

Santa Clara Unified School District

Modernizing and Streamlining our Citizens' Bond Oversight Efforts



Presented by Lori Raineri
April 30, 2018

Tonight's Agenda

- ◆ District's General Obligation Bond Measures
- ◆ District's Historical Citizens' Bond Oversight Approach
- ◆ Review of the *Strict Accountability in Local School Construction Bonds Act of 2000*
- ◆ Some New Ideas for Discussion



Citizen Oversight Makes a Difference



History with General Obligation Bonds

Santa Clara Unified School District General Obligation Bond Measures Since 1997

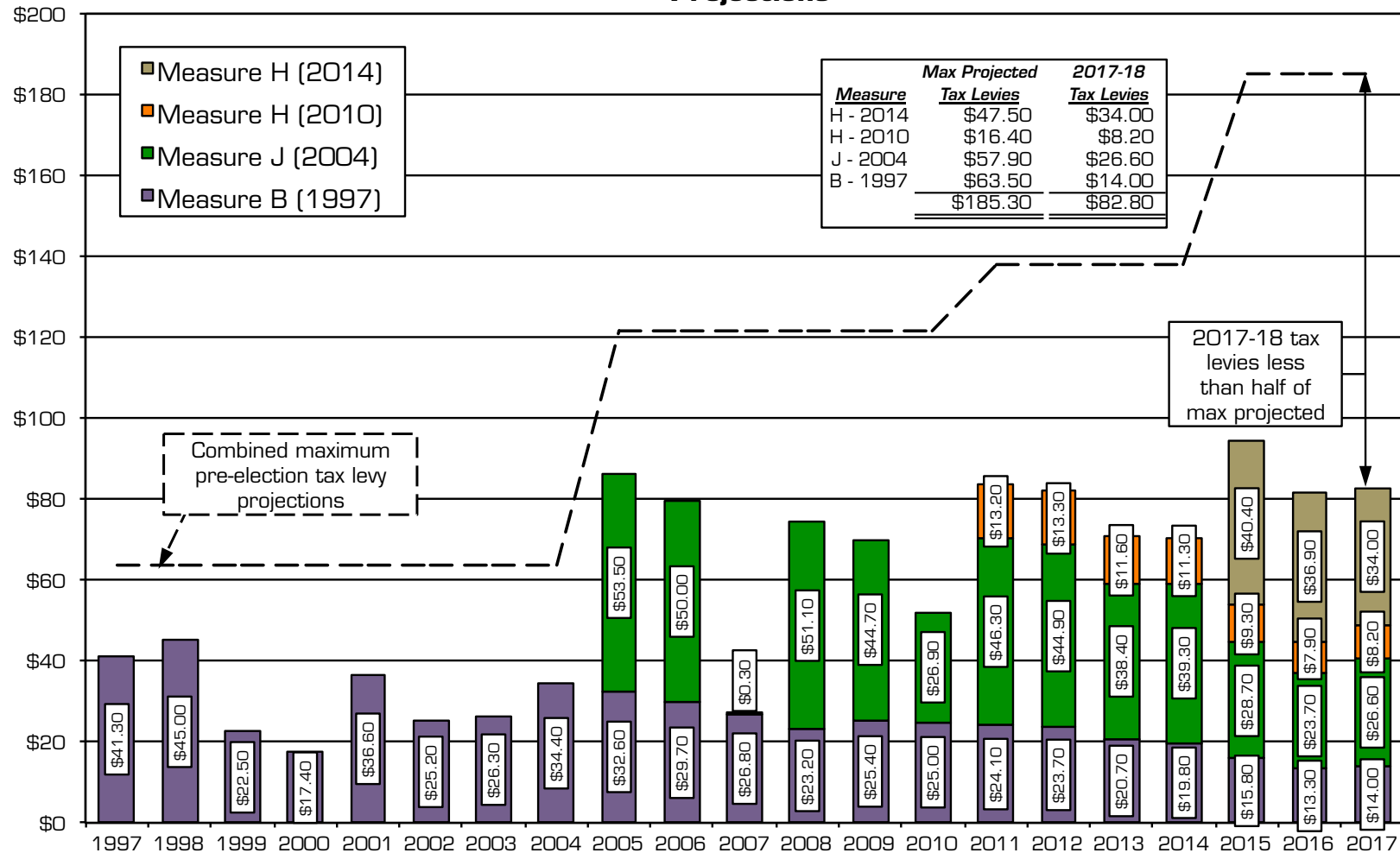
<u>Election Date</u>	<u>Measure</u>	<u>Bond Amount</u>	<u>Required Vote</u>	<u>Vote in Favor</u>	<u>Estimated at Time of Election</u>	
					<u>Debt Service</u>	<u>Ratio of Debt Service to Principal</u>
June 3, 1997	B	\$145,000,000	2/3	76.0%	\$336,625,735	2.3 : 1
November 2, 2004	J	\$315,000,000	55%	72.0%	\$621,229,433	2.0 : 1
November 2, 2010	H	\$81,100,000	55%	64.4%	\$164,788,174	2.0 : 1
November 4, 2014	H	\$419,000,000	55%	69.4%	\$816,738,574	1.9 : 1

- ◆ Measures B, J, and H-2010—all original bonds have been issued
 - ▶ and refinanced for taxpayer savings
- ◆ \$46 million in authorization remaining for Measure H-2014; expected to be issued July 1, 2019
- ◆ District is considering putting a new general obligation bond on the November 2018 ballot

From the Taxpayer's Perspective

Tax Levy per
\$100,000 of AV

Actual Tax Levies Much Lower Than Maximum Projected Pre-Election Projections



Tax levies actual through 2017-18 obtained from Santa Clara County Auditor-Controller's Department.
2017-18 average single family residential assessed value is \$509,588.
2017-18 median single family residential assessed value is \$479,413.

District Experience with Oversight



Bond Projects

[Department Homepage](#)

[Bond Oversight Committees](#)

Bond Oversight Committees

The term of service for the Citizens' Bond Oversight Committee is two years, members are eligible to serve up to three consecutive terms. A committee is composed of seven positions. Each position has the following requirements:

1. active in a business organization representing the business community
2. actively involved in a senior citizens organization
3. an active member of a bond fide taxpayers organization
4. a parent or guardian of a child enrolled in the District
5. a parent or guardian also an active member of a parent -teacher organization
6. representing the community at-large
7. representing the community at-large

Related Files

- [Measure H 2014 Meeting Agenda 2018 April](#)
- [Measure H 2010 Meeting Agenda 2018 April](#)
- [Measure J 2004 Meeting Agenda 2018 April](#)
- [Measure H 2010 Bylaws](#)
- [Measure H 2010 Financial Audit 2011](#)
- [Measure H 2010 Financial Audit 2012](#)

Since 2000, Three Different Committees¹

Measure J 2004 Committee Members

1. Business Organization, Charitha Perera
2. Senior Citizens Organization, Jim Van Pernis
3. Taxpayer Organization, Richard Bicknell
4. Parent, Mary Ng Dooley
5. Parent Organization, Michelle Villagomez
6. At-large, Noel Matyas
7. At-large, Vladimir Raykin

Measure H 2010 Committee Members

1. Business Organization, Charitha Perera
2. Senior Citizens Organization, Jim Van Pernis
3. Taxpayer Organization, Tim Towers
4. Parent, Mary Ng Dooley
5. Parent Organization, Michelle Villagomez
6. At-Large, Richard Bicknell
7. At-large, Vladimir Raykin

Measure H 2014 Committee Members

1. Business Organization, Charitha Perera
2. Senior Citizens Organization, Jim Van Pernis
3. Taxpayer Organization, Tim Towers
4. Parent, Brent McLarney
5. Parent Organization, Michelle Villagomez
6. At-Large, Noel Matyas
7. At-large, Vladimir Raykin

¹ Measure B had a committee prior to citizens' bond oversight committees being statutorily required

Oversight on Three Measures

Measure J Projects Completed

Buchser Middle School

This summer the 1950's era middle school was demolished in preparation for a new project. The new project creates a new entrance providing a safe and secure campus for 8th-grade students. The new building includes an orchestra and choir classrooms and three computer labs.

Cabrillo Middle School

Landscape work was completed.

Measure H 2010

Measure H 2010 is an \$81.1 million general obligation bond measure approved by School District voters in November 2010.

Projects Completed

Upgrade school fire, safety and security systems, renovate and install solar panels to decrease energy costs and save money for future schools.

The specific projects to be funded by the bond include the following:

- Upgrade and install school fire safety and security systems
- Renovate and re-open closed school sites
- Improve or install systems to reduce energy costs
- Acquire sites for future schools
- Expand overcrowded schools by renovating and repairing and adding classrooms as needed

Agnews Campus

Measure H 2014

Measure H 2014 is a \$419 million general obligation bond. The bond passed by 69%. General obligation bonds such as Measure H 2014 require a super-majority vote of 55% to pass. Our voters overwhelmingly support this bond, and we are thankful!

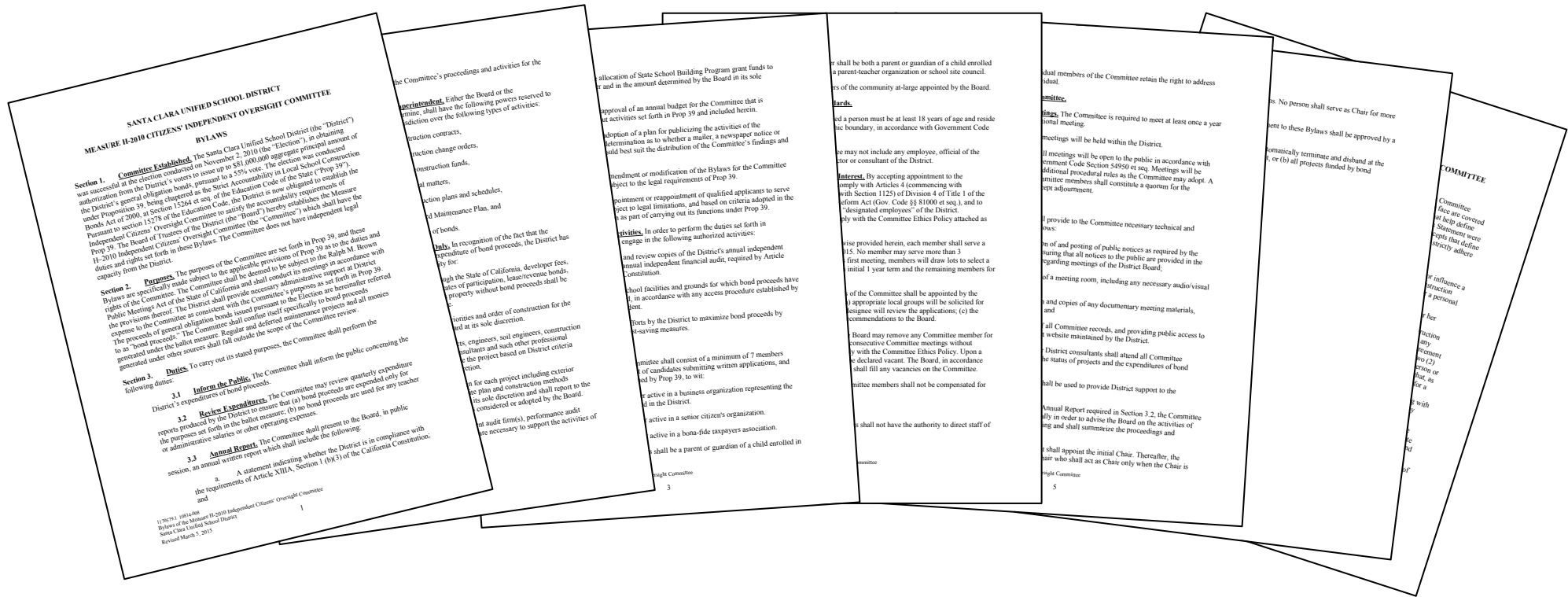
Critical facility needs have been identified due to accelerated growth, capital infrastructure needs, and the requirements needed to provide a 21st Century education for our students.

The specific projects to be funded by the bond include the following:

- The specific projects to be funded by the bond include the following:
- Build new facilities to reduce class sizes to allow for individual attention to support student achievement.
- Upgrade classrooms, libraries, science labs, and computer systems to keep pace with advancing technology.
- Rehabilitate old worn out roofs, gymnasium and locker buildings, and covered walkways, and upgrade temporary structures to permanent for students with special needs.
- Energy efficiency upgrades including replacing inefficient heaters and lighting fixtures.
- Modernize outdated classrooms and replace aging portables with permanent classrooms
- Improve school safety systems for all sites, including campus security and student safety, and upgrading pick-up and drop-off zones to improve safety and traffic flow.
- Repair deteriorated drainage systems, playground equipment, and other safety hazards on school grounds.
- Build a new K-12 schools and joint use facilities and fields on the Agnews Campus.

Santa Clara Approach

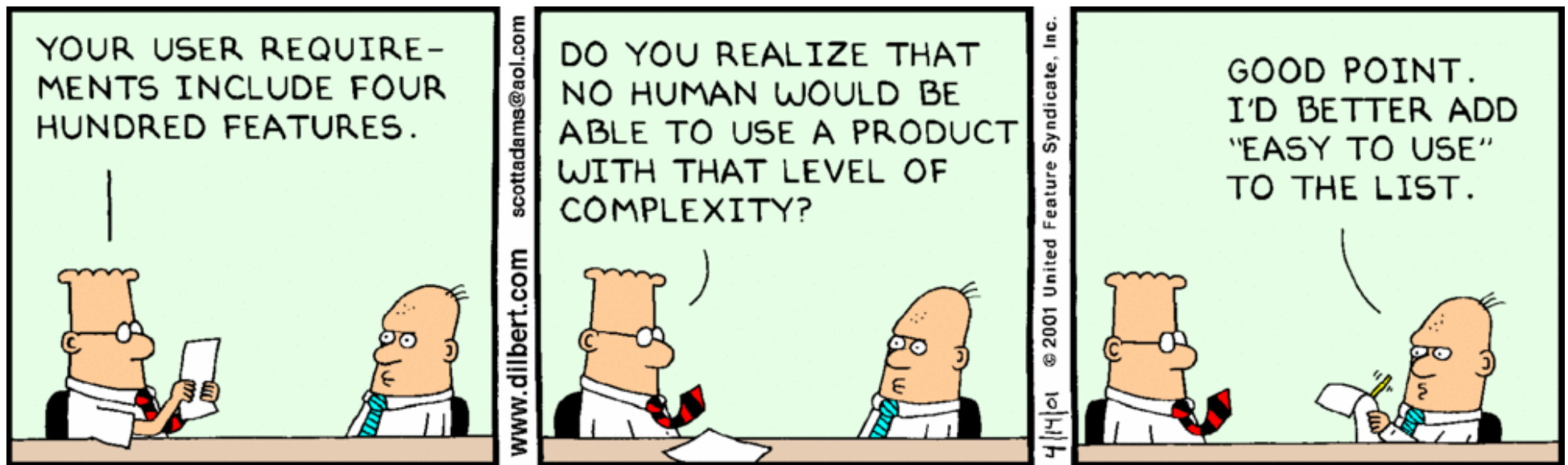
- ◆ Separate Oversight Committees for each bond measure
 - ▶ Membership largely overlaps
 - ▶ Nearly identical bylaws



Common Challenges for CBOCs

- ◆ Fulfilling the five required membership categories
- ◆ Term limits often create vacancies and loss of expertise
- ◆ Lack of participation
- ◆ And, in some communities, tension between District and CBOC
 - ▶ Santa Clara Unified's efforts have been a beacon of quality oversight and constructive criticism, such that the committees and committee members are respected and their work is impactful

There Could be a Simpler Way...



✓ ...while retaining what's been successful!

Building on a Strong Foundation

- ◆ Let's first review the statute because that will guide us with the minimum requirements
 - ▶ Then let's use our 21 years of experience to reorganize our efforts in order to modernize and streamline so that the District's citizens' bond oversight efforts will be more feasible and at least as impactful



"Strict Accountability . . .

- ◆ *...in Local School Construction Bonds Act of 2000"*
- ◆ By beginning our efforts with Measure B in 1997, Santa Clara Unified has been a pioneer in citizens' bond oversight
- ◆ Today's Law
 - ▶ Five methods of accountability
 - Citizens' Oversight Committee
 - Performance Auditing
 - Financial Auditing
 - Court Restraint and Prevention of Any Expenditure of Funds
 - Law Enforcement Pursuit in the Event of Allegation or Misuse of Bond Funds



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Citizens' Oversight Committee

◆ Purpose

- ▶ “The purpose of the citizens’ oversight committee shall be to inform the public concerning the expenditure of bond revenues. The citizens’ oversight committee shall actively review and report on the proper expenditure of taxpayers’ money for school construction.”

✓ *Education Code 15278 (b)*



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✓ *Education Code 15278 (b)*




Let's Take Ten Minutes...


◆ ...to read the two page law:

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EDUCATION CODE - EDC

TITLE 1 GENERAL EDUCATION CODE PROVISIONS [1. - 32500] (Title 1 enacted by Stats. 1976, Ch. 1010.)

DIVISION 1 GENERAL EDUCATION CODE PROVISIONS [1. - 32500] (Division 1 enacted by Stats. 1976, Ch. 1010.)

PART 10. SCHOOL BONDS [15100 - 17199.6] (Part 10 repealed and added by Stats. 1996, Ch. 277, Sec. 2.)

CHAPTER 1.5. Strict Accountability in Local School Construction Bonds Act of 2000 [15264 - 15288] (Chapter 1.5 added by Stats. 2000, Ch. 44, Sec. 3.)

ARTICLE 2. Citizens' Oversight Committee [15276 - 15282] (Article 2 added by Stats. 2000, Ch. 44, Sec. 3.)

15276. (a) If a bond measure authorized pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution and subdivision (b) of Section 18 of Article XVI of the California Constitution is approved, the governing board of the school district or community college shall establish and appoint members to an independent citizens' oversight committee, pursuant to Section 15282, within 60 days of the date that the governing board enters the election results on its minutes pursuant to Section 15274.

(b) The purpose of the citizens' oversight committee shall be to inform the public concerning the expenditure of bond revenues. The citizens' oversight committee shall actively review and report on the proper expenditure of taxpayers' money for school construction. The citizens' oversight committee shall advise the public as to whether a school district or community college district is in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The citizens' oversight committee shall convene to provide oversight for, but not be limited to, both of the following:

(1) Ensuring that bond revenues are expended only for the purposes described in paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.

(2) Ensuring that, as prohibited by subparagraph (A) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution, no funds are used for any teacher or administrative salaries or other school operating expenses.

(c) In furtherance of its purpose, the citizens' oversight committee may engage in any of the following activities:

(1) Receiving and reviewing copies of the annual, independent performance audit required by subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.

(2) Receiving and reviewing copies of the annual, independent financial audit required by subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.

(3) Inspecting school facilities and grounds to ensure that bond revenues are expended in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.

(4) Receiving and reviewing copies of any deferred maintenance proposals or plans developed by a school district or community college district, including any reports required by Section 17584.1.

(5) Reviewing efforts by the school district or community college district to maximize bond revenues by implementing cost-saving measures, including, but not limited to, all of the following:

(A) Mechanisms designed to reduce the costs of professional fees.

(B) Mechanisms designed to reduce the costs of site preparation.

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(C) Recommendations regarding the joint use of core facilities.

(D) Mechanisms designed to reduce costs by incorporating efficiencies in schoolsite design.

(E) Recommendations regarding the use of cost-effective and efficient reusable facility plans.

(Added by Stats. 2000, Ch. 44, Sec. 3. Effective January 1, 2001.)

15280. (a) (1) The governing board of the district shall, without expending bond funds, provide the citizens' oversight committee with any necessary technical assistance and shall provide administrative assistance in furtherance of its purpose and sufficient resources to publicize the conclusions of the citizens' oversight committee.

(2) The governing board of the district shall provide the citizens' oversight committee with responses to any and all findings, recommendations, and concerns addressed in the annual, independent financial and performance audits required by subparagraphs (C) and (D) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution within three months of receiving the audits.

(b) All citizens' oversight committee proceedings shall be open to the public and notice to the public shall be provided in the same manner as the proceedings of the governing board of the district. The citizens' oversight committee shall issue regular reports on the results of its activities. A report shall be issued at least once a year. Minutes of the proceedings of the citizens' oversight committee and all documents received and reports issued shall be a matter of public record and be made available on an Internet Web site maintained by the governing board of the district.

(Amended by Stats. 2013, Ch. 91, Sec. 1. (SB 581) Effective January 1, 2014.)

15282. (a) The citizens' oversight committee shall consist of at least seven members who shall serve for a minimum term of two years without compensation and for no more than three consecutive terms. While consisting of a minimum of at least seven members, the citizens' oversight committee shall be comprised, as follows:

(1) One member shall be active in a business organization representing the business community located within the school district or community college district.

(2) One member shall be active in a senior citizens' organization.

(3) One member shall be active in a bona fide taxpayers' organization.

(4) For a school district, one member shall be the parent or guardian of a child enrolled in the school district. For a community college district, one member shall be a student who is both currently enrolled in the community college district and active in a community college group, such as student government. The community college student member may, at the discretion of the governing board of the community college district, serve up to six months after his or her graduation.

(5) For a school district, one member shall be both a parent or guardian of a child enrolled in the school district and active in a parent-teacher organization, such as the Parent Teacher Association or schoolsite council. For a community college district, one member shall be active in the support and organization of a community college or the community colleges of the district, such as a member of an advisory council or foundation.

(b) An employee or official of the school district or community college district shall not be appointed to the citizens' oversight committee. A vendor, contractor, or consultant of the school district or community college district shall not be appointed to the citizens' oversight committee. Members of the citizens' oversight committee shall, pursuant to Sections 35233 and 72533, abide by the prohibitions contained in Article 4 (commencing with Section 1090) and Article 4.7 (commencing with Section 1125) of Chapter 1 of Division 4 of Title 1 of the Government Code.

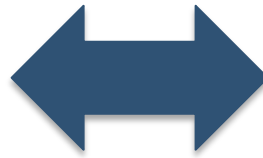
(Amended by Stats. 2013, Ch. 76, Sec. 27. (AB 383) Effective January 1, 2014.)

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Mission: Review

◆ What to review?

- ▶ Bond expenditures
- ▶ Performance audit
- ▶ Financial audit



◆ What to compare against?

- ▶ Bond measure
- ▶ Bond project list

◆ Tips for reviewing:

- ▶ What does each document tell you?
- ▶ How are the documents prepared?
- ▶ Audits are annual and to be provided by March 31 following the Fiscal Year
- ▶ Responses to audit findings must be provided within 3 months



Mission: Report

- ◆ What to report?
 - ▶ Conclusions based on review of:
 - Bond expenditures
 - Performance audit
 - Financial audit
 - ▶ Advise public on compliance with proper expenditures
- ◆ Tips for reporting:
 - ▶ Report to the community annually
 - ▶ Post on the Citizens' Bond Oversight Committee's web page:
 - Meeting notes
 - Documents received
 - Annual report
 - Includes presenting to the Board of Trustees as per the Bylaws
- ✓ *Education Code 15280(b): All citizens' oversight committee proceedings shall be open to the public and notice to the public shall be provided in the same manner as the proceedings of the governing board of the district.*



Proper Expenditures

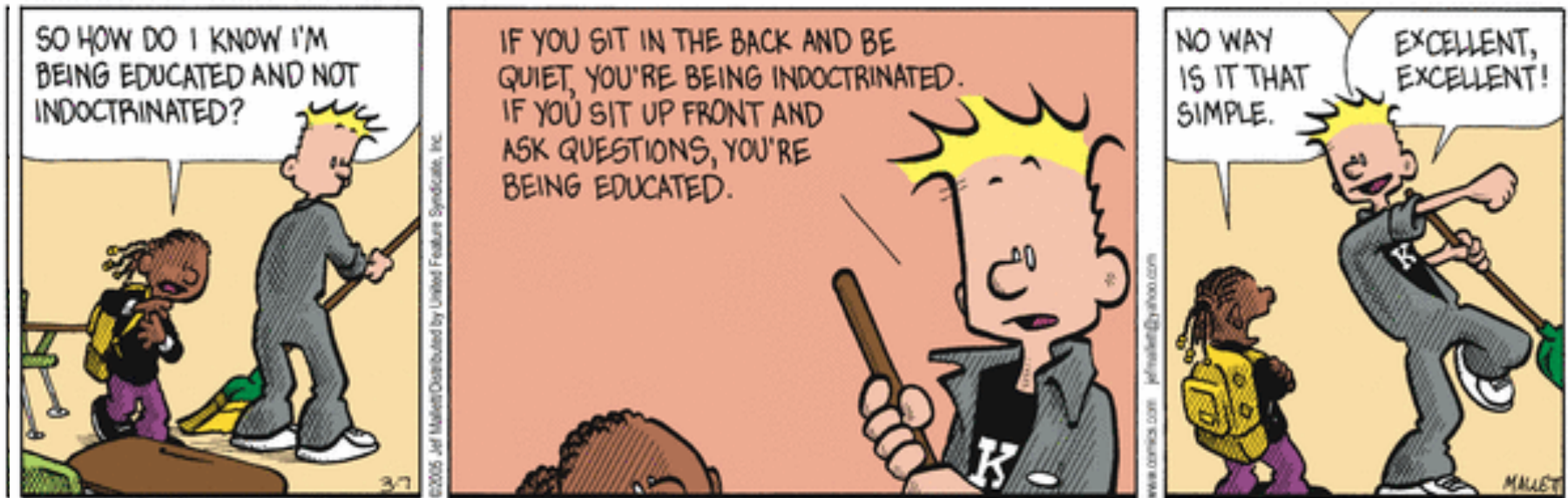
- ◆ “Proper expenditure” means that expenditures . . .
 - ▶ are for construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities
 - and conform to list of the specific school facilities projects to be funded
 - ▶ do not include any teacher or administrative salaries or other school operating expenses
- ✓ *California Constitution Article XIII A, Section 1 (b) (3) and Education Code 15278 (b)*
 - *Note: 1978’s Proposition 13 became Article XIII A of the California Constitution*
- ✓ *Resolution Ordering the Election for Measure which includes:*
 - ▶ *Ballot Question*
 - ▶ *Full Text Ballot Proposition (also includes Project List)*

Foundational Documents

- ◆ With a bond measure, foundational documents include:
- ◆ District-created documents:
 - ▶ Resolution Ordering the Election for Measure includes:
 - Ballot Question
 - Full Text Ballot Proposition (also includes Project List)
 - Tax Rate Statement
- ◆ Governing Law
 - ▶ California Constitution Article XIII A, Section 1 (b) (3)
 - ▶ *Strict Accountability in Local School Construction Bonds Act of 2000*
 - Includes requirements for Citizens' Oversight Committee
- ◆ Committee process
 - ▶ Today is our first step in updating our process

Making Committee Meetings Valuable

- ◆ *Asking questions* communally is particularly productive



Reviewing Expenditure Information

- ◆ Format of expenditure information
 - ▶ Easy to produce?
 - ▶ Easy to review?
 - ▶ Past challenges?
 - ▶ Ideas for improvement?



Detailed List of Potential Activities

◆ Education Code 15278(c):

(c) In furtherance of its purpose, the citizens' oversight committee may engage in any of the following activities:

(1) Receiving and reviewing copies of the annual, independent performance audit required by subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.

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(C) Recommendations regarding the joint use of core facilities.

(D) Mechanisms designed to reduce costs by incorporating efficiencies in schoolsite design.

(E) Recommendations regarding the use of cost-effective and efficient reusable facility plans.

(Added by Stats. 2000, Ch. 44, Sec. 3. Effective January 1, 2001.)

Suggestions

- ◆ Modernize and streamline committees by:
 - ▶ establish a single committee to provide oversight on all bond measures
 - ▶ ask Board to rescind bylaws
 - Committee can determine frequency, time and duration of meetings, how meeting agendas will be developed, formality of meetings, and activities such as tours
 - ▶ hold an annual organization meeting
 - Create work plan for the year
 - ▶ organize webpage for “paperless” committee
- ◆ Include everyone who wants to participate
 - ▶ Beyond statutory requirements, other factors may be considered
 - Within the District, some interest has been expressed in the diversity categories of the County of Santa Clara Measure A (2016 Housing Bond) Independent Citizens’ Oversight Committee
- ◆ Practice process that encourage consensus decision making over voting

An Organized Web Page . . .

- ◆ Informs the public
 - ▶ Can provide foundational documents online
 - ▶ As well as meeting materials
- ◆ Is easy for District staff to maintain
- ◆ And allows Committee members to operate with their personal computing devices, rather than paper, if they like
 - ▶ Paperless Committee!



Bond Projects

Department Homepage

Bond Oversight
Committees

Review of Statutory Member Criteria

- ◆ At least 7 members, 5 of whom meet specified criteria
 - ▶ One member who is active in a business organization representing district's business community
 - ▶ One member who is active in a senior citizens' organization
 - ▶ One member who is active in a bona fide taxpayers' organization
 - ▶ One member who is a parent/guardian of child enrolled in district
 - ▶ One member who is both a parent/guardian of child enrolled in district and active in a parent-teacher organization or school site council
- ✓ *Education Code 15282 (a)*
- ✓ *Note: these are diversity categories, not representatives*



County of Santa Clara Measure A (2016 Housing Bond)

Independent Citizens' Oversight Committee

- ◆ One member who is an active or inactive member of the State Bar of California in good standing, or a retired attorney who was an active or inactive member of the State Bar of California in good standing
- ◆ One member who is an auditor and/or certified public accountant
- ◆ One-member who is an investment professional
- ◆ One member who is a housing advocate
- ◆ One member who is a representative of a civic organization
- ◆ One member who is a representative of organized labor
- ◆ One member who is a representative of a business organization
- ◆ One member who is a representative of the general public
- ◆ One member who is a representative of the Santa Clara County Cities Association and nominated by the Cities Association
- ◆ The Santa Clara County Assessor as an ex-officio, non-voting member

Categories Already Covered

- ◆ One member who is an active or inactive member of the State Bar of California in good standing, or a retired attorney who was an active or inactive member of the State Bar of California in good standing
- ◆ One member who is an auditor and/or certified public accountant
- ◆ One member who is an investment professional
- ◆ One member who is a housing advocate
- ◆ One member who is a representative of a civic organization
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- ◆ One member who is a representative of a business organization
- ◆ One member who is a representative of the general public
- ◆ One member who is a representative of the Santa Clara County Cities Association and nominated by the Cities Association
- ◆ The Santa Clara County Assessor as an ex-officio, non-voting member

Categories That Might Not Fit

- ◆ One member who is an active or inactive member of the State Bar of California in good standing, or a retired attorney who was an active or inactive member of the State Bar of California in good standing
- ◆ One member who is an auditor and/or certified public accountant
- ◆ One-member who is an investment professional
- ◆ One member who is a housing advocate
- ◆ One member who is a representative of a civic organization
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CBOC Should Improve Outcomes

- ◆ Process should be oriented to meeting the letter of the law and be meaningful in terms of better results by some measure
- ◆ Process should be documented and periodically reconsidered
- ◆ Process should *not* be developed by an outside consultant
 - ▶ Process should be developed by the Citizens' Bond Oversight Committee and District staff, together
 - This will help to avoid technical violations of archaic rules
- ✓ *Oversight should be made feasible and produce an improved outcome:*
 - *Efficient citizen oversight for routine decisions*
 - *Community support for difficult decisions*
 - *Positive relationships and community cohesiveness*

Making Our Place The Best It Can Be



Discussion

- ◆ Set bylaws aside?
- ◆ Additional members?
 - ▶ Recruitment?
 - ▶ Diversity?
- ◆ Schedule meeting to develop work plan?
- ◆ Board presentation on May 24?



Resources for Oversight

- ◆ The California League of Bond Oversight Committees, via its web site (CaLBOC.org) and an annual conference, provides guidance on legal requirements and operating practices for conducting oversight.



- ◆ CaLBOC has an annual conference each Spring.
 - ▶ Members of Citizen Oversight Committees are especially invited, and can sign up to receive a free newsletter throughout the year.
 - ▶ Santa Clara Unified's own Tim Towers was honored with the Anton Juengherr Award for advancing the cause of citizens' bond oversight
 - ▶ Disclosure: the President of Government Financial Strategies is on the Board of CaLBOC.



Final Thoughts for Tonight?

◆ Thank you!

