Propositions S and Z ICOC
Construction Subcommittee
March 2, 2017 Exhibit 3.6

SAN DIEGO UNIFIED SCHOOL DISTRICT

Facilities Planning and Construction & Physical Plant Operations

MAJOR REPAIR AND REPLACEMENT PLAN QUARTERLY UPDATE

March 2, 2017

San Diego Unified
SCHOOL DISTRICT

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This document constitutes the district's March, 2017 quarterly update to the Major Repair and Replacement (MRR) Plan. The plan is consistent with Board policies E-2570, G-3250, E-1500, E-2500, and E-2550. This quarterly update provides a status update on the condition of the district's facilities and costs associated with the ongoing MRR program.

FACILITY CONDITION ASSESSMENTS

1.1 Methodology

San Diego Unified School District's (SDUSD) FCI is an estimate of the facilities conditions and deficiencies within the 15.2 million square feet of buildings located on 226 educational campuses across our 208 square mile district. A Facility Condition Assessment (FCA) and the identified needs resulting from the assessment, is based upon findings related to structures and/or equipment and specifically, their state of either disrepair; or in some cases, non-use because they have reached the end of their useful life. Failure to repair and/or replace these conditions could cause progressive, facility deterioration and/or significantly reduce the performance. To achieve a viable understanding of district assets, a comprehensive FCA of all building systems and components is performed at each site. Once the FCA is quantified in dollars, a numeric rating system is applied that translates the assessments into a rational measure of the facility needs, thereby providing a means to gauge the condition of the facility. This is known as a Facility Condition Index (FCI). A FCI is a national standard that uses the ratio, as a percentage of the total cost of facility repair needs, divided by the Current Replacement Value (CRV). The CRV is derived by multiplying the total building square footage with the current dollar per square foot cost for new construction. According to the Association for Physical Plant Administers (APPA), an FCI of 5% is good; between 6% and 10% is fair; and greater than 10% is poor.

1.2 FCA Report Findings

Bond funded school building renovations is only one of many factors that influence changes in the FCI over time. Other factors that affect FCI and future FCI predictions over time include: periodic inspections and assessment of facility conditions, preventive maintenance, capital improvements, facility deterioration rates, inflation rates, near and long term capacity to issue bonds for renovation and capital improvements, State School Facilities Program funding, and other revenue made available for facility renovation. All of these factors contribute to the FCI.

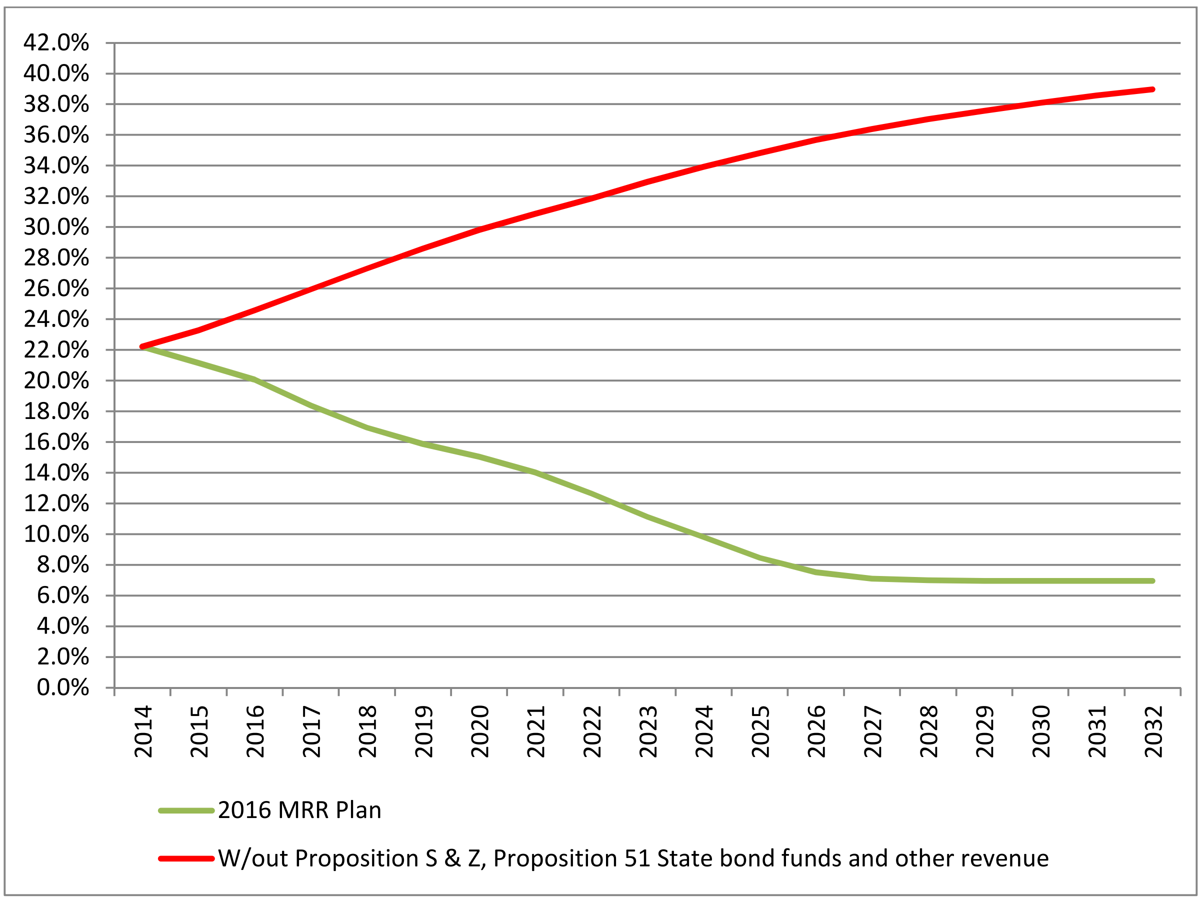
The current district's facilities repair, replacement, and renovation need is estimated at $1.1 billion. With the district's CRV estimated at $5.7 billion (see Attachment A), the current district-wide total estimated FCI is 20.1%. The FCI accounts for the MRR portion of the recently completed heating ventilation and air conditioning (HVAC) project, the revised MRR plan per the new projected bond issuance plan, and associated projected MRR related expenditures.

1.3 FCI Estimated Future Projections

The chart below depicts the current MRR Plan estimated FCI projections from 2014 through 2032. The chart reflects two separate scenario's as follows:

- The 2016 MRR Plan (includes both local and anticipated Proposition 51 state bond funds, see Attachment B)
- The MRR Plan without Proposition S& Z funding, Proposition 51 State bond funds, and other revenue.

MRR Plan FCI Projections



Based on these projections, without Proposition S & Z funding the district FCI would grow from 22.0% in 2014, to 39% in 2032. However utilizing contributions from Proposition S & Z, and state bond funding, the MRR Plan reflects that the district will achieve an FCI of 11% over the next 7 years, and achieve an FCI of 7% in 11 years.

CURRENT AND ANTICIPATED LONG-TERM FUNDING

2.1 – Major Repair Replacement Plan

The MRR Plan depends on a combination of state and local facilities funds. For decades, the state of California has provided roughly 50 percent of the funding required to meet local school facilities modernization needs, with the recent state bond passage the district will be active in leveraging our local dollars with the state bond program. The MRR plan reflects the positive impact Proposition S and Z funding contributions continue to have on the condition of the district facilities. It also illustrates the impact that maintaining historical state school facilities program funding levels would have on the conditions of San Diego School District facilities.

The MRR plan outlines the total estimated need, considers facility deterioration over time, escalation of needed repair costs (inflation), and annual changes to the district's total building square footage. It also, incorporates actual expenditures, the current Capital Improvement Plan, and funding strategies for Proposition S, Proposition Z, State School Facilities Program funding or other revenue, and the district commitment to reducing the FCI.

2.2 – 2016 Major Repair Replacement Implementation Plan

The 2016 Major Repair Replacement Implementation Plan reflected planned expenditures of $143,962,049. The end of fiscal year expenditures total $169,120,351. The plan was adjusted to account for the MRR portion of the recently completed Phase 1 heating ventilation and air conditioning (HVAC) project. Recent revisions to the projected bond issuance plan, and associated projected MRR related expenditures. In addition the plan incorporates Physical Plant Operations (PPO) non-bond funded repair and replacement, and major repair replacement work. The majority of the MRR is completed in WSM projects administered by the Facilities Planning and Construction (FPC) department.

2.3 – 2017 Major Repair Replacement Implementation Plan

The 2017 Major Repair Replacement Implementation Plan reflected planned expenditures of $211,681,786. The mid-year expenditures total $88,871,786.

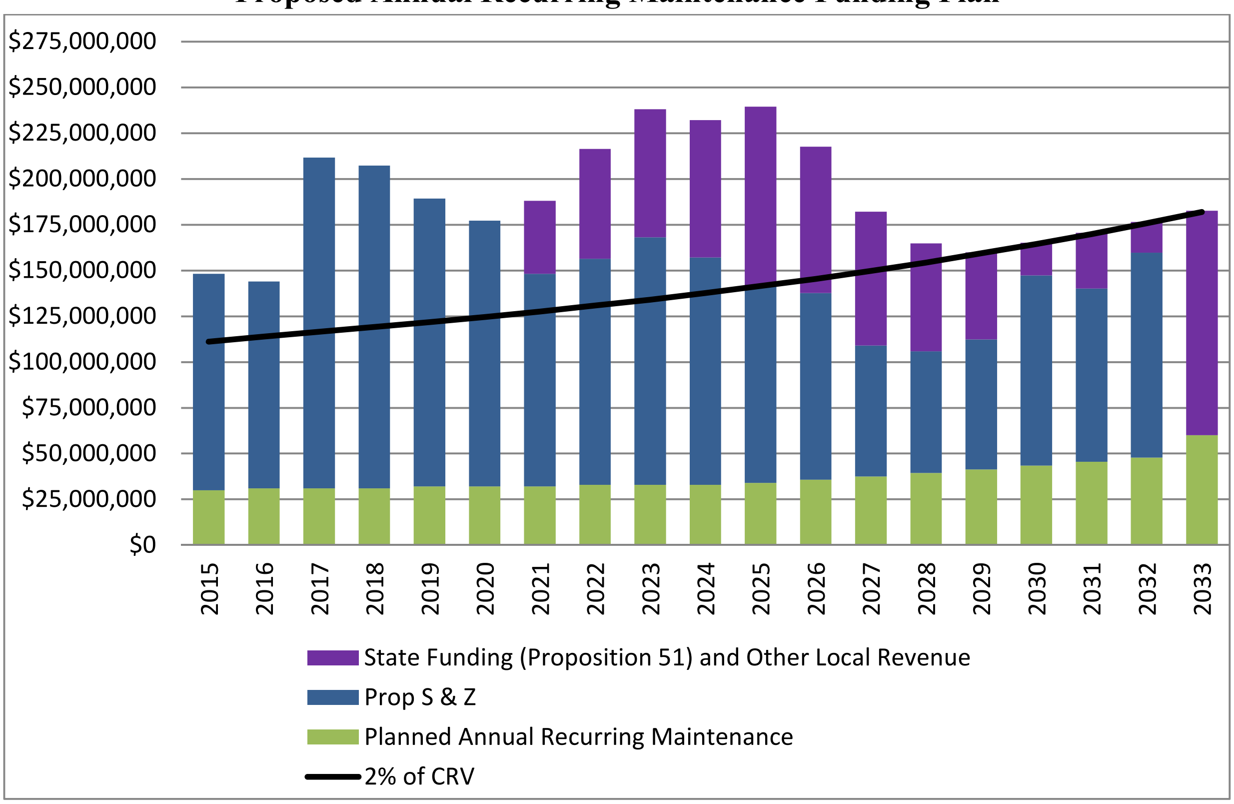
STATUS & ADEQUACY OF RECURRING FUNDING

3.1 – Adequacy Findings

The Association of Physical Plant Administrators (APPA) recommends between 2% to 4% of the district's aggregate CRV be allocated annually for recurring funding for maintenance, RR and MRR. APPA recommends that when a backlog of deferred maintenance has been allowed to accumulate, spending should exceed minimum levels until the backlog has been eliminated. The 2% to 4% range is recommended to accommodate variable factors including climate, age of facilities, and type of construction. Based on these factors, and the mild climate in San Diego, a 2% deterioration rate best approximates the facility deterioration rate at SDUSD.

The district's CRV is $5.7 billion and equates to approximately $114 million at 2%. The figure below depicts the MRR Funding Plan, including annual recurring maintenance funding extended over the life of two (2) current bond programs, planned Proposition S and Z MRR funding, anticipated state funding and other local revenue, and planned MRR funding are projected with APPA's recommended funding levels.

Proposed Annual Recurring Maintenance Funding Plan

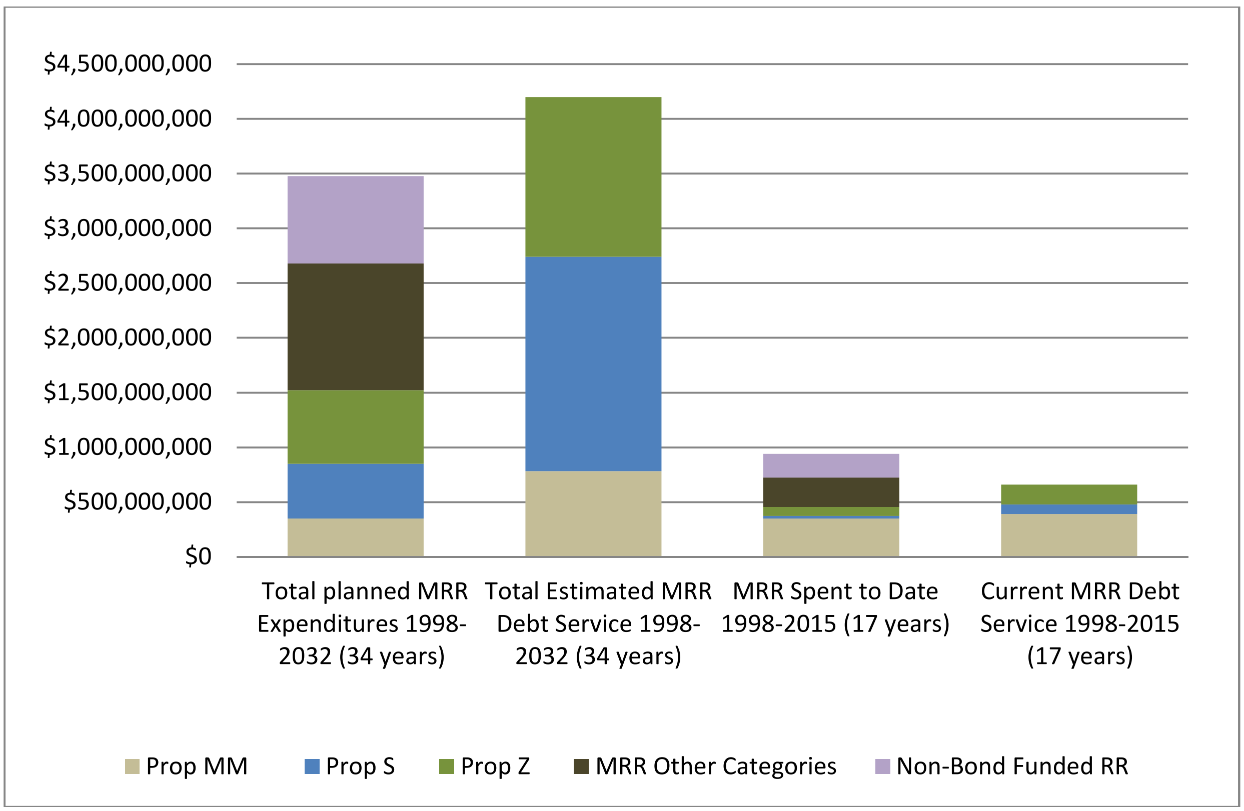


STATUS OF DEBT MECHANISM TO FINANCE MRR

4.1 – Debt Mechanism Findings

MRR expenditures and financing mechanisms were analyzed over the entire duration of Proposition MM, S & Z. The total planned and actual MRR expenditures include school modernization and facility improvements that contribute to reducing the Facility Condition Index (FCI), and Non-Bond Funded Repair and Replacement (RR) work. The total planned MRR expenditures are $3.5 billion. The estimated total debt service is $4.2 billion. $941.6 million has been spent to date on MRR, and the associated current MRR debt service is only $660.6 million.

Status of MRR Debt Service



CONCLUSION

Our current analysis indicates that the district's MRR plan will achieve an FCI of 11% over the next 7 years, achieve an FCI of 7% in 11 years, and stabilize the FCI through 2032. Without the contribution of Proposition S & Z, the State School Facilities Program funding or other revenue, the District's FCI would grow from 22% in 2014, to 39% in 2032.

Attachment A

Plant Growth & Current Replacement Value

Year	End of Fiscal Year	SDUSD Total SF	Sq. Ft. Adjustments	Total Sq. Ft.	Full Repl Cost $/SF	Replacement Value	APPA Recommended 2 to 4 %
11	2016	15,167,593	59,894	15,227,487	375.49	$5,695,313,136	$113,906,263
12	2017	15,227,487		15,227,487	383.94	$5,846,453,431	$116,929,069
13	2018	15,227,487		15,227,487	392.58	$5,977,998,633	$119,559,973
14	2019	15,227,487		15,227,487	401.41	$6,112,503,602	$122,250,072
15	2020	15,227,487		15,227,487	410.44	$6,250,034,933	$125,000,699
16	2021	15,227,487		15,227,487	420.71	$6,406,285,807	$128,125,716
17	2022	15,227,487		15,227,487	431.22	$6,566,442,952	$131,328,859
18	2023	15,227,487		15,227,487	442.00	$6,730,604,026	$134,612,081
19	2024	15,227,487		15,227,487	454.16	$6,915,695,636	$138,313,913
20	2025	15,227,487		15,227,487	466.65	$7,105,877,266	$142,117,545
21	2026	15,227,487		15,227,487	479.48	$7,301,288,891	$146,025,778
22	2027	15,227,487		15,227,487	493.87	$7,520,327,558	$150,406,551
23	2028	15,227,487		15,227,487	508.68	$7,745,937,385	$154,918,748
24	2029	15,227,487		15,227,487	525.21	$7,997,680,350	$159,953,607
25	2030	15,227,487		15,227,487	542.28	$8,257,604,961	$165,152,099
26	2031	15,227,487		15,227,487	559.91	$8,525,977,122	$170,519,542
27	2032	15,227,487		15,227,487	579.50	$8,824,386,322	$176,487,726
28	2033	15,227,487		15,227,487	599.79	$9,133,239,843	$182,664,797
			327,487				

Attachment B

Major Repair Replacement Plan

Year	End of Fiscal Year	Major Repair & Replacement Backlog Total (Hard Construction, Soft & PMO Cost)	Yearly Deterioration	Yearly Inflation on Backlog	Prop S Major Repair & Replacement Expenditure Plan	Prop S Other Categories of Work that Contributes to Reducing the FCI	Prop Z Major Repair & Replacement Expenditure Plan	Prop Z Other Categories of Work that Contributes to Reducing the FCI	State School Facilities funding or Other Revenue	PPO Non-Bond Funded RR	Adjusted Backlog	Estimated FCI (at end of year)	Estimated FCI without Prop S & Z (at end of year)
11	2016	$1,174,608,196	$113,906,263	$23,787,384	(9,704,237)	(14,767,264)	(34,372,676)	(79,176,175)		(31,100,000)	$1,143,181,491	20.1%	25.0%
12	2017	$1,143,181,491	$116,929,069	$26,428,684	(8,200,000)	(15,545,747)	(56,586,323)	(100,249,716)		(31,100,000)	$1,074,857,458	18.4%	26.3%
13	2018	$1,074,857,458	$119,559,973	$25,721,584	(12,500,398)	(15,546,032)	(57,263,458)	(90,870,827)		(31,100,000)	$1,012,858,299	16.9%	27.7%
14	2019	$1,012,858,299	$122,250,072	$24,184,293	(12,500,421)	(15,546,054)	(61,377,563)	(67,853,708)		(32,000,000)	$970,014,918	15.9%	29.0%
15	2020	$970,014,918	$125,000,699	$22,789,312	(12,500,023)	(15,545,686)	(61,104,034)	(56,121,014)		(32,000,000)	$940,534,171	15.0%	30.2%
16	2021	$940,534,171	$128,125,716	$18,023,373	(17,500,077)	(16,164,002)	(56,563,526)	(25,883,568)	(40,000,000)	(32,000,000)	$898,572,088	14.0%	31.2%
17	2022	$898,572,088	$131,328,859	$16,753,324	(17,500,077)	(16,164,124)	(57,264,079)	(32,526,158)	(60,000,000)	(33,000,000)	$830,199,832	12.6%	32.2%
18	2023	$830,199,832	$134,612,081	$22,464,302	(23,000,221)	(24,396,921)	(56,172,023)	(31,524,457)	(70,000,000)	(33,000,000)	$749,182,593	11.1%	33.3%
19	2024	$749,182,593	$138,313,913	$22,830,495	(25,200,719)	(30,505,765)	(40,926,324)	(27,540,158)	(75,000,000)	(33,000,000)	$678,154,036	9.8%	34.2%
20	2025	$678,154,036	$142,117,545	$20,602,521	(31,750,278)	(29,631,633)	(33,633,387)	(12,505,386)	(98,000,000)	(34,000,000)	$601,353,420	8.5%	35.1%
21	2026	$601,353,420	$146,025,778	$18,649,236	(31,750,683)	(29,632,007)	(30,723,415)	(9,836,181)	(80,000,000)	(35,700,000)	$548,386,147	7.5%	35.9%
22	2027	$548,386,147	$150,406,551	$18,040,603	(32,750,179)	(26,631,542)	(8,345,616)	(3,864,181)	(73,000,000)	(37,485,000)	$534,756,784	7.1%	36.6%
23	2028	$534,756,784	$154,918,748	$16,451,584	(36,600,262)	(27,501,905)	(1,216,874)	(1,116,193)	(59,000,000)	(39,359,250)	$541,332,632	7.0%	37.2%
24	2029	$541,332,632	$159,953,607	$17,379,595	(43,600,207)	(27,340,326)	-	-	(49,653,905)	(41,327,213)	$556,744,184	7.0%	37.7%
25	2030	$556,744,184	$165,152,099	$17,593,311	(59,825,346)	(44,174,034)	-	-	(17,661,151)	(43,393,573)	$574,435,490	7.0%	38.2%
26	2031	$574,435,490	$170,519,542	$18,094,186	(50,100,064)	(44,427,778)	-	-	(30,262,268)	(45,563,252)	$592,695,856	7.0%	38.7%
27	2032	$592,695,856	$176,487,726	$20,105,242	(64,047,904)	(47,845,772)	-	-	(15,811,000)	(47,841,414)	$613,742,734	7.0%	39.0%
					(501,840,625)	(530,016,448)	(604,923,872)	(625,906,571)	(668,388,324)	(797,869,702)			