Propositions S and Z ICOC
Construction Subcommittee
June 2, 2016 Exhibit 3.6

SAN DIEGO UNIFIED SCHOOL DISTRICT

Facilities Planning and Construction & Physical Plant Operations

MAJOR REPAIR AND REPLACEMENT PLAN
QUARTERLY UPDATE

June 2, 2016

San Diego Unified
SCHOOL DISTRICT

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This document constitutes the district's June, 2016 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

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

Over the past 8 years DMJM, Harris/AECOM, and Gafcon have been contracted by the district to deploy teams of architects and engineers to provide on-site FCAs. Their work has been documented and quantified based on industry standard ASTM Uniformat II guidelines. The condition and life cycle of major systems and components were assessed, documented and prioritized.

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. During 2007 and 2008, the district developed a Long Range Facilities Master Plan and estimated an FCI based on the information available at that time. Over the past eight years additional information has become available which has impacted the district-wide FCI. These items include, but are not limited too; unforeseen conditions, such as dry rot and termite damage, deteriorating underground utility infrastructure, additional wear and continual decline of enclosed building systems and components. All of which could not have been anticipated while preforming non-destructive testing and inspections while implementing FCAs. The district has completed 89 FCA's.

1.3 FCI Estimate and Projections

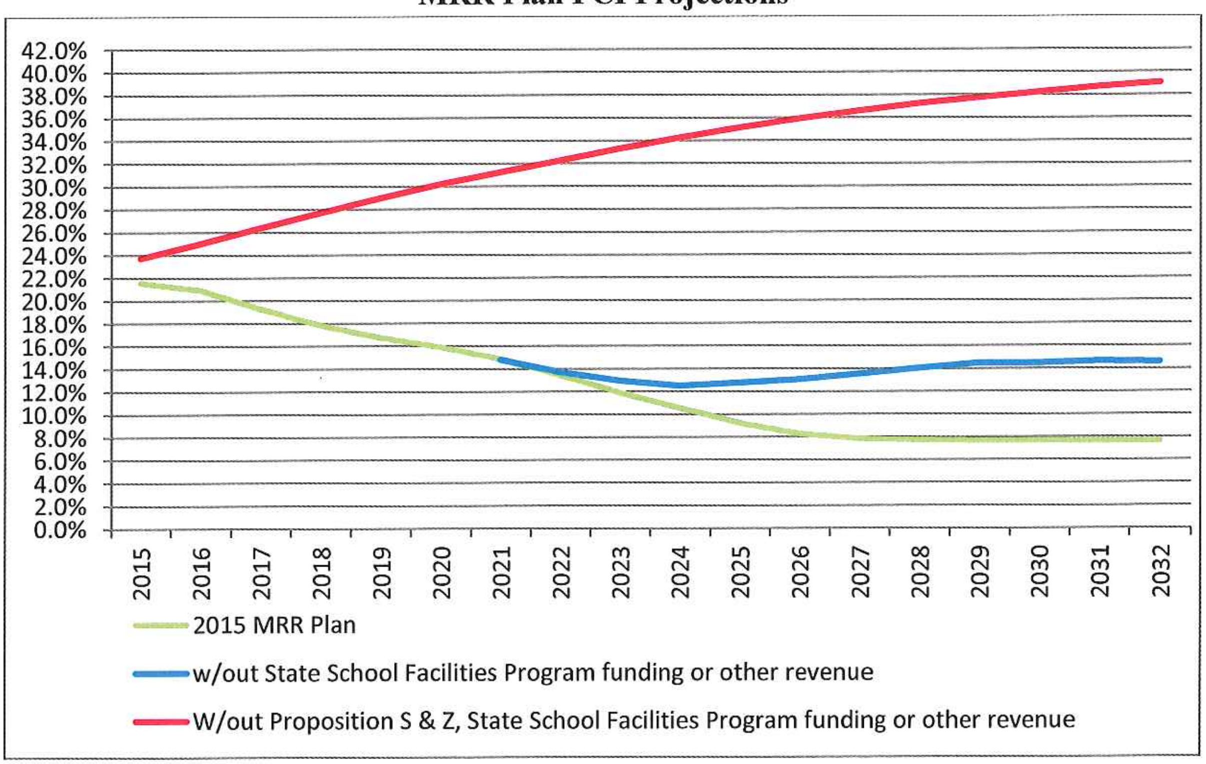
Bond funded school building renovations is only one of many factors that influence changes in the FCI over time. Other factors that affect FCI and future FCI predictions over time include: periodic inspections and assessment of facility conditions, preventive maintenance, capital improvements, facility 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 $1.2 billion. With the district's CRV estimated at $5.5 billion (see Attachment A), the current district-wide total FCI is 21.2%. 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.

The chart below illustrates the current MRR Plan estimated FCI projections from 2015 through 2032. The chart reflects three separate scenario's as follows:

- The 2015 MRR Plan (includes both local and state funding, see Attachment B)
- The MRR Plan without State School Facilities Program funding or other revenue
- The MRR Plan without Proposition S& Z funding, State School Facilities Program funding or other revenue.

MRR Plan FCI Projections



Based on these projections, without Proposition S & Z funding the district FCI would grow from 23.7% in 2015, to 39% in 2032. However utilizing contributions from Proposition S & Z, and state funding, the MRR Plan reflects that the district will achieve an FCI of 11% over the next 8 years, and achieve an FCI of 7% in 12 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, however, recently the state bond funded resource has been exhausted. 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 expenditures as of the end of March total $116,540,287. The plan has been adjusted to account 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. The plan also, incorporates Physical Plant Operations (PPO) non-bond funded repair and replacement, and major repair replacement work. Facility Planning and Construction (FPC) continues to administer the remainder of the Major Repair and Replacement allocation, through Whole Site Modernizations (WSM) and MRR work that is specifically identified under other bond program categories.

STATUS & ADEQUACY OF RECURRING FUNDING

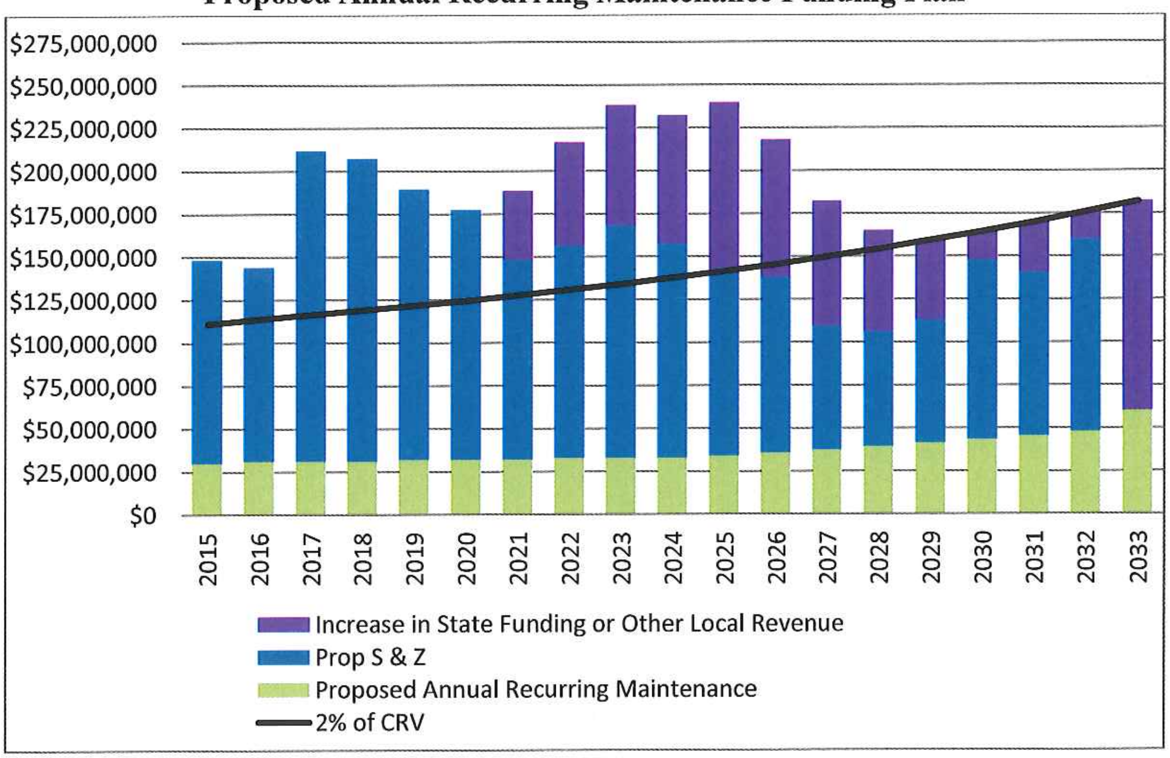
3.1 – Adequacy Findings

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. They further state that when a backlog of deferred maintenance has been allowed to accumulate, spending shall exceed this minimum level until the backlog has been eliminated.
The 2% to 4% range is due to varied factors including climate, age of facilities, and type of construction. Based on these factors, and the mild climate in San Diego, it is recommended that the district apply the 2% deterioration rate.

The district's CRV is $5.5 billion and equates to approximately $110 million at 2%. Proposition S and Z are currently supplementing the need; however, the district is beginning a process to address the inadequacy of the annual recurring funding for Maintenance, RR and MRR so that acceptable funding set-asides will occur.

The proposed annual recurring maintenance funding plan, extended over the life of the two (2) current bond programs, reflect APPA's recommended funding level of 2% of the district's CRV, as well as proposition S & Z funding, the proposed district's commitment to steadily increase the funding allocations and a potential future increase in state funding or other local revenue.

Proposed Annual Recurring Maintenance Funding Plan

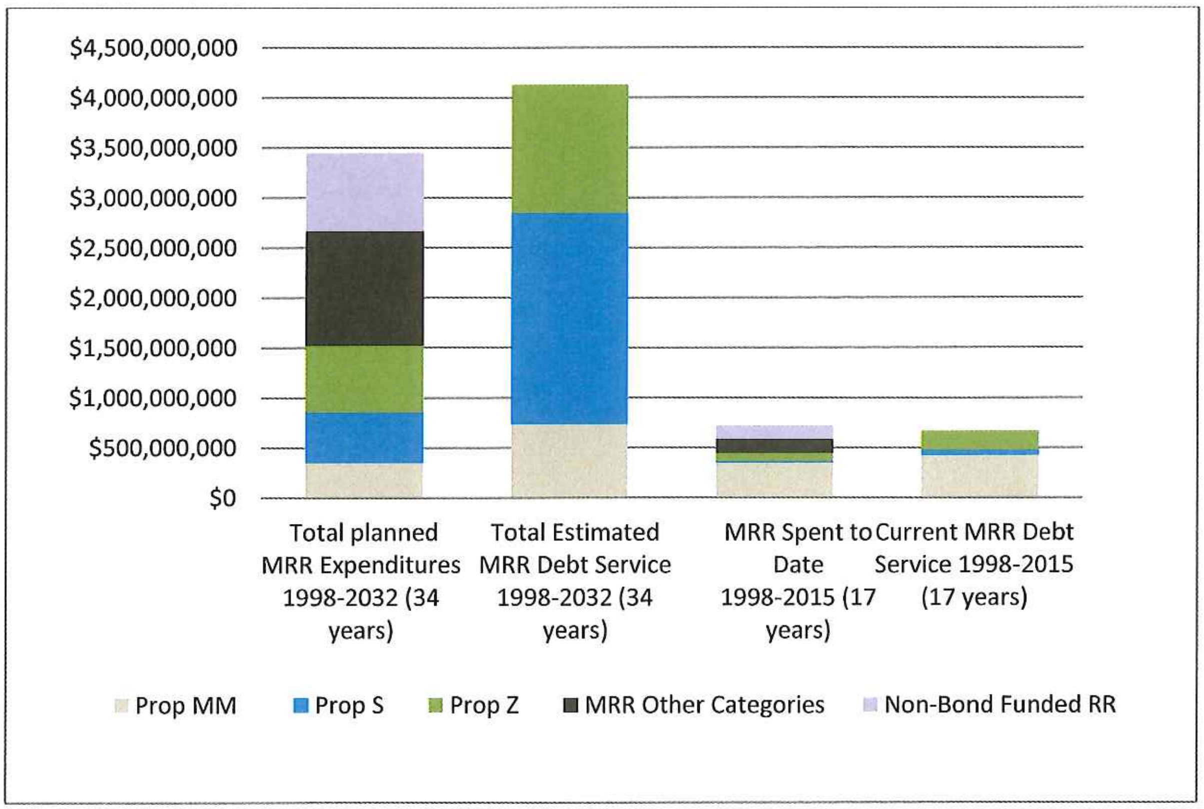


STATUS OF DEBT MECHANISM TO FINANCE MRR

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 billion. \$720 million has been spent to date on MRR, and the associated current MRR debt service is only \$665 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 8 years, achieve an FCI of 7% in 12 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 23.7% in 2015, 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 %
10	2015	15,084,107	83,486	15,167,593	368.13	$5,552,906,659	$111,058,133
11	2016	15,167,593		15,167,593	375.49	$5,695,313,136	$113,906,263
12	2017	15,167,593		15,167,593	383.94	$5,823,457,681	$116,469,154
13	2018	15,167,593		15,167,593	392.58	$5,954,485,479	$119,089,710
14	2019	15,167,593		15,167,593	401.41	$6,088,461,402	$121,769,228
15	2020	15,167,593		15,167,593	410.44	$6,225,451,784	$124,509,036
16	2021	15,167,593		15,167,593	420.71	$6,381,088,078	$127,621,762
17	2022	15,167,593		15,167,593	431.22	$6,540,615,280	$130,812,306
18	2023	15,167,593		15,167,593	442.00	$6,704,130,662	$134,082,613
19	2024	15,167,593		15,167,593	454.16	$6,888,494,255	$137,769,885
20	2025	15,167,593		15,167,593	466.65	$7,077,927,848	$141,558,557
21	2026	15,167,593		15,167,593	479.48	$7,272,570,863	$145,451,417
22	2027	15,167,593		15,167,593	493.87	$7,490,747,989	$149,814,960
23	2028	15,167,593		15,167,593	508.68	$7,715,470,429	$154,309,409
24	2029	15,167,593		15,167,593	525.21	$7,966,223,218	$159,324,464
25	2030	15,167,593		15,167,593	542.28	$8,225,125,472	$164,502,509
26	2031	15,167,593		15,167,593	559.91	$8,492,442,050	$169,848,841
27	2032	15,167,593		15,167,593	579.50	$8,789,677,522	$175,793,550
28	2033	15,167,593		15,167,593	599.79	$9,097,316,235	$181,946,325
			267,593				

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)
10	2015	$1,189,369,204	$111,058,133	$22,443,264	(6,660,020)	(8,679,209)	(36,263,449)	(66,659,727)		(30,000,000)	$1,174,608,196	21.2%	23.7%
11	2016	$1,174,608,196	$113,906,263	$23,787,384	(7,500,042)	(15,545,833)	(35,000,002)	(54,816,172)		(31,100,000)	$1,168,339,794	20.5%	25.0%
12	2017	$1,168,339,794	$116,469,154	$26,428,684	(8,200,000)	(15,545,747)	(56,586,323)	(100,249,716)		(31,100,000)	$1,099,555,846	18.9%	26.3%
13	2018	$1,099,555,846	$119,089,710	$26,287,645	(12,500,398)	(15,546,032)	(57,263,458)	(90,870,827)		(31,100,000)	$1,037,652,486	17.4%	27.7%
14	2019	$1,037,652,486	$121,769,228	$24,740,007	(12,500,421)	(15,546,054)	(61,377,563)	(67,853,708)		(32,000,000)	$994,883,975	16.3%	29.0%
15	2020	$994,883,975	$124,509,036	$23,347,181	(12,500,023)	(15,545,686)	(61,104,034)	(56,121,014)		(32,000,000)	$965,469,433	15.5%	30.2%
16	2021	$965,469,433	$127,621,762	$18,023,373	(17,500,077)	(16,164,002)	(56,563,526)	(25,883,568)	(40,000,000)	(32,000,000)	$923,003,396	14.5%	31.2%
17	2022	$923,003,396	$130,812,306	$16,753,324	(17,500,077)	(16,164,124)	(57,264,079)	(32,526,158)	(60,000,000)	(33,000,000)	$854,114,587	13.1%	32.2%
18	2023	$854,114,587	$134,082,613	$23,075,085	(23,000,221)	(24,396,921)	(56,172,023)	(31,524,457)	(70,000,000)	(33,000,000)	$773,178,663	11.5%	33.3%
19	2024	$773,178,663	$137,769,885	$23,488,151	(25,200,719)	(30,505,765)	(40,926,324)	(27,540,158)	(75,000,000)	(33,000,000)	$702,263,735	10.2%	34.2%
20	2025	$702,263,735	$141,558,557	$21,262,413	(31,750,278)	(29,631,633)	(33,633,387)	(12,505,386)	(98,000,000)	(34,000,000)	$625,564,021	8.8%	35.1%
21	2026	$625,564,021	$145,451,417	$19,312,253	(31,750,683)	(29,632,007)	(30,723,415)	(9,836,181)	(80,000,000)	(35,700,000)	$572,685,405	7.9%	35.9%
22	2027	$572,685,405	$149,814,960	$18,766,921	(32,750,179)	(26,631,542)	(8,345,616)	(3,864,181)	(73,000,000)	(37,485,000)	$559,190,768	7.5%	36.6%
23	2028	$559,190,768	$154,309,409	$17,180,562	(36,600,262)	(27,501,905)	(1,216,874)	(1,116,193)	(59,000,000)	(39,359,250)	$565,886,255	7.3%	37.2%
24	2029	$565,886,255	$159,324,464	$18,173,700	(43,600,207)	(27,340,326)	-	-	(49,653,905)	(41,327,213)	$581,462,769	7.3%	37.7%
25	2030	$581,462,769	$164,502,509	$18,391,303	(59,825,346)	(44,174,034)	-	-	(17,661,151)	(43,393,573)	$599,302,478	7.3%	38.2%
26	2031	$599,302,478	$169,848,841	$18,897,540	(50,100,064)	(44,427,778)	-	-	(30,262,268)	(45,563,252)	$617,695,496	7.3%	38.7%
27	2032	$617,695,496	$175,793,550	$20,975,587	(64,047,904)	(47,845,772)	-	-	(15,811,000)	(47,841,414)	$638,918,543	7.3%	39.0%
					(499,636,430)	(530,795,017)	(605,551,198)	(601,546,568)	(668,388,324)	(797,869,702)			