



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# 11.3

Meeting Date: September 17, 2026

Subject: Approve Resolution No. 3606: Authorizing Use of Restricted Object 8625 RDA Pass-Throughs as “Other Financing Uses” to Reimburse Unrestricted General Fund for Portion of Past Annual 3% Deposits into Restricted Maintenance Account

- ☐ Information Item Only
- ☐ Approval on Consent Agenda
- ☐ Conference (for discussion only)
- ☐ Conference/First Reading (Action Anticipated: _____)
- ☐ Conference/Action
- ☐ Action
- ☐ Public Hearing

Division: Business Services

Recommendation: It is recommended that the Board approve Resolution No. 3606 Authorizing Use of Restricted Object 8625 RDA Pass-Throughs as “Other Financing Uses” to Reimburse Unrestricted General Fund for Portion of Past Annual 3% Deposits into Restricted Maintenance Account

Background/Rationale: This is the second of two resolutions needed to utilize restricted “Facilities Pass-Throughs” from former redevelopment agencies (RDAs) to reimburse the unrestricted General Fund for expenditures for the Restricted Maintenance Account (RMA).

Reductions and deferrals in State funding, accompanied by ongoing decreases in District student enrollment and ADA since FY 2021-22, have caused the District to experience significant general fund deficits in FYs 2021-22, 2024-25, and 2025-26, and to project even larger general fund deficits in FYs 2026-27 through 2028-29. As a result, District is forced to rely on “other financing uses” to accommodate decreasing student enrollment and ADA and to help reduce projected general fund deficits, including use of otherwise restricted revenues to reimburse District’s unrestricted general fund for a portion of required deposits in past years—3% of general fund expenditures—in the Restricted Maintenance Account (“RMA”).

“Other financing uses” available for this purpose include two contractual (Agreement) “Pass-Throughs” and 56.7% of 13 statutory “AB 1290 Pass-Throughs” received annually from the County Auditor-Controller (“A-C”) for 15 redevelopment project areas (“Project Areas”) of successor agencies (“SAs”) to the former Sacramento County and

Sacramento City RDAs, which payments are (i) functionally restricted to “educational facilities” per statute, and for the two Agreement Pass-Throughs, per additional contractual provisions; and (ii) geographically restricted as follows 56.7% of AB 1290 Pass-Throughs per statute, and the two Agreement Pass-Throughs per contract.

These “Facilities Pass-Throughs” (Object 8625 on the general ledger) have continued despite dissolution of RDAs on February 1, 2012 pursuant to the provisions of ABX1 26 (“RDA Dissolution Law” or “RDL”), and consistent with the RDL are projected to continue in increasing annual amounts for the next 10 to 14 years, depending on the individual Pass-Through. And these restricted Object 8625 Pass-Throughs may be used to reimburse the unrestricted general fund for a portion of past RMA deposits from the general fund, but only in a manner consistent with the Health and Safety Code, Education Code, and the terms of the two Agreement Pass-Throughs.

Financial Considerations: The attached resolution authorizes up to (i) \$31.72 M in Object 8625 Pass-Throughs (including interest) available as of June 30, 2026; and (ii) \$14.170 million in Object 8625 Pass-Throughs conservatively projected to be available over the next three FYs 2026-27 through 2028-29, to be used, respectively, in FY 2026-27 and in FYs 2026-27 through 2028-29, to reimburse the unrestricted general fund for a portion of the \$104.944 million deposited to the RMA from the general fund for past FYs 2018-19 through 2025-26.

Of the Object 8625 Pass-Throughs available as of June 30, 2026, a preliminary estimate of 88.51% for the facilities share of AB 1290 Pass-Throughs, may be used for normal (ongoing or routine) and/or major (capital) maintenance. However, the remaining 11.59% is attributable to District’s two Pass-Through Agreements—6.46% for Richards Boulevard (now River District), and 5.49% for Franklin Boulevard (updated percentages TBD), which per additional contractual restrictions, may be used for RMA, but only (i) for capital (i.e., major) maintenance, not for normal (ongoing or routine) maintenance; and (ii) only at District facilities that “serve the needs of the Project area and the surrounding community” for the Richards Boulevard (now River District) and Franklin Boulevard Project Areas.

Note that the authorizations in this Resolution do not continue on an automatic or indefinite basis but only provide District with time needed to make necessary structural changes in its general fund budget required to reduce or avoid future budget deficits. Additional reimbursements to the unrestricted general fund in excess of those stipulated above; and/or for future years after FY 2028-29, will require a separate Resolution by the Board of Education with similar findings of fact and determinations as those made in the attached Resolution.

LCAP Goal(s): Goal 1 – Graduation Outcomes; Goal 2 – Academic Outcomes; Goal 3 – Welcoming and Safety Outcomes

Documents Attached:

1. Resolution Authorizing Use of Restricted Object 8625 RDA Pass-Throughs as “Other Financing Uses” to Reimburse Unrestricted General Fund for Portion of Past Annual 3% Deposits into Restricted Maintenance Account

Estimated Time of Presentation: 5 Minutes

Submitted by: Gerardo Castillo, CPA, Chief Business Officer

Approved by: Cancy McArn, Superintendent

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION
RESOLUTION No. 3606**

**RMA Funding Resolution Authorizing Use of Restricted Object 8625 RDA Pass-Throughs as
“Other Financing Uses” to Reimburse Unrestricted General Fund for Portion of Past Annual 3%
Deposits into Restricted Maintenance Account**

WHEREAS, the State of California has experienced general fund budget deficits for FYs 2023-24, 2024-25, and 2025-26, and despite a projected balanced budget for FY 2026-27, projects a return to budget deficits for FYs 2027-28 and 2028-29, all of which have posed significant financial challenges for State-funded programs and services; and

WHEREAS, Proposition 98 (“Prop 98”), approved by voters in 1988, guarantees a minimum level of funding for K-14 education (kindergarten through community college) based on a formula that adjusts annually for changes in State revenues, student enrollment, and other factors; and

WHEREAS, State general fund budget deficits have led to suspension of the Prop 98 funding guarantee for FY 2023-24, followed by restoral of the Prop 98 guarantee (i) for FY 2024-25 after an initial projected decrease in funding from FY 2023-24; (ii) for FY 2025-26, but with a K-12 payment deferral of \$1.9 billion to FY 2026-27, and for FY 2026-27, but with other one-time measures to ensure meeting the minimum constitutional guarantee; and

WHEREAS, these State funding suspensions, deferrals, and other one-time measures threaten to decrease the financial resources available to public schools and community colleges Statewide, adversely impacting educational programs, staffing, and student services; and

WHEREAS, accompanying these State funding suspensions, deferrals, etc. have been Statewide decreases in post-COVID 19 student enrollment and ADA since FY2021-22, which are projected to continue for FYs 2026-27 and 2027-28, further exacerbating the financial impacts of State funding suspensions and deferrals in Prop 98 funding; and

WHEREAS, student enrollment and ADA at District have also decreased since FY 2021-22, by -1,828 students (-1.22% per year) and -179 ADA (-0.13% per year), and District projects continued decreases from FY 2025-26 in annual enrollment of -0.72% per year and in ADA of -0.99% per year for FYs 2026-27 through 2028-29; and

WHEREAS, State funding suspensions, deferrals, etc. combined with declining District enrollment and ADA, have caused District to experience general fund deficits in FYs 2021-22, 2024-25, and 2025-26, and to project even larger general fund deficits in FYs 2026-27 through 2028-29; and

WHEREAS, despite the foregoing, District must maintain a 3% required Reserve for Economic Uncertainties per the California Code of Regulations, Title 5, Section 15450(a), to file a positive certification for the next budget year and two subsequent years, ensuring the District’s ability to achieve a positive, unappropriated fund balance; and

WHEREAS, in addition, Education Code (“EC”) Section 17014(a)-(b) requires school districts to keep their facilities in “good repair, working order, and condition [and to] establish a restricted account within the general fund . . . for regular maintenance and routine repair of school buildings,” commonly known as the Restricted Maintenance Account (“RMA”); and

WHEREAS, EC Section 17070.75(b)(1)-(2) requires school districts that participate in the 1998 School Facility Program to deposit into the RMA “a minimum amount equal to or greater than 3 percent of . . . total general fund expenditures . . . including *other financing uses*, for that fiscal year . . . for the exclusive purpose of providing moneys for ongoing and major maintenance of school buildings” (*emphasis added*); and

WHEREAS, these RMA funds may be used for maintenance and upkeep of any District facilities, not just facilities constructed or modernized under the 1998 SFP or previous State School Building Lease-Purchase Program; and

WHEREAS, in FYs 2021-22 through 2025-26, District was required to deposit a total of **\$104,983,848** into RMA from District’s unrestricted general fund, and District projects required future RMA deposits from the unrestricted general fund of **\$79,735,854** for FYs 2026-27 through 2028-29; and

WHEREAS, portions of past RMA deposits may be reimbursed to the general fund from “other financing uses” to help reduce projected future deficits; and

WHEREAS, notwithstanding the dissolution of former Redevelopment Agencies (“RDAs”) on February 1, 2012, pursuant to the provisions of ABX1 26 and subsequent clean-up legislation (“RDA Dissolution Law” or “RDL”), contractual and statutory “Pass-Throughs” owed to affected taxing entities pursuant to the Health and Safety Code (“HSC”) for project areas (“Project Areas”) of successor agencies (“SA”) to former RDAs continue to be paid in January and June of each year by the County Auditor-Controller (“A-C”) pursuant to the RDL; and

WHEREAS, since FY 2021-22 District has continued to receive Pass-Through payments for 15 Project Areas pursuant to (i) pre-1994 “Pass-Through Agreements” for two Project Areas per former HSC Section 33401; and (ii) statutory “AB 1290 Pass-Throughs” per HSC 33607.5 and/or 33607.7 for 13 Project Areas; and

WHEREAS, from FY 2026-27 Pass-Throughs for the 15 Project Areas are projected to continue in increasing annual amounts for the next (i) 10 to 11 years up through FY 2036-37 for nine Project Areas of the City of Sacramento SA; (ii) 10 to 14 years up through FY 2039-40 for two joint Project Areas of the County and City of Sacramento SAs; and (iii) 12 to 14 years up through FY 2039-40 for one Project Area of the County SA, after which all Pass-Throughs to District will terminate pursuant to the RDL; and

WHEREAS, in the last eight FYs 2018-19 through 2025-26, District received **\$29,627,991.86** in “Facilities Pass-Throughs,” including **\$4,261,722.84** received in FY 2025-26, that are *functionally restricted* by statute to “educational facilities,” including per EC 42238(h)(6) *et al*, “land acquisition, facility construction, reconstruction, remodeling, *maintenance*, or deferred maintenance” (*emphasis added*), all of which was assigned Object 8625 on District’s general ledger; and

WHEREAS, as of June 30, 2026, this entire Object 8625 Facilities Pass-Through amount was unexpended and had accrued interest in the amount of **\$2,091,083.48**, increasing the total amount of Object 8625 Pass-Throughs available including interest to **\$31,716,075.34**, which includes preliminary estimates of **\$3.790 Million** in Agreement Pass-Throughs (11.95%—6.46% for Richards Boulevard (now River District) and 5.49% for Franklin Boulevard), and **\$27.929 Million** in AB 1290 Pass-Throughs (88.05%); and

WHEREAS, District conservatively projects to receive total Object 8625 Facilities Pass-Throughs of **\$14.170 M** over the next three FYs 2026-27 through 2028-29; and

WHEREAS, District’s two Agreement Pass-Throughs are (i) *functionally* restricted to facilities by statute (as noted above) and further restricted *by contract* to “Capital Projects,” including “land, improvements, rehabilitation, reconstruction, remodeling, and related costs including, but not limited to, legal assistance and facilities planning related to Capital Projects”; and (ii) and also *geographically* restricted by contract to “serve the needs of the Project area and the surrounding community” (Sections 3.5 of Franklin Boulevard Agreement and Section 3.6 of Richards Boulevard (now River District) Agreement); and

WHEREAS, 56.7% of District’s AB 1290 Pass-Throughs from 13 Project Areas are restricted to facilities by statute (as noted above)—43.3% are unrestricted (Object 8047) but reported to the State as property taxes for offset against State Aid and are excluded from the amount of Object 8625 AB 1290 Facilities Pass-Throughs shown above, 100% of the Facilities Share of AB 1290 Pass-Throughs are also *geographically* restricted by statute per HSC 33607.5(a)(5) to each Project Area or other restricted subareas, which restrictions, however, may be satisfied by an “AB 1290 Compliance Resolution” containing certain required findings and determinations; and

WHEREAS, pursuant to HSC 33607.5(a)(5), an AB 1290 Compliance Resolution (Resolution 3606) was adopted by the Board of Trustees on September 17, 2026 which (i) allows the Object 8625 Facilities Share of AB 1290 Pass-Throughs to be used to pay the cost of educational facilities, *including maintenance*, located anywhere within the District, whether or not attended by students; and (ii) also ratifies “all prior decisions by the District regarding use of AB 1290 Pass-Throughs as being in compliance with this [AB 1290 Compliance] Resolution . . .”; and

WHEREAS, “maintenance” is understood to include expenditures from RMA, which includes both *major* (i.e., capital) maintenance and *ongoing* (i.e., normal, routine, or preventative) maintenance; and

WHEREAS, the Object 8625 Facilities Share of AB 1290 Pass-Throughs may be used for both capital maintenance and ongoing maintenance, the additional contractual restrictions for District’s Agreement Pass-Throughs presumably *exclude ongoing maintenance* but *include major maintenance* (i.e., “repair and

replacement [of] roofing, siding, painting, floor and window coverings, fixtures, cabinets, heating and cooling systems, landscaping, fences, and other items . . .” pursuant to EC Section 17014(c); and

WHEREAS, of the 82 schools listed on both District’s website and the California Public School Directory maintained by the California Department of Education, 57 schools (69.51%) are shown as having opened more than 46 years ago (before 7/1/1980) making it a reasonable conclusion that at least 11.95% of Object 8625 Pass-Throughs that may help fund RMA will be used for major (capital) maintenance as described above, but not ongoing (normal) maintenance, consistent with the preliminary estimate of District’s Pass-Through Agreement share of 11.95% of total Object 8625 Pass-Throughs received by District for last eight fiscal years as shown above; and

WHEREAS, District’s Board of Education wishes to expressly authorize, pursuant to the findings of fact and other determinations in this RMA Funding Resolution, the use of Object 8625 Pass-Throughs as “other financing uses” to *reimburse the unrestricted general fund* (i) in FY 2026-27 for up to **\$31.716 million** of total deposits to the RMA from the general fund of **\$104.944 million** for past FYs 2021-22 through 2025-26; and (ii) in the next three FYs 2026-27 through 2028-29, for up to **\$14.170 million** plus interest of remaining deposits to the RMA from the general fund for past FYs 2021-22 through 2025-26—consistent with the need to also use Object 8625 Pass-Throughs from FY 2026-27 for *alternative facilities needs*—thereby providing the District with three years to make necessary structural changes in its general fund budget required to reduce or avoid budget deficits; and

WHEREAS, District’s Board of Education also wishes to expressly acknowledge and commit to using at least (i) 11.95% of Object 8625 Pass-Throughs for major (capital) maintenance, consistent with the additional functional restrictions in District’s two Pass-Through Agreements; and (ii) 6.46% and 5.49% of Object 8625 Pass-Throughs, respectively, to “serve the needs of the Project area and the surrounding community” for the Richards Boulevard (now River District) and Franklin Boulevard Project Areas (percentages are preliminary estimates subject to future updates).

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. The foregoing recitals are true and correct.

Section 2. That up to **\$31,716,075.34** in Object 8625 Pass-Throughs, or any portion thereof, may be used in FY 2026-27; and up to **\$14.170 million** or any portion thereof, may be used in the next three FYs 2026-27 through 2028-29—consistent with the alternative facilities needs of District—as “other financing uses” to *reimburse the unrestricted general fund* for a portion of RMA deposits from the general fund of **\$104.944 million** for past FYs 2018-19 through 2025-26.

Section 3. That at least 11.95% of total Object 8625 Pass-Throughs received by District for the last eight fiscal years that may be used to reimburse the unrestricted general fund for past deposits to the RMA from the general fund shall be used for *major* (i.e., capital) maintenance, consistent with the additional functional restrictions in District’s two Pass-Through Agreements and the estimated 11.95% Pass-Through

Agreement share (or updated percentage TBD) of total Object 8625 Pass-Throughs paid to District over previous eight fiscal years.

Section 4. That at least 6.46% and 5.49%, respectively, of total Object 8625 Pass-Throughs received by District for the last eight fiscal years that may be used to reimburse the unrestricted general fund for past deposits to the RMA from the general fund shall be used to “serve the needs of the Project area and the surrounding community” for the Richards Boulevard (now River District) and Franklin Boulevard Project Areas, respectively, consistent with the additional geographical restrictions in District’s two Pass-Through Agreements and the estimated 6.46% and 5.49% Pass-Through Agreement shares (or updated percentages TBD) of total Object 8625 Pass-Throughs paid to District over the past eight fiscal years.

Section 5. That the above determinations are limited to RMA funding for FYs 2026-27, 2027-28, and 2028-29 only. Additional use of Object 8625 Pass-Throughs to reimburse the unrestricted general fund for past RMA funding for amounts in excess of those stipulated above; and/or for future years after FY 2028-29, will require a separate Resolution by the Board of Education with similar findings of fact and determinations as those made above.

Section 6. This RMA Funding Resolution shall take effect immediately.

PASSED AND ADOPTED this 17th day of September, 2026.

AYES:

NOES:

ABSENT:

ABSTENTIONS:

Tara Jeane
President, Board of Education

Attest:

Cancy McArn
Secretary to the Board of Education