Policy 7213: School Facilities Improvement Districts **Status:** ADOPTED

Original Adopted Date: 02/01/1999 | **Last Revised Date:** 11/01/2017 | **Last Reviewed Date:** 11/01/2017

CSBA NOTE: Education Code 15300-15303 allow for the creation of a school facilities improvement district to issue general obligation bonds for school facilities within a specific geographical area of the district's territory. Education Code 15303 specifies that a district may create a school facilities improvement district only if the County Board of Supervisors has adopted a resolution to make the law applicable in the county. SB 113 (Ch. 332, Statutes of 2009) amended Education Code 15303 to specify that the supervisors' resolution may make the law operative in the county generally or to one or more school or community college districts.

Because the laws regarding formation of a school facilities improvement district are complex, districts should consult legal counsel, as appropriate. The following policy is optional.

The Governing Board desires to provide adequate facilities in order to enhance student learning and to help the district achieve its vision for educating district students.

CSBA NOTE: AB 373 (Ch. 670, Statutes of 2007) makes numerous changes to the statutes governing school facilities improvement districts, including amending Education Code 15301 to no longer prohibit a new school facilities improvement district from including the territory of an existing Mello-Roos community facilities district. In addition, AB 373 added Education Code 15101.75 and repealed Education Code 15302 to specify that any bonds issued by a school facilities improvement district are subject to the provisions that govern general obligation bonds, including the purposes of those bonds as specified in Education Code 15100.

Prior to forming a school facilities improvement district, the Governing Board must make a finding, as specified below.

The Board has determined that it is necessary and in the best interest of the district to form a school facilities improvement district to finance any or all of the improvements set forth in Education Code 15100 and finds that the overall cost of financing the bonds issued would be less than the overall cost of other school financing options available to the district including, but not limited to, issuing bonds pursuant to the Mello-Roos Community Facilities Act. The Board shall define the boundaries of the school facilities improvement district to include any portion of territory within the jurisdiction of the school district, including the option of including the territory of an existing Mello-Roos community facilities district. (Education Code 15301)

The Superintendent or designee shall establish procedures consistent with Education Code 15100-15262 governing the financing of bonds, bond elections, and the issuance and sale of bonds.

Board Resolution of Intention

CSBA NOTE: Pursuant to Education Code 15266, the Board may decide to pursue the authorization of bonds in the school facilities improvement district with the approval of either 66.67 percent or 55 percent of the voters within the proposed territory of the improvement district. If the Board decides to proceed with 55 percent voter approval, the district must comply with the same accountability provisions required for the passage of general obligation bonds with a 55 percent threshold, as

detailed in Education Code 15264-15288. These accountability provisions include, but are not limited to, setting a limit as to the maximum amount of the bond, requiring that the proposition submitted to the voters list the specific projects that will be funded by the bond, and requiring the district to conduct an annual performance audit and form a citizens' oversight committee to inform the public about the use of bond revenue. For more details regarding these accountability provisions, including the specifics of the oversight committee, see BP/AR 7214 - General Obligation Bonds.

As amended by AB 3063 (Ch. 289, Statutes of 2006), Education Code 15266 requires that an election for the formation of a school facilities improvement district requiring approval of 55 percent of the voters be held only during a regularly scheduled local election at which all of the electors of the school facilities improvement district are entitled to vote.

The Board may pursue the authorization and issuance of bonds by approval of either 66.67 percent majority or 55 percent majority of the voters within the proposed territory of the school facilities improvement district and shall adopt a resolution of intent to form an improvement district. In order to proceed with an election requiring a 55 percent approval of the voters, two-thirds of the Board shall agree to such an election and the district shall comply with the accountability provisions, including the requirements regarding the citizens' oversight committee, required for 55 percent approval set forth in Education Code 15264-15288. (Education Code 15266)

The Board's resolution of intention shall state all of the following: (Education Code 15320)

1. The Board's intention to form the proposed school facilities improvement district

2. The purpose for which the proposed district is to be formed

3. The estimated cost of the school facilities improvement project

4. That any taxes levied for financing general obligation bonds issued to finance the project shall be levied exclusively upon the lands in the proposed school facilities improvement district

5. That a map showing the exterior boundaries of the proposed district is on file with the Board and available for public inspection, and that these boundaries meet the requirements of Education Code 15301

6. The time and place for a Board hearing on the formation of the proposed district

7. That any interested persons, including all persons owning lands in the district or in the proposed school facilities improvement district, may appear and be heard at the above hearing

The Board shall hold the hearing as specified in its resolution and may, at the hearing, adopt a resolution proposing modifications of its above-stated purposes. (Education Code 15322, 15323)

CSBA NOTE: AB 373 (Ch. 670, Statutes of 2007) amended Education Code 15321 to delete the requirement that a notice of the hearing be posted in at least three public places.

Notice of the hearing shall be given by publishing a copy of the resolution of intention in a newspaper of general circulation pursuant to Government Code 6066, starting at least 14 days before the hearing. No other notice shall be required. (Education Code 15321)

When hearings are concluded, the Board may, by resolution, order the formation of a school facilities improvement district with the boundaries described in the resolution. The resolution shall state the estimated cost of carrying out described purposes and shall number and designate the improvement district as specified in Education Code 15326. (Education Code 15326)