



School Bond Evaluation Application

I. INTRODUCTION

The San Diego County Taxpayers Association (SDCTA) has historically reviewed, evaluated, and where applicable, endorsed or opposed local general obligation school bond measures. This review process provides the criteria for SDCTA evaluation of school bond measures and the application requirements for submission of relevant materials by school districts seeking SDCTA endorsement of their bond proposals. Subsequent to the submission and evaluation of an application, the final decision for endorsement rests with our Board of Directors.

The Association expects the applicant to demonstrate throughout the application process the managerial acumen that would be expected by taxpayers in any approved facilities program. This means working in good faith with SDCTA members and staff during the application process and following the process outlined below in seeking SDCTA review of a proposed bond measure.

As reflected in this document, SDCTA's application approval process includes:

- Submission Requirements
- Evaluation Criteria
- Target Dates
- Endorsement Considerations

The application process is mindful of four key considerations:

- The submission requirements relate directly to evaluation criteria.
- The deadlines for submission recognize that information may be submitted in phases, since some policy decisions related to bond proposals are not approved until shortly before an election.
- Much of the information requested is good governance facility planning and finance that should be part of ongoing management, and thus could be prepared well in advance of final decisions, such as ballot resolutions.
- The district is encouraged to work with SDCTA staff during the application process.

It is also anticipated that by going through the application process, the district will gain insight and ideas on preparing a full and complete ballot measure to present to the voters.

II. SUBMISSION REQUIREMENTS

The submission requirements consist of two types. The first type is information that relates to finance, facility planning, project scoping, cost of capital projects, and phasing and implementation of the bond measure. The second type involves evidence of adoption or support of policies and practices of SDCTA, such as our Best Practices in Bond Oversight and our "No Pay to Play" Policy.

Please address all the requirements outlined in this section. If information for a particular item is unavailable, please provide a detailed explanation as to why. The failure to provide the requested information may result in SDCTA rejecting an endorsement request.

Ballot Measure Planning

The following are the ballot measure planning submission requirements. This information should be provided either in stand-alone documents prepared specifically for this application or by reference to adopted or previously prepared documents, such as a District Facility Master Plan or Facility Condition Assessment. If referring to such adopted or previously completed documents, please indicate the name of the document (e.g., Facility Master Plan) and page number(s) where the information may be found.

A. **Program Execution Plan.** Provide a preliminary Program Execution Plan consisting of the following:

1. **Program Description.** For the entire bond program, provide the following:

- a. A description of each proposed project designated by the following categories:
 - i. New Construction
 - ii. Modernization/Renovation/Code Compliance
 - iii. Replacement (e.g., deferred maintenance, including major building systems such as HVAC, electrical, lighting, plumbing, painting, flooring, roofing, wall systems, paving, etc.)
 - iv. Enhancement/Improvement (e.g., fencing, playground structures, new football field, etc.)
 - v. Equipment Procurement/Technology
- b. The site or location of each proposed project.
- c. Each project classified by type (i.e., new and/or replacement, modernization, increase of capacity, site acquisition, code compliance).
- d. Major Projects/major functional categories (e.g., roof replacement) identified in facility condition assessment not proposed for bond measure.

2. **Program Budget.** Provide a detailed budget for each project included in the bond program including:

- a. Soft and hard costs
- b. The amount and sources of any anticipated matching funds or additional funding sources, if any.
- c. Estimated amount of bond revenues to be used for reimbursement to the district's general fund, including program management.
- d. A budget which identifies the timing for bond funding and the estimated date for project completion.
- e. For each of the last five fiscal years, the percentage of general fund revenue spent on deferred maintenance.

- f. State whether the district has qualified in-house resources to manage the bond program or will utilize outside resources.

3. **Cost Estimation**

- a. Estimated project costs may be prepared by the district without a certified cost estimator. Include an explanation of the process and professionals, if any, used to estimate project costs.
- b. Assumptions used for anticipated cost increases and contingencies.

4. **Program Schedule**

- a. A preliminary planning schedule with benchmarks for completion of each project.
- b. A cash-flow analysis, including the estimated timeline for the issuance of bonds consistent with the preliminary planning schedule.

B. **Program Justification**

1. Describe the public benefit resulting from the facility projects and improvements of the bond proposal.
2. Describe alternative or additional sources of funds considered in the development of the bond proposal.
3. If bond projects include new construction, provide a copy of the district's current Facility Master Plan.
4. If an updated Facility Master Plan is not available, explain how the proposed bond program fits into the overall operation of the district.
5. Provide a copy of the most recent Facility Condition Assessment report, including its identification of project funding requirements.

C. **Finance and Funding.** Provide borrowing data as follows:

1. **Property Tax Base.** Estimated annual property tax rates, including a description and justification for the underlying assessed valuation growth estimates.
2. **Technology.** Information on proposed technology-related bond expenditures, as follows:
 - a. List all classroom technology items to be funded and funding mechanisms.
 - b. List expected useful life of each technology item.
 - c. Provide the term of the financing for each class of asset.

D. **Financial Status**

1. If the district has any previously approved outstanding general obligation bond debt, provide both combined annual debt service and estimated tax rates.
2. Describe any previous or currently proposed refinancing of general obligation bonds, including taxpayer savings.
3. Provide a copy of the most recent Credit Rating Report from Moody's and/or S&P, received within the last five years.

Adoption of Board Policies and Resolutions

In addition to providing specific data relative to developing the overall plan for spending bond dollars, SDCTA requests the board to provide its policies or resolutions concerning Fair and Open Competition, for Provision of a Citizens' Bond Oversight Committee (CBOC) and for Effective Bond Program Management, and for Transparency and Ethics in Bond Program Development. SDCTA recognizes that in most instances it will be necessary to adopt resolutions to conform with these requests.

Please submit the policies and resolutions adopted by the district showing evidence of the following:

A. Fair and Open Competition

1. Adoption within the ballot resolution provision stating that the district will promote fair and open competition for all construction projects.
2. A Resolution that includes language that taxpayers will be informed by public notice before a resolution to negotiate a project labor agreement is considered.
3. A Resolution of Board Policy that notice will be given within 90 days prior to proposed action to approve a Project Labor Agreement (PLA) (sometimes referred to as a Community Benefit Agreement).
4. A Workshop will be conducted prior to any negotiation resolution to determine reasonableness.
5. Proposed ballot language stating whether or not a PLA is envisioned or required for a portion of bond expenditures.
6. Specific organizations (e.g., labor unions) included in an existing PLA intended to be used for project expenditures.
7. If there is a PLA, the district will cooperate with the Bond Oversight Committee to analyze the cost impact of the PLA on bond projects.

B. Provision of a "Citizens' Bond Oversight Committee" (CBOC) and for Effective Bond Program Management

1. Adoption of SDCTA's "CBOC Best Practices" as policy, no later than the date of the resolution calling for the bond vote adoption.
2. District's agreement to appoint a member of SDCTA as the bona fide taxpayer association representative on the CBOC and to make a diligent effort to find such representatives.
3. Adoption of SDCTA's School Construction and Professional Services Procurement Best Practices.
4. Minutes of the board meetings when the SDCTA Best Practices on Independent Citizen Oversight and the SDCTA Best Practices on School Construction and Professional Services Procurement Best Practices were formally adopted as policy by the board.

C. Transparency and Ethics in Bond Program Development

1. Adoption of a “No Pay to Play” policy stating that any individual, sole proprietor, partnership, corporation, or firm who contributed \$10,000 or more to a bond campaign AND bids on a bond-funded project or services must have their name and amount publicly listed before any award of a bond-funded contract.
2. Evidence that district board members must have completed the two-hour ethics training at least once every two years as described in California Government Code.

III. EVALUATION CRITERIA

- A. The following criteria, in no particular order of preference, will be used in the review and evaluation of the school district submissions:
 1. Quality and completeness of program description
 2. Quality and completeness of program budgets
 3. Reasonableness of schedule and cash flow
 4. Completeness of financial projections
 5. Methodology and completeness of cost projections
 6. Adequacy of program justification
 7. Defensibility and feasibility of execution plan
 8. Justification and completeness of debt projections and data
 9. Compliance with best practices in technology funding
 10. Adoption of school district policies, resolutions, and ballot language consistent with SDCTA policies and best practices
- B. The following is a sample of some issues/questions that will be addressed in the review of application material:
 1. How complete and comprehensive was the District Facility Master Plan?
 2. Has the district adequately justified the need for the proposed ballot measure?
 3. Does the District have a well-thought-out plan for how the bond money will be spent?
 4. Has the district adopted policies and resolutions consistent with SDCTA Policy?
 5. Are the revenue and cost projections adequately justified and supported by defensible quantitative data?
 6. Is the preliminary program execution plan consistent with the findings of the District Facility Master Plan and Facilities Needs Assessment?

These criteria will be considered in their entirety to reach a conclusion on whether a school bond measure will be endorsed. There is no one factor or deficiency that serves as an “automatic disqualifier” for approval.

IV. TARGET DATES

The purpose of this section is to provide information for gathering materials that will be required by SDCTA, as well as providing the deadlines necessary for submittal of the request. While it is recognized that some of the information requested will not be available until shortly before the decision on finalizing the bond measure, the district is highly encouraged to submit such documents as the District Facility Master Plan and Facility Condition Assessment to SDCTA as soon as possible, if they are available. These documents provide a significant amount of the information requested and are usually key documents in formulating most bond measure proposals.

A. Pre-application Considerations

The district is highly encouraged to submit key documents in advance of the full application deadline. SDCTA recognizes that the formulation of the bond measure process includes both extensive technical issues and provision of board policies and resolutions, but it is also sensitive to the resources needed to evaluate the applications and scheduling time to have a full internal evaluation and committee recommendations.

B. Six-Month Pre-Application Letter

So that SDCTA has enough advance notice of potential bond measures, it requests that the district submit a letter indicating there is consideration of a new bond measure no later than six months prior to the legal deadline for the district submission to the County Registrar of Voters (currently 88 days prior to an election). See below for submission requirements. The letter should also indicate current assessed value and bonding capacity of the district and a preliminary indication of the calendar of events for key decision points prior to a board decision on whether to proceed with a ballot measure.

It is perfectly appropriate to qualify the letter with the pending nature of such a proposal, since there may not have been extensive public discussions or policy directives on the matter. SDCTA is mindful that many of the final key decision points on a ballot measure are often not made until shortly before deadlines for submission to the Registrar of Voters and that staff cannot commit to any decision on going forward with ballot measure until the Board has acted. **Also:**

C. Six-Month Program Justification Documents

No later than six months prior to the legal deadline for the district submission to the County Registrar of Voters (currently 88 days prior to election), the district should forward the following documents to SDCTA regarding justification of a potential bond measure:

Project Type	Program Justification Documentation
New Construction	Facilities Master Plan, School Facilities Needs Assessment, School Fee Justification Study
Modernization/Renovation/Code Compliance	Facilities Master Plan, Facilities Condition Assessment
Replacement	Facilities Master Plan, Facilities Condition Assessment
Equipment/Improvement	Facilities Master Plan, Facilities Condition Assessment
Technology	Technology Plan

SDCTA recognizes that some of these documents, such as a School Fee Justification Study, may not be relevant or available to the district and thus, they are not required submissions. There must, however, be inclusion of a Facilities Master Plan and Facility Condition Assessment when they are available.

D. Three-Month Submittal Documents

No later than three months prior to the legal deadline to submit the proposal to the County Registrar of Voters, the district must provide SDCTA the following.

1. Ballot and resolution language, including ballot language and project list. Attachment A to this application provides a sample resolution that satisfies SDCTA requirements for this;
2. Documentation pursuant to Sections A-D of “Ballot Measure Planning” in Section II of this Application; and
3. Board Actions pursuant to Sections A-C of “Adoption of Board Policies and Resolutions” in Section II of this Application.

Drafts are acceptable in advance of this deadline, even if not yet board-approved, so long as they are consistent with the district’s schedule submitted in the pre-application letter. The ballot language and resolution may be submitted in final draft pending action by the Board closer to the actual deadline for filing with the Registrar of Voters.

E. Summary of Submittal Requirements and Target Dates

The following table summarizes submission requirements and due dates.

Submittal Documents	Due Date	Discussion
Pre-Application Letter	Six months prior to deadline for submission to the Registrar of Voters	Letter can be qualified that no final decisions have been made
Program Justification Documents	Six months prior to deadline for submission to the Registrar of Voters	Documents are the foundation for formation of the bond measure
Ballot Measure Planning Sections	Three months prior to deadline for submission to the Registrar of Voters	Sections A-D of “Ballot Measure Planning” in Section II of this Application
Board Actions	Three months prior to deadline for submission to the Registrar of Voters	Sections A-C of “Adoption of Board Policies and Resolutions” in Section II of this Application

As an example, for a November 2022 election on November 8, 2022, the Pre-Application letter and Program Justification documents would be due February 27, 2022, and Ballot Measure

Planning and Board Action documents would be due May 27, 2022.

V. ENDORSEMENT CONSIDERATIONS

SDCTA has provided voters with informed, objective recommendations on ballot issues since 1945. Because voters place heavy reliance on SDCTA's review, we make endorsements only after a thorough in-depth assessment. It should be noted the submission requirements and evaluation criteria were developed by a group of experts and persons who are committed to strong fiscal management and understand what it takes to run an efficient and well-planned bond program.

The applicant should be aware of the following with respect to the endorsement process:

1. An application to the Association does not guarantee an endorsement, and failure to request an endorsement and failing to engage with the Association in good faith is likely to lead to opposition.
2. If an applicant receives the endorsement, the Association, at the request of the applicant, may choose to sign the printed ballot argument in favor of the proposition, but only subject to SDCTA review of its final content. The bond campaign must obtain approval from SDCTA on all campaign materials where our endorsement is noted. Endorsement or quotes provided by SDCTA for campaign literature may only be used for that specific election and not for any future elections.
3. Except in very extraordinary circumstances, SDCTA opposes special elections, due to the added cost to taxpayers.
4. If the measure passes and regardless of SDCTA support or opposition, SDCTA will monitor the progress of each program through its representatives on the independent Citizens' Bond Oversight Committees (CBOC) and assure transparency through the San Diego Taxpayers Educational Foundation annual "School Bond Transparency Report Card."

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