

SECTION F: FACILITY FUNDING IMPACT AND OPTIONS

It has been shown by the facility profile/needs and development impact in the previous sections that the Folsom Cordova Unified School District will need to modernize schools and provide additional facilities for future students. This section will address the cost associated with the identified facility needs and funding options available to school districts.

Estimated Cost for Modernization Needs

An initial review of Folsom area schools shows a need in the range of \$162 million to \$200 million. Site specific details are listed under each school site in Section D. Although there the District has eligibility for State School Building Program funds, the District would be required to provide a local matching share.

Folsom Area Schools (SFID 2) Estimated Modernization/Technology Funding Needs

Expenditure	Initial Estimate
Modernization / Technology Upgrades	
Solar Power Installation	
Grand Total	\$162 to \$200 million

The Rancho Cordova area site profiles in Section D have listed school improvements completed under Measure N and the projects yet to be completed with Measure P funds. The funding need for Rancho Cordova modernization and technology upgrades is estimated at \$68 million, this includes a \$3 million contingency. The Rancho Cordova area voters have been very supportive of their educational facilities, passing Measure P in 2012 which will cover the \$68 million need.

Rancho Cordova Area Schools (SFID 4) Estimated Modernization/Technology Funding Needs

Expenditure	Initial Estimate
Modernization / Technology Upgrades	\$ 65,000,000
Contingency	3,000,000
Grand Total	\$ 68,000,000

Estimated Cost for Housing Projected Pupils

Cost per Student for School Facilities

Any proposal to provide new facilities must include an analysis of costs associated with the various facility options. Student cost calculations based on State cost formulas and information from the Office of Public School Construction, State Department of Education and District specific costs are used to determine the cost of providing facilities for each additional student according to State standards.

The following table lists the cost for schools built within the district in the last 13 years. All of the elementary schools listed were a re-use of plans, which illustrates the increase in costs over time for the same plans.

School	Capacity	Year Built	Acres	Cost Per Acre	Total Project Cost (incl. Land)	Cost per Student
Empire Oaks ES	650	2000	10.24	\$ 150,000	\$ 12,791,765	\$ 19,680
SJ Gallardo ES	625	2002	10.20	\$ 200,000	\$ 12,578,839	\$ 20,126
Navigator ES	600	2006	9.63	\$ 250,000	\$ 18,282,877	\$ 30,471
Russell Ranch ES	529	2007	10.00	\$ 350,000	\$ 26,171,292	\$ 49,473
Vista del Lago HS	1512	2007	52.11	\$ 375,000	\$128,958,607	\$ 85,290

We took the above information and updated the costs to represent 2013 dollars. The updated cost per student for permanent construction is shown in the following table.

Estimated Cost per Student for School Facilities

Facility Type	2013 Cost per Student (including land)
K-5	\$49,614
6-8	\$85,691
9-12	\$92,907
Special Education	\$66,269

Source: OPSC, Folsom Cordova Unified School District.

The above figures are for permanent construction. Portable classrooms provide a district with the most effective way to provide classroom facilities on a short-term basis. While portable classrooms offer the district an inexpensive temporary solution to housing students, portables should not be viewed as a long-term solution. Portables classrooms overburden ancillary facilities, i.e. playgrounds, libraries, restrooms, cafeteria and multi-purpose rooms.

Facility Funding Impact from Development in SFID 4

To determine the funding impact from pupils generated from development in SFID 4 K-5 pupils generated in the Navigator Elementary attendance area were excluded from the calculation as Navigator was constructed to house these pupils. Middle school pupils generated in the Mitchell Middle attendance area were excluded from the 6-8 need because relocatable classrooms were added to the site in anticipation of these students.

The number of remaining students generated by new development in SFID 4 were multiplied by the estimated updated facility cost per student from page F-2. An estimated financial impact from this development is estimated at \$11,607,924. The following is the calculation:

SFID 4 Cost to House Projected Pupils from Development

Grade Level	Adjusted Pupils Generated	Cost per Student (2013)	Total Cost to House Pupils
K-5	16	\$49,614	\$ 793,824
6-8	2	\$85,691	171,382
9-12	101	\$92,907	9,383,607
Special Education	19	\$66,269	1,259,111
Total	244		\$ 11,607,924

Facility Funding Impact from Development in SFID 2

To determine the funding impact for students generated by new development in SFID 2, we multiplied the estimated number of pupils generated from planned development (as shown in Section E) by the estimated updated facility cost per student from page F-2. An estimated financial impact from this development is estimated at \$90,639,810. The following is that calculation:

SFID 2 Cost to House Projected Pupils from Development Folsom High School Attendance Area

Grade Level	Pupils Generated	Cost per Student (2013)	Total Cost to House Pupils
K-5	226	\$49,614	\$ 11,212,764
6-8	112	\$85,691	9,597,392
9-12	121	\$92,907	11,241,747
Special Education	22	\$66,269	1,457,918
FSHAA Total	481		\$ 33,509,821

SFID 2
Cost to House Projected Pupils from Development
Vista del Lago High School Attendance Area

Grade Level	Pupils Generated	Cost per Student (2013)	Total Cost to House Pupils
Vista del Lago HSAA:			
K-5	381	\$49,614	\$ 18,902,934
6-8	196	\$85,691	16,795,436
9-12	205	\$92,907	19,045,935
Special Education	36	\$66,269	2,385,684
VdL HSAA Total	818		\$ 57,129,989

SFID 2
Total Cost to House Projected Pupils from Development

Grade Level	Pupils Generated	Total Cost to House Pupils
FSHAA Total	481	\$ 33,509,821
VdL HSAA Total	818	\$ 57,129,989
SFID 2 Total	1,299	\$ 90,639,810

Facility Funding Impact from Development in SFID 3

To determine the funding impact for students generated by new development in SFID 3, we multiplied the estimated number of pupils generated from planned development (as shown in Section E) by the estimated facility cost per student from page F-2. An estimated financial impact from this development is \$2,533,548,090. The following is that calculation:

SFID 3
Cost to House Projected Pupils from Development

Grade Level	Pupils Generated	Cost per Student (2013)	Total Cost to House Pupils
K-5	12,218	\$49,614	\$ 606,183,852
6-8	6,583	\$85,691	564,103,853
9-12	7,292	\$92,907	677,477,844
Special Education	1,257	\$66,269	83,300,133
SFID 3 Total	27,350		\$1,931,065,682
Escalation over 25 years			477,482,408
Support Facilities and Contingency			125,000,000
Total Estimated SFID 3 Funding Need			\$2,533,548,090

The projected need of \$2.533 billion is an estimate for the next 50 years. Approximately \$400 to \$600 million will be needed in the next ten years to house pupils generated from the new development in SFID 3. Years 10-25 and years 25-50 will require approximately \$1 billion for each block of time.

Total Estimated Funding Need

It is estimated that the District will need at least \$2.9 billion in school facility funding over the next 50 years to provide upgraded facilities and technology to current school sites and provide new school facilities for students generated from planned development.

Total Estimated Funding Need

SFID / HSAA	Estimated Funding Need
<i>Modernization:</i>	
Folsom Area Schools	\$ 200,000,000*
Rancho Cordova Area Schools	68,000,000
Modernization Total:	\$ 268,000,000
<i>*Estimated need based on the high end of the \$162 – \$200 range.</i>	
<i>New Construction:</i>	
SFID 4 / Cordova High AA	\$ 11,607,924
SFID 2 / Folsom /Vista High AA	90,639,810
SFID 3 / South of Hwy 50	2,533,548,090
New Construction Total	\$2,635,795,824
Grand Total	\$2,903,795,824

Funding Sources for School Facilities

There are two general sources that exist for funding school facility modernization and construction; state sources and local sources. The District has considered the following available sources to fund its \$2.9 billion need.

State Funding Sources

The Leroy Green Lease-Purchase Act of 1976 was reformed by Senate Bill 50 in August of 1998. The new program, entitled the School Facilities Program (SFP), provides funding under a “grant” program. Funding for new construction projects is based on a 50-50 (state/district) share and funding for modernization projects on an 80-20 (state/district) share. AB 16 changed the modernization program to a 60-40 (state/district) share. District administration and operational facilities are ineligible for modernization and new construction funds under the SFP.

The SFP has received applications amounting to more than its bond authority. It is anticipated that a state-wide school facility funding bond will be placed on the ballot by the end of 2014. The State is also proposing an overhaul of the SFP. If a district

submits an application and is placed on an unfunded list, the application will be subject to any changes in the SFP program.

Modernization Funding in the State School Building Program

The State Modernization Program provides funds on a 60-40 (state/district) basis for improvements to enhance school facilities educationally. Eligibility for modernization funding is established separately for each school site. Factors affecting eligibility for modernization funding include the age of the facilities (at least 25 years old for permanent structures and 20 years old for portable structures) on the site and the total pupil enrollment. Eligibility translates directly into pupil grants. A district with modernization eligibility may request funding.

The pupil grant is a composite dollar figure that provides the State's share for project costs including design, construction, educational technology, testing, inspection, furniture and equipment. The grant amount is based on the grade level of the project. The pupil grant amount is set in law and is adjusted annually by the State Allocation Board based on current construction costs.

Supplemental grants augment pupil grant funding. For example, excessive cost hardship grants are available for the costs associated with accessibility and fire code upgrades.

Many of the Folsom Cordova Unified School District schools have been modernized using State Facility Program eligibility. However, numerous modernization needs still remain throughout the District because of the insufficient amount of modernization funding provided by the State. Staff has reviewed the age of school facilities at all of its school sites to update the District's estimated modernization eligibility in the State School Building Program.

Modernization eligibility at Rancho Cordova area schools has already been accessed because the District was able to secure its required 40% matching share through bond funds from Measure V and Measure B. The District was able to augment voter-approved bond funds with state funds which enable projects to be expanded to provide much-needed additional facility upgrades. Additional modernization eligibility may exist in the future as facilities begin to age.

In 2002, with the passage of Measure C in Folsom, the District was able to secure state modernization funding for projects at Blanche Sprentz Elementary, Theodore Judah Elementary, Folsom Middle and Sutter Middle schools. These were the only sites in Folsom that had facilities over age in 2002. Since that time, these four sites have had

additional facilities become over aged, along with Carl Sundahl Elementary, Folsom Hills Elementary and Oak Chan Elementary schools.

These sites, except Theodore Judah, Folsom Middle and Sutter Middle, will not fully qualify for full modernization eligibility because their CBEDS enrollment is less than the capacity of their over age facilities. For instance, Carl Sundahl's capacity of facilities that are over age is 538, but current CBEDS reports only 418 pupils. If CBEDS were to increase at any of these sites in the future, staff could request an adjustment to eligibility to lock in the higher eligibility number. Modernization eligibility can increase due to CBEDS, but cannot decrease because of a decline in enrollment.

**Folsom SFP Modernization Eligibility
Based on Current Data and Program**

School Site	Pupils	State Share (60%)	District Share (40%)	Total (100%)	Eligibility Status
Blanche Sprentz ES	0	\$ 0	\$ 0	\$ 0	Minimum
Carl Sundahl ES	418	1,690,234	1,126,822	2,817,056	Minimum
Folsom Hills ES	200	831,476	554,318	1,385,794	Minimum
Oak Chan ES	497	2,018,526	1,345,684	3,364,210	Minimum
T Judah ES	120	500,629	333,753	834,382	Maximum
Folsom MS	27	134,778	89,851	224,629	Maximum
Sutter MS	244	1,187,738	791,824	1,979,562	Maximum
	1,506	\$ 6,363,381	\$ 4,242,252	\$ 10,605,633	

**Maximum Folsom SFP Modernization Eligibility
Based on Current Data and Program**

School Site	Pupils	State Share (60%)	District Share (40%)	Total (100%)	Eligibility Status
Blanche Sprentz ES	50	\$ 229,048	\$ 152,699	\$ 381,747	Maximum
Carl Sundahl ES	538	2,212,780	1,475,187	3,687,967	Maximum
Folsom Hills ES	550	2,190,118	1,460,078	3,650,196	Maximum
Oak Chan ES	588	2,410,245	1,606,830	4,017,075	Maximum
T Judah ES	120	500,629	333,753	834,382	Maximum
Folsom MS	27	134,778	89,851	224,629	Maximum
Sutter MS	244	1,187,738	791,824	1,979,562	Maximum
	2,117	\$ 8,865,336	\$ 5,910,222	\$ 14,775,558	

It should be noted that the base grant changes every January when the State Allocation Board reviews the construction cost index. The funding cited above is based on the 2013 Construction Cost Index and should be considered an estimate. The actual modernization funding that the District will receive for a project will depend on the year funding is requested and the program in effect at that time.

New Construction Funding in the State Facility Program

The New Construction Program provides state funds on a 50-50 (state/district) sharing basis for eligible projects that add capacity to a school district. Adding capacity to a school district can include the construction of a new school, or the addition of classrooms to an existing school. Applications are submitted to the Office of Public School Construction in two stages: an application for eligibility and an application for funding.

Eligibility for State funding is based on a district's projected need to house pupils, which is determined by the gap between a district's projected enrollment and its existing classroom capacity. Eligibility translates directly into pupil grants. A district with new construction eligibility may request funding.

The pupil grant is a composite dollar figure that provides the state's share for project costs including design, construction, testing, inspection, furniture and equipment, and other costs closely related to the actual construction of the school buildings. This grant amount is based on the grade level of the project. The pupil grant amount is set in law and is adjusted annually by the State Allocation Board based on current construction costs.

Supplemental grants augment pupil grant funding, including grants that are available for site acquisition, utilities, service-site, off-site, general site development, and other excessive cost hardship grants.

Districts generally establish eligibility for new construction funding on a district-wide basis. However, under certain circumstances, the district may have more eligibility if the applications are made on a High School Attendance Area (HSAA) basis using one or several attendance areas. This circumstance occurs when the building capacity in one HSAA prevents another from receiving maximum eligibility.

The district may file using one high school attendance area, or at the district's option, it may combine two or more adjacent HSAs, commonly called a "Super Attendance Area." In either case, the attendance areas must serve an existing, operating high school. Continuation or proposed high schools may not be used for this purpose. Once a district receives funding using a high school attendance area as the basis of its eligibility, it must continue to file future new construction applications on that basis for five years.

The District's new construction eligibility for the State School Facility Program is calculated on a high school attendance area basis. The Cordova High School

Attendance Area boundary follows the boundary of SFID 1. The Folsom High School Attendance Area, which includes Vista del Lago High School, follows the same boundary as SFID 2.

New construction eligibility is updated with a current enrollment projection every time the district files a funding request for a new construction project. A district's new construction eligibility is dependent on the enrollment at the time the funding application is submitted. The number of proposed housing units that have tentative map approval and the student yield factor used at the time of submittal also affect the eligibility determination. The eligibility shown in the following is the current eligibility based on the 2012/13 enrollment projection, but would be adjusted when the District applies for funding for another new construction project.

**SFP New Construction Baseline Eligibility
2012/13 Enrollment Projection**

Grade Level	SFID 1 – Cordova High School AA	SFID 2 – Folsom High School AA
	4,153 Approved DU	2,359 Approved DU
K-6	140	1,291
7-8	(631)	(321)
9-12	(60)	153
Non-severe Special Ed.	(170)	33
Severe Special Ed.	172	3

Source: Office of Public School Construction.

If the District's eligibility were updated today and all future development had tentative approved maps, the estimated eligibility in the SFP would be as follows:

**SFP New Construction Baseline Eligibility
Based on 2012/13 CBEDS and Approved Tentative Maps**

Grade Level	SFID 1 – Cordova High School AA	SFID 2 – Folsom High School AA
	33,560 DU	23,569 DU
K-6	11,863	8,005
7-8	2,391	2,053
9-12	5,778	4,957
Non-severe Special Ed.	129	(48)
Severe Special Ed.	172	129

Source: Office of Public School Construction.

The above eligibility would equate to approximately \$673.7 million in state construction funds. The District would be required to provide a matching share of \$673.7 million.

**Estimated SFP Funding
Based on 2012/13 CBEDS and Approved Tentative Maps**

Funding Category	SFID 1 – Cordova High School AA	SFID 2 – Folsom High School AA	Total
K-12 Grants	\$ 228,473,372	\$ 171,755,264	\$ 227,331,680
Land Acquisition	81,404,836	62,111,882	100,939,380
General and Site Development	73,505,031	56,467,188	100,939,380
Estimated State Funding	\$ 383,383,239	\$ 290,334,334	\$ 673,717,573

Source: Office of Public School Construction.

Most of the construction eligibility would be attributed to the proposed residential units in SFID 3. Part of the residential units in SFID 3 was reported in SFID 1 and part in SFID 2 because SFID 3 is an overlay of part of these two areas. Construction eligibility must be used within the high school attendance area where the eligibility is generated. The District does have the option of converting its new construction eligibility reporting to a district-wide basis if no funding requests have been granted within the five years prior to a new funding request.

The estimated state funding is based on the School Facilities Program of 1998. The SFP is currently undergoing extensive changes. An update to the estimated state funding will be provided once the revamped program regulations have been adopted.

Local Financing Options

A brief description of each of the major local financing types used by school districts is presented below and on the following pages.

General Obligation Bonds are voter-approved long-term debt instruments that are secured by the legal obligation to levy and collect ad valorem property taxes sufficient to pay annual debt service on the bonds. Because general obligation bonds are secured by the taxing power of the school district, they are considered to pose the lowest risk to the investor and, therefore, provide the lowest borrowing cost to the school district of any of the financing techniques available.

Over the past 21 years, the District has submitted 10 bond measures to the voters of the district and was able to pass six of them. The following chart outlines these bond measures:

FCUSD General Obligation Bonds

Date of Election	Measure	Area	Proposed Bond (in millions)	Vote in Favor	Result
April 1992	C	District-wide	\$80.0	51.5%	Fail
November 1992	J	City of Folsom	\$42.6	74.6%	Pass
November 1997	V	SFID 1 – Rancho Cordova	\$10.4	74.2%	Pass
June 1999	C	SFID 2 – Folsom	\$18.1	65.4%	Fail
May 2000	M	SFID 2 – Folsom	\$38.4	65.2%	Fail
March 2002	B	SFID 1 – Rancho Cordova	\$48.0	73.0%	Pass
March 2002	C	SFID 2 – Folsom	\$53.0	68.7%	Pass
November 2006	M	SFID 3 – South of 50	\$750.0	64.9%	Fail
November 2006	N	SFID 4 – Rancho Cordova	\$125.0	69.2%	Pass
March 2007	M	SFID 3 – South of 50	\$750.0	81.1%	Pass
November 2012	P	SFID 4 – Rancho Cordova	\$68.0	71.5%	Pass

Measure J: *City of Folsom Municipal Bond 1992* – Due to the District’s difficulty passing a bond measure in Folsom to fund much-needed improvements and expansions, the City of Folsom stepped up and placed municipal bond Measure J on the ballot. In June of 1992, the voters of the Folsom community made a commitment to our schools by voting to pass Measure J. Measure J funds not only made the new Folsom High School a reality, the funds also helped build Natoma Station Elementary School and constructed a 2-story classroom building and multi-purpose room at Folsom Middle School. Measure J provided state-of-the-art science labs, new libraries with computers, and classrooms designed for modern teaching tools. There are no remaining funds available under Measure J.

Measure V: *SFID 1 General Obligation Bond 1997* – Approved by the voters of Rancho Cordova in 1997, Measure V provided funds to renovate, rehabilitate and modernize classrooms and school facilities. The District was able to secure additional funding from the State School Building Program for some of the modernization projects. Typical scope included heating, ventilation and air conditioning upgrades, handicap upgrades to restrooms and drinking fountains, installation of new data systems including electrical upgrades, installation of cable television, phone and intercom upgrades and classroom interior upgrades including new flooring, wall coverings and lighting. There are no remaining funds available under Measure V.

Measure B: *SFID 1 General Obligation Bond 2002* – Approved by the voters of Rancho Cordova in 2002, Measure B provided for improvements to existing Rancho Cordova schools, construction of Navigator Elementary School, deployment of over 300 computers, installation of LCD projectors and laser printers, implementation of energy load rolling, path of travel access upgrades, intrusion and fire alarm upgrades, creation of library/computer lab combinations at elementary school sites, and major

improvements to Mills Middle, Mitchell Middle and Cordova High School. There are no remaining funds available under Measure B.

Measure C: *SFID 2 General Obligation Bond 2002* – Folsom voters passed Measure C in 2002 to renovate, rehabilitate, modernize classrooms and build new school facilities. The District was able to secure additional state funding from the State School Building Program for many of the projects. New construction projects completed under Measure C were Sandra J Gallardo Elementary, Russell Ranch Elementary, Vista del Lago High School, Folsom Middle gymnasium, and the Folsom High performing arts theater, stadium and field house. Modernization projects included extensive renovations of Blanche Sprentz Elementary, Theodore Judah Elementary and Folsom Middle, upgrade of the kitchen and cafeteria at Sutter Middle and upgrades to technology infrastructure at all Folsom sites. Over 300 computers were also deployed under this bond measure. All funds have been expended under this measure.

Measure N: *SFID 4 General Obligation Bond 2006* – Approved by the voters of Rancho Cordova in 2006, this bond was passed to provide improvements at existing schools in Rancho Cordova and Mather. Measure N was pushed by the voters of Rancho Cordova to continue improvements to the schools in their community. This bond placed smart classroom technology in all of the classrooms in the community, provided furniture and equipment, new landscapes, student drop off and gathering areas, digital marquees and shade structures at the elementary and middle schools. Major improvements to Cordova High such as the new 2-story building and the complete renovation of Unit F into a culinary and 2D/3D arts center was also funded under Measure N. Only half of the \$125 million bond was able to be sold due to declining assessed valuations.

Measure M: *SFID 3 General Obligation Bond 2007* – Measure M covers the area in the generally undeveloped area in the district that is south of Highway 50 and east of Sunrise Boulevard. To date, Measure M has funded the construction of the much-needed Education Services Center. It is estimated that Measure M will fund up to 30 new schools in the Measure M area and the bonds will be issued as future development begins in the area. To date, \$45 million of this \$750 million bond has been issued. These funds were used to construct the new Education Services Center and solar arrays, the purchase of a site for a new maintenance facility and architectural fees for planning and design of future schools needed in SFID 3.

Measure P: *SFID 4 General Obligation Bond 2012* – Measure P was placed on the ballot in 2012. The downturn in the economy limited the District to issue only half of the bonds authorized under Measure N. The approval of Measure P allows the District to

issue bonds in the amount unissued under Measure N to complete the projects outlined under Measure N. This newest bond measure is for SFID 4 modernization, technology upgrades and the construction of the Cordova High School performing arts theater and the auxiliary gym. All \$68 million is currently available.

Developer Fees. Government Code Section 65995 and Education Code 17620 gave school district the ability to assess fees against new development projects. The maximum Level I fee that can be levied is currently \$3.20 per square foot for residential development and \$.51 per square foot for commercial development. Level II and III residential developer fees are regulated by Government Code 65995.6 and a district must conduct a Facility Needs Assessment to be able to collect these fees.

The District is currently collecting Level II fees at the rate of \$6.27 per square foot in Folsom and \$5.22 per square foot in Rancho Cordova. Developer Fees are used to provide school facilities or temporary housing due to growth generated from new development. It is estimated that current planned development will generate over 100 million square feet of new residential construction. If current rates are applied to the estimated square footage, over \$575 million dollars could be collected.

Certificates of Participation (COP) represent a method whereby school district can raise tax-exempt funds for capital facilities without the need to obtain a vote and without the need to levy taxes on real property. Certificates of Participation represent the shares of the investors in lease or installment purchase payments to be made by the school district and are secured by the school district's general funds and the revenues which flow into it, including unrestricted federal, state and local sources. Unlike a GO bond or Mello-Roos bond issue, a COP is not secured by a lien on real property. They are secured by the general credit quality of the school district.

Currently, the District is paying on a \$20.36 million COP for the completion of Vista del Lago High School. The District is using funds from Folsom developer fees collected to pay the yearly payment on this COP.

Mello-Roos Special Tax Bonds are bonds payable from and secured by voter-approved special taxes levied within a specified geographic area (community facilities district). The special tax is secured by a lien on the land upon which the special tax is levied. The special tax is not a personal debt of the property owner. The special taxes are generally collected with and at the same time as general property taxes, although they can be collected at different times and in a different manner if circumstances require. Mello-Roos bonds may be issued to finance the purchase, construction, expansion, improvement or rehabilitation of real or other tangible property with an estimated useful life of five or more years. The District does not have Mello-Roos tax bonds in place.

Parcel Tax. By a vote of 2/3 of the electorate, a school district may levy a parcel tax (a specific dollar amount per parcel) on property within the District. The parcel tax has the greatest flexibility of all voter approved taxes. The funds are not restricted to a capital facility project but may be used to pay for ongoing expenses. The District does not have a parcel tax in place.

Proceeds from the Sale of Surplus Property. School districts are limited in using funds from the sale of surplus property for capital outlay or costs of maintenance of school district property that the governing board determines will not recur within five years. Under a newly added section 17463.7, school districts may sell surplus property and use the proceeds for any one-time general fund purposes. This applies to proceeds from property purchased with local funds, general obligation bond funds or income from developer fees.

Staff is working on rezoning of the District Office and Warehouse parcels to increase the value of the sites. These two sites, along with Granite Center will eventually be sold. Proceeds from the sale of the sites will be applied to future capital facility projects.

The following summarizes the various preceding funding source and compares the funds available to the funding needs of the District for its capital outlay projects.

Funding Sources vs. Need

Source	Modernization Funds and Needs	Construction Funds and Needs	Total Funds and Needs
State School Building Program	\$ 8,865,336	\$ 673,717,573	\$ 682,582,909
Local General Obligation Bonds	68,000,000	705,000,000	773,000,000
Developer Fees	0	575,000,000	575,000,000
Certificates of Participation	0	0	0
Mello-Roos Special Tax	0	0	0
Parcel Tax	0	0	0
Proceeds - Sale of Surplus Property	0	1,000,000	1,000,000
Subtotal	\$ 76,865,336	\$1,954,717,573	\$2,031,582,909
Need – Rancho Cordova	\$ 68,000,000	11,607,924	79,607,924
Need – Folsom	200,000,000	90,639,810	290,639,810
Need – SFID 3	0	2,533,548,090	2,533,548,090
Subtotal	\$ 268,000,000	\$ 2,635,795,824	\$2,903,795,824
Surplus / (Shortfall)	(\$ 191,134,664)	(\$ 681,078,251)	(\$ 872,212,915)

Summary

- Current modernization and technology upgrades are estimated at \$268 million.
- The impact from future residential development will place a \$2.635 billion financial burden on the District to provide needed school facilities.
- Staff has reviewed various funding sources to meet the funding need and has found:
 - *State Funding Source:* Based on the current State School Facility Program and if funds are available, this source could provide up to \$8.8 million in modernization funding and \$673 million in new construction funding.
 - *Local Funding Sources:*
 - *General Obligation Bonds:* Approximately \$705 million in bonding authorization remains under Measure M for future facilities in SFID 3. In SFID 4, Measure P will provide funds to complete the remaining \$68 million in modernization and technology upgrades.
 - *Developer Fees:* The District is currently collecting Level II developer fees. Estimated fees to be collected could exceed \$575 million. These fees would be applied against new construction or growth projects.
 - *Mello-Roos Special Tax Bonds:* No funds available.
 - *Parcel Tax:* No funds available.
 - *Sale of Surplus Property:* Granite Center, the old District Office and Warehouse have been considered surplus property by the Board of Education and funds from the sale of these sites will be applied to future capital outlay projects.
- A shortfall of at least \$162 to \$200+ million in modernization funding exists within the Folsom SFID 2 area of the District. This gap could increase as modernization scopes are reviewed.
- New construction needs exceed state, developer fee and bond funding sources combined by \$681 million.