



# School Facilities Bonds Measure K and Measure Q

## 2012/13 ANNUAL REPORT

The Citizens Oversight Committee for Measure K and Measure Q (COC) is required to annually present, at a public meeting of the Board of Education, a report on the Fresno Unified Facilities Bond Measure K and Measure Q programs that includes:

1. A statement indicating whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; and
2. A summary of the COC's proceedings and activities for the preceding year.

**Measure K** was approved by 67% of the voters in March 2001. It authorizes the issuance of \$199 million in general obligation bonds to finance the construction, modernization and maintenance of FUSD school facilities. Projects were identified for all district schools based on need, eligibility and school request.

The purpose of Measure K is to:

- reduce school overcrowding
- make the district eligible for state matching funds
- acquire school technology and hardware
- repair plumbing and HVAC systems
- renovate and modernize deteriorating classrooms
- repair, rehabilitate, construct and acquire educational facilities and related property

**Measure Q** was approved by 76% of the voters in November 2010. It authorizes the issuance of \$280 million in general obligation bonds to offset state budget cuts, attract quality teachers, and repair classrooms by:

- upgrading vocational education classrooms, science labs, technology and libraries
- improving security, fire safety, restrooms, plumbing and ventilation systems
- increasing handicapped access
- securing state matching funds
- replacing deteriorating portables
- preventing dropouts by improving alternative schools
- acquiring, constructing, repairing campuses, facilities and equipment

### **Prop 39 Compliance**

Measure K was among the first local school bonds in the state approved under the requirements of State Proposition 39, approved in November 2000. Prop 39 decreased the requirement for passage of local school facilities bonds from two-thirds (66.7%) voter approval to 55%. Prop 39 also mandates increased oversight of the bond program. Article XIII A, Section 1(b) (3) of the California Constitution specifies accountability requirements a school district must adhere to if it issues bonds under a Prop 39 election. Key requirements of Prop 39 are as follows:

- Bond proceeds may be used only for the purposes specified in the ballot measure and not for any other purpose, including teacher and administrator salaries or other school operating expenses.
- The school facilities projects funded must be listed on the ballot.
- The district must conduct an annual, independent performance audit to ensure the bond funds have been expended only on the projects listed.
- The district must conduct an annual, independent financial audit of the bond proceeds until all of those proceeds have been expended for the school facilities projects.

Bond financial reports are included in the district's annual financial audit, and quarterly agreed upon procedures and annual performance audit are conducted and presented to the Citizens Oversight Committee by the district's external auditor.

The agreed upon procedures test a sample of bond expenditures to determine if the bond proceeds were properly expended and accounted for. In 2012/13, every quarterly report of the independent accountants, and the annual performance audit, concluded that expenditures selected for testing were: expended on a bond project as per the ballot; valid bond expenditures (project related costs); properly charged to the location indicated; and properly coded as to the type of expenditure. Therefore, the Citizens Oversight Committee has affirmed that Fresno Unified School District is in compliance with the requirements of Article XIII A, Section 1(b) (3) of the California Constitution.

### **Citizens Oversight Committee for Measure K and Measure Q (COC)**

The Citizens Oversight Committee was established by the Board of Education to comply with Prop 39 and ensure that bond proceeds are expended for the purposes set forth in the ballot. The purpose of the COC is to inform the public concerning the expenditure of bond proceeds. Its primary duties are to review bond project expenditures and present an annual report.

Citizens Oversight Committee members are appointed by the Board of Education (each Board member has two appointments), and the chair is appointed by the Superintendent. Members serve two-year terms with a limit of two consecutive terms. Oversight Committee members are required to live within the boundaries of Fresno Unified School District; be at least 18 years old; and not be a vendor, contractor, consultant, employee or official of the district.

Quarterly Oversight Committee meetings are publicly noticed and held at the Brawley Service Center. During 2012/13, COC meetings were held on August 28, 2012 (postponed from July 24); October 23, 2012; January 22, 2013 and April 23, 2013.

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Oversight Committee members during all or a portion of 2012/13 were: Kacey Auston, Mark Babcock, William Clark, Francine Farber, Al Heers, Al Meyer, Guillermo Moreno, Patricia Pointer, Chuck Riojas, Judith Sanchez, Jim Sandrini, Dillion Savory, Georgia Sisson, Mary Jane Skjellerup, Kelly Trevino, and Nick Yovino. Fresno Unified is grateful to these individuals for their service.

### **Bond-Funded Projects**

Local bond funds were at work across Fresno Unified School District in 2012/13, with the following projects in design or construction:

- Aynsworth: a new classroom building is under construction and targeted for Fall 2013 completion
- Baird: construction of a new gym and locker rooms is planned to start in early 2014
- Bullard: construction drawings are underway for two new 2-story classroom buildings, and design development continues for the new administration and expanded library/career center buildings
- Centennial: a new classroom building is under construction and targeted for Spring 2014 completion
- DeWolf/Design Science campus: construction of a new classroom building is expected to start in Spring 2014
- Easterby: a new classroom building and new kindergarten building are under construction with completion targeted for Spring 2014
- Edison: the new classroom building opened in April 2013
- Figarden: construction drawings are underway for two new classroom buildings
- Fresno High: two new buildings, with classrooms/administration and classrooms/library opened in August 2013; construction of the Royce Hall plaza continues with completion expected in Fall 2013
- Gaston: construction of the new middle school is on track for opening in August 2014
- Hamilton: the modernization project continues with completion targeted for Fall 2013
- Hoover: the new classroom building opened in August 2013; construction of the new pool is expected to start in early 2014
- McLane: construction of the new classroom building is anticipated to start in Fall 2013; the locker room upgrade/reconfiguration project will be complete in Fall 2013
- Robinson: construction drawings are underway for a new kindergarten/preschool building.
- Roosevelt: the new classroom building opened in January 2013; hardscape, quad and fencing improvements are expected to be complete in Fall 2013
- Sequoia: the modernization project continues with completion targeted for mid-2015

In addition to these construction projects, capital improvement projects district-wide included electrical, lighting, painting, concrete, irrigation and drainage, heating/air conditioning, flooring/carpet, asphalt/paving, signal systems, security cameras, landscape/grounds, restroom upgrades, gym floor refinishing and locker replacements.

All projects listed above are funded by Measure Q, with the exception of Gaston Middle School, which is substantially funded by Measure K, and the McLane locker room upgrade/reconfiguration project which is funded by Measure K.

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### Financial Update and Forecast

Presented below is the financial update and forecast for the district's bond program as of June 30, 2013.

#### STATUS OF BOND FUNDING (millions) – 6/30/2013

|                                                  | Measure K<br>\$199 M<br>March 2001 | Measure Q<br>\$280 M<br>Nov. 2010 |
|--------------------------------------------------|------------------------------------|-----------------------------------|
| <b>ESTIMATED FUNDS AVAILABLE FOR PROJECTS</b>    |                                    |                                   |
| Remaining bonding authority                      | 0                                  | 200                               |
| Estimated state apportionment <sup>(1)</sup>     | 8                                  | 6                                 |
| <b><i>TOTAL Estimated Funds for Projects</i></b> | <b>8</b>                           | <b>206</b>                        |
| <b>ESTIMATED COST OF PROJECTS<sup>(2)</sup></b>  |                                    |                                   |
| Estimate for projects in design/construction     | 7                                  | 69                                |
| Estimate for future projects                     | 1                                  | 137                               |
| <b><i>TOTAL Estimated Cost of Projects</i></b>   | <b>8</b>                           | <b>206</b>                        |
| <b>BOND OBLIGATIONS TO DATE</b>                  |                                    |                                   |
| Funds obligated to projects                      | 351                                | 119                               |
| Non-local funds leveraged                        | <u>152</u>                         | <u>39</u>                         |
| <b><i>Bond Dollars Obligated</i></b>             | <b>202</b>                         | <b>80</b>                         |

(1) Reflects state funds for which the district is currently eligible, based on existing programs.

(2) Actual project costs may change due to industry conditions.

Through June 2013, the district received and has applied for close to \$200 million in state facilities funding, using Measure K and Measure Q as the required local match. Our community's local bond investment has leveraged approximately 73 cents from the state for every Measure K/Q dollar spent.