

ELK GROVE UNIFIED SCHOOL DISTRICT

MEASURE M

M “To repair and modernize classrooms, fix deteriorating roofs, plumbing, and HVAC systems, improve student safety and campus security, construct and upgrade additional classrooms, labs, career technical education facilities and instructional technology to support student achievement in math, science, arts and skilled trades and keep up with growth and relieve overcrowding shall the Elk Grove Unified School District issue \$476,000,000 in bonds to be spent only on specified projects, with independent citizen oversight and no money for administrator salaries?”

“Approval of Measure M does not guarantee that the proposed project or projects in the Elk Grove Unified School District that are the subject of bonds under Measure M will be funded beyond the local revenues generated by Measure M. The school district’s proposal for the project or projects may assume the receipt of matching state funds, which could be subject to appropriation by the Legislature or approval of a statewide bond measure.” Ed. Code §15122.5

IMPARTIAL ANALYSIS OF MEASURE M

(ELK GROVE UNIFIED SCHOOL DISTRICT – SCHOOL BOND MEASURE)

Prepared by County Counsel

Measure M, if approved by the voters, would allow the Elk Grove Unified School District (“District”) to incur bonded indebtedness up to a maximum amount of \$476,000,000. The proceeds from the issuance and sale of such general obligation bonds could only be used for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities.

No funds derived from bond sales may be used for general school operating expenses, including administrator and teacher salaries, or for any purpose or project other than those expressly stated in the measure. Measure M lists the school facility improvement projects within the District intended to be financed by bond sales.

To assure that funds are spent only as specified in the measure, Measure M requires: 1) the appointment of a citizen’s oversight committee and 2) completion of annual independent performance and financial audits.

If Measure M is passed, the actual dates of sale and the amount of bonds sold would be governed by the District based on the need for construction funds and other factors. If Measure M is approved, the tax rates necessary for payment of principal and interest on any bonds sold will be largely dictated by the timing of the bond sales, the amount sold at a given sale, market interest rates at the time of each sale (although in no event greater than the maximum bond interest rate allowed by law), as well as actual assessed valuation of taxable property in the District over the term of repayment.

Passage of Measure M requires approval by fifty-five percent of the voters voting thereon.

EXHIBIT A FULL TEXT OF BOND MEASURE FOR ELK GROVE UNIFIED SCHOOL DISTRICT

INTRODUCTION

The Elk Grove Unified School District serves a vast community, serving the Cities of Elk Grove, Rancho Cordova, and Sacramento as well as the County of Sacramento, with a student population of approximately 62,000 in over 60 schools, including 40 elementary schools, nine middle schools, nine high schools, three continuation schools, one independent study program, one charter school, and an adult career training center. The District has a significant number of aging schools, the oldest of which was built in 1935, 15 are over 45 years old, and 37 are over 20 years old. The average age of

the District's school buildings is 22 years old, which marks an age in which school buildings require significant upgrades such as learning environment improvements, building systems require long term maintenance and/or replacement, and in some cases older buildings, especially portables, require replacement. Specifically the District has 520 portable classrooms, 385 of which are over 20 years old exceeding the life expectancy of these "temporary" buildings. The District's existing school facilities require significant improvements and renovation as well as long term maintenance in order to provide 21st century learning environments that will meet current and future standards. At the same time the District faces significant growth challenges to adequately house all of its current and future students. There are nearly 90,000 new homes currently in planning stages, nearly 20,000 of which are projected to be built in the next 10 years, which will increase the District's student population by not less than 14,000 students over the same period. A long term solution is needed to address these issues.

The State of California requires a local match, funded primarily through local, general obligation bonds, for school districts wishing to pursue matching state funds for the upgrade or replacement of school buildings and facilities. The millions of dollars potentially available through the State match allows local taxpayers to benefit from the tax dollars they already pay to the State of California.

It is imperative that our students are housed in safe schools. In addition, our students would benefit from complete, comprehensive, and efficient schools. We need to act locally to build and provide safe and modern schools to ensure our students have the educational opportunities they deserve and to be college- and career-ready.

BONDS

To repair and modernize classrooms, fix deteriorating roofs, plumbing, and HVAC systems, improve student safety and campus security, construct and upgrade additional classrooms, labs, career technical education facilities and instructional technology to support student achievement in math, science, arts and skilled trades and keep up with growth and relieve overcrowding shall the Elk Grove Unified School District issue \$476,000,000 in bonds to be spent only on specified projects, with independent citizen oversight and no money for administrator salaries?

SCHOOL FACILITIES PROJECTS TO BE FUNDED FROM BOND PROCEEDS

As required by the California Constitution, the proceeds from the sale of the bonds will be used only for the purposes authorized under Article XIII A of the California Constitution, including construction, reconstruction, rehabilitation, or replacement of school facilities, furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, as specifically set forth in this Exhibit A, and costs incident thereto, and not for any other purpose, including salaries and other routine school operating expenses. Proceeds of the bonds may be used to pay or reimburse the District for the cost of District staff when performing work on or necessary and incidental to the bond projects.

The following list describes the specific projects the District proposes to finance with proceeds of the bonds. The scope of specific projects, the order of construction, and their completion is contingent on final project costs notwithstanding uncontrollable circumstances such as unforeseen cost escalation and/or market conditions, and the availability of needed funds including but not limited to State school facilities funding. Further, projects on the project list are of the type that issuing the authorized general obligation bonds as stated will not cause the State to reduce any financial hardship contribution that would otherwise be available to the District had these bonds not been authorized, issued, and or expended for their stated purpose.

These projects may include participation in the State Facility Program's Joint-Use Program to gain matching funds for teacher education, multi-purpose rooms, gymnasiums, libraries, childcare, and other qualifying Joint-Use facilities. With respect to such joint-use projects, the bond funds authorized by this Measure may be used to pay all of the local share needed to qualify the projects for special State matching funds under the State Facility Program's Joint-Use Program requirements.

PROJECT LIST

Bond proceeds will be expended on the renovation, upgrade, expansion, acquisition, construction, reconstruction, rehabilitation, and/or replacement of school facilities of the Elk Grove Unified School District in order to provide 21st century learning environments, located or to be located in the Elk Grove Unified School District, including at the following schools, support sites and properties:

Elementary Schools (In Order of Age)

Pleasant Grove

1950

Barbara Comstock Morse

1995

Florin	1953	Maeola R. Beitzel	1996
Franklin	1955	Elitha Donner	1997
Sierra Enterprise	1955	Arthur C. Butler	1998
Anna Kirchgater	1956	Joseph Sims	1999
Samuel Kennedy	1963	Raymond Case	2000
James A. McKee	1963	Stone Lake	2000
David Reese	1965	Irene B. West	2002
Charles E. Mack	1966	Robert J. Fite	2002
Herman Leimbach	1972	Elliott Ranch	2002
Florence Markofer	1980	Edna Batey	2003
Ellen Feickert	1981	Arlene Hein	2004
Prairie	1981	Roy Herburger	2004
Union House	1988	Arnold Adreani	2005
Isabelle Jackson	1988	Helen Castello	2005
John Reith	1989	Carroll	2006
John Ehrhardt	1991	Sunrise	2007
Mary Tsukamoto	1992	Cosumnes River	2009
Elk Grove	1993	C.W. Dillard	2015
Foulks Ranch	1993	Marion Mix	2015

Middle Schools (In Order of Age)

Joseph Kerr	1935	Toby Johnson	2002
James Rutter	1966	Edward Harris, Jr.	2004
Samuel Jackman	1991	Katherine L. Albiani	2005
Harriet G. Eddy	1994	Elizabeth Pinkerton	2008
T.R. Smedberg	1997		

High Schools (In Order of Age)

Elk Grove	1964	Franklin	2002
Valley	1977	Monterey Trail	2004
Florin	1989	Pleasant Grove	2005
Laguna Creek	1994	Cosumnes Oaks	2008
Sheldon	1997		

Alternative Education Schools (In Order of Age)

William Daylor	1958	Las Flores	1988
Jessie Baker	1964	Virtual Academy	1988
Adult & Community Ed.	1970	Calvine	1991
Rio Cazadero	1978	Elk Grove Charter School	2009

District Support Sites

Grounds Department
8800 Elk Grove Blvd.
Elk Grove, CA 95624

Student Support Center
8431 Gerber Road
Sacramento, CA 95828

Robert L. Trigg Education Center
and Annexes
9510 Elk Grove-Florin Road
Elk Grove, CA 95624

The Board of Education hereby certifies that it has evaluated the safety, class-size reduction, and information technology needs of the District in developing this list of school facilities projects.

PROJECT SCOPE

The project scope summarized on the following list represents the description of improvements to be financed with bond proceeds. The specific examples included on this list are not intended to limit the generality of the broader types of projects described and authorized by this measure. The types of projects authorized are:

- Modernize, renovate, reconstruct, repair and/or upgrade classrooms, aging science labs, buildings, and equipment to provide 21st century learning environments in order to meet current and future standards and support academic and career pathways necessary to prepare students to compete in a global economy;
- Construction, expansion, replacement or repair, with respect to roofing, heating and air conditioning systems, storm and water drainage systems, security systems, plumbing, insulation, electrical systems and wiring, safety and security, and lighting systems to ensure the health and safety of students;
- Improve student safety and security by constructing, expanding, replacing and/or repairing intrusion systems, lighting, fencing, gates, communications systems, cameras, surveillance systems, and classroom door locks;
- Construct, reconstruct, repair, renovate and/or expand classrooms and existing facilities to accommodate new or expanded academies, including career technical education and college and career pathways;
- Upgrade technology infrastructure and electrical service capacity and distribution, to relieve overloaded electrical systems and to improve instructional technology in the classroom for improved student learning, including new and maintained data and communications equipment and improvements; upgraded electrical capacity and technology infrastructure including fiber-optics and wireless internet access, improved telephone, data, video, and communications systems;
- Create and equip quality classrooms, labs, libraries and community-use areas equally across district schools;
- Reconstruct, repair, renovate, and/or expand deteriorating restrooms;
- Upgrade fire alarm systems, including fire safety equipment and sprinklers to ensure student safety;
- Make school site safety improvements to include repairing or replacing sidewalks, concrete and asphalt surfaces, including parking areas, service areas, and pick-up and drop-off areas, as well as core campus areas such as quads and hard courts;
- Build, renovate and equip special education facilities to ensure that students' unique academic, social or physical needs can be met;
- Upgrade accessibility to comply with the Americans with Disabilities Act;
- Install energy efficient systems including but not limited to dual-pane windows, cool roofs, LED lighting, efficient heating and air conditioning systems, solar tube skylights and other natural daylighting systems, and potentially photovoltaic panels (in the event they are deemed economically viable in our utility service region) in order to reduce costs and protect the quality of instruction in core subjects like reading, math, science, and technology;
- Make health and safety renovations to include the removal and/or mitigation of hazardous materials;
- Modernize, renovate, reconstruct, repair or replace portable classrooms with permanent classrooms;
- Improve access to schools by parents, visitors, and the community;
- Make interior and exterior improvements including upgrades to infrastructure and major building systems; replace water, sewer, plumbing, irrigation systems; repaint facilities; renovate and improve athletic fields/facilities, playgrounds landscaped areas, and community-use areas; and
- Construct facilities that qualify for State funds, as a joint-use-project potentially with the City of Elk Grove, City of Rancho Cordova, City of Sacramento, County of Sacramento, Cosumnes Community Services District, Los Rios Community College District, California State University, University of California, or other eligible agencies or non-profit agencies for joint-use school facilities.
- The construction of new schools, classrooms and support sites to include new land acquisition, necessary furnishings, equipment, technology, and installation of site infrastructure, as needed to accommodate continued growth in student population and provide additional learning facilities for an anticipated minimum 14,000 additional students, including career technical educational facilities.

If it is established that relocation and/or reconstruction is a fiscally prudent and/or more practical approach than a modernization or renovation of an existing facility or campus, this bond measure authorizes land acquisition, relocation and reconstruction, and all costs relating thereto, for said reasons deemed in the best interest of the District by the Board of Education.

The order in which school facilities projects are listed above does not suggest an order of priority. Project priorities will be determined by the Board of Education. Approval of the bond measure does not guarantee that all of the identified projects within this Bond Project List will be funded due to the unpredictable nature of construction costs and other unknown future factors. Completion of all projects may be subject to consistent State funding, appropriate developer mitigation, remaining Community Facilities District revenues, and other sources included but not limited to those types and amounts identified in the 2015 Facilities Master Plan. The issuance of bonds pursuant to this measure depends in part on market conditions as well as the assessed valuation of properties in the District.

The Board of Education hereby certifies that it has evaluated the safety, class-size reduction, and information technology needs of the District in developing this list of school facilities projects.

ACCOUNTABILITY MEASURES

If the bonds are approved, the Board of Education will implement the following accountability measures in accordance with State law:

- (a) Use the bond proceeds only for the purposes authorized under Article XIII A of the California Constitution, including construction, reconstruction, rehabilitation, or replacement of school facilities, furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities and related uses, as specifically set forth in this Exhibit A, and costs incident thereto, and not for any other purpose, including salaries and other routine school operating expenses;
- (b) Conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the projects and uses listed in this Exhibit A;
- (c) Conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for school facilities projects and uses listed in this Exhibit A; and
- (d) Establish and appoint members to an independent citizens' oversight committee to ensure the bonds are used only for the projects and uses listed in this Exhibit A.

STATE MATCHING FUNDS

California Education Code section 15122.5 requires the following statement to be included in this sample ballot:

"Approval of this bond measure does not guarantee that the proposed projects in the Elk Grove Unified School District that are the subject of bonds under this measure will be funded beyond the local revenues generated by this bond measure. The school district's proposal for certain of the projects assumes the receipt of matching state funds, which are subject to appropriation by the Legislature or approval of a statewide bond measure."

ANNUAL TAX AMOUNT, RATE, AND DURATION

The bonds shall bear interest at an annual rate not exceeding the statutory maximum. The maturity of the bonds shall not exceed the maximum term allowed by law at the time of issuance (currently 25 years if issued under Education Code section 15140, or 40 years if issued under Government Code section 53508, so long as the bonds are not capital appreciation bonds ("CABs," which CABs are limited to 25 years)). Accordingly, as further set forth in the tax rate statement, the *ad valorem* tax will be levied at such rates and for so long as may be required to meet the debt service needs of the bonds proposed to be issued, including such bonds that may be issued to refund any approved bonds.

TAX RATE STATEMENT

REGARDING PROPOSED

\$476,000,000

ELK GROVE UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS

An election will be held in the Elk Grove Unified School District (the "District") on November 8, 2016, to authorize the sale of up to \$476,000,000 in bonds of the District to finance school facilities as described in the measure. If such bonds are authorized and sold, principal and interest on the bonds will be payable only from the proceeds of tax levies made upon the taxable property in the District. The following information is provided in compliance with Sections 9400-9404 of the Elections Code of the State of California. Such information is based upon the best estimates and projections presently available from official sources, upon experience within the District, and other demonstrable factors. Based upon the foregoing and projections of the District's assessed valuation, the following information is provided:

1. The best estimate of the tax rate which would be required to be levied to fund this bond issue during the first fiscal year after the sale of the first series of bonds, based on a projection of assessed valuations available at the time of filing of this statement, is 3.8¢ per \$100 of assessed valuation (or \$38 per \$100,000 of assessed value) for fiscal year 2017-18.
2. The best estimate of the tax rate which would be required to be levied to fund this bond issue during the first fiscal year after the sale of the last series of bonds, based on a projection of assessed valuations available at the time of filing of this statement, is 3.8¢ per \$100 of assessed valuation (or \$38 per \$100,000 of assessed value) for fiscal year 2025 -26.
3. The best estimate of the highest tax rate which would be required to be levied to fund this bond issue, based on a projection of assessed valuations available at the time of filing of this statement, is 3.8¢ per \$100 of assessed valuation (or \$38 per \$100,000 of assessed value), which is projected to be the same in every fiscal year that the bonds remain outstanding.
4. The best estimate 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 is approximately \$974,404,182. The total debt service to principal ratio of the estimated debt service is 2.05 to 1.

Voters should note the estimated tax rate is based on the ASSESSED VALUE of taxable property on the County's official tax rolls, not on the property's market value. In addition, taxpayers eligible for a property tax exemption, such as the homeowner's exemption, will be taxed at a lower effective tax rate than described above. Property owners should consult their own property tax bills and tax advisors to determine their property's assessed value and any applicable tax exemptions.

The attention of all voters is directed to the fact that the foregoing information is based upon projections and estimates only, which are not binding upon the District. The actual debt service, the tax rates and the years in which they will apply may vary from those presently estimated, due to variations from these estimates in the timing of bond sales, the amount of bonds sold and market interest rates at the time of each sale, and actual assessed valuations over the term of repayment of the bonds. The date of sale and the amount of bonds sold at any given time will be determined by the District based on the need for project funds and other factors. The actual interest rates at which the bonds will be sold will depend on the bond market at the time of sale. Actual future assessed valuations will depend upon the amount and value of taxable property within the District as determined by the County Assessor in the annual assessment and the equalization process.

s/Robert Pierce
Deputy Superintendent, Business Services and Facilities
Elk Grove Unified School District

ARGUMENT IN FAVOR OF MEASURE M

Vote Yes on Measure M to protect and improve the quality of education that Elk Grove Unified School District provides local students.

Elk Grove Unified School District schools have successfully educated generations of local children, but many of our schools are more than forty years old. While the District has done a good job maintaining our local schools over the years, necessary repairs and renovations are beyond the point of general maintenance. Unlike most other schools in California, Elk Grove Unified School District has never asked voters for general obligation bond money to improve local schools.

We need to give our students a competitive edge. Measure M is the result of years of careful planning and will authorize a prudent plan for schools and help retain the very best teachers.

Measure M will make improvements at every school in the District. It will make our schools safer; it will repair aging infrastructure and update classroom instructional technology for improved student learning in subjects like science, math, technology, and career technical education courses. To review the detailed plan for Measure M go to http://www.egusd.net/discover_egusd/Departments/fap.cfm.

All Measure M funds stay local, benefitting only local schools. Measure M also qualifies our community to receive state matching funds, without Measure M, state matching funds will be lost to other districts.

Taxpayer protections are required. Measure M is for school facility improvements only. Funds cannot be spent on salaries or pensions. Independent Citizens' Oversight, mandatory audits and public reports will ensure funds are spent properly.

Whether you have children in school or not, protecting our local schools makes sense. Good schools protect and increase property values, keep our community safe and strong, and create a skilled workforce.

Join teachers, parents, business and community leaders and residents to support quality schools and improved education of local children. Vote YES on Measure M for safe, quality schools.

www.CitizensforExcellentEGUSDSchools.com

s/Bobbie Singh-Allen
President, Elk Grove Unified School District Board of Education

s/Elizabeth Pinkerton
Historian and Writer, 58 year Elk Grove Unified School District Resident

s/Michael Zehnder
Retired Battalion Chief, Cosumnes Community Services District, 62 year Elk Grove Unified School District Resident

s/David Herburger
Chairman of the Board, Elk Grove Chamber of Commerce, and Publisher, *Elk Grove Citizen*

s/Tim Smith
District, County, and State Teacher of the Year, Elk Grove Education Association Member

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE M

Elk Grove Unified has modernized and renovated every school over 40 years of age within the past 20 years so it's a bit misleading to suggest that we have schools in the district over 40. But of course, all our schools will eventually need another update and they all need maintenance and care. Measure M just goes about it the wrong way. It gives no priority or preference to aging schools that need the funds the most. 24 schools constructed in the last 15 years made the list to receive funds. Certainly these schools don't need the money as much as some of the older schools in the district.

We took a look at the link provided by the proponents of Measure M and found this disclaimer at the bottom of each fact sheet for every school: "Approval of Measure M does not guarantee all needed improvements will be completed due to the unpredictable nature of construction costs and the uncertainty of State and developer mitigation funding sources." If those that support this Measure don't have certainty in its success to achieve what it sets out to achieve, why should the voters?

As the proponents of Measure M point out, Elk Grove Unified has never had a general obligation bond and yet, we've always managed to find the money to maintain our schools. We have other sources of funding that don't require another tax increase. Citizens already pay hundreds of dollars in taxes each year. When will it be enough?

s/Susan Mason
Veteran

s/Barbara Sloan
Homeowner

s/Ronald Krieg
Plumber

s/Jeremy Christiansen
Civil Engineer

s/Carl Brickey
Taxpayer

ARGUMENT AGAINST MEASURE M

Two parts make up the bulk of Measure M: new taxes and new debt. Measure M would raise property taxes by \$38 per \$100,000 of assessed value. For a \$300,000 home, that's over \$100 dollars in new taxes.

Now homeowners already pay hundreds of dollars in taxes and in fees each year and while it's true that the district could legally raise the tax rate even more, to \$60 per \$100,000 of assessed value, that's little relief to taxpayers and property owners. Telling someone struggling to make ends meet that things could get worse rarely provides any comfort. And with the economy slow and sluggish, raising taxes now would create more harm than benefit.

Measure M also sinks the district into \$476 million of debt. Currently, Elk Grove Unified has no general obligation debt. Zero. The district would go from no debt (in terms of general obligation bonds) to \$476 million in the red. The interest on this debt would take 35 years to pay off raising the ultimate cost of Measure M to over \$1 billion. That's over \$1 billion that our children's children will be paying off.

Unfortunately, the measure lacks a good structure as well. It doesn't give priority to aging schools who need the funds the most. If we need to help older schools meet the same standards as newer schools, don't we need to direct the money specifically to them? Measure M fails to do so.

In conclusion, we can meet the district's facility needs and have met them in the past without resorting to a bond. Elk Grove Unified has never ever had a general obligation bond and we don't need one now. We can meet our needs with the money we already pay.

We urge you to vote No on Measure M.

s/Nikita Kostyuk
Candidate for Elk Grove Unified School Board

s/Katy Grimes
President, Sacramento Taxpayers Association

s/Daniel Gougherty
Editor, ElkGroveNews.net

s/Val Bedrik
Business Owner

s/Scott Young
Teacher

REBUTTAL TO ARGUMENT AGAINST MEASURE M

Measure M's opponents fail to rely on facts. Don't be deceived by their politically motivated and intentionally misleading statements. Measure M is a critical investment in our children, community, and local schools aimed at protecting property values, increased student achievement and improved teaching and learning.

Here are the facts:

Fact: Measure M is the product of a transparent two-year process that included community members, parents, teachers, leaders, and voters in developing the priorities. Measure M is supported by a 562 page Facilities Master Plan that catalogs the needs and work to be performed at every school in the District. Read the detailed plan at <http://www.egusd.net>.

Fact: Elk Grove Unified School District has *never* asked local residents to support a general obligation bond (most Districts in the state have multiple bonds). Measure M is fiscally prudent, must be spent locally, and subject to oversight from an independent citizen's oversight committee. Without Measure M, Elk Grove Unified School District cannot qualify for millions of dollars in State matching funds which will be lost to neighboring districts.

Fact: Many of our schools are over 40 years old. Basic repairs such as fixing leaky roofs, upgrading plumbing and sewer systems, upgrading heating and air systems are needed across the District. Measure M will dramatically improve campus and student safety and modernize our aging schools.

Fact: Whether you have children in school or not, quality schools increase property values, keep our community safe and create a skilled workforce.

Join the thousands of teachers, parents, business and community leaders who support Measure M. Vote YES for safe, quality schools.

www.CitizensforExcellentEGUSDSchools.com

s/Nancy Chaires Espinoza
Elk Grove Unified School Board Member, City of Elk Grove Planning Commissioner (former)

s/Roy Herburger
President/Owner, Elk Grove Citizen, 57 year Elk Grove Unified School District Resident

s/John Shook
Business Owner, President Elk Grove Regional Scholarship Foundation

s/Kay Albiani
Los Rios Community College District Board Member, 66 year Elk Grove Unified School District Resident

s/Mark Jansson
Man of the Year, Elk Grove Citizen, Elk Grove Food Bank Board Member and Past Chair