Amended Agenda and Introductions

Agenda Amendment

- The meeting agenda was amended to update the title, ensuring it encompasses all bond measures and the parcel tax.
- Items four and five were reordered for a more logical flow, now appearing as items eight through eleven.

Staff and Member Introductions

- **Brett McFadden:** Serves as the district's bond program and fiscal advisor from his firm, District Advocates Group. His firm, run exclusively by former educators, specializes in bond program management and construction administration for school districts.
- **Drew Gamet:** The district's bond program fiscal advisor, with a primary focus on Measure K.
- **Jennifer Marsh:** The district's Chief Business Officer (CBO), now in her second year as CBO after 19 years with the district.
- **Holly:** Administrative assistant to Jennifer Marsh.
- **Hero Ellis:** A returning member from the previous bond and parcel tax citizens oversight committee. Parent of children in the Hatch immersion program.
- **Chris Giannini:** A community member new to the committee.
- **Lisa Zanette:** A returning member from the previous committee term.
- **Kendra Holland:** Parent of two students in the Cabrillo Unified School District (CUSD), an eighth-grader and a sixth-grader at Cunha.

Rules and Responsibilities of the Citizens Bond Oversight Committee (CBOC)

Legal Foundation and Purpose

- The CBOC operates under the rules of Proposition 39, passed in 2000, which lowered the voter threshold for general obligation school bonds to 55%.
- A key accountability requirement of Prop 39 is the establishment of a CBOC for any passed bond measure.
- The committee's primary intent is to serve as a fiscal oversight agent, promptly alerting the public to any improper expenditures or waste of bond funds.

Committee Composition and Restrictions

- The committee must consist of a minimum of seven members from specific categories:
    - A member active in a business organization.
    - A member active in a senior citizens' organization.
    - A member active in a bona fide taxpayer association.
    - A parent/guardian of a child enrolled in the district.
    - A parent/guardian active in a PTA or school site council.
    - Two community-at-large members.
- **Restrictions:** District employees, officials, vendors, contractors, and consultants are prohibited from serving as voting members. All members serve as uncompensated volunteers.

Meeting Procedures (The Brown Act)

- All CBOC meetings are subject to the Brown Act, requiring them to be open public meetings.
- Key requirements include:
    - Public notice of meetings 72 hours in advance.
    - Establishment of a quorum to conduct business.
    - Adherence to a published agenda.
    - Preparation of minutes, which must be made publicly accessible (e.g., on the district website).
- The committee must meet at least once per year. The recommended best practice is three to four times per year (quarterly).

Primary Mandate and Scope of Review

- **Primary Task (Education Code 15728):** The committee is charged with conducting a *post-expenditure review* of bond spending.
- **Scope:** The review ensures that expenditures align with the voter-approved project list in the Measure K ballot language and comply with governmental accounting standards.
- **Role Distinction:**
    - **Board of Trustees:** Determines project priorities, overall scope, and initiates projects.
    - **CBOC:** Reviews expenditures in hindsight to confirm they were appropriate for the board-approved projects and consistent with the bond's legal language.

Allowable and Prohibited Expenditures

- **Allowable Costs:** Expenditures can include architectural fees, engineering fees, building permits, bond issuance costs, environmental impact reports, construction materials, and equipment like school furniture.
- **Prohibited Costs:** Bond funds cannot be used for:

    - Teacher or administrative salaries (unless a specific portion of a position's time is directly and properly accounted for bond program administration).
    - General school operating expenses.
    - Costs incurred by the district for providing administrative or technical assistance to the CBOC itself.

Annual Audit and Reporting Requirements

- The CBOC is required to issue at least one report annually to the public.
- This report is based on an annual financial and performance audit of the bond program, typically covering the fiscal year (July 1 - June 30).
- The audit must be presented to the CBOC. Subsequently, the CBOC Chair or Vice-Chair must present the audit findings to the district's Board of Trustees at a public meeting.
- **Audit Timeline:**
    - **Legal Deadline:** The audit must be completed and provided no later than March 31 of the following fiscal year.
    - **Best Practice:** The audit process should align with the district's general fund audit, with the report presented to the Board of Trustees no later than December for the preceding fiscal year.
    - **Current Status:** Auditors conducted their work in the first half of August and are currently preparing the report.

Election of Committee Officers

- The committee elected its officers for the term:
    - **Committee Chair:** Lisa Zanetti
    - **Vice Chair:** Kendra Holland
    - **Secretary:** Hero

Measure K Bond Program Update

Authorization and Financial Plan

- Measure K was passed in November, authorizing the district to issue **$153.4 million** in bonds.
- The associated property tax rate is **$55 per year for each $100,000** of assessed property valuation.
- The district sells bonds in series over time to access the authorized funds as needed for projects.
- **Series A:** A sale of **$15 million** in bond funds was completed in February.
    - **Spending Rule:** The district has three years from the receipt of these funds to spend or encumber them.

- **Series B:** The next bond sale is tentatively planned for **2027** in the amount of **$46,130,000**.
    - This larger amount is anticipated to cover increased cash flow needs as major construction projects, particularly at the high school, move from design into the building phase. The schedule and amount are subject to change.

Current Projects & Activities

- The district has hired an internal program manager.
- The field turf replacement at Half Moon Bay High School's baseball field is in its final stages and is expected to be completed within two weeks.

Architectural & Engineering Services RFQ

- To expedite bond projects, the district issued a Request for Qualifications (RFQ) to create a pool of architectural and engineering firms.
- The district received 21 responses, significantly more than the expected 11-12.
- This pre-qualified pool streamlines the process for future projects. Instead of issuing a Request for Proposal (RFP) to a wide-open field, it will be sent only to the firms within this pool.
- This approach creates a competitive review process and prevents the need for subsequent RFQs for each new project.
- The new architectural firm will not revise the existing Facilities Master Plan. The plan's function was to identify necessary projects (e.g., modernizing or rebuilding specific buildings, improving roads, and adding athletic field lights) and establish estimated budgets. The selected firm will proceed with the design phase within the established project scope and budget.

Financial Reports

- **Report Through June 30:**
    - This report, from the old financial system, captures initial expenditures from February through June 30, as funds were not available until February.
    - Expenditures are categorized by project using "goal codes."
    - **Key Expenditures:**
        - **Goal 0000:** Salaries and benefits for the program manager (Drew's salary).
        - **Goal 91.9:** Turf replacement project at the high school.
    - **Turf Project Funding:** The total project cost is over $6 million, split 50/50 between the bond and the Boys and Girls Club. The bond will only show charges of a little over $3 million for this project, which covers work at both Cunha and the high school.
- **Report from July 1 - September:**
    - This report is from the new financial system that will be used for all future reporting.

    - Key columns are "Expenditures" (payments made to date) and "Encumbered" (purchase orders approved but not yet paid).
    - **New Project (Goal 9669):** A new shade structure at the outdoor eating area at Hatch.
        - **Phase 1:** Footings will be installed over Thanksgiving break.
        - **Phase 2:** The full shade structure will be installed over winter break.
    - **Note:** The two separate goal codes for turf replacement are a mistake and will be consolidated.

Measure M Bond Program Update

Overview

- This $99 million bond was passed by voters in 2018.
- It has been the source of most of the district's project activity over the last few years.

Financial Report (Through June 30)

- This report shows significant activity from completed and ongoing projects.
- **Project Breakdown:** Expenditures are broken down by goal code (project).
    - **El Granado Phase 1:** Shows expenditures of $14 million.
    - **Fairlawn View:** Shows expenditures of around $10 million.
- **Encumbrances:** This report shows no encumbrances, as all purchase orders from the previous fiscal year were cleared out by June 30th.

Financial Report (Current Year)

- This report reflects the current fiscal year's activity.
- **Bottom Line:**
    - **Current Actual Expenditures:** $2.9 million.
    - **Encumbrances:** $7.8 million.
- **Fund 21:** All bond-related activities are recorded in Fund 21 (Building Fund). This is separate from the General Fund (O-1), which covers operational costs like teacher salaries.

Measure S Bond Program Update

Overview & Financials

- This is the oldest active bond, passed in 2012 for $81 million.
- The final bond issuance of approximately $23 million was received in Spring 2023.
- **Current Status:**

    - **Available Balance:** $22.7 million.
    - **Encumbered Amount:** $18 million is encumbered for Rodan Builders for the El Granado Phase 2 project.
- The remaining funds from Measure S were always intended to be used for El Granado Phase 2.

Bond Term & Taxpayer Impact

- The tax associated with this bond ($45 per $100,000 of assessed valuation) has a term defined in the original ballot language.
- The district's financial advisors monitor opportunities to refinance the bonds, which can save the community money if interest rates are favorable.

Parcel Tax Update

Overview & Financial Impact

- This is a replacement for a previous parcel tax, approved by voters.
- **Rate Change:** The rate increased by $48, from $150 to $198 per parcel.
- **Revenue Impact:** The annual revenue increased by approximately $500,000, bringing the total to about $2.1 million.
- **Term:** The tax is in place for an 8-year term.
- **Fund Usage:** The funds are a restricted resource (Resource 9100) designated for specific purposes:
    - Attracting and retaining qualified teachers and staff.
    - Supporting wages and benefits.
    - Expanding programs in science, technology, engineering, arts, vocational training, college readiness, language, family engagement, and extracurriculars.

Fund Allocation & Financial Report

- The total budget is approximately $2.1 million.
- **Function 1000 (Instruction):** Accounts for about $1.2 million of the budget.
- Other funded areas include technology, school administration (clerical), attendance/registrars, guidance/counselors, and some custodial staff. All expenditures are for salaries and benefits.
- A district contribution of $52,000 was made to cover a budget shortfall, but the goal is to align expenditures directly with parcel tax revenue to eliminate this contribution in the future.

Inquiry on Fund Usage

- A question was raised about whether using parcel tax funds for custodial and registrar positions is appropriate under the ballot language and "supplement vs. supplant" regulations. This will be researched and followed up on.

Committee Administration & Future Meetings

Meeting Cadence & Scheduling

- The committee will set a regular meeting schedule for the fiscal year, likely on a quarterly basis.
- A Doodle survey will be sent to find a recurring day and time that works for members.
- **Availability Constraints:** The second and third Tuesdays of the month are not viable. A 6:30 PM start time is preferred by some members.
- Meetings will continue to be held via Zoom.

Process for Committee Inquiries

- When a question is raised by the committee (e.g., the parcel tax inquiry), the established process is:
    1. Staff will research the question.
    2. A response will be sent via email to all committee members.
    3. The topic will be added as a formal agenda item at the next public meeting to ensure accountability and allow for group discussion.