

ICOC QUARTERLY STATUS UPDATE

July – September 2014

DRAFT



BACKGROUND

PROP. S AND PROP. Z

Proposition S is the \$2.1 billion bond measure passed in 2008. Proposition Z is the \$2.8 billion bond measure passed in 2012. These bond programs provide resources to repair, renovate and revitalize San Diego schools, and provide matching funds to construct classrooms and schools to accommodate enrollment growth.

ICOC

The Independent Citizens' Oversight Committee is the legally required committee appointed by the Board of Education to actively review the proper expenditure of bond funds, and inform the Board and the public concerning bond expenditures. Bond funds must be used for projects specified in the bond and cannot be used for teacher or administrative salaries.

GET INVOLVED

ICOC meetings are open to the public. For times, locations, and past minutes, please visit our website:

WWW.SANDI.NET/ICOC

Summary

The bond programs are in full swing. On average over \$1 million of work is being completed each day. Schedule work through the expected 2017 bond issues project a similar pace.

A study in School Bond Transparency in San Diego County completed by San Diego Taxpayers Educational Foundation awarded SDUSD a perfect score. The study evaluated 21 school and community college districts across 23 categories. SDUSD was one of only two school districts awarded a perfect score.

The MRR Plan presented to the Board in June will be updated quarterly. The first update was received in September; it contained current expenditures against the plan. Status of debt financing for MRR will be updated annually.

We are still recruiting for three ICOC vacancies.

ICOC Activities

- Approved the April – June 2014 Quarter Status Update, pending receipt of financial data for close of the fiscal year.
- Newest member: Tashonda Taylor
- Departing member: Brian Pollard

Status of Projects

Fifty-six construction projects budgeted at \$258 million were underway along with the i21 program and

HVAC Projects		Status	
Audubon ES	93%	Johnson ES	0%
Boone ES	15%	Lewis MS	80%
Carver ES	45%	Marshall ES	70%
Dingeman ES	88%	Marvin ES	10%
Foster ES	0%	Oak Park ES	69%
Freese ES	93%	Paradise Hills ES	17%
Fulton ES	73%	Rosa Parks ES	69%
Hage ES	88%	Valencia Park ES	95%
Hardy ES	70%	Zamorano ES	95%
Hearst ES	85%		
Finished: Gage ES, Language Academy, Mason ES, Miramar Ranch ES, Nye ES, and Scripps Ranch HS			

Financial Status	
Received Previously	1,160,972,250
Received this Quarter	-52,161,254
Received to Date	1,108,810,996
Expended Previously	659,398,954
Expended this Quarter	67,496,775
Expended to Date	726,895,729
Committed to Date	793,277,978
Uncommitted Balance	387,289,632

Active Projects	Status
Audubon ES Slope Repair	100%
Balboa/Miramar Ranch/Vista Grande Exiting Improvements	91%
Bell MS Modernization	37%
Chollas ES Modernization	100%
Clairemont HS Academy of Business Technology	27%
Clark HS Exterior Paint	99%
CPMA Kroc Performing Arts	95%
Dana MS Turf Baseball Field	99%
Emerson Bandini ES Turf Field	100%
Euclid ES Special Ed Remodel	50%
Fulton ES Turf Field	100%
Hamilton ES Modernization/New Classroom	72%
Henry HS Theater/Production/Modernization	27%
i21 Year 4	93%
i21 Year 5	54%
Infrastructure/Connectivity	7%
Kearny HS Athletic Facilities	61%
Kearny HS Exterior Paint	100%
Kearny HS Track & Football Field	85%
Loma Portal ES Turf Field	99%
Millennial MS 3-story Classrooms	77%
Mission Bay HS Athletic Facilities	49%
Mission Bay HS Track & Field	10%
Pershing MS Modernization	41%
Salk ES New School	88%
Salk ES Solar Carports	19%
San Diego HS Tech Classrooms	37%
SCPA Theater Upgrade	100%
Scripps Ranch HS Exterior Paint	100%
Standley MS Elect. Upgrades	100%
University City HS Athletic Facilities/Parking	15%

RECENTLY COMPLETED

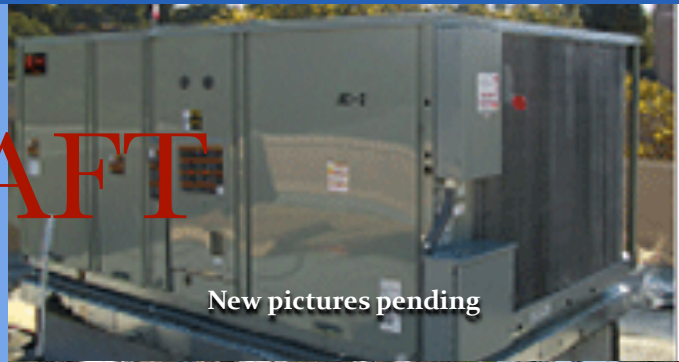
Audubon ES Slope Repair
 Chollas ES Modernization
 Clark HS Exterior Paint
 Dana MS Turf Baseball Field
 Emerson Bandini ES Turf Field
 Fulton ES Turf Field
 Kearny HS Exterior Paint
 Loma Portal ES Turf Field
 SCPA Theater Upgrade
 Scripps Ranch HS Exterior Paint
 Standley MS Elect. Upgrades
 HVAC at Gage ES, Language Academy, Mason ES, Miramar
 Ranch ES, Nye ES, and Scripps Ranch HS

RECENTLY STARTED

Clark HS Exterior Paint
 Loma Portal ES Turf Field
 Mission Bay HS Track & Field
 Salk ES Solar Carports
 HVAC Installations at Boone ES, Foster ES, Fulton ES, Hardy ES,
 Johnson ES, Marvin ES, and Paradise Hills ES

For detailed project status info, please visit:
FPCPROJECTS.SANDI.NET

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New pictures pending



New pictures pending

Quarterly Spotlight

HVAC 2000 Upgrades

Schools in the central and inland areas of the district have long struggled with maintaining a comfortable classroom temperature.

Passage of Prop MM in 1998 brought passive measures like ceiling fans and window tinting in the hottest areas as recommended by climate assessment studies completed in 2001. The studies developed heating, ventilation and air conditioning requirements by getting results from sensors in classrooms. Based on results, 2001 the board approved a classroom temperature of 78 degrees to be used as the basis for determining whether a classroom is selected for air conditioning in the future when funding allowed. The study divided district schools into three climate zones.

Zone 1 Coastal

Zone 2 The central area of the district
 42 schools without air conditioning

Zone 3 The hottest inland areas
 68 schools without air conditioning

Only Zones 2 and 3 were selected for future air conditioning. Passed in 2008 Prop S called for this work in 68 of the hottest schools in Zone 3 as part of whole site modernization projects — this included new schools built under Prop S (which were designed and built as “air condition ready”). Due to depressed property values these projects were delayed. Prop Z passed in 2012 provides for air conditioning of schools in Zone 2. Together Prop S and Prop Z have \$500 million earmarked for school air conditioning.

In February 2013 the board took action to air condition the district’s 2000 hottest schools on an accelerated schedule. The decision called for permanent individual package units for each

classroom where feasible. Where this was not possible, portable units would be provided to temporary provide air conditioning until planned whole site renovation projects provided permanent air conditioning.

Labeled “HVAC 2000” the ICOC has been receiving monthly status updates. The effort is now in full swing with 32 air conditioned schools as the summer began and work on 28 more scheduled for completion before October.

District’s Hottest Classes

Zone	# of classrooms	# of schools
Zone 2	261	11
Zone 3	2,085	57
Totals	2,346	68

Financial Summary

Status

Prop. S authorized issue of \$2.1 billion in general obligation bonds, Prop. Z authorized \$2.8 billion. Some projects listed in the propositions depend in part on state grants — the district currently anticipates receiving a total of \$180 million in state grants. The district has received \$60,715,245 in state funding; most recent receipt of grant funds was June 2013.

A total of \$518,095,751 in Prop. S bonds has been received from four bond issuances; latest bond issue was in April. Expenditures to date total \$551,009,485 against total awarded contracts and commitments of \$572,826,360 (includes State grants). Uncommitted available Prop. S funds and State grants total \$48,719,411.

A total of \$530,000,000 in Prop. Z bonds has been received from one bond issuance in 2013. Expenditures as of September 30 total \$175,886,244 against commitments of \$220,451,618. Uncommitted available Prop. Z funds and State grants total \$338,570,221.

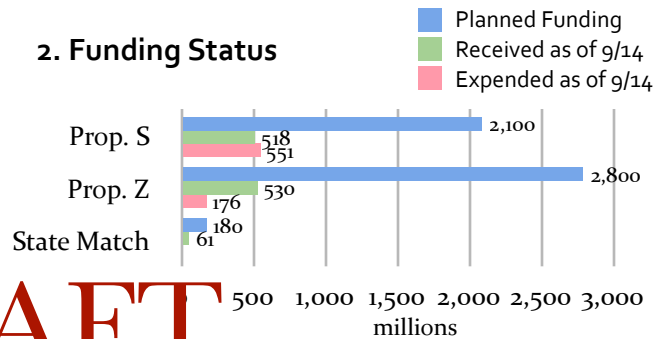
Additional Prop. S bonds were issued in April, a total of \$65,095,726. Consisting of multiple issues, \$15,095,000 were short-term current interest bonds (CIBs) and \$50,000,726 were long-term capital appreciation bonds (CABs). As part of the bond issue transaction there were also long-term CIBs issued to refinance \$199,285,000 in Proposition MM bond debt. The ICOC will receive a full briefing on the bond issue transactions from the District’s bond financial advisor in September.

Estimated Total Cost

There has been no change in the risk-adjusted cost estimate to complete listed work in Prop. S and Prop. Z. The estimates project that there will be enough funding to complete all listed project in both bond programs.

The graph to the right (Graph 4) shows the combined estimates for Prop. S and Prop. Z.

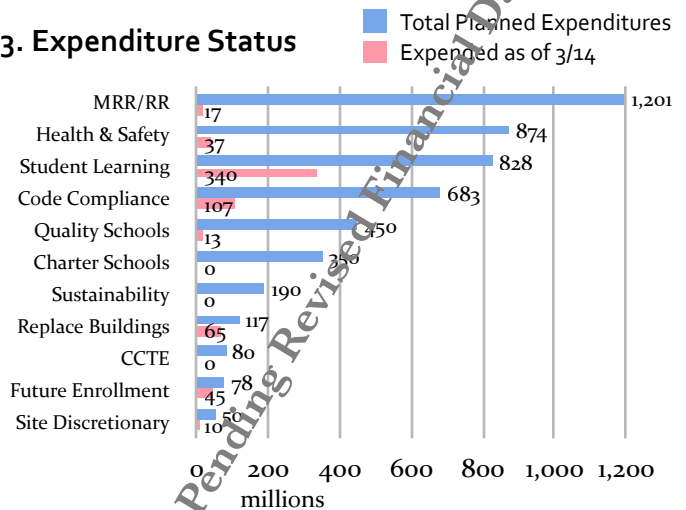
2. Funding Status



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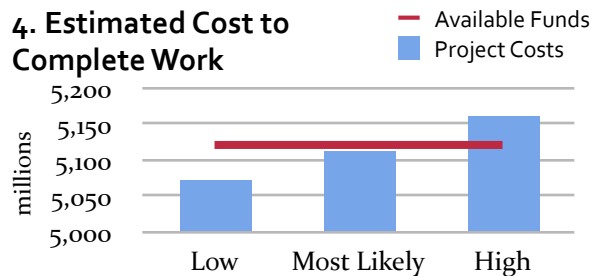
[data depicted above]	Planned	Received	Expended
Prop. S Funds	\$2,100.0 M	\$518.1 M	\$551.0 M
Prop. Z Funds	\$2,800.0 M	\$530.0 M	\$175.9 M
State Matching Funds	\$180.0 M	\$60.7 M	included above

3. Expenditure Status



[data depicted above]	Planned Prop. S	Planned Prop. Z	Total Expended
Major Repair/Replacement (MRR) and Repair/Replacement (RR) Projects	\$501.0 M	\$700.0 M	\$16.7 M
Health, Safety & Security	\$454.0 M	\$420.0 M	\$37.2 M
Student Learning & Instruction	\$473.0 M	\$355.0 M	\$340.3 M
Accessibility & Code Compliance	\$458.0 M	\$225.0 M	\$106.5 M
Quality Neighborhood Schools	—	\$450.0 M	\$13.4 M
Specific Charter School Projects	—	\$350.0 M	—
Energy Efficiency & Sustainability	—	\$190.0 M	\$0.19 M
Replace Inadequate Buildings	\$117.0 M	—	\$65.4 M
College/Career & Technical Education (CCTE)	—	\$80.0 M	—
Accommodate Future Enrollment	\$78.0 M	—	\$45.4 M
Site Discretionary	\$20.0 M	\$30.0 M	\$9.7 M

4. Estimated Cost to Complete Work





Documents Reviewed and Available Online

Document	Reviewed	Jul	Aug	Sep
Review Expenditure of Bond Funds				
Monthly Controls Status Report	ICOC, Fin	●	●	●
A monthly report of Prop. S financial information: planned v. actual, funds v. expenditures				
Staffing Plan	ICOC	●		
Status updates of staffing changes approved by the Board and designed to lower costs				
Business Outreach Narrative	ICOC	●		
Business Outreach and Engagement Plan	Const	●		
Business Outreach Program Events	Const	●	●	●
Project Stabilization Agreement (PSA)	Const	●	●	●
Project Management Report	Const	●	●	●
PPO Project Management Report	Const	●	●	●
5-year implementation plans for large (reg) and in-house (PPO) planned projects				
Construction Management Report	ICOC, Const	●	●	●
Status summary of ongoing construction projects				
i21 Program Summary	Const	●	●	●
i21 Second Quarter Update	ICOC, Const	●		
HVAC Quarterly Report	ICOC, Const	●	●	●
Two-year Schedule: Prop. S and Prop. Z	ICOC		●	
Inspect Schools & Grounds				
No activity this quarter				
Review Efforts to Reduce Costs				
Cost Savings Measure Matrix	ICOC, Const		●	●
Receive & Review Annual Performance Audit				
2013 Prop. S. Performance Audit	ICOC, Fin	●	From Mar. '14	
Receive & Review Annual Financial Audit				
2013 Prop. S Financial Audit	ICOC, Fin	●	From Mar. '14	
Receive & Review Deferred Maintenance Plan				
2014 MRR Plan Quarterly Update	ICOC, Const	●	●	●

- ▶ Fin: Finance/Audit subcommittee
- ▶ Const: Construction subcommittee
- ▶ Gov: Executive/Governance subcommittee

The ICOC conducts regular oversight to actively review the proper expenditure of bond funds. Documents are typically prepared by district staff and reviewed by the ICOC. Audits are performed by independent auditors. The ICOC prepares school & grounds inspection reports, quarterly status updates and annual reports.

INFORM THE PUBLIC ON BOND FUNDS

ANNUAL REPORTS

- ▶ 2009 ICOC Annual Report
- ▶ 2010 ICOC Annual Report
- ▶ 2011 ICOC Annual Report
- ▶ 2012 ICOC Annual Report
- ▶ 2013 ICOC Annual Report

QUARTERLY STATUS UPDATES

- ▶ Start – December 2009
- ▶ January – March 2010
- ▶ April – June 2010
- ▶ July – September 2010
- ▶ October – December 2010
- ▶ January – March 2011
- ▶ April – June 2011
- ▶ July – September 2011
- ▶ October – December 2011
- ▶ January – March 2012
- ▶ April – June 2012
- ▶ July – September 2012
- ▶ October – December 2012
- ▶ January – March 2013
- ▶ April – June 2013
- ▶ July – September 2013
- ▶ October – December 2013
- ▶ January – March 2014

MOST RECENT DISTRICT COMMUNICATIONS

- ▶ Monthly Communications Report
 - ▶ July 2014
 - ▶ August 2014
 - ▶ September 2014

ICOC WEBSITE:

WWW.SANDI.NET/ICOC