

# 2010 Election Results: Lessons Learned for School District Bond and Other Local Tax Measures

November 16, 2010

*Panelists:*

**Bonnie Moss**

Executive Vice President | TRAMUTOLA LLC

**Timothy McLarney, Ph.D.**

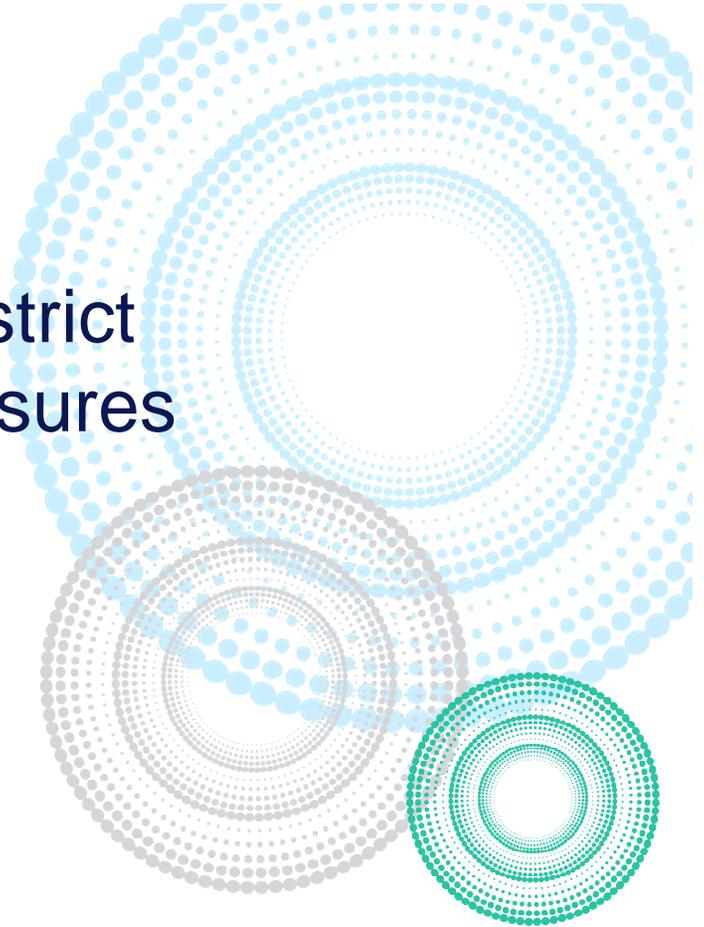
President | True North Research, Inc.

**John Baracy**

Vice President | Stone & Youngberg LLC

**Donald Field**

Partner | Orrick, Herrington & Sutcliffe LLP



# Presentation Outline

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## **Section 1: November 2010 Election Results**

- Comprehensive election results and analysis
- Lessons learned and hot issues raised in the 2010 election cycle

## **Section 2: Preparing for a Future Ballot**

- What do the election results mean for school districts considering placing a bond measure on a future ballot - 2011 or 2012
- Steps to Prepare & Position for Electoral Success
- Legal and Financial Essentials
- Key Dates on the 2012 Horizon

## **Q & A / Discussion - At 3 Key Points During Presentation**

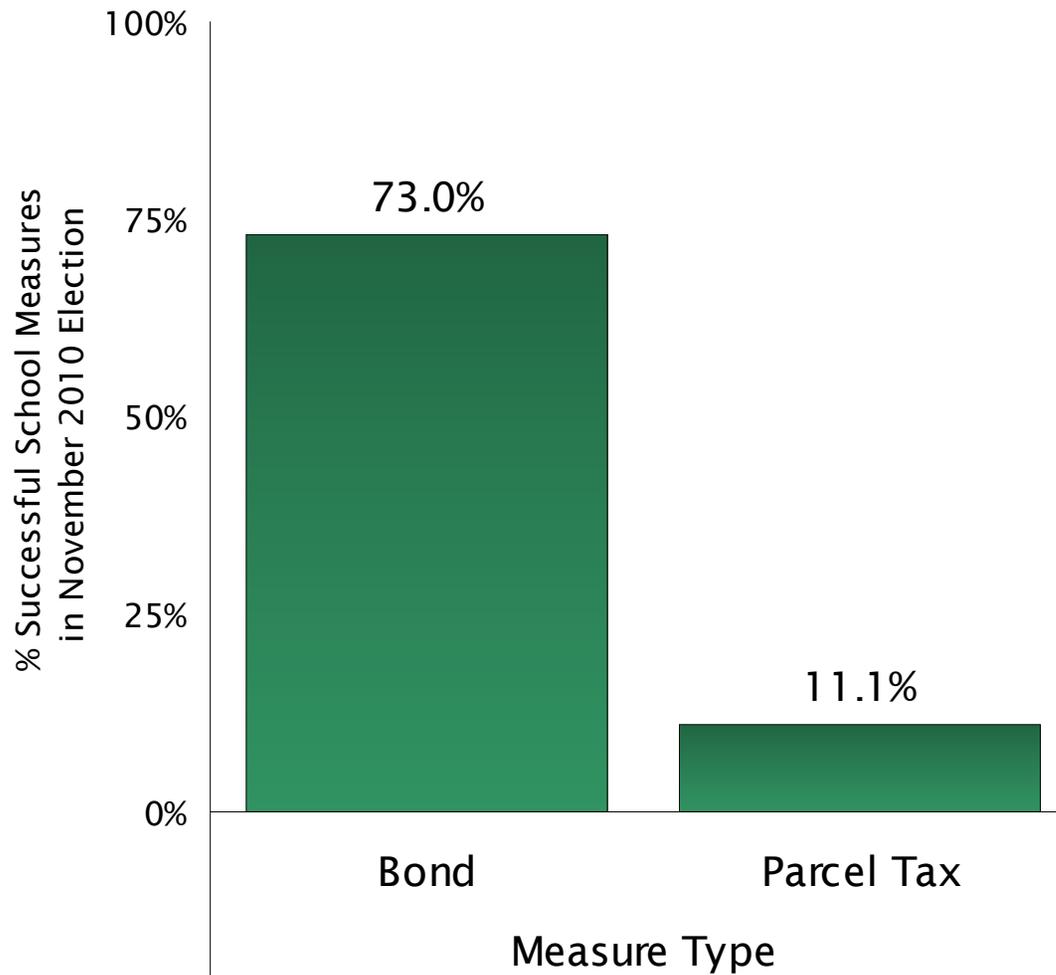
# November 2010 Election Results



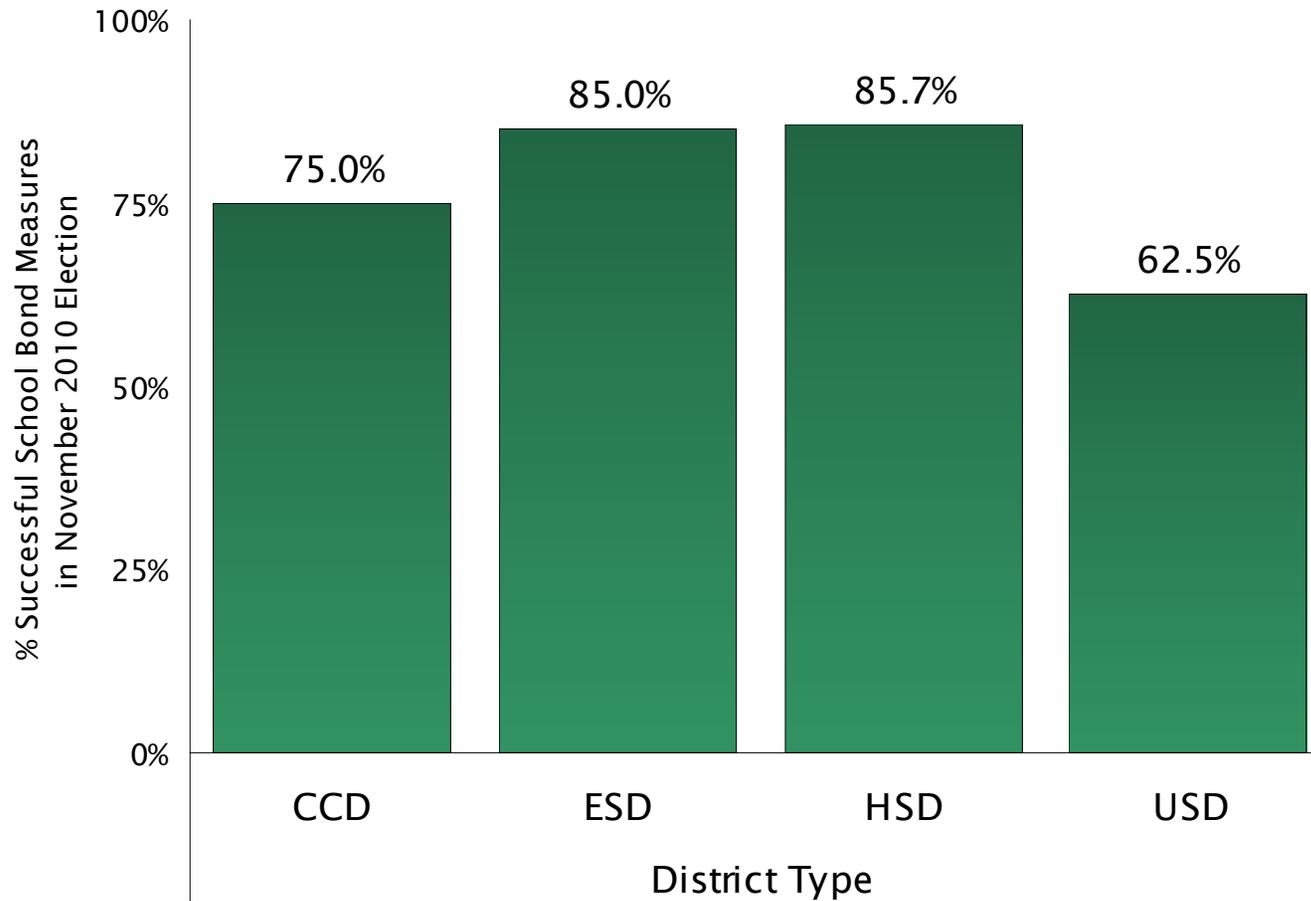
- Lessons Learned
- Electoral Patterns
- Pollster's View
- Campaign Strategist's View
- Conclusions: Universal Truths verses *"Every community is unique"*
- **CONTEXT: As the November Campaign Season approached, "perfect storm" conditions formed on the horizon. Campaigns are organic - stuff happens. And this election cycle was no exception!**



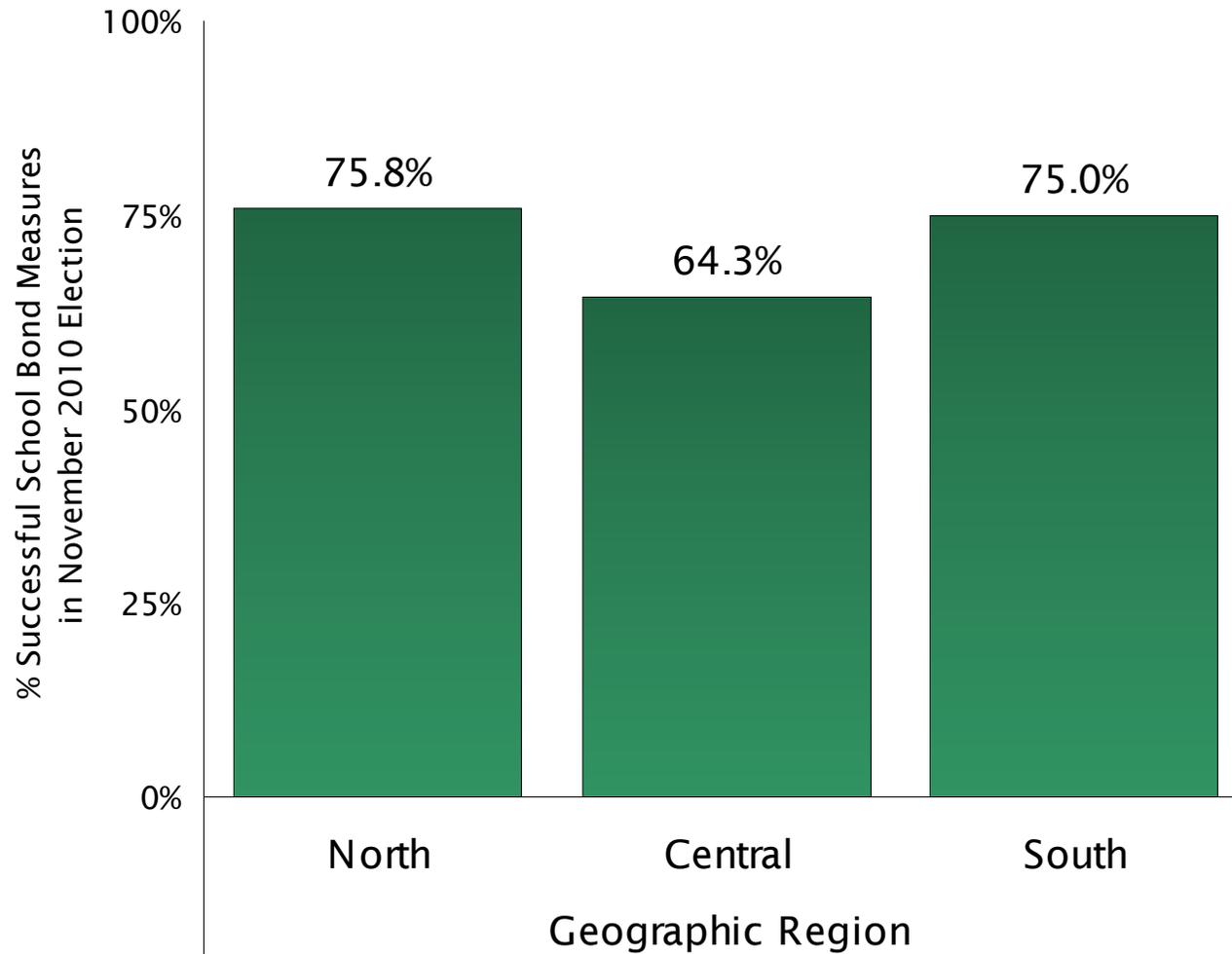
# Tough Economy – *But bonds are still winning*



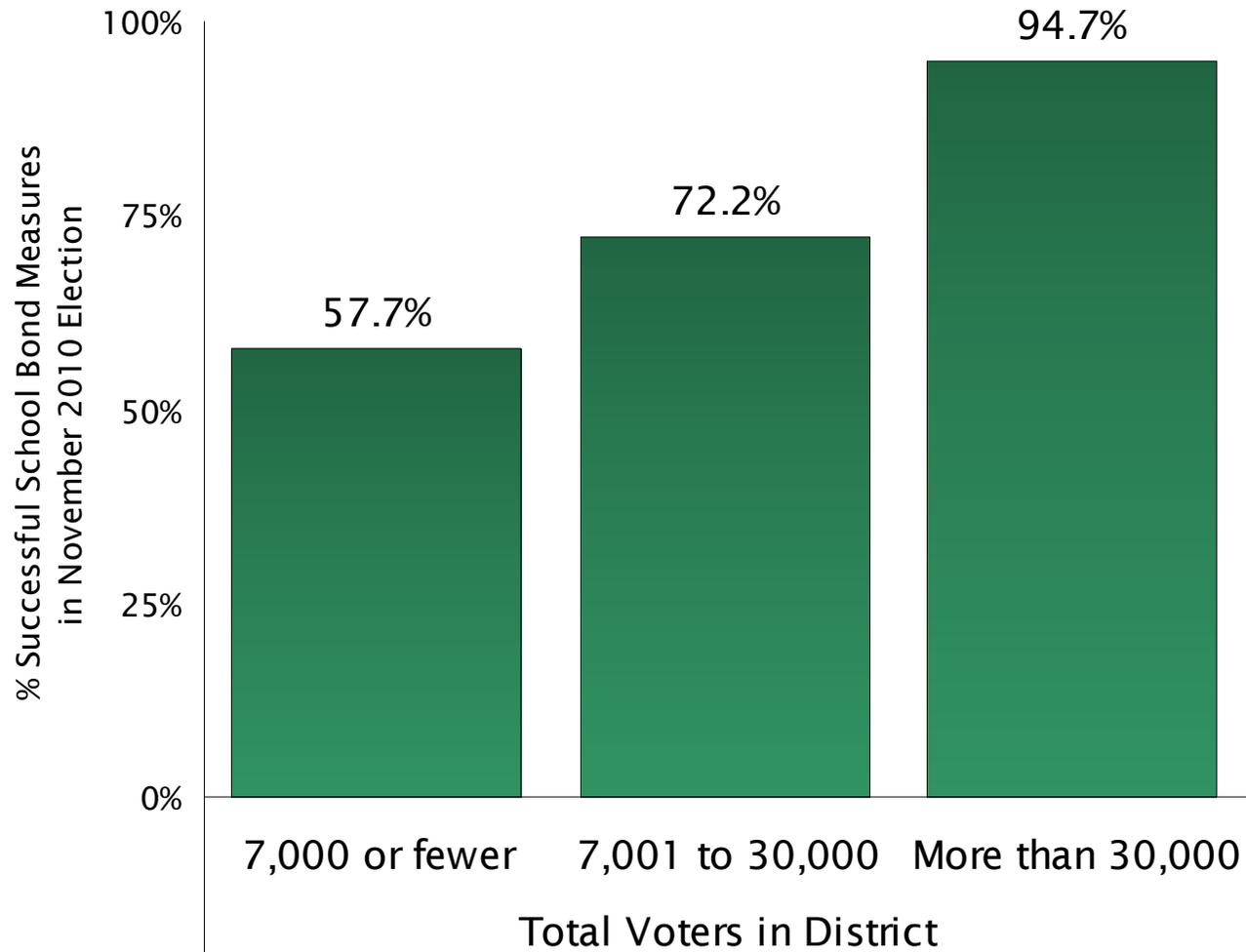
# Across the board most bonds **are** winning



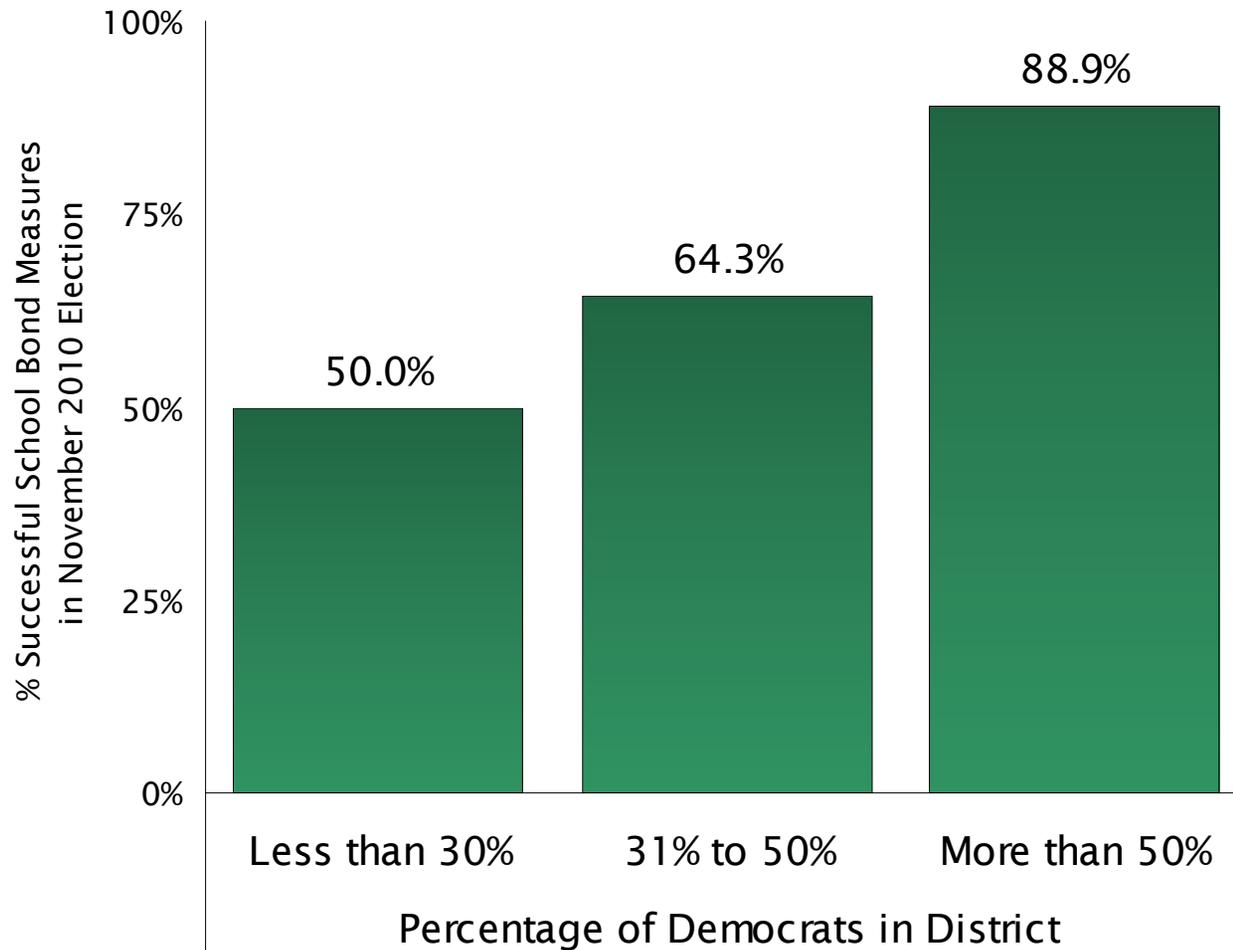
# Across the board most bonds **are** winning



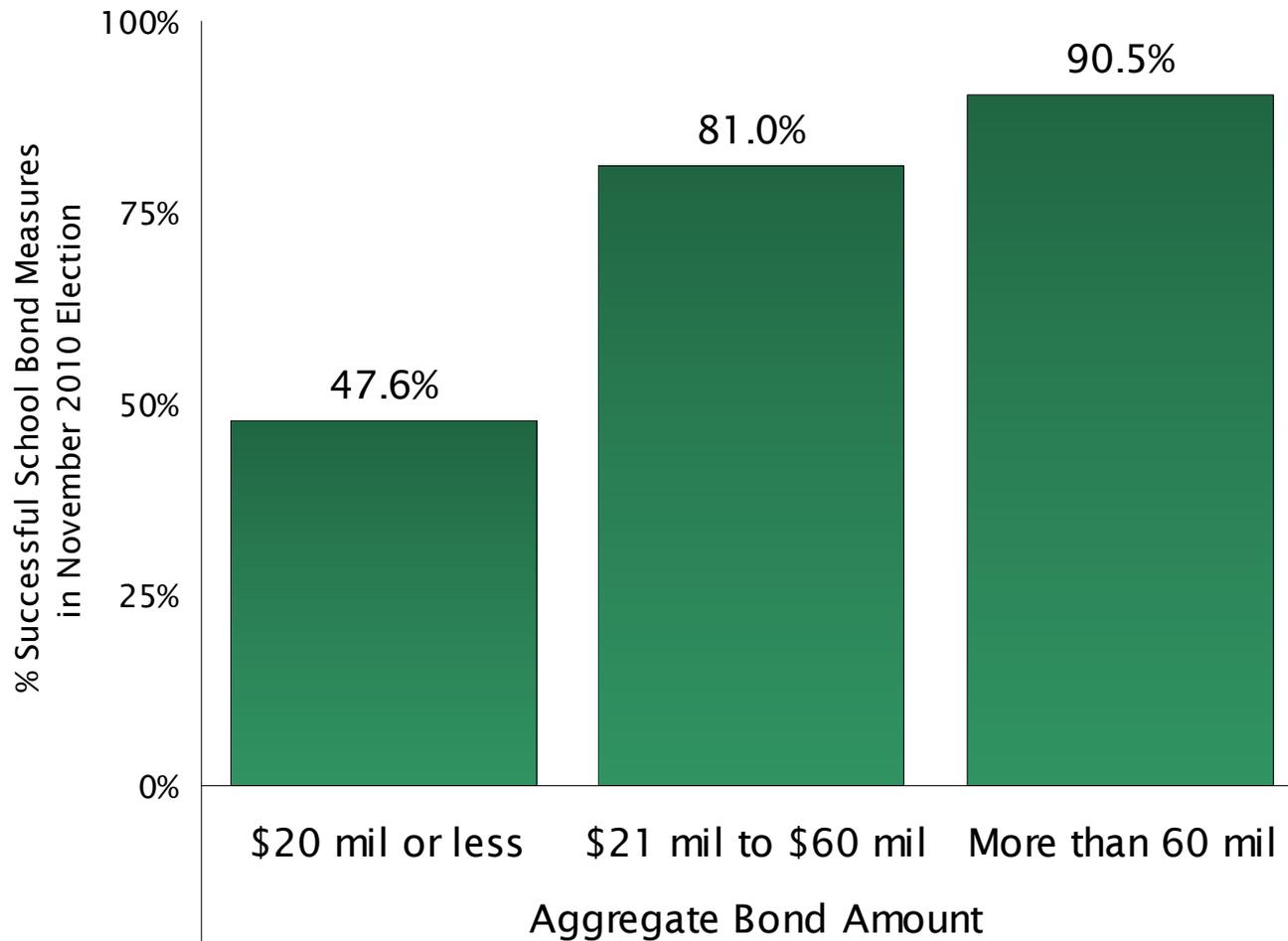
# Potential factors that can shape success



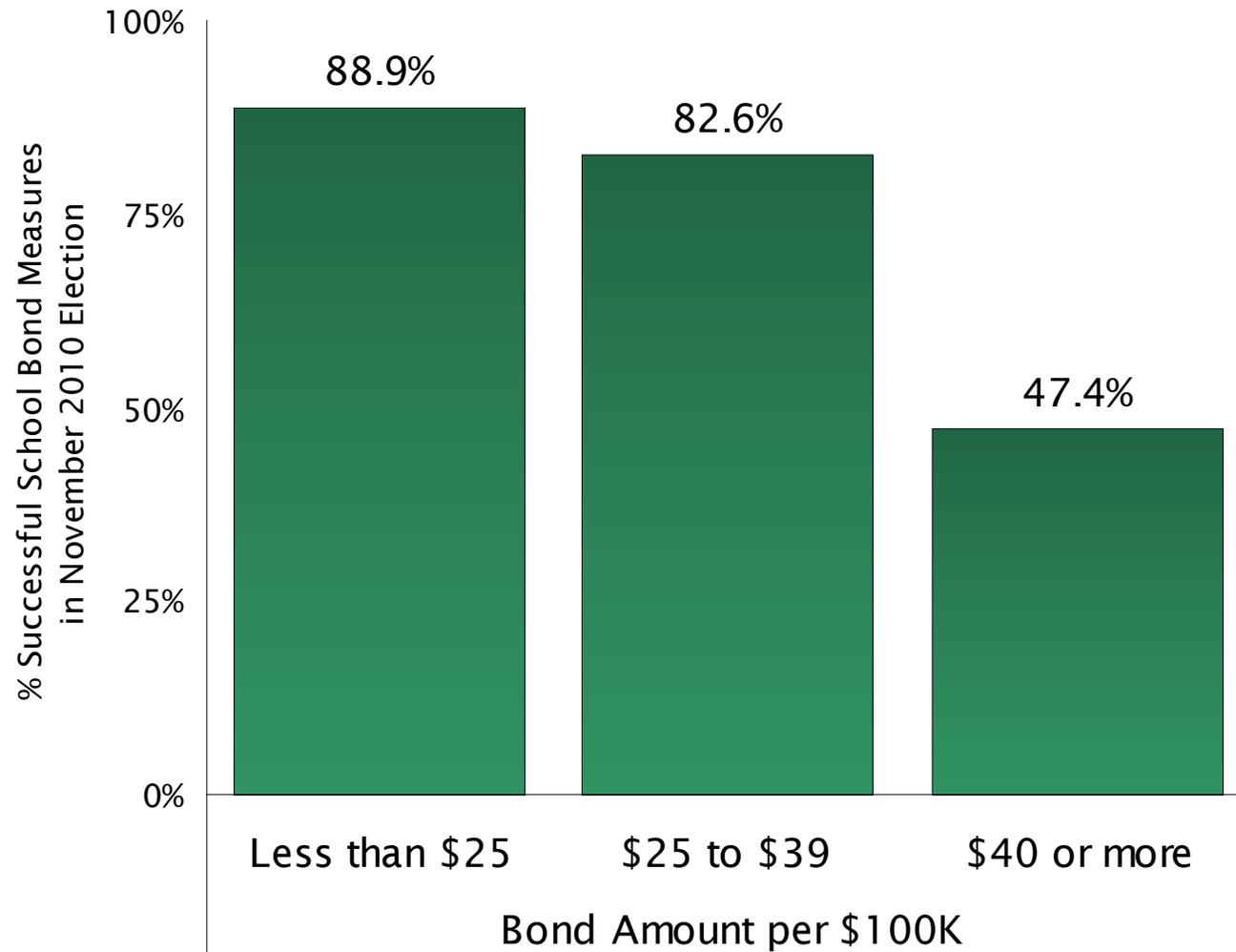
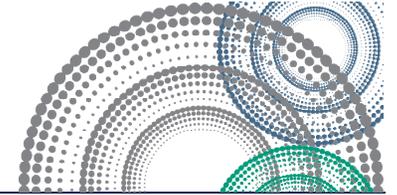
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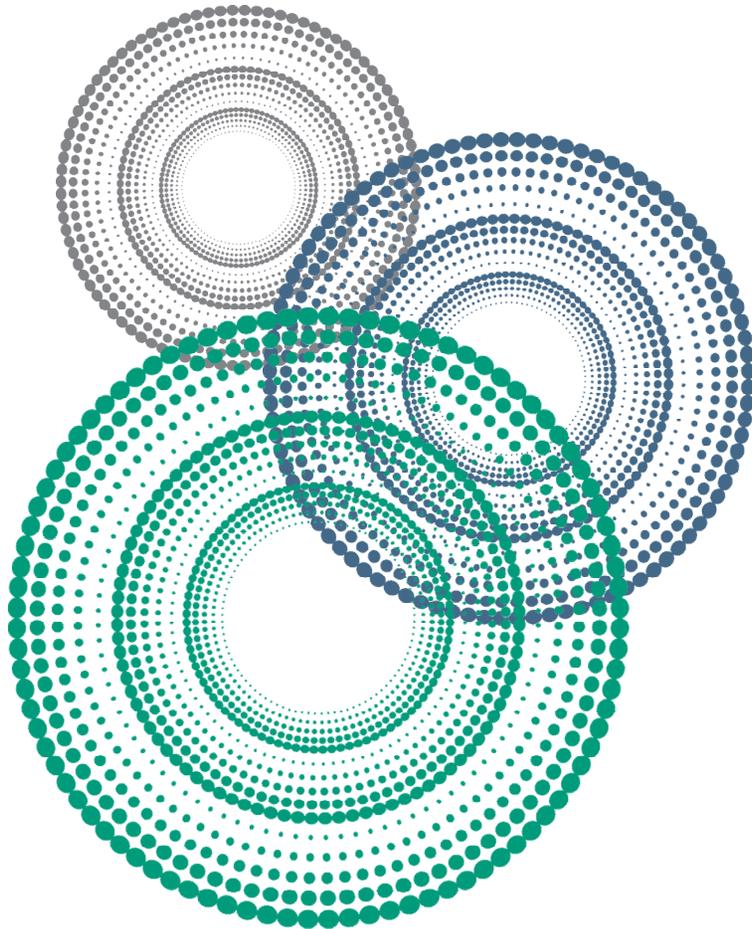
# Potential factors that can shape success



## Potential factors that can shape success



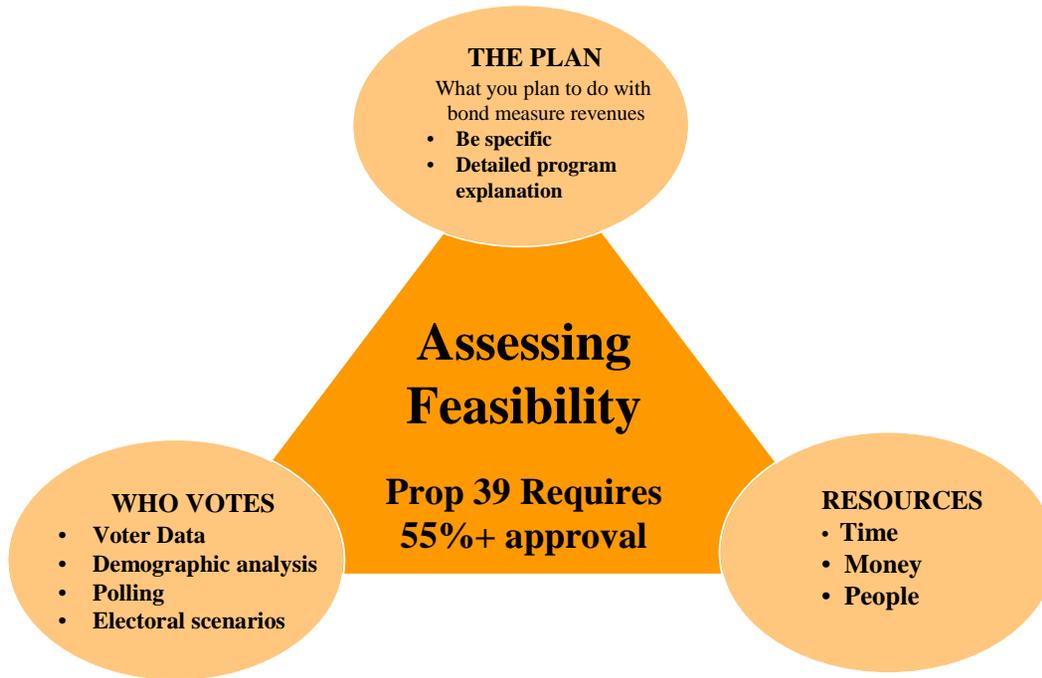
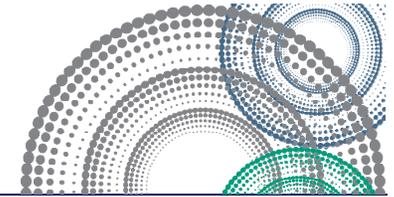
# Above all – REMEMBER!



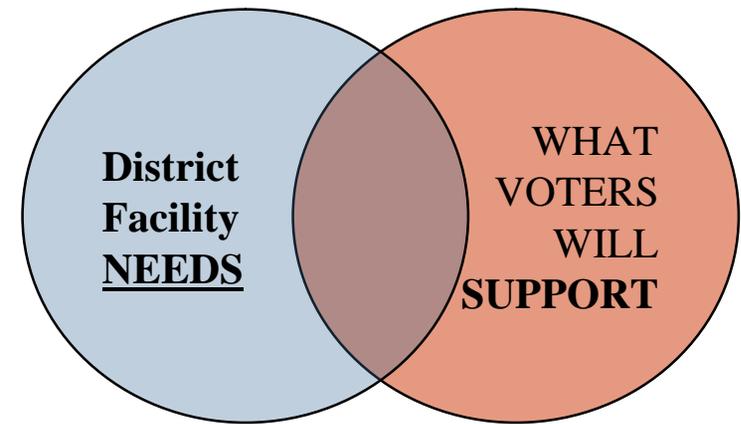
- **GOOD NEWS!** Even in this tough post-recession environment, the vast majority of bond measures are still winning
- There is a SCIENCE and an ART to preparing your for electoral success
- Our experience suggests that the factors driving the end result - VARY BY CLIENT
- Looking at any one factor in isolation won't help you to draw overall conclusions
- ***Every community IS unique***
- **Making a deliberate investment** to assess feasibility and prepare for future electoral success is the BEST investment you can make

## Q&A - Discussion

# Phase 1 - Feasibility



## INTERSECTION OF INTERESTS



Start Date

**BOARD ACTION**

Election Date

ASSESSMENT, FEASIBILITY & STRATEGIC PLANNING

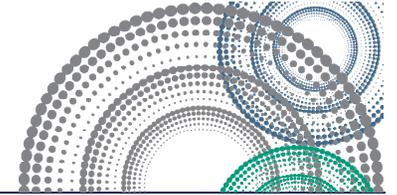
CAMPAIGN

POST CAMPAIGN

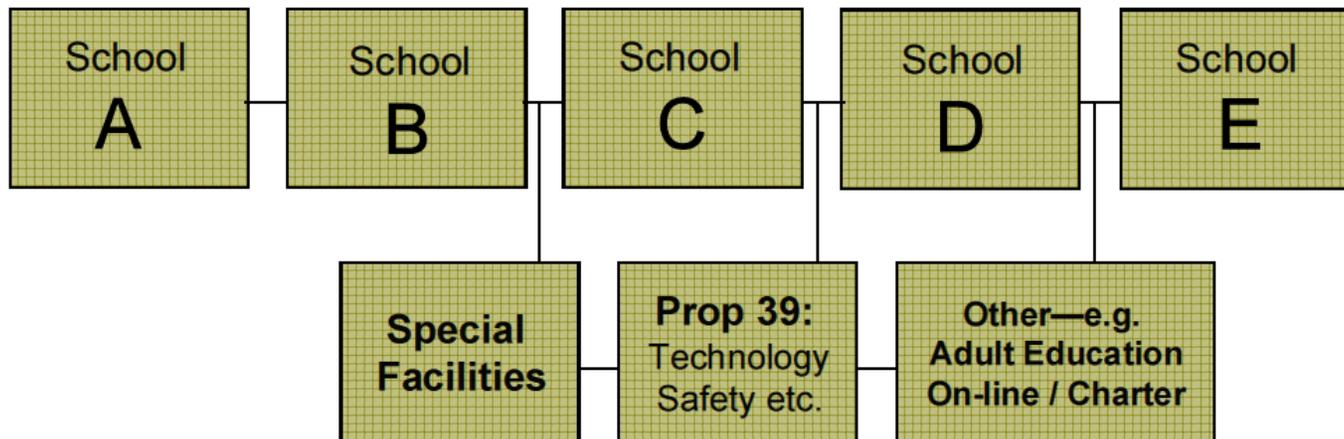
4-12 months

88 days to election

# The Role of Your Facilities Master Plan

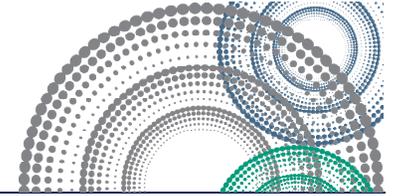


## Frame (and communicate) Your Plan by School Area



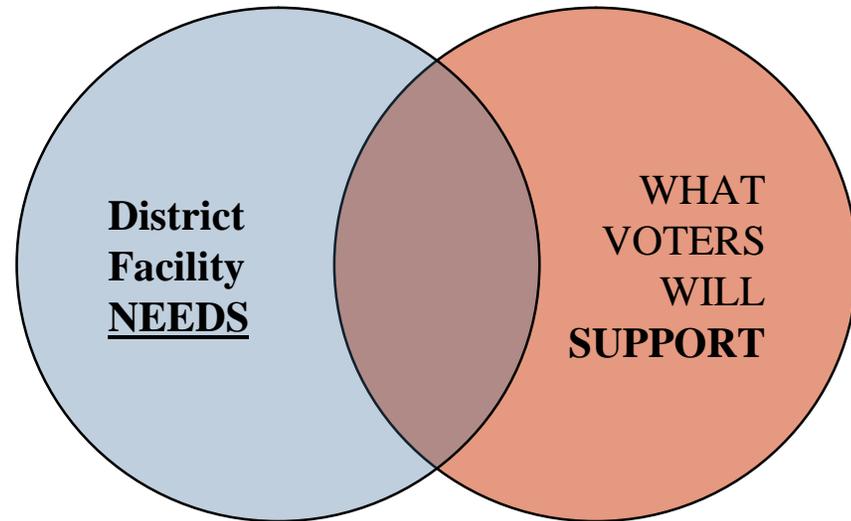
- **Research & Communications: Focused on School Area**
- **District-wide Attention (where appropriate)**
- **ALL supported by customized, strategic communications**

# The Benefits of Polling/Research

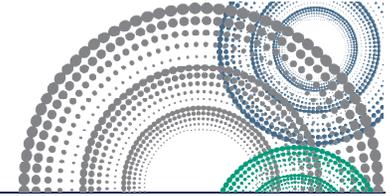


Is there an “Intersection of Interests”? Polling helps define the unique equation for *your* district & *your* community. POLLING helps package your measure for success:

- Ballot Language
- Tax Rate
- Project/Service Priorities
- Messaging & Outreach
- Targeting/GOTV
- Timing
- Funding Type
- Election Type



# Phase 2: Public Info & Election Preparation



## School Renovation UPDATE

PROGRESS REPORT ON MEASURES Y & Z SCHOOL RENOVATIONS

2215 Plaza Del Arroyo  
P.O. Box 2954  
Torrance, CA 90509-2954

URGENT  
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CITY, CA

Torrance Unified School District  
November 2009

### Build America Bonds to reduce cost for local taxpayers and to accelerate timeline

**T**HE AMERICAN RECOVERY and Reinvestment Act of 2009, the federal stimulus package approved by Congress earlier this year, created the new Build America Bond program. Under this program, local government agencies like Torrance Unified School District can issue bonds to fund construction and renovation projects at a reduced cost to local taxpayers.

This program has allowed TUSD to accelerate approximately \$73.5 million in bond sales without increasing the tax rate beyond the current rate. This will allow TUSD to design and move forward with additional school renovations.

The downturn in the economy has put many major construction projects on hold or forced them to scale back. Contractors are eager for work and competitive bidding on large public projects are leading to lower construction costs than in recent years. That means that our tax dollars will stretch further than they would have just a year or two ago. It appears that the economy is on the road to recovery, which means that we have a limited opportunity to get this work done at a discounted price.

In addition, the projects funded by these bonds have created hundreds of jobs and pumped millions into the local economy at a time when economic stimulus is critical.

### Construction set to begin at Hull Middle School and Fern Elementary School

**A**FTER BEING FORCED to close and relocate due to concerns regarding the safety of the type of portable building used as classrooms at the Hull site, construction is about to begin on a new Hull Middle School campus. Demolition of the old school campus was completed in August. Surveying, utility locating and geotechnical work are nearly complete. Plans for the new campus will be submitted to the Division of the State Architect for approval in November. Once these documents are approved, construction will begin on the campus that will include 28 classrooms, a library and media center, a multi-purpose building with food services, school offices and playing fields. Included in the plans are drawings for a gymnasium. The gymnasium will be built, depending on the availability of funds.

"For several years Hull Middle School has served as the most glaring example of the need to upgrade our school facilities here in Torrance," said TUSD Board of Education President Al Marutachi. "It is very exciting to see that construction is set to begin so that Hull students can return to a safe and modern school facility that reflects the quality of education in Torrance."

Similar progress has been made in preparation for new construction at Fern Elementary School. With site planning complete and the documents set to be submitted for approval by the State Architect in November, construction of 15 new classrooms, a new multi-purpose building and a new food services center will begin in 2010.



The plan for the new Hull Middle School campus.



The plan for an expanded and modernized Fern Elementary School.



P.O. Box 2147, Merced, CA 95344



## DUARTE SCHOOL FACILITIES UPDATE

For Facilities that Support Improving the Local Quality of Education

**WE WANT YOUR INPUT.**

### Message from the Board President

Dear Neighbor,

One year ago on November 4, 2008 our community overwhelmingly approved Measures Y&Z to fund the repair and renovation of aging school facilities here in Torrance. These measures fund urgent improvements at Torrance school buildings that are over 50 years old and some that are almost 100 years old. Each year over 25,000 students attend Torrance schools, and after decades of continuous use, aging school facilities are in desperate need of repairs and renovations to provide a safe and modern learning environment for students.

Torrance voters demonstrated their commitment to our local schools by approving Measure Y with a 76% yes vote and by approving Measure Z with a 71% yes vote.

Approval of Measure Y provides \$265 million to fund the renovation of our core academic school facilities, including: repairing damaged walls, floors and foundations; replacing worn-out roofs, plumbing and lighting systems; removing asbestos and other hazardous materials from school sites; and renovating outdated classrooms and science labs (including replacing Hull Middle School).



Approval of Measure Z, a companion measure to Measure Y, provides \$90 million for the renovation of facilities that support learning, extra-curricular activities and ensure student safety, including: renovating worn-out physical education facilities, playgrounds and fields that serve the entire Torrance community and constructing music and art classrooms and science labs at schools that do not have these facilities.

Out of appreciation for the community's support for these important measures, we are providing this update on the progress that has been accomplished over the past year. With the help and guidance of the Board of Education and our expert architects, engineers and contractors, we are working hard to ensure a high quality of work at our schools, careful budget management and timely completion of the projects. If you have questions about our school renovation program, please don't hesitate to contact my office by calling (310) 972-6081.

Sincerely,

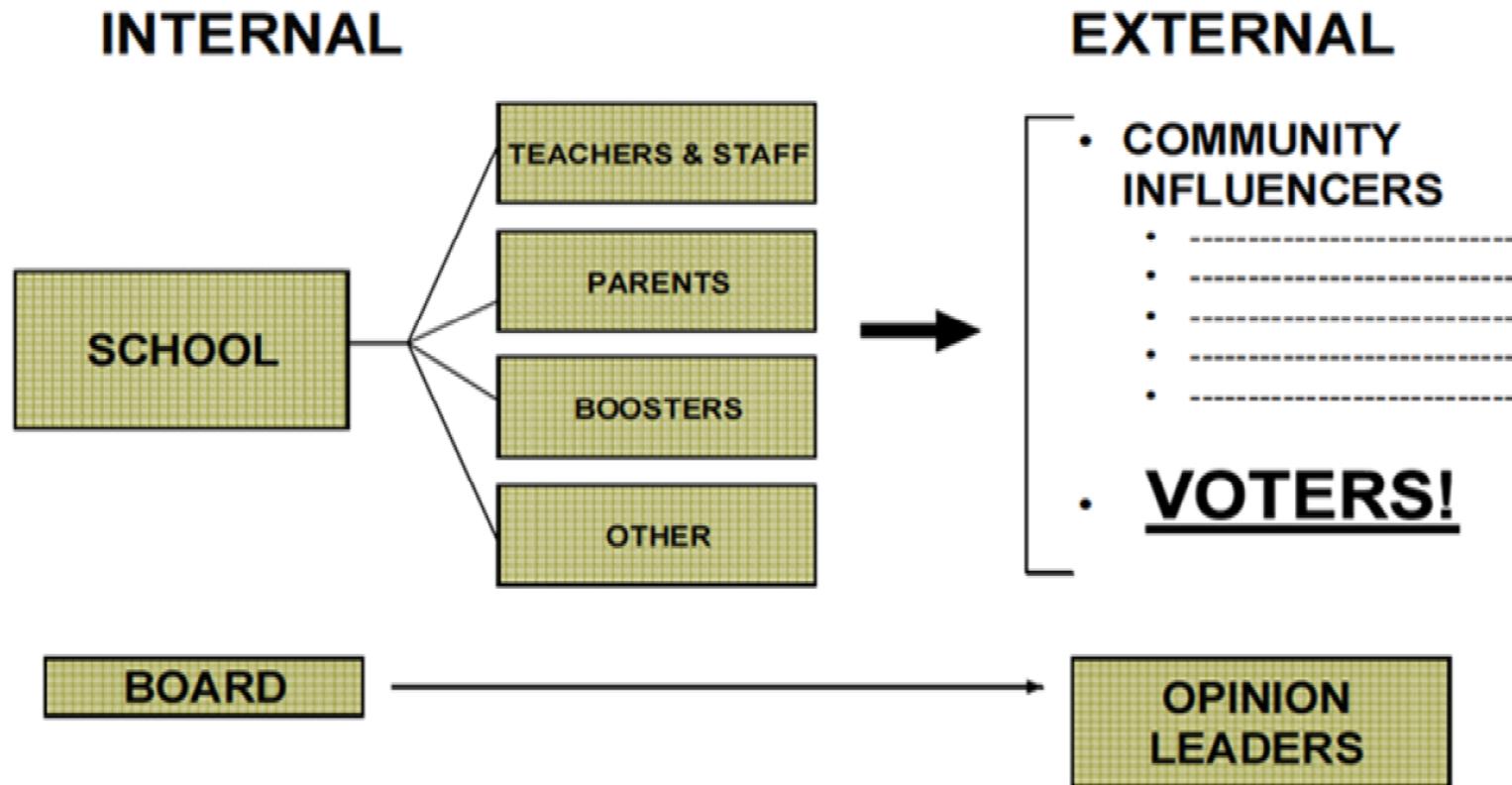
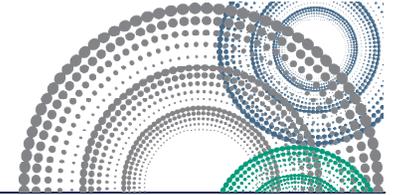
Al Marutachi  
President, Board of Education

## HIGH SCHOOL FACILITIES Improvement Plan

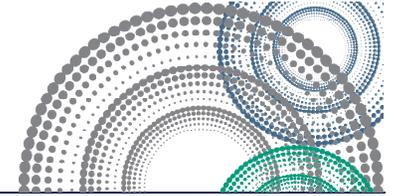
Please read!  
Your input is important to us.

To Relieve Severe High School Overcrowding and Improve the Quality of Education in Merced

# Phase 2: Public Info & Election Preparation



# Phase 2 Goal: Getting “Election-Ready”



## “Election-Ready” Means:

**Intersection of Interests**—Identified

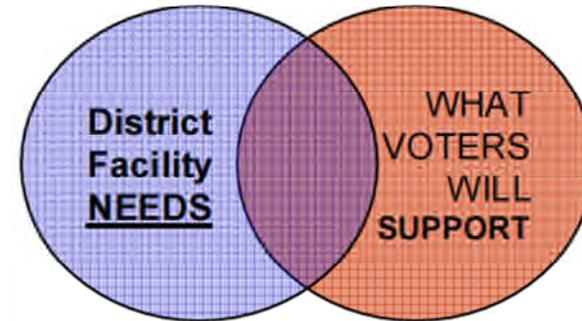
**Need**—Communicated

**Community**—Aware & Engaged

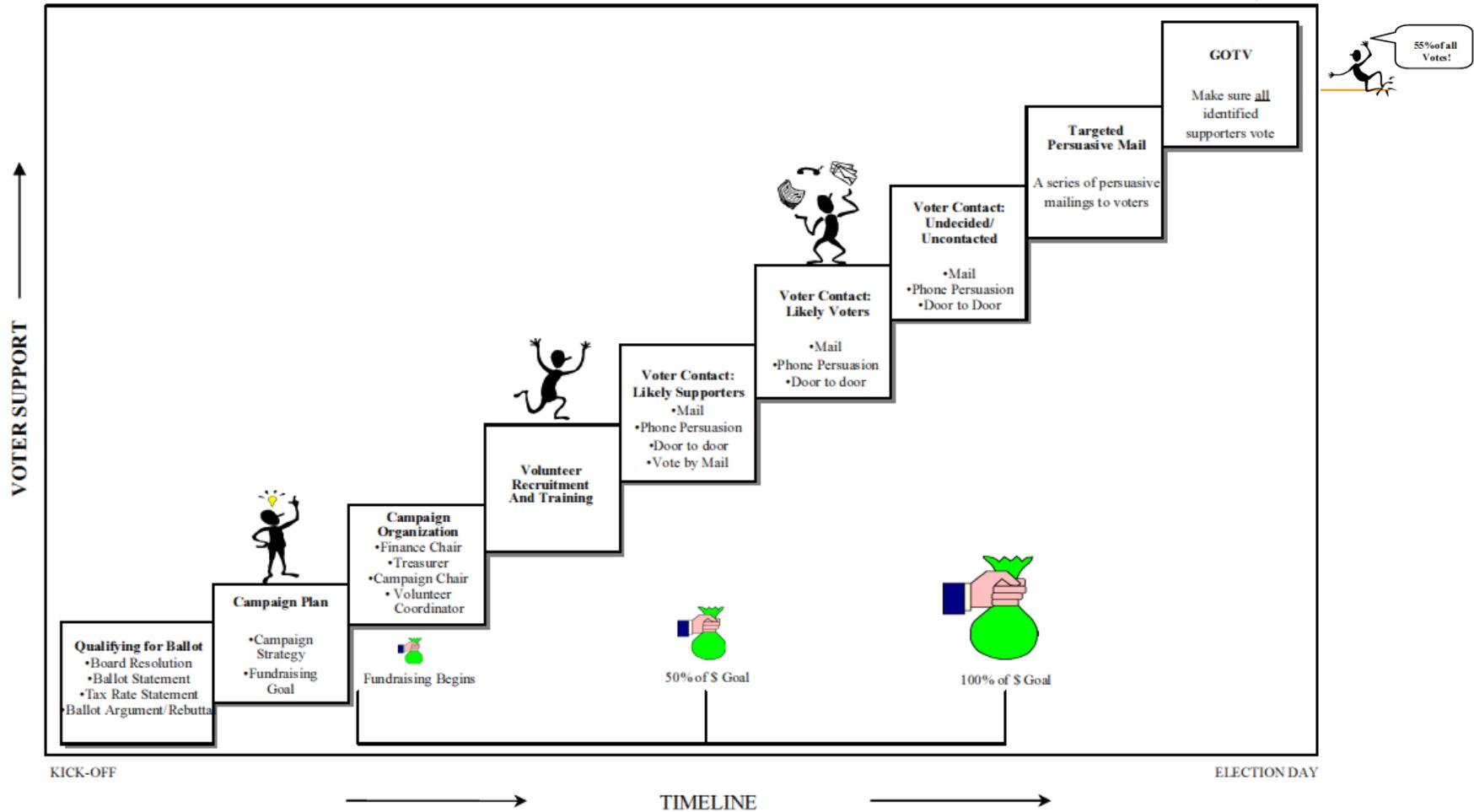
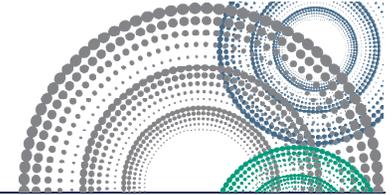
**Facility Assessment / Bond Plan**—  
Appropriate, aligned, and detailed

**Board**—Informed and prepared

## INTERSECTION OF INTERESTS

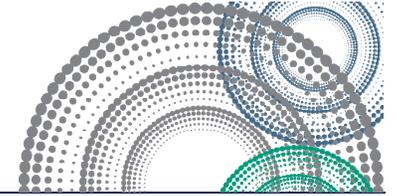


# The Community Campaign



# Proposition 39 Compared to Proposition 46

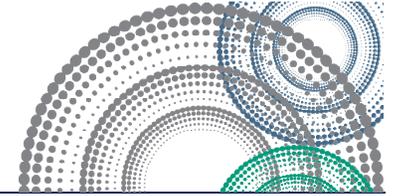
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- **Board Approval**
- **Voter Approval Thresholds**
- **Election Dates**
- **Use of Bond Proceeds**
- **Accountability Measures**
- **Tax Rate Limitations**
- **Debt Limits**

# Board Approval

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## Proposition 46

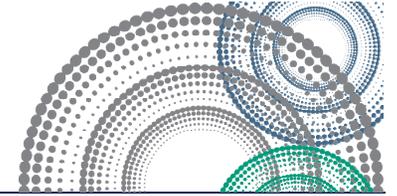
- Requires simple majority approval of school board members

## Proposition 39

- Requires 2/3rds approval of school board members

# Voter Approval Thresholds

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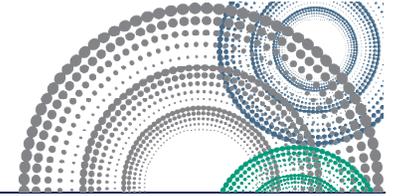
## Proposition 46

- Requires 2/3rds voter approval

## Proposition 39

- Requires 55% voter approval

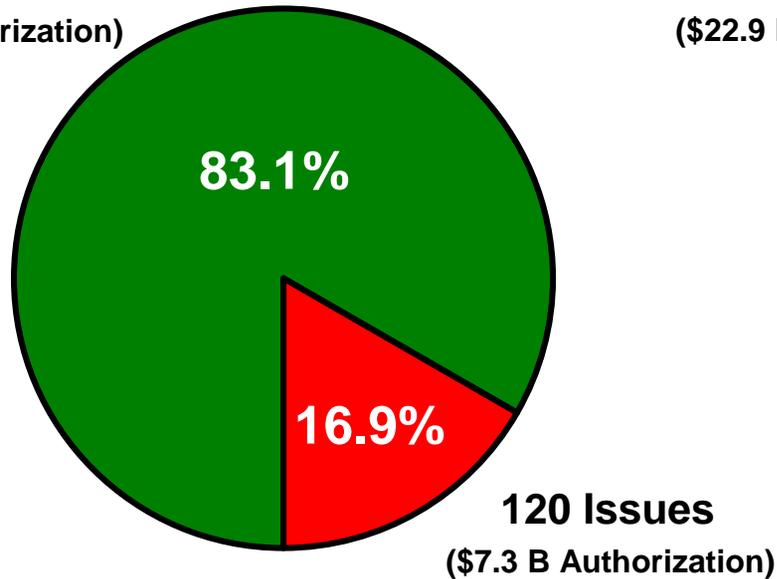
# Comprehensive School Bond Election Results



## School District GO Election Results: January 1986 – November 2010

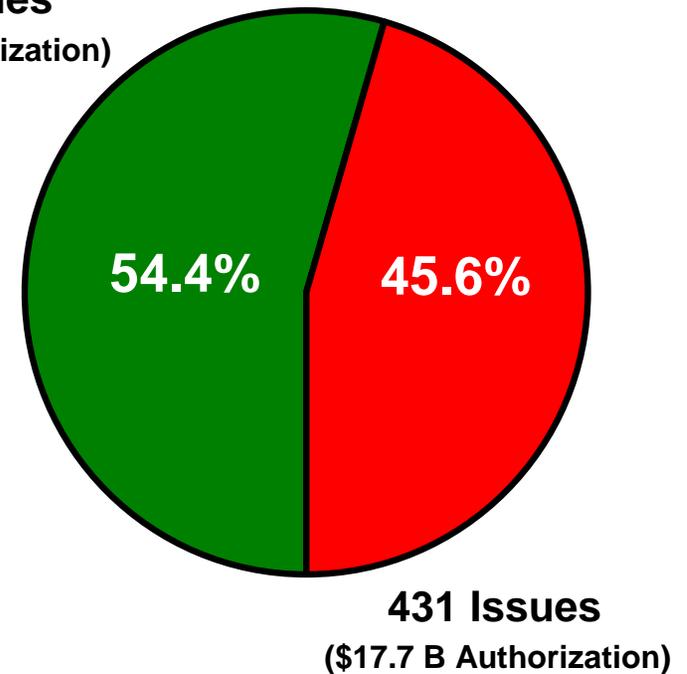
### Prop. 39 (1)

**588 Issues**  
(\$78.7 B Authorization)



### Prop. 46

**514 Issues**  
(\$22.9 B Authorization)



(1) Proposition 39 elections commenced in Spring 2001.

Source: School Services of California

 **PASS**

 **FAIL**

# Election Dates



## Proposition 46

- Generally any Tuesday

## Proposition 39

- Statewide primary, general or special elections

<i>Election Date</i>	<i>Filing Date</i>
<b>February 7, 2012</b>	<b>November 11, 2011</b>
<b>June 5, 2012</b>	<b>March 9, 2012</b>
<b>November 6, 2012</b>	<b>August 10, 2012</b>

- Other dates only if coincide with regularly scheduled district-wide election

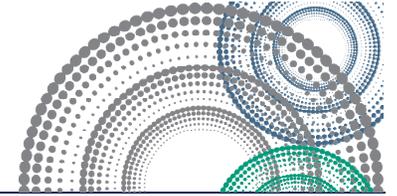
# February 2012 Election Scenario



- |  |  |
|--|--|
| <input type="checkbox"/> Jan - Summer 2011   | Strategic Assessment / <b>Feasibility</b> Work<br>Due Diligence Planning<br><b><u>Pre-Electoral Communications</u></b><br><b><u>Stakeholder / Community Engagement</u></b>                                       |
| <input type="checkbox"/> Sept - Oct 2011     | <b>RE Feasibility of February 2012 Election</b><br>Conduct Tracking Poll<br>Determine Feasibility of Feb 2012 Scenario<br>Continue Communications/Organize Campaign<br>Finalize Bond Package to Present to Board |
| <input type="checkbox"/> Early November 2011 | <b><u>Board Action</u></b> to Place Measure on Ballot  |
| <input type="checkbox"/> November 11, 2011   | Filing Deadline for February 2012 Election   |
| <input type="checkbox"/> February 7, 2012    | <b>Election Day!</b>   |

# Use of Bond Proceeds

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## Proposition 46

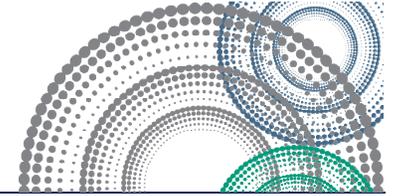
- Land acquisition
- Purchase or construction of new school facilities
- Renovation and repair of existing school buildings
- Permanent improvements to school grounds

## Proposition 39

- All the above PLUS
- Furnishing and equipping of school facilities
- Lease of real property for school facilities

# Opportunities to Close the Funding Gap; Projects Providing General Fund Relief

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- **Solar Projects**
- **Energy Efficient Heating, Air Conditioning and Ventilating Systems**
- **“Cool” Roofing Systems**
- **Window Projects for Energy Efficiency and Natural Light**
- **Replacement of Facilities/Equipment Requiring Constant Maintenance**
- **Refinance Existing Lease Obligations/COPs**

# Accountability Measures

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## Proposition 46

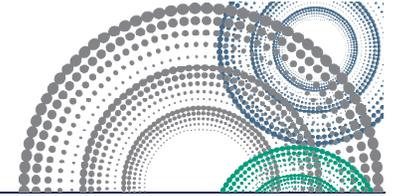
- Separate Account/Annual Report

## Proposition 39

- Separate Account/Annual Report
- List of specific school facility projects to be funded
- Citizens Oversight Committee (COC)
- Performance and Financial Audits

# Tax Rate Limitations

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## Proposition 46

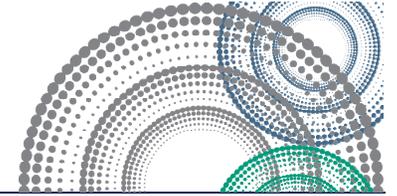
- No maximum tax rate

## Proposition 39

- Tax rate as a result of any single election must be projected to be no more than (per \$100,000 of assessed value):
  - \$30 for elementary and high school districts
  - \$60 for unified school districts
  - \$25 for community college districts

# Debt Limits

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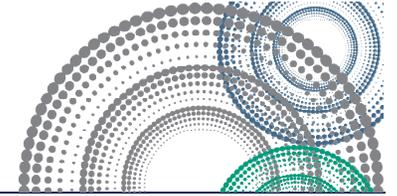


## Same for Proposition 39 and Proposition 46

- 2.5% of assessed value of taxable property within a unified school district
- 1.25% for other school districts

# The Role of Assessed Valuation

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## General Obligation Bond Constraints

- Assessed Value Assumptions versus Actual Growth (Decline)
- Statutory Bonding Capacity
- Assessed Value and Proposition 13

## Assessed Valuation Drives Access to Bond Dollars

- Voter Approved Authorization  $\neq$  Cash Available Now
- Higher growth allows earlier issuance
- Lower growth/decline hinders issuance

# Election Expenditures – AG Opinion No. 04-211

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## **Permitted pre-election expenditures include hiring consultants:**

- **To research the need for a bond**
- **To formulate alternatives**
- **To conduct surveys and establish focus groups to assess:**
  - The potential support and opposition to the measure
  - The public’s awareness of the school district’s financial needs
  - The overall feasibility of developing a bond measure that could win voter approval

**Expenditures to provide a fair and impartial presentation of relevant facts to aid the electorate in reaching an informed judgment regarding a bond measure are also permissible.**

# Election Expenditures – AG Opinion No. 04-211 (continued)

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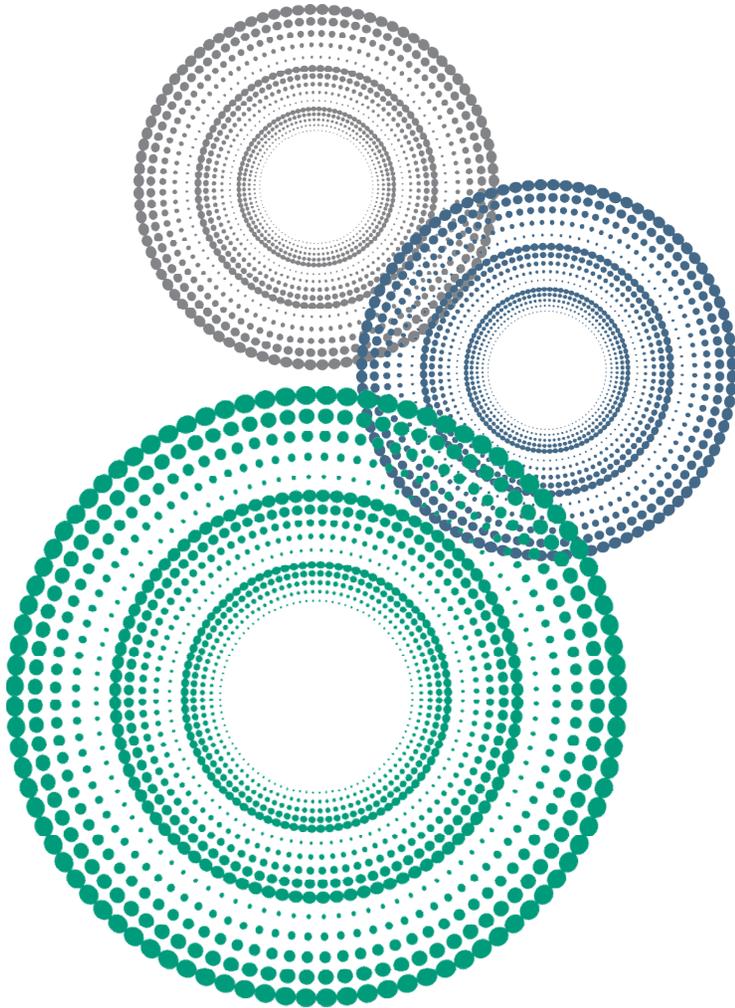
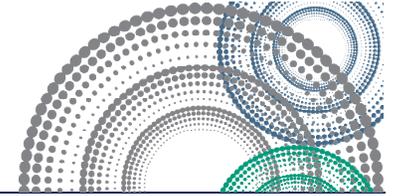


## **Prohibited expenditures include spending public funds:**

- To recruit or organize supporters
- To raise funds for a campaign
- To hire a consultant to develop a public relations and fund-raising strategy for any activities that form the basis for an eventual bond measure campaign

**Note: Just because information obtained from pre-election activities might prove to be of use in an ensuing campaign does not, in itself, necessitate the conclusion that public fund expenditures are prohibited – it depends on whether the activities are taken in furtherance of reaching an informed decision on whether to proceed with a bond measure.**

# Unified Legal, Financial & Political Strategy



- **The end goal:** Prepare a measure that will meet all legal requirements, attract sufficient votes to pass the measure and preserve flexibility to the extent permitted to handle changing circumstances.
- **Remember!** Even in this tough post-recession environment, the vast majority of bond measures are still winning.
- There is a SCIENCE and an ART to preparing your for electoral success.
- ***Every community IS unique!***
- Making a deliberate investment to assess feasibility and prepare for future electoral success is the BEST investment you can make.

THE PRESENTERS—

## Bonnie Moss



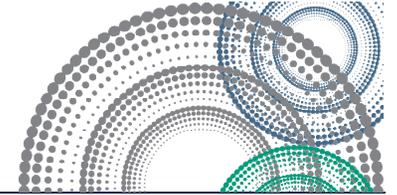
**Bonnie Moss**  
**TRAMUTOLA LLC**  
**tel: 510-658-7003**  
**e-mail: [bonniem@tramutola.com](mailto:bonniem@tramutola.com)**

Bonnie Moss is Executive Vice President and a lead consultant at TRAMUTOLA LLC, with 25+ years experience in community and local government relations, campaigns and elections, marketing, and public relations. Over her 22+ -year association with TRAMUTOLA, first as a candidate and local elected official, then as a corporate client, and now as a TRAMUTOLA team member, Bonnie has become a passionate advocate of the firm's public mobilization model. A graduate of Wellesley College, Bonnie spent 17 years working in corporate America and 8 years as an elected Trustee on the Hayward Board of Education prior to joining TRAMUTOLA. Bonnie has considerable expertise and success managing local tax elections, public sector communications and local candidate elections. She has guided hundreds of successful campaigns in communities throughout California and the nation using the TRAMUTOLA model.

**TRAMUTOLA LLC** is today California's leading firm specializing in local tax election feasibility, planning and campaign management. With a track record spanning nearly 25 years, TRAMUTOLA has helped school districts up and down the state determine feasibility, plan for and/or win 266 local tax elections (most requiring 66.7% voter approval) producing over \$25 billion in lasting school and community improvements. TRAMUTOLA is based in Oakland, California. Learn more at [www.tramutola.com](http://www.tramutola.com).

THE PRESENTERS—

## Timothy McLarney, Ph.D.



**Timothy McLarney, Ph.D.**  
**True North Research, Inc.**  
**tel: 760-632-9900**  
**e-mail: mclarney@tn-research.com**

Timothy McLarney, Ph.D., is President of True North Research, Inc. A published author and a nationally recognized expert in survey research methodology, Dr. McLarney has designed and conducted over 500 surveys for public agencies, including more than 200 tax measure feasibility studies. Of the measures that have gone to ballot based on Dr. McLarney's recommendation, more than 94% have been successful. In total, the research that Dr. McLarney has conducted has led to over \$19 billion in successful bond and tax measures. Dr. McLarney holds an M.A. and Ph.D. in Government from Cornell University with an emphasis in survey research methods, voting behavior and sampling, a Bachelor's degree in Politics from the University of California, Santa Cruz, and was a Visiting Scholar at the Institute of Governmental Studies at UC Berkeley.

**True North Research** is a full-service survey research firm that is dedicated to providing public agencies with a clear understanding of the opinions, priorities and concerns of their residents and voters. Through designing and implementing scientific surveys, focus groups and one-on-one interviews, as well as expert interpretation of the findings, True North helps its clients to move with confidence when making strategic decisions in a variety of areas -- including planning, passing revenue measures, and developing compelling public information campaigns. Learn more at [www.tn-research.com](http://www.tn-research.com).

THE PRESENTERS—

## John Baracy



**John Baracy**  
**Stone & Youngberg**  
**tel: 213-443-5025**  
**e-mail: [jbaracy@syllc.com](mailto:jbaracy@syllc.com)**

John Baracy is a Vice President in the Los Angeles office of Stone & Youngberg. Mr. Baracy brings over 15 years of experience to California and Arizona education finance. Mr. Baracy has expertise in the managing and structuring of new money and refunding issues, analysis of debt capacity, tax rate analysis, rating agency credit presentations, arbitrage rebate requirements, derivative financings, and investment of bond proceeds for general obligation bonds, bond anticipation notes, certificates of participation, tax credit bonds, Mello-Roos bonds and all other California education finance vehicles. Mr. Baracy is also a registered member of C.A.S.H., CASBO, CSBA and CALSA. Stone & Youngberg has successfully assisted California school districts pass over 100 bond elections exceeding \$3.0 billion since 2002.

**Stone & Youngberg** is nationally recognized as a leading financial services firm, with a 78-year tradition of excellence. We trade and underwrite more Arizona and California municipal bonds, land-secured debt, and redevelopment financing than any other firm in the United States. Institutions and individuals rely on us for innovative investment approaches that reflect our traditions of independence and professionalism. As we have expanded our locations to major markets across the country, Stone & Youngberg remains focused on the growing needs of America's cities, counties, school districts and states, as well as individual and institutional investors. The firm's website is [www.syllc.com](http://www.syllc.com).

THE PRESENTERS—

## Donald Field, Esq.



**Donald Field, Esq.**

**Orrick, Herrington & Sutcliffe LLP**

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Donald Field, a public finance partner resident in Orrick's Los Angeles and Orange County offices, has extensive experience in the financing techniques used by school districts in California, and has drafted and reviewed scores of school bond measures. His practice focuses on local governmental infrastructure financing, including general obligation bond financing, land-secured financing and municipal lease financing, as well as tax and revenue anticipation note (TRAN), pension obligation and other post-employment benefits (OPEB) obligation financings. He is the Co-Chair of Orrick's practice group for School Finance and General Obligation Bonds and the principal author and editor of the third edition of *The XYZs of California School District Debt Financing*, published by Orrick in 2005.

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