

San Dieguito

Union High School District

**Proposition AA Independent Citizens' Oversight Committee
2013 Annual Report**

May 1, 2014

San Dieguito Union High School District

**710 Encinitas Blvd.
Encinitas, California 92024**

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<http://www.sduhsd.net/>



Dear Community Members,

The Independent Citizens' Oversight Committee of the San Dieguito Union High School District is pleased to present our first annual report. The 2013 Annual report covers activity for the period ending December 31, 2013.

Thanks to the vision of the community and the District's governing board, our schools have started an important transformation. This year's work included planning and design, reimagining existing learning spaces, and completing a number of projects that demonstrated the District's first of many steps to repair and upgrade facilities.

The Committee wishes to thank the District staff and project management team for their support, their detailed updates, and transparency of information, not only to the Committee, but to the public.

We welcome your questions and comments. You will find Committee members' e-mail addresses within this report.

For more information about Proposition AA and the ICOC, please visit:

www.sduhsd.net/PropAA

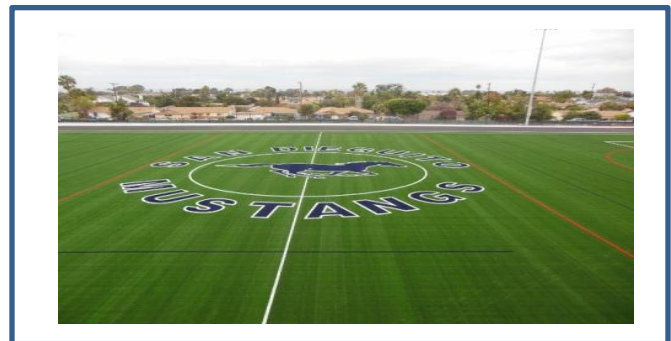
www.sduhsd.net/ICOC

Sincerely,

Rhea A. Stewart

President,

San Dieguito Union High School District Independent Citizens' Oversight Committee



INTRODUCTION

Proposition AA is a \$449 million bond initiative approved by over 55% of school District voters in November 2012. The purpose of Proposition AA is to "provide safe, modern schools and prepare students for success in college and careers by repairing and upgrading outdated classrooms and schools, construction and upgrading school facilities, including classrooms, science labs, and libraries, improving safety and security, and supporting career training and math, science, and technology instruction with 21st Century instructional technology and facilities."

Proposition AA was passed under the rules of Proposition 39 (passed in November 2000), which requires the Board of Trustees appoint an Independent Citizens' Oversight Committee (ICOC) to monitor bond expenditures. The ICOC is responsible for providing oversight of the District's use of Proposition AA bond proceeds and reporting to the Board and public on their findings. Specifically, the ICOC will ensure that all funds are used in support of the projects approved by the bond measure and not for unspecified projects, general operating expenses, or teacher salaries. The ICOC will also inspect facilities and grounds, review cost-saving measures, and review the annual independent audits that are required of general obligation bond funds.

For additional information about the ICOC and Proposition AA projects, visit the ICOC page at www.sduhsd.net/ICOC and the Proposition AA page at www.sduhsd.net/PropAA. These sites contain the projects mentioned in this annual report, including the Performance Audit, Project Status, Master Plans, and ICOC actions.

INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE (ICOC)

Members of the Independent Citizens' Oversight Committee (ICOC) were appointed by the District's Board of Trustees in February, 2013. All current members' terms end in 2015. Committee officers were elected at the first meeting on April 16, 2013.

Name	Affiliation	Email Address
Rhea Stewart, President	At-Large Member	rhea.stewart@sduhsd.net
Michael Kenny, Representative	Business Organization Member	michael.kenny@sduhsd.net
Lorraine Kent, Secretary	Taxpayer Association Member	lorraine.kent@sduhsd.net
Larry Lugo	Parent of SDUHSD Student Member	larry.lugo@sduhsd.net
Clarke Caines	Parent and Active in Parent- Teacher Organization Member	clarke.caines@sduhsd.net
Mary Farrell	Senior Citizen Organization Member	mary.farrell@sduhsd.net
Kim Bess	At-Large Member	kim.bess@sduhsd.net
Scott Seidenverg	At-Large Member	scott.seidenverg@sduhsd.net
Jeffery Thomas	At-Large Member	jeffery.thomas@sduhsd.net

ICOC members follow these guidelines:

- Compare the ballot language with actual expenditures and projects of the District. "Do what they promised to do."
- Maintain trust but verify District bond expenditures.
- Make sure that the District's information is transparent and open to the public.
- Review major initiatives and projects.
- Understand the District's priority setting process for Proposition AA projects and hold the District accountable to their obligations.

LEGAL ROLE OF THE ICOC

The ICOC provides only after-the-fact review and monitoring of how the District spends bond dollars. The ICOC does not have the authority to approve or determine how the bonds funds are spent, rate of taxes collected, bond financing or any role in selection, or participate in any negotiations or bid process for contractors or consultants.

The ICOC is required by law to issue regular annual audit reports of its activities and findings and alert the public to any waste or improper expenditure of school bond money. Upon any allegations of waste or misuse the legislature requires investigation by the appropriate law enforcement officials.

Listed below are the key tools used for actively reviewing and reporting on the proper expenditures of taxpayer's money for Prop AA.

AUDIT OF PROPOSITION AA BOND

Per the Audit Report for the year ending June 30, 2013, there were no findings to report for the Proposition AA Building Fund. See the complete audit report at www.sduhsd.net/ICOC.

FINANCIAL AUDIT

Senate Bill 423 requires that audits for the preceding year be submitted to the oversight committee by March 31 for its review. Oversight committees are not typically given an opportunity to interact directly with the firm conducting the required audit. For the 2013 audit report, the District invited ICOC committee members to receive preliminary results at the same time the District received them, thus building trust and transparency.

PERFORMANCE AUDIT

California Education code requires that performance audits must conform to Generally Accepted Government Audit Standards (GAGAS).

Items included:

- Current bond program management/program plan
- Design construction timelines/benchmarks
- Review of project budgets
- Uses of best practices in design and construction
- Payment procedures and processing
- Program management/construction management fees
- Change orders procedures
- Construction delivery methods
- Best Practice procurement
- Evaluation of public outreach
- Transparency

TAX RATE

The following information was originally posted to the District Web site on October 24, 2013 at:

<http://www.sduhsd.net/documents/Press%20Releases/10-24-13-%20PRESS%20RELEASE-%20PROP%20AA%20TAX%20RATE.pdf>

The San Dieguito Union High School District learned that an error was made in the calculation of the tax rate assessed related to Proposition AA. Specifically, revenue that was generated by issuing the bonds at a premium was not considered in the available funds for the first principal payment. The District was not aware of this unfortunate situation until after annual tax statements were mailed to residents.

District staff worked with the Treasurer-Tax Collector's Office and other departments in the County of San Diego to implement an appropriate solution as soon as possible. Notices were sent from the Treasurer-Tax Collector to affected property owners.

The District recognized the seriousness of this problem and apologized for this confusion. Superintendent Rick Schmitt said, "Prop AA was built around a promise to our community that it would cost no more than \$25 per \$100,000 of assessed value - we fully intend to honor our commitments. The District will insist that refunds are quickly and easily processed to do what is right for our taxpayers." The County mailed letters to every affected property owner and new statements were sent before the first payment was due. Anyone who paid the incorrect amount was refunded the difference.

ICOC ACTIVITIES IN 2013

The ICOC held its first meeting on **April 16, 2013** and established its general “housekeeping” rules. The Committee elected Rhea Stewart as President of the Committee, Michael Kenny as Representative of the ICOC to the Board of Trustees, and Lorraine Kent as Secretary. The Committee met with Dan McAllister, San Diego County Treasurer, and gained a better understanding of the Treasurer’s office roles and responsibilities, as well as insight on pending legislation related to school financing. The Committee also reviewed State and District laws and policies with Eric Dill, San Dieguito Union High School District Associate Superintendent.

At the **July 9, 2013** meeting, the ICOC met with Rick Schmitt, the new Superintendent, and received a detailed update from the District project management team. To gain an improved perspective of the work in progress, the ICOC and District staff agreed that a tour of the projects already in progress be arranged.

On **September 26, 2013**, the ICOC joined the Board of Trustees and District management staff on the “Prop AA Summer Projects Tour,” visiting San Dieguito High School Academy, Canyon Crest Academy, site for Middle School #5, Torrey Pines High School, and La Costa Canyon High School. This tour allowed the Committee members to physically tour the site, see the progress, and meet with site personnel.

The ICOC met on **October 1, 2013**, and reviewed feedback from the Summer Project Tour and agreed that to ensure effective oversight of the projects, that future meetings should be held at the schools being impacted by projects, rather than meeting at District Offices. The Committee received public comment on the projects and its role providing public oversight, as well as a detailed updates from District project management. The Committee selected a team of members to begin the preparation of this annual report.

The Committee reviews plans, timelines, budgets, change orders, and management processes as a standing practice at each meeting.

COMPLETED PROJECTS 2013

Project	Budget	Actual Cost
CCA Field Improvements Phase 1A	\$ 3,931,010.00	\$ 3,336,835.33
DNO HVAC Improvements	\$ 2,226,089.44	\$ 2,056,485.22
LCC HVAC Improvements	\$ 4,013,675.55	\$ 2,561,599.91
OCMS HVAC Improvements/Field Replacement	\$ 2,410,500.02	\$ 1,700,311.98
SDA Stadium Improvements Phase 1A	\$ 5,292,533.42	\$ 4,074,684.61
TPHS HVAC Improvements (E Bldg.)	\$ 910,170.36	\$ 910,170.36
Subtotal Expense Budget	\$ 18,783,978.78	\$ 14,640,087.41
Potential Savings		\$ 4,143,891.37

PLANNED PROJECTS AS OF JANUARY 9, 2014

Project	Est. Start Date	Preliminary Estimates
CCA Phase II Stadium Improvements	04/14	\$ 16,131,723.00
CVMS Media Center	06/14	\$ 457,392.00
DNO Media Center	06/14	\$ 4,625,678.00
EWMS Server Room/Warren Hall	06/14	\$ 5,929,291.00
LCC Media Center, Tech Improvements, HVAC, F&E	07/14	\$ 7,858,768.67
LCV Fields	03/14	\$ 11,532,803.59
MS#5 Construction	05/14	\$ 52,529,244.00
OCMS Art/Smart Labs, Student Pathway, Prep for Interim Housing	04/14	\$ 4,625,356.57
SDA Phase II Stadium Improvements, Interim Housing, Tennis Courts; Math & Science Bldg.	02/14; 6/14	\$ 26,035,027.55
TPHS Fieldwork, Weight Room, Fire Road/Lights; B Bldg. HVAC	04/14; 6/14	\$ 12,741,757.65

FIRST BOND DRAW BUDGET AND COMMITMENTS SUMMARY AS OF JANUARY 9, 2014

Project Sites	Budget	Commitments	Delta
Middle School #5	\$ 52,529,244.00	\$ 13,257,792.27	\$ 39,271,451.73
Carmel Valley MS	\$ 457,392.00	\$ 463.59	\$ 456,928.41
Earl Warren MS	\$ 1,685,791.00	\$ 1,847,000.00	\$ (161,209.00)
La Costa Valley MS Site	\$ 15,531,957.34	\$ 839,597.00	\$ 14,692,360.34
Diegueno MS	\$ 3,164,090.80	\$ 2,056,800.46	\$ 1,107,290.34
Oak Crest MS	\$ 5,151,609.00	\$ 2,664,200.57	\$ 2,487,408.43
Canyon Crest Academy	\$ 20,062,733.00	\$ 5,246,142.96	\$ 14,816,590.04
Torrey Pines HS	\$ 13,651,928.01	\$ 2,190,204.45	\$ 11,461,723.56
San Dieguito Academy	\$ 27,716,303.03	\$ 5,299,489.61	\$ 22,416,813.41
La Costa Canyon HS	\$ 13,402,972.59	\$ 3,550,553.84	\$ 9,852,418.75
DW Tech Infrastructure	\$ 5,373,507.99	\$ 3,092,244.00	\$ 2,281,263.99
QSCB - 3 yr option	\$ 2,294,071.36	\$ 765,588.24	\$ 1,528,483.12
Administration	\$ 2,782,632.00	\$ 1,046,408.60	\$ 1,736,223.40
Subtotal Expense Budget	\$ 163,804,232.12	\$ 41,856,485.59	\$ 121,947,746.53
Project Funding			
Prop AA Project Fund	\$ 157,935,639.78		
North City West Funding	\$ 4,835,697.00		
Estimated Interest Earnings - Yld .58%	\$ 1,167,964.65		
Subtotal Funding Budget	\$ 163,939,301.43		
Excess/(Shortage of) Funding	\$ 135,069.31		

OVERVIEW OF 2013 PROJECTS, BY SCHOOL

The following represents the status of the projects under ICOC oversight upon publication of this annual report.

For more information about each site's projects, and to view photos from 2013 work, visit www.sduhsd.net/PropAA.

CANYON CREST ACADEMY

- Artificial turf field and rubberized track - **completed**
- Natural turf field improvement project - **started**
- Stadium seating, concessions, and restroom building planning and design - **started**
- Baseball and softball diamonds relocation- **started**

CARMEL VALLEY MIDDLE SCHOOL

- Network infrastructure upgrade to fiber-optic cabling and campus-wide Wi-Fi access - **started**
- Plan and design for Media Center renovation - **started**

DIEGUENO MIDDLE SCHOOL

- Heating, ventilation, and air conditioning for selected classrooms - **completed**
- Front entrance improvements, parking lot & drop off redesign, network infrastructure upgrades, and Media Center renovation planning and design - **started**

EARL WARREN MIDDLE SCHOOL

- Campus reconstruction, new network operations center, utilities upgrades, and redesign of Warren Hall with shared-use spaces for the County Library planning and design - **started**

LA COSTA CANYON HIGH SCHOOL

- Network infrastructure upgraded to fiber-optic cabling and improved Wi-Fi reception - **completed**
- Installations of current District-standard audio-visual technology in selected classrooms - **started**
- Heating, ventilation, and air conditioning added to selected classrooms - **completed**
- Planning and design for Media Center renovation - **started**

LA COSTA VALLEY SITE

- Planning, design, and geotechnical survey of property in preparation for athletic field, parking lot, and restroom building construction - **started**

MIDDLE SCHOOL #5 IN PACIFIC HIGHLANDS RANCH

- Purchase property for the future school - **completed**
- Master plan for 1,000 student middle school - **started**
- Planning and design for first phase of construction for 500 student enrollment - **started**
- Mass grading and site preparation - **started**

NORTH COAST ALTERNATIVE HIGH SCHOOL

- Network infrastructure upgraded to fiber optic cabling and improved Wi-Fi reception - **completed**

OAK CREST MIDDLE SCHOOL

- Lower field improvements - **completed**
- Heating, ventilation, and air conditioning added to selected classrooms - **completed**
- Planning and design for art and C-SMART classroom renovations and field accessibility improvements - **started**

SAN DIEGUITO HIGH SCHOOL ACADEMY

- Installation of Artificial turf field and rubberized track - **completed**
- Stadium bleachers replacement - **started**
- Planning and design of two-story math and science building, replacement of tennis courts, and preparation for interim classrooms for future projects - **started**

SUNSET HIGH SCHOOL

- Network infrastructure upgraded to fiber optic cabling and improved Wi-Fi reception - **completed**

TORREY PINES HIGH SCHOOL

- Aging heating, ventilation, and air conditioning units in B Building replaced with energy efficient models - **completed**
- Planning and design of new chemistry building, new weight room, and renovations of B Building classrooms - **started**