

January 23, 2018

Funding Facilities Information for Review

Bond Proceeds (Fund 21)

Bond Proceeds: \$6,000,000
 Cost of Issuance: \$149,764
 Balance: \$5,850.236

Additional funding sources were used on the Sylvan Reconstruction Project to supplement the project due to an insufficient bond fund balance, and lack of matching state funds from the Woodrow and Sherwood projects. Sylvan Elementary was identified in the 2006 Measure A Bond Authorization for modernization funds. The following table illustrates the funding sources used for the Sylvan Modernization Project.

Sylvan Funding Sources			
		Amount	Pay Back
Bond Fund	Fund 21	3,535,661	
Deferred Maintenance	Fund 14	740,830	740,830
Facilities Improvement	Fund 01.9225	2,671,070	2,671,070
Developer Fees	Fund 25	65,000	
Total		7,012,561	3,441,900

CF Brown, Sherwood, Somerset, Woodrow, Stockard Coffee, and Standiford were identified as schools to be modernized under the authorization, and bond funds were used for that purpose. MPR's at these sites have roofs that need to be replaced, but were not replaced during modernization.

	School	Bond Fund 21	Deferred Maintenance Fund 14	Facilities Improvements Fund 01.9225
Funds Available for Capital Improvements		\$ 5,850,236		2,000,000
Refund Facilities Improvements		(2,671,070)		2,671,070
Refund Deferred Maintenance		(740,000)	740,000	
Transfer Funds from 01.9225 to Fund 14			4,671,070	(4,671,070)
Total Available		2,439,166	5,411,070	-
Projects				
Orchard HVAC and ADA Upgrades (In Progress)	Orchard		\$ 3,050,597	
Suggested Projects				
Replace Roof and walkways	Sylvan	1,500,000		
Replace Windows on Rumble Side	Sylvan	125,000		
Replace Roofs at SH, WO, SC, ST	Multiple	750,000		
Replace lower roof at Ustach Gym	Ustach		125,000	
Design Ustach Modernization			350,000	
Retain Funds for Ustach Modernization			1,885,473	
		\$ 2,375,000.00	5,411,070	
Balance Retain to combine with State Funds to replace portables with permanent building space		64,166	-	

Sources and Uses of Fund 01.9225 (Facilities Improvement Resource)

The resource was established during the 2014-15 school year to account for one time state funds that were approved by the Board to be transferred and allocated to a restricted resource for facility upgrades. The intent was to partially replace facility funds that had previously been received by the state through their Deferred Maintenance Program. The Deferred Maintenance Program was eliminated by the state when Local Control Funding Formula (LCFF) was enacted. The Board authorized an annual \$300,000 transfer from the General Fund to Resource 9225 beginning in the 2014-15 school year, and also authorized one time funds received to specific facility projects that required a funding source.

At the time, the district had a reserve of \$730,000 in Fund 14 (Deferred Maintenance Fund) that also earned interest. The balance of the fund was used towards the Sylvan Reconstruction Project.

It is our intent to eventually eliminate this resource and begin using Fund 14 again, pending board approval. The reason for this is with large construction projects partially funded from Resource 9225, causes the budget from this general fund restricted resource to be added to the state required 3% transfer of all general fund expenditures to the restricted resource Routine Repair and Maintenance (Resource 8150).

The following table provides a recap of the transfers and uses of the funds for Resource 9225 (Facilities Improvement Resource) along with a projected fund balance that can be used for additional facility projects.

	Transfer Detail 9225	14-15	15-16	16-17	17-18	Total		
	Roofs One Time		500,000			500,000		
	Facilities On-Going	300,000	300,000	300,000	300,000	1,200,000		
	Orchard HVAC/ADA		1,000,000	1,000,000		2,000,000		
	Ustach HVAC/ADA		1,000,000	-1,000,000		0		
	Sylvan Reconstruction	650,000	500,000	1,661,318		2,811,318		
		950,000	3,300,000	1,961,318	300,000	6,511,318		
	Allocation	14-15	15-16	16-17	17-18	Total Expense	Balance	Description
Roofs One Time	500,000		411,306	22,218	15,684	449,208	50,792	CFB MPR; FR Roof; DO Roof
Facilities On-Going	1,200,000	30,784	532,513	76,008		639,305	560,695	SO, SC, DS Fences; 200 Misc
Orchard HVAC/ADA	2,000,000			112,423	846,142	958,565	1,041,435	Orchard
Sylvan Reconstruction	2,811,318		17,303	1,362,191	1,310,066	2,689,560	121,758	Sylvan
Total	6,511,318	30,784	961,122	1,572,840	2,171,892	4,736,638	1,774,680	
						Orchard	-1,041,435	
							733,245	Dollars available for projects

Long Term Planning for Facilities

In previous reviews and discussion on how the district can legally use bond fund dollars from the final sale of the 2006 Bond Authorization, replacing roofs at sites that were identified for improvements were an area of concern for the board. One of the primary responsibilities of the Business Department is to ensure the district is legally aligning dollars to all activities from all sources of funds, and this is paramount for the board as well. Since there were concerns, there are other options for funding some

of the roofs. However, replacing the Sylvan Elementary Roof will be more expensive than can be funded in the short term, and all other modernizations included roof replacements. Due to budget constraints for the project, we chose to not replace the roof, but it needs to be replaced. Bond funds are now available for this project.

Although I have not updated the project list from previous presentations, it is feasible to pay for the replacement of MPR roofs with funds available in Resource 9225. This would free up funds for the last item from the 2006 authorization identified as replacing portables with permanent buildings.

Now that the State Facility Program is again funding facility projects, it is conceivable, and with excellent planning for the long term that the district is in line to be eligible for State Facility Program Funding in the amount of \$15,327,551 at least until funds run out again. We cannot apply for funds for the Ustach Project until the project is designed.

State Facility Program Future Funds	
Sherwood Reimb(Anticipate funds by June 2018)	\$ 2,687,814
Woodrow Reimb (Anticipate funds by December 2018)	2,587,645
Sylvan (Application is in progress)	2,798,309
Orchard (Application is in progress)	2,632,218
Ustach (Project must be developed)	4,621,565
Total SFP Anticipated	\$ 15,327,551

The final step in completing our Facilities Master Plan Draft is to develop a funding plan to support the long term plan. One of the questions staff and the board may want to consider is replacing 14 portables at Ustach Middle School with permanent space. Ustach was not built to house 1,000 students, and the school feels the crunch when it comes to restrooms, gym space, and an inadequate cafeteria and kitchen space. How extensive should we plan modernization at Ustach in light of the fact that we may need to build 2 schools within in the next 10-20 years if all the housing developments that are currently identified develop?

This is a complicated topic, and with the boards permission, staff would like to schedule time to continue discussing funding facilities and improvements of facilities at the February 13 Special Board Meeting.