



A

School Bonds

Shall San Francisco Unified School District repair and rehabilitate facilities to current accessibility, health, safety and instructional standards, replace worn-out plumbing, electrical and other major building systems, replace aging heating, ventilation and air handling systems, renovate outdated classrooms and training facilities, construct facilities to replace aging modular classrooms, by issuing bonds in an amount not to exceed \$531,000,000, at legal interest rates, with guaranteed annual audits, citizens' oversight and no money for school administrators' salaries?

YES ←

NO ←

Digest by the Ballot Simplification Committee

The Way It Is Now: The San Francisco Unified School District (School District) owns or leases over 160 schools and other facilities. The School District builds, maintains, upgrades and repairs its facilities using money from various sources, primarily from voter-approved bond measures, but also from local parcel taxes and developer fees.

Under State law, before a school district can issue general obligation bonds, voters must be provided with a list of school facilities that will benefit from those bond funds. State law also requires school districts issuing those bonds to create an independent citizens' oversight committee and to conduct annual, independent audits. State law prevents school districts from using general obligation bond funds for teacher and administrator salaries or operating expenses.

Property tax revenues are used to pay the principal and interest on general obligation bonds.

The Proposal: Proposition A would authorize the School District to borrow up to \$531 million by issuing general obligation bonds. These funds would be used to repair and upgrade more than 50 school facilities to:

- address health and safety risks by fixing damaged items and removing hazardous materials;
- repair and replace major building systems, including electrical, heating, water, sewer, lighting, security, and fire sprinkler systems;
- improve accessibility for people with disabilities;
- repair and build playgrounds and fields;
- make necessary seismic upgrades;

- replace temporary classroom facilities with permanent structures, if determined to be more practical than repairing them;
- replace an existing facility with a new facility, if determined to be more practical than repairing it; and
- perform other work necessary to comply with any applicable codes or regulations.

The School District would set aside up to \$5 million of the funds to create outdoor learning environments and up to \$5 million to implement the use of environmentally sustainable materials and products. It also would set aside up to \$1.5 million for future bond planning and for communication with all groups affected by the projects funded by this bond measure.

The School District would create an independent citizens' oversight committee to report to the public about the use of bond funds. The School District's Board of Education would also conduct annual, independent audits. The School District would not be allowed to use bond funds to pay for teacher and administrator salaries or operating expenses.

Proposition A would allow for an increase in the property tax, if needed, to pay principal and interest on the bonds. This measure requires the approval of 55% of the votes cast.

A "YES" Vote Means: If you vote "yes," you want the School District to issue \$531 million in general obligation bonds to repair and upgrade its school facilities by addressing health and safety risks, repairing and replacing major building systems, improving accessibility for people with disabilities, repairing and building playgrounds and fields, making seismic upgrades, replacing classrooms and facilities with permanent or

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Arguments for and against this measure immediately follow. The full text begins on page 107. Some of the words used in the ballot digest are explained on page 36.

new structures where practical, and performing other work necessary to comply with any applicable codes or regulations. The bond expenditures would be subject to oversight by an independent citizens' committee and annual, independent audits.

A “NO” Vote Means: If you vote “no,” you do not want the School District to issue these bonds.

Controller’s Statement on “A”

City Controller Ben Rosenfield has issued the following statement on the fiscal impact of Proposition A:

Should the proposed \$531 million in bonds be authorized and sold under current assumptions, the approximate costs will be as follows:

- In fiscal year 2012–2013, following issuance of the first series of bonds, and the year with the lowest tax rate, the estimated annual costs of debt service would be \$9.1 million and result in a property tax rate of \$0.00669 per \$100 (\$6.69 per \$100,000) of assessed valuation.
- In fiscal year 2016–2017, following issuance of the last series of bonds, and the year with the highest tax rate, the estimated annual costs of debt service would be \$46.7 million and result in a property tax rate of \$0.02942 per \$100 (\$29.42 per \$100,000) of assessed valuation.
- The best estimate of the average tax rate for these bonds from fiscal year 2012–2013 through 2035–2036 is \$0.02139 per \$100 (\$21.39 per \$100,000) of assessed valuation.
- Based on these estimates, the highest estimated annual property tax cost for these bonds for the owner of a home with an assessed value of \$500,000 would be approximately \$145.00

These estimates are based on projections only, which are not binding upon the City. Projections and estimates may vary due to the timing of bond sales, the amount of bonds sold at each sale, and actual assessed valuation over the term of repayment of the bonds. Hence, the actual tax rate and the years in which such rates are applicable may vary from those estimated above. The City’s current debt management policy is to issue new general obligation bonds only as old ones are retired, keeping the property tax impact from general obligation bonds approximately the same over time.

How “A” Got on the Ballot

On May 24, 2011, the San Francisco Board of Education voted 7 to 0 to place Proposition A on the ballot. The Members voted as follows:

Yes: Fewer, Maufas, Mendoza, Murase, Norton, Wynns, Yee.

No: None.

State law allows a school district to place a measure on the ballot in this manner.

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