

California Department of Education

Executive Office

SBE-005 (REV. 1/2018)

General Waiver

# California State Board of Education September 2024 Agenda Item #W-03

## Subject

Request by the **Arvin 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

6-3-2024

## Type of Action

Action, Consent

## Summary of the Issues

The Arvin Union School District (Arvin 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, 1.68 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 Arvin Union with the following conditions:  
(1) the period of request does not exceed the recommended period of September 12, 2024 to September 12, 2029; (2) the total bonded indebtedness does not exceed the recommended new maximum of 1.68 percent; (3) Arvin Union does not exceed the statutory tax rate; (4) the waiver is limited to the sale of bonds from Measures E and G in 2014 and 2018, respectively; and (5) Arvin 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.

Arvin 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 via a bond measure in 2014 (designated Measure “E”) and in 2018 (designated Measure “G”). The district previously applied to the SBE, and received, a waiver authorizing an increase in indebtedness up to 1.55 percent for funds authorized by Measures E and G (Waiver Number 7-6-2019) at the September 2019 meeting of the SBE. The previous waiver authorized a total of $4.1 million in new debt. However, this did not exhaust the total bond indebtedness authorized by the measures.

Based upon the current facilities plans of the district, and subject to the limitations of state law, the board of trustees of Arvin Union adopted a resolution on March 12, 2024 authorizing the issuance and sale of additional bonds in an amount not to exceed $1,000,000 of the Measure E bonds and an amount not to exceed $5,910,000 of the measure G bonds. The district is requesting a waiver from the SBE increasing their bonded indebtedness limit by 0.13 percent, raising the overall limit from the 1.55 percent authorized by the previous waiver to 1.68 percent of the district’s assessed valuation. The district is further requesting that the proposed waiver extend to all the authorized and unissued bonds under Measure E and Measure G. The district will use the additional funds for capital projects and infrastructure upgrades. These improved school facilities, classrooms and updated infrastructure resources are expected to assist the district to meet its goal of improved student performance. In addition to Measure E being approved by nearly 80 percent of district voters in the November 2014 election, as well as Measure G receiving almost 74 percent approval in 2018, the waiver request was approved without objection at the advisory committee, as well as by the school board, by a 3-0 vote (2 absent).

### Demographic Information

Arvin USD has a student population of 3,000 and is located in the small city of Arvin, in Kern 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:** Arvin Union School District General Waiver Request 6-3-2024 (2 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** |
| --- | --- | --- | --- | --- | --- | --- |
| 6-3-2024 | Arvin Union School District | **Requested:** September 12, 2024 to September 12, 2029  **Recommended:** September 12, 2024 to September 12, 2029 | **Requested:** Debt Limit: 1.68%  **Recommended:** Debt Limit: 1.68% | Debt Limit 1.68%  Limited to sale of bonds applicable to Measure E, authorized in the 2014 election, and Measure G authorized in the 2018 election.  Tax Rate $30 per $100,000 (authorization approved under Proposition 39) | Arvin Teachers Association  Amalia Ojeda President 3/6/2024 **Support**  California School Employees Association Sonia Olivo President 2/20/2024 **Support** | Local Board Approval Date: 3/12/2024  Public Hearing Date: 3/12/2024  Public Hearing Advertised: District website, Bakersfield Californian  District Advisory Council 2/28/2024 **No Objections** |

Created by the California Department of Education

June 2024

# Attachment 2: Arvin Union School District General Waiver Request 6-3-2024

**California Department of Education**

**WAIVER SUBMISSION - General**

CD Code: 1563313

Waiver Number: 6-3-2024

Active Year: 2024

Date In: 3/13/2024 10:58:22 AM

Local Education Agency: Arvin Union

Address: 737 Bear Mountain Blvd.

Arvin, CA 93203

Start: 7/15/2024

End: 7/15/2029

Waiver Renewal: No

Previous Waiver Number: 7-6-2019

Previous SBE Approval Date: 09/11/2019

Waiver Topic: School Construction Bonds

Ed Code Title: Bond Indebtedness Limit - Non-Unified after 2000

Ed Code Section: [15268], [15102]

Ed Code Authority: 33050

*Education Code* or *CCR* to Waive: see attachment #1

Outcome Rationale: see attachment #2

Student Population: 3000

City Type: Small

Public Hearing Date: 3/12/2024

Public Hearing Advertised: Local Newspaper (Bakersfield Californian)

Local Board Approval Date: 3/12/2024

Community Council Reviewed By: District Advisory Council

Community Council Reviewed Date: 2/28/2024

Community Council Objection: No

Audit Penalty Yes or No: No

Categorical Program Monitoring: No

Submitted by: Mr. Chris Davis

Position: Chief Business Official

E-mail: [chdavis@arvin-do.com](mailto:chdavis@arvin-do.com)

Telephone: 661-845-6500

Fax: 661-854-2362

Bargaining Unit Date: 03/06/2024

Name: Arvin Teachers Association

Representative: Amalia Ojeda

Title: Union President

Phone: 661-854-6590

Position: Support

Bargaining Unit Date: 02/20/2024

Name: California School Employees Association

Representative: Sonia Olivo

Title: Union President

Phone: 661-854-6500

Position: Support