ALUM ROCK UNION SCHOOL DISTRICT MEASURE S

To improve science, technology, engineering, art, and math (STEAM) classrooms; increase student access to computers and modern classroom technology; build below-market teacher/staff rental housing; and improve student safety/campus security; shall Alum Rock Union Elementary School District's measure authorizing \$71.5 million of bonds be adopted (reauthorizing bonds previously approved in November 2012), with legal rates, projected levies less than 2¢/\$100 of assessed valuation (raising \$4.4 million/year while bonds are outstanding), annual audits and independent citizen oversight?

BONDS—YES BONDS—NO

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

COUNTY COUNSEL'S IMPARTIAL ANALYSIS OF MEASURE S

The Board of Trustees (Board) of the Alum Rock Union Elementary School District (District) proposes to issue bonds in the amount of up to \$71.5 million for the purposes of improving science, technology, engineering, art, and math (STEAM) classrooms; increasing student access to computers and modern classroom technology; building belowmarket teacher/staff rental housing; and improving student safety/campus security. These bonds will be repaid by the levy of ad valorem taxes—a tax on the assessed value of property within a district.

California law permits the issuance of general obligation bonds (i) for acquisition or improvement of real property (requiring approval by two-thirds of the voters in an election); and (ii) by school and community college districts, and county offices of education only, for 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 (requiring approval by 55 percent of the voters in an election).

As identified in the measure, projects may include but are not limited to:

- Improvements for student health and safety including fire safety, upgrading restrooms and parking, and enhancing fire safety and security systems, including improving locking gates.
- Upgrading electrical, heating, cooling ventilation systems.
- Upgrading classroom technology and technology infrastructure.
- Repairing, renovating, upgrading, and constructing as needed classrooms, buildings, library facilities, physical education facilities, administration areas, multi-purpose rooms, and athletic facilities.
- Design, construction, and acquisition of rental housing units.
- Acquisition of land as the site for the housing units.
- Parking lot construction and improvement as needed.
- Architect and engineering fees.
- General contractor fees.
- Labor and material costs.

COUNTY COUNSEL'S IMPARTIAL ANALYSIS OF MEASURE S-Continued

- Sewer capacity improvements.
- Environmental review.
- Rezoning application fees as required.
- Municipal licensing fees as required.

Projects costs include the costs of furnishing and equipping such facilities, and all costs that are incidental, but directly related, to the types of projects described above.

The Board has certified that it has evaluated safety, class size reduction, and information technology needs in developing its project list.

The District states that it will conduct independent annual performance and financial audits. The District has also committed to establish an independent citizens' oversight committee to ensure that bond funds are spent only for projects included in the measure.

The District's stated best estimate of the highest tax rate to be levied to repay the proposed bonds is \$20.40 per \$100,000 of assessed value based on estimated assessed valuations available at the time of the filing of the tax rate statement of the measure. The District estimates that the total amount repayable during the life of the bond, including principal and interest, will be approximately \$123.5 million.

Measure S was placed on the ballot by the Board.

A "yes" vote is a vote to authorize the issuance of the bonds in the amount of up to \$71.5 million to be secured by the levy of *ad valorem* taxes on property located within the District.

A "no" vote is a vote to not authorize the issuance of the bonds.

James R. Williams County Counsel

By: Mary E. Hanna-Weir Deputy County Counsel

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COMPLETE TEXT OF MEASURE S

FULL TEXT OF BOND MEASURE S

INTRODUCTION

The following is the abbreviated form of the Bond Measure:

"To improve science, technology, engineering, art, and math (STEAM) classrooms; increase student access to computers and modern classroom technology; build below-market teacher/staff rental housing; and improve student safety/campus security; shall Alum Rock Union Elementary School District's measure authorizing \$71.5 million of bonds be adopted (reauthorizing bonds previously approved in November 2012), with legal rates, projected levies less than $2\phi/\$100$ of assessed valuation (raising \$4.4 million/year while bonds are outstanding), annual audits and independent citizen oversight?"

BOND AUTHORIZATION

By approval of this Measure by at least 55 percent of the registered voters voting on the measure, the Alum Rock Union Elementary School District (the "District") will be authorized to issue and sell bonds of up to \$71.5 million in aggregate principal amount at interest rates not to exceed legal limits, and to provide financing for the specific types of school facilities projects listed in the Bond Project List described below, subject to all the accountability requirements specified below.

ACCOUNTABILITY REQUIREMENTS

The provisions in this section are specifically included in this measure in order that the voters and taxpayers in the District may be assured that their money will be spent wisely. Expenditures to address specific facilities needs of the District will be in compliance with the requirements of Article XIIIA, Section 1(b)(3), of the State Constitution and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Education Code Sections 15264 and following.)

Evaluation of Needs. The School Board has identified detailed facilities needs of the District and has determined which projects to finance from a local bond. The School Board hereby certifies that it has evaluated safety, class size reduction, enrollment growth, and information technology needs in developing the Bond Project List shown below.

Independent Citizens' Oversight Committee. Following approval of this measure, the School Board will establish an Independent Citizens' Oversight Committee, under Education Code Sections 15278 and following, to ensure bond proceeds are expended only on the types of school facilities projects listed below. The committee will be established within 60 days of the date when the results of the election appear in the minutes of the School Board.

Performance Audits. The School Board will conduct annual, independent performance audits to ensure that the bond proceeds have been expended only on the school facilities projects listed below.

Financial Audits. The School Board will conduct annual, independent financial audits of the bond proceeds until all of those proceeds have been spent for the school facilities projects listed below.

COMPLETE TEXT OF MEASURE S-Continued

Government Code Accountability Requirements. As required by Section 53410 of the Government Code, (1) the specific purpose of the bonds is set forth in this Full Text of the Measure, (2) the proceeds from the sale of the bonds will be used only for the purposes specified in this measure, and not for any other purpose, (3) the proceeds of the bonds, when and if issued, will be deposited into a building fund to be held by the Santa Clara County Treasurer, as required by the California Education Code, and (4) the Superintendent of the District shall cause an annual report to be filed with the School Board not later than January 1 of each year, which report shall contain pertinent information regarding the amount of funds collected and expended, as well as the status of the projects listed in this measure, as required by Sections 53410 and 53411 of the Government Code.

NO TEACHER OR ADMINISTRATOR SALARIES

Proceeds from the sale of bonds authorized by this measure shall be used only for the purposes specified in Article XIII A, Section 1(b)(3), those being for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, and the acquisition or lease of school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

STATE MATCHING FUNDS

The following statement is included in this measure pursuant to Education Code Section 15122.5: Approval of this measure does not guarantee that the proposed project or projects that are the subject of bonds under this measure will be funded beyond the local revenues generated by this measure. The District's proposal for the project or projects described below may assume the receipt of matching state funds, which, if available, could be subject to appropriation by the Legislature or approval of a statewide bond measure.

INFORMATION ABOUT ESTIMATES AND PROJECTIONS INCLUDED IN BALLOT

Voters are informed that any estimates, averages or projections in the bond measure, ballot materials and ballot label, including relating to estimated or average tax rates, the duration or term of issued bonds and related tax levies and money raised annually from tax levies to repay issued bonds are provided as informational only. Such amounts are estimates and are not maximum amounts, caps or limitations on the terms of the bonds, the tax rates or duration of the tax supporting repayment of issued bonds. Such estimates depend on numerous variables which are subject to variation and change over the term of the District's overall facilities and bond financing plan, including but not limited to the amount of bonds issued and outstanding at any one time, the interest rates applicable to issued bonds, market conditions at the time of sale of the bonds, when bonds mature, timing of project needs and changes in assessed valuations in the District. However, estimates and approximations provided as part of this measure are based on information currently available to the District and its current expectations, and such estimates and approximations are not limitations or maximums on the terms of bond, durations or tax rates required to amortize issued bonds. In addition, the abbreviated 75-word statement of the Measure is not intended to and does not limit the broader, more complete meaning of the Measure set forth herein and in the Resolution of the District Board placing this Measure on the ballot.

COMPLETE TEXT OF MEASURE S-Continued COVENANT REGARDING UNISSUED MEASURE J BONDS

The District Board intends that this measure reauthorize unissued Measure J Bonds of 2012. As such, the District has covenanted that if this measure is successful, when bonds are issued, a like principal amount of Measure J Bonds will be cancelled and will not be issued.

BOND PROJECT LIST

Scope of Projects. Bond proceeds will be expended to modernize, replace, renovate, construct, equip, rebuild and furnish the District's facilities as described in the following list. Whenever specific items are included in the following list, they are presented to provide an example and are not intended to limit the generality of the broader description of authorized projects.

This measure authorizes bond projects to be undertaken at all current and future properties and sites of the Alum Rock Union Elementary School District.

School Facility Project List. The items presented on the following list are the types of projects authorized to be financed with voter-approved bond proceeds. Specific examples included on this list are not intended to limit the broad types of projects described and authorized by this measure. The types of projects authorized to be undertaken are:

RENOVATION, CONSTRUCTION, MODERNIZATION, AND REPAIR OF SCHOOLS AND FACILITIES

Improvements for Student Health and Safety

- Install new or improve existing student fire safety systems
- Upgrade aging and/or deteriorating restrooms.
 Improve school site parking, upgrade student drop-off areas and improve off-street parking, including repair of unsafe asphalt.
- Install new or improve existing fire safety systems
- Enhance student safety, including improving security systems, lockable gates, security locks, security cameras, outdoor lighting, fencing and emergency communication systems and other safety enhancements.

Energy Efficiency Improvements and Other Cost-Saving Improvements

 Upgrade electrical, heating, cooling ventilation systems for energy efficiency and to reduce energy costs.

Technology Improvements for 21st Century Classroom Instruction

 Upgrade classroom technology and technology infrastructure, including acquisition of computers, servers, network facilities and other technology equipment.

Repair and Upgrade of School Facilities

Repair/replace leaking or deteriorating roofs.

COMPLETE TEXT OF MEASURE S-Continued

- Renovate, upgrade classrooms, buildings, including physical education, administration areas, upgrade facilities, as needed; improve access for students and teachers with disabilities, remove hazardous materials, if any.
- Add additional classrooms to reduce class size.
- Upgrade drainage systems, improve school grounds including landscaping, walkways and drinking fountains.
- Renovate, upgrade and provide additional classrooms, library facilities, multi-purpose rooms, buildings, storage and support areas, administrative office facilities, walkways and other educational facilities as needed; improve access for students and teachers with disabilities, remove hazardous materials, if any.
- Upgrade the District central support office, including electrical, hearing, cooling and ventilation systems, restrooms, signage, door locks, outdoor security lighting, handicapped accessibility and adding relocatable rooms; repair/replace deteriorating roofs, and District technology systems.
- Upgrade District athletic facilities, including play court surfaces and athletic fields.

CONSTRUCTION OF RENTAL HOUSING FOR DISTRICT TEACHERS AND STAFF

- Design, construction and acquisition of rental housing units
- Parking lot construction and improvement as needed
- Architect and engineering fees
- General contractor fees
- Labor and material costs
- Sewer capacity improvements
- Environmental review
- Rezoning application fees as required
- Municipal licensing fees as required

Furnishing and Equipping; Incidental Expenses. Each of the bond projects described in this Bond Project List include the costs of furnishing and equipping such facilities, and all costs which are incidental but directly related to the types of projects described above. Examples of incidental costs include, but are not limited to: costs of design, engineering, architect and other professional services, facilities assessments, inspections, site preparation, utilities, landscaping, construction management and other planning and permitting, legal, accounting and similar costs; independent annual financial and performance audits; a customary construction contingency; demolition and disposal of existing structures; the costs of interim housing and storage during construction including relocation and construction costs and rental costs incurred relating to interim facilities; rental or construction of storage facilities and other space on an interim basis for materials and other equipment and furnishings displaced during construction; costs of

COMPLETE TEXT OF MEASURE S-Continued

relocating facilities and equipment as needed in connection with the projects; interim classrooms and facilities for students, administrators, and school functions, including modular and parking facilities; federal and state-mandated safety upgrades; addressing unforeseen conditions revealed by construction/modernization and other necessary improvements required to comply with existing building codes, including the Field Act; access requirements of the Americans with Disabilities Act; costs of the election; bond issuance costs; and project administration during the duration of such projects, as permitted by law.

Alterations to Scope; New Construction. The scope and nature of any of the specific projects described above may be altered by the District as required by unforeseen conditions that may arise during the course of design and construction. In the event that a modernization or renovation project is more economical for or otherwise determined by the Board to be in the best interests of the District to be undertaken as new construction, this bond measure authorizes land acquisition, relocation and construction at a new or alternative site, and/or demolition and reconstruction and/or repurposing on the original site, including an expanded site, and all costs relating thereto. In addition, this measure authorizes the acquisition of real property, including necessary rights of ways or other real property interests, required to expand District facilities, to provide access to school or other District facilities, or to provide additional school or related facilities. This measure also authorizes the consolidation of schools into a single campus or related campuses.

Interim Financing Included; Joint Use Projects Authorized. In addition, authorized projects include reimbursements for paid project costs and paying and/or prepaying interim or previously obtained financing for the types of projects included on the project list, such as bond anticipation notes or lease financings relating to projects and/or equipment previously financed. Finally, projects on this list may be undertaken and used as joint use projects with other public agencies.

Other Funding Sources. Approval of the District's bond measure does not guarantee that all of the identified projects within this Bond Project List will be funded beyond what can be completed with funds generated by this bond measure. The District plans to pursue matching funds from the State of California, if available, to provide additional funding to complete certain of the identified facilities projects.

<u>Unforeseen Circumstances</u>. Many factors which the District cannot predict or control may impact its ability to address each of the projects, including but not limited to construction cost issues, supply chain issues which can cause project delays, labor shortages, and unknown environmental factors or site conditions, among others. The District is unable to anticipate all unforeseen circumstances which may prevent some of the projects listed above from being undertaken or completed.

<u>Project List Not in Order of Priority; Board Determines Prioritization.</u> The order in which projects are listed in the foregoing Bond Project List does not suggest an order of priority. Project prioritization is vested in and will be determined by the District Board.

TAX RATE STATEMENT

TAX RATE STATEMENT REGARDING PROPOSED ALUM ROCK UNION ELEMENTARY SCHOOL DISTRICT GENERAL OBLIGATION BONDS

An election will be held in the Alum Rock Union Elementary School District (the "District") on November 8, 2022, to authorize the sale of up to \$71.5 million in bonds of the District to finance school facilities as described in the measure. If such bonds are authorized and sold, principal and interest on the bonds will be payable only from the proceeds of *ad valorem* 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. Such information is based upon the best estimates and projections presently available from official sources, upon experience within the District, and other demonstrable factors.

Based upon the foregoing and projections of the District's assessed valuation, the following information is provided:

- The best estimate of the average annual tax rate which would be required to be levied to fund this bond issue over the entire duration of the bond debt service, based on a projection of assessed valuations available at the time of filing of this statement, is \$0.01956 per \$100 of assessed valuation (or \$19.56 per \$100,000 of assessed value). The final fiscal year in which the tax is anticipated to be collected is 2055-56.
- 2. The best estimate of the highest tax rate which would be required to be levied to fund this bond issue, based on a projection of assessed valuations available at the time of filing of this statement, is \$0.02040 per \$100 of assessed valuation (or \$20.40 per \$100,000 of assessed value). It is estimated that such rate would be levied starting in fiscal year 2028-29 and following.
- The best estimate of the total debt service, including the principal and interest, that would be required to be repaid if all the bonds are issued and sold is approximately \$123.5 million.

Voters should note the estimated tax rate is based on the assessed value (not market value) of taxable property on the County's official tax rolls. In addition, taxpayers eligible for a property tax exemption, such as the homeowner's exemption, will be taxed at a lower effective tax rate than described above. Property owners should consult their own property tax bills and tax advisors to determine their property's assessed value and any applicable tax exemptions.

The attention of all voters is directed to the fact that the foregoing information is based upon projections and estimates only, which amounts are not maximum amounts and are not binding upon the District. The actual debt service, tax rates and the years in which they will apply may vary from those used to provide the estimates set forth above, due to factors such as variations in the timing of bond sales, the par amount of bonds sold and market interest rates available at the time of each sale, actual assessed valuations over the term of the bonds, and other factors. The date and amount of bonds sold at any given time will be determined by the District based on the need for project funds and other

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TAX RATE STATEMENT-Continued

considerations. The actual interest rates at which the bonds will be sold will depend on conditions in the bond market at the time of sale. Actual future assessed valuations 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.

By: Hilaria Bauer Superintendent Alum Rock Union Elementary School District

ARGUMENT IN FAVOR OF MEASURE S

ALUM ROCK'S SCHOOLS ARE OUR COMMUNITY'S MOST VITAL ASSET. They teach our children critical skills and prepare them for high school, all while enhancing the value of our homes and local businesses.

For these reasons, our schools must remain our number one priority.

Your YES vote on Measure S will improve our local elementary schools and protect the safety of our children.

Projects to be funded include:

- Improving student safety and school security by updating fire alarms and emergency communication systems
- Upgrading Science, Technology, Engineering, Arts and Math (STEAM) labs throughout the district
- Improving technology in classrooms and increasing student access to computers throughout the district
- Constructing teacher-staff below-market rental housing, so teachers and staff can live in the community in which they work
- Repairing and replacing deteriorating and inefficient heating, ventilation and air-conditioning systems
- Meeting handicap accessibility (ADA) requirements in restrooms, playgrounds, classrooms and walkways
- Renovating and modernizing aging classrooms
- Repairing and replacing deteriorating roofs
- Upgrading outdated plumbing and wiring systems

Measure S ensures that tough legal safeguards are put in place to protect local taxpayers by:

- Requiring annual audits and independent taxpayer oversight of how funds are spent
- Prohibiting funds from going to administrators' salaries, pensions or benefits
- Qualifying for state matching funds
- Requiring that all funds are spent on our local schools and are not taken by the state and spent elsewhere

Let's protect our children, improve student achievement, qualify for state matching funds, enhance local property values AND safeguard taxpayers. Please join business leaders, teachers, parents, guardians, grandparents, and neighbors in voting YES on Measure S.

Dave Cortese California State Senator

Corina Herrera-Loera Trustee

Carlos C. Tripodi Translator Technician

Trevor Emmett Alum Rock Maintenance Technician

Ellen J. Turner Community Member

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE S

Alum Rock Union School District refuses to face this fact: <u>they are nearly</u> insolvent.

In 2018, Santa Clara County Office of Education (SCCOE) **seized ARUSD's banking authority**, then in 2019 warned them to **CUT \$13.400,000** of expenses (including teachers), writing "there is no room for error" in implementing budget reductions.

Since then, ARUSD closed or repurposed **only three schools—cutting under \$1million**.

From 2020-2022, Governor Newsom sent millions in COVID-19 relief, enabling further budget mismanagement.

This April, SCCOE wrote to ARUSD that in 7 years, enrollment has declined from 11,000+ to under 8,000, saying ARUSD "has yet to take the necessary action."

To cover costs, **each school needs 500-600 students**. As of August, **only one school has enough**, with one having just 251.

Now, rather than **DOWNSIZING** to survive and continue educating, **they** want loans of \$71.500.000, to EXPAND. Into what?

Housing development!

Until COVID-19, the state hadn't been fully funding districts for **EDUCATION** purposes.

What makes ARUSD think they can secure state "matching funds" for HOUSING purposes?

ARUSD shouldn't seek loans before responsibly...

- closing/repurposing seven more schools
- fulfilling their duty: educating well!

Because here...

- 62.17% of children tested below grade level in English!
- 70.83% tested below, in math!

Source: www.Ed-Data.org

Those are 2018-19's results reported. Why aren't ARUSD's 2020-21 results published?

Because we suspect, they are even worse, from **children's learning loss during shutdowns**.

As for how to "protect local taxpayers"? Reduce expenditures and get SCCOE to return the checkbook!

Tell ARUSD, "Face facts." Vote NO.

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE S-Continued

Visit: www.SVTaxpayers.org

Linda Chavez

Trustee, Alum Rock Union School District

Elizabeth C. Brierly

District Homeowner/Resident

Mark W.A. Hinkle

President: Silicon Valley Taxpayers Association

Jonathan Fleming

CEO and Executive Director, Silicon Valley Public Accountability Foundation

Honor M. Robson

Chair, Libertarian Party of California

ARGUMENT AGAINST MEASURE S

This is a bad approach to addressing Alum Rock Union School District's problems.

When enrollment declines, the answer is to downsize. Since 2016-17, enrollment has dropped by 1,774!*

If bonds that voters approved for facilities are no longer needed, great! The solution is simple: don't issue new bonds, don't borrow older bonds' allowable debt, and avoid putting taxpayers and their children on the hook for repaying them.

(Proponents aren't saying the exact cost of the 30 years' interest, but legally the rate could reach 12%/year!)

If ARUSD struggles to pay teachers enough to afford living here, reducing headcount commensurate with enrollment means each teacher could be paid more.

If ARUSD has properties no longer needed for instruction, <u>repurpose</u> <u>them!</u> Make them available for other services or businesses—paying fair, market rents—raising funds for actually educating children!

Never has that duty been more crucial, as **children still suffer from governments' COVID-19 policies**. In our district (2018-19, latest available):

- 62.17% of students are below grade level in English!
- 70.83% are below grade level in math!*

<u>We pay ARUSD to be EDUCATION experts</u>—not real estate developers!—yet they are neglecting their <u>ONLY JOB: educating our children well.</u>

Building and operating housing should be left to people already in that business. Having your employer be your landlord is a recipe for trouble, *e.g.*, disputes among district, teachers, and their union about costs, favoritism, employee lifestyles, fairness, mismanagement.

This plan won't improve children's academics—it is just a gimmick to hide the true cost of hiring teachers in a maze of dubious financial transactions whose problems won't become obvious until the current trustees are gone.

You can be FOR students, FOR teachers, FOR schools—and AGAINST Measure S.

Neighbors, please vote NO on Measure S.

Learn more: SVTaxpayers.org

ARGUMENT AGAINST MEASURE S-Continued

* Source: Ed-Data.org

Joe Dehn

Chair: Libertarian Party of Santa Clara County

Linda Chavez

Trustee, Alum Rock Union School District

Mark W.A. Hinkle

President: Silicon Valley Taxpayers Association

Elizabeth C. Brierly
District Homeowner/Resident

REBUTTAL TO ARGUMENT AGAINST MEASURE S.

Let's all take a breath and focus on what really matters.

Measure S is about improving our local schools and providing our children with safe and secure classrooms.

Measure S is about protecting local housing values while, **at the same time**, providing our teachers and other school staff members the ability to live in the community in which they work.

Measure S is about repairing leaking roofs, replacing faulty air conditioners and heaters and increasing access to playgrounds and restrooms for students with disabilities.

Measure S is about improving Science, Technology, Engineering, Arts and Mathematics (STEAM) labs and upgrading classroom technology throughout the district.

Measure S is about **reauthorizing**, **not increasing** the amount of bonds already approved by voters. **And it's about** ensuring that our local tax dollars are spent here in our district rather than **being taken by the state and spent elsewhere**.

Our local public schools are our community's most **valuable asset**. So doesn't it make sense for us to take care of them and improve them when we can?

The facts are clear. Measure S will improve our schools and provide a safe learning environment for our children.

For safe and secure schools, Vote Yes on Measure S!

Dave Cortese California State Senator

Corina Herrera-Loera Trustee

Trevor Emmett
Alum Rock Maintnance Technician

Carlos C. Tripodi Translator Technician

Ellen J. Turner Community Member