

**Citizens' Oversight Committee
of the Cajon Valley Union School District**

**Wednesday, June 27, 2012
2:30 p.m.**

**Cajon Valley Union School District
Professional Development Room 2
750 East Main St.
El Cajon, CA 92020**

MEETING AGENDA

- | | |
|--------------------------------------------------------------------|-------------------------------|
| 1. Call to Order | |
| 2. Welcome and Roll Call | |
| 3. Public Comments | |
| 4. Approval of Minutes | Action |
| 5. 2012/2013 Meeting Calendar | Action |
| 6. Overview of COC Requirements | Information/Discussion |
| 7. Project Status Report | Information/Discussion |
| 8. Expenditure Report | Information/Discussion |
| 9. Cash Flow Projection & Scheduling of Future Projects | Information/Discussion |
| 10. Bond Reauthorization | Information/Discussion |
| 11. Questions/Comments | |
| 12. Adjournment | |

Upcoming meeting: Wednesday, September 26, 2012
Cajon Valley Union School District
Professional Development Room 2
10:00 AM

Requests for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires a modification or accommodation in order to participate in the meeting. Contact the Long-Range Planning Secretary at (619) 588-3210 or haymanv@cajonvalley.net at least two business days in advance of the meeting.

Cajon Valley Union School District

Proposition D Bond Program

Consolidated Expenditure Report

As of 6/26/12

Project Number	School Name - Project Name	Budget	Committed	Expenditures to Date	Budget Balance	Percentage Expended
D-7501	Meridian - Water Line Replacement	\$ 54,892	\$ 54,892	\$ 54,892		100.0%
D-7502	Various - Security Camera Upgrades	\$ 500,000	\$ 374,718	\$ 374,718	\$ 125,282	74.9%
D-7503	Various - Clock System Upgrades	\$ 67,523	\$ 67,523	\$ 67,523		100.0%
D-7504	Various - Playground Upgrades	\$ 290,102	\$ 290,102	\$ 290,102		100.0%
D-7505	Greenfield Middle - New Gymnasium/Multipurpose Bldg	\$ 12,282,500	\$ 11,339,101	\$ 3,718,241	\$ 8,564,259	30.3%
D-7506	Various - Electrical Upgrades	\$ 1,849,000	\$ 930,567	\$ 930,567	\$ 918,433	50.3%
D-7507	Cajon Valley Middle - New 2-Story Classroom/Multipurpose Bldg	\$ 14,700,700	\$ 14,751,345	\$ 14,672,877	\$ 27,822	99.8%
D-7508	Various - HVAC Replacements	\$ 6,895,000	\$ 5,882,575	\$ 5,670,112	\$ 1,224,888	82.2%
D-7509	Flying Hills - Multipurpose Bldg Remodel/Expansion	\$ 587,462	\$ 587,462	\$ 587,462	\$ -	100.0%
D-7510	Vista Grande - Modernization	\$ 3,133,000	\$ 443,506	\$ 320,738	\$ 2,812,262	10.2%
D-7511	Rancho San Diego - Modernization	\$ 3,133,000	\$ 345,517	\$ 237,965	\$ 2,895,035	7.6%
D-7512	Various - Technology	\$ 26,864,504	\$ 9,440,709	\$ 1,940,142	\$ 24,924,362	7.2%
D-7513	Lexington Elementary - Reconstruction	\$ 35,000,000	\$ 67,615	\$ 8,165	\$ 34,991,835	0.0%
D-7514	Various - Restroom Additions	\$ 750,000			\$ 750,000	0.0%
D-7515	Emerald Middle - New Gymnasium	\$ 9,000,000	\$ 52,300	\$ 6,825	\$ 8,993,175	0.1%
D-7516	Montgomery Middle - New Gymnasium	\$ 9,000,000			\$ 9,000,000	0.0%
D-7517	Elementary (TBD) - Reconstruction	\$ 35,000,000			\$ 35,000,000	0.0%
D-7518	Crest - Erosion Control	\$ 65,000			\$ 65,000	0.0%
D-7519	Various - Fencing	\$ 1,610,000	\$ 8,016	\$ 8,016	\$ 1,601,984	0.5%
D-7520	Various - Library Improvements	\$ 900,000			\$ 900,000	0.0%
D-7521	Various - Mechanical Screens	\$ 460,000			\$ 460,000	0.0%
D-7522	Various - Parking Lot Upgrades	\$ 250,000			\$ 250,000	0.0%
D-7523	Various - Phone System Upgrades	\$ 73,800			\$ 73,800	0.0%
D-7524	Various - Minor Renovations	\$ 1,210,000			\$ 1,210,000	0.0%
D-7525	Various - Security Lighting	\$ 400,400			\$ 400,400	0.0%
D-7526	Various - Sidewalk Upgrades	\$ 500,000			\$ 500,000	0.0%
D-7527	Blossom Valley - Window Replacement	\$ 200,000			\$ 200,000	0.0%
D-7599	Contingency - Contingency	\$ 6,836,379			\$ 6,836,379	0.0%
D-7599	Program Management - Program Management	\$ 4,000,000	\$ 1,300,874	\$ 1,078,531	\$ 2,921,469	27.0%
Totals		\$ 175,613,261	\$ 45,936,821	\$ 29,966,875	\$ 145,646,386	17.1%

Available Funding/Alignment of Project Schedules
Estimated Cash Flow Report - Based on revised, estimated funding schedule as of 6/1/12

	ACTUAL FY 08-09	ACTUAL FY 09-10	ACTUAL FY 10-11	ESTIMATED FY 11-12	ESTIMATED FY 12-13	ESTIMATED FY 13-14	ESTIMATED FY 14-15	ESTIMATED FY 15-16	FUTURE PROJECTS SCHEDULE TO BE DETERMINED	Totals
Funding										
Prop D Bond Issuances	35,000,000		13,093,060		20,000,000				88,406,940	156,500,000
QSCB Proceeds			4,551,940							4,551,940
Interest	688,944	360,670	183,108							1,232,722
Erate						500,000	10,000,000			10,500,000
State (SFP) Funding									2,828,599	2,828,599
Total Funding	35,688,944	360,670	17,828,108	-	20,000,000	500,000	10,000,000	-	91,235,539	175,613,261
Project Needs										
D-7501 Water Line	54,892	-								54,892
D-7502 Security Cameras	19,733	40,377	314,608		11,000	-			114,282	500,000
D-7503 Clock Systems	52,284	15,239								67,523
D-7504 Playgrounds	127,710	109,544	52,848	-						290,102
D-7505 GMS Gym/MP Bldg	-	108,670	1,237,430	3,344,594	7,591,806					12,282,500
D-7506 Electrical	51,330	74,506	804,731	-	-	-			918,433	1,849,000
D-7507 CVMS Classroom/MP Bldg	69,785	1,229,763	10,247,419	3,126,192	27,541					14,700,700
D-7508 HVAC	133	1,113,469	2,181,607	2,586,579	1,013,212					6,895,000
D-7509 FH Multipurpose Bldg	40,971	487,753	58,738							587,462
D-7510 VG Mod	1,980	46,037	13,252	430,268	2,641,463					3,133,000
D-7511 RSD Mod			19,523	413,341	2,700,136					3,133,000
D-7512 Technology	5,189	161,589	468,322	1,363,680	10,614,349	14,251,375				26,864,504
D-7513 LX Rebuild			-	43,600					34,956,400	35,000,000
D-7514 Restrooms									750,000	750,000
D-7515 EMS Gym				36,300					8,963,700	9,000,000
D-7516 MMS Gym									9,000,000	9,000,000
D-7517 Rebuild School									35,000,000	35,000,000
D-7518 Erosion									65,000	65,000
D-7519 Fencing	7,366	-	650	-	-	-			1,601,984	1,610,000
D-7520 Libraries									900,000	900,000
D-7521 Mechanical Screens									460,000	460,000
D-7522 Parking									250,000	250,000
D-7523 Phone Systems									73,800	73,800
D-7524 Minor Renovations									1,210,000	1,210,000
D-7525 Security Lighting									400,400	400,400
D-7526 Sidewalks									500,000	500,000
D-7527 Windows									200,000	200,000
D-7599 Contingency	-	-							6,836,379	6,836,379
D-7599 Program Management	292,698	309,277	288,683	306,386	330,000	346,500	363,825	382,016	1,380,615	4,000,000
Total Project Needs	724,070	3,696,224	15,687,811	11,650,940	24,929,507	14,597,875	363,825	382,016	103,580,993	175,613,261
Ending Balance	34,964,874	31,629,320	33,769,617	22,118,677	17,189,170	3,091,295	12,727,470	12,345,454	-	-

Budget adjustments reflected above:

	Revenues	Expenditures
CVMS Project Savings		\$ (2,000,000.00)
VG Mod Budget Increase		\$ 1,405,000.00
RSD Mod Revenue Increase	\$ 280,599.00	
E-Rate Revenue Estimate	\$ 10,500,000.00	
IT Upgrade Budget Increase		\$ 12,000,000.00
Contingency Adj:		\$ (624,401.00)
	\$ 10,780,599.00	\$ 10,780,599.00

June 27, 2012

**Cajon Valley Union School District
Citizens' Oversight Committee
General Obligation Bond Reauthorization**

Prepared by:

DS&C

650 California Street, 8th Floor
San Francisco, California 94108
415/956-1030

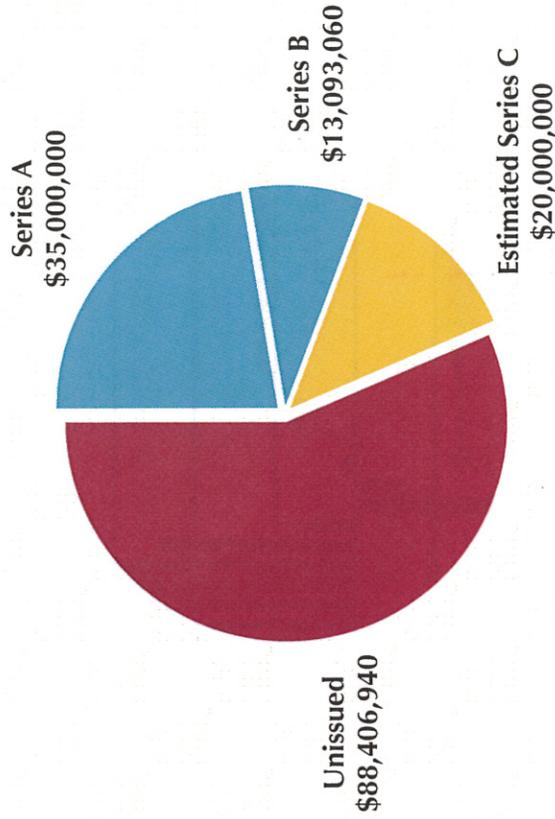
www.dalescott.com

Cajon Valley Union SD: **GO Bond Reauthorization**

Cajon Valley UESD: **Current Status**

Cajon Valley Union School District

Measure D Yes Vote: 64.1 %



Remaining Authorization		
2008 Authorization =		\$156,500,000
Financings		
Series	Issue Date	Amount
Series A	Jul 23, 2008	\$35,000,000
Series B QSCB	May 25, 2011	\$13,093,060
Estimated Series C	TBD	\$20,000,000
Remaining		\$88,406,940

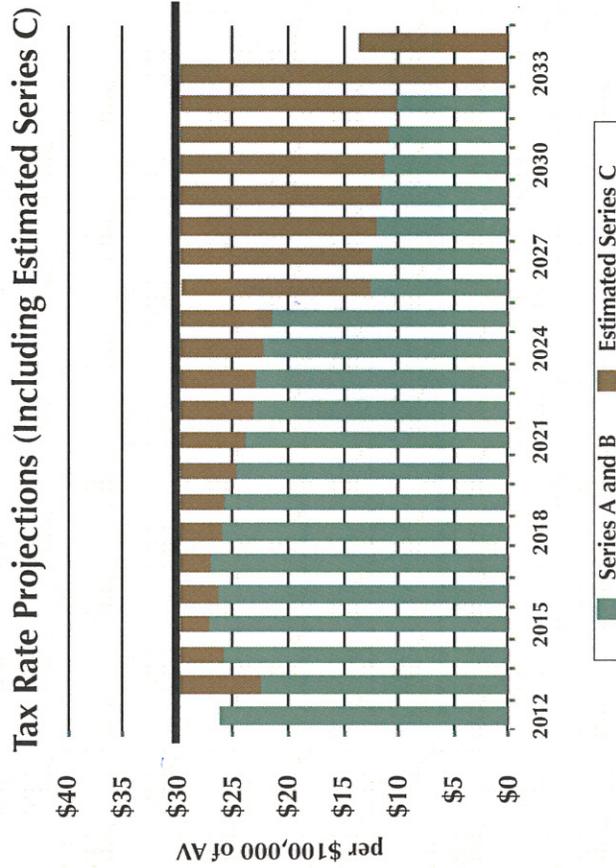
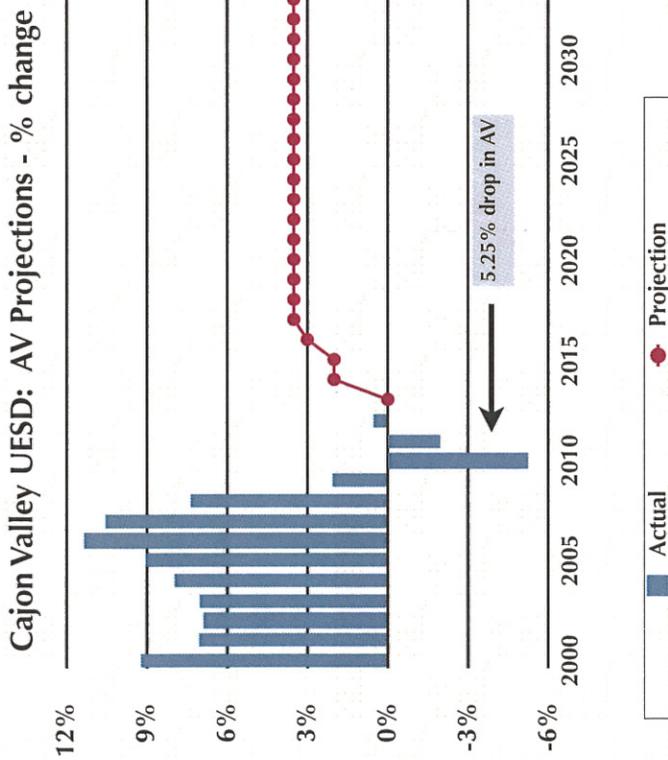
KEY PROVISIONS:

- Approved as a "Proposition 39" GO bond
- "Soft cap" tax rate limitation of \$30 per \$100,000 of assessed valuation
- Tax rate cap applies *only* to this bond measure; not future bond measures

Cajon Valley UESD: Ability to Issue Bonds

Cajon Valley Union School District

Existing Debt Service May Exceed Prop 39 Tax Rate Cap



Cajon Valley UESD: Current Alternatives

Cajon Valley Union School District

Current Alternatives Provide Poor Solutions to Tax Rate Problem

Alternative #1:

Delay sale of next bond issue until tax rate restrictions can be met

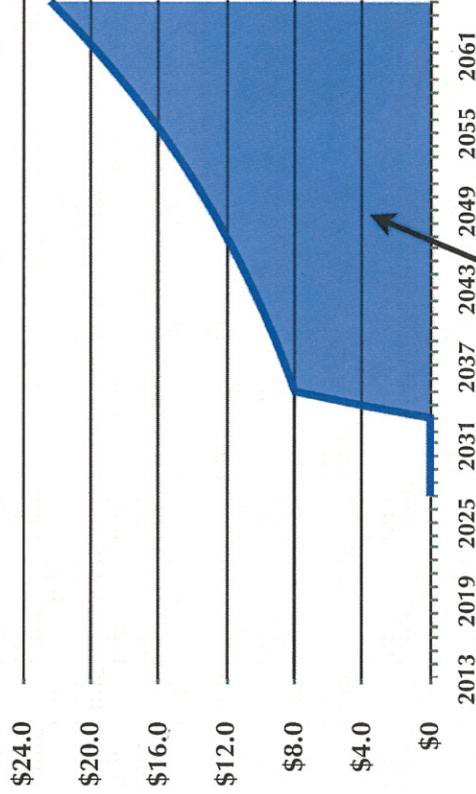
- Without AV growth beyond projections, no funding until 2027
- Projects promised to voters will not be delivered
- Increases in project costs diminish buying power of bond

Alternative #2:

Issue bonds today but delay repayment of bonds into the future with CABs

- Capital Appreciation Bonds require excessively high interest rates; typically non-callable
- Repayment may stretch from 35 to 40 years
- Interest often 6 to 10 times amount of principal

Cajon Valley UESD Bond Repayment Example



\$88.4 million in Capital Appreciation Bonds results in over \$359 million in interest costs

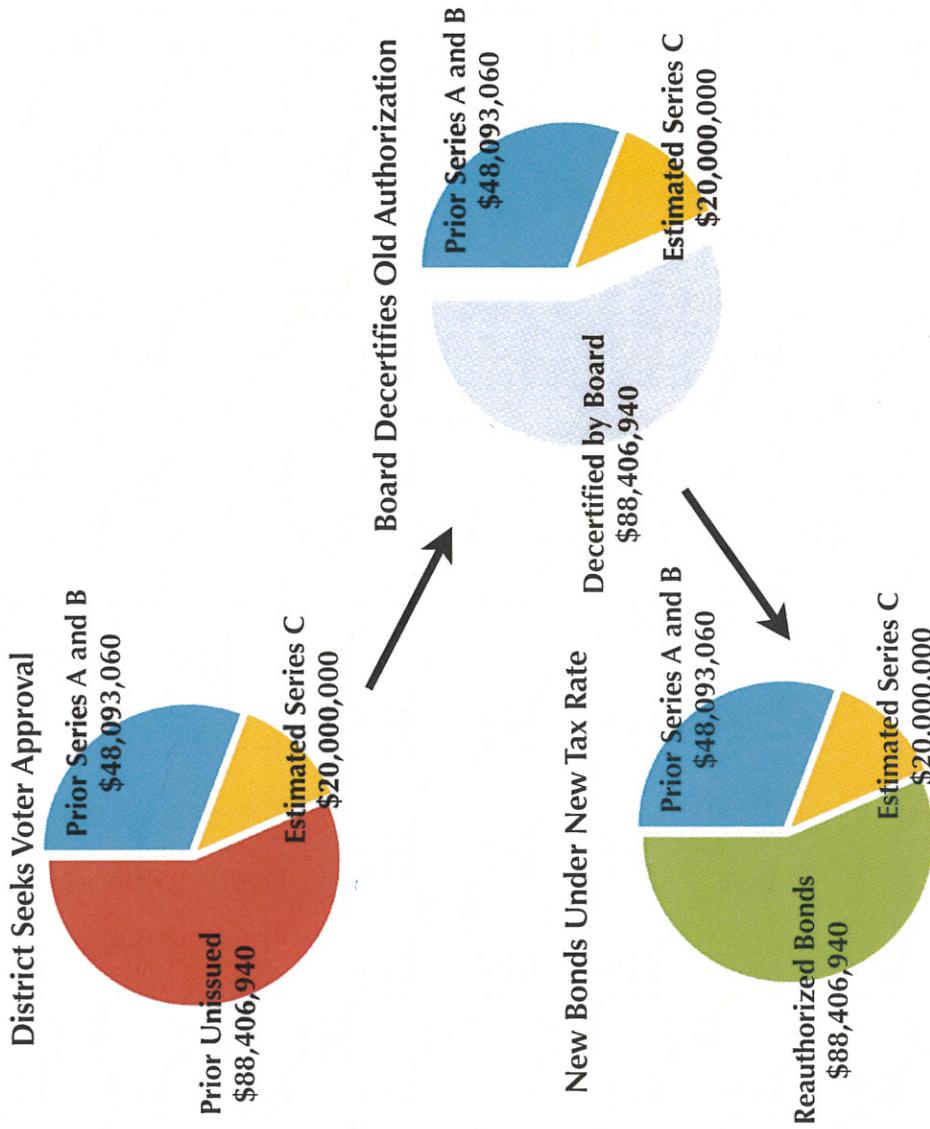
Cajon Valley UESD: Bond Reauthorization

Cajon Valley Union School District

GO Bond Reauthorization

GO Bond Reauthorization of previously approved bonds

- Ability to complete projects *now*
- Saving of **over \$200 million dollars** in interest costs
- No increase in amount of voter approve debt
- No more “kicking the can” down the road in order to pay for projects



Cost/Benefit Comparison (\$88.4 million)		
	Alt #1 Delay Repayment 2027	Alt #2 Reauthorization* 2013
When Funding Received (est.)		
Principal	\$88,400,000	\$88,400,000
Interest	\$359,977,000	\$96,876,000
Total	\$448,377,000	\$185,276,000
<hr/>		
Average Tax Rate per \$100,000	\$30.00 (2034-2065)	\$30.00 (2014-2042)

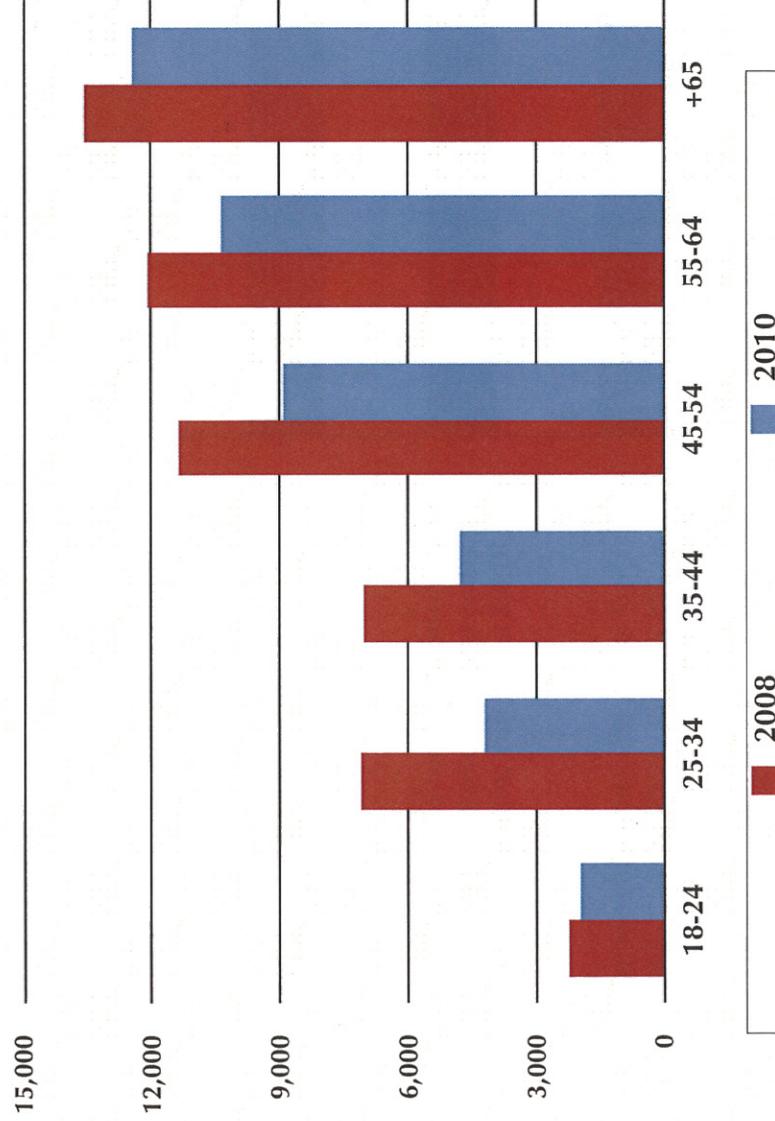
Cajon Valley Union SD: **Voter Survey**

Cajon Valley UESD: Voter Turnout

Cajon Valley Union School District

Large Drop Off in Voters Ages 25 to 45 in non-Presidential election

Voter Turnout by Age



Cajon Valley Union SD Voter Turnout (Total Voters)			
Age	Election Date		
	11/08	11/10	
18-24	2,249	1,975	
25-34	7,119	4,215	
35-44	7,054	4,795	
45-54	11,374	8,926	
55-64	12,093	10,377	
+65	13,579	12,455	
			'10/'08
			87.8%
			59.2%
			68.0%
			78.5%
			85.8%
			91.7%

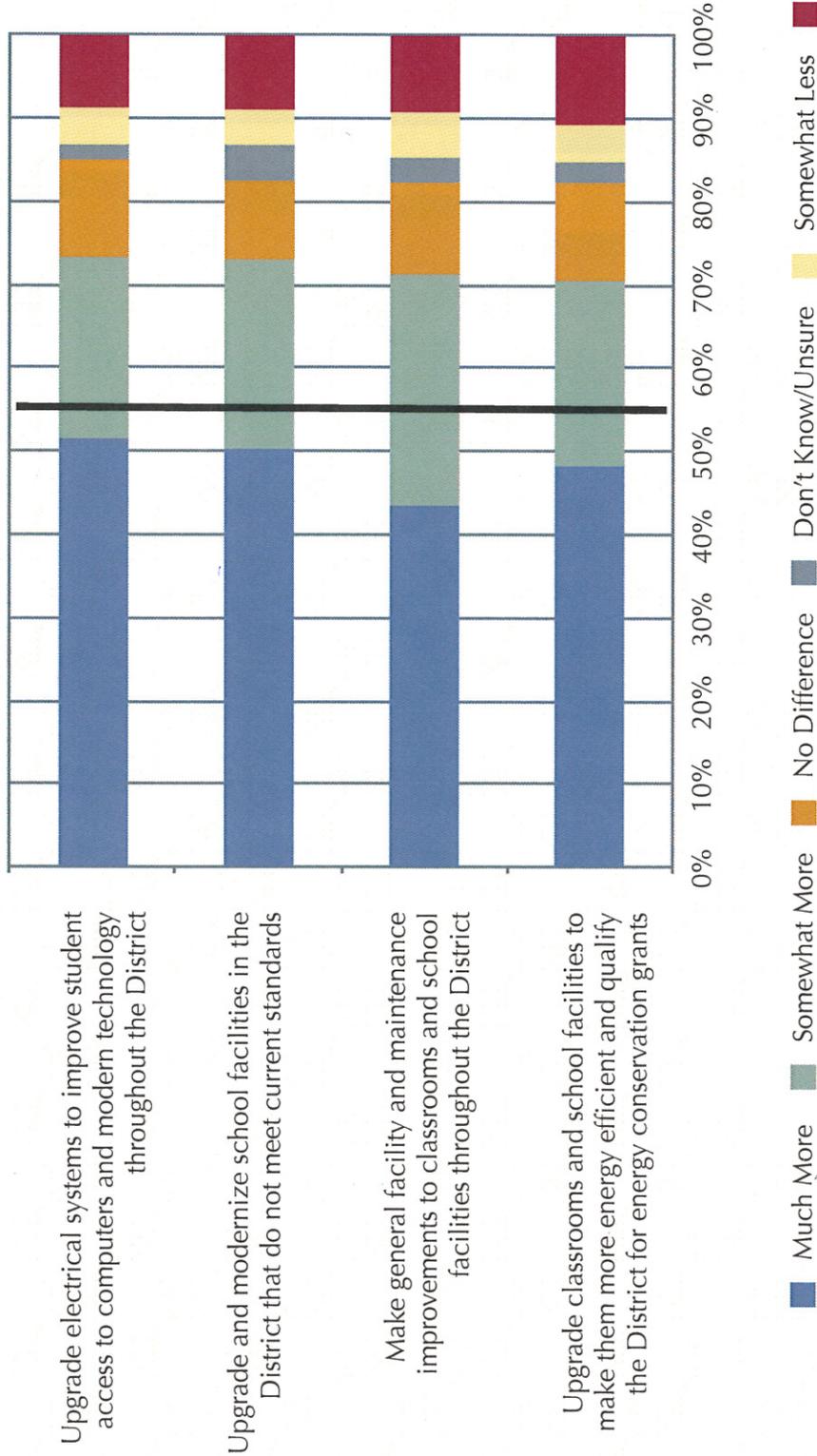
Source: Political Data Inc.

Cajon Valley UESD: Specific Projects

Cajon Valley Union School District

Strong support for all of the projects tested

For each statement, please tell me, if it were true, would it make you more or less likely to vote for the bond reauthorization measure if you knew:

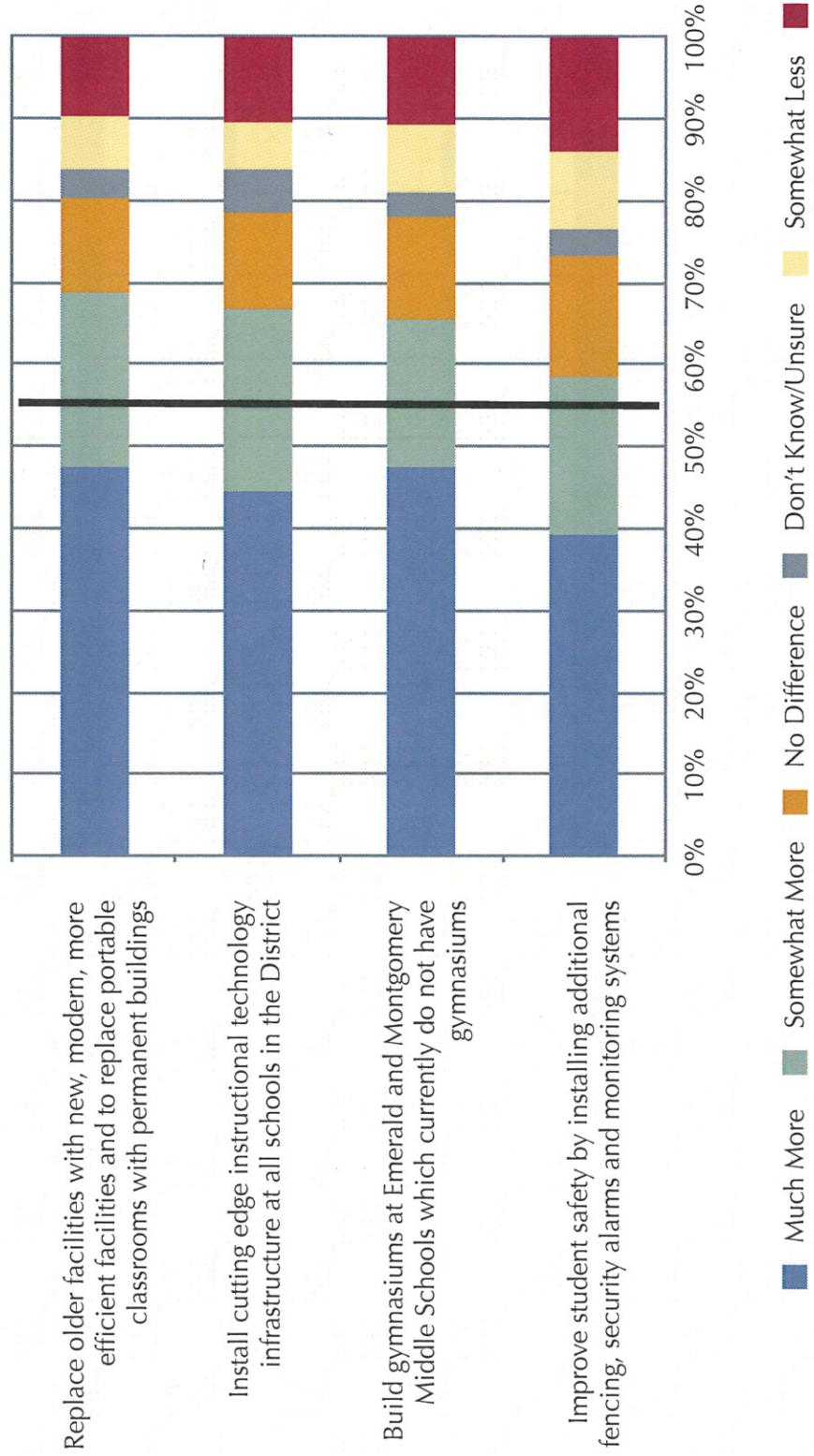


Cajon Valley UESD: Specific Projects

Cajon Valley Union School District

Strong support for all of the projects tested

For each statement, please tell me, if it were true, would it make you more or less likely to vote for the bond reauthorization measure if you knew:

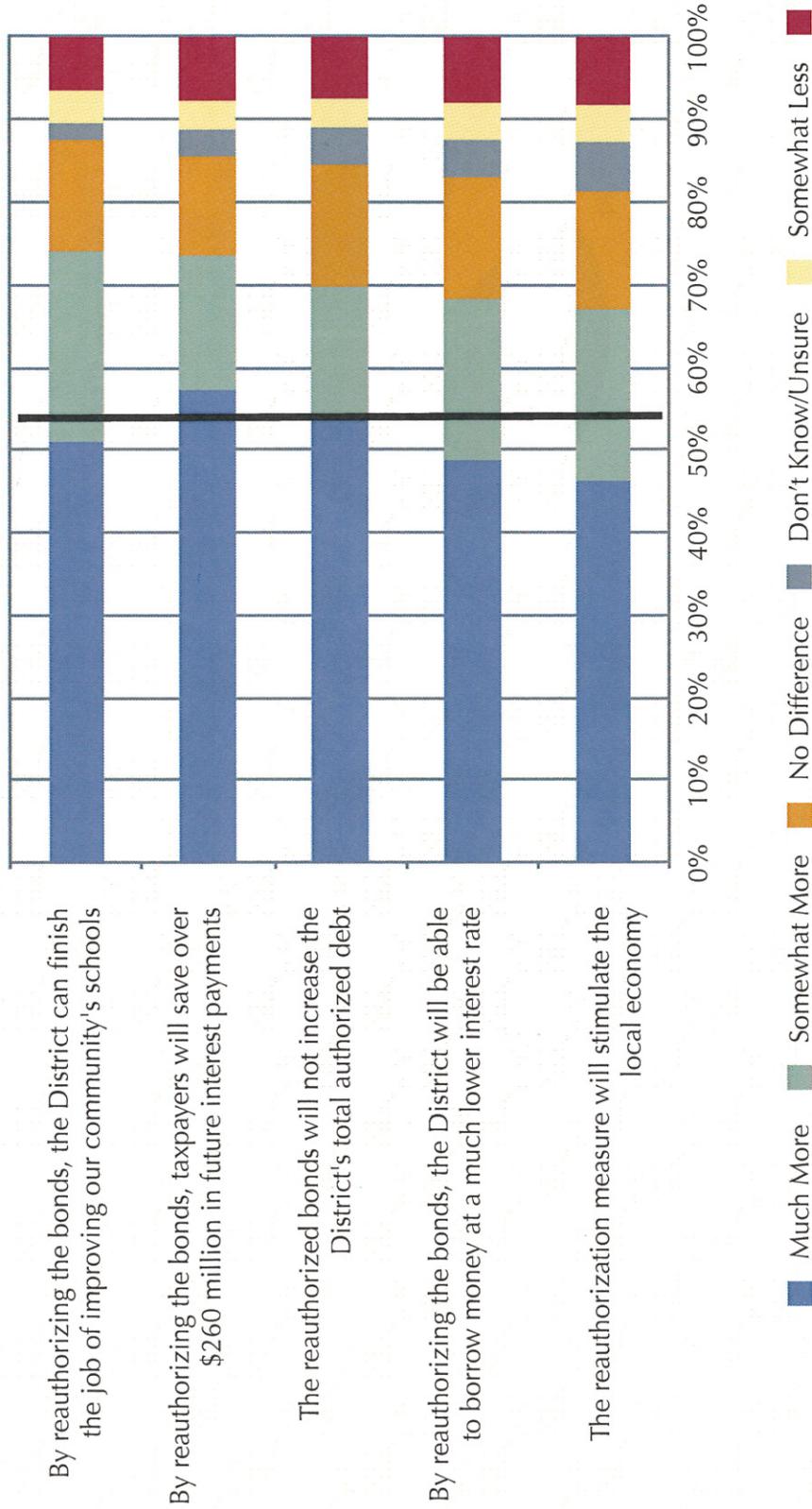


Cajon Valley UESD: Arguments For

Cajon Valley Union School District

Strong support for all of the arguments tested

For each statement, please tell me, if it were true, would it make you more or less likely to vote for the bond reauthorization measure if you knew:



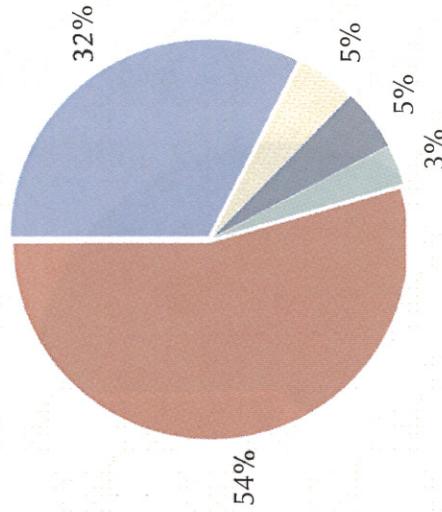
Cajon Valley UESD: Tax Sensitivity

Cajon Valley Union School District

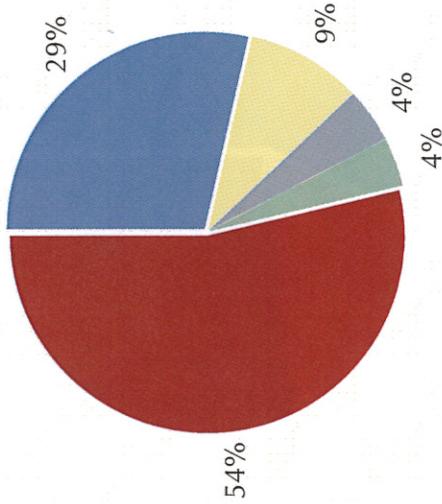
Tax Tolerance the Same as in 2008 Voter Survey

If you knew that the bond would cost District property owners \$30/\$29 per \$100,000 of assessed valuation per year, would it make you be more or less likely to vote for the bond?

2008 survey:
\$30/year



2012 survey:
\$29/year



- More Likely
- No Difference - Yes
- No Difference - No
- Don't Know/Unsure
- Less Likely

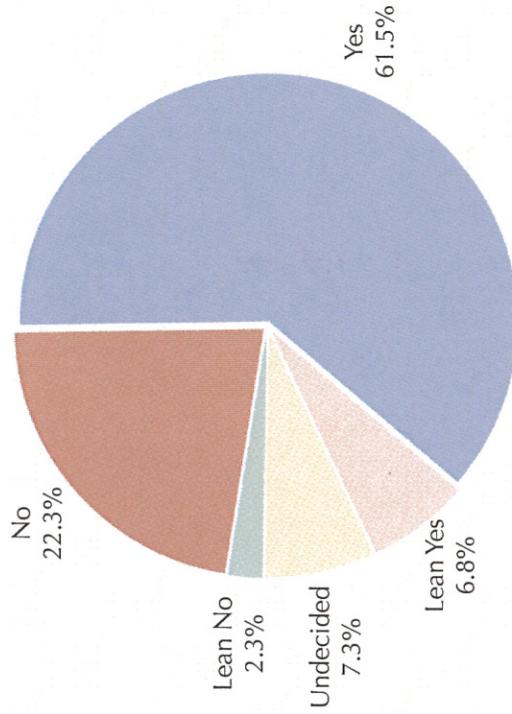
Cajon Valley UESD: **Voter Support**

Cajon Valley Union School District

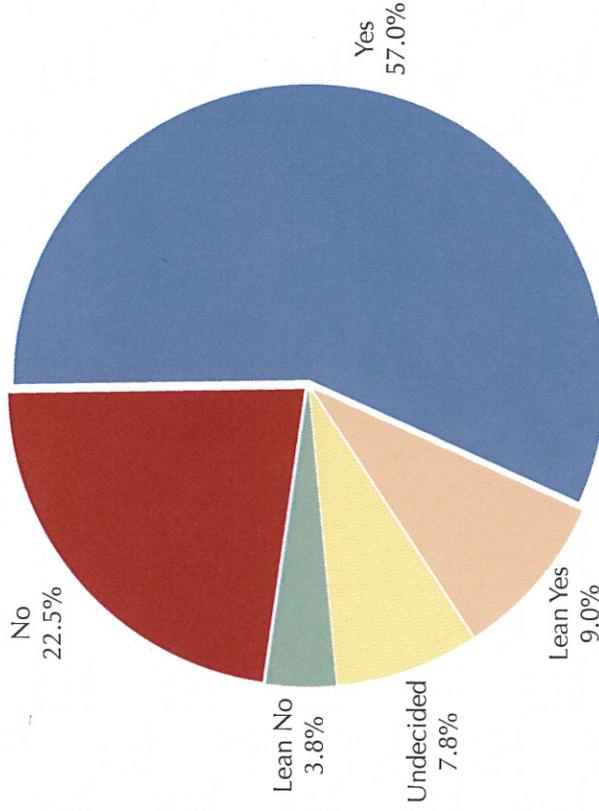
After additional information, support decreased slightly from 68.3% to 66%

Now that you have heard a lot more information regarding a proposed reauthorization measure for the Cajon Valley Union School District, if the election were held today, would you vote “yes” to approve or “no” to reject the measure?

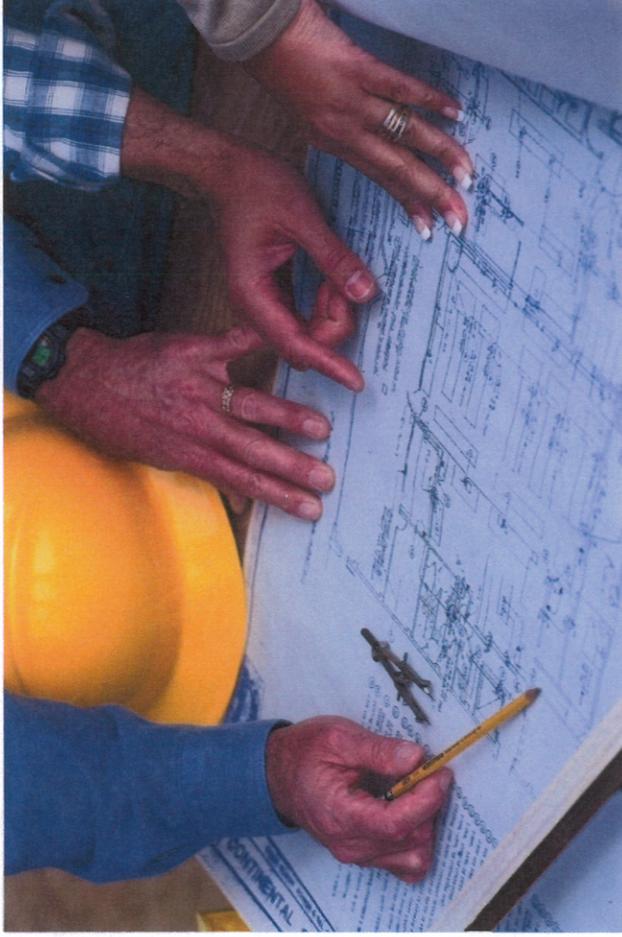
Pre-Benchmark



Post-Benchmark



Cajon Valley Union School District
Proposition D
Citizens' Oversight Committee



CVUSD

June 27, 2012

Citizens' Oversight Committee

- | | |
|-----------------|-------------|
| ▶ Karen Bunkell | Chairperson |
| ▶ Craig Wollitz | Secretary |
| ▶ Jane Alfano | Member |
| ▶ Les Henderson | Member |
| ▶ Dick Nasif | Member |
| ▶ Linda Webb | Member |
| ▶ Timothy Zelt | Member |

District Support Staff

- | | |
|------------------|------------------------------------------------|
| ▶ Scott Buxbaum | Asst Superintendent, Business Services |
| ▶ Sharon Dobbins | Director, Long-Range Planning |
| ▶ James Beard | Director, Facilities, Maintenance & Operations |
| ▶ John Forrest | Construction Projects Manager |
| ▶ Charles Allen | Director, Information Technology Services |
| ▶ Sharon Clay | Manager, Purchasing & Warehouse |
| ▶ Helena Bristow | Construction Accountant |
| ▶ Vickie Hayman | Administrative Assistant |
| ▶ Sue Miller | Planning Technician |

COC Requirements

Question: When is a Citizens' Oversight Committee (COC) required?

Answer: A COC is required when a school district passes a Prop 39 bond measure.

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COC Requirements

Composition – Minimum of 7 members, with at least one member representing each of the following groups:

- Parents or Guardians of District Students
- Parents active in support of the District, such as a member of a PTA or school site council
- Local Business Community
- Taxpayers Organization
- Senior Citizens Organization
- Community at Large

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COC Requirements

Composition –

- Members ***must*** live or work within the boundaries of the District
- Members ***must not*** be:
 - District employees or officials
 - District vendors, contractors, or consultants
 - Any person with a conflict of interest

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COC Requirements

The Committee's Role:

- To inform the public concerning the expenditure of bond proceeds.
- To promptly alert the public to any waste or improper expenditures of bond money.
- Issue annual reports of the results of the committee's activities and findings.

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Project Status Report



CVUSD

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Proposition D Bond Program

Completed Projects:

- ✓ Flying Hills Elementary School – Auditorium Remodel/ Expansion
- ✓ Cajon Valley Middle School – Rebuild
- ✓ Meridian Elementary School – Waterline Replacement
- ✓ Anza Elementary School – Fencing

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Proposition D Bond Program

Completed Projects (cont.):

➤ *Heating Ventilation & Air Conditioning*

Replacements:

- ✓ Anza Elementary
- ✓ Chase Elementary
- ✓ Crest Elementary
- ✓ Emerald Middle
- ✓ Flying Hills Elementary
- ✓ Fuerte Elementary
- ✓ Johnson Elementary
- ✓ Madison Elementary
- ✓ Magnolia Elementary
- ✓ Meridian Elementary
- ✓ Naranja Elementary
- ✓ Rancho SD Elementary

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Proposition D Bond Program

Completed Projects (cont.):

➤ *Security Cameras:*

- ✓ Avocado Elementary
- ✓ Cajon Valley Middle
- ✓ Emerald Middle
- ✓ Greenfield Middle
- ✓ Hillsdale Middle
- ✓ Montgomery Middle

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Proposition D Bond Program

Completed Projects (cont.):

➤ *Clock Systems:*

- ✓ Anza Elementary
- ✓ Chase Elementary
- ✓ Emerald Middle
- ✓ Fuerte Elementary
- ✓ Greenfield Middle
- ✓ Hall Elementary
- ✓ Johnson Elementary
- ✓ Madison Elementary
- ✓ Magnolia Elementary
- ✓ Meridian Elementary
- ✓ Naranca Elementary

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Proposition D Bond Program

Completed Projects (cont.):

➤ *Playgrounds:*

- ✓ Anza Elementary
- ✓ Blossom Valley Elementary
- ✓ Hall Elementary
- ✓ Naranca Elementary

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Proposition D Bond Program

Completed Projects (cont.):

➤ *Electrical Upgrades:*

- ✓ Chase Elementary
- ✓ Emerald Middle
- ✓ Madison Elementary

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Current Projects

- ▶ Greenfield Middle School – New Gymnasium, Theater, School Office and Kitchen Building
- ▶ Rancho San Diego – Modernization
- ▶ Vista Grande – Modernization
- ▶ Heating, Ventilation & Air Conditioning Replacements
- ▶ Technology Infrastructure Upgrade



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**Greenfield Middle School
New Gymnasium/Theater/School Office/Kitchen Building**



CVUSD

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**Greenfield Middle School
New Gymnasium/Theater/School Office/Kitchen Building**



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**Greenfield Middle School
New Gymnasium/Theater/School Office/Kitchen Building**



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**Greenfield Middle School
New Gymnasium/Theater/School Office/Kitchen Building**



CVUSD

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Greenfield Middle School Future Gymnasium, Theater, School Office & Kitchen Building



Proposition D Bond Program

► Future Projects:

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none">•Lexington Rebuild•Emerald Gymnasium•Montgomery Gymnasium•Rebuild 2nd Elementary (TBD)•Security Cameras (Ph 2)•Electrical Upgrades (Ph 2)•Restroom Upgrades•Erosion Control•Fencing (Ph 2) | <ul style="list-style-type: none">•Library Renovations•Mechanical Screens•Parking Lot Upgrades•Phone Systems•Minor Renovations•Security Lighting•Sidewalks•Window Replacements |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Budget Update



CVUSD

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Budget & Financial Reports

- ▶ Consolidated Expenditure Report
- ▶ Estimated Cash Flow Report

Please refer to handouts

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Bond Reauthorization Measure

On June 12, 2012 the Governing Board approved a resolution to place an initiative on the November ballot to reauthorize the Districts remaining bonds.

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Bond Reauthorization Measure

“To continue classroom/school repairs and construction; increase student computer/technology access; and reduce overall borrowing costs, shall \$88,400,000 of Cajon Valley Union School District bonds, previously approved by voters in February 2008, be reauthorized through issuance of new bonds, with no increase in total authorized District debt, interest rates below the legal limit, no money for administrator salaries, independent citizens’ oversight, and all funds spent locally and not taken by the State and spent elsewhere?”

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Bond Reauthorization Measure

Presentation by Financial Advisor,
Rob Leonard of Dale Scott & Company

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Cajon Valley Union School District
Proposition D
Citizens' Oversight Committee



Questions?

CVUSD

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