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Reducing Costs for Building and Renovating Schools Editorial: Getting it right on local school bonds meanings slowing down

Sept. 27, 2014 | By the Editorial Board | www.sacbee.com

EXCERPT: Three Sacramento County school districts have measures on the Nov. 4 ballot that ask voters to support bonds for new schools and improvements to existing schools.

Folsom Cordova Unified is asking to borrow \$195 million to update some of its schools, which will cost an estimated \$60 per \$100,000 assessed valuation of each property to pay back, though that could change based on factors including when the bonds are sold and fluctuating interest rates. Natomas Unified is seeking a \$129 million bond, and Robla School District is seeking a \$29.8 million bond. ...

While each district has legitimate need, we also believe the needs outlined in the bond measures, such as Folsom Cordova's plan to cut utility bills and "prepare students for the 21st century" can wait a short time while two important things happen.

The first is for a statewide school facilities bond to pass. When local school officials put their bonds on the Nov. 4 ballot, they were clearly expecting a \$4.5 billion statewide bond to replenish the account that supplies matching building funds to districts to be on the ballot as well. But it was scuttled in favor of Proposition 1, the \$7.5 billion water bond, which the governor appropriately backed over schools. A statewide school bond will no doubt be back - in November 2016, if not sooner.

The second thing is for school districts to draft new bond proposals that include the specific cost-control, smart building and oversight guidelines developed by the Sacramento Taxpayers Association. After the debacle of capital appreciation bonds, the STA decided to be proactive with school bonds and help districts design bond packages that won't cost more than they have to.

Capital appreciation bonds put off repayment so far in the future that the payback cost is multiplied many times, leaving a heavy burden on future generations and making Wall Street financial firms even richer. Folsom Cordova, for example, used them to finance a building that cost \$514,000 to build and will now cost \$9.1 million to repay.

School districts still have work to do to regain the trust of voters. Putting these smart guidelines into the bond language itself is a way to do that. ...

To read complete article with links to contracts, please visit:

<http://www.sacbee.com/2014/09/23/6728274/sacramento-taxpayer-group-tries.html>

Legislative Update

Tax Rate Estimate of Bonds to be in Sample Ballot Governor Brown Signs AB 2551 by Assemblymember Scott T. Wilk (R-Santa Clarita) - Local ballot measures: bond issues.

A bill sponsored by CalBOC has been signed by Governor Brown and is now law.

Existing law requires all bond issues proposed by a county, city and county, city, district, or other political subdivision, or by any agency, department, or board thereof, to be submitted to the voters for approval. Existing law requires all official materials for the bond issue proposal to contain a statement of specified tax rate data.

This bill would require the statement to include the best estimate from official sources of the total debt service that would be required to be repaid if all the bonds are issued and sold.

The people of the State of California do enact as follows:

SECTION 1. Section 9401 of the Elections Code is amended to read:

9401. (a) In connection with each bond issue specified in Section 9400, a statement shall be mailed to the voters with the sample ballot for the bond election. The statement required by this section shall be filed with the elections official conducting the election not later than the 88th day before the election, and shall include all of the following:

(1) The best estimate from official sources of the tax rate that would be levied to fund that bond issue during the first fiscal year after the first sale of the bonds based on assessed valuations available at the time of the election or a projection based on experience within the same jurisdiction or other demonstrable factors.

(2) The best estimate from official sources of the tax rate that would be required to be levied to fund that bond issue during the first fiscal year after the last sale of the bonds if the bonds are proposed to be sold in series, and an estimate of the year in which that rate will apply, based on assessed valuations available at the time of the election or a projection based on experience within the same jurisdiction or other demonstrable factors.

(3) The best estimate from official sources of the highest tax rate that would be required to be levied to fund that bond issue, and an estimate of the year in which that rate will apply, based on assessed valuations available at the time of the election or a projection based on experience within the same jurisdiction or other demonstrable factors.

(4) The best estimate from official sources of the total debt service, including the principal and interest, that would be required to be repaid if all the bonds are issued and sold. The estimate may include information about the assumptions used to determine the estimate.

(b) In addition, the statement may contain a declaration of policy of the legislative or governing body of the applicable jurisdiction, proposing to use revenues other than ad valorem taxes to fund the bond issue, and the best estimate from official sources of these revenues and the reduction in the tax rate levied to fund the bond issue resulting from the substitution of revenue.

(c) The words "tax rate" as used in this chapter means tax rate per one hundred dollars (\$100) of assessed valuation on all property to be taxed to fund a bond issue described in Section 9400. ...

leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB2551

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Board Meetings:
Nov. 7, 2014, Friday
Feb. 13, 2015, Friday
May 7, 2015, Thursday**

**CaLBOC Annual
Statewide Conference:
May 8, 2015, Friday**

**Pay to Play in School Bond
Measures-What it is and
Why it is Wrong
2014CaLBOC_PaytoPlay.pdf
Presented by Lori Raineri
of Government Financial
Strategies, GFS**

Mission Statement

To promote school district accountability by improving the training and resources available to California's Proposition 39 School Bond Oversight Committees and educating the state legislature, local school boards and the public about the oversight and reporting powers these Citizens' Bond Oversight Committees (CBOCs) have, and to advocate on a state level, where appropriate, on issues of common concern to all CBOCs.

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