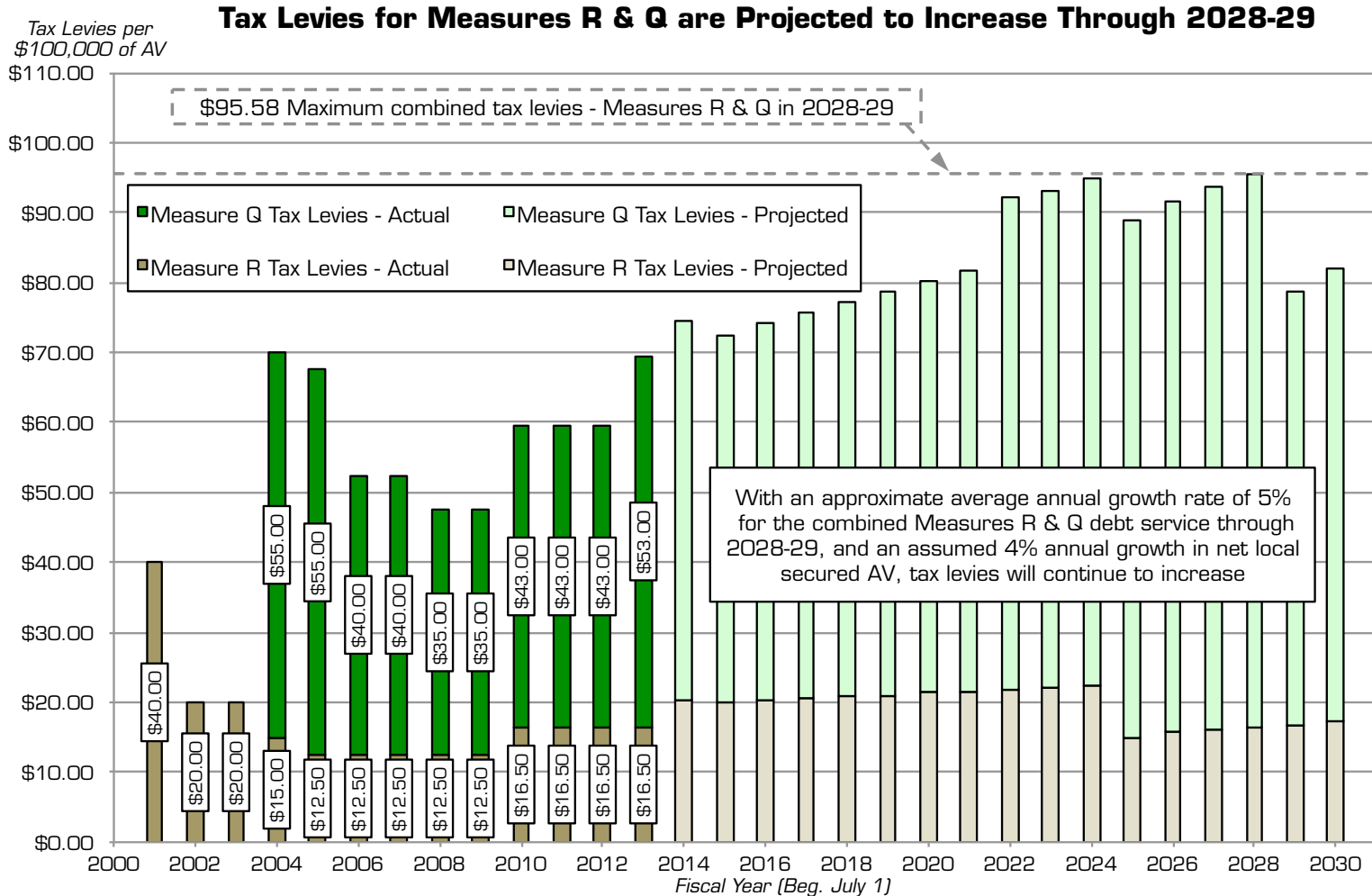




# Measures R & Q – Required Tax Collection



# Measures R & Q - Historical & Proj. Levies



Tax levy projections based on actual debt service for the Measure Q & R bonds, and future assessed value, for which, net local secured AV is assumed to increase 4% annually, while all other AV types are assumed to remain unchanged. Tax levy assumes application of 3% delinquency rate from prior year due to use of Teeter plan.

# Projects Funded With Measures R & Q

## ■ Construction of River City High School

## ■ Modernization at:

- Alyce Norman
- Elkhorn
- Evergreen
- Westfield
- WMO
- Bryte
- Golden State
- Yolo



✓ *\$69 million of local funds helped District leverage \$20 million in State matching funds = \$89 million in local investment!*

# We Need to go Beyond Where We Are



# Two Constraints on Bond Issues

## ■ Bonding Capacity: limit on amount of outstanding bonds (this is for all bond measures combined)

- 1.25% of total assessed value for union districts
  - » Education Code 15268
- 2.50% of total assessed value for unified districts ✓
  - » Education Code 15270(a)

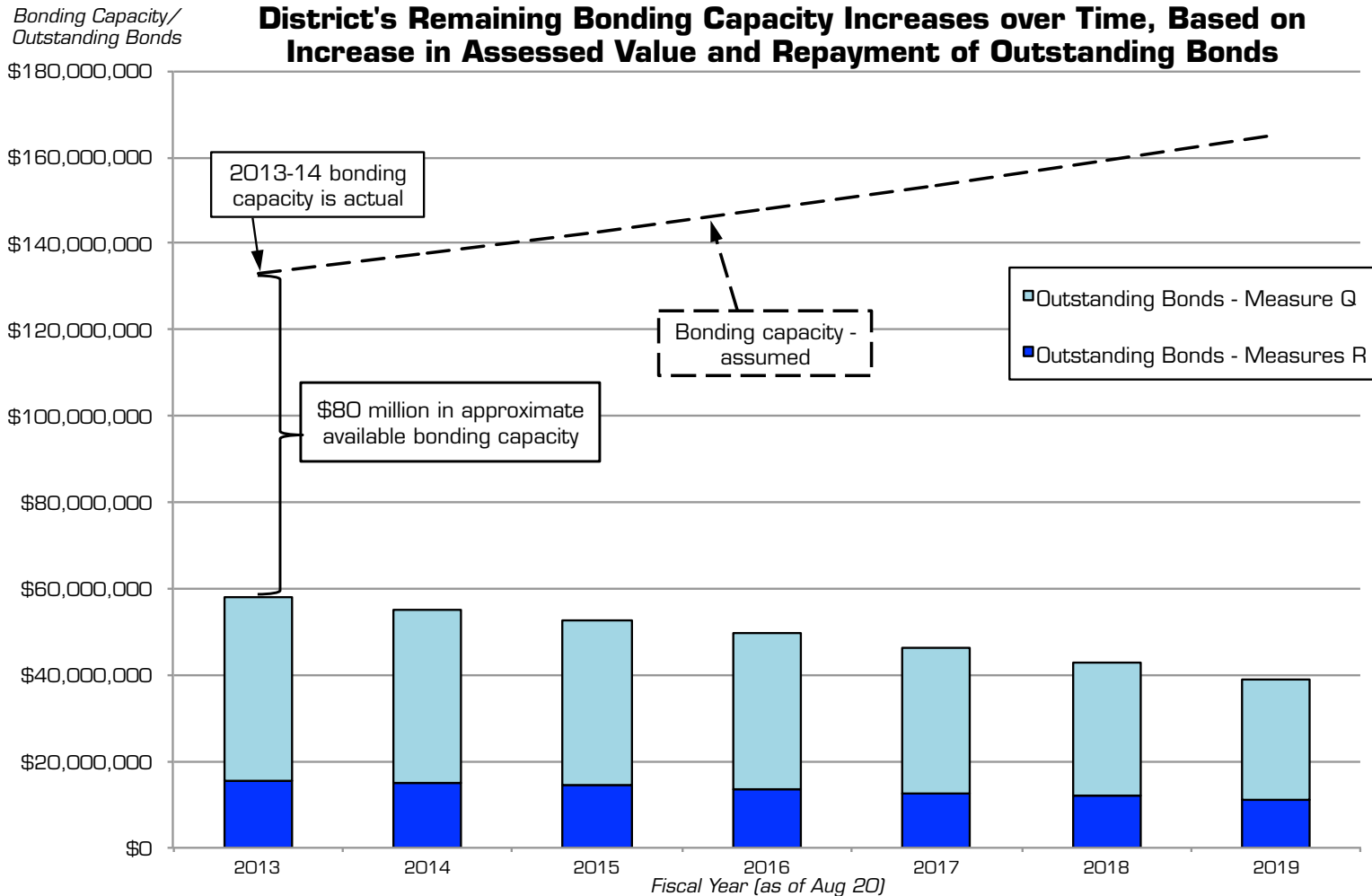
## ■ Taxing Capacity: limit on maximum projected tax levies (this is for 55% voter approval bond measures only)

- \$30 per \$100,000 of assessed value for union districts
  - » Education Code 15268
- \$60 per \$100,000 of assessed value for unified districts ✓
  - » Education Code 15270(a)

# New Constraints Begin Next Year

- **AB 182 will become effective January 1, 2014**
  - **Reduces maximum term of bonds**
    - **Capital Appreciation Bonds (CABs)**
      - » **From 40 years to 25 years**
    - **Current Interest Bonds (CIBs)**
      - » **From 40 years to 30 years unless certain req's met**
  - **Imposes a debt ratio limitation**
    - **Payments to principal cannot exceed 4:1 for each series of bonds**
- ✓ *Future bond issues will comply with the new rules.*

# Current Available Bonding Cap = \$80 Million



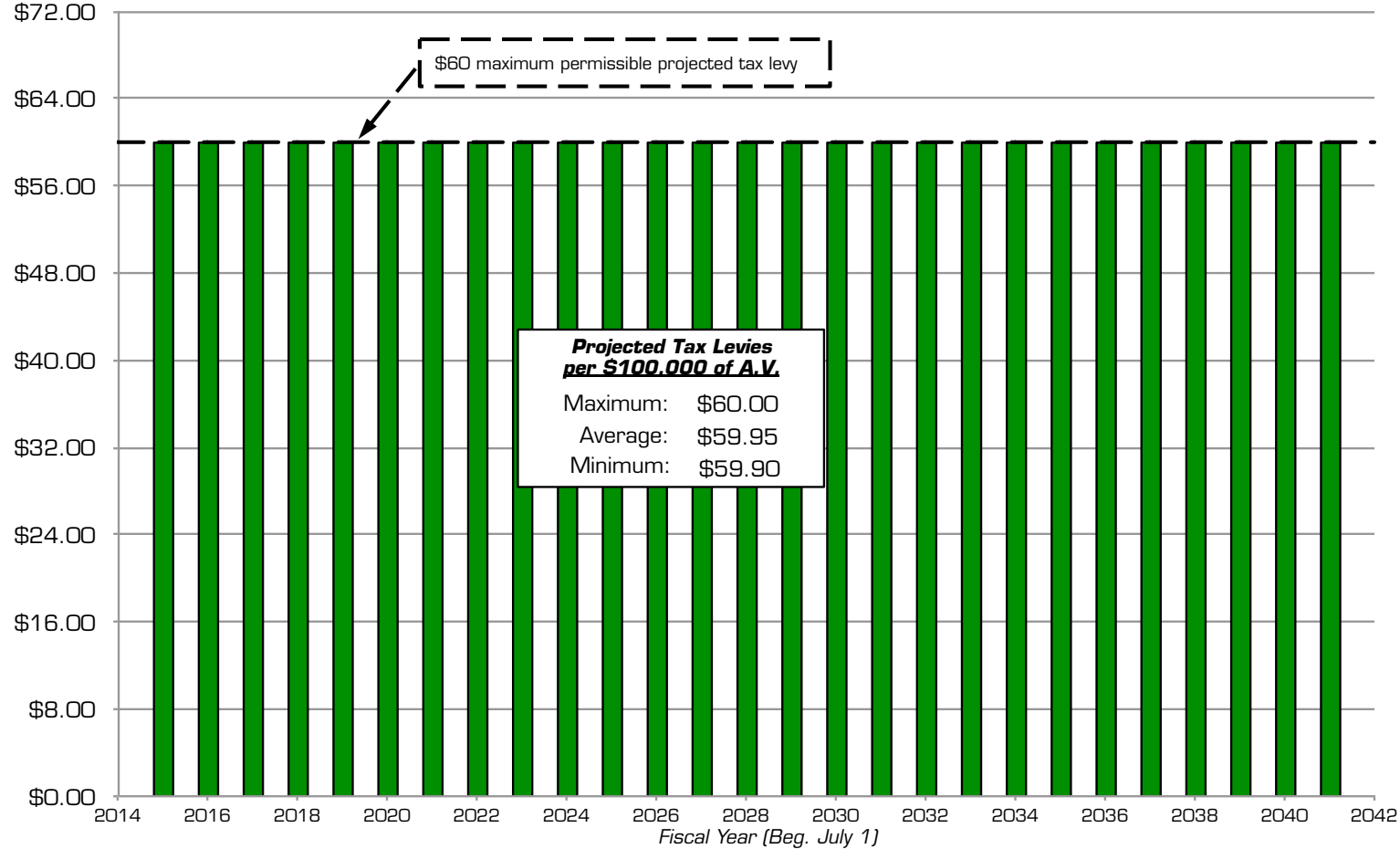
Bonding capacity is equal to 2.5% of total assessed value for a unified school district. Net local secured AV is assumed to increase 4% annually, while all other types of AV are assumed to remain unchanged. Outstanding Measure R & Q bonds from official statements.



# Taxing Rates $\leq$ \$60 / \$100,000 AV

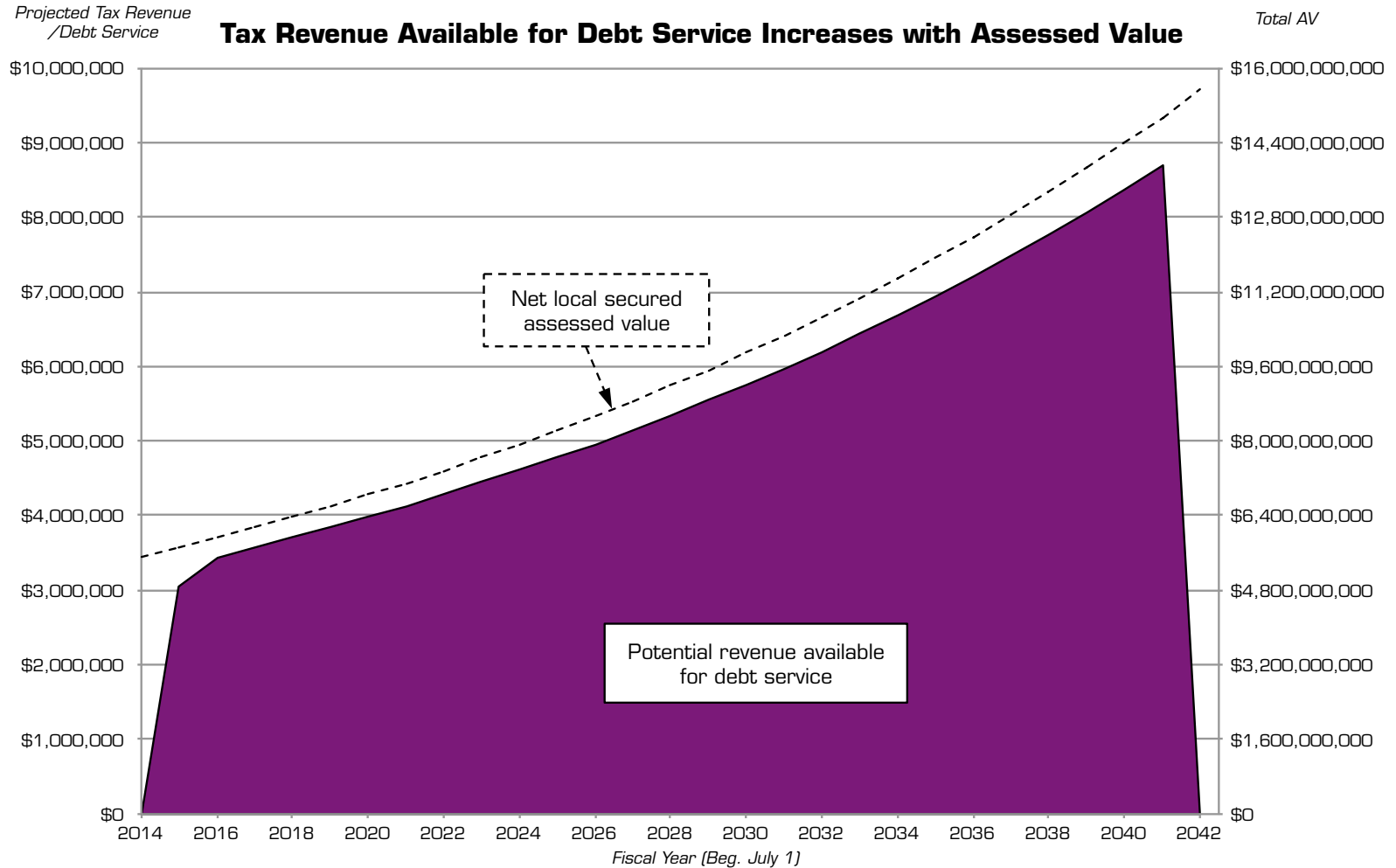
*Tax Levies per \$100K of A.V.*

**Projected Average Annual Tax Levy = \$59.95 Per \$100,000 of AV**

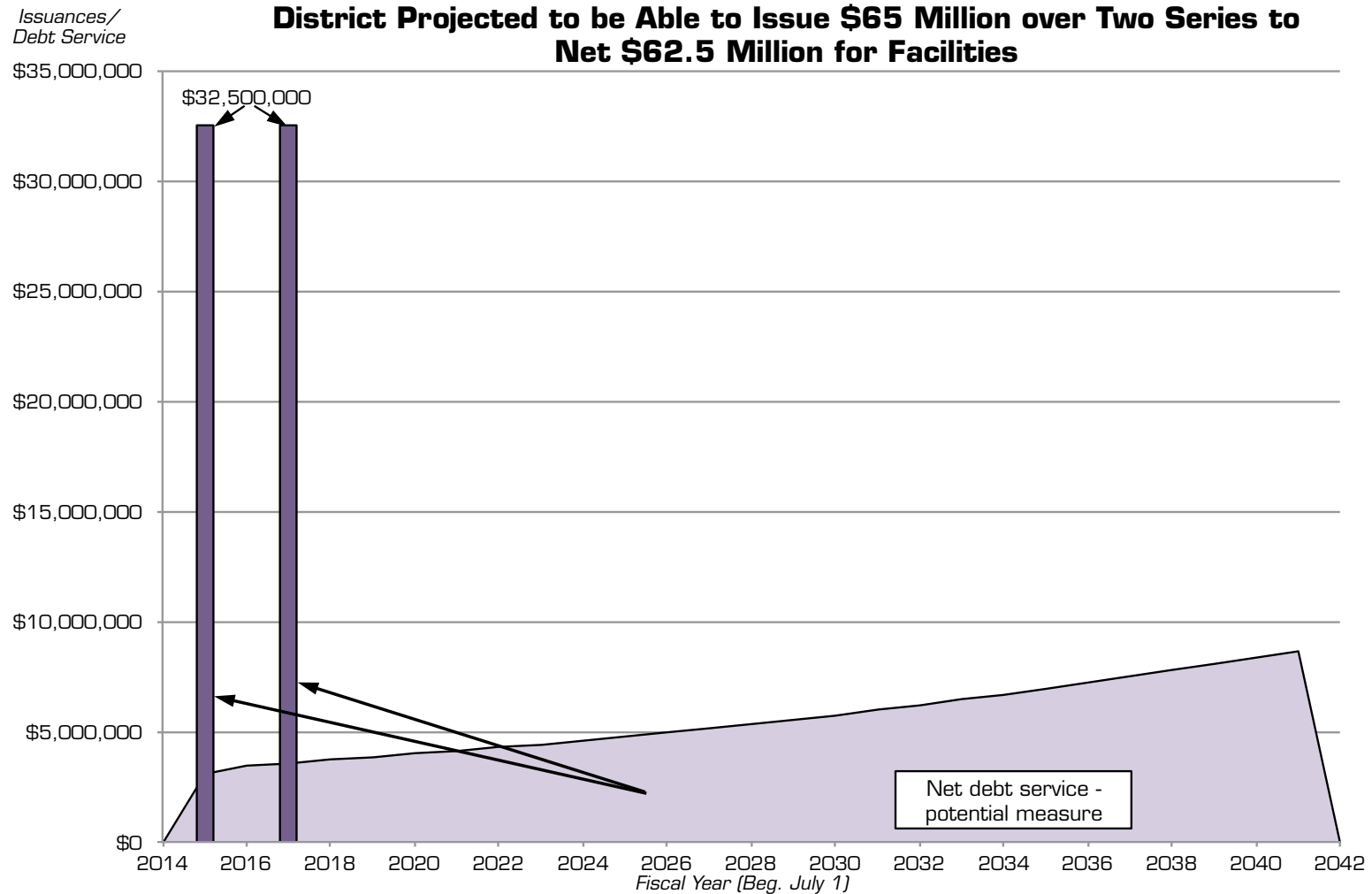


Tax levy projections based on estimated debt service for the potential measure, and future assessed value, for which, net local secured AV is assumed to grow 4% annually, while all other AV types are assumed to remain unchanged.

# Stable Tax Rate → Payments Grow w/Proj. AV



# \$65M (\$62.5M net) in Bonds is Min. Feasible



Net local secured AV is assumed to increase 4% annually, while all other AV types are assumed to remain unchanged. Issuances rounded to nearest \$10,000.

# Minimum Net for Facilities

<u>Bond Series</u>	<u>Projected Debt Service</u>	<u>Projected Issuance/Principal</u>	<u>Ratio of Debt Service to Principal</u>	<u>Underwriter's Discount</u>	<u>Bond Insurance</u>	<u>Other Costs</u>	<u>Net Proceeds</u>
Series 2015	\$70,652,673	\$32,500,000	2.17 : 1	(\$570,000)	(\$420,000)	(\$150,000)	\$31,360,000
Series 2017	\$84,043,987	\$32,500,000	2.59 : 1	(\$680,000)	(\$530,000)	(\$150,000)	\$31,140,000
	<u>\$154,696,660</u>	<u>\$65,000,000</u>		<u>(\$1,250,000)</u>	<u>(\$950,000)</u>	<u>(\$300,000)</u>	<u>\$62,500,000</u>

Conservate Cost Assumptions:

Underwriter's Discount - Current Interest Bonds:	1.75%
Underwriter's Discount - Capital Appreciation Bonds:	4.00%
Bond Insurance - Current Interest Bonds:	0.60%
Bond Insurance - Capital Appreciation Bonds:	0.75%
Other Costs:	\$150,000

✓ *The plan complies with both the old and new constraints.*

# Helen Keller

“ Alone we can do so little;



together we can do so much.”

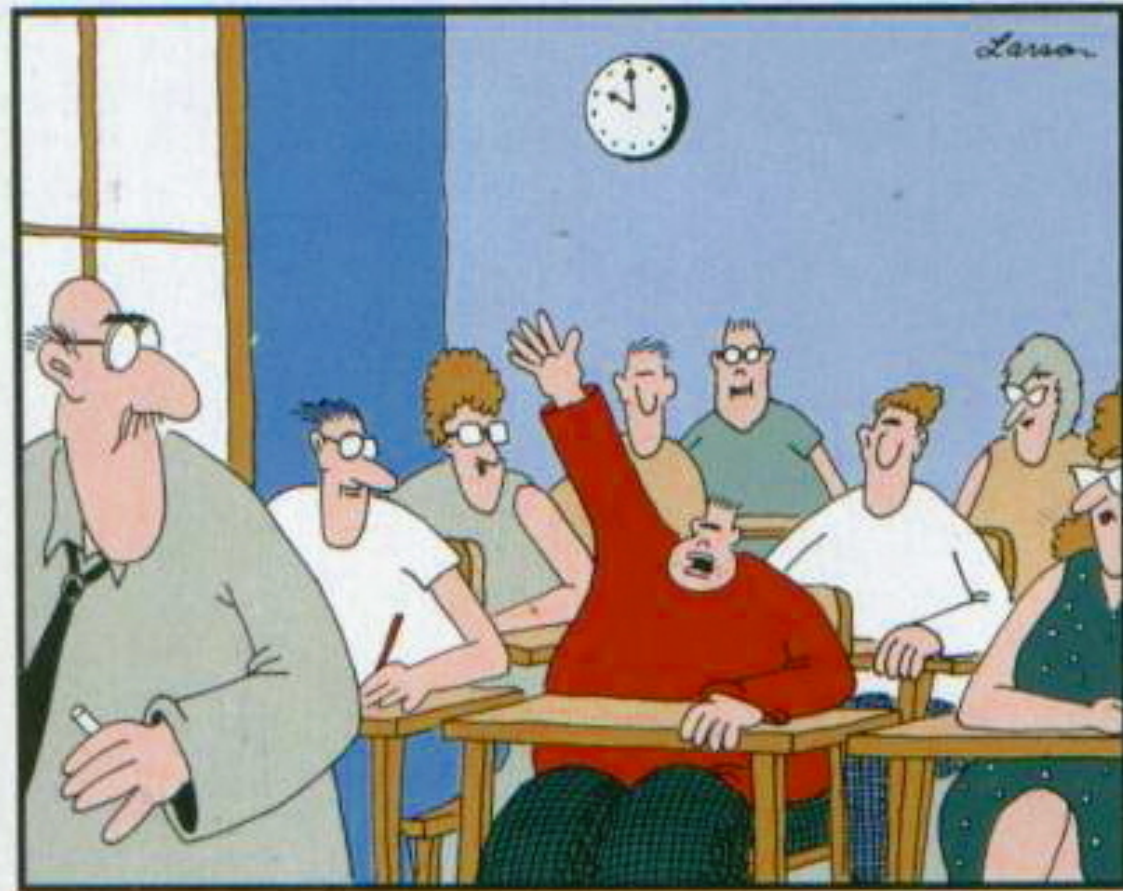
# Public Opinion Survey

- A professional independent public opinion survey may be conducted to determine:
  - Whether a bond measure could be successful
  - The elements of a measure crucial for success
- And the survey will tell...
  - Maximum tax rate for successful election
  - Which facilities needs are a priority
- A survey conducted in 2012 showed 56% of respondents indicated support for a bond measure with a tax levy of \$30 per \$100,000 of assessed value (equated to approximately \$30 million of bonds).

# November 2014 Bond Election Schedule

DATE	ITEM	RESPONSIBILITY
December 2013	Initial draft(s) of public opinion survey questionnaire developed.	Survey Firm District Staff Govt. Financial Strategies
January/February 2014	Public opinion survey conducted.	Survey Firm
Thursday, March 13, 2014	<b>Board Meeting:</b> Presentation of public opinion survey results.	Survey Firm
March - April 2014	Development of bond facilities and financial plan that meets public opinion survey parameters.	Govt. Financial Strategies District Staff
Thursday, April 24, 2014	<b>Board Meeting:</b> Presentation of proposed bond plan.	Govt. Financial Strategies
May 2014	Development of bond resolution, ballot statement, and tax rate statement.	Bond Counsel District Staff Govt. Financial Strategies
Friday, May 30, 2014	<b>Board Agenda Deadline:</b> Bond resolution and related documents delivered for Board Agenda packet.	Bond Counsel District Staff
Thursday, June 12, 2014	<b>Board Meeting:</b> Board considers resolution calling for election.	School Board Bond Counsel
	After Board action - resolution calling for election delivered to Yolo County Board of Supervisors & Elections Office.	District Staff
Tuesday, June 24, 2014	Estimated County deadline for District to deliver resolution calling for election to County Board of Supervisors.	District Staff
July 2014	<b>County Board of Supervisors Meeting:</b> Board consolidates measure with other June elections.	Board of Supervisors
Friday, August 8, 2014	<u>Statutory</u> deadline for calling of election and forwarding resolution to County (at least 88 days prior to election).	District Staff
November 4, 2014	<b>Election Day.</b>	<b>District Voters</b>

# Questions or Comments?



"Mr. Osborne, may I be excused?  
My brain is full."