

**NEWPORT-MESA UNIFIED SCHOOL DISTRICT
MEASURE F CITIZENS OVERSIGHT COMMITTEE**

**MINUTES AND REPORT OF THE MEETING OF
May 19, 2009**

The Citizens' Oversight Committee met on Tuesday, May 19, 2009, at the Roderick H. MacMillian Board Room, Education Center, 2985 A Bear Street, Costa Mesa, CA 92626

Members Present:

Judy Berry, Orange County Taxpayers' Association
Carol Call, Community Senior Citizens
Carol Crane, Corona del Mar High School Zone
Cynthia Blackwell, Newport-Mesa Federation of Teachers (NMFT)
Rick Kapko, Costa Mesa Chamber of Commerce
Paul Krikorian, Costa Mesa High School Zone
Tod Ridgeway, Newport Harbor Chamber of Commerce

Members Absent:

Jean Cook, Newport-Mesa Administrators' Association (NMAA)
Jennifer Blanchfield, Newport Harbor High School Zone
Cindy Dillon, Corona del Mar High School Zone
Tommie Griffon, Harbor Council Parent Teachers Association (PTA)
Tim Krohnfeldt, Costa Mesa High School Zone
Cathie Ropp, Classified, California School Employees Association (CSEA)
Chriss Street, Orange County Treasurer's Office

Also Present:

Paul Reed, Deputy Superintendent and Chief Business Official
Patty Dreher, Executive Assistant

Project Management Team:

Bonnie Martin, Project Manager
Craig Scargini, Project Manager

Handouts: Measure F Expenditures-to date Report
Measure F Budget Allocation Summary Report

WELCOME AND INTRODUCTION

Deputy Superintendent Paul Reed indicated that there was a Quorum and Chair Judith Berry opened the meeting at 7:08 p.m. and welcomed those in attendance.

ADOPTION OF THE AGENDA AND APPROVAL OF MINUTES

Agenda for May 19, 2009 meeting was adopted and the Minutes from the September 16, 2008 were unanimously approved.

DISTRICT REPORT

Mr. Reed reported that the Robins/Loats project is proceeding at pace, the stadium and outbuilding at Estancia High School are completed and the District is gearing up for the Costa Mesa High School Mustang Aquatics Center with construction starting in June, 2009. Everything that was in the plans in September is still moving forward and the District continues to have sufficient funds for these projects.

Open question as to what comes next?

- Propositions on the ballot today, May 19, 2009, will put a massive hole in the State budget in Sacramento if they do not pass and the State is currently \$21-\$23 million in the hole after the budget was balanced in February 2009. Additionally, if the propositions in today's election do not pass, there will be a general disruption in Sacramento to balance the budget.
- There was a period of time when districts tied to state funds for school building had been stalled coming out of Sacramento. That funding has opened up a little bit but major construction is still stalled. Local bond money is not affected which leaves money still available for Measure F projects.
- Local bond money is still sufficient for the projects the District has on the books and the District is moving to appoint architects for the design work for the enclaves and theaters.

Mr. Reed's response to the question regarding the next bond and the tax rate was as follows:

The District, at an undetermined point in time, will go out for another bond; however, due to the pledge to the voters under Measure A and Measure F, the District will not go over the tax rate that was set during Measure A of \$18.87/\$100,000 of assessed valuation, which he noted is very low for a school district in Orange County.

Mr. Reed explained that bond assessments can go up and down as the assessed valuation changes. In order to levy the tax each year the assessor at the tax office figures a total of principal/interest owed that year, factoring out a projection of the number of taxpayers who are defaulting. The Teeter¹ Plan whereby the County pays for known defaults in return for receiving the penalties pays for some of this and the rate is then adjusted.

¹ First enacted in 1949, the **Teeter Plan** provides California counties with an optional alternative method for allocating delinquent property tax revenues. Using the accrual method of accounting under the Teeter Plan, counties allocate property tax revenues based on the total amount of property taxes billed, but not yet collected. The Teeter Plan allows counties to finance property tax receipts for local agencies by borrowing money to advance cash to each taxing jurisdiction in an amount equal to the current year's delinquent property taxes. In exchange, the counties receive the penalties and interest on the delinquent taxes when collected. For counties not under the Teeter Plan, interest and penalty are allocated to all agencies based on their pro rata share of the delinquent property tax. However, the county retains the penalty on delinquent property taxes if the delinquency is cleared up within the same fiscal year.

Additionally, when taxpayers are asking to lower their assessed valuation because the market value has declined the overall AV can go down, causing an increase in the tax rate on the bonds in order to raise sufficient revenue to pay the principal and interest on the bonds. The District's hope has that the property value increase would bring the tax rate down which would enable the District sell another bond. Mr. Reed reported that it may be 2011 before the market gets better and the District is able to go out for another bond sale.

He noted that meanwhile there were still planning funds available from the first Measure F Bond sold in 2007. The District has taken applications and proposals from a number of architects for design work. Given the uncertainty of when construction money would be available the planning can only proceed so far, since it is counterproductive to have complete construction plans become outdated. Plans have a shelf life of only 18 months with the Department of State Architects (DSA) before they can become invalid and require an entirely new approval process with additional fees to the State.

Mr. Reed noted that when property assessments come in next fall the District will re-evaluate the potential of a new bond sale.

PROJECT MANAGER'S REPORT

Ms. Berry turned the meeting over to Craig Scaringi and Bonnie Martin of McCarthy who provided the following updates and Power Point report:

Summary Budget Report:

<u>Total Bond</u> <u>Dollars</u>	<u>Hardship Dollars</u> <u>from the State</u>	<u>Total Expenditures</u> <u>to Date</u>	<u>Percentage</u> <u>Spent</u>
\$70 million	\$14.9 million	\$54 million	64%

Newport Harbor High School - Mr. Scaringi presented slides of the work being done on Robins/Loats including the Science classrooms, kitchen area, Reading Room, Career Center, Atrium and the Theater. Above the atrium area are the science labs which allow for a covered lunch area. It was noted that all work was on track. The kitchen area is almost completed and the District is hoping to train staff at the end of May. It will be necessary for the Health Department to sign off on the kitchen before it goes into use. Additional slides were shown of the Reading Room, Career Center and the Theater. Projected date for completion is September/October 2009.

Costa Mesa High School Mustang Aquatics Center - The Equity Advisory Committee met in February and approved the utilization of the bond money for the Superintendent's recommendation for construction of the Costa Mesa High School Aquatic Center from existing Measure F proceeds. The Equity Advisory Committee carried the recommendation forward at the February board meeting.

Costa Mesa High School Mustang Aquatics Center project was approved by Department of State Architects (DSA) and the District opened the project up to bids. Fifty four companies attended the job walk and only those that met the criteria of the pre-qualification were able to bid on the project. The District received bids from nine qualified companies, all of which were significantly under the \$7 Million architects

estimate. The projected \$8.8 million cost of the pool project was put into contingency. Once the final bid is in the pool project will be moved to the budget line for the pool.

Because the bid came in lower than originally expected there will be sufficient funds for all plans affiliated with the Aquatics Center.

Mr. Scaringi's response to a question regarding the design of locker rooms in the Costa Mesa High School Mustang Aquatics Center was that both boys and girls locker room will be provided in the new building. It was also noted that the existing pool will be demolished and a completely new structure will be built. The large and small gyms and locker rooms will stay operational during construction.

Mr. Reed's response to the question regarding when this project will be completed was that the expected time frame for this project would be summer 2010. He noted that it can sometimes take years to close out everything affiliated with these projects in terms of all clearances with the State, but that does not hinder occupancy.

Mr. Scaringi reported the pool project was estimated to take 14 months to complete. At that point in time, the District will probably be completed with all projects for this Measure F bond. Ms. Martin estimated that a project can take six months to one year for design and another year for DSA construction and with the delay of a bond sale this could become a hidden cost.

Future Measure F projects - Two projects authorized for planning in the first bond and expected to be first in line for the next available construction dollars are: campus separation and performing arts at Corona del Mar High School and Costa Mesa High School. Mr. Reed noted that the campus separation of "enclaves: project is intended to provide a separate "home base for the 7-8 grades on the 7-12 campuses in the district. It would not be total separation.

Question was raised regarding whether the enclaves are still a need at Corona del Mar and Costa Mesa High. Mr. Reed responded that the Board of Education has recently addressed that issue and authorized the planning and consequently the District is following that direction.

Question whether Performing Arts would be a consideration in the near future, Mr. Reed responded that the Performing Arts would be a construction project for another bond later on. Measure F has \$282 million of authorization which will be sold in increments over time. The District is working on the first bond of \$70 million at this time.

PEOPLE'S CHOICE

Next meeting will be on September 29, 2009 with plans to hold the meeting in Heritage Hall's Conference Room at Newport Harbor High School.

ADJOURNMENT

Chairperson Berry adjourned the meeting at 7:42 p.m.