

California Department of Education

Executive Office

SBE-005 (REV. 1/2018)

General Waiver

# California State Board of Education November 2023 Agenda Item #W-06

## Subject

Request by **Bellevue Union School District** to waive California *Education Code* sections 15102 and 15268 to allow the district to exceed its bonded indebtedness limit. Total bonded indebtedness may not exceed 1.25 percent of the taxable assessed valuation of property for elementary school districts. Depending on the type of bond, a tax rate levy limit of $30 per $100,000 of assessed value for elementary school districts may also apply.

## Waiver Numbers

5-6-2023

## Type of Action

Action, Consent

## Summary of the Issues

The Bellevue Union School District (Bellevue Union) is requesting to waive portions of *Education Code* (*EC*) sections 15102 and 15268, which will allow the district to exceed its statutory bonding capacity limit at a rate of up to, but not in excess of, 1.44 percent.

## Authority for Waiver

California *EC* Section 33050

## Recommendation

* Approval: No
* Approval with conditions: Yes
* Denial: No

The California Department of Education (CDE) recommends that the bonded indebtedness limit be waived for Bellevue Union with the following conditions:  
(1) the periods of request do not exceed the recommended period of August 1, 2023, to August 1, 2028; (2) the total bonded indebtedness does not exceed the recommended new maximum of 1.44 percent; (3) Bellevue Union does not exceed the statutory tax rate; (4) the waiver is limited to the sale of bonds approved by the voters in Measure C of 2020; and (5) Bellevue Union complies with the statutory requirements of Assembly Bill 182 related to school bonds, which became effective on January 1, 2014.

## Summary of Key Issues

The California *EC* provides limits related to a district’s total bonded indebtedness. *EC* sections 15102 and 15268 limit an elementary school district’s total general obligation (G.O.) bond indebtedness to 1.25 percent.

To raise funds to build or renovate school facilities, with voter authorization, school districts may issue G.O. bonds. Under Proposition 46, school districts are allowed to increase the property tax rate above one percent for the period necessary to pay off new G.O. bonds if the following conditions are met:

* Two-thirds of those voting in a local election have approved the issuance of the bonds.
* The money raised through the sale of the bonds is exclusively used to purchase or improve land and buildings.

In November 2000, districts were given another option for authorizing and issuing bonds when California voters passed Proposition 39, which allows school bonds to be approved with a 55 percent majority vote if the district abides by several administrative requirements, such as establishing an independent Citizens’ Oversight Committee to oversee the use of the funds. Once G.O. bonds are authorized, school districts issue the bonds in increments as needed to fund their facility projects. When the voters authorize a local G.O. bond, they are simultaneously authorizing a property tax increase to pay the principal and interest on the bond. For Proposition 39 bonds, *EC* Section 15268 limits the tax rate levy authorized in each election to $30 per $100,000 of taxable property for elementary or high school districts and *EC* Section 15270(a) limits the tax rate levy authorized in each election to $60 per $100,000 of taxable property for unified school districts.

Without a waiver, school districts that are close to their bonding capacity must decide either to issue fewer bonds, delay the issuance of bonds until their assessed valuation increases, or obtain other more expensive non-bond financing to complete their projects, the costs of which could be paid from district general funds. Therefore, the CDE has historically recommended that the State Board of Education (SBE) approve related waiver requests with the condition that the statutory tax levies are not exceeded at the time the bonds are issued.

AB 182 (Chapter 477, Statutes of 2013) has established parameters for the issuance of local educational agency bonds that allow for the compounding of interest, including capital appreciation bonds (CABs). AB 182 requires a district governing board to do the following:

* Before the bond sale, adopt a resolution at a public meeting that includes specific criteria, including being publicly noticed on at least two consecutive meeting agendas.
* Be presented with an agenda item at a public board meeting that provides a financial analysis of the overall costs of the bonds, a comparison to current interest bonds, and reasons why the compounding interest bonds are being recommended.
* After the bond sale, present actual cost information at the next scheduled public meeting and submit the cost information of the sale to the California Debt and Investment Advisory Commission.

Bellevue Union is requesting a waiver authorizing an increase in the district’s bonded indebtedness limit in order to allow it to access the general obligation bonds authorized by voters in March of 2020 pursuant to Measure C. $10,525,000 remains from the total $28 million initially authorized by the measure. These funds cannot be accessed without an increase in the district’s bonded indebtedness limit. Measure C proceeds will be used to improve the quality of local schools; replace deteriorating plumbing systems; improve student access to technology; and modernize/renovate classrooms, restrooms and other needed school facilities. In addition to being approved by nearly 60 percent of district voters in the March 2020 election, the waiver request was approved without objection or public comment in opposition at both the advisory committee and the hearing by the school board, by a 4-0 vote (1 abstention).

### Demographic Information

The Bellevue Union School District is an urban district with a student population of 2,759 and serves the city of Santa Rosa in Sonoma County.

**Because these are general waivers****, if the SBE decides to deny the waivers, it must cite one of the seven reasons in *EC* Section 33051(a), available on the California Legislation Information Web page at** <https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=EDC&sectionNum=33051.>

## Summary of Previous State Board of Education Discussion and Action

The SBE has approved all bond limit waiver requests limited to the sale of already authorized bonds and at the tax rate levy stated on the bond measure. If approved, this request would fall within the range of previously approved bonding capacity waivers, in both capacity and term.

## Fiscal Analysis

Approval of the waiver would allow the district to accelerate their issuance of voter-approved bonds.

## Attachments

* **Attachment 1:** Summary Table (1 page)
* **Attachment 2:** Bellevue Union School District General Waiver Request 5-6-2023 (3 pages). (Original waiver request is signed and on file in the Waiver Office.)

# Attachment 1: Summary Table

California *Education Code* (*EC*) Section 15102 et seq.

| **Waiver Number** | **District** | **Period of Request** | **District’s Request** | **CDE Recommended** | **Bargaining Unit Representatives** | **Local Board, Public Hearing, and Advisory Committee Approval** |
| --- | --- | --- | --- | --- | --- | --- |
| 5-6-2023 | Bellevue Union School District | **Requested:** August 1, 2023 to August 1, 2028  **Recommended:** August 1, 2023 to August 1, 2028 | **Requested:** Debt Limit: 1.44%  **Recommended:** Debt Limit: 1.44% | Debt Limit 1.44%  Limited to sale of bonds applicable to Measure C, authorized in the 2020 election.  Tax Rate $30 per $100,000 (authorization approved under Proposition 39) | Bellevue Education Association #1 Rebekah Hansen co-President 5/31/2023 **Support**  Bellevue Education Association #2 Julie McMurtrie  co-President 5/31/2023 **Support**  California School Employees Association, Bellevue Chapter Jennifer Spain President 5/31/2023 **Support** | Local Board Approval Date: 6/26/2023  Public Hearing Date: 6/26/2023  Public Hearing Advertised: District website, District office  Bond Oversight Committee 6/27/2023 **No Objections** |

Created by the California Department of Education

November 2023

# Attachment 2: Bellevue Union School District General Waiver Request 5-6-2023

**California Department of Education**

**WAIVER SUBMISSION - General**

CD Code: 4970615

Waiver Number: 5-6-2023

Active Year: 2023

Date In: 6/20/2023 12:34:21 PM

Local Education Agency: Bellevue Union

Address: 3150 Education Dr.

Santa Rosa, CA 94526

Start: 8/1/2023

End: 8/1/2028

Waiver Renewal: No

Waiver Topic: School Construction Bonds

Ed Code Title: Bond Indebtedness Limit - Non-Unified

Ed Code Section: 15102, 15268

Ed Code Authority: 33050

*Education Code* or *CCR* to Waive: *EC* 15102: The total amount of bonds issued pursuant to this chapter and Chapter 1.5 (commencing with Section 15264) shall not exceed [1.25] percent of the taxable property of the school district or community college district, or the school facilities improvement district, if applicable, as shown by the last equalized assessment of the county or counties in which the district is located.

*EC* 15268. The total amount of bonds issued, including bonds issued pursuant to Chapter 1 (commencing with Section 15100), shall not exceed [1.25] percent of the taxable property of the district as shown by the last equalized assessment of the county or counties in which the district is located. The bonds may only be issued if the tax rate levied to meet the requirements of Section 18 of Article XVI of the California Constitution in the case of indebtedness incurred by a school district pursuant to this chapter, at a single election, would not exceed thirty dollars ($30) per year per one hundred thousand dollars ($100,000) of taxable property when assessed valuation is projected by the district to increase in accordance with Article XIII A of the California Constitution.

Outcome Rationale: On March 3, 2020, Bellevue Elementary School District voters approved Measure C, for a $28 million bond authorization for the purpose of upgrading and modernizing school facilities.

To be able to access the remaining 2020 Authorization, the District is requesting to waive a portion of California *Education Code*s 15102 and 15268 to a bonded indebtedness limit of 1.44%. This limit includes a $10,525,000 in authorized but unissued bonds from the Election of 2020 bond authorization. The District expects the third and final issuance from Measure C to be repaid over 25 years using only current interest bonds. The District does not expect to issue bonds that would cause the tax rate to increase above the legal requirement of $30 per $100,000 of assessed valuation per authorization. The increase in bonding capacity to 1.44% and the issuances described would allow the District to move ahead with its voter-supported facility improvements without delay.

Student Population: 2759

City Type: Small

Public Hearing Date: 6/26/2023

Public Hearing Advertised: Public hearing notice was posted on District website site and at the District Office Board Room at 3150 Education Dr. Santa Rosa, CA on June 9th.

Local Board Approval Date: 6/19/2023

Community Council Reviewed By: District Bond Oversight Committee

Community Council Reviewed Date: 6/27/2023

Community Council Objection: No

Audit Penalty Yes or No: No

Categorical Program Monitoring: No

Submitted by: Mr. Bryan Moore

Position: Municipal Advisor

E-mail: [bryan@isomadvisors.com](mailto:bryan@isomadvisors.com)

Telephone: 925-478-7450

Bargaining Unit Date: 05/31/2023  
Name: Bellevue Education Association 1  
Representative: Rebekah Hansen  
Title: co-President  
Phone: 425-440-6161  
Position: Support

Bargaining Unit Date: 05/31/2023  
Name: Bellevue Education Association 2  
Representative: Julie McMurtrie  
Title: co-President  
Phone: 425-440-6161  
Position: Support

Bargaining Unit Date: 05/31/2023  
Name: CSEA Bellevue Chapter 501  
Representative: Jennifer Spain  
Title: President  
Phone: 800-632-2128  
Position: Support