



San Diego Unified
SCHOOL DISTRICT

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R E C E I V E D

AUG 18 2025

PRESIDING

The Honorable Maureen F. Hallahan
Presiding Judge
San Diego County Superior Court
P.O. Box 122724
San Diego, CA 92112-2724

RE: Grand Jury Report: "The Tangled Web of SDUSD Bond Initiatives"

Dear Judge Hallahan:

The San Diego Unified School District ("District") has reviewed the Facts, Findings, and Recommendations in the Grand Jury Report "The Tangled Web of SDUSD Bond Initiatives" filed May 14, 2025. Pursuant to California Penal Code section 933(c), the following constitutes the response of the District and its Governing Board ("Board") to the findings and recommendations pertaining to matters under the control of the District. Please note the District bases its response solely based upon its own experiences and makes no findings with respect to the experiences of other entities.

Introduction

The District herein provides its formal response to the Grand Jury Report (the "Report") provided to the District on May 15, 2025. The District has provided below its responses to the findings and recommendations in the Report. At the outset, however, the District is providing responses to the Summary, Background, Procedure, and Discussion sections of the Report. The District disagrees with the Report's statement that the District was uncooperative in its responses to Grand Jury requests. Several District officials were interviewed at the request of the Grand Jury, detailed responses to each request were provided, which included consolidation of information and data from separate internal information systems and the drafting of new reports in order to ensure full responsiveness to the Grand Jury's requests. The District in no way impeded the Grand Jury's investigation.

The Report appears to: (a) overly rely on biased journalistic sources rather than factual information, and (b) misunderstand the constitutional and statutory provisions pursuant to which school districts issue bonds. For example, the Report states that the District has not always complied with requirements of the California Constitution (the "Constitution") or the California Elections Code (the "Elections Code"), however, the cited examples: (i) overlook the fact that the Elections Code requirements have changed over time, and (ii) misstate or misinterpret the requirements in the Constitution and infer requirements that are not part of the plain text of the Constitution, e.g., the Report references the 100-word ballot question for bond measures, when in fact ballot questions

are limited to 75 words. To the first point, the differences between tax rate information provided amongst the different bond measures is due to the differing requirements in the Elections Code at the time each bond measure was submitted to the voters, and the District's measures were compliant with such requirements at the time of submission of each such bond measure to the voters. To the second point, the Report indicates differences between the annual debt service figures provided in the ballot questions and the overall debt service figures provided in the tax rate statements (those that require such information), overlooking the fact that ballot questions and tax rate statements are governed by separate statutes with different requirements.

The Report also assumes the District's presentation of information in its bond measures was purposefully misleading, claiming that the District "obscured...fact[s]" and "fail[ed] to advise voters" of information on prior bond measures, ignoring the fact that such information is not required nor typically presented to voters. The Report also incorrectly concludes that the inclusion of some of the same site-specific projects in more than one bond measure undermines the specificity in such bond measures. To the contrary, the specificity provided in the District's bond measures is above and beyond what is provided in most other school district measures and above and beyond the minimum required by law.

Further, the use of multiple bond measures by a school district to finance large-scale improvements across multiple school sites is a facilities improvement strategy responsive to the District's third-party facilities evaluation of safety, class size reduction, and information technology needs at each site, and one which is effectively utilized by other large California school districts. Often new facilities projects need to be addressed in a timely manner but can only be addressed pursuant to the authorization of a newer bond measure. There are also economies of scale in spending proceeds from multiple measures concurrently. Waiting to exhaust prior measures, some of which are anticipated to take decades to issue, would result in unreasonable and unnecessary delays in completion of projects under other bond measures intended to address separate needs in a more timely fashion.

The District's Facilities Planning and Construction Department is tasked with repairing and improving a great number of school sites and facilities. There is an element of facilities operation that includes natural wear and tear, regardless of whether funds from bond measures are used to address it. Timely addressing natural wear and tear at or greater than the rate of deterioration is the most cost-efficient approach, but is typically only achievable with voter-approved bond financing. Addressing wear and tear at a rate slower than deterioration results in significantly higher costs, i.e., replacement costs are much higher than improvement costs. Having schools in a better state of repair also provides significant benefits to the community. Students achieve better educational outcomes and are happier in well-maintained facilities. Teachers are happier and have greater job satisfaction in well-maintained facilities, leading to better student outcomes and greater retention rates. Property values are more resilient for homeowners in communities surrounding district schools that are well-maintained. Education is the best rate of return on its investment, creating an educated citizenry that adds more value to communities and increases the tax base for greater economic prosperity. The District has consistently taken the approach of timely addressing natural wear and tear of its facilities. Given the District's size and number of facilities, this approach requires a robust and sophisticated bond program with multiple, concurrent bond measures.

Findings

Finding #1: SDUSD has not always complied with this requirement, either in voter information materials or proposed ballot summary language.

Response: We disagree wholly with the finding numbered 01.

Section 9400 et seq. of the Elections Code has been amended at various times throughout the last several years, including in 1994, 1996, 2000, 2014, 2017 and 2023. The required information to be included in the tax rate statement submitted to voters along with the bond measure has changed over the years, and where there are differences between the information provided amongst the different bond measures, it is due to the differing requirements in the law at the time each bond measure was submitted to the voters. The District's tax rate statements for each of its bond measures has always provided the required information pursuant to Section 9400 et seq. of the Elections Code, as such statutes existed at the time of submission of each such bond measure to the voters.

Finding #2: SDUSD has consistently failed to inform voters of previous property tax rate increases associated with prior SDUSD voter-approved bonds when placing new bond initiatives before voters.

Response: We disagree partially with the finding numbered 02.

Section 9404 of the Elections Code does not require school districts to inform voters of previous property tax rate increases associated with prior voter-approved bonds of the District, when placing new bond measures before voters. However, the District included in its tax rate statements for its bond measures the following statements:

- Within its tax rate Statements for Measure U and Measure YY, the District included the following sentence: "The estimates are in addition to, and not inclusive of, other taxes levied by the District to pay bonds authorized at other elections."
- Within the tax rate statement for Proposition Z, the District included the following sentence: "The tax levied for the Bonds authorized by this measure will be in addition to and not limited by the 6.67 cents per \$100 (\$66.70 per \$100,000) of assessed valuations tax limit established by Proposition S approved by the voters in 2008."
- Within the tax rate statement for Proposition S, the District included the following sentence: "The District intends to structure the proposed bonds so that the estimated combined tax rate needed to repay all of the District's bonds, including Proposition MM Bonds which rate is \$66.70/\$100,000 of assessed valuation in the 2007-08 fiscal year, will not increase as a result of the issuance of the proposed bonds."

Finding #3: SDUSD has not informed voters of total accrued debt service for all bonds

previously approved by voters for which payment is still outstanding when presenting new bond initiatives for voter consideration.

Response: We disagree partially with the finding numbered 03.

Section 9404 of the Elections Code does not require school districts to inform voters of total accrued debt service for all prior voter-approved bonds of the District for which payment is still outstanding, when presenting new bond measures to voters.

Finding #4: SDUSD has failed to provide total debt service in some bond initiatives placed before voters, and in summary ballot language has obscured the total amount of debt service by providing an annual estimate only.

Response: We disagree wholly with the finding numbered 04.

Section 9400 et seq. of the Elections Code has been amended at various times throughout the last several years, including in 1994, 1996, 2000, 2014, 2017 and 2023. The required information to be included in the tax rate statement submitted to voters along with the bond measure has changed over the years, and where there are differences between the information provided amongst the different bond measures, it is due to the differing requirements in the law at the time each bond measure was submitted to the voters. The District's tax rate statements for each of its bond measures has always provided the required information pursuant to Section 9400 et seq. of the Elections Code, as such statutes existed at the time of submission of each such bond measure to the voters.

Finding #5: SDUSD has not provided meaningful, specific lists of projects to be funded by bond proceeds to voters.

Response: We disagree wholly with the finding numbered 05.

In compliance with the California Constitution, the District has in each instance of presenting a new bond measure to voters for consideration, provided a meaningful, specific list of projects which may be funded by such bond measure. The use of specific project items on more than one bond measure is an indication that such project is expected to be financed through proceeds of sale of bonds from more than one bond measure and/or that such project was not financed by a prior bond measure but may be financed by the new bond measure. The District's prior bond measures have in some instances included 150+ pages of detailed project lists, above and beyond what is required or provided by most school districts. The description of those projects often look the same across multiple school sites, i.e., improving classrooms and facilities are described in similar terms (e.g., repairs to windows, doors, ceilings, fixtures, restrooms, interior improvements). The District uses straightforward, easy to understand language for its projects (e.g., "windows" instead of "fenestrations") in order to be as transparent and understandable to voters as possible. The use of this straightforward language across multiple school sites is not an indication that the project lists in each bond measure are not specific or meaningful. Rather, the District's Facilities Planning and Construction Department carefully monitors the condition of facilities at all District sites and includes within each new bond measure a great amount of specificity regarding the schools and related sites which may be the subject of bond-financed improvements with funding from such bond measure.

The project list included in each bond measure is not a guarantee that the bond proceeds from such measure will provide sufficient funds to allow completion of all listed projects, and a statement to that effect has been provided in each of the District's bond measures.

Finding #6: Ballot summaries do not highlight debt service and property tax rate increase information as well as new initiatives voters after being asked to approve.

Response: We disagree partially with the finding numbered 06.

The District is not required by any constitutional or statutory authorities to provide in its ballot summaries information on debt service increases or property tax increases in connection with the presentation of a new bond measure. Each of the District's bond measures is a single issue presented to voters, per the requirements of the State Constitution. In that context, it is not advisable to mislead or confuse the issue before voters by presenting specific debt service and tax rate information on prior measures of the District. To the extent that this finding is suggesting that debt service and tax rate information for other governmental entities' concurrent initiatives be included in the District's measures, that is also inadvisable because it is likely to confuse the issue before voters, and such information is not always readily available from such governmental entities at the time the bond measure is approved by the District's Board of Education.

To the extent statutorily required, the District has provided in the ballot questions and tax rate statements, estimated debt service for the bonds to be issued under such bond measure. As noted in response to Findings 01 and 04 above, the required information to be included in the tax rate statement submitted to voters along with the bond measure has changed over the years, and where there are differences between the information provided amongst the different bond measures, it is due to the differing requirements in the law at the time each bond measure was submitted to the voters. The District's tax rate statements for each of its bond measures has always provided the required information pursuant to Section 9400 et seq. of the Elections Code, as such statutes existed at the time of submission of each such bond measure to the voters. Additionally, the required information to be included in ballot questions has also changed over the years and where there are differences between the information provided amongst the different bond measures, it is due to the differing requirements in the law at the time each bond measure was submitted to the voters. The District's ballot questions for each of its bond measures has always provided the required information pursuant to applicable provisions of the Elections Code and the California Education Code, as such statutes existed at the time of submission of each such bond measure to the voters.

Finding #7: Voters are not informed of any outstanding unissued bonds before being asked to authorize new ones.

Response: We disagree partially with the finding numbered 07.

The District is not required by any constitutional or statutory authorities to provide information on outstanding unissued bonds in connection with the presentation of a new bond measure. However, as noted in the response to Finding 02 above, each of the District's bond measures indicates, in the tax rate statement, that the estimates relating to the tax rate for the bonds are in addition to, and not

inclusive of, other taxes levied by the District to pay bonds authorized at other elections. Additionally, the District has purposefully included only required information and such additional information as is helpful to voters without confusing the single issue presented in each bond measure. See response to Finding 06 with respect to the District's consideration of each bond measure being a single issue.

Finding #8: SDUSD indicated in 2022's Measure U that a "yes" vote indicated support for SDUSD to seek a waiver of the 2.5 percent limit, suggesting it anticipates exceeding it.

Response: We disagree partially with the finding numbered 08.

Measure U included text that allowed the District to seek waiver of its statutory bonding capacity, language which is included in many school district bond measures across the State, regardless of the likelihood of a district needing to seek such waiver. Inclusion of this language is prudent in case of an unanticipated decline in assessed valuation (such as following a natural disaster or recession) providing the District with flexibility to seek a waiver following such unanticipated decline for the purpose of continuation of bond financed facilities improvement projects or more rapidly undertaking of necessary repairs following a natural disaster. The inclusion of this statement is not an indication of the District anticipating a need to seek such a waiver. The District has not previously sought a waiver of its bonding capacity and does not currently anticipate the need to seek one in the course of issuing its Measure U bonds.

Response to Recommendations

Recommendation R1: Inform voters of the total amounts of prior property tax assessment rates related to all outstanding SDUSD bonds, in addition to the new proposed property tax rate increase associated with any new bond initiative

Response: The recommendation will not be implemented because it is not warranted or is not reasonable.

Explanation: The District is not required by the Constitution or applicable statutes to present detailed information relating to the prior property tax assessment rates related to all outstanding District bonds, in connection with new bond measures, and the presentation of such information is likely to mislead or confuse voters from the single issue they are voting on.

Recommendation R2: Provide voters with a comprehensive total debt service figure including prior approved debt service for all outstanding bonds previously approved by voters as well as total debt service estimate associated with any new bond initiative proposed for voter approval

Response: The recommendation will not be implemented because it is not warranted or is not reasonable.

Explanation: The District is not required by the Constitution or applicable statutes to provide a comprehensive total debt service figure including debt service related to all outstanding bonds

previously approved by the voters, in connection with new bond measures, and the presentation of such information is likely to mislead or confuse voters from the single issue they are voting on.

Recommendation R3: Provide voters with the total amount of previously approved bonds that have not yet been issued by SDUSD

Response: The recommendation has been implemented.

Explanation: The District already provides, in each of its Preliminary Official Statements and Official Statements relating to the sale of its bonds, information on the amount of previously approved bonds, by election authorization, which have not yet been issued.

Recommendation R4: Provide the required school specific list of projects to be financed by the bonds

Response: The recommendation has been implemented.

Explanation: The District already provides to its Board of Education, in connection with the issuance of each new series of bonds, a school specific list of projects to be financed by such bonds, and such lists are made publicly available as part of the Board of Education's agenda packets.

Recommendation R5: Ensure the County Registrar of Voters receives summary ballot language that includes key property tax rate increase information and total debt service information, both for the bond under review and for previous bonds already approved by voters

Response: The recommendation will not be implemented because it is not warranted or is not reasonable.

Explanation: The District is not required by the Constitution or applicable statutes to provide property tax rate increase information and total debt service information for previous bonds already approved by voters, in connection with new bond measures, and the presentation of such information is likely to confuse voters from the single issue they are voting on. The District already provides in its bond measures information on the estimated property tax rate and total debt service for the bonds (the latter, to the extent required by the Elections Code at the time of approval of such bond measure), with respect to the bonds to be approved by the measure.

Recommendation R6: Ensure the County Registrar of Voters receives ballot summary language that includes any new initiatives which the proposed bonds will support

Response: The recommendation has been implemented.

Explanation: The District already includes in the ballot question for each bond measure, a description of the projects to be financed with the proceeds of such bonds. The District also already includes a detailed project list for each bond measure.

Recommendation R7: Inform voters whether SDUSD would have to seek a waiver to exceed the 2.5 percent assessed property value limit for issued bonds

Response: The recommendation has been implemented.

Explanation: In connection with its response to Finding 07, the District has stated that the District has not previously sought a waiver of its bonding capacity in connection with bonds that it has issued.

Conclusion

On behalf of the Board of Education and the staff of the San Diego Unified School District, we appreciate your concern for our District.

Sincerely,

Andra M. Greene

Andra M. Greene
General Counsel
San Diego Unified School District