

**Annual Report to the
SRVUSD Board of
Education**

**Measure D Facilities
Oversight and Advisory
Committee**

March 2016

Facilities Oversight and Advisory Committee

The Facilities Oversight and Advisory Committee (FOAC) was chartered by the San Ramon Valley Unified School District Board of Education (Board) as a result of the November 2012 passage of Measure D by the voters living in the SRVUSD. Measure D is a \$260 million local school facilities bond measure that passed with a "super majority" of over 55 percent of voters.

Proposition 39 was passed by California voters in 2000 and one of its provisions was to reduce the threshold to pass a facilities bond from two-thirds to fifty-five percent. However, the lower threshold for passage mandates that a citizen's bond oversight committee be chartered to ensure that bond funds are properly expended. Proposition 39 also requires yearly independent financial and performance audits.

After passage of Measure D, the SRVUSD Board solicited applicants to be on the FOAC. State law requires a diverse group of a least seven people who represent various segments of the community including:

- A member active in a business organization within the SRVUSD;
- A member active in a senior citizen's organization;
- A member active in a bona fide taxpayers association;
- A parent/guardian of a child currently enrolled in SRVUSD;
- A parent/guardian of a child currently enrolled in SRVUSD and who is an active member of a parent/teacher organization such as PTA or school site council.

The second term of the FOAC began in February 2015. Current state law allows members of the oversight committee to serve a maximum of 3 consecutive terms and each term must be at least 2 years in length. Beginning in 2015, the SRVUSD Board appointed some members for 2-year terms and some members for 3-year terms so as to have a staggered turnover in the membership of the FOAC.

State mandated role for the citizen's oversight committee:

State law requires the bond oversight committee for a district to actively review and report on the proper expenditure of taxpayer's money for school construction and to inform the public concerning the expenditure of bond revenues. The committee is required to issue a report to the public at least once a year.

SRVUSD Board Charge to the Committee:

In addition to the state mandated role of the citizen's oversight committee, the SRVUSD Board has asked the FOAC to serve as an advisory committee to the Board on a broad range of facilities issues. These additional advisory duties of the FOAC include:

- Review current and future SRVUSD facilities plans, including master plans, and provide recommendations to the Board and district management on the priority of implementation;
- Review and make recommendations related to district standards for its facilities that reflect facility modifications in order to accommodate the growth in our district and better align with the needs of 21st Century teachers and learners;
- Work with the facilities and business staff on the development of a comprehensive list of facilities priorities that would require additional revenue sources;
- Review and recommend solutions for the proper protection of the community's investment in facilities and maintenance.

The FOAC has established three standing subcommittees. They are Finance, Design and Communications. The following are the current members of the FOAC including any subcommittee assignments:

Name	Subcommittee	Year Term Ends
Terence Church	Communications Chair	2017
Jay S. Clark	Finance	2018
Shelly J. Clark	Design Chair	2017
Brian Corley	Resigned 10/2015	2017
Margie Hart, Chair	Design	2018
Don Hofer, Vice Chair	Finance	2018
Chad Johnson	Design	2017
Swamy Lokanadham	Design	2017
Jonathan Lui-Kwan	Design and Communications	2018
Steve Mick	Communications	2018
Jerome Pandell	Design	2017
Roberto Piccioni	Communications	2018
Michael F. Smith	Finance Chair	2017
Tom Sutak		2018
Jamie Van Randwyk	Communications	2017
Dwight Winn	Communications and Finance	2018

The Measure D General Obligation Bond

District facilities staff and the FOAC are mid way through a multi-year process of implementing a construction and facilities update program putting to work the Measure D bond. The goal of the program generally is to implement facilities programs that provide the most cost-effective 21st century learning environment for students.

The first of the bond sales was completed in February 2013 with proceeds of just under \$75 million. Bond sales had been projected to occur in four tranches (stages) over 6 to 8 years. However, in March of 2015 the SRVUSD Board voted (on advice of the FOAC) to take advantage of better than expected financial conditions for the program and accelerate the bond issuance plan. As a result, bonds are now expected to be sold in 3 tranches. The second group of bonds issued in 2015 totaled \$125 million and as a result currently just under \$200 million or 76% of the \$260 million Measure D capacity has been issued. Assuming that financial conditions continue to be favorable, remaining bonds are expected to be issued in 2018.

As of the end of the 2014-2015 fiscal year (6/30/15), SRVUSD had expended approximately \$32 million (including cost of issuance) or 12.3% of Measure D capacity. Additionally, as of March 1, 2016 the SRVUSD has expended just over \$55 million or 21.2% of Measure D capacity.

Financial and Performance Audit for fiscal year ending June 30, 2015

As noted above, Proposition 39 requires a yearly independent financial audit and a yearly independent performance audit. The firm of Vavrinek, Trine, Day & Co., LLP was engaged by the Board to conduct these audits. Their audit reports for fiscal year ending June 30, 2015 were presented to and approved by the FOAC at the March 16, 2016 meeting.

The 2016 **financial audit** was conducted in conformance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. There were no findings of concern identified in the 2016 financial audit.

The **performance audit** was conducted in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. The conclusion of the performance audit states "The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures held in the Building Fund (Measure D) and that such expenditures were made for authorized Bond projects."

Financial statements for the bond program can be found at <http://www.buildsrvschools.org>

In addition, the FOAC has reviewed and approved all budget changes presented by the district staff.

Lease-Leaseback School Construction

Lease-leaseback has been a generally acceptable contracting method for school facilities construction employed by many school districts, including SRVUSD, as an alternative to the more traditional design-bid-build method. Some advantages of this construction contracting method include shorter overall project schedules, performance based contractor selection criteria, and better cost containment (fewer change orders) as there is involvement by the contractor in the early planning for the project. Some disadvantages can, but do not always, include potential higher front end project costs as well as a perceived lack of competition. The district has used lease-leaseback construction contracting methods for some of the Measure D projects completed or started prior to June 2015 under the advice of the FOAC and legal counsel.

The California 5th District Court of Appeals decided *Davis v. Fresno Unified School District* in June of 2015. The decision called into question some aspects of lease-leaseback contracts. Following that decision, under consultation of legal counsel and again this committee, the SRVUSD has stopped using lease-leaseback contracts on all new projects.

In the past two years the FOAC has had several discussions during meetings with district staff related to lease-leaseback issues. The FOAC has found the district staff to be transparent in its use of lease-leaseback and the district staff has provided the FOAC with information on the benefits and drawbacks of use. The FOAC supports the decision of the SRVUSD to suspend the use of lease-leaseback contracts pending future legal developments.

Construction Projects

As of the writing of this report, a number of projects have already been completed using Measure D funds. In 2014 bleacher upgrades were completed at San Ramon High School. Electrical upgrades were completed at Alamo Elementary School, Walt Disney Elementary School and California High School. Seismic upgrades were completed at Neil Armstrong Elementary.

In 2015 bleacher upgrades were completed at California High School and Monte Vista High School. Seismic upgrades were completed at Monte Vista High School and Walt Disney Elementary School. School relocatable units were upgraded at Tassajara Hills Elementary School.

Projects currently in the design phase include California High School Commons/Kitchen and Science Modernization projects, repairs to the pedestrian bridge at California High School and San Ramon Valley High School New Classroom

Building. Design is also underway for HVAC improvements for the modernizations at Sycamore Valley Elementary School, Golden View Elementary School and Montevideo Elementary School.

Projects currently under construction include the new Bella Vista Elementary School, Dougherty Valley High School Expansion, Stone Valley Middle School Renovation and Twin Creeks Elementary Modernization.

More information, including construction timelines and completion dates can be found for all of these projects on the Measure D website at www.buildsrvschools.org

District Communications and Technology upgrades under Measure D

A new Cisco Unified Communications system has been installed throughout the District, including emergency communications. Additional expenditures include switches, routers, phones, software and licensing. District-wide conversion of analog to digital is complete. The District has also installed wireless access points in every classroom, upgraded switches to accommodate increased use of online resources, upgraded their network gateway/ firewall and the backup storage system. The district is in the process of installing LCD projectors and sound systems in classrooms which have none, and upgrading the classrooms that are outdated or not functioning. Installation of security cameras continues at select campuses.

Communications

Over the past year, SRVUSD's Communications and Community Relations office has worked with FOAC's Communications Sub-Committee to develop a communications effort to inform the community about how Measure D tax dollars are being spent. This work has included creating a logo and branding, "Framing the Future: Building Better Schools for the San Ramon Valley." A new website was developed, www.buildsrvschools.org, where community members can sign-up to get regular updates about current and future projects. In addition, a two-page snapshot of the work being done was developed. Most recently, Gary Black, Assistant Superintendent of Operations and Elizabeth Graswich, Director of Communications and Community Relations have begun a series of presentations to community groups. These presentations include a Prezi presentation, a handout and time for questions and answers. Finally, the communications campaign has included the District's other channels of communications including social media and the District's Inside Your Schools newsletter.

Possible State Funding for School Construction

A new \$9 billion California School Construction Bond has qualified for the November 2016 general election ballot. If passed, it will authorize the state to sell general obligation bonds in the amount of \$3 billion for new construction of K-12 public

school facilities and \$3 billion for modernization of K-12 public school facilities as well as \$500 million for vocational education.

At this time allocation of funds through the state program is the same as it has been under the SB-50 program since its inception in 1998. In fact, the qualified bond language includes specific language directing the State Allocation Board to allocate funds as prescribed by state law at the time of qualification. However, there has been speculation that the Brown Administration or others may attempt whatever they can to adjust allocation mechanisms to change how much districts like SRVUSD might qualify for under the state program.

If the \$9 billion school bond initiative is approved by voters in November of this year, and the previous state school bond program procedures are continued, the SRVUSD will likely receive significant matching funds. This will likely extend the number of projects that can be completed under the Measure D program.

All potentially qualifying district projects have been submitted to the state for eligibility and approval such that if and when funding is available from the state school construction fund, SRVUSD is awarded the highest amount possible. The SRVUSD should also ensure that eligibility requirements for the district are closely monitored and maintained.

Summary

In the opinion of the SRVUSD Facilities Oversight and Advisory Committee, the District staff continues to adhere not only to the letter and intent, but also to the spirit, of Measure D and exercises diligent stewardship of the Bond funds. The FOAC also appreciates the support and commitment of the community to help provide quality education for our students. It is our pleasure to report that the facilities of the District have been administered wisely and well.

The public is invited to visit the SRVUSD Measure D website at <http://www.buildsrvschools.org> and review the wealth of information on the Measure D Bond projects and the activities of the FOAC. The public is also encouraged to attend and speak at the FOAC meetings. Agendas and meeting minutes of the FOAC are posted on the Measure D website. Annual Measure D Bond Audit reports and the Measure D Master Program budget can also be found on the website.