



Chico Unified School District Measure

Arguments in Support of, or in opposition to, the proposed laws are the opinions of the authors.

K

Chico School Facilities Improvement Measure.

To improve the quality of local public education by preventing overcrowding at elementary schools and providing safe schools through repairing or replacing leaky roofs and outdated electrical and plumbing systems, upgrading, modernizing and constructing classrooms and science labs, improving student access to technology and improving access for students with disabilities shall Chico Unified School District issue \$152,000,000 of bonds at legal rates, including independent citizens' oversight, audits, all funds staying local and NO money for administrative salaries? Bonds-Yes Bonds-No

IMPARTIAL ANALYSIS OF MEASURE "K" BY COUNTY COUNSEL

Measure K, a Chico Unified School District ("District") bond measure, seeks voter approval to authorize the District to issue \$152,000,000 of bonds at legal rates. The primary purpose of the bonds is to finance school facilities projects as specified in the measure.

Pursuant to Section 18 of Article XVI and Section 1 of Article XIII A of the California Constitution, this measure will become effective upon the affirmative vote of at least 55% of the qualified electors voting on this measure.

Education Code section 15100 restricts the use of the proceeds from the bonds sale to items such as building school buildings, improving school grounds, supplying school buildings and grounds with equipment, and acquiring real property for school facilities. In addition, proceeds may only be used for the projects listed in the measure. This measure provides that its proceeds will fund projects outlined in the measure (reproduced in the sample ballot pamphlet) that include, but are not limited to: building systems repair and replacement; school improvements to support student learning and instruction; school improvements to support student health, safety and security; school improvements regarding accessibility and code compliance upgrades; and school improvements regarding energy efficiency and sustainability. Proceeds may not be used for any other purpose such as administrator salaries.

If 55% of those who vote on the measure vote "yes", the District will be authorized to issue bonds in the amount of \$152,000,000. Approval of this measure will authorize a levy on the assessed value of taxable property within the District by an amount needed to pay the principal and interest on

the bonds each year that the bonds are outstanding.

The Tax Rate Statement for Measure K in this sample ballot pamphlet reflects the District's best estimates, based upon currently available data and projections, of the property tax rates required to service the bonds. The best estimate of the tax rate required to be levied to fund the bonds is 6 cents per \$100 of assessed valuation or \$60 per \$100,000 of assessed valuation. This estimate applies during the first fiscal year (2017-2018) after the first sale of the bonds, during the first fiscal year (2023-2024) after the sale of the last series of bonds, and at the highest tax rate. The best estimate of the total debt service, including principal and interest, that would be required to be repaid if all the bonds are issued and sold is \$270,000,000.

The Board of Education ("Board") will appoint a citizens' oversight committee to ensure that the bond proceeds are spent for the projects listed in the measure. The Board will conduct annual, independent performance and financial audits.

If 55% of those voting on this measure do not vote for approval, the measure will fail and the District will not be authorized to issue the bonds.

This measure is placed on the ballot by the governing board of the District.

s/Bruce S. Alpert
County Counsel



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TAX RATE STATEMENT

An election will be held in the Chico Unified School District (the "District") on November 8, 2016, to authorize the sale of up to \$152,000,000 in bonds of the District to modernize and improve schools within the District. Specifically, bond proceeds shall be utilized for the purposes of financing 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.

If the bonds are authorized and sold, debt service thereon will be payable 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. It is anticipated that the District will sell the bonds in four (4) separate series.

1. The best estimate of the tax that would be required to be levied to fund this bond issue during the first fiscal year after the first sale of the bonds, based on estimated assessed valuations available at the time of filing of this statement, is 6¢ per \$100 (\$60 per \$100,000) of assessed valuation in fiscal year 2017–2018.

2. The best estimate of the tax that 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 6¢ per \$100 (\$60 per \$100,000) of assessed valuation in fiscal year 2023–2024.

3. The best estimate of the highest tax rate that 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, is 6¢ per \$100 (\$60 per \$100,000) of assessed valuation.

4. The best estimate of the total debt service, including principal and interest, that would be required to be repaid if all the bonds are issued and sold is \$270,000,000.

The estimated rates presented above apply only to the taxes levied to pay bonds authorized by this measure. Additional taxes will be levied to pay bonds issued pursuant to previous, concurrent, and future authorizations.

Voters should note that the estimated tax rates are based on the *ASSESSED VALUE* of taxable property 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.

Attention of all voters is directed to the fact that the foregoing information is based upon the District's projections and estimates only, which are not binding upon the District. The actual tax rates, the years in which they will apply, and the total debt service may vary 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 dates of sale and the amount of bonds sold at any given time will be determined by the District based on the need for construction funds and other factors, including the legal limitations on bonds approved by a 55% vote. The actual interest rates at which the bonds will be 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.

Dated: June 22, 2016

s/ Kelly Staley, Superintendent
Chico Unified School District



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ARGUMENT IN FAVOR OF MEASURE K

Every student in our local public schools should have the opportunity to learn in safe, up-to-date, quality classrooms and school facilities regardless of which school they attend. Vote Yes on Measure K to provide this opportunity to all Chico Unified School District students.

Measure K will make critical repairs and upgrades at schools in the District, with a focus on our elementary schools. Many of our elementary schools were built over 50 years ago, have not been updated and are in great need of significant structural repairs and upgrades.

Measure K is a prudent, responsible plan to address these most critical facilities needs, including: Repairing or replacing leaky roofs; Modernizing classrooms, labs and technology infrastructure at aging schools to ensure our students are prepared for 21st century college and careers; Improving school safety by removing hazardous materials from our campuses and upgrading fencing, lighting and pick-up and drop-off zones; Replacing and upgrading outdated plumbing, heating, ventilation, and air conditioning systems; Removing old portables and constructing new facilities to relieve overcrowding at elementary schools.

Measure K funds cannot be taken away by the State. By law, every penny raised by Measure K must stay local to benefit our local students.

This measure includes important taxpayer safeguards. No funds from Measure K can be used for administrators' salaries or pensions and requires an independent citizens' oversight committee. In addition, mandatory annual audits are required by a third-party auditor to ensure funds are spent properly.

Students and teachers perform better in safe, high-quality schools. Whether you have children in school or not, good schools are the backbone of a strong community and protect our property values. Make your vote count – for our children, for our community.

Please vote yes on K!

www.yesonchicoschools.com

s/Mark Sorensen, Mayor, City of Chico
s/Katie Simmons, Parent
s/Rich McGowan, Farmer
s/Tom Lando, Retired City Manager
s/Eileen Robinson, President, Chico Unified School Board

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE K

Measure K proponents remind us that every student should have safe, up-to-date, quality facilities, while admitting, "many of our schools were built over 50 years ago, have not been updated and are in great need of significant structural repairs and upgrades."

Why? Because Chico Unified School District, according to the 2016 budget narrative, practices "deferred maintenance", postponing maintenance and repairs to save costs, meet budget funding levels, or realign available budget monies for other purposes.

The latest budget shows \$31 million for employee benefits, 21 percent of the total budget, while \$4.5 million, only 3 percent, is budgeted toward Capital Outlay, money spent to either purchase a fixed asset or extend it's useful life.

District pension expenditures are projected to increase from an 11 percent contribution to over 19 percent by 2020. According to the budget narrative, "The concern and challenge will be when the increased revenue from COLA will not be enough to cover projected increased costs in retirement contributions alone."

The measure specifies that funds cannot be used for teacher or administrative salaries or pensions, but the school district will be able to realign funds formerly set aside for Capital Outlay toward increasing pension costs.

The measure states, "The Board will appoint a citizen's oversight committee..." allowing the Board to choose members who support their spending decisions.

Excessive public debt is bad for the community, including students. Excessive tax burden prohibits investment, which stimulates the economy and produces jobs.

Please reject Measure K.

s/Juanita Sumner



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ARGUMENT AGAINST MEASURE K

In 1998 and 2012, Chico Unified School District voters passed bonds totaling \$126 million, plus interest. The district superintendent reports this \$152 million bond will cost taxpayers \$270 million with interest.

Chico Unified School District board proposes this bond money be used solely for improvements to infrastructure, but a past history of poor spending decisions would indicate they want to free up other money to pay increasing salary and pension deficits. Report of declining enrollment also beg the question – why are we paying more for a steadily decreasing number of students?

Despite near-bankruptcy, threat of state takeover, and program cuts in 2009, the board gave nine percent raises spread over the 2014-15 school year. In April 2015, Assistant Superintendent Bob Feaster told the Chico Enterprise Record the district was “stretching itself financially to offer the raises, which is one reason why the second –year raise begins in January rather than the beginning of the school year. In the third year, the district faces a \$2.5 million deficit and would need to make cuts.”

In June 2015 Assistant Superintendent Kevin Bultema told the Enterprise Record the district would be deficit spending again in 2016-17 and 2017-18, citing an ongoing decline in enrollment. The district expected to lose 135 to 185 students over the next two years, Bultema said, adding, “It has lost 1,763 students over the past decade.”

Meanwhile, district residents are seeing unprecedented cost of living increases. Utility companies have dramatically raised rates over the past few years and announced further rate increases to come. The City of Chico’s pending garbage franchise deal is expected to raise rates as did the county’s previous deal.

Is this school bond really necessary at a time when district residents are already under increasing pressure in an unsteady economy?

s/Juanita Sumner

REBUTTAL TO ARGUMENT AGAINST MEASURE K

Measure K’s sole opponent misses the point: Measure K is designed to fix the schools we already have to make them safe places for our existing students to learn. Measure K focuses on our elementary schools, many of which are over 50 years old and have not been updated in decades.

Measure K is the result of a transparent, multi-year facilities planning process that included community members, teachers, students and parents. This detailed facilities plan catalogs the needs of every school in our district. Read the plan at www.chicousd.org.

Vote Yes on Measure K to focus on the basics, including:

Repairing or replacing leaky roofs; Modernizing classrooms, labs and technology infrastructure at aging schools to ensure our students are prepared for 21st century college and careers; Improving school safety by removing hazardous materials from our campuses and upgrading fencing, lighting and pick-up and drop-off zones; Replacing and upgrading outdated plumbing, heating, ventilation, and air conditioning systems; Removing old portables and constructing permanent facilities to relieve overcrowding.

No funds from Measure K can be used for administrators’ salaries or pensions and the measure requires an independent citizens’ oversight committee. All funds must stay local and cannot be taken by the state.

Greater Chico is a wonderful place to live. Whether you have children in local schools or not, good public schools protect our property values and keep our community strong.

Join business leaders, teachers, parents and thousands of Chicoans in supporting Measure K.

www.yesonchicoschools.com

s/Katie Simmons, President & CEO, Chico Chamber of Commerce

s/Kim Gimbal, Elementary Music Teacher

s/Jack Danielson, Golden Apple Insurance & Financial

s/Kathy Dahlgren, Nord Country School

s/Farshad Azad, Grandmaster, Azad’s Martial Arts Center



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FULL TEXT OF MEASURE K

EXHIBIT A

FULL TEXT OF THE MEASURE

Upon the passage of Measure K, the Chico Unified School District (the "District") shall be authorized to issue bonds in the aggregate amount of \$152,000,000, bearing interest at rates not exceeding the statutory limit, for the purpose of funding the school facilities projects listed below under the heading "School Facilities Projects to Be Funded with Proceeds of Bonds" (the "Bond Project List").

Background

The Board of Education of the District (the "Board") is committed to providing a modern learning environment in local schools with safe, secure, upgraded classrooms and science labs which keep pace with 21st Century technologies and learning standards. The Board recognizes the need to modernize facilities so Chico Unified School District schools can meet the demands of current and future students. The Board adopted a long-term Facilities Master Plan on April 15, 2014, and has updated that plan as of May 18, 2016. The development of this plan included input from the community, teachers, staff, parents and students. Said plan is available for review at the District office and incorporated into the Bond Project list by this reference.

Proposition 39 Bond Accountability Measures

At its June 22, 2016, meeting, the Board certified that it evaluated safety, class size reduction, and information technology needs in developing the Bond Project List set forth below. The proceeds of the Bonds shall be used only for the projects identified in the Bond Project List, and not for any other purpose (i.e., teacher and administrative salaries and other school operating expenses).

The District will deposit the proceeds of the bonds in a separate account. The Board is bound to conduct financial and performance audits annually to account for the bond funds and to assure that funds have only been expended on the specific projects authorized. The District shall prepare and deliver an annual report to the Board containing the amount of funds collected and expended as well as the status of school facilities projects authorized to be funded by proceeds of the Bonds.

The Board will appoint a citizen's oversight committee (the "Committee") having a minimum seven members and including at least one member active in a

business organization representing the business community located within the District, one member active in a senior citizens' organization, one member active in a bona fide taxpayers' organization, one member who is the parent or guardian of a child enrolled in the District, and one member who is both a parent or guardian of a child enrolled in the District and active in a parent-teacher organization.

School Facilities Projects to Be Funded with Proceeds of Bonds

The Bond Project List below describes the specific projects the Chico Unified School District proposes to finance with proceeds of the bonds. The District's goals are to provide equity among district schools so each student has similar facilities and educational opportunities. 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 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 or appropriation 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. Bond proceeds will be expended to repair, modernize, replace, renovate, expand, construct, acquire, equip, furnish and otherwise improve the classrooms and school facilities of the District's existing schools, new school sites, and other district-owned properties to provide equity among campuses, improved facilities, and student access to instructional technology. Unless otherwise noted, the projects in the Bond Project List are authorized to be completed at each or any of the District's sites, as shall be approved by the Board. Projects listed may or may not apply at every site.

PART ONE

The Board adopted a long-term Facilities Master Plan on April 15, 2014, and has updated that plan as of May 18, 2016, which is incorporated herein in its entirety. Consistent with that plan and unless otherwise noted, the following types of projects are authorized to be completed as needed at each or any of the public school sites in the District boundaries in compliance with the laws of the State of California:



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Building Systems Repair and Replacement

Complete major electrical, infrastructure, plumbing, sewage, structural, HVAC, and landscaping repair, upgrades and renovations to school sites, including but not limited to:

- Replace or upgrade outdated electrical systems, aging wiring and insufficient electrical panels,
- Repair or replace deteriorated plumbing and underground sewer systems,
- Repair or replace aging and/or leaky roofs,
- Repair or replace outdated, inefficient heating, ventilation and air cooling systems to provide safe learning environments, save energy and reduce maintenance costs,
- Repair or restore classroom and building interior and exterior finishes and fixtures,
- Repair or replace cracked and broken sidewalks, hardscape and exterior infrastructure,
- Resurface, repair or upgrade asphalt parking lots, playground areas, and
- Repair or replace doors and windows.

School Improvements to Support Student Learning and Instruction

- Renovate existing inadequate classrooms and support facilities to include new interior and exterior finishes,
- Remove portable classroom buildings and replace where necessary with permanently constructed classroom buildings,
- Demolish outdated facilities or facilities to be replaced,
- Expand classroom capacity and school facilities to accommodate growth.
- Acquire real property,
- Provide up-to-date classroom and instructional technology required for 21st century student learning and teaching,
- Modernize or replace student support facilities to include, but not limited to libraries, multi-purpose, student services and administration facilities,
- Upgrade and expand information systems and technology to support 21st century classrooms including telecommunications, internet and networking equipment,
- Upgrade wired and wireless infrastructure and equipment to support technology systems and leverage federal and state matching funds for school technology programs,
- Provide, expand or improve facilities to meet the needs of special education students,
- Repair or replace student and staff restrooms,
- Improve and install playfields for student and community use, to include joint-use,

- Repurpose existing school buildings consistent with educational programs, and
- Improve physical education, athletic facilities and fields, including spectator bleachers, sound systems and lighting.

School Improvements to Support Student Health, Safety & Security

- Replace obsolete fire alarms and outdated emergency communication systems,
- Remove, remediate and abate asbestos, mold, and other potentially dangerous substances,
- Provide school site security improvements, including increased lighting, fencing and vandalism and intrusion safeguards,
- Upgrade Emergency Communication Systems,
- Purchase Maintenance and Operational Equipment to protect the investment of improvements,
- Install shade structures and furnishings for outdoor activities and dining,
- Expand and improve student drop-off/pick-up areas,
- Upgrade and/or install heating and air cooling systems, and
- Upgrade and expand student food service areas and kitchens.

Improve School Accessibility & Code Compliance Upgrades

- Improve accessibility for disabled persons to comply with Americans with Disabilities Act (ADA) and Title 24,
- Repair, replace or expand restrooms to improve accessibility,
- Repair or replace drinking fountains
- Modernize and renovate physical education facilities, playgrounds and fields to comply with Title IX gender equality requirements, and
- Repair portable classrooms to comply with code requirements.

Energy Efficiency and Sustainability

- Install and/or replace existing lighting fixtures with energy efficient (LED/fluorescent) lighting systems,
- Install solar lighting systems,
- Increase building insulation and install dual-pane windows,
- Update Energy Management Systems and Controls,
- Replace older inefficient mechanical and central controls systems with energy efficient systems,
- Purchase and install solar panels and other devices to generate and/or store electricity from sunlight where feasible,
- Install innovative systems to produce energy and/or reduce consumption, and
- Install water saving efficient toilets and fixtures.



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PART TWO

Phases I and II of the Facilities Master Plan have already been completed. The funding provided by the Bonds is expected to be exhausted between Phase IV and V. Projects have been phased in order of Board-approved criteria. The Board has the authority to modify the order in which the projects are completed, as necessary, to react to programmatic or enrollment shifts.

Specific projects as described in the Board-adopted Facilities Master Plan include projects at the following sites:

Phase III:

- Marigold Elementary School/Loma Vista Preschool
- Neal Dow Elementary School
- Shasta Elementary School
- Chico High School Athletics
- Pleasant Valley High School Athletics

Phase IV:

- Emma Wilson Elementary School
- Hooker Oak Elementary School
- Rosedale Elementary School
- Sierra View Elementary School
- Pleasant Valley High School

Phase V:

- Chapman Elementary School
- Little Chico Creek Elementary School
- McManus Elementary School
- Parkview Elementary School
- Fairview High School
- Citrus Elementary School

Phase VI:

- Chico High School
- Pleasant Valley High School
- Bidwell Middle School
- Marsh Middle School
- Chico Junior High School
- Chico High School Athletics
- Pleasant Valley High School Athletics

PART THREE

15.34% of the Bond proceeds shall be available to pay the costs of financed facilities for charter schools serving in-district students.

The Board of Education shall consider recommendations of a special committee established by the District and comprised of a majority of representatives of the charter schools within the district's boundaries regarding expenditures of bond proceeds for financed facilities for charter schools.

In order to maximize the effectiveness of the bond proceeds in meeting the need for public school facilities, charter schools for which facilities will be financed shall be allowed maximum flexibility in the development of such facilities, so long as consistent with State laws applicable to charter school facility projects and Board approval.

Bond proceeds shall only be expended for the specific purposes identified herein. The District shall create an account into which proceeds of the Bonds shall be deposited and comply with the reporting requirements of Government Code § 53410.

Each project is assumed to include its share of furniture, equipment, architectural, engineering, and similar planning costs, program/project management, and a customary contingency for unforeseen design and construction costs. 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 bond projects, but not for other administrator or teacher salaries.

Bond proceeds may be used to pay for the annual financial and performance audits as well as bond issuance costs.

Project costs may include preparation of all facility planning, facility studies, assessment reviews, facility master plan preparation and updates, environmental studies (including environmental investigation, remediation and monitoring), design and construction documentation, and temporary housing of dislocated District activities caused by construction projects.

Necessary site preparation/restoration may occur in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, removing, replacing, or installing irrigation, utility lines, trees and landscaping; installing signage and fencing; relocating fire access roads; and acquiring any necessary easements, licenses, or rights of way to the property.

For any project involving modernization or renovation of a building, the District may proceed with new replacement construction if the Board determines that replacement and new construction is economically more practical.

The allocation of Bond proceeds will be affected by the District's receipt of State matching funds and the final costs of each project. In the absence of State matching funds, which the District will aggressively pursue to reduce the District's share of the costs of the projects, the District will not be able to complete some of the projects listed above.

The budget for each project is an estimate and may be affected by factors beyond the District's control. The final cost of each project will be determined as plans and construction documents are finalized, construction bids



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are received, construction contracts are awarded and projects are completed. Based on the final costs of each project, certain of the projects described above may be delayed or may not be completed.

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.

STATE MATCHING FUNDS

Approval of Measure K does not guarantee that the proposed project or projects in the Chico Unified School District that are the subject of bonds under Measure K will be funded beyond the local revenues generated by Measure K. 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.