

Solana Beach School District

Frequently Asked Questions FAQ – Edition 2

Regarding Pacific Highlands Ranch/Potential School #8/One Paseo

Posted **November 18, 2018; Updates to this Edition (if needed) and Future Editions to Follow**

Solana Beach School District (SBSD) serves approximately 2900 K-6 grade students in seven schools from the following communities: Solana Beach, Carmel Valley, Rancho Santa Fe, Fairbanks Ranch, Crosby Estates, Del Mar, and Pacific Highlands Ranch (PHR). School attendance boundaries are set by the Board of Education and may be subject to change as necessary to balance enrollment and serve new communities within the District.

The questions below have been received via email from the public and/or collected at the November 1, 2018 Community Meeting

FINANCING SCHOOL CONSTRUCTION

2.1 Q. Why are the estimated CFD bond funds limited to \$30 million?

The bond amount is determined at the time interest rates are fixed. The higher the interest rate, the lower the bond amount. The \$30 million is a reasonable funding target given fluctuations in interest rates, particularly with higher interest rates forecasted.

2.2 Q. What is the math behind the \$30 million and timing of when you will collect the funds?

The CFD special taxes vary depending on the size of the home and the year it was placed on the tax roll as well as the CFD identified for the specific property. Tax rates in CFD No. 99-1 are lower than 2004-1. Assuming the tax is levied at the maximum rate, and the remaining projected units are included in the special tax revenue, the available revenue to bond against is approximately \$65 million. After discounting the future cash flow and allowing for costs and a reserve fund, the amount available for construction is in a range of \$28 to \$32 million. The \$30 million in proceeds presented at the meeting on November 1, 2018, represents the mid-point of the range. Special tax bond issuances are also limited by a coverage ratio of \$1.10 in special tax collections for every \$1 to be repaid. The \$65 million does not include the debt service on the 2012 special tax bond issued in the amount of \$34.5 million.

2.3. Q. Can Mello-Roos fees be reduced if School #8 is not built?

If School #8 is not built, Mello-Roos fees will still be used on authorized purposes including providing school facilities, transportation facilities, and furniture and equipment benefiting the students residing within the CFD area.

2.4 Q. Why is School #8 not eligible for state funding?

The Solana Beach School District does not qualify for new construction funds from the state because the District has classrooms and open student seats available. The last time the District qualified for state funding for new construction student seat grants and land acquisition was for Solana Pacific School in 2004. Solana Ranch School qualified for state funding reimbursement for 50% land acquisition in 2013.

2.5 Q. Why didn't the District consider proposing a measure this election for School #8?

The mitigation agreement restricts the assessment of additional tax on Pacific Highlands Ranch properties until 10 years after the last home is built.

STUDENT DEMOGRAPHICS

2.6 Q. What efforts and actions has the District taken to evaluate options of building School #8 that is within the budget?

The District has evaluated numerous options over the past two years. These options can be organized into four main groups, often with various configurations under each group:

(1) The new housing in Pacific Highlands Ranch will be built within 1999-1 CFD, not 2004-1 CFD, as such the amount of tax revenue per unit is less than what we would see if the homes were built within the 2004-1 CFD. If a new CFD rate, more comparable to 2004-1 CFD, was applied to 1999-1 CFD, approximately 65% more bond funding would be available. This option was declined by Pardee Homes during negotiations in early 2017.

(2) The District proposed to Pardee Homes to purchase a smaller piece of land and build a smaller school; one with capacity for approximately 350 students. Pardee Homes is willing to make the necessary changes to their planning to accommodate this approach and has subsequently received City of San Diego approval for this adjusted site size. This is the School #8 plan with estimated costs shared in all presentations from September 2018 to present.

(3) Expand the capacity of Solana Ranch School to accommodate the majority of students once the enrollment wave has tapered off.

(4) New students are accommodated with existing capacity at Solana Santa Fe School, Carmel Creek School, and the Solana Pacific School.

All of these options have been presented to the Board in public study sessions and regularly scheduled board meetings. Options 2, 3, and 4 were also shared with the community at Solana Ranch School Town Hall Meeting on November 1, 2018.

2.7 Q. Why does the Pacific Highlands Ranch community have a Student Generation Rate of .5 or less?

Currently, Pacific Highlands Ranch neighborhoods with 100% absorption account for 994 single-family homes with 479 students enrolled in the Solana Beach School District. This is a Student Generation Rate of .48. This includes Santa Barbara, Portico, Santa Rosa, Arabella, Manzanita Trail, Hampton Lane, Brightwater, and Watermark. Please note that the District uses .5 as a benchmark as it is a state average for elementary school. As Pacific Highlands Ranch neighborhoods age, they will potentially reach a .5 average. Looking at Student Generation Rates in the older Carmel Valley region, the rates are in the low .4 [range](#) and recently dipped into the high .3 [range](#). Planning for future homes from Pacific Highlands Ranch takes this into consideration and anticipates a high initial Student Generation Rate, around .6, then tappers to a mid .5 and settles at a low .4.

2.8 Q. Why didn't the bond include the full projected cost for School #8 if CFD funds from Pacific Highlands Ranch had been planned for 1.37 schools?

The projected cost for School #8 is less than a standard sized elementary school because the generation of students didn't warrant a full comprehensive elementary school. The developer is required to mitigate impacts on infrastructure and services available in a new community (e.g. fire service, schools, parks, etc.). For Pacific Highlands Ranch, the mitigation model was to establish CFDs to be paid by the property owners over time. The amount to be mitigated is based on the Student Generation Rate, construction schedule for the planned development, and number of units planned by the developer. As a result of the mitigation agreement, the District must make up the difference of .63 from other revenue sources. Other revenues might be from additional future new developments not in the current CFD, from other local revenues, or from state funding. When the mitigation agreement was negotiated, changes to the state facilities program allocation formulas were unknown.

SOCIAL EMOTIONAL LEARNING

2.9 Q. Why does Solana Ranch School currently have eight specialty classrooms while Solana Pacific and Carmel Creek schools have 10 specialty classrooms?

Solana Pacific School and Carmel Creek School have two additional specialty classrooms because students in the regional severe disabilities program receive their educational program and other related services at these schools. These two additional rooms are specific to the special education programming needs.

2.10 Q. Eliminating School #8 has impacts on the social/emotional needs of Pacific Highlands Ranch students, life quality for families, and future development prospects of the community. Have those factors been considered in the District's decision-making process?

The District's primary responsibility is to address educational and social emotional needs of students during the school day. All students enter our school buildings with a variety of needs (educationally and social emotionally). The comprehensive Social Emotional Learning continuum, currently under development districtwide, will assist addressing Pacific Highlands Ranch students as well as student needs in all other schools. Classroom teachers, school psychologists, counselors, and guidance assistants are working together to develop and implement this Social Emotional Learning continuum in order to provide for the needs of students. Pacific Highlands Ranch student needs will be addressed at the school which students attend.

Mitigation Agreement

2.11 Q. Can the Pacific Highlands Ranch mitigation agreement be amended as state funds are not available? Can Pardee Homes assist in this effort?

An amendment to the mitigation agreement would require an identification of the additional funds and Pardee Home's agreeance. The current method of mitigation is the CFD and an increase in annual special taxes would not only require Pardee Homes to agree but would require a special election by the homeowners in Pacific Highlands Ranch for the occupied units and an increase in annual special tax approved and voted on by Pardee Homes for the unsold units.

2.12 Q. If Pacific Highlands Ranch does not get School #8, will the .37 in the CFD be returned to the Pacific Highlands Ranch homeowners?

The District is obligated to provide school facilities pursuant to the mitigation agreement. If School #8 is not constructed, the funds will be used on other school facilities benefiting the students residing in the CFD area.

OTHER

2.13 Q. Why doesn't the District add Preschool and Transitional Kindergarten programs?

If the District were to offer Preschool and Transitional Kindergarten, the per pupil spending would be depleted for the K-6 program. Adding programs and students does not bring additional revenue for school operations. It actually decreases existing resources for K-6 students.

2.14 Q. Does the Solana Beach School District have class size limit written into their contract?

The contract language states:

"...class size shall be governed by appropriate provision of the California Education Code maximum school-site average (by grade level span) shall be the following:

Grades K-3 24:1 and Grades 4-6 28:1"