

## MEASURE A CITIZENS' OVERSIGHT COMMITTEE

### FIRST ANNUAL REPORT TO THE COMMUNITY

June 2010

Chairman Jim Maready

#### Introduction and Background

Measure A is the \$24,986,390 school facilities bond approved by Del Norte voters in the November 4, 2008 election. Specific plans for expenditures of these funds were developed through meetings with staff members and parents at each school site.

Measure A projects include upgrading and renovating outdated and inadequate classrooms and school facilities. Measure A funds can **only** be spent in our community, **cannot** be used for operating salaries, and **cannot** be taken by the State. These projects should all be completed within the next 6-8 years.

Bonds are sold every 2-3 years as needed and should be almost fully expended before a new issuance of bonds is sold. The rate of taxation to repay the bonds will not at any time exceed \$55 per \$100,000 of property valuation (as recorded on the county tax roles, not based on market value). If at any time funds generated by bond sales accrue interest while awaiting expenditure, the interest accrued on those funds can only go toward completing the project list, not to new projects or other non-Measure A expenses.

#### Citizens' Oversight Committee

For this type of bond, California law (Ed. Code 15278(b)) requires the formation of a Citizens' Oversight Committee ("COC"). The COC must be comprised of at least seven members and must annually inform the citizens of Del Norte regarding the expenditure of Measure A bond revenues. Their job is to actively review and report on the proper expenditure of taxpayers' money for school construction and renovation projects. They are also to advise the public as to whether the school district is in compliance with the provisions of the California Constitution that governs voter approved bonded indebtedness incurred for the construction, reconstruction, rehabilitation, or replacement of school facilities.

In keeping with this requirement, in January 2009, the DNCUSD Board of Education appointed nine seats on the COC. The Board increased the number of members from seven to nine to assure greater representation from throughout the county. These nine individuals are the ones who have approved the preparation of this report. By law (Ed Code 15282), the Committee must include the following: 1) A person who is active in a business organization; 2) a person who is active in a senior citizens organization; 3) a person who is a member of a bona fide tax payers' organization; 4) a parent who is a member of a School Site Council; and 5) a parent who might or might not be a member of a School Site Council. The remaining four individuals serve as At Large representatives.

The Board sought representation from diverse groups and from various sub-communities within the

county (Klamath, Hiouchi/Gasquet, Smith River, Fort Dick, and Crescent City). Furthermore, the Board gave special attention to applications from individuals with experience in construction and facilities maintenance. The nine individuals who comprise the current COC were selected from a strong initial application pool of 30 community members.

#### Committee Meetings

The COC has met five times since they were selected. In addition, members participated in tours of each school facility to review the "before" condition of each project site. They have also had the opportunity to tour the "after" condition of the projects that have been completed as of the publication of this report (July 2010).

All COC meeting dates and times as well as agendas are posted on the district's web page at [www.delnorte.k12.ca.us](http://www.delnorte.k12.ca.us). All meetings are open to the public. Members of the public are very much welcome to attend, to listen to the meetings, and to pose questions. The public is also encouraged to contact members of the COC to ask questions of the members or to ask members to forward questions about Measure A projects on their behalf to the district.

At each meeting, Committee members and School District staff have had frank and open discussions on financial and technical issues relating to the expenditure of Measure A funds, progress on bond projects, and the district's active and continuous pursuit of federal and state funding to supplement bond funds.

Committee members have also regularly been apprised of and invited to School Board meetings where topics related to Measure A expenditures have been slated for discussion, and generally several COC members have attended those Board meetings. School District representatives and members of the Board of Education have been cooperative and responsive to the Committee's questions, comments, and concerns.

#### Bond Projects and Progress

The 2008 Measure A Bond authorized a combination of new construction and modernization projects at school sites throughout the District, with the first bond sale for \$5.1 million transacted in Summer 2009. A new gymnasium for Smith River School is the largest single project approved. The gym has been designed and engineered, and upon State approval, construction should begin no later than September 2011, to be completed in spring of 2012.

The following table summarizes progress to date on authorized Measure A projects. A more detailed table and budget review as of 6/30/2010 is available under the Agenda on Line Board meeting for June 25, 2010. (See [www.delnorte.k12.ca.us](http://www.delnorte.k12.ca.us))

|  | Project Budget     | Funds Spent 7-1-09 to 6-30-10 | Est. Expen. 7-1-10 to 6-30-11 | Actual/Est. Completion Date |
|--|--------------------|-------------------------------|-------------------------------|-----------------------------|
| All Schools Network infrastructure                       | \$2,112,00         | 107,221                       | \$2,004,779                   | Jan. 2011                   |
| Transport. —Emergency generators                         | \$12,250           | \$8,598                       | \$3,652                       | Dec. 2009                   |
| Premium Costs  | \$7,250            | \$7,250                       |                               |                             |
| Crescent Elk —Swing set, other play eqp                  | \$50,000           | \$5,634                       | \$44,366                      | Nov. 2009                   |
| —Renovate kitchen (freezer, frig, flooring, etc.)        | \$260,000          | \$65,516                      | \$194,484                     | Aug. 2010                   |
| —Emergency generators                                    | \$52,000           | -0-                           | \$52,000                      | June 2011                   |
| Del Norte High —Perimeter safety fence replacement       | \$35,000           | \$36,910                      |                               | Aug. 2009                   |
| —Band room renovation                                    | \$15,000           | \$15,557                      |                               | Aug. 2009                   |
| Smith River —School Gym/play eq/ parking area            | \$2,400,000        | \$66,730                      | \$1,500,000                   | Spring 2012                 |
| Margaret Keating —Emergency generators                   | \$56,000           | -0-                           | \$56,000                      | June 2011                   |
| —Playground safety improvements (equip & fencing)        | \$65,000           | -0-                           | \$65,000                      | Nov. 2010                   |
| McCarthy —Improved accessibility (rest rooms & walkways) | \$25,000           | -0-                           | \$25,000                      | Aug. 2010                   |
| —Video security & fire alarm upgrde                      | \$10,000           | -0-                           | \$10,000                      | Aug. 2010                   |
| <b>TOTALS</b>  | <b>\$5,100,000</b> | <b>\$313,417</b>              | <b>\$3,955,281</b>            |                             |

**Additional Funding Sources**

In its management of the bond fund expenditures, the District is continuously exploring opportunities to acquire matching funds from other sources. As of the fall of 2009, the District pursued a \$5 million Prop 84 grant from the State of California for the Smith River Recreation Project.

If it is selected for funding (anticipated announcement September 2010), this grant will replace the Measure A allocation of \$1.7 million for the Smith River gym, allowing those funds to be utilized for any overages that may be incurred on identified Measure A projects or to reduce the final amount of Measure A funds required to complete the list of projects approved on the November 2008 ballot.

The District also pursued Federal QSCB funds in the Fall of 2009. Those funds were allocated through the California Department of Education on a lottery basis. Del Norte County did not receive QSCB funds. However, another smaller allocation from federal funds was used in the summer of 2009 to replace the large refrigerator/freezer unit at Crescent Elk Middle School. The Crescent Elk kitchen is one of the two locations where meals for all the schools are prepared.

**Bond Financial & Performance Audit**

Messner and Hadley, LLP, is the auditing firm that has been selected to perform the Bond Financial and Performance Audit on Measure A funds. This audit will begin in late May 2010 and will be concluded in December 2010, with a full report to the School board and to the COC anticipated in January 2011.



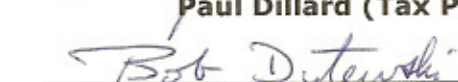
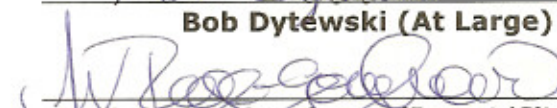
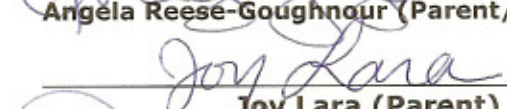
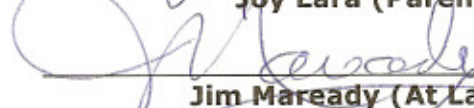


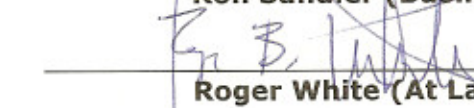
**Concluding Remarks**

The Committee has found the District to be cooperative and responsive to questions, comments, and concerns regarding the progress of Measure A projects and expenditures of Measure A funds. This first year's focus has been primarily on resolving urgent safety issues, launching the architecture and engineering for the Smith River Gym (anticipated completion date Spring 2012), and upgrading the technology infrastructure at all district schools and in the District Office which serves as the hub for all network activities.

In the first 18 months of Measure A projects, the District has shown good faith action by hiring locally whenever possible, especially in the selection of a local architect for the Smith River Gym project. Also, the District's excellent fiscal condition provided for an A+ bond rating from Standard and Poors, resulting in the best possible interest rate on the first issuance. Finally, the Districts continues to search for additional funds in the effort to reduce the Measure A total cost.

Through passage of Measure A, Del Norte voters expressed their commitment to their local public schools. The Measure A Citizens' Oversight Committee is honored to provide oversight as to how taxpayer funds are spent and will continue to monitor, review, and report out to the community on a regular basis. The public is invited to call Superintendent Jan Moorehouse (707-464-0200) and/or to visit the District's web page at [www.delnorte.k12.ca.us](http://www.delnorte.k12.ca.us) for more information. The public is also welcome at all times to attend Committee meetings and Board meetings.

Respectfully submitted to Del Norte County residents by the following Citizens' Oversight Committee Members:

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**Cyndie Brande (Senior Citizens)**
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**Paul Dillard (Tax Payers)**
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**Bob Dytewski (At Large)**
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**Angela Reese-Goughnour (Parent/Site Council)**
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**Joy Lara (Parent)**
-   
**Jim Maready (At Large)**
-   
**Larry Retzlaff (At Large)**
-   
**Ron Sandler (Business)**
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**Roger White (At Large)**