



**The Annual Report**  
**of the**  
**Citizens' Oversight Committee**  
**for**  
**FY 2004/2005**

**30-July-2005**

## Introduction

The Citizens Bond Oversight Committee (referred to as “the Committee” for the remainder of this document) is charged with informing the public concerning the expenditure of bond revenues for Measure M. The exact details of the purpose of an oversight Committee and their duties are specified in the California Constitution (AB 1908), and are summarized in the Committee’s bylaws. The pertinent sections of the bylaws are included in Appendix A including “*The purpose of the Committee as set forth in Prop. 39 is to inform the public at least annually by issuing a written report concerning the expenditure of bond proceeds from Measure M approved by the voters March 5, 2002.*” The Committee is required within the annual report to certify, if valid, that CVUSD is in compliance with Article XIII A, Section 1(b)(3) of the California Constitution (see Appendix B).

The following subjects are contained within this report:

**Certification that money is being spent only on items that were identified in the ballot measure and within the state laws relating to this type of bond measure.**

The Committee finds that the district is in compliance with the legal requirements of this issue.

**Review of efforts to maximize bond proceeds**

The implementation of a strategic scheduling of sites for modernization

**Communication between the Board and the Committee**

Communication between the Board and the Committee is still lacking

**Program and Construction Management**

The Committee has observed an overall change in direction of the Measure M program

**Change Orders**

The change order process has been under intense scrutiny

**The District’s Response to the County Audit**

The committee has reviewed the findings detailed in the county’s report

**The Attorney General’s Opinion on Prop 39 funds**

The committee has reviewed the AG’s opinion

**Special Acknowledgements to district staff members**

Committee members would like to express our gratitude to district staff

## Certification that money is being spent only on items that were identified in the ballot measure and within the state laws relating to this type of bond measure

One of the major purposes of the Committee is to look at the expenditure of all funds from the Measure M bonds and certify that they are being spent only for projects listed in the original ballot proposal. The Committee meets every other month and sometimes monthly and is provided with a list of expenditures and the status of all ongoing projects, as well as plans for upcoming projects.

The Committee finds that all expenditures have been in compliance with the legal requirement that Measure M funds only be spent for projects listed on the original ballot proposal and have not been used for salaries or benefits for CVUSD employees.

## Review of efforts to maximize bond proceeds

In compliance with our mandate in Section 4.1 (d) of the Oversight Committee by-laws we would like to address how the CVUSD is maximizing bond proceeds for its construction program. The implementation of a more strategic scheduling of sites to be renovated has resulted in the projection that all sites will be completed. The age of the building to be renovated is a major factor in the cost of accomplishment with respect to measure M funds. Scheduling modernization for a building after it is at least 25 years old defrays the cost in Measure M dollars. When this criterion is met the state contributes \$0.60 for each dollar spent performing this modernization up to the limit determined by OPSC. The less measure M dollars it costs to have a site completely modernized the more Measure M dollars remaining for use at this and at other sites. The continuing rise in construction costs will have an impact but this eventuality was taken into account when the new projections were made.

## Board actions relating to Measure M should be officially communicated to the Committee, rather than having to be discovered by Committee members

Currently, whenever the Board takes action relative to Measure M projects, there is still no established method for communicating this to the committee. While communications between the Board and the committee have increased a problem does still exist. Whenever the Board takes an action which impacts the committee or is relative to Measure M projects and funds the committee should be apprised of such an event. Often times the general public learns of these types of decisions made by the board before the committee does. This causes many in the general populace to wonder how effective we can be as a committee if we do not know what is going on. A recent example is the decision made to increase the numbers of members on the committee. Most, if not all, committee members were completely in the dark about this decision until they read it in the Champion or some other print media. This puts the committee in an awkward position is grossly unfair to us.

## Program Management and Construction Management

Since the addition of PCM3, the program manager, and varied and specialized construction management firms there has been a discernable improvement in the overall direction of the Measure M program. Prior to their involvement there was discussion regarding not having the resources to complete all the programs previously identified in the Facilities Assessment Report (FAR). Present projections are for all programs identified in the FAR to be completed. PCM3 has proposed the implementation of some innovative techniques designed to eliminate redundancy, increase accountability, increase efficiency, which

will serve to cut costs. The roles and responsibility matrix clearly defines who is responsible for what and will eliminate redundancy. Standardized forms and processes will help to lower overhead costs. The construction managers working in conjunction with the program manager and district personnel have done a great job getting the change order process under control and back to within acceptable limits. The committee is pleased thus far with the results witnessed since the construction managers and the program manager joined the team but we shall remain vigilant.

## Change Orders

The change order process was in a state of chaos. Committee members had long stated their concerns regarding the quantity and the dollar amounts of these of these change orders. When the county ruled that the 10% limit was being exceeded our concerns were confirmed. Over the past year an appreciable decline in both the quantity and the dollar amounts associated with these change orders has been observed. Change orders are no longer rubber-stamped. There must be a compelling need for a change order to be approved and each one is closely scrutinized. Some existing change orders have been deemed to be not necessary and the costs for some of the others have been negotiated. Presently it does appear, at least at the present time that control of the change order process has been regained.

## The District's Response to the County Audit

The district had to prepare and present a point by point response to each the findings in the County's audit. Committee members were briefed on the district's response to these findings. No objections were raised by the committee as we would wait too see how this response was perceived by county officials. From the feedback we have received it appears that the district's response was acceptable to the county. It is our hope that the system of checks and balances which is now in place will not permit any individual or individuals to ever place the district in such a precarious position again.

## The Attorney General's Opinion for use of Prop 39 funds

The Attorney General recently opined that proceeds from Prop 39 funds could be used to pay the salary for a district employee for the time spent performing oversight on Bond funded projects. Initially we had some reservations. Upon being informed of the duties of such an employee and the amount of bond proceeds required to compensate this employee we were all in agreement with opinion and the district's position on this opinion. When it was learned that Ms. Sandra Chen was selected to fill the position we were quite pleased. We knew from past events that she is a person of honesty and integrity and that she will be an advocate for the taxpayers.

## Special Acknowledgements to district staff members

Committee members would like to express our gratitude to district staff for all of the support they have provided us. Ms. Laurie Trimbach, Dr. Paul Andersen, and a host of others have done an outstanding job of accommodating the needs of this committee and we would like to say "Thank You."

Respectfully submitted,

The Citizens' Oversight Committee

*The Citizens' Oversight Committee*

## Citizens' Oversight Committee Members

<u>Member Name</u>	<u>Term Ends</u>
Andy Anderson	7/2005
Maurice Ayala	7/2005
Gerald W. Bruce	7/2006
Darrin Dalton	7/2006
Glenn Duncan	7/2006
Steven Elie	7/2006
Roger Larkin	7/2005
Gary Larson	7/2005
Mike Milliner	7/2005
Sylvia Orozco	7/2006
Michael Payne	7/2006
Paul Rodriguez	7/2006
Geoffrey VandenHeuvel	7/2005
Alan Wapner	7/2006

Contact us at [www.cvusoversight.org](http://www.cvusoversight.org)

# Appendix A – Bylaws References

## Section 2.0 PURPOSE

The purpose of the Committee as set forth in Prop. 39 is to inform the public at least annually by issuing a written report concerning the expenditure of bond proceeds from Measure M approved by the voters March 5, 2002 (the "bond proceeds").

## Section 3.0 DUTIES

To carry out its stated purpose, the Committee shall perform the following duties:

3.1 Review Expenditures. The Committee shall review quarterly expenditure reports produced by the District to ensure that (a) bond proceeds are expended only for the purposes set forth in the ballot measure; (b) no bond proceeds are used for any teacher or administrative salaries or other operating expenses.

3.2 Annual Report. The Committee shall present to the Board, in public session, an annual written report which shall include the following:

(a) A statement indicating whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; and

(b) A summary of the Committee's proceedings and activities for the preceding year.

## Section 4.0 AUTHORIZED ACTIVITIES

4.1 In order to perform the duties set forth in Section 3.0, the Committee may engage in the following authorized activities:

(a) Receive and review copies of the District's annual independent performance audit and annual independent financial audit, required by Article XIII A of the California Constitution.

(b) Inspect school site facilities and grounds for which bond proceeds have been or will be expended, in accordance with any access procedure established by the Assistant Superintendent of Facilities/Planning.

(c) Review copies of deferred maintenance proposal or plans developed by the District.

(d) Review the District's efforts to maximize bond proceeds in ways designed to: (1) reduce costs of professional fees or site acquisition; (2) incorporate efficiencies in school site design; (3) encourage joint use of core facilities; or (4) involve cost-effective and efficient reusable facility plans.

4.2 Make requests for copies or inspection of District records in writing to the District's Assistant Superintendent of Facilities/Planning.

# Appendix B

## State Constitution

### ARTICLE 13A (TAX LIMITATION)

SECTION 1. (a) The maximum amount of any ad valorem tax on real property shall not exceed One percent (1%) of the full cash value of such property. The one percent (1%) tax to be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any of the following:

(1) Indebtedness approved by the voters prior to July 1, 1978.

(2) Bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition.

(3) Bonded indebtedness incurred by a school district, community college district, or county office of education for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, approved

by 55 percent of the voters of the district or county, as appropriate, voting on the proposition on or after the effective date of the measure adding this paragraph. This paragraph shall apply only if the proposition approved by the voters and resulting in the bonded indebtedness includes all of the following accountability requirements:

(A) A requirement that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3), and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

(B) A list of the specific school facilities projects to be funded and certification that the school district board, community college board, or county office of education has evaluated safety, class size reduction, and information technology needs in developing that list.

(C) A requirement that the school district board, community college board, or county office of education conduct an annual, independent performance audit to ensure that the funds have been expended only on the specific projects listed.

(D) A requirement that the school district board, community college board, or county office of education conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects.

(c) Notwithstanding any other provisions of law or of this Constitution, school districts, community college districts, and county offices of education may levy a 55 percent vote ad valorem tax pursuant to subdivision (b).

**Appendix C**  
**Current Project Status**  
**As of June 30, 2005**

**Chaparral Elementary School**

This site is either in the closeout phase or has completed closeout

**Liberty Elementary School**

This site is either in the closeout phase or has completed closeout

**Rhodes Elementary School**

This project is either in the closeout phase or has completed closeout

**Wickman Elementary School**

This site is either in the closeout phase or has completed closeout

**Second District Stadium**

This site is either in the closeout phase or has completed closeout

**Walnut Elementary School**

Modernization and renovation has begun at this site

**Woodcrest Junior High School**

The scheduled completion date for this site was revised and work is continuing

**Don Lugo High School**

Phase 1 (the "red" phase) construction is complete and phase 2 (the "blue") phase is well underway

**Cortez Elementary School**

Projects at this site are currently being bid

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Projects at this site are currently being bid

**Dickson Elementary School**

Projects at this site are currently being bid

**Buena Vista High School**

Projects at this site are currently being bid