



## Case Study: Fontana Unified School District

**June 6, 2006 - Passage of \$275M  
General Obligation Bond**  
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## Case Study: Fontana USD FACTS:

- District wide passage of \$275 million dollar General Obligation Bond
- Election: June 6, 2006
- Election Type:
  - Prop. 39 requires 55% ‘Yes’
- Percentage affirmative votes:
  - 67% “Yes”



## Case Study: Fontana USD NEED FOR BOND PASSAGE:

- Rapid K-12 growth of 11,000 students over 10 years with enrollment of 42,000+ in October 2005
- Previous \$75M GO Bond in 1990
- FUSD was Financial Hardship (FH) with \$35M in Certificate of Participation debt
- Escalating property values required substantial added debt to maintain FH
- FH funds do not build complete facilities



## Case Study: Fontana USD NEED FOR BOND PASSAGE:

- Political roadblocks held up bond placement on previous ballot
- Need to buy land, construct new and improve existing schools
- Need to build non-eligible facilities such as stadiums, pools and mitigate traffic impacts
- Population shift to secondary levels created impact on K-12 eligibility
- **FUSD needed local funds**



## Case Study: Fontana USD THE TIMELINE:

- Slightly over 1 year to:
  - Determine facilities need
  - Determine financial need
  - Structure the team (internal and external)
  - Complete opinion poll survey
  - Promote community 'buy-in' with something for everyone



## Case Study: Fontana USD THE DISTRICT TEAM:

- Board of Education
- Cabinet / Administration
- School Principals / Teachers
- Unions
- Classified and Certificated Staff
- City Council
- Community Leaders
- Parents



## Case Study: Fontana USD KEY CONSULTANTS:

- Bond Counsel
- Financial Consultant
- Marketing / Campaign Consultant
- Opinion Poll Consultant



## Case Study: Fontana USD OPINION POLL:

- Created – in 1 month - with Bond Counsel and marketing consultant
- Showed 67% support for \$275M
- Three options polled –
  - \$200M / \$250M / \$275M
- **TIP: Community ‘mailers’ were invaluable**
  - 700 returned with input



## Case Study: Fontana USD PROCESS:

1. Identify and contract with consultants
2. Determine district 'team' and key leader  
= Board Member for high profile
3. Recommend and confirm projects to be funded for comment, discussion and approval by Board and community
4. Develop critical path schedule



## Case Study: Fontana USD RECOMMENDED PROJECTS:

- Buy land for 6 elementary and 2 middle schools
- Complete 2 FH elementary schools
- Construct 7 elementary, 3 middle and 2 high schools
- Modernize 6 schools
- Mitigate traffic impacts
- Build stadiums and pools at high schools
- Add technology (cameras, etc.)



## Case Study: Fontana USD RECOMMENDED PROJECTS:

- Community Wide Benefits:
  - Reversion from MTYRE to STYRE at 14 elementary schools
  - Trailer removal and campus clean-up
  - Reduced traffic and parking impacts
  - Attendance area boundary adjustments and refinement
  - Reduced need for busing



## Case Study: Fontana USD ISSUES: January – June 2006

- Controversial 'eminent domain' projects
- Perception of mismanaged school construction project budgets and schedules due to delayed openings and issues
- Superintendent vacancy in April 2006
- Upcoming Board elections (Nov. 06)
- Lack of full support of City Council



## Case Study: Fontana USD LESSONS LEARNED:

- Minimize and/or delay controversial Issues
- Counter lack of support of city leaders
- Board Member 'front line' involvement is critical
- Emphasize community wide 'need'
- Something for everyone in all areas of district



## Case Study: Fontana USD 12 MONTHS PRIOR: June 2005

- Met with City Council to outline purpose and need for GO Bond and use of funds. Obtain City support and commitment
- BOE meeting discussion re: Legal requirements
- Establish Bond Finance Team: Bond Attorney, Underwriter, Financial Consultant, District CBO



Case Study: Fontana USD  
6 MONTHS PRIOR: January 2006

- Review results of opinion poll relative to 'yes' projects and tax impacts
- Establish list of projects to receive funding from GO bond
- Determine amount of overall GO bond as a result of opinion poll, voter comments and Prop. 39 limitations
- **Anticipate if organized opposition**



Case Study: Fontana USD  
3 MONTHS PRIOR: March 2006

- Identify and appoint seven members of Bond Campaign Committee
  - Fundraising Chair
  - Paid "day-to-day" Coordinator
  - Zone Coordinators
  - Endorsement Chair
  - Computer/Data Chair
  - Website Development
  - Visibility Coordinator (signage)



## Case Study: Fontana USD 3 MONTHS PRIOR: March 2006

- Raise campaign funds:
  - Solicit from vendors and consultants who will benefit from passing the bond
  - “Yes on C” raised \$160,000 in contributions – spent \$120,000
  - Funds used for marketing efforts
  - **TIP: pay school clubs to pass out flyers after school and at events**



## Case Study: Fontana USD 2 MONTHS PRIOR: May 2006

- **TIP: Target absentee voters first – determine date that absentee ballots are sent and due to registrar. These are valuable ‘yes’ votes that you may lose!**
- Establish campaign committee Tax ID
- Phone Bank: set up scripts, schedules and process. Make it easy and fun. Build momentum toward goal.



## Case Study: Fontana USD 1 MONTH PRIOR: May 2006

- Phone Bank: target likely 'yes' votes and solicit yard signs
- Signage: Yards and strategic locales
- Seek positive press and support from newspaper editorial board and elected officials
- Send out mailers



## Case Study: Fontana USD ELECTION NIGHT:

- Election 'watching' party. Invite campaign committee, key leaders, consultants to celebrate your hard work
  
- BOND PASSES!



Case Study: Fontana USD  
1 MONTH AFTER: July 2006

- Resolution: Certify Election Proceedings
- Resolution: Authorize Issuance of GO Bonds Series A (\$90M)
- Resolution: Establish Citizen's Oversight Committee (Prop. 39) and Bylaws
- Resolution: Intent to Issue Tax-Exempt Obligations
- **Meet with Bond Rating Agencies**



Case Study: Fontana USD  
2 MONTHS AFTER: August 2006

- Obtain Bond Ratings from Agencies
- Sell GO Bonds – Series A: \$90M
- Solicit membership applications for Citizen's Oversight Committee (Prop. 39)



## Case Study: Fontana USD 3 MONTHS AFTER: September 2006

- Appoint membership of Citizen's Oversight Committee (Prop. 39)
- Implement first phase of multi-year plan
- Set critical strategic and monitoring milestones
- Confirm project budgets and cash flow needs – ongoing task
- Determine/adjust staffing needs



## Case Study: Fontana USD 1<sup>ST</sup> ISSUANCE EXPENDITURES:

- \$90M 1<sup>st</sup> Issuance:
  - \$34.1M - Pay off COP debt
  - \$17.2M - 2 high school stadiums
  - \$15.7M - Assess 3 sites and close escrow on 2 sites
  - \$8.0M - Close MS site purchase
  - \$7.0M - DSA approval for HS5
  - \$8.0M - Augment 2 ES schools



## Case Study: Fontana USD 1<sup>ST</sup> ISSUANCE EXPENDITURES:

- Why choose these expenditures?
  - Promised to pay off debt
  - Need for 'quick start' projects at high schools = for community
  - Purchase sites now for future projects
  - Move HS project forward to DSA
  - Complete FH funded projects



## Case Study: Fontana USD 6 MONTHS AFTER: December 2006

- Meet with Citizen's Oversight Committee
  - establish meeting schedule and process
- Confirm Eligibility for State Funding of Candidate Projects based on 2006 CBEDS
- Adjust timelines and budgets – living process for duration of program



## Case Study: Fontana USD CLOSING COMMENTS:

- Complex process requiring 'team' approach with skilled consultants
- Clarify and enforce 'campaign' roles
- School site staff involvement is crucial
- Understand your community and what they will - and will not - vote 'yes' for
- Plan and communicate with all stakeholders
- Follow through on your commitments