



# Citizens' Oversight Committee 2007 Annual Report to the Community

**June 2007**

## In This Report

- Letter from COC Members
- Measure E History
- Citizens' Oversight Committee Responsibilities
- Measure E Project List
- Audits
- Program Funding

## Committee Duties

- Review use of bond funds
- Document bond funds are spent appropriately
- Inspecting School Facilities & Grounds
- Report to the community

## Committee Members

- Richard Raushenbush, *President*
- Grier Graff, *Vice President*
- Patrick Bukowski
- George Childs
- William Drum
- Yvonne Gonzalez Rogers
- Rob Hendrickson
- Kenneth Jensen
- Robert Lally
- CheeKeong Lin
- Stephanie Mooers
- Michael Zukerman

## Letter from the Citizens' Oversight Committee

The Measure E Citizens' Oversight Committee Members are pleased to present our 2006-2007 Annual Report to the community. It has been a year since the Citizens' Oversight Committee was formed in June 2006. This is the first of our annual reports, and as required by law, we will continue to provide reports through the completion of the Measure E Construction Program.

As provided in Education Code Section 15278, the role of the Measure "E" Citizens' Oversight Committee is to ensure that the expenditure of revenues received from \$56 million in bond sales approved by Piedmont voters in March, 2006 are done in accordance with the ballot measure and to inform the public annually of the results of this oversight function. The 12-member Oversight Committee is composed of individuals from local businesses, senior citizen organizations, organizations involved with schools, a bona fide tax payers' organization, legal, technical, and financial advisors, as well as involved parents of children residing in the Piedmont Unified School District.

The Committee has reviewed all expenditures made as of May 14, 2007 and found that in all cases the use of Measure E funds has been appropriate.

The Committee is a public body which generally meets each quarter. Regular and special meeting locations, dates and times are posted on the District website at [www.pusdbond.org](http://www.pusdbond.org). The public is welcomed and encouraged to attend and participate in our meetings. A copy of the full report is available online and at the District Office.

Thank you for your support.

The Measure E Citizens' Oversight Committee

## Measure E History

On March 7, 2006, Piedmont voters approved Measure E authorizing the Piedmont Unified School District to sell up to \$56 million in general obligation bonds “to repair, reconstruct, or replace Piedmont public school buildings to reduce dangers from earthquakes and to...provide safe classrooms and facilities” on each of its campus facilities. Together with State matching funds, bond funds will be used to strengthen and meet modern handicapped accessibility requirements.

The bond measure anticipated a series of bond issues, beginning in 2006 and ending in 2010, using a combination of current interest and zero coupon bonds. The goal of this financing structure is to limit the amount of debt service and taxes during the early years of the bond program, until prior bonds (issued in 1994) have been fully paid off. As such, the tax impact of these new bonds is limited to an increase of \$20 per \$100,000 of assessed valuation until 2010 and then increased to the statutory maximum of \$60 per \$100,000 of assessed valuation. Based on this structure and the projected growth in assessed values, the bonds are expected to be fully paid off around the year 2045.

The actual bonds will be sold in series as needed to fund the bond projects. The first issuance of \$15 million was completed on July 27, 2006. Moody’s Investor Service assigned the bonds an Aa3 rating.

## Citizens’ Oversight Committee Responsibilities

To oversee compliance concerning the expenditure of the bond proceeds, the Committee is authorized to engage in the following activities:

- Actively review and report on the proper expenditure of taxpayers’ money for school construction.
- Advise the public as to whether the school district is in compliance with the requirements of Article XIII A, Section (b)(3) of the California Constitution.
- Convene to provide oversight for (without limitation):
  - Ensuring that bond revenues are expended only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities.
  - Ensuring that no funds are used for any teacher or administrator salaries or other school operating expenses.
  - Receiving and reviewing copies of the annual independent Performance Audit required by Article XIII(A).
  - Receiving and reviewing copies of the annual independent Financial Audit required by Article XIII(A).
  - Inspecting school facilities and grounds to ensure bond funds are expended in compliance with Article XIII(A).

- Receiving and reviewing copies of any deferred maintenance proposals or plans developed by the school district.
- Reviewing efforts by the school district to maximize bond revenues by implementing cost saving measures.

Members of the Committee regularly attend school board meetings, school board workshops, and meetings of the Technical Advisory Committee to remain apprised of developments in between quarterly meetings. Over the last year, the Committee met four times.

## Measure E Project Developments since June 2006

### Introduction

The Piedmont City Unified School District operates 3 elementary schools, 1 middle school, a traditional high school, and an alternative high school serving a total of 2,600 students. Each of these school campuses contains a mixture of old and new buildings and facilities. For the safety of the District's students, parents, visitors, teachers, and staff, the Board of Education commissioned a comprehensive study of the seismic safety and accessibility of the District's school buildings and facilities. This professional study revealed that many of the District's school buildings and facilities are at risk of damage or collapse in the event of an earthquake, and many do not meet modern requirements for fire safety and handicapped accessibility. As a result of this study, the Board of Education is considering a series of projects designed to bring these school buildings and facilities up to current state and federal standards for earthquake safety, fire safety and modern handicapped accessibility.

### Notable Developments:

The following list outlines notable steps taken by PUSD in the Measure E Program which resulted in use of public funds from inception through May 14, 2007:

- Authorized Havens Temporary Housing Project
- Hired Capital Program Management, Inc. to provide program management services for the implementation of Measure E projects
- Approved Use agreement between the District and the City of Piedmont for use of the City's tennis courts for physical education classes for Havens Elementary School
- Hired murakami/Nelson for architectural and engineering services (including structural deficiencies, concept designs for structural, ADA, and life/safety repairs, and cost estimations for concept designs) at Havens, Wildwood, and Beach Elementary Schools, and Piedmont High School
- Approved relocation of Piedmont High School counseling offices
- Approved repair and replacement of Piedmont High School 30's Quad Building Roof

# Measure E Revenue and Expenditures to Date<sup>1</sup>

## REVENUE (through May 14, 2007)

- Sale from Bond Proceeds \$14,999,934

## EXPENDITURES (through May 14, 2007)

- Havens Interim Housing & Relocation \$ 1,337,516
  - PUSD Bond Program Development
    - ATI Engineering Services, Inc. \$ 229,973
    - Capital Program Management \$ 214,524
    - murakami/Nelson Architects \$ 13,015
    - Vila Construction \$ 16,989
    - Remainder of Related Expenses \$ 79,782
  - High School 30s Quad Building
    - Counseling Office Relocation \$ 80,064
    - murakami/Nelson Architects \$ 115,427
    - Gallagher - Structural Engineer \$ 111,866
    - Remainder of Related Expenses \$ 33,008
  - Havens Elementary School Program
    - murakami/Nelson Architects \$ 73,668
    - Gallagher Structural Engineer \$ 100,679
    - Remainder of Related Expenses \$ 24,176
  - Beach Elementary School Program
    - murakami/Nelson Architects \$ 5,360
    - Gallagher Structural Engineer \$ 22,590
    - Sandis - Site Surveys \$ 6,959
  - Wildwood Elementary School Program
    - murakami/Nelson Architects \$ 705
    - Sandis - Site Surveys \$ 7,710
- Subtotal \$2,474,011**
- Balance \$ 12,525,923**

## Audits

Article XIII of the California Constitution requires the District to complete (i) an annual Performance Audit and (ii) an annual Financial Audit of Measure E. These audits will be conducted in conjunction with the District's own internal audit and will be reviewed thereafter.

<sup>1</sup> These figures represent unaudited financial information. See discussion re Audits.

## For More Information

If you would like additional information regarding the Measure E Program, please contact the Office of the Superintendent at (510) 594-2614.