

# Feasibility of Local School Funding Sources For Facility Improvement & Modernization

Board of Education Study Session  
October 26, 2023

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## Why Are We Here Tonight?

- External funding sources to support larger scale projects
- Funding Sources
  - Why Not Local Property Taxes?
  - State Bond
  - Lease Leaseback
  - Local GO Bond
- Bonding Capacity
- Pre-Bond and Bond Campaign Process
  - How & Why Different than Measure G (and prior Bonds)
  - Assemble a team of experts
  - Elements of a Successful Bond Campaign
- Elicit Board direction for staff to engage in work related to a future Bond measure



As the countdown approaches to November 2024, the District will need to focus on identifying and bringing together the necessary team of experts to assess the feasibility of a local bond election.



Initial questions during this lead period will include:

- What are our facility needs? Have we done a Facility Master Plan? Did the Master Plan capture all of the needs? Does it need to be updated?
- How do we plan to fund our needs, and what portion of those needs could be funded by general obligation bonds?
- Is a local Bond measure feasible, and will our voters support one?
- How are debt structure, Bond authorization and tax amounts determined?
- How do we best communicate our needs to the public and stakeholders?



# Proposed Projects

- Brea Olinda High School Sports Complex (Approx \$30-\$45M)
  - Gym, pool, tennis courts, stadium field, and related auxiliary support facilities
  - Required code updates and ADA path of travel needs
- Brea Olinda Junior High School (Approx. \$70-\$90M)  
*(2018 Master Facility Plan)*
  - Modernize classrooms and related auxiliary support facilities
  - Staff parking and student pick-up/drop-off areas
  - Kitchen and student center common areas
  - Required code updates and ADA path of travel needs
- Falcon Elementary Academy of Science and Technology (Approx. \$10M)  
*(2018 Master Facility Plan)*
  - New construction of multi-use facilities
  - New construction of kitchen area requirements
- TK/K classroom expansion and modernization (Approx. \$6M)
- Required energy/storage and seismic retrofit upgrades





# Funding Sources

# Local Property Taxes



# Funding (Eligibility by Site)

School Site	60% State Share	40% District Share	Est. Project Total
Arovista Elem	\$0	\$0	\$0
Brea Country Hills Elem	\$1,770,443	\$1,180,295	\$2,950,738
Falcon Elem	\$337,210	\$224,807	\$562,017
Laurel Elem	\$332,753	\$221,835	\$554,588
Mariposa Elem	\$1,017,770	\$678,513	\$1,696,283
Olinda Elem	\$0	\$0	\$0
Brea Jr High School	\$344,396	\$229,597	\$573,993
Brea Olinda High School	\$11,521,575	\$7,681,050	\$19,202,625
Brea Canyon High School	\$459,550	\$306,367	\$765,917
<b>Total Funding Totals</b>	<b>\$15,783,697</b>	<b>\$10,522,464</b>	<b>\$26,306,161</b>



2019 - 2020 Modernization Eligibility Update: SAB 50-03 Eligibility Determination

[Office of Public School Workload List](#)

## What is Lease-Leaseback?



- Construction and financing method implemented through a site lease, sublease (leaseback) and construction services agreement
- District leases property to the lease-leaseback contractor
- Lease-leaseback contractor leases the facilities and subleases the property back to the District
- Lease-leaseback contractor constructs the facilities in accordance with the construction services agreement
- District owns the facilities after the construction and after the end of the lease term

# Funding Mechanism - Lease-LeaseBack

## Opportunities



- Team approach in delivering the Project to the District
- Preconstruction services performed by the contractor performing the work can minimize design-related issues during the project
- Flexibility to address project complexities up front
- Minimizes risk of change orders, claims and other course of construction issues
- Provides guaranteed maximum price and project schedule for successful delivery of the project to the District

## Challenges

- The process carries with it a risk of a legal challenge, although this risk is diminishing over time in current case-law
- Potentially higher contract prices occur based upon the selection matrix utilized.
- Change orders and extra payments may result in design or construction documents that are deficient.
- Skilled workforce availability may in some cases be limited.
- Potentially greater legal expense in the event of a legal challenge.
- Becomes a general fund expenditure





# Bonding Capacity

## What is a School Bond?

- A Bond issue is used by a public school district to finance school facility projects or other capital projects. Measures are placed on the ballot along with information about the specific projects that would be completed by the district if approved by 55 percent of the voting public

## What can Bond Funds be Used to Pay For?

- By law, General Obligation Bond funds can only be used for the capital projects. These funds cannot be used for items such as retirement contributions, salaries, or other employee expenses, nor can they be used for routine maintenance or supplies

## Oversight Committee Required

- The BOC is an all-volunteer body charged with overseeing the lawful expenditure of bond funds authorized by voter approval



# Home Values: What's the Difference?



VS



- Value placed on property by a government agency
- Value assessed for the purpose of taxation
- Value is assessed on an annual basis

- Value agreed by the willing buyer and seller
- Value for the purpose of selling
- Value is revealed very time there is a change in ownership

# District GO Debt Overview



## GO BOND MEASURE HISTORY

ELECTION	AUTHORIZATION AMOUNT	% APPROVAL	UNISSUED AUTHORIZATION
June 8, 1999	\$27,000,000	79%	\$0

## OUTSTANDING GO DEBT OVERVIEW

	CLOSING DATE	PAR AMOUNT	FINAL MATURITY	OUTSTANDING PAR	CALL FEATURE
<b>ELECTION OF 1999</b>					
Series 1999A (CABs)	10/14/1999	\$1,689,437	8/1/2024	\$399,432	Non-Callable
Series 1999A (CIBs)	10/14/1999	\$15,810,000	8/1/2016	\$0	
Series 2003A (CABs)	10/10/2003	\$4,799,592	8/1/2028	\$3,945,250	Non-Callable
Series 2003A (CIBs)	10/10/2003	\$4,700,000	8/1/2020	\$0	
2010 Refunding (Series 1999A CIBS)	5/11/2010	\$10,245,000	8/1/2020	\$0	
2011 Refunding (Series 2003A CIBS)	12/6/2011	\$3,650,000	8/1/2020	\$0	
<b>TOTAL GO BOND DEBT OUTSTANDING</b>				<b>\$4,344,682</b>	

# Bonding Capacity

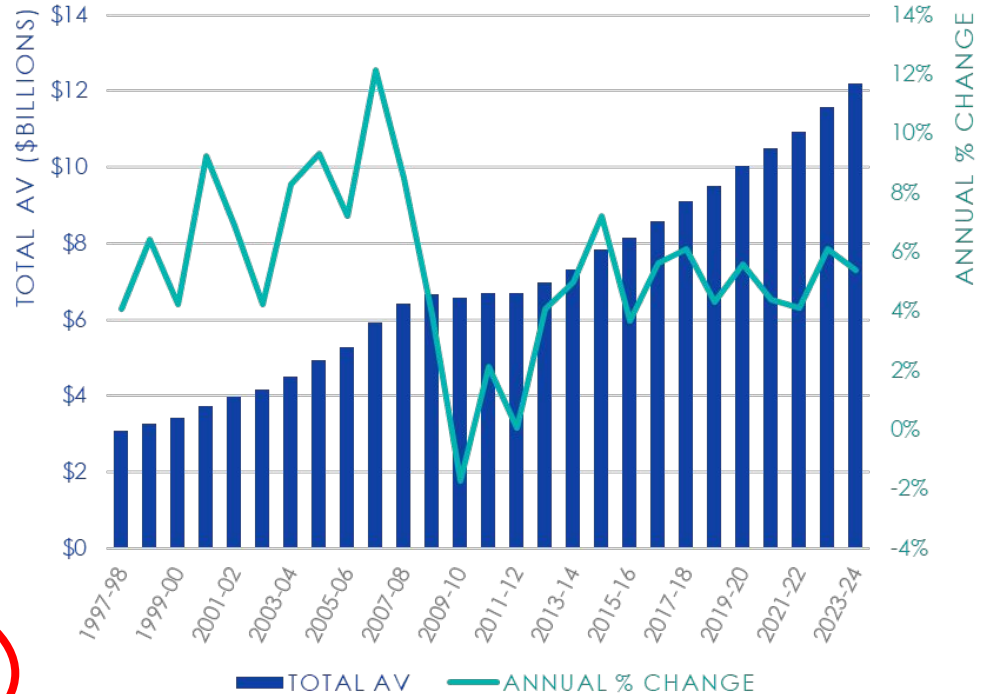
FISCAL YEAR	TOTAL ASSESSED VALUE	ANNUAL % CHANGE
1997-98	\$3,081,915,477	~
1998-99	3,279,167,911	6.40%
1999-00	3,417,738,842	4.23%
2000-01	3,732,923,285	9.22%
2001-02	3,990,777,562	6.91%
2002-03	4,160,018,360	4.24%
2003-04	4,505,344,971	8.30%
2004-05	4,925,769,762	9.33%
2005-06	5,280,777,879	7.21%
2006-07	5,922,881,023	12.16%
2007-08	6,425,519,368	8.49%
2008-09	6,675,163,164	3.89%
2009-10	6,559,408,158	-1.73%
2010-11	6,698,033,081	2.11%
2011-12	6,702,237,241	0.06%
2012-13	6,974,828,980	4.07%
2013-14	7,322,511,906	4.98%
2014-15	7,851,980,282	7.23%
2015-16	8,139,220,241	3.66%
2016-17	8,596,694,728	5.62%
2017-18	9,122,715,689	6.12%
2018-19	9,514,611,744	4.30%
2019-20	10,047,716,598	5.60%
2020-21	10,489,646,604	4.40%
2021-22	10,920,829,746	4.11%
2022-23	11,589,232,940	6.12%
2023-24	12,213,872,853	5.39%

## BONDING CAPACITY

TOTAL 2023-24 AV	\$12,213,872,853
Bonding Capacity @ 2.5%	\$305,346,821
Outstanding Bonded Indebtedness	(\$4,344,682)
<b>REMAINING CAPACITY</b>	<b>\$301,002,139</b>



## HISTORICAL AV OVERVIEW



# 2024 Bond Authorization Scenarios



PRELIMINARY RANGE OF AUTHORIZATION AMOUNTS

TAX RATE SCENARIO @ 4% AV GROWTH:	TAX RATES PER 100K OF AV			
	\$15	\$30	\$45	\$60
AUTHORIZATION GENERATED:	\$61,250,000	\$122,500,000	\$184,000,000	\$245,000,000

## 2024 Bond Est. Cost to Avg. Homeowner

ESTIMATED COSTS TO AVERAGE DISTRICT HOMEOWNER BY TAX RATE SCENARIO  
 BASED ON 2023-2024 DISTRICT MEDIAN AV OF SINGLE-FAMILY HOME <sup>[1]</sup> <sup>[2]</sup>

2024 BOND AUTHORIZATION TAX RATE SCENARIO	EST. WEEKLY COST TO AVERAGE DISTRICT HOMEOWNER <sup>[1]</sup> <sup>[2]</sup>	EST. ANNUAL COST TO AVERAGE DISTRICT HOMEOWNER <sup>[1]</sup> <sup>[2]</sup>
\$60	\$6.80	\$353.58
\$45	\$5.10	\$265.18
\$30	\$3.40	\$176.79
\$15	\$1.70	\$88.39

octreasurer.com/octaxbill octreasurer.com/octaxparking

## 2022-23 SECURED PROPERTY TAX BILL

For Fiscal Year Beginning July 1, 2022 and Ending June 30, 2023

0097488-0097488 PDFE..... 454164 OCT017

ASSEESSEE NAME AND ADDRESS ARE NOT AVAILABLE  
ONLINE PER CA GOV CODE §6254.21

Mailed payments must have a USPS postmark on or before the last timely payment date. If you wait until the last few days to mail your payment, get your envelope hand-stamped with a postmark to ensure it is timely. See [octreasurer.com/postmarks](https://octreasurer.com/postmarks).

Go to [octreasurer.com/octaxbill](https://octreasurer.com/octaxbill) for an online statement and payment status. A GIS map of all County parcels with links to tax bills is at [mello.octreasurer.com](https://mello.octreasurer.com).



### PROPERTY LOCATION

BREA

### ASSESSED VALUES & EXEMPTIONS AS OF JANUARY 1, 2022

DESCRIPTION	FULL VALUE	COMPUTED TAX
LAND	164,413	
IMPROVEMENTS - BUILDING	194,217	

### OWNER OF RECORD AS OF 12:01 AM, JANUARY 1, 2022

ASSEESSEE NAME AND ADDRESS ARE NOT AVAILABLE ONLINE PER CA GOV CODE §6254.21

TOTAL VALUES:	358,630	4,309.08
HOMEOWNER EXEMPTION	-7,000	-77.02
TOTAL NET TAXABLE VALUE:	351,630	4,232.06

### CORTAC

PARCEL NO. (APN)	TAX RATE AREA	1st Installment DUE 11/1/22	+	2nd Installment DUE 2/1/23	=	TO PAY BOTH INSTALLMENTS BY 12/12/22
[REDACTED]	02-000	\$2,116.03		\$2,116.03		\$4,232.06

### IMPORTANT INFORMATION

#### INFORMATION COPY

YOUR MORTGAGE LENDER HAS REQUESTED THIS INFORMATION FOR PAYMENT OF TAXES ON YOUR BEHALF

LOCATED ON AP 319-281-22

### VOTER APPROVED TAXES AND SPECIAL ASSESSMENTS

SERVICE AGENCY	RATE	VALUE	TAXES
BASIC LEVY RATE	1.00000	351,630	3,516.30
BREA PARAMEDICS	.04500	351,630	158.23
NORTH OC COMM COLLEGE	.02778	351,630	97.68
BREA OLINDA UNIFIED	.02412	351,630	84.81
METRO WATER D-MWDOC	.00350	351,630	12.31
SPECIAL ASSESSMENT CHARGES		PHONE NO.	
MOSQ.FIRE ANT ASSMT		(800)273-5167	4.98
VECTOR CONTROL CHG		(800)273-5167	0.67
MWD WATER STDBY CHG		(866)807-6864	10.08
OC SAN REGIONAL SEWER FEE		(714)593-7281	347.00
TOTAL CHARGED	1.10040		4,232.06





# Measure G Recap and Lessons Learned (\$123M - March 2020)



... And a Tough Election for Bond Measures Throughout California

Election	Statewide Bond Passage Rate
<b>March 2020 Primary (43/119)</b>	<b>37%</b>
November 2018 General (92/107)	86%
June 2018 Primary (33/38)	87%
November 2016 General (172/178)	97%
June 2016 Primary (41/45)	91%
November 2014 General (91/112)	81%
June 2014 Primary (32/43)	74%
Bond Passage Rate Since 2001	84%

Prop 13 was the first CA statewide school bond rejected since 1994

## March 2020 Was a Historically Bad Election Year for Bond Measures in Orange County



District/Measure	Yes %	No %	Win/Loss
Measure N (Tustin Unified School District)	53.71%	46.29%	Loss (-1.29%)
Measure B (Anaheim Union High School District)	52.31%	47.69%	Loss (-2.69%)
Measure L (Rancho Santiago Community College District)	51.83%	48.17%	Loss (-3.17%)
Measure J (Fullerton Elementary School District)	48.41%	51.59%	Loss (-6.59%)
Measure K (Fullerton Joint Union High School District)	48.14%	51.86%	Loss (-6.86%)
<b>Measure G (Brea Olinda Unified School District)</b>	<b>46.01%</b>	<b>53.99%</b>	<b>Loss (-8.99%)</b>
Measure I (Capistrano Unified School District)	45.77%	54.23%	Loss (-9.23%)
Measure H (Capistrano Unified School District)	44.16%	55.84%	Loss (-10.84%)
Measure M (Saddleback Valley Unified School District)	37.53%	62.47%	Loss (-17.47%)

## Voter Turnout March 2020



District Voters	Total	Votes Cast	Turnout
Registered	23,381	12,744	54.5%
Registered & Voted For G	23,381	12,399	53.0%
Registered Parents	1,961	996	50.8%

## Final Measure G Results

Yes	5,705	46.01%
No	6,694	53.99%



# Turnout by Age Group

Age	Total	Voted	Turnout	Exp. Turnout	Diff.
Age 18-24	2,108	753	35.7%	29.2%	+6.5%
Age 25-34	3,775	1,404	37.2%	33.5%	+3.7%
Age 35-44	4,068	1,822	44.8%	41.7%	+3.1%
Age 45-54	3,879	2,024	52.2%	52.9%	-0.7%
Age 55-64	4,198	2,605	62.1%	65.3%	-3.2%
Age 65+	5,479	4,101	74.8%	77.0%	-2.2%

\*Votes cast by age group / total voters in age group = % turnout by age group

## Other Take-Aways from Measure G 2020



- Measure G was placed on the ballot just before the qualification deadline, leaving little time for the District's informational communication and campaign planning
  - Stakeholder engagement and messaging needs to begin now
- 2019 Polling Concerns:
  - Only a pre-election poll conducted
  - No tracking poll to monitor on-going voter appetite
- Better campaign engagement needed from parent and District volunteers



# Bond Process and Campaign



## FACILITIES/ DEMOGRAPHICS PLANNER

### IDENTIFY NEEDS

- Assist the District to identify facility needs, priority projects, timelines, facilities funding costs/needs.



## MUNICIPAL ADVISOR

### FUNDING ANALYSIS

- Analyze potential GO bond funding based upon bonding capacity limits, tax rate constraints, and financing assumptions.
- Align timing and availability of funding with prioritized construction projects and schedule.



## ELECTION/ COMMUNICATION CONSULTANT

### POLITICAL STRATEGY

- Design a voter survey that identifies key messages, voter sensitivities and project specific information.
- Provide strategic recommendations based on voter profile, community characteristics and polling data.



## POLLING CONSULTANT

### VOTER SURVEY

- Voter survey identifies voter preferences, sensitivities, and levels of support for various funding scenarios.



## BOND COUNSEL

### LEGAL ANALYSIS

- Ballot resolution outlines statutory bond parameters, planned expenditures/use of bond proceeds and other legal terms required of a new bond measure.



## MARKETING CONSULTANT

### STRATEGY

- Video commercial and online/direct mail campaign utilizing various marketing tactics tailored to deliver a minimum of 1.2 million impressions over a 13-week engagement cycle. All assets produced become district owned.



# Bond Timeline and Process



- Voter Survey
- Election Timing
- Bond Amount
- Tax Rate
- Political Landscape

- Non-advocacy Communications
- Consensus Building
- Project List
- Ballot Question
- Resolution

- Fundraising
- Direct Mail/Advertising
- Website
- Endorsements
- Signs
- Texting
- Get Out The Vote



# Board Direction

## Board Desire to Explore a Bond Measure? .....If so, then...



1. Board adopts a resolution authorizing the investigation of the feasibility of local school funding sources.
2. Update the Facilities Master Plan
3. Expand PJHM agreement to include BOHS athletic complex
4. Authorize staff to form a pre-Bond team to formulate a strategic plan, prepare for a Board vote, place a GO Bond on the November 2024 ballot
  - a. Engage political consulting and polling consultant
  - b. Engage municipal advisory services consultant
  - c. Engage Bond and legal counsel services consultant
  - d. Engage marketing consultant
  - e. Engage community stakeholders

# DISCUSSION/DIRECTION/QUESTIONS/COMMENTS

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OUR  
DUST**



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**THANK YOU FOR  
YOUR CONTINUED  
SUPPORT WHILE  
WE MODERNIZE  
FOR THE FUTURE**

**FOR MORE  
INFORMATION**

