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DEPARTMENT OF
ADMINISTRATIVE SERVICES
BUDGET AND POLICY REVIEW

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CALIFORNIA

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January 22, 2002

Law and Legislation Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: MEASURE A – Los Rios Community College District

LOCATION: Citywide

RECOMMENDATION:

This report seeks direction from the Law and Legislation Committee on County Ballot Measure A – Los Rios Community College District.

CONTACT PERSON: Aaron B. Chong, Budget and Policy Review Office, 264-6762

FOR COUNCIL MEETING OF: February 5, 2002

SUMMARY

Councilmember Robbie Waters asked that the Law and Legislation Committee review County Ballot Measure A – Los Rios Community College District and requested that the Committee consider support for the ballot measure.

DISCUSSION:

Measure A would authorize the Los Rios Community College District to issue up to \$265 million in bonds. The issuance and sale of these general obligation bonds would be for the specific purpose of building and repairing classrooms and facilities; upgrading academic and vocational educational programs including computer sciences, electronics, nursing and high tech training facilities; upgrading libraries; building new classrooms to reduce overcrowding and

making building safety improvements at the American River; Cosumnes River, El Dorado, Folsom and Sacramento City College Campuses.

A copy of the ballot text, analysis prepared by the County Counsel and Arguments for and against the measure is attached as **Attachment I**.

Respectfully submitted,



Aaron B. Chong,
Budget and Policy Review Office

APPROVED FOR INFORMATION:



BETTY MASUOKA
Assistant City Manager

**Los Rios Community College District
MEASURE A**

Shall the Los Rios Community College District be authorized to issue \$265 million dollars in bonds at the lowest available interest rate, for building and repairing classrooms and facilities; upgrading academic and vocational education programs including computer sciences, electronics, nursing and high-tech training facilities; upgrading libraries; building new classrooms to reduce overcrowding, and making building safety improvements at the American River, Cosumnes River, El Dorado, Folsom, and Sacramento City College campuses?

"Approval of Measure A does not guarantee that the proposed project or projects in the Los Rios Community College School District that are the subject of bonds under Measure A will be funded beyond the local revenues generated by Measure A. 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."

IMPARTIAL ANALYSIS OF MEASURE A

Prepared by Sacramento County Counsel

If approved by the voters, Measure A would allow the Los Rios Community College District to incur bonded indebtedness up to a maximum amount of \$265 million. The issuance and sale of such general obligation bonds would be for the specific purpose of improving, acquiring and constructing classrooms and other district community college facilities, including meeting safety, class size reduction and information technology needs.

No funds derived from bond sales could 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 A lists the school facility improvement projects for all of the District's college campuses, which include American River, Cosumnes River, Folsom Lake /El Dorado and Sacramento City Colleges.

To assure that funds are spent only on school and classroom improvements and for no other purposes, this measure would require the District to: 1) deposit all bond sale funds into a specially created building fund account; 2) prepare an annual report on the amount of funds collected and expended and the status of any project required or authorized to be funded; 3) appoint a citizen's oversight committee; and 4) conduct annual independent performance and financial audits. The authority, responsibilities and membership composition of the citizen's oversight committee would be as prescribed by applicable state law.

If Measure A is passed, the actual dates of sale and the amount of bonds sold would be governed by the District. The number of years that the whole or any part of such school district bonds are to run could not exceed the statutory maximum, calculated from the date of the bonds or any series thereof. If Measure A 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 net 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 A requires approval by fifty-five percent of the voters voting thereon.

COMPLETE TEXT OF MEASURE A

Shall the Los Rios Community College District be authorized to issue \$265 million dollars in bonds at the lowest available interest rate, for building and repairing classrooms and facilities; upgrading academic and vocational education programs including computer sciences, electronics, nursing and high-tech training facilities; upgrading libraries; building new classrooms to reduce overcrowding, and making building safety improvements at the American River, Cosumnes River, El Dorado, Folsom, and Sacramento City College campuses?

The following are the specific school facilities projects to be funded:

Colleges' Facilities Projects List

The Facilities Projects List proposed for financing with the proceeds of the District's general obligation bonds includes the following projects to be undertaken within the District: install and/or upgrade emergency lighting, fire alarm, and security systems throughout the campus; demolition of temporary and/or obsolete facilities; constructing maintenance and other support facilities; acquire related furnishings and equipment for all modernization, renovation, improvement, and/or new construction project components; roadway, walkway, grounds, parking lot, and entrance improvements; signage for safety and public information; modernize and/or construct new restrooms district-wide; development and implementation of facilities master plans and related requirements such as environmental impact reports and soils testing; the relocation and/or acquisition of temporary facilities during the modernization, renovation, improvement and/or new construction of project components as necessary to maintain educational programs in operation during construction; and acquiring land including but not limited to contiguous parcels, making site improvements thereon and/or constructing additional facilities thereon, for the purpose of expanding instructional programs to meet future educational demands of District students. 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 and therefore, the Board cannot guarantee that the bonds will provide sufficient funds to allow completion of all listed projects.

American River College

New Instructional and Library Space Construction; Allied Health Facilities Renovation; Learning Resource Center Addition Construction; Classroom Renovation; Bookstore and Cafeteria Facilities Expansion; Fine and Performing Arts Renovation; Child Development Center Construction; Liberal Arts Building Renovation; Natomas Center Land Acquisition and Construction; Transportation, Access and Parking Improvements; Physical Education Expansion; Life Science Renovation.

Cosumnes River College

New Instructional and Library Space Construction; Science Building Renovation; Classroom Renovation; Bookstore and Cafeteria Expansion; Student Services Facilities Renovation; Transportation, Access and Parking Improvements; Campus Security and Support Services Facility Renovation; Land Acquisition and Site Development for Elk Grove/Laguna Center; Agriculture Program Facility Renovation.

Folsom Lake College/El Dorado Center

New Instructional and Library Space Construction; Fine Arts Building Construction; Physical Education Construction and Expansion; Transportation, Access and Parking Improvements; Land Acquisition and Site Development for Rancho Cordova Center; Bookstore and Cafeteria Construction and Expansion.

Sacramento City College

New Instructional Space Construction; Classroom Renovation; Allied Health Facilities Renovation; Technology Building Renovation; Fine Arts Building Renovation; Transportation, Access Land Acquisition and Parking Improvements; North Gym Renovation; Davis and West Sacramento Center Land Acquisition, Site Preparations and Construction; Cosmetology and Printing Technology Building Renovation; Performing Arts Center Renovation.

As required by the California Constitution, the proceeds from the sale of the bonds will be used only for the provision of school facilities by 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, and not for any other purpose, including teacher and administrator salaries and other school operating expenses. The proceeds of the bonds will be deposited to a Building Fund and the chief fiscal officer of the District will annually file a report with the Board of Trustees, which report shall contain information regarding the amount of funds collected and expended, as well as the status of the projects listed in the ballot measure.

The District's Board of Trustees has certified that it has evaluated safety, class size reduction and information technology needs in developing the foregoing list.

The District's Board of Trustees will conduct an annual, independent performance audit to ensure that the funds have been expended only on the project list set forth above.

The District's Board of Trustees will conduct an annual, independent financial audit of the proceeds from the sale of the Bonds until all of those proceeds have been expended for the school facilities projects.

Pursuant to Section 15772 of the Education Code, the District's Board of Trustees will appoint a citizens' oversight committee and conduct annual independent audits to assure that funds are spent only on school and classroom improvements and for no other purposes.

As required by Section 53410 of the Government Code the following accountability measures are hereby made a part of the District's Bond Measure:

(a) The specific purpose of the bonds is to improve the quality of education by constructing and modernizing school facilities.

(b) The proceeds from the sale of the District's bonds will be used only for the purposes specified in the Measure, and not for any other purpose;

(c) The proceeds of the Bonds will be deposited into a Building Fund to be held by the County Treasurer, as required by the California Education Code; and

(d) The chief fiscal officer of the District shall file an annual report with the Board of Trustees of the District, which report shall contain pertinent information regarding the amount of funds collected and expended, as well as the status of the projects listed in the Measure.

TAX RATE STATEMENT FOR MEASURE A

An election will be held in Los Rios Community College District on March 5, 2002 to authorize the sale of \$265 million in general obligation bonds. The following information is submitted in compliance with Sections 9400-9404 of the California Elections Code.

1. The best estimate of the tax rate that would be required 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 \$.00312 per \$100 (\$3.12 per \$100,000) of assessed valuation in fiscal year 2002-03.

2. The best estimate of the highest tax rate that would be required to fund this bond issue, based on estimated assessed valuations available at the time of filing this statement, is \$.01625 per \$100 (\$16.25 per \$100,000) of assessed valuation in fiscal year 2013-14.

3. The best estimate of the tax rate that would be required 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 \$.01625 per \$100 (\$16.25 per \$100,000) of assessed valuation in fiscal year 2013-14.

4. The average tax rate that would be required to fund this bond issue, based on estimated assessed valuations available at the time of filing of this statement, is \$.00996 per \$100 (\$9.96 per \$100,000) of assessed valuation.

These estimates are based on projections derived from information obtained from official sources. The actual tax rates and the years in which they will apply may vary depending on the timing of bond sales, the amount of bonds sold at each sale and actual increases in assessed valuations. The timing of the bond sales and the amount of bonds sold at any given time will be determined by the needs of the College District. Actual assessed valuations will depend upon the amount and value of taxable property within the College District as determined in the assessment and the equalization process.

Dated: Nov. 13, 2001
Brice W. Harris, Chancellor

ARGUMENT IN FAVOR OF MEASURE A

Community colleges play an essential part in education. They prepare students for four-year colleges and provide vocational training to thousands of local residents. Graduates of our community colleges are the foundation of our local economy.

Today, 70,000 students attend classes at Sacramento City, American River, Cosumnes River and Folsom Lake Community Colleges. Within 10 years, that enrollment will grow to more than 95,000!

Whether seeking a university degree or job training in fields such as nursing, fire-fighting and law enforcement, the students of the Los Rios Community College District face major obstacles - overcrowding, outdated equipment, rundown classrooms.

Measure A will build new classrooms and allow the District to expand course offerings. It will repair and renovate old and outdated classrooms.

Measure A will build high-tech facilities to provide up-to-date academic and vocational courses such as computer science, electronics and business.

Measure A will expand and upgrade fire and security systems and libraries. It will improve access for disabled access.

Measure A will provide additional classroom computers and prepare our students to compete in the 21st century job market.

Measure A makes financial sense. If classrooms are not repaired and expanded now, it will only cost more in the future. Funds can only be used to improve our schools - not to pay for administrative salaries.

Measure A will protect taxpayers. While Los Rios has a well-deserved reputation for sound financial management, an independent citizens' oversight committee will audit all expenditures.

Measure A is an investment in our local economy, our state's future and our citizens. Keep Los Rios Community College District among the top community college systems in the state. Vote Yes on Measure A

Diane D. Miller, Board Chair, Sacramento Metro Chamber of Commerce
Brice W. Harris, Chancellor, Los Rios Community College District
Daniel J. Corrigan, Trustee, Yolo County Board of Education
Lou Blanas, Sheriff, Sacramento County
Joe Harn, CPA, El Dorado County Auditor-Controller

ARGUMENT AGAINST MEASURE A

You, the taxpayers, voted down a bond in November, 2000 for \$215 million. Ignoring your votes the District is back, in a weakened economy, asking for more money — \$265 million.

Voting Yes creates a new tax for Sacramento, Yolo and El Dorado counties. Community Colleges and Universities are State programs. The State already gives the Los Rios District annual building funds. This is a practice taxpayers throughout the state understand. All higher education costs, such as salaries, utilities, maintenance, and buildings are paid for by the State.

This new tax has very little oversight. Los Rios Trustees will appoint members to an oversight committee which will oversee its own spending. With their past history of cost-overruns on building projects—such oversight is a bad idea for taxpayers. Independent, arms-length oversight is still lacking for taxpayers.

This new tax is for their extravagant ballot wish list. They want a half-billion dollars of your money (including the interest) to build their Taj Mahals.

This new tax is a double tax. First, the taxpayers pay the State through their income and sales taxes for the Los Rios buildings. Then, if this new tax passes, they will also pay for Los Rios buildings in their property taxes. Property owners should not pay double taxes.

This new tax does not guarantee that your property taxes will be spent in the city or county where you live. Spending the bond funds within your local community is not guaranteed.

This is a fundamental tax jurisdiction question. If you believe State taxes should continue to pay for higher education - vote No. If you believe School bond measures should only be for elementary and high schools - vote No.

Let's stop this new tax. Please Vote No.

Mark Whisler, President, Sacramento City Taxpayers' Rights League
Dennis Neufeld, Secretary - Treasurer, Sacramento City Taxpayers' Rights League

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE A

The District wants your vote, but won't tell how much it will cost you. Is that fair? The bond's total cost is nearly half a billion dollars. No where do they tell you exactly your share. Just vote this new tax, and trust us, is their argument.

This new tax gives money to the Los Rios Trustees who have a questionable track record on facility maintenance and cost overruns. When the District overspends, their only answer is to ask you to raise your taxes ... with this new tax!

Taxpayers against this new tax must vote no. The percentage of no votes required to stop this new tax has been increased from 33 1/3% to 45%. Your no vote really matters. If you don't vote no this time – you will get this new tax.

This new tax is a double tax. First, the taxpayers pay the State through income and sales taxes for the District buildings. Then, if this new tax passes, they will also pay for District buildings in their property taxes. Taxpayers should not pay double taxes.

This new tax creates a dangerous loophole for local funding of a State college system. It bails out the State's obligation for funding Community College construction. Every building at the District has been paid for with State (and some Federal) funds.

Vote no this time or you will get this unnecessary new tax. Vote No on Measure A.

Mark Whisler, President, Sacramento City Taxpayers' Rights League
Dennis Neufeld, Secretary - Treasurer, Sacramento City Taxpayers' Rights League

REBUTTAL TO ARGUMENT AGAINST MEASURE A

Unlike state colleges and universities, community colleges are local institutions governed by local boards. It is not right to place complete responsibility for our community colleges in the hands of state government. Without local funding, our community colleges will simply not be able to educate our students.

Measure A is essential if we are to sustain economic growth in our communities and continue to provide critical training to law enforcement officers, firefighters, nurses, high-tech workers and other skilled professionals - jobs that help secure the success and safety of our community.

Our community depends on the Los Rios Community Colleges to educate 70,000 students each year. Sadly, these students are crammed into overcrowded, outdated facilities built to accommodate only 50,000 students. And more are on the way.

Measure A makes financial sense. Measure A funds can only be used to repair or expand facilities – not for administrative or teachers' salaries. That will be assured through a mandatory annual audit by a new Citizens' Oversight Committee.

Measure A will increase campus safety – a critical consideration for any family today – with security lighting, intrusion and fire alarms and structural repairs.

Only Measure A will ensure our colleges can meet the community's educational needs in computers, electronics, nursing and transfer education.

Please join your friends and neighbors and support Our community colleges - American River, Sacramento City, Cosumnes, Folsom and satellite facilities in Davis, West Sacramento, Rancho Cordova, Natomas and El Dorado County.

Vote Yes On Measure A!

Howard L. Owens, Past President, Congress of California Seniors
Michael D. Johnson, Vice President, Sacramento Area Firefighters
W.S. Bradley, Teacher/Retired County Supervisor
Kay McKay, President of CNA
Anne Rudin, Former President, League of Women Voters

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**IN SUPPORT OF THE LOS RIOS BOND MEASURE
ON THE MARCH 5TH BALLOT**

WHEREAS, voters will be asked to approve a \$265 million general obligation bond to provide funding for classroom and facility improvements and construction for American River, Cosumnes River and Sacramento City colleges and Folsom Lake and El Dorado centers, as well as the development of facilities in growing areas such as North Natomas, Davis, West Sacramento, Rancho Cordova and Elk Grove/Laguna; and

WHEREAS, the Los Rios Community College District serves 70,000 students today but enrollment is expected to swell to over 100,000 in the next fifteen (15) years, thus creating an urgent demand for additional facilities; and

WHEREAS, the colleges provide affordable, top quality education and job training for area residents, and efforts must be started now to ensure advanced learning environments that prepare area students for the competitive high-tech workplace; many current labs and classrooms are over thirty (30) years old and in need of upgrading or replacing; and

WHEREAS, the bond measure represents the only opportunity to achieve these important goals, as state lottery funds, by statute, cannot be utilized for facility construction; and

WHEREAS, equity in the assessment will be achieved by all property owners paying an average of \$9.96 annual per \$100,000 assessed valuation, including commercial and industrial as well as residential property owners; safeguards such as prohibiting the use of this bond money for payment of salaries or operating expenses and annual audits are included to ensure effective use of the proceeds from the bond measure.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Council of the City of Sacramento, that we do hereby support the Los Rios Bond Measure on the March 5, 2002 ballot.

ISSUED: This 5th Day of February, 2002.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____