



SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT

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ERIC PRATER, Ed.D.
SUPERINTENDENT

July 13, 2016

Mr. Andy Mangano
Avila Ranch LLC
735 Tank Farm Road, Suite 240
San Luis Obispo, CA 93401

Dear Mr. Mangano,

Thank you for your inquiries on the anticipated impacts that the buildout of Avila Ranch could have on the finances and attendance for San Luis Coastal Unified School District's elementary and secondary schools.

First, please know that I cannot take a position for or against any specific project; however, I am willing to provide my perspective on any elements that are likely to have a material impact on the quality of our schools.

Three key factors will come into play in the foreseeable future:

1. **Enrollment Trends:** Before we went to voters in 2014 for approval of Measure D, a bond initiative to upgrade our facilities, we commissioned an extensive district-wide demographic analysis. Based on that study, we project slow to moderate percentage growth of our student population, most of it coming in our secondary grades 6-12. We took into account the anticipated impacts of full buildout of the Avila Ranch project along with all other housing projects then on the drawing boards.

We believe the combined impacts of an Avila Ranch buildout are fully manageable *within our current primary and secondary school facilities*. The successful passage of Measure D will assist us in making necessary facility improvements. Developer Impact Fees, including Avila Ranch's estimated \$3.8 million, will assist us in managing future facility needs due to growth.

2. **Employee Recruitment Challenges:** Like all businesses on the Central Coast, we face the same difficult challenges of recruiting and retaining quality employees given the area's high housing costs. Further, we expect that a sizable number of our teachers will be retiring in the next two decades, but they will stay in their current homes. The addition of workforce housing included in the Avila Ranch project could assist our ability to recruit and retain new teachers to our region. I should underscore the housing challenge: It's second only to the financial hole we face with the anticipated closure of the Diablo Canyon Power Plant.

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3. **Revenue Trends:** Diablo's closure presents our most severe challenge given the anticipated loss of \$12 million *annually* in property tax revenues, or approximately 15% of our current annual operating budget. If we are to maintain programs and recruit quality teachers to our workforce, we will need to find replacement revenue sources. As we transition to becoming a state-funded school district, we will rely on increased student enrollment which is a dramatic change from our current dependence on local property taxes. Growth that includes young families with children is in our interest as a school district.

In summary, San Luis Coastal will be confronted with a new funding model that is directly linked to student enrollment. Housing projects that encourage young families to move into our district will enhance our budget and the programs we provide to students.

Sincerely,

A handwritten signature in blue ink that reads "Eric Prater". The signature is fluid and cursive, with the first name "Eric" and the last name "Prater" clearly legible.

ERIC PRATER, Ed.D.
Superintendent

EP/mkh

cc: Dave Cox, Barnett Cox Associates