

# ICOC QUARTERLY STATUS UPDATE

July – September 2013

**Draft**



**San Diego Unified**  
SCHOOL DISTRICT

## Independent Citizens' Oversight Committee

### 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/PROPS/ICOC](http://WWW.SANDI.NET/PROPS/ICOC)

## Summary

The bond program successfully opened a number of newly constructed and renovated facilities for the new school year including the new e3 Civic High School (a charter school in the new downtown library) and Mira Mesa High School's multimedia technologies and graphic design facilities. In addition, a groundbreaking marked the beginning construction on the new Salk Elementary School.

The August meeting of the ICOC was held at Creative Performing Media Arts (CPMA). Superintendent Marten joined the meeting and participated in a walking tour of the new performing arts center under construction, as well as other classroom improvements that are part of a whole site renovation project on that campus.

### ICOC Activities

- ▶ Created an ad-hoc committee to review the Business Outreach Program (particularly improvements to diversity of contractors, consultants, and workers).
- ▶ Published April-June 2013 Quarterly Status Update.
- ▶ Addressed need for reviewing Prop. S and Prop. Z project scopes against bond language
- ▶ Tracked project to add air condition district's hottest classrooms, a Board identified priority effort.
- ▶ Reviewed projects including swimming pools & stadium lights.

### Status of Projects

Nineteen construction projects budgeted at over \$126 million were underway along with one phase of the i21 program, infrastructure improvements at 76 schools, and the Data Center at Serra High School.

Financial Status	
Received Previously	1,094,493,974
Received this Quarter	1,973,636
<b>Received to Date</b>	<b>1,096,467,610</b>
Expended Previously	498,321,175
Expended this Quarter	15,629,843
<b>Expended to Date</b>	<b>513,951,018</b>
Committed to Date	560,104,895
Uncommitted Balance	9,079

**Numbers to be updated when 3rd Quarter info is available**

Active Projects	Status
Balboa/Miramar Ranch/Vista Grande Exiting Improvements	42%
Boone/Washington Exiting	39%
Chollas ES Modernization	2%
Chavez/Jefferson Rosa Parks Exiting Improvements	11%
CPMA Kroc Performing Arts	63%
Dana MS Roofing	88%
Downtown Charter HS	100%
Serra HS Data Center 2	100%
Encanto ES Classrooms	100%
Euclid ES Classrooms	78%
i21 Year 4	??
Infrastructure/Connectivity	??
Jefferson ES Entrance	18%
Knox MS Modernization	78%
Language Academy New Building	94%
Marston MS Woodshop Vents	100%
Millennial MS 3-story Classrooms	0%
Pacific Beach MS Exterior Paint	100%
Point Loma HS Concessions	100%
Salk ES New School	1%
Zamorano ES Classrooms	100%

**RECENTLY COMPLETED**

Downtown Charter HS  
 Serra HS Data Center 2  
 Encanto ES Classrooms  
 Marston MS Woodshop Vents  
 Pacific Beach MS Exterior Paint  
 Point Loma HS Concessions

**RECENTLY STARTED**

Chollas ES Modernization  
 Dana MS Roofing  
 Millennial Tech MS 3-story Classrooms  
 Pacific Beach MS Exterior Paint  
 Salk ES New School

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For detailed project status information, please visit:

**FPCPROJECTS.SANDI.NET**



Superintendent Marten joins August meeting of ICOC and a walking tour



Performing Arts Center at CMPA

## Quarterly Spotlight

### 2013 MRR Plan

The 2013 Major Maintenance and Repair (MRR) Plan is scheduled to be presented to the ICOC in October.

One of the ICOC requirements is review of the District's deferred maintenance plan. District policies also require the ICOC to review the annual Major Maintenance and Repair (MRR) Plan. Deferred maintenance refers to any major recurring maintenance, repair or replacement work, while MRR refers to recurring repair or replacement of facilities where the completed work has an expected life exceeding 20 years.

Policy calls for funding the costs of MRR work to consist of two strategies: (1) annually recurring funds whenever such funds are available and (2) use of long term debt funds if the borrowed monies are repaid during the useful life of the completed work. Assembly Bill 182, recently signed by the governor, restricts the use of capital appreciation bonds and limits the term of current interest bonds to 30 years unless the Board finds that the useful life of funded work is equal to or exceeds the maturity date of issued bonds.

Prop. MM used \$300 million in debt to fund MRR. Prop. S calls for \$501 million, and Prop. Z calls for \$700 million. In addition, planned capital improvement work often eliminates the need for MRR work. Nearly \$3 billion is needed over the next 18 years to improve and maintain facility conditions — Prop. S funds, Prop. Z funds, and annual funding for deferred maintenance and MRR is expected to meet these needs.

The annual MRR Plan is expected to address: (1) current condition assessment of facilities, (2) long-term funding needs; (3) adequacy of annual funding for deferred maintenance and MRR; and (4) status of debt mechanisms used to finance MRR work.

### Court Decision Update

The ICOC has requested an update to the California Fourth District Court of Appeal ruling on March 26. The opinion required the District to prepare an Environment Impact Report and enjoined the District from using Prop. S bond funds to pay for the field lighting unless specifically call for by a listed project.

The District is documenting the cost of the stadium lighting at Hoover High School and is under court order not to use the lights. A \$1.8 million project installed new synthetic track and football field. The lights were installed as part of a \$9.5 million Sports Facilities Upgrade that included new/renovated bleachers, a new press box, rebuilding of the girls' softball field, ADA accessible restrooms, new campus fencing, and new access to sports facilities from the front of the school campus. Expanded parking was added by another project. The ICOC reviewed these facilities under construction in October 14, 2011 ([see the field report here](#)).

Prop. S listed these projects as:

- ▶ Renovate/replace stadium bleachers, including press box.
- ▶ Upgrade fields, track and courts for accessibility compliance.
- ▶ Provide accessible restrooms with storage for athletic equipment.

Field lighting was listed in a section that addressed expenditures for work that may be incidental to and necessary for completion of the listed projects.

The ICOC anticipates that Prop. S will be reimbursed for costs related to the field lighting.

# 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 \$46,398,223 in state funding to date.

A total of \$518,095,751 in Prop. S bonds has been received from three bond issuances. Expenditures to date total \$508,935,599 against total awarded contracts and commitments of \$560,104,895 (includes State grants). Uncommitted available Prop. S funds and State grants total \$4,389,079.

A total of \$530,000,000 in Prop. Z bonds has been received from one bond issuance. Expenditures as of August 30 total \$5,015,419.

It's expected that about \$500 million in Prop. Z bonds can be issued every two years. Future issues of Prop. S bonds are dependent on how quickly assessed values increase and pending legislation expected to limit use of capital appreciation bonds — final determination will be made by the Board.

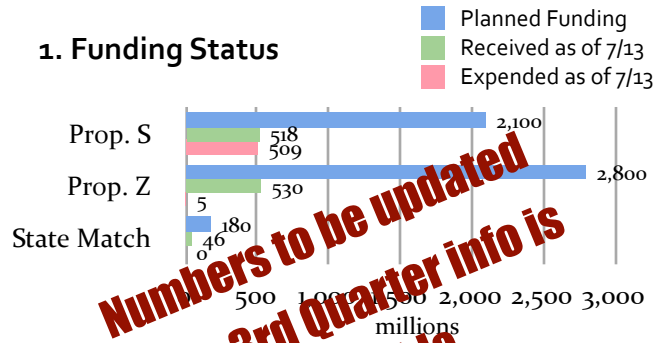
The annual financial audit for the District's fiscal year period of July 1, 2012 through June 30, 2013 has begun. The performance audit typically will follow shortly thereafter with some work being done in conjunction with the financial audit. Both audits are being performed by Christy White Associates and are expected to be completed in December 2013.

## Estimated Total Cost

The risk-adjusted cost estimate to complete listed work in Prop. S was last updated in 2012. The most significant risk factor in the projections are uncertainties about how quickly bond funds will be available — Prop. Z received many uncertainties regarding completion in both the Prop. S and Z bonds.

It's anticipated that the next update will incorporate projected completion in both the Prop. S and Z bonds.

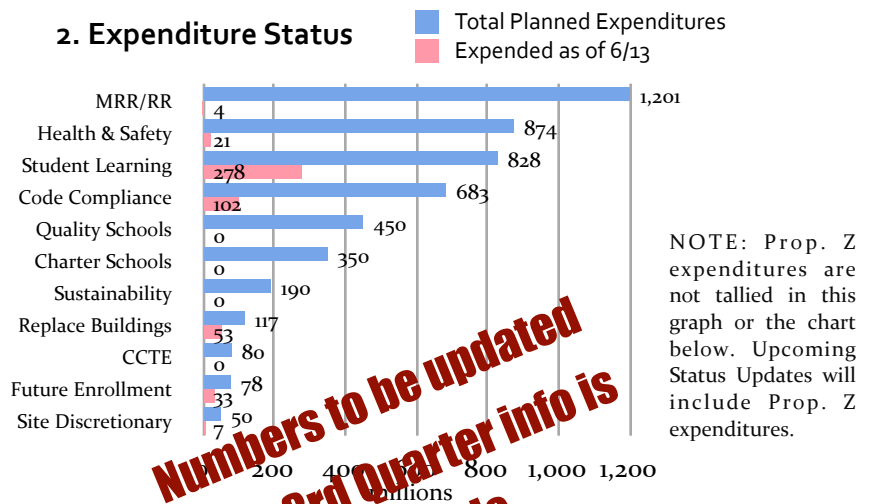
### 1. Funding Status



**Numbers to be updated when 3rd quarter info is available**

[data depicted above]	Planned Prop. S	Planned Prop. Z	Expended
Prop. S Funds	\$2,100 M	\$518 M	\$509 M
Prop. Z Funds	\$2,800 M	\$530 M	\$5 M
State Matching Funds	\$180 M	\$46 M	To be updated

### 2. Expenditure Status

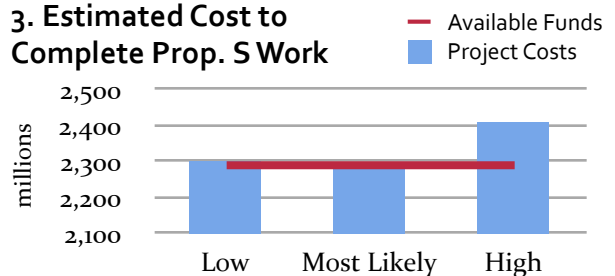


**Numbers to be updated when 3rd quarter info is available**

NOTE: Prop. Z expenditures are not tallied in this graph or the chart below. Upcoming Status Updates will include Prop. Z expenditures.

[data depicted above]	Planned Prop. S	Planned Prop. Z	Total Expended
Major Repair/Replacement (MRR) and Repair/Replacement (RR) Projects	\$501 M	\$700 M	\$3.6 M
Health, Safety & Security	\$454 M	\$420 M	\$21 M
Student Learning & Instruction	\$473 M	\$355 M	\$278 M
Accessibility & Code Compliance	\$458 M	\$225 M	\$102 M
Quality Neighborhood Schools	—	\$450 M	—
Specific Charter School Projects	—	\$350 M	—
Energy Efficiency & Sustainability	—	\$190 M	—
Replace Inadequate Buildings	\$117 M	—	\$53 M
College/Career & Technical Education (CCTE)	—	\$80 M	—
Accommodate Future Enrollment	\$78 M	—	\$33 M
Site Discretionary	\$20 M	\$30 M	\$7 M

### 3. Estimated Cost to Complete Prop. S Work





**Documents Reviewed and Available Online**

Document	Reviewed	Jul	Aug	Sep
<b>Review Expenditure of Bond Funds</b>				
<b>Monthly Controls Status Report</b>	ICOC, Fin	●	●	●
A monthly report of Prop S financial information: planned v. actual, funds v. expenditures				
<b>Staffing Plan</b>	ICOC			
Status updates of staffing changes approved by the Board and designed to lower costs				
<b>Business Outreach Narrative</b>	ICOC	●		
<b>Business Outreach Program Events</b>	Const	●	●	
<b>Project Stabilization Agreement (PSA)</b>	Const		●	
<b>Labor Compliance Program</b>	ICOC			
<b>Joint-Use Efforts</b>	ICOC			
<b>Project Management Report</b>	Const		●	
A 5-year implementation plan with scheduled milestones of planned projects				
<b>Construction Management Report</b>	ICOC, Const	●	●	●
Status summary of ongoing construction projects				
<b>i21 Program Summary</b>	Const	●	●	
<b>i21 Third Quarter Update</b>	ICOC, Const	●		
<b>BOE Look Ahead Report</b>	ICOC, Fin			
A report designed to keep the ICOC informed of items submitted to the Board				
<b>Inspect Schools &amp; Grounds</b>				
<b>Knox MS Walk-through Report</b>	ICOC, Const			
<b>Creative Performing Media Arts (CPMA) Walk-through Report</b>	ICOC, Const		●	
<b>Review Efforts to Reduce Costs</b>				
<b>Cost Savings Measure Matrix</b>	ICOC, Const		●	
<b>Receive &amp; Review Annual Performance Audit</b>				
<b>2012 Prop S. Performance Audit</b>	ICOC, Fin	●	From Mar. '13	
<b>Receive &amp; Review Annual Financial Audit</b>				
<b>2012 Prop. S Financial Audit</b>	ICOC, Fin	●	From Mar. '13	
<b>Receive &amp; Review Deferred Maintenance Plan</b>				
<b>FCI Evaluation Update</b>	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

**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

**DISTRICT COMMUNICATIONS**

- ▶ Monthly Communications Report
  - ▶ August 2013
  - ▶ September 2013

**ICOC WEBSITE:**

**WWW.SANDI.NET/PROPS/ICOC**

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