

Bond Oversight Committee

Annual Report for Fiscal Year 2018-2019 *and Progress Report*

[Oakland Unified School District](#)

[CITIZENS' BOND OVERSIGHT COMMITTEE 2018-2019 ANNUAL REPORT and Progress Report to May 2020](#)

Executive Summary

PURPOSE OF THE OAKLAND USD CITIZENS' BOND OVERSIGHT COMMITTEE (CBOC)

A Citizens' Bond Oversight Committee is convened as a result of the Districts using Proposition 39 (55% voter approval threshold) for passage of the General Obligation Bond Measures A, B and J. This legislation is referred to as "The Strict Accountability in Local School Construction Bonds Act of 2000". It states that "taxpayers directly participate in the oversight of bond expenditures" and "the members of the oversight committee appointed pursuant to this chapter promptly alert the public to any waste or improper expenditure of school construction bond money." Ed Code §15278 through Ed Code §15282 regulates the process of appointing "an independent oversight committee" and expresses the oversight role of the committee.

BOND BACKGROUND

In June 2006, Oakland voters passed **Measure B**, a **\$435 million** School Facilities Improvement Bond which provided funding to the Oakland Unified School District (OUSD) for educational facilities such as science labs, computer labs, and art and music rooms. The Bond also provided funding for construction, renovation and repair of classrooms, multi-purpose rooms, playgrounds, gymnasiums, pre-school/early childhood development centers and student health centers.

In June 2012, Oakland voters passed **Measure J**, a **\$475 million** School Facilities Improvement Bond, for OUSD to enhance the educational environment for the students and communities of Oakland and better prepare students for college and jobs. Bond funds will be used to upgrade science labs, classrooms, computers and technology; improve student safety and security; repair bathrooms, electrical systems, plumbing and sewer lines; improve energy efficiency; and make seismic upgrades.

BOND PROGRAM ADMINISTRATION WORK

Tim White returned as OUSD Chief Deputy Superintendent of Facilities in March 2018 and lead the department until his unexpected passing in November 2019.. One of Tim White's first consideration when returning to OUSD was to put forward a revised modernization and new construction spending plan to realign 2012 Bond Measure listed Projects with funds available. The OUSD Board approved the revised plan in August 2018 (*plan is attached*). Some of the projects that were originally listed to be competed under Measures J and B will need to be funded by a future bond Measure.

Tadashi Nakadegawa, the District's Director of Architecture and Construction took over as interim Chief of Facilities.

At the time of this writing our world, and our community are living through a pandemic – Covid 19. All meeting are occurring through virtual "Zoom" meeting platform. Site visits and other subgroup meetings with staff are not currently taking place due to need to practice "social distancing".

In late 2019 OUSD's Request for Proposal (RFP) for Bond Program Auditor resulted in retaining Eide Bailey LLP. The CBOC was represented on the interview and selection committee by CBOC member Tina Longfield, Secretary. The 2018/19

Financial and Performance Report were completed and presented to CBOC. The Audit is discussed on page 3 of this report. OUSD's Bond Financial Advisor is ISOM Advisors. No bonds were sold in fiscal year 2018/19 end June 30, 2019. The last bond series of \$175,000 sale was completed in August 2019, just after fiscal year close of 2018/19.

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(BOND PROGRAM ADMINISTRATION WORK CONTINUED)

Under Tim White's leadership, major projects moved forward.

- New Central Commissary Kitchen The project is scheduled to become operational in school year 2020/2021. It will provide a new district nutrition program providing Oakland school children with healthier and fresher meals.
- Madison Upper Campus Addition: The expanded facility will provide a K-12 pathway for students in the Sobrante Park neighborhood.
- New Glenview K-5 Elementary School: Building is substantially complete with opening scheduled for Fall 2020.
- Fremont High School: Phase I and Phase 2 completed in late 2018. Phases 3 and 4 are scheduled for completion in fall 2020. The project consists of new campus entry, new two-story classroom wing to replace portables, and renovation of the main classroom wing, new gym, sports field and stadium.
- The Cole campus project was approved by the School Board to begin assessment and design for modernization and new building to house administration staff that is currently located in leased space at 1000 Broadway.

Citizens Bond Oversight Committee Work

CBOC's responsibility is to actively review and report on the expenditure of taxpayers' money for school construction in accordance with voter-approved projects in accordance with Cal. Educ. Code § 15278. As required by Education Code §15278, the District appointed a Committee of local residents comprised of 9 appointees, including a Chairperson, Vice Chairperson and Secretary.

The committee met monthly and reviewed program expenditures and other facility reports pertinent to expenditures of bond revenues. Other activities included visiting project sites to observe construction progress, getting updates from prior years, and monitoring on-going developments to capital improvements related to the bond program. Site that were visited include:

In the fiscal year 2018/19 the CBOC continued to keep an attentive watch on the ongoing progress of Measure J and B bond-funded projects. This annual report summarizes and highlights the work of the independent CBOC and our review of the expenditures in the Measure B and Measure J School Facilities Improvement Bond for the fiscal year 2018-2019.

2018-19 CBOC MEMBERS:

Andrea Dawson, Chair
Saleem Shakir-Gilmore, Vice Chair
Tina Longfield, Secretary
Renee Swayne

Andre Spearman
Mike Bisbee (appt Sept 2019)
Travis Ritchie (appt Sept 2019)

Daniel Chesmore*
Victor Valerio
Andrew Nelsen

** Resigned in May 2019*

CBOC OBSERVATIONS and CONCERNS

- Lack of transparent and formal process for decision-making related to scoping and funding of projects named in the original bond language.
- Lack of formal process to communicate to CBOC about important changes that affect use of bond program funds.
- Lack of Best Practices norms for public works construction change order approval and processing.
- In June 2019 the District Board approved a modernization plan of Cole Elementary School for use as administration headquarters put forth by Facilities Chief Tim White. Approximately \$10million of Measure J bond money has been earmarked for lease payments at 1000 Broadway in years 2019, 2020, and 2021 until the Cole project renovation. Funds from a future bond measure will be required to complete the new Cole Administration Building Project.

Audit Review and Findings

ANNUAL EXPENDITURE REVIEW

CBOC's primary duty is provide a written statement on compliance based on our review of the program expenditures and activities and the independent auditors Financial and Performance Audit to ensure that the Measure B and J funds are spent in accordance with the Bond language.

CBOC received the official outside Auditors Measures B & J Annual Performance Report for Measures B & J on March 29, 2019 in accordance with Education Code §15286, receiving the report at the same time it was submitted to the District (no later than March 31 of each year).

The expenditure summary document provided at the end of this report reflects the project expenditures for the Fiscal Year ended June 30, 2019 as presented by the District. The report is organized to reflect the life of each project commencing with the Pre-Design Phase and concluding with the Completed Phase. The cumulative expenditures reported by the District for the Measure B and J bond program totaled \$ _____ million through June 30, 2019.

FINANCIAL and PERFORMANCE AUDIT

Each fiscal year a financial and performance audit of Measures B and J expenditures is required to be conducted. Eide Bailey LLP was contracted to conduct the performance and financial audit on of Measures B and J year ending June 30, 2019. The Performance and Financial Audit were submitted to CBOC members by March 31, 2020. Eide Bailey presented the finding to the CBOC at our May 12 meeting.

Identified findings from the Edie Bailey Audit Report included:

(Link to report: Eide Bailey LLP 2018/2019 Measures "B & J" Performance Audit Report)

- Ballot language addresses projects at the District and school site levels; recommend action is use clearer language on stating projects and expenditures allowable in future Bond ballot measures
 - Using Measures' J and/or B funds for Community Outreach
- Using Bond funds to pay for staff salaries for work accomplished that may not be directly connected to the Bond
- + Process for implementing change orders to contracts should be follow best practice for public works and clearly defined in the bond program standards

Eide Bailey also identified good management practices as described:

- The District reported historical expenditures date for the projects and clearly separated Measure J and B expenditures.
- The District used other revenue sources to maximize the impact of Measure J and B funds.

CBOC STATEMENT Regarding COMPLIANCE

The 2018/2019 CBOC Statement of Compliance opinion on the Measure J and B Bond program is submitted to OUSD Board of Education in accordance with Education Code § 15278 (b). The committee advises that, based on available information provided by the District and the Eide Bailey fiscal year 2018/2019 Financial and Performance Audit , CBOC does find the District is in compliance with the requirements of Article XXIIA, Section 1(b)(3) of the California Constitution.

***Attachments:**

Unaudited Bond Program Activity Financial Report for Fiscal Year July 2018 through June 2019 :

- **General Obligation Bond Issue Schedule**
- **Bond Measure J – Master Plan Detail by draw**
- **Measure J – Historical Expenditures by Sites**
- **Measure B – Historical Expenditures by Sites**

OUSD Capital Program Board Approved Revised Spending Plan Changes to Measures B and J

End