MEETING MINUTES
MEASURE E CITIZENS' OVERSIGHT COMMITTEE
SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 2
TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT

Wednesday, January 27, 2021 – Virtual

MEASURE E CITIZENS' OVERSIGHT COMMITTEE (COC) MEMBERS PRESENT:
Susan Griffith (Chair), Dave Shelton, Kirsten Keim, Johanna Monforte, Sydney Earley, Jenn Ragan

MEASURE E CITIZENS' OVERSIGHT COMMITTEE (COC) MEMBERS ABSENT:
Jim Phelan

IN ATTENDANCE FROM TTUSD:
Todd Rivera, Executive Director of Business Services; Jorge Rojas, Director of Facilities, Maintenance and Operations; Laura Rowe, Administrative Assistant to the Executive Director of Business Services

1.0 Call to Order
Susan Griffith, Measure E COC Chair, called the meeting to order at 5:03 p.m.

2.0 Public Comment
No public comment.

3.0 Approve Minutes from February 6, 2020 Meeting
On a motion by Johanna Monforte and a second by Kirsten Keim, the Measure E COC members unanimously approved the minutes from the meeting on February 6, 2020.

4.0 Measure E Project Overview Updates
TTUSD staff members and Measure E COC members introduced themselves to the new COC member, Dave Shelton. Todd Rivera gave a summary of the COC's purpose to Dave Shelton.

Jorge Rojas gave the Measure E Facilities update. He began by listing the completed projects, 2022 upcoming projects, and Measure U/E split projects.

Tahoe Lake Elementary School construction was completed in September 2020 with a revised construction budget of $40,904,166 and a revised total budget of $49,362,487. Photos were shown of the construction process and finished product. Mercury was found under the old gym flooring, so a large abatement process had to be completed there. Work in the auditorium building was completed but was done in a way to maintain the original character of the building. Although a full kitchen expansion wasn't possible, modernization was completed, and traffic flow issues were addressed. Proper ramps and lifts/elevators were installed for ADA accessibility.

North Tahoe School and High School projects will begin in 2022, with a construction budget of $3,823,940. The overall scope of the project is still under review.

The commissioning process was discussed, which is a quality control process to ensure that the buildings are working properly and that our investment is preserved.

A potential tour of Tahoe Lake Elementary was discussed, so that COC members can get a tour of the new facilities.

5.0 Measure E Project Financial Updates

Todd Rivera gave the Financial Budget Update with numbers as of January 5, 2021. The funding to date was just under $88 million, which will change slightly as Certificates of Participation (COP) funds will be pulled in. The expenditures to date were $83.4 million with encumbrances that we still need to pay out being a little over $2.2 million. The budget balance available was under $1.7 million. All projects, with the exception of North Tahoe High School and North Tahoe School, have been completed, but not all of the projects have been completely paid out yet. Lead contamination issues and structural issues led to increased costs at Tahoe Lake Elementary, so the District took out financing to complete the projects. About $21 million were issued in COPs, with another $1 million in developer fees, and $973,387 in additional interest earned, leading to a total additional funding of just under $23 million.

The funding summary showed an initial Measure E bond amount of $62 million, with $993,000 budgeted in interest earnings and an additional $973,387 in interest earned. Developer fee contributions were a little over $2.7 million and a Drought Response Outreach Program (DROPS) Grant provided $189,113. COP funding provided $21 million, for a total of just under $88 million in funding. The majority of the revenue was from the general obligation bonds with the second largest contributor being COPs. Almost 80% of the money went to construction costs with just under 20% going to soft costs, including architectural and engineering fees.

At Kings Beach Elementary, the budget was adjusted slightly to $26.6 million with about $43,000 encumbered and expenditures of $25.3 million. The total encumbrances and expenditures are $25.4 million with a savings budget balance available that we will use to fund a reroofing project at Kings Beach Elementary. North Tahoe High School had about $2.2 million allocated, but we spent about $893,000 on the gym reroofing and other small projects leaving just under $1.4 million. At North Tahoe Middle School, we had about $1.7 million budgeted, but have spent about $734,000 leaving us with $992,000. Combined, this gives us under $2.3 million left. We are looking at projects at the school site to determine what is needed.

At Tahoe Lake Elementary, we had adjusted our budget, adding a substantial amount to the original budget of under $26 million. We discovered a shortfall of $14 million, which is when we issued the COPs. The last official revised budget seen by the COC was $49,362,000, but more issues were discovered with the building, so we needed to add another $3.9 million, leading to a total budget of over $53 million. Encumbrances were about $2,096,000 with expenditures at $49.7 million, showing a negative balance of $2.4 million. An additional $1.5 million will also be processed in change orders, bringing the total negative balance to about $3.9 million, which is covered with COPs. All other projects have been completed. Program expenses were at $3 million and $421,000 are being held in program reserve, leaving about $520,000 in remaining balance. There should be a positive balance in this category after all is paid.

Discussion was had about the COP debt, which will be paid off using developer fees and redevelopment agency revenue from property taxes. The debt was also structured in such a way that state funding can help assist with these projects, so as this trickles in, we can pay off the debt. Jorge mentioned that we are also seeking additional grants due to the extra costs associated with Tahoe Lake Elementary. Lead contamination issues, structural issues, escalation, and difficulty in building in this area were the main sources of the additional costs. Clarification was provided that developer fees have no impact on the educational aspects of the District, as developer fees are collected to be used for facilities improvements.

Kings Beach Elementary is complete, with some costs still encumbered. We could see about $1.2 million in savings there that can be used to replace the roof. In June/August of 2019, the budgets were restated to add for unforeseen circumstances and budget overages. For Kings Beach, this restated number was estimated at $3.8 million, which was an overestimate.

At Tahoe Lake, there are still encumbrances left and more that will be incurred. We used a Construction Manager Multi Prime method here, where a construction manager was hired, but individual subcontractor work was bid out. This can be a complex process and can add to cost. The $2.4 million negative will go up to a $3.9 million negative, then we will be complete. Discussion took place on the topic of original construction management firm and how there did not seem to be the progress we were expecting with this construction manager. Due to this, we switched to a different construction manager, which proved to be successful. This new team also helped uncover all potential issues so that we could focus on getting everything corrected. The last budget seen by the COC showed an increase of just under $13.7 million in added costs and then we needed to add an additional $3.9 million. Part of this was due to the Tahoe Lake interim housing at Rideout.

North Tahoe High School has under $1.4 million left in the plan to be spent and at North Tahoe School, there is just under $1 million left, with projects to be decided upon depending on priority. At Sierra High School, furniture improvements and heating and air conditioning upgrades were done, using both Measure E and U proceeds. Coldstream Alternative School underwent internet upgrades, furniture, and 21st century learning upgrades. The Warehouse project was also split between the two bonds, with $1.8 million in Measure E going towards it.

Overall, we expect to see some savings that we can reallocate into other projects.

A question was asked about whether there could be potential public relations problems associated with the large budget overages at Tahoe Lake. Todd Rivera explained that there were many unforeseen circumstances with this project, and we did what needed to be done to complete the project as promised. Jorge Rojas also mentioned that we had community meetings to discuss these overages along the way. We now have a state-of-the-art facility as our final product that meets the expectations of the community. Jorge Rojas also discussed how originally, we wanted to use a Lease Leaseback Method for this project, with a general contractor and a maximum price. However, this method was challenged, so we could not use it at the time. Todd Rivera stressed all of the effort the District put into letting the community know about the progress and transparency of the project.

6.0 Measure E Proposition 39 Performance Audit & 7.0 Measure E Financial Statements

Normally around this time we would have completed our audit process, but that has not been completed yet. There was an extension on legal requirements due to the COVID pandemic, so auditors have not

provided us with our documents yet. We should get them within a month or so and we will share them at the next meeting. We provided our auditors with all the information requested and have not had any feedback that there have been findings.

8.0 Measure E COC Annual Report to the Board

Last meeting, we were working on preparing our Annual Report to the Board, but this did not happen due to COVID. We are required to present this report to the board, so Todd Rivera suggested to combine the 2018-2019 and 2019-2020 reports and present both at the same time. The COC agreed to combining the reports and presenting them to the Board at the same meeting.

9.0 Other Items

None

10.0 Adjourn

Susan Griffith, Measure E Citizens' Oversight Committee Chair, adjourned the meeting at 6:14 p.m.

Todd Rivera	Susan Griffith
Executive Director of Business Services	Measure E Citizens' Oversight Committee
Tahoe Truckee Unified School District	Chair SFID No.2