Chula Vista Elementary School District

PROPOSITION E
INDEPENDENT CITIZENS OVERSIGHT COMMITTEE

Meeting Minutes
September 17, 2014 – 9 A.M.
Dr. Lowell J. Billings Board Room
Education Service and Support Center

1. Call to Order

Chairperson Dr. Diane Gerken called the meeting to order at 9:05 A.M.

2. Roll Call

Members Present:
Ami Abbott
Dr. Diane Gerken
Mary I. Helvie
Karyn Koenig

Members Absent:
Marina Diaz
Sean R. Dunbar
Debbie Sanders

Others Present:
Oscar Esquivel, Asst. Supt. for Business Services and Support
Gus Bidart, Ruhnau Ruhnau Clarke (RRC) Architects
Wayne Kibbe, Balfour Beatty Construction (BBC)
Michelle Reiner, Balfour Beatty Construction
Carolyn Scholl, Facilities Planning Manager
Rudy Valdez-Romero, Director of Maintenance and Operations
Angie Barton, Office Manager (Meeting Recorder)

3. Approve Minutes

May 14, 2014, Regular Meeting
MSCU Abbott, Koenig that the minutes of the May 14, 2014, regular meeting of the Independent Citizens Oversight Committee (ICOC) be approved as presented.

4. Discussion: ***School Bond Transparency in San Diego County San Diego Taxpayers Educational Foundation (July 2014 Report)***

The San Diego Taxpayers Educational Foundation (SDTEF) released a School Bond Transparency Report in July 2014. (Report attached as Exhibit "A" and made a part of these minutes.) The main purpose of the SDTEF report was to evaluate the accessibility of school district bond information so that a member of the public could determine if facility projects promised during a bond campaign were being completed. The report provided a "Transparency Scorecard" on the 21 San Diego County school districts that have current and recently active school facility bond programs. The scorecard covered 23 categories such as the availability of bond information, ICOC agendas and meeting minutes, meeting materials, etc. Two districts earned perfect scores on the Transparency Scorecard with the remaining 19 districts missing at least one category.

Mr. Esquivel explained that the release date of the SDTEF report was July 2014 and that information was being assembled in the months prior to this date. Although the scorecard showed CVESD ranking near the bottom, it was noted that Proposition E was approved by voters in November 2012 and had no major construction underway at the time of the SDTEF report. In addition, the SDTEF report did not disclose CVESD's annual financial and performance reports and the ICOC's report to the Board of Education that were completed in March and June 2014, respectively. Committee members agreed that the preparation/release of the SDTEF report was a timing issue. This was acknowledged in the SDTEF report, which noted that the bond programs in CVESD, Dehesa, and San Dieguito Union ". . . are too new to fully assess."

The following four recommendations were provided in the SDTEF report to address bond transparency issues.

- **Place a clear and direct link to a school facilities bond and the corresponding ICOC prominently on the home page of the district's website.**
  - *Prior to the SDTEF report, a visitor to the CVESD website needed to search different links to access Proposition E information. A link for Proposition E is now available on the main web part of the CVESD home page.*

- **Make all meeting materials available on the ICOC's website.**
  - *The SDTEF report noted that CVESD posts all ICOC meeting materials on the website.*

- **Have performance audits conducted by auditors with demonstrated knowledge in project management and construction industry best practices.**
  - *The District's first performance audit for Proposition E was conducted by Wilkinson Hadley King & Co. (CVESD's independent auditor). However, since the audit was as of the year ending June 30, 2013, no modernization*

projects had begun. The District will review options to contract with auditors with project management knowledge for the next performance audit.

- **<u>Use the best established ICOCs as models when starting an ICOC.</u>**
  - *CVESD used the San Diego County Taxpayers Association's "Oversight Committee Best Practices" during the formation of the ICOC. Additionally, District staff worked with legal counsel to ensure the committee was formed in accordance with all legal requirements. The SDTEF noted that San Diego Unified School District and Sweetwater Union High School District earned perfect scores on the transparency report and recommended that districts review websites for these two districts to improve transparency.*

Mr. Esquivel stated that the District will respond to the SDTEF report to provide them with information currently available on the CVESD website. It is hoped that if the SDTEF releases a revision to its July 2014 report, the scorecard will reflect steps CVESD has taken regarding bond transparency.

5. Update: *Proposition E, Series B, General Obligation Bond Issue ($14 Million)*

Mr. Esquivel informed the ICOC that the Board of Education authorized the issuance of the Proposition E, Series B, bonds in an amount not to exceed $14 million. This action took place at the Board's September 10, 2014, meeting. The Series B funds will supplement the remaining funds from Series A to complete the three modernization projects at Ella B. Allen, Hilltop Drive, and Vista Square Elementary Schools during Summer 2015. This will allow Allen, Hilltop Drive, and Vista Square to be modernized to the same standards as the Summer 2014 sites. The closing timeline for the Series B bonds is estimated for January 2015. Mr. Esquivel also reiterated that the priority of Proposition E projects has been placed on the 11 oldest schools not modernized during the Proposition JJ period of 1998 through 2005.

6. Approve Next Four Meeting Dates

- **Approve Change of Date for the Next Regular Meeting from November 19, 2014, to <u>November 12, 2014</u> (*6 p.m., Dr. Lowell J. Billings Board Room)***
- ***<u>March 18, 2015</u> (6 p.m., Dr. Lowell J. Billings Board Room)***
- ***<u>May 13, 2015</u> (9:30 a.m., Dr. Lowell J. Billings Board Room)***
- ***<u>September 16, 2015</u> (6 p.m., Dr. Lowell J. Billings Board Room)***

MSCU Abbott, Helvie that the next four meeting dates of the ICOC be approved as presented. It was noted that the May 13, 2015, meeting will begin at 9:30 a.m. to allow the ICOC to tour the Summer 2015 modernization sites of Allen, Hilltop Drive, and Vista Square Elementary Schools prior to the start of construction.

7. Conduct Visits to Tour Completed Summer 2014 Modernization Sites

- ***Rosebank Elementary School***
- ***Lilian J. Rice Elementary School***
- ***Castle Park Elementary School***

The ICOC, guests, and District staff departed the Education Service and Support Center (ESSC) to tour the three school sites modernized during Summer 2014. Attendees visited primary and upper grade classrooms (including classrooms in relocatable buildings), multipurpose rooms, libraries, school offices, playgrounds, lunch shelters, and other locations of the school campuses. BBC and RRC representatives as well as District staff addressed questions from ICOC Members. David Ruhnau (RRC) joined the ICOC for the Rice and Castle Park tours. At the conclusion of the three tours, ICOC Member Helvie departed to attend another event that had previously been scheduled on her calendar.

After the Castle Park tour, attendees returned to the ESSC for the remainder of the meeting.

8. Other Items / Open Discussion

Topics of discussion included the ICOC annual report presented to the Board of Education in June, a preliminary timeline for the Summer 2015 modernization projects, and expenditures for the Summer 2014 modernization projects. Mr. Esquivel will provide an expenditures summary for Castle Park, Rice, and Rosebank at the ICOC's next meeting on November 12.

9. Adjournment

Chairperson Dr. Gerken adjourned the meeting at 11:40 A.M.

ab

Exhibit "A"
to ICOC Minutes of
September 17, 2014

School Bond Transparency in San Diego County

July 2014

Prepared by:

San Diego Taxpayers Educational Foundation

Executive Summary 3
Transparency Scorecard 5
List of School Districts and Abbreviations 6
Section 1: Background 7
Proposition 39 7
Assembly Bill 1908 7
Changes Since 2011 Update 8
Section 2: Best Practices 10
Transparency 10
Annual Reports 10
Financial and Performance Audits 11
Section 3: Methodology 12
Website Information Transparency 12
Annual Report / Audit Information Transparency 13
Section 4: Results 14
Website Information Transparency 14
Annual Report/ Audit Information Transparency 17
Section 5: Recommendations 20
Recommendation #1: Clear and Direct Link on the Home Page 20
Recommendation #2: Inclusion of All Additional Meeting Materials 21
Recommendation #3: Truly Independent Performance Audits 21
Recommendation #4: Use Lessons Learned when Starting an ICOC 21

San Diego Taxpayers
Educational Foundation
707 Broadway, Suite 905 | San Diego, CA 92101 | T: 619-234-6423 | F: 619-234-7403

Executive Summary

The San Diego Taxpayers Educational Foundation (SDTEF) conducts research on issues relevant to taxpayers including transparency. Taxpayers should be able to quickly determine if new libraries, new pools and new classrooms, for example, that school district officials promised to voters while pitching the bond have been built. In many districts, this information is easier to find today than it has been in the past. This report is intended to provide tools for San Diego County school districts to use in the ongoing process of improving transparency with respect to school facilities bond programs.

While there are many criteria that go into making a school facilities bond program effective, the scope of this study focuses solely on transparency – the accessibility of information that makes it possible for taxpayers to assess the performance of school facility bond programs. This study is the most recent update of the SDTEF 2007 study. It focuses on the transparency of currently and recently active school facility bond programs.

The Transparency Scorecard summarizes the findings of this study by providing an accounting of information made available by school districts. The Transparency Scorecard only makes note of the existence of the criteria examined and does not comment on the quality of the material available or the ease of access.

Overall, the findings are positive. In fact, there has been marked improvement since the last update to this study in 2011. Of the 21 school districts examined, only five failed to meet at least half of the criteria examined. Three of those five are too new to fully assess. Further, 15 school districts met over 75 percent of the categories. While the overall performance of school districts in regards to transparency was good, there is still ample room for improvement.

Only San Diego Unified School District (SDUSD) and Sweetwater Union High School District (SUHSD) earned perfect marks on the Transparency Scorecard, with all other districts having at least one missing section. The least transparent school districts are Encinitas Union School District (EUSD) and Julian Union High School District (JUHSD) – the only two to meet fewer than half of the criteria on the Transparency Scorecard.

With this in mind, SDTEF offers four recommendations to best address continuing school bond transparency problems.

Recommendation #1: Place information regarding a school facilities bond and the corresponding Independent Citizens Oversight Committee (ICOC) prominently on the home page of the district's website. Access to information is just as important as the information itself. A link to the ICOC's web page should be prominently placed on a school district's home page. This eliminates confusion and makes it easier for taxpayers to find key information.

Recommendation #2: Make all meeting materials available on the ICOC's website. Simply including a record of agendas and meeting minutes is not enough to properly inform the public,

even if those meeting minutes include some description of additional materials distributed during meetings. All reports and presentations given in ICOC meetings are important because they usually contain the most relevant information regarding the construction of projects and current costs. Furthermore, omitting meeting materials is in violation of Assembly Bill 1908, which reads, in part, "all documents received and reports issued [by or to an ICOC] shall be a matter of public record and be made available on an Internet website maintained by the governing board."

Recommendation #3: Performance audits should be conducted by auditors with demonstrated knowledge in project management and construction industry best practices. Since the latest update to this study in 2011, significantly more school districts utilize independent performance audits. Most of these audits, however, fail to truly evaluate the performance of a school district's facilities bond program. This is because the independent auditor who executes the performance audit is commonly the same auditor responsible for the financial audit. Auditors who are well versed in financial auditing are not necessarily knowledgeable in project management and/or construction. As such, auditors with performance audit expertise should be sought out to conduct performance audits rather than giving priority to the financial auditor.

Recommendation #4: Use the best established ICOCs as models when starting an ICOC. Districts with newer school facilities bond programs performed well below average on the Transparency Scorecard. In order to properly establish themselves, these school districts and their ICOCs should turn not only to the San Diego County Taxpayers Association's "Oversight Committee Best Practices" but should also look toward the most transparent established ICOCs as models for success. The two school districts (SDUSD and SUHSD) that earned perfect marks on the Transparency Scorecard should be used as examples of transparency. By following the already established methods that have proven successful in other school districts, new ICOCs can more easily establish themselves as transparent.

School Bond Transparency Scorecard

	SDUSD	SUHSD	GCCCD	GUHSD	OUSD	SDCCD	EUHSD	PCCD	SMUSD*	SBUSD	PUSD	SWCCD	CVUSD	CUSD	SSD	VUSD	EUSD*	JUHSD*	SDUHSD*^	CVESD*^	DSD*^
Website Information Provison																					
Committee Bylaws	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓		✓		✓	✓		
Member Information	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
Meeting Minutes/Agendas	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓
Additional Meeting Material	✓	✓	✓	✓	✓	✓		✓	✓			✓								✓	
Annual Reports	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓			
Performance Audits	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓	✓					
Financial Audits	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Project List	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓	
Project Descriptions	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓		✓		
Project Progess	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓		
Bond Background	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Contact Information	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Report/ Audit Information Provision																					
Budget Overiew	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				
Program Status Updates	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Detailed Discussion of Projects	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓						
Basic Financial Information	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				
Expenditures Itemized by Project/ Site	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓		✓					
Prop 39 Required Audit Findings	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
Additonal Recommendations	✓	✓	✓	✓					✓												
Detailed ICOC Member Information	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓			✓		✓	✓			
Project Progress Report	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓			
Audits Performed by Third Party	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Performance Audits meet SDCTA Standards	✓	✓								✓											
Transparency Grade	23/23	23/23	22/23	21/23	21/23	21/23	20/23	20/23	20/23	20/23	19/23	19/23	18/23	18/23	18/23	17/23	10/23	7/23	--	--	--

*Propisition passed since last update
^No annual reports have been issued to date

San Diego Taxpayers
Educational Foundation
707 Broadway, Suite 905 | San Diego, CA 92101 | T: 619-234-6423 | F: 619-234-7403

List of School Districts and Abbreviations

School District Name	Abbreviation
San Diego Unified School District	SDUSD
Sweetwater Union High School District	SUHSD
Grossmont-Cuyamaca Community College District	GCCCD
Grossmont Union High School District	GUHSD
Oceanside Unified School District	OUSD
San Diego Community College Disctrict	SDCCD
Escondido Union High School District	EUHSD
Poway Unified School District	PCCD
San Marcos Unified School District	SMUSD
South Bay Union School District	SBUSD
Poway Unified School District	PUSD
Southwestern Community College District	SWCCD
Cajon Valley Union School District	CVUSD
Carlsbad Unified School District	CUSD
Santee School District	SSD
Vista Unified School District	VUSD
Encinitas Union School District	EUSD
Julian Union High School District	JUHSD
San Dieguito Union High School District	SDUHSD
Chula Vista Elementary School District	CVESD
Dehesa School District	DSD

Section 1: Background

After the approval of Proposition 39 in 2000, which reduced the majority-voting threshold for the passage of school bonds from two-thirds to 55 percent, the number of school facilities bonds in San Diego County has dramatically increased. With this in mind, it is more important than ever to ensure that taxpayer dollars are being monitored effectively and that school districts' policies and practices promote the successful implementation of bond programs.

The San Diego County Taxpayers Association (SDCTA) has historically been at the forefront of school district bond policy. These efforts have included the publishing of several policy documents that have provided a blueprint for successful execution of school bond programs. These documents include Independent Citizens Oversight Committee (ICOC) best practices, detailed bond support criteria and a study, published in 2007 and updated in 2011, which comparatively reviewed active school bond programs in San Diego County. The 1011 study focused on two areas of study important for the successful execution of school bond programs: procurement practices and transparency. Here we focus on updating the latter of the two criteria, transparency. Specifically, we examine the continued efforts for transparency in programs evaluated previously in the 2011 assessment and expand upon this information by updating information regarding school districts previously examined and including school facilities bond measures that have passed since then.

Proposition 39

In 2000, Proposition 39 was approved by the majority of California voters and made it the case that a 55 percent vote was required for the passage of school facilities bond measures, lowering the percentage from the previous two-thirds requirement. With this lower threshold, there came further requirements for school facilities bonds that are not always present in other types of bonds. For a bond to qualify under Proposition 39 it must include

- requirements that bond funds be used only for construction, rehabilitation, equipping of school facilities, or acquisition or lease of real property;
- specific lists of school projects to be funded and certification that the school board has evaluated safety, class-size reduction and information technology needs in developing the list and
- requirements that the school board conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

Assembly Bill 1908

To help bolster Proposition 39 the California State Legislature also passed Assembly Bill (AB) 1908 in June of 2000. AB 1908 set up further regulations in regards to the potential tax rates levied for repayment of bonded indebtedness and also set up additional transparency and information requirements for school districts with school facilities bonds. Under AB 1908 school districts that are the beneficiaries of school district facilities bonds must establish an Independent Citizen's

Oversight Committee (ICOC) "to inform the public concerning the expenditure of bond revenue." Exactly how an ICOC is to perform this task is greatly variable as only minimal requirements are stated by law; they are

- An ICOC must publicize its conclusions and findings without the use of bond funds;
- An ICOC's meetings must be open to the public;
- Meeting minutes must be treated as public records;
- An ICOC must publish a report at least once a year;
- All documents received and reports issued must be public records and be available online
- There must be at least seven member of an ICOC
    - One representing a business organization,
    - One representing senior citizen's organization,
    - One representing a bona-fide taxpayers association,
    - One being a parent/guardian of a child in the district; student if community college district;
    - One being a member of a parent-teacher organization; active member of a community college organization if community college district;
    - Two or more members may be filled at-large.

Changes Since 2011 Update

Since the latest update to our bond study in 2011, there have been two completed bond programs, one bond program put on hiatus and six new school facilities bond measures passed. Poway Unified School District completed its construction in 2011 and its Independent Citizen's Oversight Committee issued its final report in 2012. Vista Unified School District also finished its bond program since the publishing of the previous report with the ICOC's final report being issued June 30, 2013. As of June 2012, Escondido Union High School District (EUHSD) had spent all allocated funds received to date. EUHSD will need to wait and estimated 5-6 years before it receives sufficient funds to continue with Proposition T. As a result, EUHSD's ICOC unanimously voted to place itself on hiatus for the time being. This decision was reaffirmed by EUHSD's school board. Three school facilities bonds passed in 2010 with three more passing in 2012. The three propositions passed in 2010 were Encinitas Union School District's Proposition P ($44.2 Million), Julian Union High School District's Proposition L ($2.1 Million) and San Marcos Unified School District's Proposition K ($287 Million). The three propositions passed in 2012 were Chula Vista Elementary School District's Proposition E ($90 Million), Dehesa School District's Proposition D ($3 Million) and San Dieguito Union High School District's Proposition AA ($449 Million). These changes as well as the status of all the school district facilities bonds measured are outline in Figure 1.

Figure 1: Status of School District Bond Measures

School District	Bond Measure	Year(s) Passed	Project Status	Authorized Funds
CVUSD	Prop D & C	2008/2012	In Progress	$156.5 Million/$88.4 Million
CUSD	Prop P	2006	In Progress	$198 Million
CVESD	Prop E	2012	To Begin 2014	$90 Million
DSD	Prop D	2012	Funds yet to be Received	$3 Million
EUSD	Prop P	2010	In Progress	$44.2 Million
EUHSD	Prop T	2008	On Hiatus (2012)	$98 Million
GUHSD	Prop H & U	2004/2008	In Progress	$274 Million/$417 Million
GCCCD	Prop R & V	2002/2012	In Progress	$207 Million/$398 Million
JUHSD	Prop L	2010	Funds yet to be Received	$2.1 Million
OUSD	Prop H	2008	In Progress	$195 Million
PCCD	Prop M	2006	In Progress	$694 Million
PUSD	Prop C	2008	Completed (2012)	$179 Million
SDCCD	Prop S & N	2002/2006	In Progress	$685 Million/$870 Million
SDUSD	Prop S & Z	2008/2012	In Progress	$2.1 Billion/2.8 Billion
SDUHSD	Prop AA	2012	In Progress	$449 Million
SMUSD	Prop K	2010	In Progress	$287 Million
SSD	Prop R	2006	In Progress	$60 Million
SBUSD	Prop X & Y	2008/2012	In Progress	$59.4 Million/$26 Million
SWCCD	Prop R	2008	In Progress	$389 Million
SUHSD	Prop O	2006	In Progress	$644 Million
VUSD	Prop O	2002	Completed (2013)	$140 Million

Source: SDCTA

Section 2: Best Practices

The San Diego County Taxpayer Association (SDCTA) has created a best practices document intended to encourage school districts and independent citizen oversight committees to attain the highest standards in the preparation, execution and supervision of school facilities bond projects. This document, entitled "Oversight Committee Best Practices," was published in 2011 in an attempt to establish the preferred practices for ICOCs in dealing with school facilities bonds. Proposition 39 and AB 1908 say little about how ICOC's should go about their tasks. Rather, these documents only outline the tasks to be completed. Therefore, an ICOC must go beyond simply meeting the requirements outlined to properly inform the public. ICOC's should address these tasks in the most effective way possible so that the public may be properly informed. As such, SDCTA's best practices hold ICOCs to a higher standard than that which is mandated by law. "Oversight Committee Best Practices" comments on the best practices in all aspects of a committee's functioning. However, for the purposes of this report, only those best practices in regards to transparency are considered.

Transparency

Transparency is achieved by promptly releasing and displaying detailed information about the progress of all projects included in the ballot measure and resolution, as well as the committee's minutes and materials it has received on the oversight committee website. It is our recommendation that at the very minimum ICOCs disclose:

- Minutes of meetings within a reasonable amount of time
- Materials provided to the Committee at each meeting
- Sufficient notice of the dates, times and agendas of planned meetings of the ICOC and its subcommittees, when applicable
- A List of the committee members and their contact information
- A List of projects accompanied by measurements of their status both in terms of budgets and timelines
- Any alterations to project budgets or timelines with adequate explanation
- Comparisons of current status of projects in terms of budgets and timeline to originals

Annual Reports

Furthermore, AB 1908 requires that ICOCs publish a report at least once a year. However, the information required in said report can only minimally edify the public as to the goings-on of school facilities bonds. In order to properly inform the people, an ICOC report should include not only the requirements established by Proposition 39, but should also:

- List ICOC member information
- List expenditures, itemized by project or location

- Provide a detailed discussion of active and future projects
- Review of the budget
- Provide additional recommendations going forward

Financial and Performance Audits

In addition to the report put forth by the ICOC itself there should also be two audits performed by independent third parties. Firstly, a financial audit is required to ensure that all funds are spent only on the facilities under maintenance and that none of the funding provided by the bond be used for anything else. This financial audit ensures that expenditures are made properly and that there are no inconsistencies in the records. In addition, qualified professionals should perform a performance audit so that the public may be certain that projects are being completed efficiently and that any major changes to the initial plans are justified. In order to properly assess the performance of school facilities bonds professionals with demonstrated knowledge in the field should review and evaluate the inner working of all aspects of the bond program. While an overarching review of bond performance is useful, it is critical that performance reports are not vague or ambiguous. As such, it is important that performance audits review:

- Design and construction timelines
- Current bond program management programs/ plans
- Budgets for all projects
- Use of best practices and technology in construction
- Methods of payment
- Public outreach
- Transparency (including an ICOC review)
- Program management structure (including staff and fees)
- Compliance with all labor laws

Section 3: Methodology

To evaluate the transparency of San Diego school districts with school facilities bonds we considered the district's information made publicly available on their website. In the gathering of this information, no school districts were contacted and the role of a citizen at his/her computer was adopted. All information accrued in the process of making this report and all documents referred to in this report are publicly available online. Any and all searches were made with publicly available resources and no special technologies or programs were used in the gathering of information in regards to this report.

Website Information Transparency

Two areas were examined in determining the transparency of school districts. First, the website itself was evaluated for transparency. To do so we employ twelve criteria to establish what was present on a district website and what was absent:

- Committee Bylaws
- Member Information
- Meeting Minutes/ Agendas*
- Additional Meeting Material
- Annual Reports**
- Performance Audits**
- Financial Audits**
- Project List
- Project Descriptions
- Project Progress
- Bond Background
- Contact Information

* Meeting minutes, agendas and additional materials needed to be up to date with at least one entry from the previous year (2013), if applicable. Minutes, agendas and additional materials that were not sufficiently up to date were considered non-existent.

** For an audit or report to qualify, it needed only to meet those standards that are required by law. Qualification for these sections makes no comment on the quality of an audit or report.

Annual Report / Audit Information Transparency

Second, we assess the reports and audits themselves on the information provided within them. Ten criteria should be present in the reports and/or audits of ICOCs:

- Budget Overview
- Program Status Updates
- Detailed Discussion of Projects*
- Basic Financial Information
- Expenditures Itemized by Project/Site
- Prop 39 Required Audit Findings
- Additional Recommendations
- Detailed ICOC Member Information*
- Project Progress Reports
- Audits Performed by Third Party**
- Performance Audits meet SDCTA Standards***

* The word detailed is considered in an inclusive way such that the bar for being "detailed" was low. For example, to qualify as "Detailed ICOC Member Information" only the name and position title of each member had to appear.

** "Audits performed by a Third Party" refers to financial and performance audits completed by qualified independent professionals with demonstrated knowledge in their field.

*** SDCTA standards are briefly outlined in this document's Best Practices section and are fully explained in SDCTA's "Oversight Committee Best Practices."

Section 4: Results

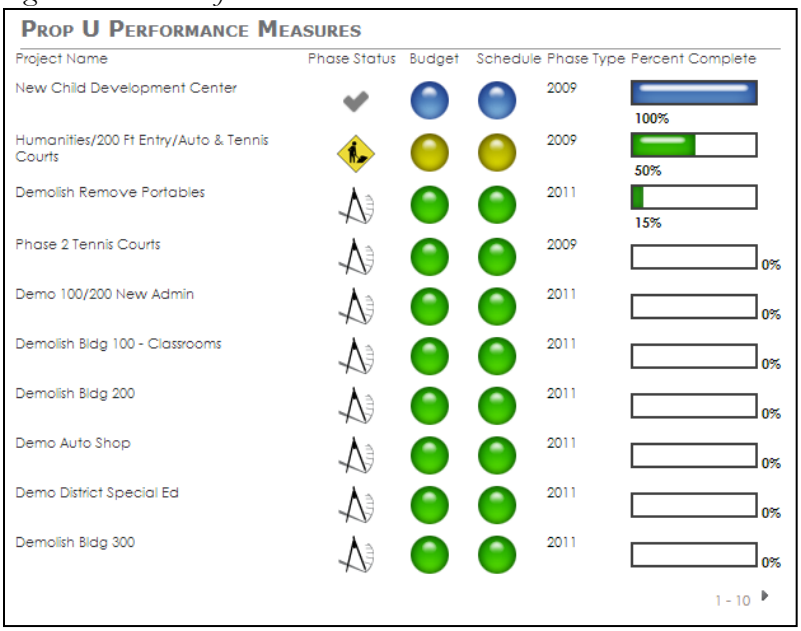
In this study, there were two major types of transparency examined: website information transparency, and reports/audit transparency. Overall, SDTEF found significant improvements in both sections however there is substantial room for improvement particularly with regards to report/audit transparency.

Website Information Transparency

Overall, school districts receiving school facilities bonds performed well in delivering a sufficient amount of information to the public through their websites. Of the twenty-one school districts reviewed six received perfect marks on the transparency of their website (GUHSD, GCCCD, OUSD, SDCCD, SDUSD, SUHSD), six missed only one point (CUSD, EUHSD, PCCD, PUSD, SMUSD, SBUSD) and four missed only two points (CVUSD, SSD, SWCCD, VUSD). However, simply earning marks on the transparency scorecard makes no mention of the quality of that information, but rather only shows that the information is present in some form. Certain information is presented in more easily understandable ways while other information is harder to find or harder to understand.

One example of information that is presented clearly, so that it may be accessible to the public, comes in the form of project status indicators. Figure 2 reports the status of projects with their completion percentage and stage of the project included in the metric. There is also a clear legend (not pictured) to explain the significance of each color and symbol so that projects can be easily categorized and general information is immediately accessible. Project status indicators provide an overview of information, but can fail in assessing particular details of projects. However, if a user wishes to see further details on a specific project, there are links that leads to more detailed descriptions.

Figure 2: Model Project Status Chart

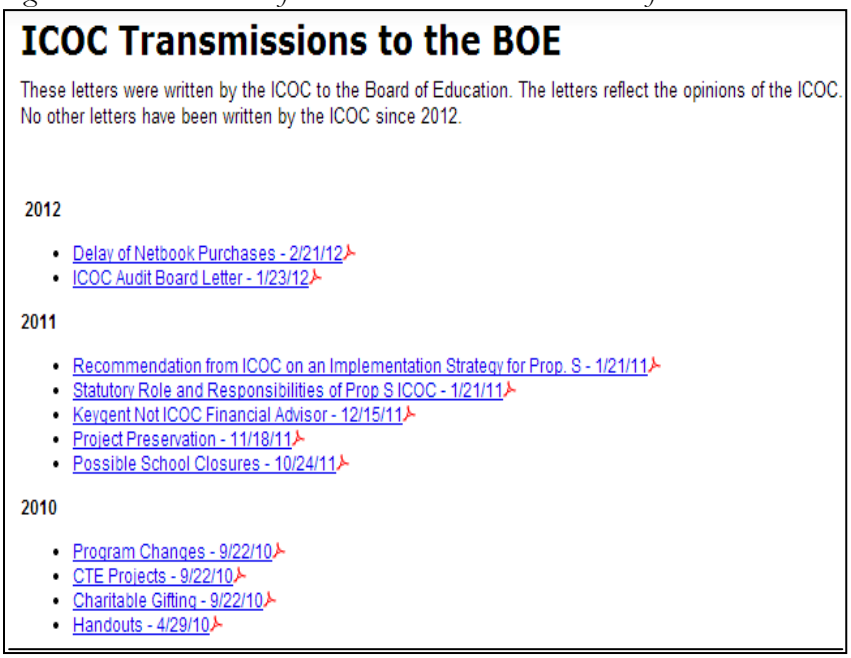


Source: Grossmont Union High School District

One particularly commendable example of record keeping can be found in SDUSD's ICOC webpage. All meeting minutes, agendas and outside materials are up to date and easily accessible on one page categorized by meeting dates. Furthermore, SDUSD also keeps record of all communication between the ICOC and the

Board of Education. These communications show an openness that is pervasive throughout the district and explain important decisions in the implementation of bond funds. Finally SDUSD keeps records of all public input from their meetings further showing their transparency in communications.

Figure 3: Model Records of Communication with the Board of Education



ICOC Transmissions to the BOE

These letters were written by the ICOC to the Board of Education. The letters reflect the opinions of the ICOC. No other letters have been written by the ICOC since 2012.

2012

- Delay of Netbook Purchases - 2/21/12
- ICOC Audit Board Letter - 1/23/12

2011

- Recommendation from ICOC on an Implementation Strategy for Prop. S - 1/21/11
- Statutory Role and Responsibilities of Prop S ICOC - 1/21/11
- Keygent Not ICOC Financial Advisor - 12/15/11
- Project Preservation - 11/18/11
- Possible School Closures - 10/24/11

2010

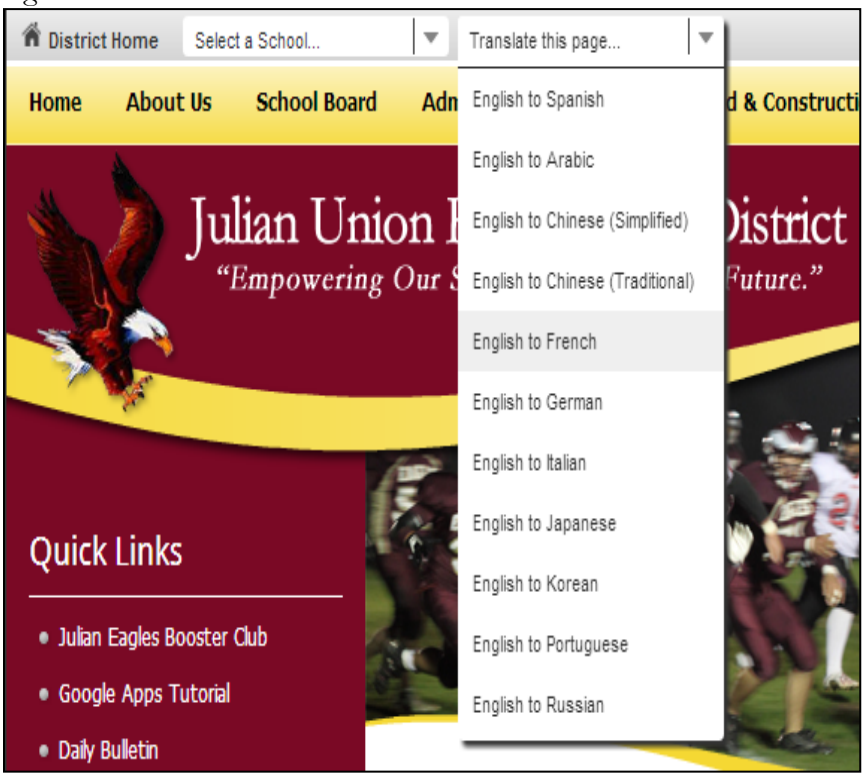
- Program Changes - 9/22/10
- CTE Projects - 9/22/10
- Charitable Gifting - 9/22/10
- Handouts - 4/29/10

Source: San Diego Unified School District

However, even well established school facilities bond programs sometimes fail to provide materials beyond agendas, minutes and reports. This is indicated in the "Additional Meeting Materials" section where less than half of the school districts provided those materials to which the ICOC had access to in meeting presentations and other forms of communication. Meeting minutes provided by these same schools mention presentations or further materials, but these materials are not publically available. This is especially important considering AB 1908 states, "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 website maintained by the governing board." In failing to provide this information, these school districts are not meeting their requirements as outlined in AB 1908.

It is important to note that not all residents of San Diego County are English speakers. There is a sizeable Hispanic population for which Spanish is the primary language. As such, it is important that these individuals have equal access to information on schools facilities bonds. A number of school districts now have options to translate their pages into Spanish and some districts broaden the scope further to include many different languages. However, most of these translations are only for the web pages themselves and not for reports, minutes, or other documents important in the transparency of school facilities bonds.

Figure 4: Model Website Translator



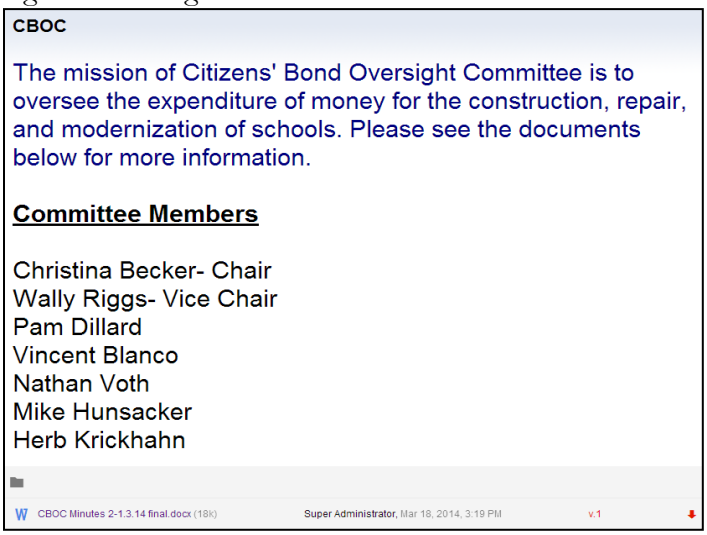
Source: Julian Union High School District

While most school districts performed well in the transparency of their web pages there were four* school districts (DSD, EUSD, JUSD, CVESD) that were missing large amounts of information. The worst of these was Dehesa School District's webpage, which met only three of the twelve criteria. These websites were mostly empty and had only basic information. One common element among these four school districts is the recent passing of their facilities bonds. None of these schools were included in 2011 reports on school facilities bonds with EUSD and JUHSD passing their bonds in 2010 and DSD and CVESD passing their bonds in 2012. However, two schools that passed their facilities bonds since the issuance of the 2011 report have been able to perform at an exceptional level. SMUSD (2010) only missed one mark on the website section of the transparency scorecard and SDUHSD (2012) meets all but two applicable criteria.** Hopefully, these four lacking programs can provide sufficient information after further establishing themselves as time goes on.

* Five school districts missed more than two marks on the transparency scorecard in the website section; however, SDUHSD does not qualify for missing large amounts of information as the information missing (like annual reports) do not exist as there have been no reports filed.

** SDUHSD has yet to issue an annual report and does not qualify for the sections titled "Annual Report," "Financial Audit" or "Performance Audit."

Figure 5: Lacking ICOC Website



Source: Dehesa School District

Annual Report/ Audit Information Transparency

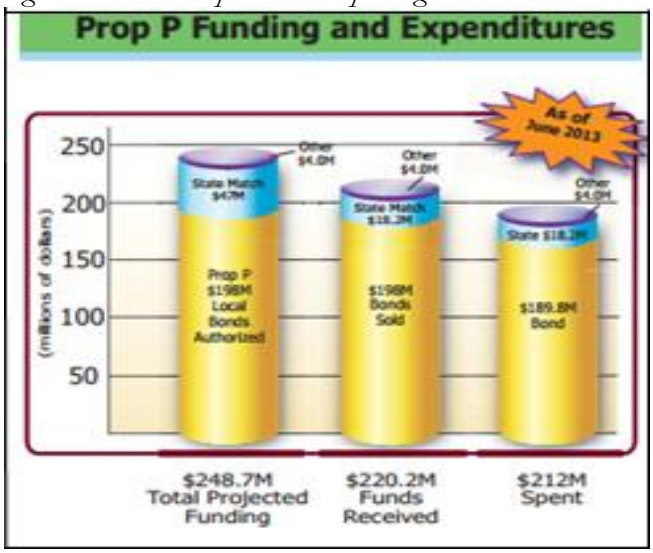
School districts as a whole did not perform as well in the transparency of their annual reports and audits as they did in the transparency of their websites. That being said, there were no major issues in their audits and reports for the majority of school districts examined. Of the twenty-one school districts with school facilities bonds that fall under Proposition 39 three school districts scored perfect marks (GCCCD, SDUSD, SUHSD), seven school districts missed only one point (GUHSD, OUSD*, PCCD*, SDCCD*, SWCCD*, EUHSD*, SMUSD), five school districts missed two points (SBUSD, SSD, PUSD, CVUSD, CUSD) and one school district missed three points (VUSD). There were also three schools that have yet to create an annual report and have not been audited (CVESD, DSD and SDUHSD). This leaves just two schools that failed to match even half of the categories outlined in the transparency scorecard (EUSD and JUHSD). However, as in the website section, receiving a check in this section does not make any statement to the quality of the information provided, just its presence. The quality of information ranges greatly with some components of ICOC reports and audits being more accessible than others.

While it is only required that an ICOC release one report every year, some school districts go above this minimum standard and issue reports more frequently. In order for the public to be as informed as possible, it is important that they receive up to date information and annual reports are far from optimal. Much can change in a year and if an ICOC only issues one report every year these changes can go unknown by the public. One example of a school district's ability to inform the public in an exemplary fashion is found in Grossmont Union High School District's monthly reports. In addition to the annual report provided by the ICOC, there are also monthly program reports. The updates include recent pictures, expenditures and updated timelines and all serve to better inform the public on the goings-on of the school facilities bonds.

*The only criterion missed was "Additional Recommendations" and this area was not complete only because auditors confirmed that the performance of the ICOC was satisfactory.

It is not only important that information is present in an ICOC's reports and audits, but also that the information provided is presented in such a way that individuals within a community can easily understand that information. Simplicity is helpful in informing the public as most people are not experts in the field of auditing or finances and as such cannot properly interpret some financial documents. For this reason, charts and graphs provide excellent methods in framing complicated information in a way that is understandable for the average individual. Graphs, like CUSD's, show budget oversights in an easy to understand way. Comparisons between the projected funds, collected funds and spent funds are easy to interpret when put side by side. Further, the color coordination that corresponds to the different types of funds provides further transparency as it shows at least the general source for funds.

Figure 6: Model Expenditure Reporting



Source: Carlsbad Unified School District

Although the bar for information necessary to achieve "Detailed ICOC Member Information" was low, four school districts who provided annual reports and audits still failed to meet expectations (CVUSD, CUSD, EUSD, VUSD). Simply naming the member of the ICOC is not sufficient in annual reports, as there are specific requirements for representation within an ICOC. Without this information, the public cannot know that these requirements are met.

Since our latest update to the bond study in 2011, there has been a significant increase in the number of school districts participating in independent performance audits. In 2011, six of the fifteen school districts surveyed conducted outside performance reviews. Now, fourteen of the twenty-one school districts evaluated (CVUSD, EUHSD, GUHSD, GCCCD, OUSD, PCCD, PUSD, SDCCD, SDUSD, SMUSD, SSD,SBUSD, SUHSD, VUSD) conduct outside performance reviews. However, the majority of these performance audits do not provide sufficient information. Only three school districts (SBUSD, SUHSD, SDUSD) meet SDCTA's standards, leaving eleven school districts with insufficient performance audits. These insufficient audits still meet legal standards in that they comply with California Senate Bill 1473, which requires financial and performance audits to comply with the Government Auditing Standards issued by the Comptroller General of the United States. However, such standards are minimal and do not properly inform the public on all aspects of an ICOC.

In addition, five of the school districts who provided annual reports and audits (EUSD, JUHSD, SMUSD, SSD, SBUSD) did not itemize their expenditures by project or site. The purpose of annual reports and audits as defined by AB 1908 is "to inform the public concerning the expenditure of bond revenue." By failing to show where the money is going, these districts fail to meet the purpose of ICOCs. The public is uninformed and unaware of how taxpayer dollars are being spent and cannot compare the results of construction with those expenditures.

Lastly, it is still the case that those districts with newer school facilities bonds performed generally worse than those with more established bonds. Three of the six new school districts (CVESD, DSD, SDUHSD) with facilities bonds have yet to complete an annual report or audit, as there has yet to be anything significant to report. However, three districts (EUSD, JUHSD, SMUSD) have begun construction and expenditures of bond funds and have completed their first audits in a way that is below the standards set by other school districts. SMUSD again excelled in its performance, while EUSD and JUHSD scored the worst by far in the report and audit criteria. These reports were largely incomplete and failed to include relevant and important information to the public in multiple areas. This leaves the public generally uninformed about the activity, or lack of activity, in these districts.

Section 5: Recommendations

For a school district's facilities bond to be successfully transparent the best general guidelines available come in the "Oversight Committee Best Practices" document produced by the SDCTA. This document outlines the requirements of an ICOC as well as lays out specific practices that can help improve an ICOC's transparency. Any school district beginning or continuing the implementation of a school facilities bond should first refer to that document when setting up its ICOC. However, there are some further recommendations not present in that document that can greatly improve the quality of the information provided by a school district's ICOC. To best inform the public an ICOC should take into account not only what is required by law, but also take SDCTA's best practices and these further recommendations into account.

Recommendation #1: Clear and Direct Link on the Home Page

Links to pages explaining bond programs should be placed prominently on the school districts home page. It is oftentimes the case that information about a school district's facilities bond program is available only through multiple pages with dozens of links or, if there is a link on the home page, it is small and requires serious searching of a webpage to locate.

For example, to access Chula Vista Elementary School District's page regarding their school facilities bond one must perform what seems initially to be a simple 2 step process:

Step 1: On the homepage select the "District" tab

Step 2: Select "Proposition E"

However, this seemingly simple process is far more of a guessing game. There is no direct link on the home page, so one is left to choose from over 30 different links. Most of the links have vague names such as "Community" or "District Vision." These links have little to no indication that they may lead to information about Proposition E so there is nothing that can clue one to which tab is correct. Ultimately, to find the information one must click on the "District" tab which leads the user to a new webpage. It is only after this that the "Proposition E" link is available, but it is only one of 15 equally sized links.

Compare this to the experience in finding information when the link is prominently placed on a homepage, like in the case of San Marcos Unified School District (SMUSD). On SMUSD's home page there is immediately a link to information regarding their school facilities bond (Propositions K). This link, titled "Prop K Citizen's Oversight Committee," is easy to see and prominently placed, leaving no confusion for the user. While the content is unaffected, what is important here is the delivery method of that content. School districts should have links to information about the propositions prominently posted on their webpage and these links should be easy to identify and lead directly to the desired information.

Recommendation #2: Inclusion of All Additional Meeting Materials

Assembly Bill 1908 reads, "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 website maintained by the governing board." Simply publishing minutes, agendas and reports from the ICOC is not sufficient to meet the letter of the law. All resources must be provided so that the public may be informed of the actions and decisions of the ICOC. Reports and documents presented at meetings are especially important, as they usually are extremely relevant to the management of bond funds or construction timelines. Simply stating that a presentation took place during a meeting says nothing of the content of that presentation and leaves the public without the knowledge necessary to understand the workings of the school facilities bond.

ICOC's should follow San Diego Unified School Districts (SDUSD) example of documentation to best catalog all important records. SDUSD documents all materials chronologically, placing materials under the meetings where they were presented. Titles are clear and indicate not only the content of the material, but also the date it was discussed. Furthermore, school districts would do well to publish drafts of documents. This furthers the transparency of an ICOC as it shows the entirety of the drafting process with updates and changes easily available for public viewing. ICOC's should take special care in ensuring that all resources are publicly available so the public may be as informed as possible and so the ICOC may properly conform with the law.

Recommendation #3: Truly Independent Performance Audits

While there have been significant improvements in the number of school districts participating in independent performance audits these audits often miss many of the standards outlined in SDCTA's "Oversight Committee Best Practices." With some notable exceptions (SBUSD, SUHSD, SDUSD) school districts meet little more than the legal requirements for performance reviews, leaving out important information. To better execute performance audits school districts should seek separate auditors for their financial and performance audits. Having expertise in the field of financial auditing does not directly translate to being able to successfully audit the performance of bond programs. Auditors should be professionals independent of the school district and should have demonstrated knowledge in the fields of project management and construction industry best practices. Auditors who are well versed in the process of financial audits are not necessarily knowledgeable in the fields of project management and/or construction. As such, separate auditors with such expertise should be sought out to conduct performance audits.

Recommendation #4: Use Lessons Learned when Starting an ICOC

While most school districts performed well in their evaluations regarding transparency those districts with newer school facilities bonds performed well below average. In order to properly establish an ICOC school districts with new facilities bonds should not only turn to SDCTA's "Oversight Committee Best Practices," but should also model their web pages off school districts with successful bond programs. Specifically, new ICOCs should model San Diego Unified School District or Sweetwater Union High School District (SUHSD) the only two districts to earn perfect marks on the Transparency Scorecard. These school districts' transparency should be modeled after when establishing a new program. By modeling an ICOC's page after those that have proven success, ICOC's can more easily establish themselves as legitimate and transparent. When school facilities bonds are passed as propositions it is not sufficient to simply consult the legal requirements. School districts should also take into account SDCTA's best practices and exemplars of success in other school districts.

School Bond Transparency Scorecard

	SDUSD	SUHSD	GCCCD	GUHSD	OUSD	SDCCD	EUHSD	PCCD	SMUSD*	SBUSD	PUSD	SWCCD	CVUSD	CUSD	SSD	VUSD	EUSD*	JUHSD*	SDUHSD*^	CVESD*^	DSD*^
Website Information Provison																					
Committee Bylaws	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓		✓		✓	✓		
Member Information	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
Meeting Minutes/Agendas	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓
Additional Meeting Material	✓	✓	✓	✓	✓	✓		✓	✓			✓								✓	
Annual Reports	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓			
Performance Audits	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓	✓					
Financial Audits	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Project List	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓	
Project Descriptions	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓		✓		
Project Progess	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓		
Bond Background	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Contact Information	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Report/ Audit Information Provision																					
Budget Overiew	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				
Program Status Updates	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Detailed Discussion of Projects	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓						
Basic Financial Information	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				
Expenditures Itemized by Project/ Site	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓		✓					
Prop 39 Required Audit Findings	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
Additonal Recommendations	✓	✓	✓	✓					✓												
Detailed ICOC Member Information	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓			✓		✓	✓			
Project Progress Report	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓			
Audits Performed by Third Party	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Performance Audits meet SDCTA Standards	✓	✓								✓											
Transparency Grade	23/23	23/23	22/23	21/23	21/23	21/23	20/23	20/23	20/23	20/23	19/23	19/23	18/23	18/23	18/23	17/23	10/23	7/23	--	--	--

*Propisition passed since last update
^No annual reports have been issued to date