

# San Diego Unified School District



## Independent Citizens' Oversight Committee (ICOC)

### Quarterly Status Update April-June 2010

#### Prop. S ICOC Quarterly Status Update – April - June 2010

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# **Proposition S**

## **Independent Citizens' Oversight Committee**

### **Quarterly Status Update**

#### **April-June 2010**

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### **Summary**

This Quarterly Report covers the period April through June of 2010. It provides a summary of the information prepared for and reviewed by the ICOC, and actions taken by the ICOC. The ICOC 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 if appropriate.

A total of \$2.285 billion in funding is expected to support Prop. S projects; this includes Prop. S bonds, state grants, and funding from the San Diego Centre City Development Corporation (CCDC). A total of \$181 million has been received to date. Another Prop. S bond issue of \$100 million is expected next quarter.

To date over \$7 million in construction has been completed. Currently there are 12 construction projects valued at \$24 million underway, and design is underway for projects according to a 5-year implementation plan for construction. In addition, i21 projects valued over \$80 million are underway to install digital technology systems in district classrooms; i21 technology is currently in use in over 1,300 classrooms. A total of \$108.8 million has been expended to date.

The ICOC received the Prop. S performance and financial audits for the previous fiscal year jointly with district staff in March 2010. In May the [ICOC Review of 2008-2009 Audits](#) was issued. The financial audit issued an unqualified opinion and the performance audit concluded that all bond funds were spent in accord with the bond measure; however, both audits identified opportunities for improvement in several areas. The ICOC report included recommendations regarding Board of Trustees' appointment of ICOC members, assistance and support of the ICOC oversight role, and the scope of work for future Prop. S Performance Audits.

In May the ICOC issued the [2009 Annual Report](#). Also in May the [ICOC Quarterly Report for the period ending December 2009](#) was issued.

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### **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.

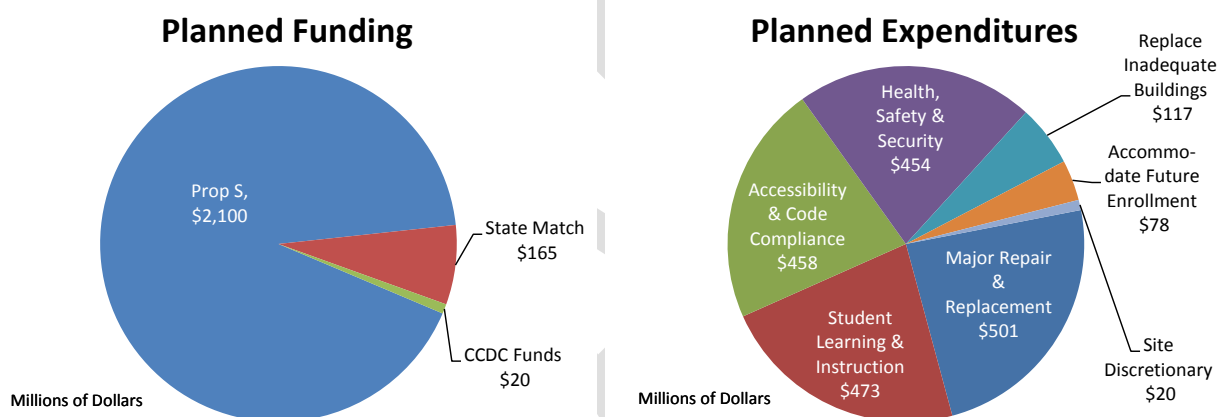
#### **ICOC**

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

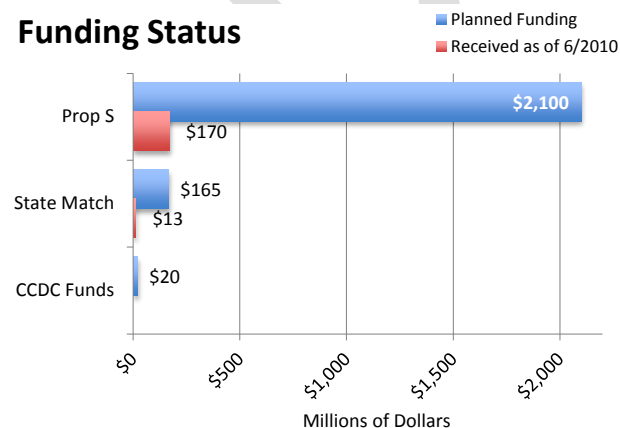
Prop. S authorized the issue of \$2.1 billion in general obligation bonds. Completion of projects listed in the Prop. S ballot language is dependent on the receipt of \$165 million in matching state funds. In addition, \$20 million of CCDC funds were added to the Prop. S program budget last quarter. During the Board and ICOC joint meeting/workshop in June, a potential for additional state funds through the Career Technical Education program was presented to the Board and the ICOC as a possible source of additional funding; however, receipt of these funds is uncertain and these funds are not included in the total planned funding for the Prop. S program shown below.

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.

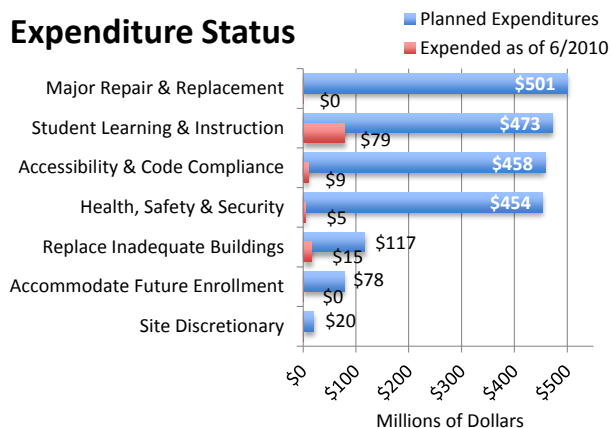


The initial sale of Prop. S bonds on April 21, 2009 provided \$169,997,581 in proceeds, the next bond issue is expected next quarter. Completion of Prop. S projects is dependent on the receipt of state school building grants, to date the district has received \$12,571,346 in state grants for Prop. S projects. Expenditures to date total \$108,785,530. When compared to the 5-year plan, the program is on budget but slightly behind schedule.

### Funding Status



### Expenditure Status

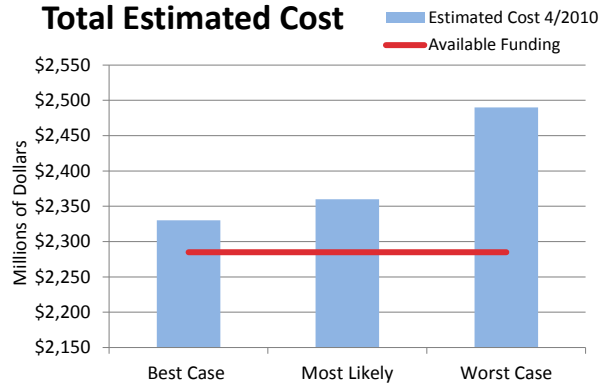


NOTE: Major Repair & Replacements has expended \$8k as of 6/2010

As previously reported, the Prop. S management team maintains a risk adjusted cost estimate to complete all Prop. S listed work. There has been no significant changes in these projections since the last quarterly report. The updated estimates are depicted on the right, current estimates predict there will not be enough funding available to complete all listed work items.

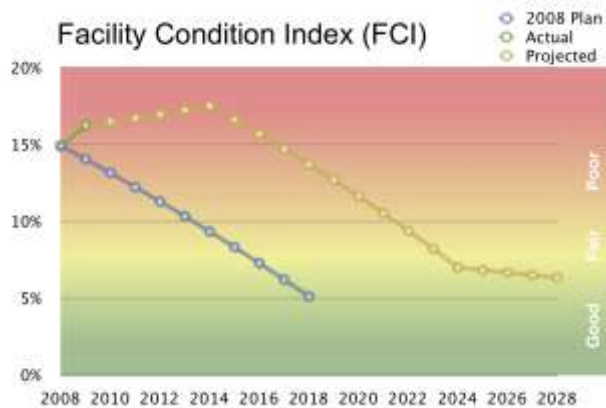
The primary factor in driving these risk adjusted cost estimates above the available funding line is that the Prop. S program has been changed from a 10-year program to a 15-year program. This was necessary to ensure that promised tax rates are not exceeded.

**Total Estimated Cost**



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. In this chart “Good” is at the bottom of the chart and “Poor” conditions are at the top of the chart.

**Facility Condition Index (FCI)**



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.

## Status of Projects

During this quarter, 12 active construction projects valued at over \$34 million were underway. In addition two phases of the i21 program valued over \$80 million and are underway.

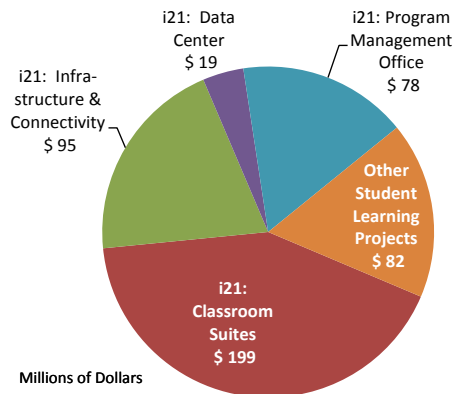
Project	Construction Cost	% Complete
<b>Accessibility &amp; Code Compliance</b>		
San Diego HS Track and Field (IDIQ)	1,932,423	100.0% 1)
<b>Replace Inadequate Buildings</b>		
Hoover HS ORG - Classrooms	5,414,000	92.0%
Point Loma HS ORG - Classrooms	3,775,600	60.0%
San Diego HS ORG - New Classrooms	5,378,900	22.0%
<b>Health, Safety &amp; Security</b>		
<b>Student Learning &amp; Instruction</b>		
Clairemont HS Autoshop	2,605,500	6.0%
Yr-1: i21 Interactive Suite @ 1,309 CR's	46,213,245	79.0% *
Yr-2: i21 Interactive Suite @ 1,235 CR's	40,298,963	5.9% * 2)
Infrastructure/Connectivity @ 76 sites	78,188,691	2.0% * 2)
Madison HS Automotive Program	3,314,000	52.0%
Madison HS Multi-Media Center	2,625,820	2.0% 2)
Morse HS Autobody Program	3,291,000	33.0%
Morse HS Culinary Program	3,091,000	33.0%
San Diego HS Culinary Arts Program	1,143,400	75.0%
San Diego HS Multi- Media Studio	1,550,000	90.0%
San Diego HS Business Mgt. & OW	442,950	85.0%

NOTE: \* The listed dollar amount for i21 and related projects reflect the full budget amount, rather than the construction cost shown in other projects.

- 1) Projects completed this quarter include:
  - San Diego HS Track and Field
- 2) Projects started this quarter include:
  - Madison HS Multi-Media Center
  - Yr-2: i21 Suite in 1,235 CR's
  - Infrastructure/Connectivity work for 76 school sites, partly funded by e-rate

The i21 program consists of several elements: the i21 classroom suites, infrastructure and connectivity work at 76 schools, a new data center. The i21 classroom suite will install a suite of digital technology systems in all classrooms including: interactive whiteboards, wireless networking, audio-visual cabinet and voice amplification, teach computer tablet, student networks and storage cart, and related equipment. The i21 program is scheduled to complete over a 5-year period.

Prop. S program includes \$473 million for Student Learning and Instruction. The below chart depicts the i21 elements within this total amount.



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## ICOC Activity Summary

The ICOC meets monthly and subcommittees meet monthly as needed. 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 (tracks Prop. S expenditures and key financial trends)
- Monthly Project Management Report (tracks a 5-year implementation plan of construction starts)
- Monthly Construction Management Report (tracks on-going construction projects)
- Monthly Small Business Outreach Achievement and Status Report (tracks participation of small and minority businesses in Prop. S projects)
- Cost Saving Measures Matrix (a periodic report that tracks efforts to maximize bond revenues by implementing cost saving measures and securing augmenting funds)
- Monthly Communications Report (tracks district public communications regarding Prop. S)

During this quarter the ICOC modified its bylaws by adding a Secretary/Vice-Chair position and combining the Governance and Executive subcommittees into the Executive/Governance subcommittee. The ICOC now has four subcommittees: Executive/Governance subcommittee, Construction subcommittee, Audit subcommittee, and the Finance, Planning and Control subcommittee. In addition, the ICOC adopted policy/procedures regarding formation of, and reporting by, Ad Hoc committees and providing materials for ICOC public meetings.

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 during the previous quarter in March 2010. In May the [ICOC Review of 2008-2009 Audits](#) was issued. The report included recommendations regarding Board of Trustees' appointment of ICOC members, assistance and support of the ICOC oversight role, and the scope of work for future Prop. S Performance Audits.

In June the ICOC FPC subcommittee formed an Ad Hoc subcommittee to review the 2011 Major Repair and Replacement (MRR) plan.

In May the ICOC issued the [2009 Annual Report](#). Also in May the [ICOC Quarterly Report for the period ending December 2009](#) was issued.

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## 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** The Monthly Controls Status Report serves as the primary recurring financial report.

- Monthly Controls Status Report is received/reviewed first by the FCP Subcommittee (that meets on the 4<sup>th</sup> Thursday of the month) and then by the ICOC (that meets on the 3<sup>rd</sup> 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: April 2010 and May 2010
  - ICOC: April 2010, May 2010, and June 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 ICOC received status updates of staffing changes approved by the Board and designed to lower management costs.
  - FPC Subcommittee: April 2010
  - Construction Subcommittee: June 2010
- **Business Outreach Program** This program is routinely reviewed and monitored by the ICOC.
  - Community & Business Outreach & Engagement Plan: No specific activity this quarter
  - Small Business Achievement status reports were reviewed monthly by the Construction Subcommittee and the ICOC
    - Construction Subcommittee: April 2010, May 2010, and June 2010
    - ICOC: April 2010
  - Business Outreach Activity Report provides are reviewed periodically
    - Construction Subcommittee: April 2010
- **Project Stabilization Agreement (PSA)**
  - ICOC: No specific activity this quarter
- **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 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 is a 5-year implementation plan that documents and tracks scheduled milestones of planned construction projects.
  - Construction Subcommittee: April 2010, May 2010, and June 2010
  - ICOC: May 2010 and June 2010
- Construction Subcommittee and ICOC review the Construction Management report monthly, it provides a status summary of ongoing construction projects.
  - Construction Subcommittee: April 2010, May 2010, and June 2010
  - ICOC: May 2010 and June 2010
- I21 Program Summary is reviewed by the Construction Subcommittee and ICOC on a monthly basis.
  - Construction Subcommittee: April 2010, May 2010, and June 2010
  - ICOC: April 2010, May 2010, and June 2010
- Special Report
  - Facilities Planning & Construction presented the Prop. S proposed schedule update prior to submission the BOE meeting on July 6, 2010
    - ICOC: June 2010

### Special Reviews

- The FPC Subcommittee reviewed a summary of the lease for the downtown School/Library in April 2010
- In April 2010 the FPC Subcommittee reviewed proposed new Prop. S projects that would be eligible for grants from the state Career Technical Education (CTE) program.

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## Inspect Schools and Grounds

### On-Site Project Reviews

- No specific activity this quarter.

### Special Meeting of ICOC

- A joint meeting with the BOE was held on June 29, 2010
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## Actively Review Proper Expenditure of Bond Funds (continued)

### 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: April 2010, May 2010, and June 2010
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### 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 issued a formal report in May documenting its receipt of the Performance Audit and forwarding recommendations to the BOE.

- Final Performance Audit
    - Final performance audit for fiscal year 2009: [March 2010 \(exhibit 2.1\)](#), and the [ICOC Library Page – Performance Audit ~ FINAL 2008-2009](#)
  - [ICOC Review of 2008-2009 Audits](#)
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### Receive & Review Annual Financial Audit

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- 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](#)
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## Actively Review Proper Expenditure of Bond Funds (continued)

### Receive & Review Deferred Maintenance (DM) Plan

**Annual MRR Plan** The ICOC has a responsibility to review Deferred Maintenance (DM) plans of the District. 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 2010: The FPC formed an Ad Hoc Committee to review the MRR plan and draft a report of that review for consideration by the ICOC.

## 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](#)
  - Quarterly Status Update for January-March 2010
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### ICOC Annual Report

**ICOC Annual Report** The ICOC issued its first Annual Report in May 2010, it was presented to the BOE at a public meeting on [June 29, 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.

- [Prop. S – ICOC Annual Report ~ FINAL 2009](#)
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### District Communications

**Monthly Communications Report** District public communications regarding Prop. S

- ICOC: April 2010, May 2010, and June 2010
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