

C.A.S.H. 29TH ANNUAL CONFERENCE ON SCHOOL FACILITIES

NEW PROGRAMS, NEW PROMISE CALIFORNIA SCHOOL FACILITIES 2008

Wednesday, February 27, 2008
2:30 p.m. - 4:00 p.m.
Sacramento Convention Center
Room # 315

Workshop #38

Citizens' Oversight Committee - Process, Selection, Meetings & Reports

Moderator:

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Panelists:

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Citizens' Oversight Committee

Process, Selection, Meetings & Reports

Hemet Unified School District

February 27, 2008

Panel Members

- Richard Beck, Assistant Superintendent
Business Services, Hemet USD
- Susan McLavey, Business Services
Assistant, Hemet USD
- Alex Bowie, Bowie, Arneson, Wiles &
Giannone, District Legal Counsel

The Formation of the Oversight Committee

Provisions and Requirements for the Oversight Committee

- Proposition 39 and AB 1908
- Ed. Code 15278 et. Seq.
Regulations for a 55% bond
includes establishing a
Citizens' Oversight Committee

Provisions and Requirements - cont.

- Ed. Code 15278 – Oversight Committee

“...The purpose of the citizens' oversight committee shall be to inform the public concerning the expenditure of bond revenues.”

- Ed Code 15278 – Oversight Committee

“...The citizens' oversight committee shall actively review and report on the proper expenditure of taxpayers' money for school construction.”

Provisions and Requirements cont.

- Ed Code 15278 – Oversight Committee

“...The citizens' oversight committee shall advise the public as to whether a school district or community college district is in compliance with the requirements of (the law).”

Starting Out

- Resolution establishing Committee
- Policies and Regulations (how many members, number of meetings, etc.)
- Application for Committee Appointment
- Interview questions
- Individuals meeting the membership criteria (as follows)

COC Membership

- Duties and purpose of Committee
- A minimum of 9 members to start and 7 members thereafter
- Terms and vacancies procedures
- Conflict of interest, impartiality
- Activities and meeting procedures

Citizens' Oversight Committee Membership

- Minimum of nine members and seven members there after
- Five must meet Ed Code 15282 criteria
- Active business Organization
- Active Senior Citizen Organization
- Parent of child enrolled in District
- Parent of child enrolled in District AND active in parent-teacher organization
- Member of bona fide taxpayer association

Tax Association Committee Member

- Bona fide taxpayer association
- Advertise in local papers
- Example, Howard Jarvis Taxpayers Association
- Statutory requirement
- Does not have to be District resident

Selection of Committee Members

- Board committee interviews applicants
- Board officially appoints members to committee
- Alternates to committee
 - Resignations
 - Employment
- Staggering terms
 - Experienced committee
- Multiple Bond Committees

Meetings

First meeting

- Appoint Officers
- Orientation and legal issues
- Roles and responsibilities
- Introduction of projects
- Establish meeting dates

Meetings

- Typical Agenda
- Establish quorum, approve agenda and minutes, public comments, informational items
- Input of ideas from members
- Develop trust among members and staff
- Periodically go back to “basics” reminding them of their role and duties
- Use committee as a public relations tool

Other Meetings

- Establish ad hoc committee
- Newsletter to community
- Involve them in newsletter
- Chairman gets article
- Insert in newspaper

Website

- Website as a source of information
- Status report
- Photos of construction
- All agendas and reports

Facilities Reports

- Report from Facilities staff
- Master Plan for each project
- Construction schedules and status
- Photos of project progression
- Cost savings measures

Financial Reports

- **Report from Financial staff**
- Estimate budget for projects
- Detail expenditures with description
- Make sure the numbers “add up”

Required Reports

- Required by law
- Annual Committee Report
- Annual Building Fund Financial and Performance Audit (Agreed upon procedures)

COC Do's

- Appoint good members
- Develop trust early
- Have an “Open Book” policy
- Ask the members what they want to see including the audit process, financial reports
- Make them feel important and get their thoughts since they have no policy authority

COC Do's - continued

- Understand the “art” of oversight
- Take them on tours (as is part of their duties)
- Keep meetings positive and informative
- Take back their suggestions to the Governing Board
- Have a new orientation packet and program for new members
- Write newsletter

Final Comments

- Final Comments – Richard Beck
- Legal Questions – Alex Bowie

OCTOBER 2007

Citizens' Oversight Committee Report on Measure "E" & Measure "T" General Obligation Bonds

To request additional
information, e-mail HUSD at:
MeasureE@hemetUSD.k12.ca.us
Or visit the HUSD web site:
www.hemetUSD.k12.ca.us

Letter from the Chairperson

It is my pleasure as Chairperson of the Citizens' Oversight Committee to update the residents and taxpayers of the Hemet Unified School District on Measure E, the 2002 Hemet Unified School District General Obligation Bond and Measure T, the 2006 General Obligation Bond. The Citizens' Oversight Committee, made up of eleven members, met twice on Measure E and three times on Measure T this calendar year. All agendas, minutes and reports can be reviewed on the District's website at www.hemetUSD.k12.ca.us and at the District office. The District is in compliance with Education Code Section 15278 et. Seq.

As we wind down with Measure E, 25 projects are complete and Tahquitz High School has opened with some items yet to be completed and retention monies withheld. All Measure E monies have been expended except for the Hamilton 2 story relocatable classroom building. The remaining funds will be used to pay off the balance on the 2 story relocatable classroom building.

The first phase of Tahquitz High School is complete and the second and third phases are under construction. As you will note in this report,

the construction costs dropped significantly and the District saved over \$14 million on three projects bid in 2007 which included Rancho Viejo Middle School on Cawston Avenue just south of Tahquitz High School. The project has been under construction since June.

The Governing Board has been revising the Measure T budget as bids determine actual costs and the District gets better indications of State matching funds. The "latest and greatest" Measure T budget and timelines are summarized in this report. The budget estimates will continue to adjust as actual projects costs are determined.

The tax rates have been set for fiscal year 2007-08. Measure E is \$.0331 per \$100/assessed valuation and Measure T is \$.04834 per \$100/assessed valuation.

The Citizens' Oversight Committee will be reviewing the financial and performance audit at our December 13, 2007 meeting. The audit commenced the first week of October. Along with the Annual Citizens, Oversight Committee Report, the audit is a requirement of Education Code. The role and duties of the Committee are specified in Section 15278 et. Seq. on the website and

are summarized in this report. The actual regulations can be found at www.leginfo.ca.gov.

The Governing Board has filled the eleven members of the Citizens' Oversight Committee with three new members.

Included in this report is the Measure E and Measure T Financial and Project Status Report, Measure T Budget and Timelines, a list of new committee members, future meeting times, cost containment measures and Deferred Maintenance Program overview.

Anna Marie Dalbey
Anna Marie Dalbey, Chairperson

Citizens' Oversight Committee Meetings

2350 West Latham Avenue
Hemet, CA 92545

Meetings at 6:30 pm



Measure E Meetings

- December 13, 2007
- March 20, 2008
- December 11, 2008

Measure T Meetings

- December 13, 2007
- March 20, 2008
- June 19, 2008
- September 18, 2008
- December 11, 2008

Mrs. Anna Marie Dalbey, Chairperson ♦ Mr. Thomas Green, Vice Chairperson

Mr. George Buchanan ♦ Mrs. Nancy Divine ♦ Mr. Mathew Coiner ♦ Mr. Guy Excell ♦ Mrs. Marilyn Forst

Mrs. Heidi Roth ♦ Mr. Steve Pulbrook ♦ Mr. William Schembri ♦ Mr. Mark Shabashov

Measure E Budgeted Projects and Expenditures

School Site (detail on HUSD web site)	Measure E Budget	Expenditures to Date	Balance
Hamilton 2 Story Relo (New Construction)	\$ 1,028,679	\$ 82,812	\$ 945,867
All Other Projects (25) Complete	59,805,299	59,805,299	-
Total	\$ 60,833,978	\$ 59,805,299	\$ 945,867

Measure T Budgeted Projects and Expenditures

School Site	Measure T Budget	Interest	Expenditures To Date	Balance
Acacia	\$ 150,000		\$ 133,750	\$ 16,250
Bautista Creek	50,000		1,410	48,590
Cottonwood	2,500,000		2,467,862	32,138
Hamilton	500,000		356,395	143,605
Hemet El	200,000		101,960	98,040
Hemet High	3,500,000	32,898	3,532,534	364
Iduyllwild	80,000	69,770	149,750	20
Little Lake	200,000		123,556	76,444
Ramona	500,000		444,733	55,267
Santa Fe	200,000		35,819	164,181
Valle Vista	20,000		6,740	13,260
West Valley High	600,000		560,945	39,055
Whittier	100,000		81,602	18,398
Winchester	400,000		113,149	286,851
Tahquitz High School*	25,000,000		26,432,889	(1,432,889)
Rancho Viejo Middle	24,000,000		16,416,398	7,583,602
Page Ranch	1,000,000		789,773	210,227
Currie Ranch	1,000,000		848,088	151,912
Issuance Costs	750,450		338,205	412,245
Interest (to be disbursed)		912,054		912,054
Total	\$ 60,750,450	\$ 1,014,722	\$ 52,935,559	\$ 8,829,613

* Budget will be adjusted/increased when the second series of bonds are issued



Tahquitz High School Stadium Construction

Deferred Maintenance Program: State Assists District with Matching Funds

The State provides matching funds under the State School Facilities Program called the Deferred Maintenance Program. The State matches the local contributions totaling up to ½% of the District’s general fund expenditures or approximately \$850,000. This provides a total of \$1.7 million each year along

with state COLA increases to go toward deferred maintenance activities such as re-roofing, painting, flooring, electrical, mechanical, plumbing and asphalt. The District has provided the Citizens’ Oversight Committee the Annual Deferred Maintenance Plan which is required by the State. The plan is available

on the District website at www.hemetusd.k12.ca.us. It is listed on the “Features” link on the right side of the ‘Home Page.’ The Deferred Maintenance is broken down by site, year of project, cost and by activity. The plan is always subject to change subject to Governing Board approval. ■

Governing Board Fills Oversight Committee Adding New Members

Although only seven (7) members are required by law for the Citizens’ Oversight Committee under Proposition 39 general obligation bond programs, the Hemet Unified School District Governing Board has designated eleven (11) members. This past June, several of the committee members’ terms expired and new members were appointed. The new members ap-

pointed to the Committee beginning this past June are:

- Marilyn Forst,
- Nancy Divine and
- George Buchanan

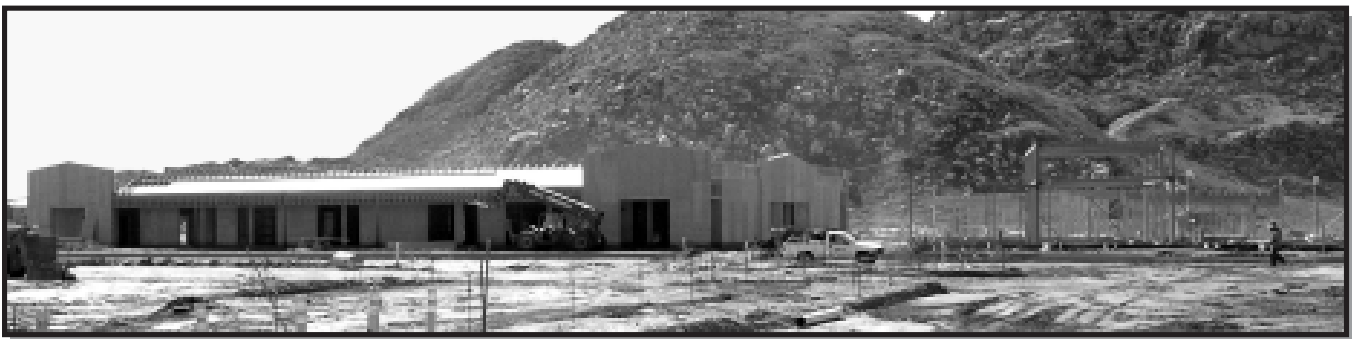
Under Education Code Section 15282, the committee membership must have representation from each of the following criteria: 1) active in a local business organization 2) ac-

tive in a senior citizens’ organization 3) active in a bona fide taxpayer association 4) a parent or guardian of a child enrolled in the District 5) both a parent or guardian of a child enrolled in the District and active in a parent-teacher organization.

Members serve two year terms with a maximum of two consecutive two year terms. ■

Measure T Budget Summary

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	TOTAL
	<i>dollars in millions</i>							
Tahquitz HS	\$ 25.0	\$ 5.0						\$ 30.0
Rancho Viejo MS	24.0							24.0
Cottonwood	2.5	0.5						3.0
Hemet HS	3.5	22.5	5.0					31.0
Page Ranch ES	1.0	1.0			10.0			12.0
Currie Ranch ES	1.0	1.0					10.0	12.0
Site Upgrades	3.0		15.0		13.0		6.0	37.0
Total	\$ 60.0	\$ 30.0	\$ 20.0	-	\$ 23.0	-	\$ 16.0	\$ 149.0



Rancho Viejo Middle School under construction

Measure E and T - Maximizing Funds and Cost Savings

One of the Citizen's Oversight Committee's tasks is to assure the public and the taxpayers that the bond proceeds are being maximized and that the District is pursuing cost-savings measures. District staff has presented the Committee with the following list of items which addresses maximizing bond proceeds through cost-savings measures:

- 1) District has continued to use the Value Engineering technique utilizing our construction management firm douglas e. barnhart and our architects, Trittipon on both our recent projects, Tahquitz High School Phase 2 and Rancho Viejo, which resulted in an estimated savings of \$2.3 million.
- 2) The District has paired Page Ranch Elementary School and Freedom Middle School in order to benefit from site improvement savings and to benefit the students of Page Ranch Elementary with use of the Gymnasium and other amenities to be built on Freedom Middle School.
- 3) The District is entering a second Joint Use Agreement with the County of Riverside for a new joint library at Cottonwood School in Aguanga. The County will contribute over \$300,000 in funds toward the construction of the facility as well as contributing to the operation costs and for books.
- 4) The District continues to maximize State funding through the State School Facilities Program for an estimated \$15 million on Rancho Viejo Middle School and \$1.5 million for the Cottonwood Classroom, Library, Water Well and Tank Projects. Additional funds are projected for future projects including the Hemet High School Addition and Expansion Project. ■

Role of the Citizens' Oversight Committee

Education Code Section 15278 clarifies the Citizens' Oversight Committee's roles and responsibilities. The Committee is not a policy making body but an oversight committee to make sure the District follows the General Obligation Bond program as approved by the voters and the provisions of the Education Code. The roles and responsibilities are as follows:

- 1) Ensure that bond revenues are expended only for the purposes described in the Bond Projects List and subject to Article XIII A of the California Constitution and that no funds are used for any teacher or administrative salaries or other school operating expenses.
- 2) Reviewing copies of the annual, independent performance audit required by subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.
- 3) Reviewing copies of the annual, independent financial audit required by subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.
- 4) Inspecting school facilities and grounds to ensure that bond revenues are expended in compliance with the requirements of Bond resolution and Bond Projects List.
- 5) Reviewing copies of any deferred maintenance proposals or plans developed by a school district or community college district, including any reports required by Section 17584.1.
- 6) Reviewing efforts by the school district to maximize bond revenues by implementing cost-saving measures. ■

District Saves \$14 Million in 2007 Projects

The District benefited by bidding \$40.2 million in construction projects in early 2007.

Bid openings for the second phase of Tahquitz High School were held in April of 2007 and the District received \$16 million in bids, \$6 million less than the \$20 million estimate. Bid openings for Rancho Viejo Middle School were held in March and April of 2007 and the District received \$24.5 million in bids, \$5.8 million less than the \$30 million estimate. The District also bid Phase 3 of the Tahquitz Stadium Project which was \$2.2 million less than estimated.

Hemet Unified School District benefited by approximately \$14 million due to the competitive bidding climate as compared to the severe bid climate in 2005 and 2006. The savings are attributed to lower labor and materials costs as well as lower appreciated cost projections. ■

Annual Report

Citizens' Oversight Committee for Measure T

Fiscal Year 2006/2007

The Citizens' Oversight Committee has reviewed the financial expenditures of Measure T proceeds on a quarterly basis and has reviewed all actions related to the compliance with Education Code 15728. The expenditure reports that the Citizens' Oversight Committee has been provided; provide the site, activity, vendor, and amount of each payment. The most recent expenditure reports reviewed by the Committee relative to the reporting period were September 20, 2007 and January 17, 2008. These reports have been made available for public review.

The District has complied with Article XIII A, and Education Code 15728 at Section 1(b)(3) of the California Constitution as follows:

- 1) The first series of Measure T bonds (Series A) of \$60 million were issued March 1, 2007. Proceeds were spent only on construction, reconstruction, rehabilitation or replacement of school facilities including furnishings and equipping of school facilities on acquisition or lease of real property for school facilities as identified in the projects list.
- 2) No proceeds were spent on teacher salaries, administrative salaries or on operational expenses.
- 3) An independent audit was prepared for the year ending June 30, 2007, complying with the provisions of the Education Code and approved by the Citizens' Oversight Committee. The audit referenced here was reviewed by the Citizens' Oversight Committee on January 17, 2008. The audit was previously approved by the Governing Board of the Hemet Unified School District and is available for public review on the District's webpage www.hemetusd.k12.ca.us at the Citizens' Oversight Committee link. Copies are also available at the District Office.
- 4) The District has made efforts to maximize the Measure T bond revenues by implementing cost-saving measures such as negotiating cost reduction in professional fees for architectural design, use of construction management value engineering services, reuse of plans, incorporation of water and energy conservation measures such as use of reclaimed water and use of drought tolerant plants within the school plans, and competitively bid bond issuance to obtain lowest interest rate ((4.3699 Measure T Series A). The District saved \$14 million for Phases 2 and 3 of Tahquitz High School and Rancho Viejo Middle School.
- 5) The Committee has been provided necessary and adequate technical assistance from District staff in order for the Committee to fulfill its legal obligations and purpose. District staff welcomes Committee questions and comments. You can contact Richard Beck at rbeck@hemetusd.k12.ca.us. Staff has provided regular project status reports and expenditure reports quarterly to the Committee and agenda items as requested by the members.
- 6) The agendas, minutes, and reports have been made available to the public and are posted on the website maintained by the District (www.hemetusd.k12.ca.us).
- 7) The Committee has complied with the Ralph M. Brown Act (Brown Act) a public meetings act, by having formally scheduled meetings with agendas duly noticed, open to the public, with minutes taken and posted on the District's webpage under the Citizens' Oversight Committee. Meetings are held on a quarterly basis on the third Thursday of

every other month. Special meetings may be scheduled and will follow the provisions of the Brown Act.

- 8) The Committee has reviewed the progress reports on the status of all projects.

Approved January 17, 2008 by the Citizens' Oversight Committee

Anna Marie Dalbey

Anna Marie Dalbey, Chairperson

Thomas Green

Thomas Green, Vice Chairperson