

Proposition 39 Bond for the November 8, 2016 Ballot?

TIM FLOOD

MARK CLAUSSEN

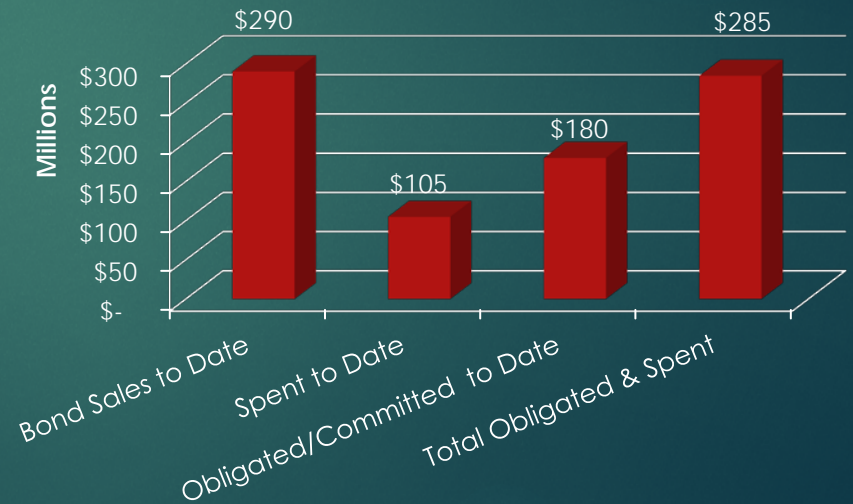
Status of Current Bond Projects and Funding

Current Program Status

Prop R Authorization and Bond Sales



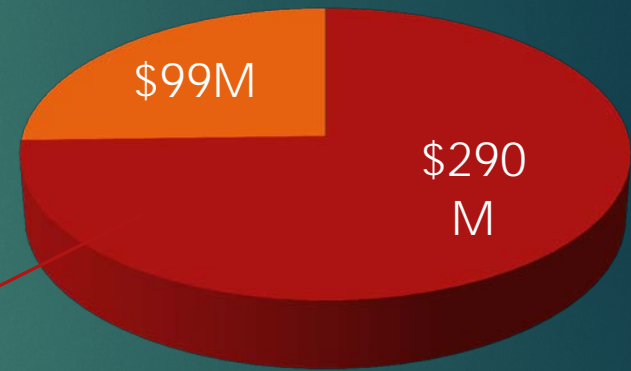
Bond Revenue and Obligations



PROP R BOND SALE SUMMARY

Prop R Authorization	\$389
Bond Sales	\$290
Balance of Prop R Authorization	\$99

Prop R Authorization \$389M



Series A, B & C	\$168M
Series D	\$122M
Total	\$290 M

PHASE I & II PROJECTS

Projects	Status
Central Plant/Devore Stadium and Fields	Complete
Wellness and Aquatics Complex	In Construction
Math, Science and Engineering Building	June Construction start
National City HEC Building 2	March Construction Start
Performing Arts and Cultural Center (PACC)	In Design
Security Building	In Design
Misc. Projects (Access & Entry, Security, IT, Corner Lot)	Complete
Infrastructure and Other (Management, Design, Geotechnical)	Continuing
Total	\$290M

Justification for a New Bond

PHASE III FACILITIES MASTER PLAN PROJECTS

Projects (in no particular order)	Total Value
San Ysidro Higher Education Center – Classrooms and Parking	\$28,000,000
Parking Structure	\$14,000,000
Student Union Complex	\$53,000,000
Business / CIS, Communications	\$33,000,000
Administration	\$27,000,000
Otay Mesa HEC	\$2,000,000
Maintenance & Operations, Automotive	\$28,000,000
Fine Arts	\$24,000,000
Journalism	\$2,000,000
IT/Central Services (Bldg. 630)	\$7,000,000
Building 420 Renovation	\$15,000,000
1600's Repurposing (Continuing Education, Child Development Program)	\$6,000,000
Planetarium	\$13,000,000
Student Services	\$36,000,000
Academic Success Center	\$15,000,000
Infrastructure; Perimeter Road	\$60,000,000
Contingency	\$20,000,000
Total	\$383,000,000

INFORMATION TECHNOLOGY

Projects	Total Value
System Redundancy	\$5,500,000
Emergency Power Systems	\$4,500,000
Server/Storage Upgrades	\$1,500,000
Backbone Hardware	\$3,500,000
Total	\$15,000,000



MISC BUILDING DEFICIENCIES (FACILITIES CONDITION SURVEY)

9

Projects	Total Value
Mechanical Systems (Heating, Ventilation and Air Conditioning (HVAC))	\$6,300,000
Building Plumbing and Internal Electrical Systems	\$6,500,000
Roofing Systems and Drains	\$2,500,000
Other (Building Exterior, Structural, Interior Ceilings, etc.)	\$2,700,000
Total	\$18,000,000



Typical Spalling on Structural Beams and Columns



Typical Deteriorating Hot Water Boilers



Typical Obsolete Electrical Switchgear



Typical Deteriorating Rooftop HVAC Units

MAJOR INFRASTRUCTURE

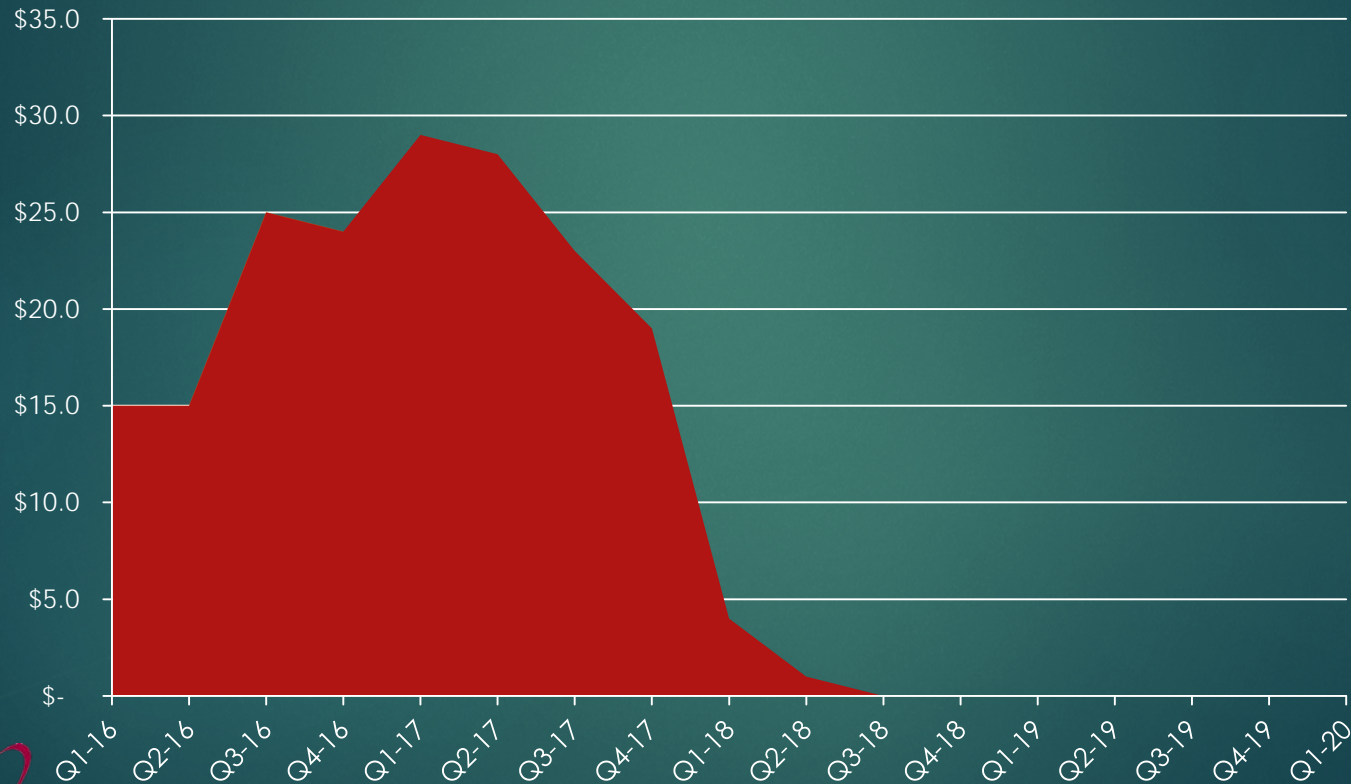
Projects	Total Value
Complete Central Plant Loop	\$8,500,000
Storm water and Drainage Piping Replacement	\$7,500,000
Campus Irrigation System Upgrades (Water Conservation)	\$3,500,000
Main Electrical Switchgear and Transformer Replacements/Refurbishments	\$14,000,000
Main Electrical Distribution Upgrades	\$11,500,000
Potable Water Piping Replacements	\$5,000,000
Total	\$50,000,000



CONTINUITY

FACILITIES PROGRAM WITHOUT (OR DELAYED) NEW BOND

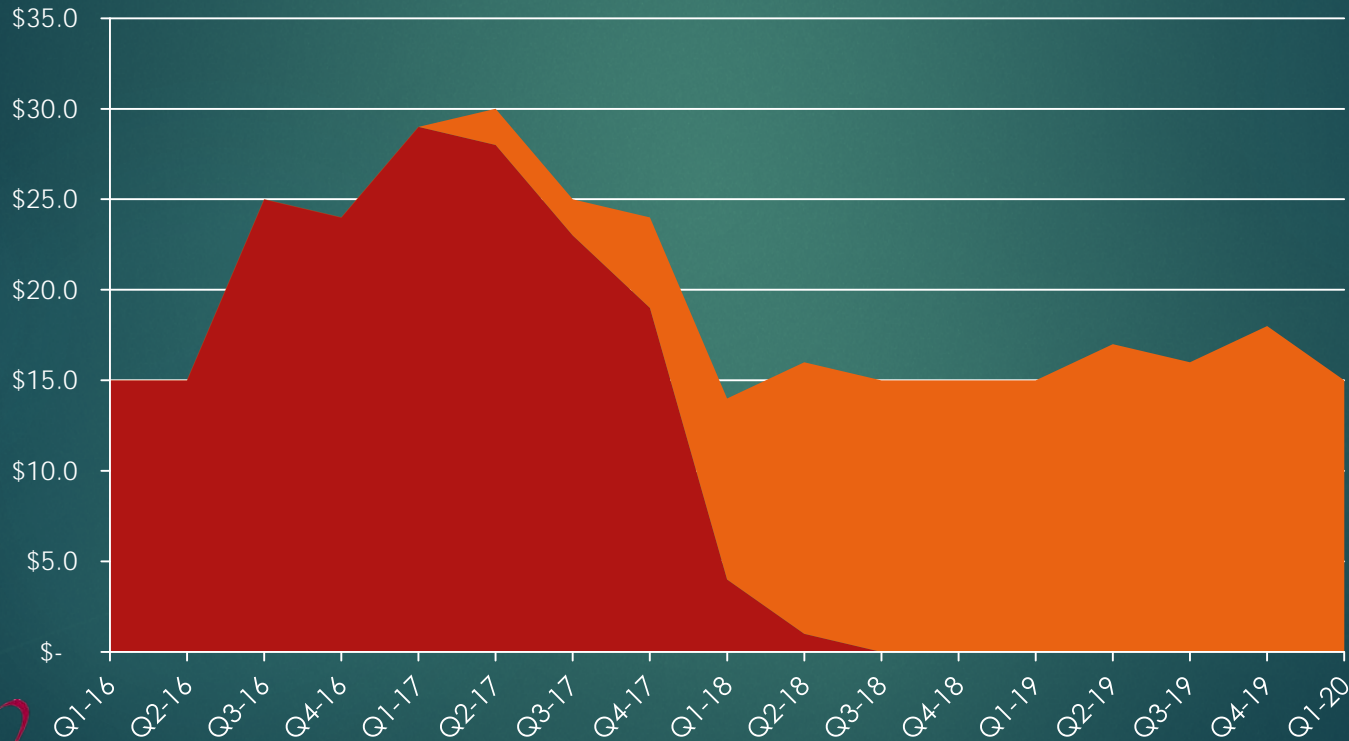
■ Projected Prop R Per Quarter Expenditures (in \$millions)



CONTINUITY

FACILITIES PROGRAM WITH 2016 NEW BOND

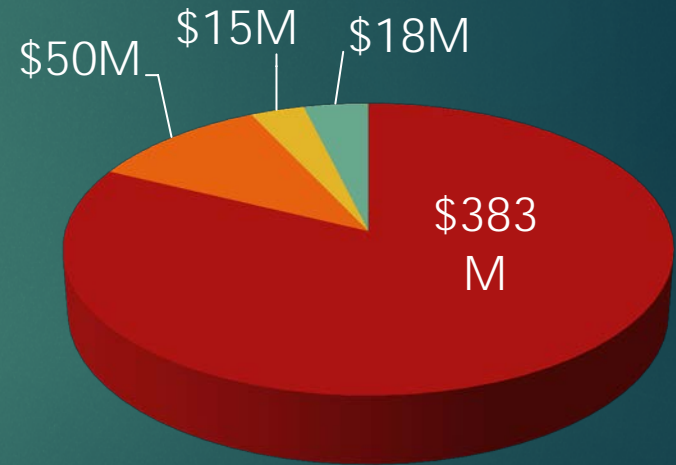
- Projected Future Bond Per Quarter Expenditures (in \$millions)
- Projected Prop R Per Quarter Expenditures (in \$millions)



JUSTIFICATION FOR A NEW BOND

- ▶ Total Unfunded Capital needs in excess of \$466M

Total Facilities Needs	
Complete Facilities Master Plan	\$383
Major Infrastructure Upgrades	\$50
Information Technology Improvements	\$15
Building Systems Upgrades (per Facility Condition Survey)	\$18
Total	\$466



What is a Proposition 39 G.O. Bond?

- ▶ Approved by voters in 2000
- ▶ Reduced approval threshold from 66% to only 55%
- a huge difference
- ▶ Proceeds can be used for more than just building a building
 - ▶ Construction
 - ▶ Furniture, fixtures, equipment
 - ▶ Infrastructure
 - ▶ Software
 - ▶ Technology
 - ▶ Refinancing of General Fund facilities-related debt

How Much Could be Raised and at What Cost to the Property Owners?

- ▶ Over Approximately a 10 Year Period*
 - ▶ \$10 per \$100,000 = \$142 million (approximate)
 - ▶ \$15 per \$100,000 = \$213 million (approximate)
 - ▶ \$20 per \$100,000 = \$284 million (approximate)
 - ▶ \$25 per \$100,000 = \$356 million (approximate)

** If the Board authorizes further study a comprehensive workshop on pricing will be conducted by financial professionals*

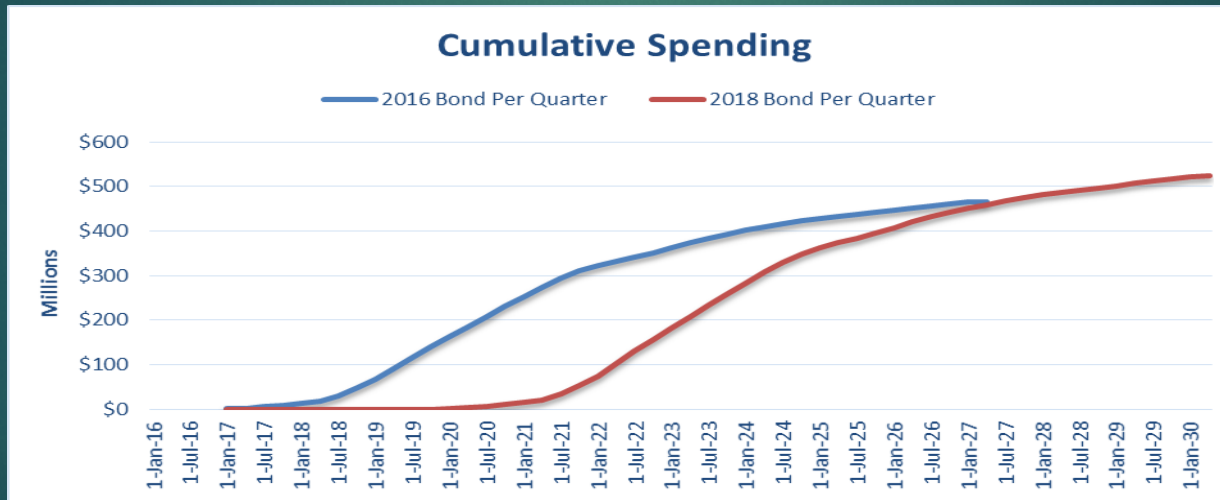
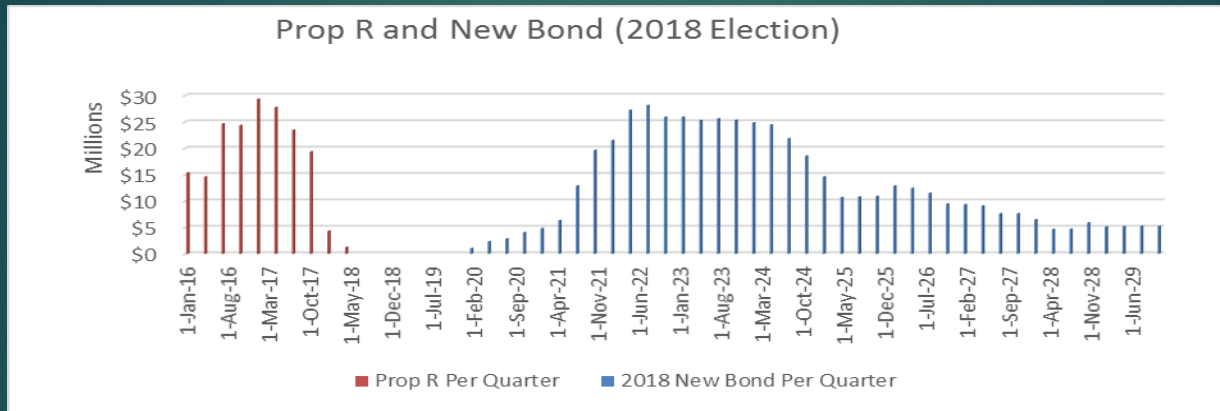
Community Polling Sample

16

Area	Percent of Southwestern CCD Nov 2016 Electorate	Base Sample	Oversample	Total
Chula Vista	55%	220	+0	220
San Diego	20%	80	+20	110
National City	9%	36	+39	75
Coronado	6%	24	+51	75
Imperial Beach	5%	20	+55	75
Unincorporated	5%	20	+55	75
Districtwide	100%	400	+220	620

Estimated Cost of 620 sample size poll is \$39,900; Political Analyst costs estimate at \$20,00 for first phase.
Non-general funds to be used to pay for costs

Impacts of Delaying Bond



\$57-million-dollar financial impact, or opportunity cost lost by deferring

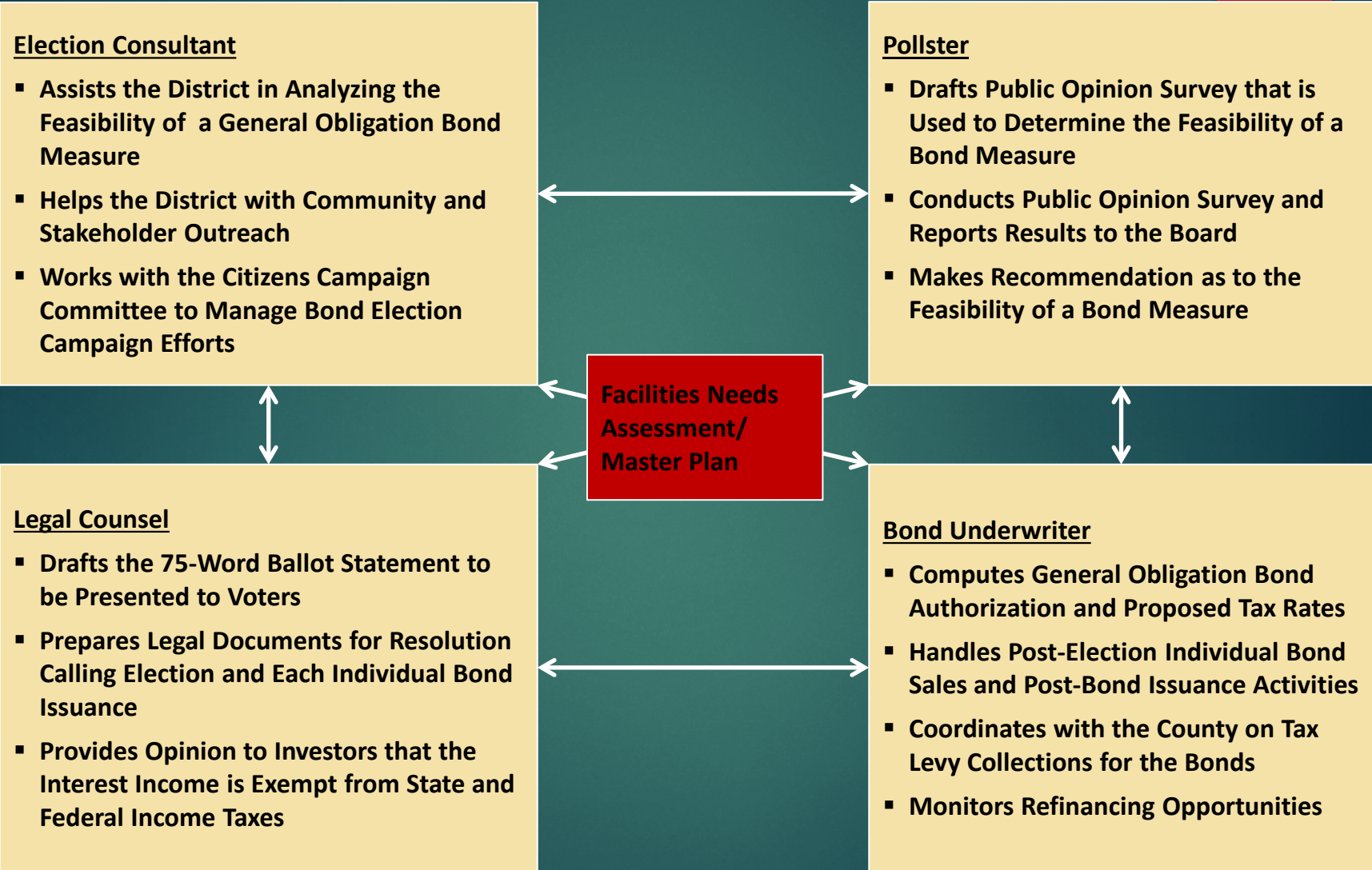
Potential Fiscal Impacts on the General Fund

- ▶ Costs, primarily before August 12th
 - ▶ Polling
 - ▶ Informational communications
 - ▶ Research
- ▶ Savings
 - ▶ FF&E – Furniture, Fixtures & Equipment
 - ▶ Reduce maintenance costs
 - ▶ Further energy savings

Potential Timeline and Milestones

- ▶ Phase I – Board Approval to conduct polling
- ▶ Phase II – Polling and Analysis, March – April
- ▶ Phase III – Community Engagement, forums, etc.
- ▶ Phase III – Board Assessment & Decision, July – August 12
 - ▶ Documents must be submitted including actual bond language by 8/12
- ▶ Phase IV – Campaign, August
- ▶ Phase V – The Public Vote, November 8th

Who Are the Professionals Involved in a Bond Election?



What We Can Expect:

- ▶ Presidential Election – Historically Largest Turnout of All Elections. More People Show Up to Vote for President Than Any Other Election Cycle.
- ▶ Crowded Ballot - The MOST State/Local Candidate and Ballot Measure Elections.

Positives

- **MORE FAVORABLE ELECTORATE:** Historically, THIS election (on the natural) attracts more voters that support local school bonds.
- **LOWER ELECTION COST FOR SPONSORING PUBLIC AGENCIES:** More items on the ballot lowers the election admin cost for all.
- **CONSISTENTLY HIGH SUCCESS RATE:** Historically, more local revenue measures (including school bonds) pass during THIS election cycle.

Challenges

- **HIGHER CAMPAIGN COST:** More voters to reach requires more resources to reach those expected to vote.
- **MORE "POLITICAL NOISE":** Huge expected turnout creates much more activity, more competition for voter attention – and more "noise".
- **POTENTIAL FOR TAXPAYER "FATIGUE":** Best election conditions attract more tax measures. More tax measures on the same ballot increase risk of taxpayer fatigue.

Next Steps

- ▶ Governing Board direction – place a resolution on the next agenda to authorize contracting for public opinion poll
- ▶ If approved by Board, proceed with polling and analysis
- ▶ Analysis will assist Board in making determination to place bond initiative on ballot
- ▶ If decision is to move forward start public outreach and bond campaign