

San Diego Unified School District



Independent Citizens’ Oversight Committee (ICOC)

Quarterly Status Update January-March 2010

Prop. S ICOC Quarterly Status Update – January-March 2010

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Proposition S

Independent Citizens' Oversight Committee

Quarterly Status Update

January-March 2010

Summary

This Quarterly Report provides a review of the information prepared for and reviewed by the ICOC during January-March 2010. The committee anticipates providing quarterly reports throughout the life of the program, with an annual report in March of each year. Additional reports to the public and Board of Education (BOE) may be issued as deemed appropriate.

The ICOC and its' subcommittees meet regularly to review Prop. S cash flows, expenditure planning and the status of Prop. S projects and related programs.

During this quarter the ICOC received the Prop. S performance and financial audits for fiscal year 2009, and the Major Repair and Replacement (MRR) for fiscal year 2010. The ICOC forwarded recommendations regarding the MRR Plan at a 16-March BOE meeting. ICOC review of the performance and financial audits were not completed during this quarter.

Also during this quarter the BOE approved changes to the program schedule based on the addition of \$20 million of Centre City Development Corporation (CCDC) funding for Prop. S projects; several projects were accelerated. The School-Library project will use \$7 million of CCDC funding this year, and other Prop. S projects in the redevelopment area will make use of \$13 million when it becomes available in future years.

The Ad Hoc subcommittee formed to review the Staffing Plan reported results at the January ICOC meeting.

Construction work is underway on 14 projects. Installation of i21 technology continues with install of audiovisual cabinets and issue of Netbooks to students and teachers.

Background

Prop. S

Proposition S (Prop. S) is the \$2.1 billion general obligation bond measure passed by over 68% of San Diego voters on November 4, 2008. This bond program will provide resources for the San Diego Unified School District (District) to repair, renovate and revitalize 181 neighborhood schools, and provide matching funds to construct classrooms and schools to accommodate enrollment growth in the Miramar and downtown areas.

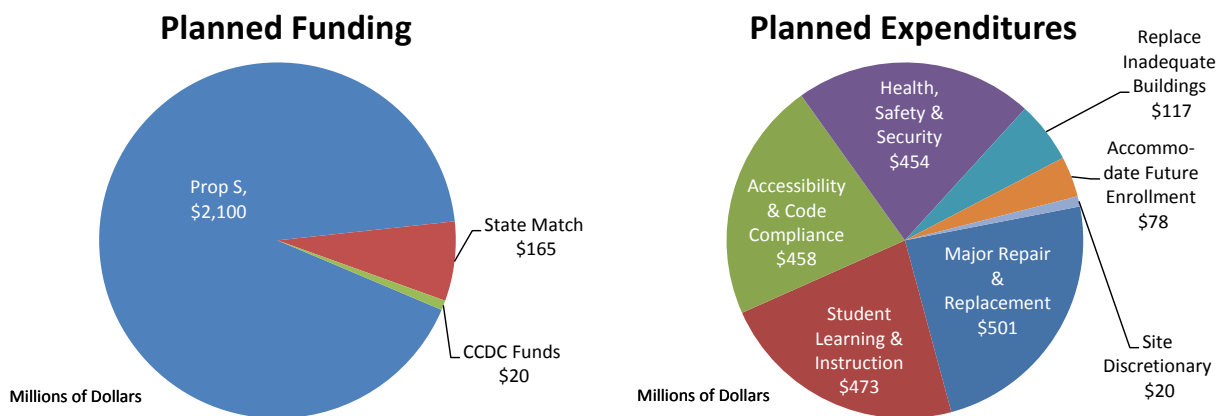
ICOC

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

Financial Status

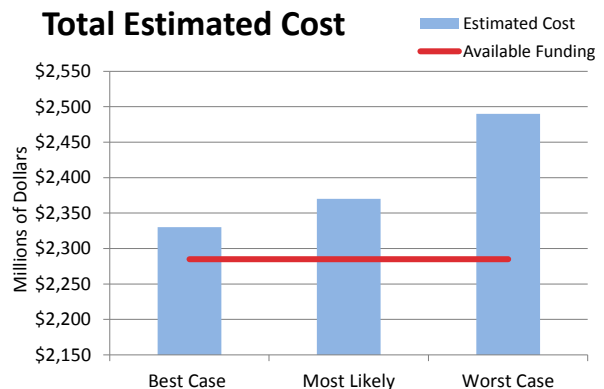
Prop. S authorized the issue of \$2.1 billion in general obligation bonds. Completion of projects listed in the Prop. S ballot language is dependent on the receipt of \$165 million in matching state funds. As explained above, \$20 million of CCDC funds were added to the Prop. S program during this quarter.

For tracking purposes planned expenditures were grouped into 7 categories of work referenced in Prop. S: 1) discretionary projects at each site, 2) new construction to accommodate future enrollment, 3) major repair and replacement (MRR), 5) student learning and instruction, 5) accessibility and code compliance, 6) student health, safety and security, and 7) replace inadequate buildings.

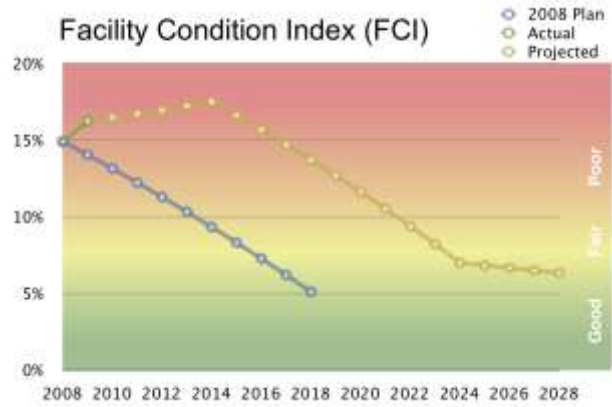


As reported last quarter, Prop. S has been impacted by reduced property values. To ensure that promised tax rates are not exceeded Prop. S has been rescheduled over a 15-year period, to ensure that promised tax rates are not exceeded. The expanded timeline will delay projects and increase costs.

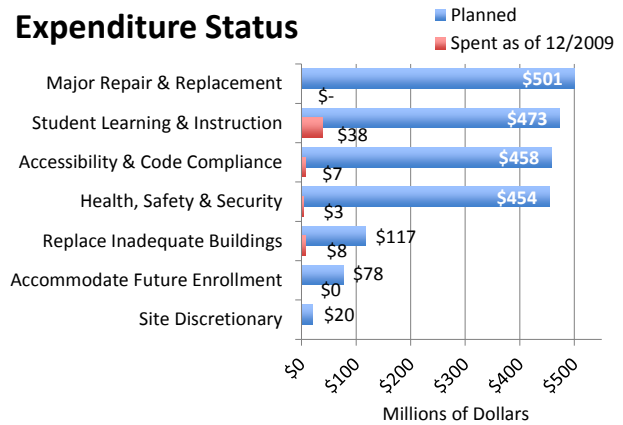
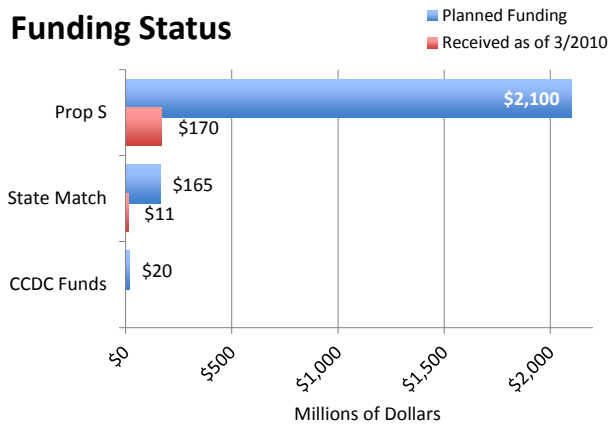
As Prop. S unfolds and economic conditions change, the Prop. S management team maintains a risk adjusted cost estimate to complete all Prop. S listed work. As depicted on the right, current estimates predict there will not be enough funding available to complete all listed work items.



The Facility Condition Index (FCI) is a meaningful measurement of school facility condition. The chart to the right tracks planned impact of Prop. S plans for \$501 million in Major Repair and Replacement (MRR) work targeted at improving the condition of schools. As reported in the previous ICOC Quarterly Status Update decreased assessed property values have delayed projects including the start of planned Prop. S MRR work. As reported to the Board in the ICOC Review of the MRR Plan, recurring funds available for MRR in the near future are projected to be inadequate to prevent a degradation of the condition of existing school facilities prior to the start of planned Prop. S MRR work.



The initial sale of Prop. S bonds on April 21, 2009 provided \$169,997,581 in proceeds. In addition the district received \$11,106,476 in state grant. Expenditures to date total \$87,458,851. When compared to the 5-year plan, the program is on budget but slightly behind schedule.



Status of Projects

During this quarter, 14 active construction projects valued at about \$62 million were underway.

Project	Construction Cost	% Complete
Accessibility & Code Compliance		
FS Muirlands MS ADA Ramp Upgrade	\$ 137,000	99.0% 1)
San Diego HS Track and Field (IDIQ)	1,932,423	100.0%
Replace Inadequate Buildings		
Hoover HS ORG - Classrooms	\$ 5,414,000	79.0%
Point Loma HS ORG - Classrooms	3,775,600	43.0%
San Diego HS ORG - New Classrooms	5,378,900	18.0%
Health, Safety & Security		
EBS ES Prop S Air Conditioning Project	\$ 1,789,324	99.0% 1)
Student Learning & Instruction		
Clairemont HS Autoshop	\$ 2,605,500	0.0% 2)
Garfield HS Culinary Program	\$ 1,995,000	99.0% 1)
I-21 Interactive Suite @ 1400 Classrooms	26,429,462	95.0%
Madison HS Automotive Program	3,314,000	38.0%
Morse HS Autobody Program	3,291,000	20.0%
Morse HS Culinary Program	3,091,000	20.0%
San Diego HS Culinary Arts Program	1,143,400	54.0%
San Diego HS Multi- Media Studio	1,550,000	85.0%
San Diego HS Business Mgt. & OW	442,950	54.0%

- 1) Projects completed this quarter include:
 - Ellen Browning Scripps Elementary HVAC
 - Garfield High Culinary Program
 - FS Muirlands Middle School ADA Ramp,
- 2) Projects started this quarter include:
 - Clairemont High School Autoshop

i21 program continues with install of audiovisual cabinets and issue of Netbooks to students and teachers. Numerous projects are under design.

Several project schedules were accelerated based on 5-year plan revisions to include the use of \$20 million received from Centre City Development Corporation (CCDC)

- \$7 million to augment initial payments for the downtown School-Library joint-venture project, and
- \$13 million for future Prop. S downtown projects within the CCDC area.

ICOC Activity Summary

The ICOC meets monthly, and subcommittees also meet monthly, with the exception of the Executive Subcommittee which meets on an as-needed basis. The ICOC has worked with District staff to develop and refine routine reporting on bond expenditures and program status in order to meet the Proposition 39 requirements for California bond accountability, Prop. S requirements as defined by the ballot measure approved by the voters in November 2008, and San Diego Unified School District policy. Subcommittees review recurring reports in detail and forward appropriate materials to the full ICOC either as information or action items. Routine reports include:

- Monthly Controls Status Report
- Monthly Project Management Report
- Monthly Construction Management Report
- Monthly Small Business Outreach Achievement and Status Report

The Ad Hoc subcommittee formed to review the Staffing Plan reported results at the January ICOC meeting.

The ICOC reviewed calculations used to determine designated zip codes for PSA workforce utilization goals pursuant to the Project Stabilization Agreement (PSA) Section 3.5. The ICOC recommended that zip code 92101 be added to the designated zip code list, and that the list should be reviewed annually based on updated demographic data.

The Business Outreach and Engagement Plan was received at the January 21, 2010 meeting.

The Prop. S performance and financial audits for fiscal year 2009 were received at a special joint meeting of the Prop. S ICOC and district staff on March 2010. The ICOC will issue a written report of their receipt and review of these audits.

- The performance audit for fiscal year 2009 included several audit findings and concluded that, the Prop. S Bond Program complies, in all material respects, with the requirements of the California Constitution and Education Code. Prop S funds were used for projects listed in the ballot language and were not used for administrative or teacher salaries.
- The financial audit included audit findings that mirrored several of the performance audit findings and issued an opinion that the financial statements present fairly, in all material respects, the financial position of the Prop S bond fund as of June 30, 2009.

The ICOC received the Major Repair and Replacement (MRR) plan and issued a written report of the receipt and review. Recommendations included in the report were presented to the BOE at a special workshop public meeting on March 16, 2010.

The ICOC issued its first Quarterly Update and presented it at the above special workshop public meeting on March 16, 2010.

An Ad Hoc subcommittee was formed to assist in preparation of the ICOC Annual Report for 2009.

ICOC Activity Details

The description of ICOC activities in the following pages of this report are organized by areas of oversight as required by state law for bonds issued under the provisions of Proposition 39, Prop. S requirements, and/or District policy. Descriptions below also provide a reference to documents received, reviewed, and/or issued by the ICOC during a public meeting and posted on the ICOC website (<http://www.sandi.net/props/icoc>).

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Actively Review Proper Expenditure of Bond Funds

Review Expenditure of Bond Funds

Review of Recurring Financial Reports During this quarter, the Finance Planning and Controls (FCP) Subcommittee worked with staff to refine the Monthly Controls Status Report to include meaningful measurements of progress and trends in addition to expenditure tracking.

- Monthly Controls Status Report is received/reviewed first by the FCP Subcommittee (that meets on the 4th Thursday of the month) and then by the ICOC (that meets on the 3rd Thursday of the month). Reports include financial planning data, planned versus actual status charts, expenditure summaries, and other progress and trend monitoring data.
 - FPC Subcommittee: [January 2010](#), [February 2010](#), and [March 2010](#)
 - ICOC: [January 2010](#), [February 2010](#), and [March 2010](#)

Review of Bond Related Programs The ICOC reviews and monitors District programs funded by Prop. S proceeds and/or designed to contribute to the successful execution of the Prop. S program. Below provides a listing and description of activities during this quarter.

- **Staffing Plan** The Ad Hoc Subcommittee formed to review the Staffing Plan for management of the Prop. S program presented its report at the January 2010 ICOC meeting.
 - [Fiscal Year 2010 Staffing Plan Review](#)
- **Business Outreach Program** This program is routinely reviewed and monitored by the ICOC.
 - Community & Business Outreach & Engagement Plan: reviewed during 2009 it was received at the January 2010 meeting of the ICOC
 - ICOC receipt [January 2010 \(Exhibit 3.2\)](#)
 - Small Business Achievement status reports were reviewed monthly by the Construction Subcommittee and the ICOC
 - Construction Subcommittee: [January 2010](#), [February 2010](#), and [March 2010](#)
 - ICOC: [January 2010](#), and [February 2010](#)
- **Project Stabilization Agreement (PSA)** The ICOC reviewed calculations used to determine designated zip codes for PSA workforce utilization goals.
 - ICOC: [January 2010 \(item 4.1\)](#)
- **Labor Compliance Program**
 - No specific activity this quarter
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- **Joint-Use Efforts**
 - No specific activity this quarter

Actively Review Proper Expenditure of Bond Funds (continued)

Review Expenditure of Bond Funds (continued)

- Review of Project Planning and Execution
 - The multi-year Project Management Report is monitored monthly by the Construction Subcommittee and reviewed as needed by the ICOC. It documents and tracks scheduled milestones and key elements of planned construction projects.
 - Construction Subcommittee: [January 2010](#), [February 2010](#), and [March 2010](#)
 - ICOC: [March 2010 \(exhibit 5.2\)](#)
 - Construction Subcommittee and ICOC review the Construction Management report monthly, it provides a status summary of ongoing construction projects.
 - Construction Subcommittee: [January 2010](#), [February 2010](#), and [March 2010](#)
 - ICOC: [January 2010](#), [February 2010](#), and [March 2010](#)
 - Special Report
 - Facilities Planning & Construction Update, presented the Prop. S status update given at the BOE public workshop meeting on March 16, 2010 BOE
 - ICOC: [March 2010 \(exhibit 5.2\)](#)

Special Reviews

- No Special Review activity this quarter; various reviews were completed in other categories.

Inspect Schools and Grounds

On-Site Project Reviews

- No specific activity this quarter.

Special Meeting of ICOC

- i21 Demonstration & Workshop at Persing Middle School: [February 24, 2010](#)

Review Efforts to Reduce Costs

Review Efforts to Reduce Costs

- Cost savings Matrix Report – The Construction Subcommittee receives this periodic report that tracks efforts to save costs and to enhance revenues, it is also periodically reviewed by the ICOC.
 - Construction Subcommittee: [February 2010 \(exhibit 9\)](#)

Actively Review Proper Expenditure of Bond Funds (continued)

Receive & Review Annual Performance Audit

Receive & Review Annual Performance Audit The Prop. S performance and financial audits for fiscal year 2009 were received at a [special joint meeting of the Prop. S ICOC and district staff on March 2010](#). The ICOC will issue a written report of their receipt and review of the annual audits.

- Review of contract scope for Prop. S annual audits by Audit Subcommittee
 - Agreement with Nigro Nigro & White: [January 2010 \(Exhibit 2\)](#)
 - Government Audit Standards: [January 2010 \(Exhibit 2\)](#)
 - Prop. S Ballot – Extract Pages 8, 9, 96, 97: [January 2010 \(exhibit 2\)](#)
- Draft Performance Audit
 - Draft performance audit for fiscal year 2009: [February 2010 \(handout 2.2\)](#)
- Final Performance Audit
 - Final performance audit for fiscal year 2009: [March 2010 \(exhibit 2.1\)](#)

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 - Prop. S Ballot – Extract Pages 8, 9, 96, 97: [January 2010 \(exhibit 2\)](#)
- Draft Financial Audit
 - Draft financial audit for fiscal year 2009: [February 2010 \(handout 2.1\)](#), and the [ICOC Library Page – Performance Audit ~ FINAL 2008-09](#)
- Final Financial Audit
 - Final financial audit for fiscal year 2009: [March 2010 \(exhibit 2.2\)](#), and the [ICOC Library Page – Financial Audit ~ FINAL 2008-09](#)

Actively Review Proper Expenditure of Bond Funds (continued)

Receive & Review Deferred Maintenance (DM) Plan

Annual MRR Plan The annual Major Repair and Replacement (MRR) Plan addresses the global issue of maintaining the condition of District school facilities in a safe and functional condition. Per District policy the annual MRR Plan assesses the adequacy of DM and other programs and funding sources used in maintaining the condition of District capital facilities. In addition District policy the MRR Plan is to be received/reviewed by the standing ICOC who is to report review recommendations to the BOE at a public meeting.

- Annual MRR Plan for fiscal year 2009
 - ICOC: [January 2010 \(exhibit 4.4.1\)](#)
 - Preliminary Draft of ICOC Review of the MRR Plan and Recommendations: Approved by the ICOC with requirements for the Ad Hoc subcommittee to provide an up-front summary of recommendations.
 - ICOC: [January 2010 \(exhibit 4.4.2\)](#)
 - ICOC Review of the MRR Plan and Recommendations: The final report was approved by the ICOC on February 18, 2010 and presented to the BOE at a workshop public meeting on March 16, 2010
 - ICOC: [February 2010 \(exhibit 3.4\)](#)
 - BOE: [March 16, 2010 \(item A.04\)](#), [Presentation](#)
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Inform Public Concerning Expenditure of Bond Funds

ICOC Web Site

ICOC Web Site The ICOC internet website contains minutes of all ICOC proceedings and all documents received and reports issued by the ICOC. The ICOC website is open to the public and can be accessed directly, or through other District websites:

- <http://www.sandi.net/props/icoc> (ICOC website, direct access)
 - <http://www.sandi.net> (District website)
 - Click on Proposition S in the Site Shortcuts navigation panel
 - Click on Proposition S - Independent Citizens' Oversight Committee in the Proposition S Program navigation panel
 - <http://www.sandi.net/boe> (Board of Education website)
 - Hover over Committees in the navigation bar
 - Select ICOC - Prop S from the Committees drop-down menu
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ICOC Quarterly Status Update

ICOC Quarterly Status Update The ICOC issues Quarterly Status Updates, they are posted on the [Library](#) page of the ICOC Website.

- [Quarterly Status Update for Period ending December 31-2009](#)
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ICOC Annual Report

ICOC Annual Report The ICOC intends to issue its first Annual Report in April 2010, it is the ICOC's intent that Annual Reports are presented to the Board at a public meeting, are posted on the ICOC website, and are available in print for distribution to community organizations and individuals as required.
