

JURUPA UNIFIED SCHOOL DISTRICT  
RIVERSIDE, CALIFORNIA

MINUTES OF THE SPECIAL MEETING

AUGUST 24, 1992

OPENING

CALL TO ORDER

The Special Meeting of the Jurupa Unified School District Board of Education was called to order by President David Barnes at 7:35 p.m. on Monday, August 24, 1992, in the Education Center Board Room, 3924 Riverview Drive, Riverside, California.

Members of the Board present were:

ROLL CALL

**Mr. David Barnes, President**  
**Mrs. Betty Folsom, Clerk**  
**Mrs. Mary Burns, Member**  
**Mr. John Chavez, Member**  
**Mrs. Sandra Ruane, member**

Staff Advisors present were:

STAFF PRESENT

**Dr. John P. Wilson, Superintendent**  
**Mrs. Benita Roberts, Assistant Superintendent Education Services**  
**Mr. Rollin Edmunds, Assistant Superintendent Business Services**  
**Mr. Kent Campbell, Assistant Superintendent Personnel Services**  
**Mr. Jim Taylor, Director of Education Services**  
**Mrs. Barbara Reul, Director of Business Services**

FLAG SALUTE

Board President David Barnes led the pledge of allegiance to the flag of the United States of America.

INSPIRATIONAL  
COMMENTS

Board member John Chavez made an inspirational comment.

COMMUNICATIONS SESSION

PUBLIC VERBAL  
COMMENTS

There were no requests to address the Board at this meeting.

INTRODUCE  
BUSINESS INTERN

The Assistant Superintendent Business Services introduced Orville Varner, who is in an internship program sponsored by the County Office of Education to train people in school business management. Mr. Varner, a retired colonel from March Air Force Base, will be with the district for several weeks to study its business operations.

INTRODUCE BOARD  
CANDIDATE

President Barnes introduced Mr. Bob Hernandez, candidate for Trustee Area 4 in the November 3 Governing Board Election.

## ACTION SESSION

### STUDY SESSION ON COMMUNITY FACILITIES DISTRICT

The Assistant Superintendent Business Services reviewed that at the August 3 board meeting, he gave an update on the I-15 Corridor Specific Plan. This plan involves the construction of 2098 homes near the intersection of Bellegrave and Wineville Avenues. During the course of that report, one of the concepts that came under discussion was the mitigation fee of \$8523 per dwelling unit, or about 70% of the district's cost to house a child. Another concept related to developers financing the mitigation fee was through a Mello-Roos Community Facilities District (CFD) formed by the school district.

The Assistant Superintendent Business Services indicated that the Study Session scheduled for this evening would focus on issues involved with CFD financing, answers to questions, and direction of the district. The annotation in this agenda provides background information on establishing CFDs and negotiations that administration has held with four developers on this program.

The Assistant Superintendent introduced the district's attorney Dan McHugh of Best, Best & Krieger to comment on six elements of such financing. Mr. McHugh stated that the concept of establishing a Mello-Roos Community Facilities District has grown in popularity over the years as a means of financing school facilities since state funding was not always available or adequate.

Mr. McHugh noted that in 1986, School Facilities Legislation was passed and school districts were able to levy a statutory fee of \$1.65 per square foot on residential development. However, it only covered one-third the cost of new facilities for students. As a result of recent court decisions (Mira Hart and Murrieta) school districts were now able to seek alternative mitigation fees beyond the statutory fees on development. However, developers were finding it difficult to finance full mitigation. Mello Roos alleviates that financial burden by levying a special tax assessment on homes for a 30-year period.

Mr. McHugh reported that on June 30, 1992, the County of Riverside required a justification report for mitigation of new developments that impact a school district. If approved, the county would issue a certification of the \$8523 mitigation fee and the District could enter contracts with developers.

Mr. McHugh stated that there are six issues that should be reviewed with respect to Community Facilities Districts. 1) A school district may form a CFD over properties within its boundaries to finance construction or rehabilitation of any real property with an estimated life of at least five years by the levy of special taxes to secure the issuance of bonds to finance construction of those facilities.

Mrs. Ruane asked what was the highest mitigation a school district could collect without a CFD. Mr. McHugh replied that a developer may agree to a higher fee than \$1.65, for example \$2.65, but postpone paying it as long as possible or to such time when a building permit or certificate of occupancy has been issued. Mr. Barnes noted that could put the district 2-3 years behind in development of a school or providing adequate housing for children. A development could be built in stages over several years with the district never collecting enough money to construct a school.

STUDY SESSION ON  
CFD'S  
(Cont'd)

2) Mr. McHugh stated that the main reason for establishing a CFD was to collect \$8523 per dwelling from the developer to relieve the financial burden of new school construction. This is the only practical option because the district cannot levy more than \$1.65 per square foot on its own, but it may petition the county to require a higher fee financed through the establishment of a CFD.

The negative aspects of establishing a CFD are levying a tax on homeowners, increasing staff or hiring a consultant to operate the CFD, and providing data to substantiate the benefits as part of the county process. Dr. Wilson pointed out the latter would not be an issue if the County were provided with a signed mitigation agreement by the developer.

Mr. Chavez asked what percentage of school districts were involved in Mello-Roos. Mr. McHugh replied that Desert Sands, Riverside, San Jacinto and Temecula were involved and other districts in Riverside county were considering Mello-Roos as a means of financing school facilities. Mr. Chavez noted that Mello-Roos was beneficial to large developers but what about the small developer. Mr. McHugh replied that once the CFD was established, all new development, regardless of the size, could be annexed.

Mrs. Folsom asked if there was a study that compares such increases to new homeowners whether in taxes or higher priced houses. Mr. McHugh said he was not aware of any study. The price of the home increases when a Mello-Roos tax is involved; however the tax is limited to 2%. He pointed out that the concept of CFD financing was to issue bonds for construction and modernization of schools to serve property owners within the CFD boundary.. The debt on the CFD bonds would be paid by levying a tax on the properties at a lower interest rate than could be obtained by the developer.

3) Mr. McHugh stated that the school district, as a lead agency, could finance infra-structures such as water or sewer improvements which would be an advantage to the developer. The Assistant Superintendent Business Services noted that a disadvantage to the school district is the infra-structure would be first to receive proceeds from bonds and the district bonds could be jeopardized. The Assistant Superintendent preferred the district remain a lead agency for only school facilities without involving other infra-structures because of the complexities.

Mrs. Ruane agreed that the district should not become involved in the operations of other agencies such as the two excellent water districts in this community. She felt the Board should consider each development as it is presented and then decide about forming a CFD or increasing the mitigation fee.

Mrs. Folsom requested some structure or criteria in resolution or policy form which provides direction in this complex area.

STUDY SESSION ON  
CFD'S  
(Cont'd)

In response to Mr. Chavez' questions, Mr. McHugh explained that a tax would not be levied on undeveloped property. A tax should be levied at the time a building permit is issued. There was no legislation which gave priorities to students living in a CFD, but developers of large projects do try to provide a school site in the immediate area.

4) Mr. McHugh suggested that the appropriate time to begin mitigation payments was with the issuance of building permits. Other options would be more burdensome on administrators and difficult to monitor.

5) Mr. McHugh explained that the district has the right to involuntarily annex developers who are unwilling to pay the \$8523 mitigation fee. More than likely the developer has already been through the County planning process. If the project has reached the tentative map stage, the district would lose its opportunity to charge the \$8523 fee. However, some developers might be willing to pay the fee but decline to be a member of a CFD.

Mrs. Burns asked if the district would not have a better chance of collecting \$8523 per dwelling if the county were the lead agency? Mr. McHugh replied that the extent of the county's involvement was to review and certify the district's report to insure that the fee is based upon good data and reasonable facts. If the developer is willing to sign a legal binding agreement, the county accepts the mitigation fee.

6) Mr. McHugh explained that if a developer defaults, the entire obligation would be with the CFD. Bond holders may not get paid but the district's general fund would not be affected by that default. However, the default would create problems for obtaining other financing. He pointed out there was a very conservative formula for issuing bonds and the district as lead agency should verify a property's value. A 10% reserve fund would be included in the agreement to cover a delinquency that might occur.

The Assistant Superintendent Business Services pointed out that the county's certification process became effective June 30, 1992, and it did grandfather existing agreements with developers. If a written agreement were in place, the district would not be subject to the county's justification requirement.

Mrs. Ruane suggested a board policy that provides criteria which applies to all developers and a formula for developing a mitigation fee. The policy should also include the exact uses for the funds.

The Assistant Superintendent Business Services explained that the Rio Vista Specific Plan has 1697 units on 432 acres. The district has a Memorandum of Understanding in which the developer agrees to donate two sites and finance two elementary schools, and pay a fee of \$3863 per unit through a CFD established by the district. Mr. McHugh explained that all developers would come under the same tax formula, but the actual dollar amount could fluctuate when a donation of land was involved.

STUDY SESSION ON  
CFD'S  
(Cont'd)

Mrs. Burns stated that the I-15 Plan encompasses two school districts and she asked about the affects on the community. Concern was also expressed about financing developers who would bring more development in the area.

The Superintendent noted that for the past two years discussions have been held on Mello-Roos and the need to establish CFDs for adequate housing for students. This could not be accomplished with only a \$1.65 per square foot authorized by the state for new facilities.

Several Board members agreed that a resolution or policy would provide some structure in establishing and operating CFDs. The Superintendent noted the proposed policy would include: the district will develop a Core CFD as a means of assisting developers with mitigation; the district will only finance schools through the CFD except when Board approval is received for other infra-structures; mitigation fees will be analyzed in the district's certification report; and the district will collect mitigation fees at issuance of the building permit. Mr. McHugh indicated he saw no problem with the criteria in a board policy as it relates to the resolution of intention, proposed construction, tax schedule, etc. in establishing a Community Facilities District (CFD).

The Superintendent stated that he was very pleased with the Board's study and understanding of this very complex and important issue.

APPROVE RESPONSE  
ON BUDGET  
MATTERS  
-Motion #38

The Superintendent noted the Board has received all documents related to the County Superintendent of School's notice that the district's 1992/93 budget was disapproved. The district's response was included in the supporting documents for approval of the Board.

MR. CHAVEZ MOVED THE BOARD APPROVE THE RESPONSE TO THE COUNTY SUPERINTENDENT OF SCHOOLS INCLUDED IN THE SUPPORTING DOCUMENTS. MRS. BURNS SECONDED THE MOTION WHICH CARRIED UNANIMOUSLY.

APPROVE FIELD TRIP  
FOR JURUPA  
VALLEY HIGH  
-Motion #39

MRS. RUANE MOVED THE BOARD APPROVE THE NON-ROUTINE FIELD TRIP REQUEST FOR MELVA MORRISON AND JURUPA VALLEY HIGH SCHOOL CHAMBER SINGERS TO TRAVEL TO THE ARROWHEAD LUTHERAN CAMP ON FRIDAY, AUGUST 28 THROUGH SATURDAY, AUGUST 29, 1992 TO PARTICIPATE IN REHEARSAL FOR PREPARATION FOR THE 1992/93 SCHOOL YEAR. MRS. FOLSOM SECONDED THE MOTION WHICH CARRIED UNANIMOUSLY.

APPROVE  
PERSONNEL REPORT  
#4 WITH INSERT  
-Motion #40

PRESIDENT BARNES MOVED THE BOARD APPROVE PERSONNEL REPORT #4 AS PRINTED WITH INSERT D, PAGES 7-10. MR. CHAVEZ SECONDED THE MOTION WHICH CARRIED UNANIMOUSLY.

DENY READMISSION  
CASE 9I/13  
-Motion #41

MR. CHAVEZ MOVED THE BOARD DENY THE READMISSION OF THE PUPIL IN DISCIPLINE CASE #9I/13. MRS. RUANE SECONDED THE MOTION WHICH CARRIED UNANIMOUSLY.

READMIT PUPIL  
CASE #92/08  
-Motion #42

MR. BARNES MOVED THE BOARD READMIT THE PUPIL IN DISCIPLINE CASE #92/08. MRS. FOLSOM SECONDED THE MOTION WHICH CARRIED UNANIMOUSLY.

DENY READMISSION  
CASE #92/34  
-Motion #43

MRS. RUANE MOVED THE BOARD DENY THE READMISSION OF THE PUPIL IN DISCIPLINE CASE #92/34. MRS. FOLSOM SECONDED THE MOTION WHICH CARRIED UNANIMOUSLY.

DENY READMISSION  
CASE #92/18  
-Motion #44

MRS. FOLSOM MOVED THE BOARD DENY THE READMISSION OF DISCIPLINE CASE #92/18. MRS. BURNS SECONDED THE MOTION WHICH CARRIED UNANIMOUSLY.

READMIT PUPIL  
CASE #92/29  
-Motion #45

MRS. RUANE MOVED THE BOARD READMIT THE PUPIL IN DISCIPLINE CASE #92/29. MR. CHAVEZ SECONDED THE MOTION WHICH CARRIED UNANIMOUSLY.

READMIT PUPIL  
CASE #92/48  
-Motion #46

MRS. RUANE MOVED THE BOARD READMIT THE PUPIL IN DISCIPLINE CASE #92/48. MRS. FOLSOM SECONDED THE MOTION WHICH CARRIED 3 TO 2: NAYS, MR. CHAVEZ AND MR. BARNES.

None of the votes recorded were for the structure of the readmission.

REVIEW 48915  
REPORTS

The Board reviewed Reports pursuant to Education Code 48915.

**CLOSED SESSION**

At 6:00 p.m. on Monday, August 24, 1992, the Board met in Closed Session in the Superintendent's office. All Board members were present. Also in attendance were the Superintendent and other administrators.

At 7:25 p.m. President Barnes adjourned from Closed Session to open the Public Session in the Board Room at the Education Center.

**ADJOURNMENT**

There being no further business, President Barnes adjourned the Special meeting from Public Session at 9:30 p.m.

**MINUTES OF THE SPECIAL MEETING OF AUGUST 24, 1992 ARE APPROVED AS PRINTED.**

*David H. Barnes*

President

*Betty A. Folsom*

Clerk

*9/8/92*

Date