

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT MEASURE R

R "To improve the health and safety of children, repair playgrounds and playfields to meet modern safety standards, improve physical education facilities and bathrooms, improve irrigation systems and water drainage to reduce water consumption, remove asbestos, lead paint and other unsafe conditions and to upgrade kitchen facilities to improve nutrition and nutritional education for children, shall the Sacramento City Unified School District issue \$68 million of bonds, with independent Citizen's Oversight and no money for administrator salaries?"

IMPARTIAL ANALYSIS OF MEASURE R

Prepared by County Counsel

Measure R, if approved by the voters, would allow the Sacramento City Unified School District ("District") to incur bonded indebtedness up to a maximum amount of \$68 million. 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 R 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 R requires: 1) the appointment of a citizen's oversight committee and 2) completion of annual independent performance and financial audits.

If Measure R 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 R 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 R requires approval by fifty-five percent of the voters voting thereon.

FULL TEXT OF MEASURE R BOND AUTHORIZATION

By approval of this proposition by at least 55% of the registered voters voting on the proposition, the Sacramento City Unified School District (the "District") shall be authorized to issue and sell bonds of up to \$68,000,000 in aggregate principal amount to provide financing for the specific school facilities projects listed in the Bond Project List below, and in order to qualify to receive State matching grant funds, subject to all of the accountability safeguards specified below.

ACCOUNTABILITY SAFEGUARDS

The provisions in this section are specifically included in this proposition in order that the District's voters and taxpayers may be assured that their money will be spent wisely to address specific facilities needs of the District, all in compliance with the requirements of Article XIII A, Section 1(b)(3) of the State Constitution, and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Education Code Sections 15264 and following).

Evaluation of Needs. The Board of Education hereby certifies that

it has evaluated the facilities needs of the District, and the priority of addressing each of these needs. In the course of its evaluation, the Board of Education took safety, class size reduction and information technology needs into consideration while developing the Bond Project List.

Limitation on Use of Bond Proceeds. The State of California does not have the legal authority to take locally approved school district bond funds for any State purposes. The Constitution allows proceeds from the sale of bonds authorized by this proposition to be used only for the construction, reconstruction, rehabilitation, or replacement of school facilities listed in this proposition, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses. Proceeds of the bonds may be used to pay or reimburse the District for the cost of District staff only when performing work on or necessary and incidental to the bond projects.

Independent Citizens' Oversight Committee. The Board of Education shall establish an independent Citizens' Oversight Committee (pursuant to Education Code Section 15278 and following), to ensure bond proceeds are spent only for the school facilities projects listed in the Bond Project List. The committee shall be established within 60 days of the date on which the Board of Education enters the election results on its minutes.

Annual Performance Audits. The Board of Education shall conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects listed in the Bond Project List.

Annual Financial Audits. The Board of Education shall conduct an annual, independent financial audit of the bond proceeds (which shall be separate from the District's regular annual financial audit) until all of those proceeds have been spent for the school facilities projects listed in the Bond Project List.

Special Bond Proceeds Account; Annual Report to Board. Upon approval of this proposition and the sale of any bonds approved, the Board of Education shall take actions necessary pursuant to Government Code Section 53410 and following to establish an account in which proceeds of the sale of bonds will be deposited. As long as any proceeds of the bonds remain unexpended, the Superintendent or the Chief Business Officer of the District (or such other employee as may perform substantially similar duties) shall cause a report to be filed with the Board no later than December 31 of each year, commencing December 31, 2012, stating (1) the amount of bond proceeds received and expended in that year, and (2) the status of any project funded or to be funded from bond proceeds. The report may relate to the calendar year, fiscal year, or other appropriate annual period as such officer shall determine, and may be incorporated into the annual budget, audit, or other appropriate routine report to the Board.

FURTHER SPECIFICATIONS

Specific Purposes. All of the purposes enumerated in this proposition shall be united and voted upon as one single proposition, pursuant to Education Code Section 15100, and shall constitute the specific purposes of the bonds, and proceeds of the bonds shall be spent only for such purposes, pursuant to Government Code Section 53410.

Joint Use. The District may enter into agreements with the County of Sacramento or other public agencies or nonprofit organizations for joint use of school facilities financed with the proceeds of the bonds in accordance with Education Code Section 17077.42 (or any successor provision). The District may seek State grant funds for eligible joint-use projects as permitted by law, and this proposition hereby specifies and acknowledges that bond funds will or may be used to fund all or a portion of the local share for any eligible joint-use projects identified in the Bond Project List or as otherwise permitted by California State regulations, as the Board of Education shall determine.

Rate of Interest. The bonds shall bear interest at a rate per annum not exceeding the statutory maximum, payable at the time or times permitted by law.

Term of Bonds. The number of years the whole or any part of the bonds are to run shall not exceed the legal limit, though this shall not preclude bonds from being sold which mature prior to the legal limit.

BOND PROJECT LIST

The Bond Project List below describes the specific projects the Sacramento City Unified School District proposes to finance with proceeds of the bonds. Listed projects will be completed as needed at a particular school site according to Board-established priorities, and the order in which such projects appear on the Bond Project List is not an indication of priority for funding or completion. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. Certain construction funds expected from non-bond sources, including State grant funds for eligible projects, have not yet been secured. Until all project costs and funding sources are known, the Board of Education cannot determine the amount of bond proceeds available to be spent on each project, nor guarantee that the bonds will provide sufficient funds to allow completion of all listed projects. Completion of some projects may be subject to further government approvals by State officials and boards, to local environmental review, and to input from the public. For these reasons, inclusion of a project on the Bond Project List is not a guarantee that the project will be funded or completed. The Board of Education may make changes to the Bond Project List in the future consistent with the projects specified in the proposition.

Bond Project List

Health & Safety Improvements

Improve the overall health and safety experience for students in the School District at the schools specified below through code, life safety and maintenance improvements at outdoor activity areas and fields, gymnasiums and multi-use facilities, including, but not limited to, the following:

- Modernize and upgrade playgrounds, playfields and equipment;
- Improve security and safety, including updating lighting and communications systems, fencing, gates and classroom door locks;
- Repair or replace sidewalks, concrete, and asphalt surfaces, including restriping of playgrounds;
- Renovate, rehabilitate or replace bleachers, athletic fields and add landscaping, including trees for shading;
- Upgrade, repair and rehabilitate bathrooms, floors, walls, ceilings, leaky roofs, gutters, and doors;
- Update, repair and renovate heating, ventilation and air conditioning equipment;
- Improve energy efficiency;
- Repair and upgrade drinking fountains and leaky fixtures, irrigation and storm water drainage systems; and
- Improve disabled accessibility to meet current health, safety and instructional standards.

Approved sites: Approved at all District sites.

Student Health & Nutrition

Improve the overall health and nutritional experience for students in the School District, construct central kitchen facilities that will serve more students, improve efficiency, increase revenues, provide better meals with standardized and healthier menus and improved services, convert kitchens at all elementary schools to support a nutritional food service program, in which projects, including, but not limited to the following:

- Construct Centralized Nutrition Center to serve student population;
- **UPGRADE ELEMENTARY AND K-8 SCHOOL SITE KITCHENS.**

Furnishings & Equipment

Project Costs for furnishings and equipment for some or all of the within-identified School District campuses may include, but are not limited to, some or all of the following: security, safety and communication systems and equipment; window and floor coverings (including tiles and carpeting); kitchen equipment; improvements and furnishings; and/or other electronic equipment and systems.

Each project listed is assumed to include its share of costs of the election and bond issuance and other construction-related costs, such as construction management, architectural, engineering, inspection and other planning costs, legal, accounting and similar fees, independent annual financial and performance audits, a customary construction contingency, and other costs incidental to and necessary for completion of the listed projects (whether work is performed by the District or by third parties), including:

Remove, dispose of, and otherwise remediate hazardous materials, including asbestos, lead, etc., where necessary.

Address unforeseen conditions revealed by construction/modernization (including plumbing or gas line breaks, dry rot, seismic, structural, etc.).

Site preparation/restoration in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, demolition of existing structures, removing, replacing, or installing irrigation and drainage, utility lines (such as gas lines, water lines, electrical lines, sewer lines, and communication lines), trees and landscaping, relocating fire access roads, traffic lights and mitigation, and acquiring any necessary easements, licenses, or rights of way to the property.

Rental or construction of storage facilities and other space on an interim basis, as needed to accommodate construction materials, equipment, and personnel, and interim classrooms (including relocatables) for students and school functions or other storage for classroom materials displaced during construction.

Acquisition of any of the facilities on the Bond Project List through temporary lease or lease-purchase arrangements, or execute purchase option under a lease for any of these authorized facilities.

Furnishing and equipping of existing and newly constructed, modernized or rehabilitated classrooms and facilities on an ongoing basis, including to replace worn, broken, or out-of-date furniture and equipment for all classrooms, athletic facilities and other facilities, as needed.

For any project involving renovation, modernization, remodeling or rehabilitation of a building or the major portion of a building, the District may proceed with new replacement construction instead (including any necessary demolition), if the Board of Education determines that replacement and new construction is more practical than rehabilitation and renovation, considering the building's age, condition, expected remaining life, comparative cost, and other relevant factors.

The Bond Project List shall be considered a part of this ballot proposition, and shall be reproduced in any official document required to contain the full statement of the bond proposition.

TAX RATE STATEMENT

An election will be held in the Sacramento Unified School District (the "District") on November 6, 2012, on the question of whether to authorize up to \$68,000,000 in bonds to be issued by the District to finance school facilities as described in the ballot measure. If the bonds are approved, the District expects to sell the bonds in four series over time. Principal and interest on the bonds will be paid from taxes levies on the taxable property in the District. The infor-

mation contained in numbered paragraphs 1 – 3 below is provided in compliance with Sections 9400-9404 of the Elections Code of the State of California. This information is based on the best estimates and projections presently available from official sources, experience within the District and other demonstrable factors.

1. The best estimate of the tax 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 estimated assessed valuations available at the time of filing of this statement, is 1.0¢ per \$100 (\$10.00 per \$100,000) of assessed valuation in fiscal year 2013-14.

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 estimated assessed valuations available at the time of filing of this statement, is 1.0¢ per \$100 (\$10.00 per \$100,000) of assessed valuation in fiscal year 2014-15.

3. The best estimate of the highest tax rate which would be required to be levied to fund this bond issue, based on estimated assessed valuations available at the time of filing of this statement, 1.0¢ per \$100 (\$10.00 per \$100,000) of assessed valuation in fiscal year 2013-14.

Approval of the ballot measure authorizes the issuance of bonds under certain conditions, and is not approval of a specific tax rate or a specific bond issuance plan. The tax rate estimates in this statement reflect the District's current projection of future assessed values and of future debt service payments, which are based on certain assumptions. The actual 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 and repayment structure of bonds sold, market interest rates at the time of each sale, and actual assessed valuations over the term of repayment of the bonds. The dates of sale of the bonds and the amount and repayment structure of bonds sold at any given time will be determined by the District based on its need for construction funds, its intention to meet the tax rate targets stated above, the legal limitations on bonds approved by a 55% vote, and other factors. The actual interest rates at which the bonds are sold will depend on the bond market at the time of each sale. Actual future assessed valuation 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.

Voters should note that the estimated tax rates are based on the ASSESSED VALUE of taxable property in the District as shown on the County's official tax rolls, not on the property's market value. Property owners should consult their own property tax bills to determine their property's assessed value and any applicable tax exemptions.

Dated: July 19, 2012.

John Raymond

Superintendent

Sacramento City Unified School District

ARGUMENT IN FAVOR OF MEASURE R

Measure R is a companion to Measure Q to upgrade our local schools. While Measure Q will provide funds to make significant repairs to classrooms and educational facilities at our high schools and middle schools, Measure R gives voters the opportunity to go a step further by funding improvements at all schools for less than an additional \$2 more a month per average homeowner.

Measure R would fund the renovation of facilities that support learning, extra-curricular activities and ensure student safety, including: repairing worn-out playgrounds and playfields; improving physical education facilities and bathrooms to meet modern

safety standards; repairing irrigation systems and water drainage to reduce water consumption to save money; removing asbestos, lead paint and other unsafe conditions; upgrading kitchen facilities to improve nutrition and nutritional education and safety improvements to all schools.

The total cost of Measures Q and R is less than \$7 a month for the average homeowner. The entire cost is tax deductible.

All of the projects to be funded by Measures Q and R have gone through extensive review. Measures Q and R will only fund priority projects that are necessary to ensure the health and safety of Sacramento children and maintain the learning environment necessary to support excellent student instruction.

Every penny from Measures Q and R will stay in our community and cannot be taken away by the State. By law, funds may only be used for the specific facility projects included in the voter approved project list.

No funds can be used for school administrator salaries. Measures Q and R require an independent citizens' oversight committee and mandatory independent annual audits to ensure funds are spent properly.

Please vote YES on Q & R.

s/Deborah Ortiz, Los Rios Community College Trustee

s/Anne Rudin, Former Mayor of Sacramento

s/Phil Serna, Sacramento County Supervisor

s/Greg Purcell, Principal, Sam Brannan Middle School

s/Pia Wong, Professor of Education/Parent

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE R

The politicians who run the City Schools want more of your money. Voters are being asked to approve a blank check to remedy failures to plan for and conduct routine maintenance and updates, and the refusal to employ sound fiscal policy in the District's construction contracts.

With aging infrastructure, the need to fund repairs, maintenance, and upgrades is no surprise. However, rather than budgeting for facilities maintenance and repair on an ongoing basis, the District asks for a taxpayer bailout. The District owes \$556 million on past borrowing and \$552 million for unfunded employee benefits, and has deferred maintenance and routine facility updates. Through Measures Q and R the District seeks to borrow nearly half a billion dollars, but the cost to Sacramento taxpayers will ultimately be closer to and may well exceed one billion dollars.

It's easy to like the idea of improving our schools—but it needs to be done responsibly, and another taxpayer bailout is not the answer. As important as the projects may seem, the District admits that its listing of projects is "not a guarantee that the project will be funded or completed." Given past failures to ensure that construction contracts were awarded under fair and open competition to those providing the best value at the best price, taxpayers can't afford another blank check for this School District.

The District shouldn't continue to spend money it doesn't have and ask taxpayers to fund projects that cost more than they should. Vote NO on Measure R.

Stephen R. McCutcheon, Jr.

Concerned Parent

Eric Christen, Executive Director

Coalition for Fair Employment in Construction

Nicole Goehring, Government Affairs Director

Associated Builders and Contractors, Northern California Chapter

Terry Seabury, CEO

Western Electrical Contractors Association

Tracy Threlfall, Interim Executive Vice President

Plumbing-Heating-Cooling Contractors Association of California

ARGUMENT AGAINST MEASURE R

Politicians don't get it, and Measure R is an excellent example. Bureaucrats want you to pay more taxes in an economy worse than any since the Great Depression. And California is at the top of the unemployment rankings.

The politicians who run Sacramento City schools want to borrow \$68 million to repair facilities that the district hasn't maintained, while they still owe \$556 million on past projects. This District has declining enrollment, but it rarely consolidates schools to save money. Instead, they cut teachers, counselors, music, sports, transportation, and otherwise preside over a decline in the quality of education our children receive. And the State of California says the District "may not meet its financial obligations" in the future.

Worse, the District has refused to temper this request with reform that could save taxpayers considerable money. They could allow construction to be performed under fair and open competition, allowing all contractors to compete with each other for the project. Instead, the District shows every indication that they will rely on a contracting process, which, according to a recent study, costs taxpayers up to 15%, more than necessary and excludes many local workers from working on these construction projects.

Meanwhile, this District is accused of illegal teacher layoffs. It fired its 'Teacher of the Year.' It has an unfunded benefit obligation of \$552 million, and despite declines in enrollment, will close only 2 schools out of 127 facilities. Maintenance on existing schools is deferred, and yet they ask taxpayers to fund this grandiose new spending, all while insisting that the construction be at a rate 15% higher than necessary.

The District shouldn't continue to spend money it doesn't have and ask taxpayers to fund projects that cost more than they should. Vote NO on Measure R. For more information, see <http://www.fairandopencompetitionsacramento.com>.

Eric Christen, Executive Director
Coalition for Fair Employment in Construction

Nicole Goehring, Government Affairs Director
Associated Builders and Contractors, Northern California Chapter

Stephen R. McCutcheon, Jr.
Concerned Parent

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Tracy Threlfall, Interim Executive Vice President
Plumbing-Heating-Cooling Contractors Association of California

REBUTTAL TO ARGUMENT AGAINST MEASURE R

The same out-of-town special interests that oppose Measure Q also oppose Measure R. They are not concerned about our local schools or our community.

Our local teachers, community leaders, parents and business leaders urge you to vote yes on both Measure R and Measure Q. Together, these measures will provide renovations at every school in our community.

The projects that Measure Q will pay for are straight forward: renovate classrooms, upgrade computer systems, science labs, and libraries, provide career training and classrooms for advanced courses in math, science and technology and repair of roofs, floors, walkways, bathrooms, sewer lines and plumbing systems.

In addition Measure Q will upgrade heating, ventilation and electrical systems to save energy and reduce costs to allow funding for programs like art and music.

Measure R would allow the district to do a little more on projects that are important but less critical.

These projects include repairing worn-out playgrounds and playfields, improving physical education facilities, repairing irrigation systems to reduce water consumption and upgrading kitchen facilities to improve nutrition and nutritional education for children.

ALL of the money raised by these measures will stay in our community.

The economic well-being and quality of life in our community are dependent on good schools. Good schools protect and enhance property values and shape our community's future

Please vote Yes on both Measures Q and R.

s/Curry Mayer, John F. Kennedy High School PTA President

s/Dr. Richard Pan, Member, California State Assembly / Pediatrician

s/Carrie Rose, McClatchy High School Parent

s/Aubry Stone, President and CEO, California Black Chamber of Commerce