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Role and Duties of the Citizens' Bond Oversight Committee

**Alum Rock Union School District
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Presented by:
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Some Background

- Measure I passed June 7, 2016
 - Authorized \$139,999,671
- Measure S passed November 8, 2022
 - Authorized \$71.5 million
- Board appointed initial CBOC for Measure I and consolidated with Measure S on November 9, 2025
- Resolution, Ballot Summary and Full Ballot Text with Project List comprise the full Measure

CBOC Composition

- 8 Members, representing various constituencies
 - 1 current vacancy (Taxpayer Organization)
 - a quorum of an 8-member committee is 5
- Terms generally 2 years, with a maximum of 3 consecutive terms
- Committee exists until bond proceeds are fully expended

Measure I – ballot summary

To improve local neighborhood schools, fix leaky, deteriorated roofs, improve fire safety, repair/upgrade classrooms, improve student safety and security, renovate outdated restrooms, upgrade heating/ventilation/electrical systems for energy efficiency, and computer technology, shall \$139,999,671.60 of Alum Rock Union Elementary School District bonds approved by the voters in June 2008, be reapproved at legal rates to renovate, acquire, construct, repair classrooms, sites, facilities/equipment, with independent audits, citizens' oversight, no money for administrators' salaries and all money controlled locally?

Measure S – ballot summary

To improve science, technology, engineering, art, and math (STEAM) classrooms; increase student access to computers and modern classroom technology; build below-market teacher/ staff rental housing; and improve student safety/ campus security; shall Alum Rock Union Elementary School District's measure authorizing \$71.5 million of bonds be adopted (reauthorizing bonds previously approved in November 2012), with legal rates, projected levies less than 2¢/ \$100 of assessed valuation (raising \$4.4 million/ year while bonds are outstanding), annual audits and independent citizen oversight?

Purposes of the CBOC

- Mandated by “Proposition 39” implementing legislation as an accountability component of a voter-approved bond measure
- Purpose:
 - To inform the public concerning the expenditure of bond revenues
 - Actively review and report on proper expenditure of taxpayers’ money for school construction
 - Advise public re: whether District has met CA Constitutional requirements



CA Constitutional Requirements

- Ensuring bond revenues are expended only for construction, reconstruction, rehabilitation, or replacement of school facilities. (Article XIII A, Section 1(b)(3) of the California Constitution.)
- Ensuring no funds are used for any teacher and administrative salaries or other school operating expenses. (Article XIII A, Section 1(b)(3)(A) of the California Constitution.)

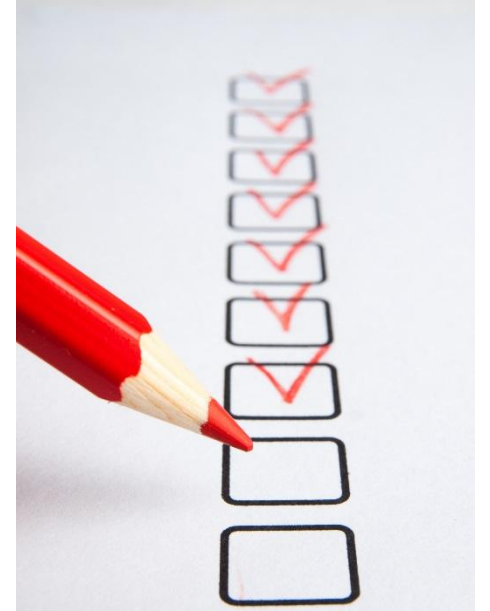


Sources of CBOC Authority

- Ballot Measures
- Education Code Sections 15264; 15278-15282
 - Composition; terms; duties; accountability, reports
- Board Policy/AR No. 7214

Permissible CBOC Activities

- ✓ Committee may engage in the following activities:
 - Review annual, independent financial and performance audits performed by an independent consultant.
 - Inspect school facilities and grounds to ensure that bond revenues are expended in compliance with law.
 - Review any deferred maintenance proposals or plans.
 - Review efforts by District to maximize revenues by implementing cost saving measures
 - Professional fees
 - Site preparation cost and other efficiencies
 - Joint use



CBOC Activities (cont'd.)

- CBOC has a **review/audit** function, responsible to report to the public
- CBOC must produce at least one annual written report each year
- Decisions reserved for the District:
 - Determining how bond funds may be spent (within the parameters of Bond Project List)
 - Determining project timing, terms, priorities
 - Timing for issuance of bonds

Technical Assistance to CBOC

- District's Board/Staff to provide technical and administrative assistance to CBOC, such as:
 - ✓ Website information posting
 - ✓ Assist with preparation/posting of agendas; create minutes; provide Brown Act guidance
 - ✓ Provide financial and progress reports
 - ✓ Submit independent financial and performance audits to CBOC, no later than March 31 for prior fiscal year
 - ✓ Respond to findings, recommendations and concerns addressed in audits within 3 months

Meeting Schedule

- Quarterly meetings
 - CBOC to receive fiscal and performance audits no later than March each year;
 - CBOC annual report to Board in June
- Project/Program updates at every meeting
- Meetings **MUST HAVE** a quorum (5 members) to be convened

Permissible Uses of Bond Proceeds

- Construction, reconstruction, rehabilitation or replacement of school facilities
- Furnishing and equipping of school facilities
- Acquisition or lease of real property

Note:

All projects must be within scope of Bond Project List adopted by Board as part of the measure

Operating vs. Capital Expenses

- Despite prohibition on use for “school operating expenses,” bond funds may cover:
 - ✓ District employee salaries to the extent employees are engaged in construction-related services for bond-funded projects
 - ✓ Overseeing construction progress
 - ✓ Performing overall project management
 - ✓ Accounting that facilitates timely completion of the construction project
 - ✓ Costs incidental, but directly related, to bond-funded projects

Operating vs. Capital Expenses

- Other permissible expenditures:
 - ✓ Construction labor and materials costs;
 - ✓ Professional fees (e.g. architects, construction managers, attorneys) and
 - ✓ Other costs directly connected to real property acquisition and improvement projects (e.g. environmental review, relocation costs, temporary moves, etc.)



Thank You!



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