

San Bernardino City Unified School District

**Regular Meeting of the Measure T & N Bond
Citizens' Oversight Committee**

SBCUSD Board of Education -Conference room G/H

9:00 – 11:00 a.m.

777 N F. Street

San Bernardino, CA 92410

AGENDA

<u>Committee Member</u>	<u>Representing</u>	<u>Present</u>	<u>Absent</u>
Eula Mills	Senior Citizen	X	
James Stark	At – Large	X	
Erika Maria Delgado Ramos	At – Large		X
Gloria Macias Harrison	Tax Payers Organization	X	
Nytosia Cade Cornish	Parent / Active Parent	X	
David Clark	Senior Citizen	X	
Maria Garcia	Parent		X
<u>District Support</u>			
Laura Breuer	Facilites		X
David Sierra	Facilites	X	
Tom Pace	Facilites	X	
Nellie Karbum	Facilites		X
Jim Cunningham	Accounting Services	X	
<u>Guest</u>			
<u>Kirtan Shah</u>	Auditor	X	

March 11th, 2020

1. Opening

- a. Call to Order
- b. Approval of Minutes – Meeting notes from: Oct 10, 2018; Jan 9th2019; March 13th, 2019, July 10th, 2019 & Jan 22nd, 2020 – **(Moved to the end of the Meeting)**

David Sierra read aloud the meeting minutes. Gloria motioned to approve all past meeting minutes and David Clark second that motion. All in favor of approving all meeting minutes. Quorum consisted of 5 out of 7 current members

2. Administrative Reports

- a. Presentation of Bond and Audit report presented by VTD

Jim Cunningham – Director of Accounting Services introduced Kurt Shah CPA of VTD. Jim mentioned that VTD recently merged with Eide Bailly LLP however this is

the same company and same people who have been doing our reporting in the past. Kurt Shah presented the audit report dated June 30th, 2019 – Kurt went over Page 1 & 2 of the report which contained their professional opinion as to the financial position of the building fund. VTD professional opinion was unmodified and considered a clean opinion and did not encounter any problems with the numbers provided by Jim’s office. Kurt explained that as of June 30th, 2019 Measure T had 4.8 million in assets (money in county treasury to be spent on additional projects). Measure N, which is a new measure has 52.7 million dollars in county treasury. Measure T has \$132,000 dollars in liabilities for invoices that are owed for work preformed but not yet paid as of the reporting date. Measure N has \$3.7 million in liabilities. Kurt explained that the fund balance of Measure T was \$4.7 million, and Measure N is \$49 million. Gloria asked, “are the fund balances for Measure T and Measure N already allocated for projects that are in queue?” Tom P. replied that Gloria is correct, page 10 of the report has a list of expenditures on board approved projects and that the handout provided for “current project updates” consisted of board approved projects that are in the facilities master plan and contain the remaining balances of Measure T & Measure N. Tom pointed out that in addition to Bond funds other restricted funds were allocated for board approved projects not reflected in the audit report (i.e. Developer Fees). Tom finished that point by adding that Facilities has more than just the remaining balances of bond funds to use on our board approved projects. Gloria asked a follow up question regarding deposits and investments and asked if that could be explained to the group and identify what the investments are. Kurt replied that deposits and investments is the total amount of District funds deposited with the County Treasury. Tom added that we are fiscally tied to the county office of education and that we are one of the only districts in the state that are tied vertically to the County Office of Education and the County Treasury. Tom mentioned that we do not issue our own warrants. Kurt reviewed revenues and expenses. Kurt explained that the main source of revenue for the bonds is interest income and is based on the total amount deposited at the county treasury. Gloria asked, “what is the interest rate or average interest rate?” Kurt explained that this is not information included in the audit report and will vary based on the County. Tom added that he would track down that number and get back to Gloria. Tom explained that the current 10-year treasury note is at less than 1% which is lower than it has ever been. Tom added that with coronavirus decimating 401k many investors are moving towards the bond market where there is currently a lack of municipal bonds available for purchase. Kurt reviewed the expenditures which were about \$1 million for Measure T and \$17 million for Measure N. Kurt reviewed expenditures on page 10 that were under contract as of Jun 30th, 2019 totaling \$6.8 million. Kurt explained that this means only contracts with vendors prior to or up to June 30th, 2019 are reflected in this total. Tom pointed out that the expected dates for completion were the same date all the way through and that there are a lot of things in flux. The Facilities department was working to “shore’ this up as to when certain projects can be completed and added that escalation is currently driving up construction cost causing the department to re-think the phasing plan of how and when projects will be released. Gloria asked when updated information will be available regarding projects. Tom replied, “very soon” and that by the next meeting we should have more defined project completion dates for the committee. James Stark asked, “Who decides when construction will start at a new school?” Tom replied that the board approved the facilities master plan, the board approved projects were evaluated by a facilities subcommittee and then prioritized. Prioritized projects focused on safety first. Projects were placed into general groupings. From this point the design process begins and after the approvals from the state are received the facilities department evaluates cash on hand and staffing available for the

project. Tom explained that at this point if we can put the project out on the street we will. James asked a follow-up question “Do you currently have contractors lined up for all of these projects?” Tom replied that we cannot put projects under contract or out for bid until all the required approvals have been obtained (i.e. DSA, CDE). Kurt reviewed the Performance Audit Report. Kurt explained that the auditor’s role in this portion of the report is to verify that all the expenditures that are tested adhere to the Bond language. Kurt reported that the 18/19 audit did not contain any expenditures that were out of compliance. Kurt detailed the process of testing expenditures and explained to the committee that the expenditures tested are a “reasonable sample” of the activity. For Measure T – twenty-six expenditures were evaluated the total value of which represented 54% of total expenditures under this measure. For measure N about 73% of expenditures were tested for compliance with bond language. Kurt mentioned that there were no audit “findings” to report. Gloria asked if there was a set percentage as to how much we have to use for the projects vs salaries?” Kurt responded that there is not a set percentage, however when they see salaries charged to bond funds the auditors then request the time keeping documents to verify. Tom added that “Salaries charged to bond funds are minimal as compared to others. We try to keep the majority of salaries within the general fund”. Gloria asked if the audit report can be delivered to the committee sooner next time. Tom circled back to the conversation regarding the treasury notes and mentioned that with board approval the district is considering refinancing all outstanding debt from general obligation bonds. Tom further explained that this would save about \$14 million of interest rate expense for the public that voted for the bonds. Nyutosia Cornish motioned to approve the audit report, James Stark second the motion. All are in favor of approving the Audit Report. Jim requested that note be made in the minutes regarding the committees request to receive the audit report sooner. Jim asked the committee if they were okay with receiving electronic copies. The committee responded “yes”. Tom added that we should provide both. Jim clarified that early means a week prior to the March 2021 C.O.C meeting.

b. Current Project Update – Facilities Director

Tom reviewed the Annual report for the time period of July 2018 – June 2019. Tom started by mentioning this report speaks to where we are at in terms of our projects. Tom reviewed the program accomplishments listed on page 4 of the annual report.

Tom highlighted that on page 5 it states the District has spent 1.1 billion dollars in total improvements to SBCUSD schools and further added that we are projected to go over 1.3 billion dollars in improvements. Tom reviewed pg. 6, expenditures by project type and gave a brief description of each e.g. modernization, new construction. Tom mentioned to the committee that the annual report describes where our facilities funding comes from and gives the description of those funding sources. Tom further added that there are several different programs within the state facility program that we have applied for and received money for. Tom also covered developer fees, Prop 39 and QSCB. Tosha Cornish asked “what is CTE” Tom responded that it means career technical education and further added that there is a competitive grant process for comprehensive high schools. Gloria asked if we are collecting information regarding how many local businesses participate in our projects. Tom responded “yes we are collecting that data, we have local business outreach program and database of business that are interested in doing work on our projects” Gloria suggested that local business participation should be included within the annual report. Tom reviewed the project status summary located in the annual report and made mention that this is a historical

view of our projects and the cost associated with them. Gloria suggested that changes should be made to the annual report in regard to adding “headlines” that are larger and stand out. Tosha asked “ what is the process of approval for project budgets and are we always within the budgeted amount?” Tom responded that the projects budgets were approved by the board sub committee and approved by the board and that the facilities department does not let a project out to bid until it is in compliance with the budget. Tom also added that once under construction unforeseen conditions can be added to a project cost. Tosha asked “who approves an overage on a project” Tom responded that the board approves all expenditures including change orders. Gloria asked “are there guidelines in the contracts that say change orders can not exceed a certain amount” Tom responded “the board delegates the authority to the facilities director to approve up to 10% for change orders, which still have to be ratified by the board” Tom further added that the county has a cap of 10% and that if we ever need to exceed the 10% we have to seek county approval.

c. Future Projects Update

Tom reviewed modernization projects that are related to single point of entry. Tom spoke about the work currently being done at Barton Elementary and described the modifications being done and how they relate to single point of entry. Tom gave an example of how the admin office at Barton is being modified to create a single point of entry. Tosha asked “where are we in terms of single point of entry across the district” Tom responded that currently we have DSA approval for all single point of entry projects at campuses that needed it. Tom made mention of the current single point of entry projects being done at 5 sites and made mention that we have our last two larger projects out of DSA and in planning coming up for Warm Springs Elementary and Del Rosa Elementary. Tom moved to projects that are in planning. Tom started by mentioning the cost savings to the district as a result of solar implementation at our largest consuming sites. The cost savings is beneficial for the district and we are looking to expand the use of solar energy in our schools and buildings. Tom informed the committee that we have identified 30 additional sites in the district where it makes sense to implement solar and further added that because you do not pay for the infrastructure the cost per 10 sites is about 20 million dollars for the investor. Tom informed the committee that not all 30 sites will be done simultaneously and that they would be broken up into groups and installed in phases. Gloria asked if the majority of our solar are installed in parking lots as opposed to on the school buildings?” Tom responded that the solar is installed in the parking lots and that adding weight to the roof of some of our older buildings would cause the need for structural upgrades, the cost of which could exceed the benefits of solar cost savings. Gloria asked if we have ever considered a solar farm. Tom responded that where the district has available property that idea is being considered and gave the example of the empty field behind San Andreas High School. The committee requested that the annual report make mention of green energy accomplishments and accolades. James Stark asked if we also upgrade the lighting in the building when we are doing solar projects. Tom responded that we received funding through the prop 39 clean energy jobs act and that the funding was for energy efficient measures. Tom further explained that we made upgrades to lighting in our largest consuming sites and that all middle school and high school lighting has been upgraded to l.e.d.

3. Committee Comments/Concerns

We are still looking to replace our vacant community business member position. David Sierra mentioned to the committee that he has contacted both the Highland Chamber of Commerce and the San Bernardino Chamber of Commerce seeking recommendations for potential applicants. At this time, no applications have been received from interested parties. David recommended that we review current committee members term expirations so to prepare for replacing those positions as well. The committee members would like to be notified regarding their individual term expirations. Gloria recommended that we reach out to the “League of Women Voters” and the retired teacher’s organization for potential committee members.

4. Schedule for Future Meetings

July 8th, 2020
October 7th, 2020

**note all meeting dates are on a Wednesday*

5. Public Comments

None

6. Items for Future Agendas

- a.
- b.

7. Adjournment – Meeting Adjourned