June 9, 2014
Report of the Citizen's Oversight Committee

Proposition 39 was passed by the voters in 2000 and was significant in that it lowered the approval threshold from a two-thirds majority to 55%. In exchange for the lower threshold, the legislature, through the actions of the voters, instituted greater accountability measures to ensure school facilities bond funds were expended for specified school facilities projects and not for teacher or administrator salaries or other school operating expenses.

SJUSD bond measures have stated the Board’s commitment to create a Citizens Oversight Committee to ensure bond funds are spent for the specific purposes and projects stated in the bond language. This Committee has taken its role and responsibility very seriously. The Committee has worked to maintain the trust of the community by asking questions that ensure the district and the Board fulfills their promise to the community.

The following is an update from the Committee's meetings on January 20th, March 17th, and May 19th:

1. **Proposition 39 Energy Program**

   David Burke presented to the Committee on the District’s effort to participate in the California Energy Commission’s Proposition 39 Energy Efficiency program. The District received an entitlement of $1.5 million in FY 2013-14 and $1.35 million in FY 2014-15. These monies are for energy efficiency upgrades and installations for such things as lighting improvements, outdated water pump replacements, energy management control installations, etc. The District has been working with an energy management consultant to identify eligible projects at desirable school sites.

   In addition, the District is currently working with the Sacramento Municipal Utility District (SMUD) to secure a $400,000 rebate towards a high school LED lighting retrofit project. This rebate program would offer a 6.2 year payback and begin to reduce the District’s energy consumption eventually resulting in reduced energy costs for the District. It is estimated that this project will produce $233,000 in annual savings.

   The District is working hard to identify partners and secure funding to invest in energy efficiency upgrades throughout the District. These projects provide a win for the District in terms of operational cost savings and a win for the environment by reducing the level of energy we consume on a daily basis.

2. **Proposition 39 Audits Update**

   The Board made the decision, with the passage of our latest bond, to have separate auditors – one for the district and one for the Proposition 39 school bond program.
Since my last report, the District selected Gilbert Associates, Inc. as the Proposition 39 auditor. District staff met with them for the first time last week (June 3rd) and the Committee will be meeting with them in the near future to review expectations and process.

3. Citizen’s Bond Oversight Committee Vacancy

Per Education Code Section 15282, the Committee shall consist of a minimum of 7 members appointed by the Board. The Committee has had a vacancy for the last two meetings and is seeking to replace Michele Adams as the Parent-Teacher Association or school site council representative. Last week, we received our first application which meets this requirement and we hope to fill this position soon.

At our next meeting, the Committee will be holding elections for the Chair and Vice-Chair of the Committee. The COC bylaws permit the Chair and Vice-Chair to serve one-year terms at which time elections must be held. Our next meeting is July 21, 2015.

4. Future Reports

The Committee is tasked with a number of responsibilities including “review efforts by the District to maximize bond proceeds by implementing various cost savings measures.” One way the Committee ensures this is by reviewing the “soft costs” and “change orders” expended by the District to construct projects.

“Soft costs” are those costs not associated with direct construction costs, such as labor and materials. The “soft costs” associated with a construction project may include fees for such entities as architects and design professionals, construction managers, engineers, legal, district staff, etc. In addition we will be studying “change order” costs which reflects changes in the scope of a project agreed to by the District, contractor and design professional. These costs typically reflect work that is added to or deleted from the original scope of work of a contract, or may reflect changes to personnel or time schedules.

“Soft costs” and “change orders” can reflect the level of controls maintained within a District’s management team. They can also reflect the complexity of projects and unforeseen events which occur during the course of construction. Through this review, the Committee seeks to examine projects and evaluate those controls and identify any common threads that may contribute to or decrease construction costs. The Committee will be evaluating several projects over the next few months and expects to present its finding to the full COC in the fall.

5. Accelerated Bond Payment Plan

At our recent May 19th meeting, the Committee received a financial report from Jeff Small with Capitol Public Finance Group. The Committee was concerned that the
aggressive pace of the construction program would be hampered by the available cash-flow of the accelerated bond payment plan. Therefore, the Committee requested an update on the current program schedule for Measure N.

The District has issued $20 million of short term measure N notes in 2013 and $80 million of bonds in 2014. An additional $125 million in bond sales can be issued in both 2017 and 2020. The District proposes to “front load” the debt service with over 20% of the principal retired within the first 3 years. Additionally, the term of the bond sale can be shortened from a traditional 25 year time period to a more cost advantageous 17-18 year time period under this model. The “front loaded” debt service coupled with the shortened term provide interest cost savings to the District’s taxpayers.

District staff, specifically Kent Stephens, should be commended for developing this model and ensuring our District’s taxpayers are not paying the bond bill for any longer or for any more than is necessary. This course of action positions the District well when it is time to go out for another school bond to address the $2 billion in facilities needs identified in the District’s Master Plan.

6. Program Updates

More than $84 million in projects are in either construction or design phase for this summer. Many of these projects consist of wireless upgrades, LED lighting retrofits, signature projects at Rio and Bella Vista, landscape and irrigation and restroom renovations, and countless other needed projects.

(Provide Attachment)

7. Our next meeting will be held on July 28th at a location still to be determined.
2015 Measure J & N Projects

Bond Citizens Oversight Committee Quarterly Report
More than $84 million in projects are in the construction or design phase this summer

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<td>• LED Lighting Retrofit</td>
<td>• Low Voltage at eight Schools</td>
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<td>• Signature Projects at Rio &amp; BV</td>
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Classroom Construction

• $9.2 million: Churchill Middle School, 21st Century Classrooms (Measure J, 12/15 completion)

• $2.9 million: Thomas Edison Language Learning Institute, 3 modular classrooms (Measure N, 8/15 completion)
New Sylvan Middle School

Measure N - $21.4m

- $18.8m - Convert Citrus Heights into new Sylvan Middle (Complete by Fall 2016)
  - Library
  - Music Room
  - Maker’s Lab
  - Resource Center
  - Science Labs
  - PE & Outdoor Space
  - Entry improvements

- $2.6m - Consolidate Citrus Heights with Carriage with landscape and irrigation project (Complete by Fall 2015)

Architect renderings show outdoor space (top), resource center (middle left), maker lab (middle right) and a 21st Century library at the new Sylvan Middle School.
Innovation & Efficiency

$243,250: Pasadena Elementary Science Lab & Garden
• Pasadena is an innovative school focusing on science and engineering.
• 8/15 completion

$1.7 million: LED Lighting Retrofit at Nine High Schools
• $400,000 SMUD Rebate
• $233,000 Annual Savings
• 10/15 completion
Multi-school Summer Projects

• $5 million: Restrooms
  • Arden Middle
  • Arlington Heights
  • LeGette
  • Mesa Verde
  • Pasteur

• $2 million: Landscape & Irrigation
  • El Camino
  • Mesa Verde
  • Mission

• $9.7 million: HUD Replace Portables + Class Size Reduction
  • Cowan
  • Del Dayo
  • Greer
Multi-school Summer Projects (cont.)

- $5.9 million: Wireless Technology at 54 Schools
- $3 million: Low Voltage
  - Sunrise Tech
  - Cameron Ranch
  - Fair Oaks
  - Mesa Verde
  - Palisades
- $816,000: Student Safety/Fencing
  - Skycrest
  - Coyle
  - Thomas Kelly
  - Woodside
  - Pasadena
  - Ralph Richardson
  - Starr King
  - Sunrise Tech
  - Thomas Coleman
Bella Vista Signature Project
Design Phase (Complete in Q1 2017)

• $12.5 million Budget
• Modification of Wings J & H
• Creation of 10,000-square-foot “Flex” Space For Teacher Prep and Student Collaboration, etc.

21st Century Science Wing

- Biology
- Chemistry
- Earth Science
- Anatomy/Physiology
- Physics
- Technology
- Outdoor Space
Rio Americano Signature Project
Design Phase (Complete in Q1 2017)

350-Seat Theater and Music Classrooms
- $10.7 million Budget
- Replaces Current Classrooms

- Music
- Civitas
- Events Center