



NEWARK UNIFIED SCHOOL DISTRICT CITIZENS' BOND OVERSIGHT COMMITTEE

CBOC ANNUAL REPORT 2017-2018

LETTER FROM THE CHAIR

Dear Community Members,

As Chair of the Newark Unified School District's Citizens' Bond Oversight Committee it is my pleasure to present the sixth Annual Report of the Measure G Bond Program.

The Bond provides a local funding source approved by the Newark voters in November of 2011. The purpose of the Committee is to inform the public concerning the expenditures and uses of Measure G bond proceeds. The Committee's legal charge is to actively review and report on the expenditures of taxpayer money for school construction.

Voters approved \$63 million in bond authority for the Measure G Bond Program in an effort to preserve quality education, provide safe and modern schools, and qualify for matching funds. In the past six years, Newark Unified School District planned, designed and constructed projects towards updating aging facilities to meet earthquake/fire/safety standards; improve access for students with disabilities; remove asbestos, lead and hazardous materials; and improve energy/operational efficiency to maximize funding for instructional programs. Today, these efforts continue with additional projects are being planned.

The Citizens' Bond Oversight Committee is currently made up of six members. This committee meets on a quarterly basis to monitor the progress of Measure G projects. The meetings are open to the public and the schedule for the meetings, along with other pertinent information about the committee and the Measure G Bond Program, can be found on the Newark Unified School District website at: <http://www.newarkunified.org/CBOC>

Based on the review and observations of the Citizens' Bond Oversight Committee, we find that the Newark Unified School District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution and that funds are being used for the purposes specified in the ballot language.

Sincerely,

Marek Yarbrough
July 09, 2019
Citizen's Board Oversight Committee Chair

CITIZENS' BOND OVERSIGHT COMMITTEE



NEWARK
UNIFIED SCHOOL DISTRICT

5715 Musick Avenue
Newark, CA 94560
(510) 818-4103

www.newarkunified.org

Marek Yarbrough, Chair

December 2016 – Present

Adam Modzeleski, Vice-Chair

September 2016 - Present

Olga Borjon - Secretary

January 2018 - Present

Tony Doot

August 2018 - Present

Angela Silvera

August 2018 - Present

Richard Watters

August 2018 - Present

THE MISSION AND PURPOSE OF THE CBOC

The shared vision of the Citizens' Bond Oversight Committee and the Newark Unified School District is to build and maintain schools that promote the full development of children, are educationally and environmentally sound and enhance surrounding neighborhoods positively.

The mission of the Committee is to oversee program and project expenditures for the construction, repair and modernization of schools in accordance with California law and as required by Bond Measure G ballot language.

The Committee is charged with the responsibility of communicating its findings and recommendations to the District and the public as it reviews information to ensure that the bond funds, authorized by the local voters through Measure G, are expended per ballot language and in a wise and efficient manner.

BOND SYNOPSIS

In November of 2011, citizens of Newark voted to pass Measure G, a \$63 million general obligation bond, to assist with capital improvements at 12 of the 13 Newark Unified School District school campuses. The Bond funds will address safety and health concerns for the children at each of the 12 school sites and will help improve the learning environment through construction, repair and renovation of building, site and technology infrastructure.

GENERAL PROGRAM SCOPE

The program scope includes construction projects for replacement of deteriorated roof systems, HVAC units (Heating, Ventilation and Air Conditioning), including the Energy Management System (EMS) and Asphalt Concrete Pavement at the Hardcourt Play Areas. In addition, projects are addressing technology, safety and security with upgrades for access compliance, security cameras and public address systems.

The extent of improvement will vary based on needs of each site.

CBOC ACTIVITIES

In the financial year 2018-2019, the CBOC had four regularly scheduled meetings, two special meetings to inspect the school facilities, and grounds and one special meeting to discuss and vote on the 2017-2018 CBOC Annual Report. The average member attendance rate was 79%.

During the financial year, the CBOC reviewed the quarterly financial and project reports and asked questions on matters it needed clarification on.

FACTS, FINDINGS AND CONCERNS

1. THE DISTRICT CONTINUES TO OPERATE WITHOUT A DEFERRED MAINTENANCE PLAN.

The Committee is concerned that no Deferred Maintenance Plan is available. Deferred and preventative maintenance planning can prevent or minimize (future) bond expenditures. It is acknowledged that the Master Facility Plan contract includes a Deferred Maintenance Plan.

2. THE GOVERNING BOARD HAS NOT PUBLICLY ADDRESSED THE IMPLICATIONS AND TIMING OF MOVING THE WHITEFORD PRE-SCHOOL IN RELATION TO EXPENDING BOND FUNDS AT THIS SITE.

Whiteford students and teachers did benefit from the projects for one school season. The Whiteford pre-school move was first brought up in April 2014. However, neither the District Office nor the School Board followed up in public on this item after an approved one-year extension on the study. In May 2017, the District Office reported to the board that a move to Musick was imminent. Implications and timing with respect to bond expenditures were never addressed in public.

The Committee finds funds used for Whiteford in the year 2016-2017 conform to the bond language because the site was used to teach students. When any site is no longer used to predominately teach students the Committee considers it is no longer a valid site for bond expenditures. The District Office is excluded, because the bond language explicitly states that no funds can be used for administration.

3. AS LONG AS WHITEFORD IS NOT PREDOMINATELY USED FOR STUDENT TEACHING, USING BOND FUNDS FOR THIS SITE IS AGAINST THE BOND LANGUAGE.

The Committee finds funds used for Whiteford in the year 2016-2017 conform to the bond language because the site was used to teach students. When any site is no longer used to predominately teach students the Committee considers it is no longer a valid site for bond expenditures. The District Office is excluded, because the bond language explicitly states that no funds can be used for administration.

4. FUTURE BONDS.

The bond money has been utilized to provide 80% of the funding for the Master Facility Plan. The process of developing the plan has includes facilities not identified in bond language and include an effort to justify the needs for a future bond. This committee has not received confirmation that the bond funds have been excluded from paying for the promotion of a future bond and other funding sources will pay for the plan development of the unauthorized sites.

5. RETROACTIVE BOND USAGE.

The administration has made a significant number of re-categorized debits and credits affecting the bond and bond interest accounts. The process of retroactively transferring payments to and from bond accounts long after they were approved and settled presents a challenge for oversight and risk of error.

6. POOR OVERSIGHT, MULTIPLE DELAYS AND COST OVERAGES.

The Committee noted at several of its meetings the oversight failures and multiple delays of the roof and HVAC projects at the high school. The oversight failures and delays contributed to multiple roof leaks and cost overages.

7. PLAY STRUCTURE REPLACEMENT PROJECT ISSUES.

During the site tours, the committee noted incorrect information was provided concerning the locations and types of play structures installed. The contractor overseeing the project and the school administration at the time failed to inform this committee of an entire third phase of construction which is now taking place.

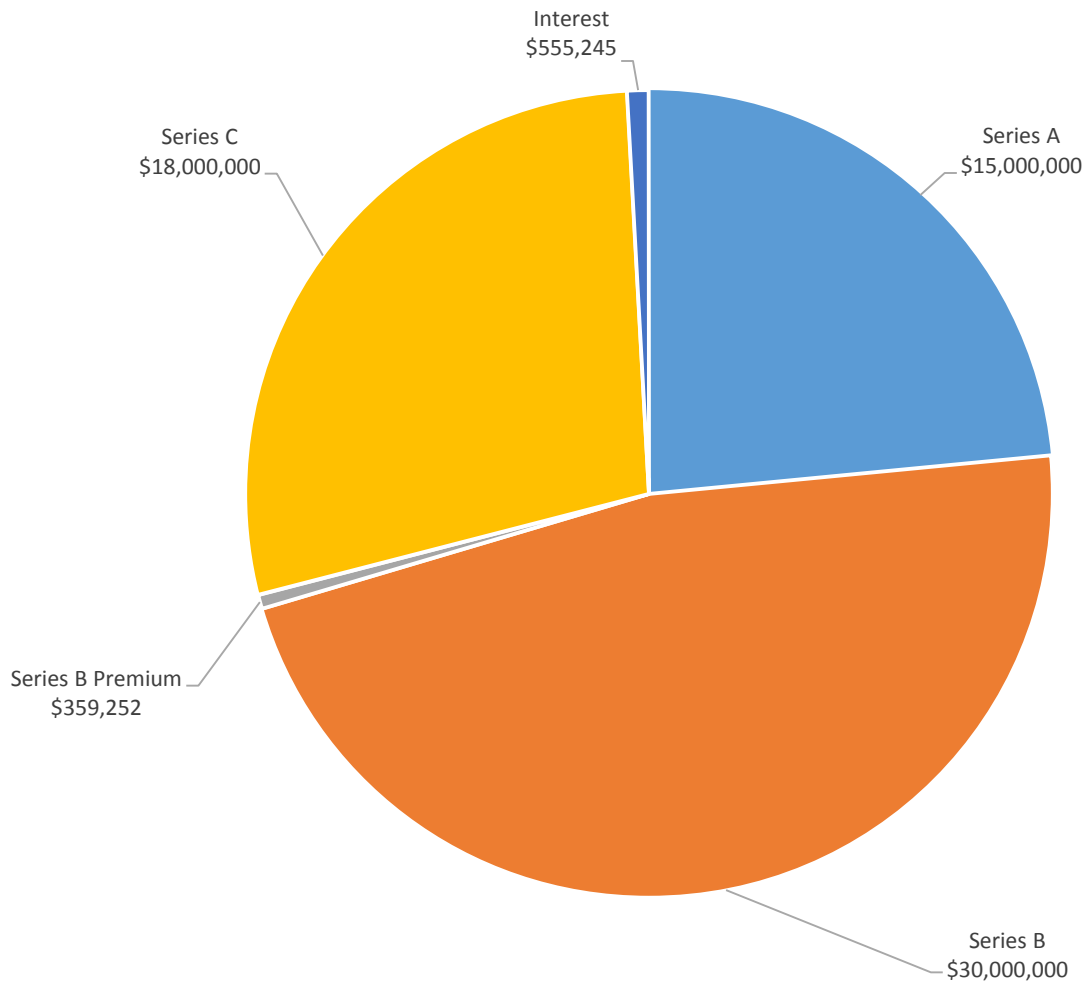
8. MEASURE G MONEY HAS NOT BEEN SPENT IN A TIMELY FASHION.

There have been a limited number of projects scheduled for this year, including play structures and completion of roof and HVAC projections at the high school. The Committee wishes to remind the board eighty-five percent of the Series C funds must be spent by July 2019.

Sale	Amount	True Interest Cost
Series A	\$15,000,000	3.89%
Series B	\$30,000,000	4.31%
Series B Premium ¹	\$359,252	
Series C	\$18,000,000	2.53%
Series C Premium ²	\$0	
Interest	\$555,245	
Total	\$63,914,497	

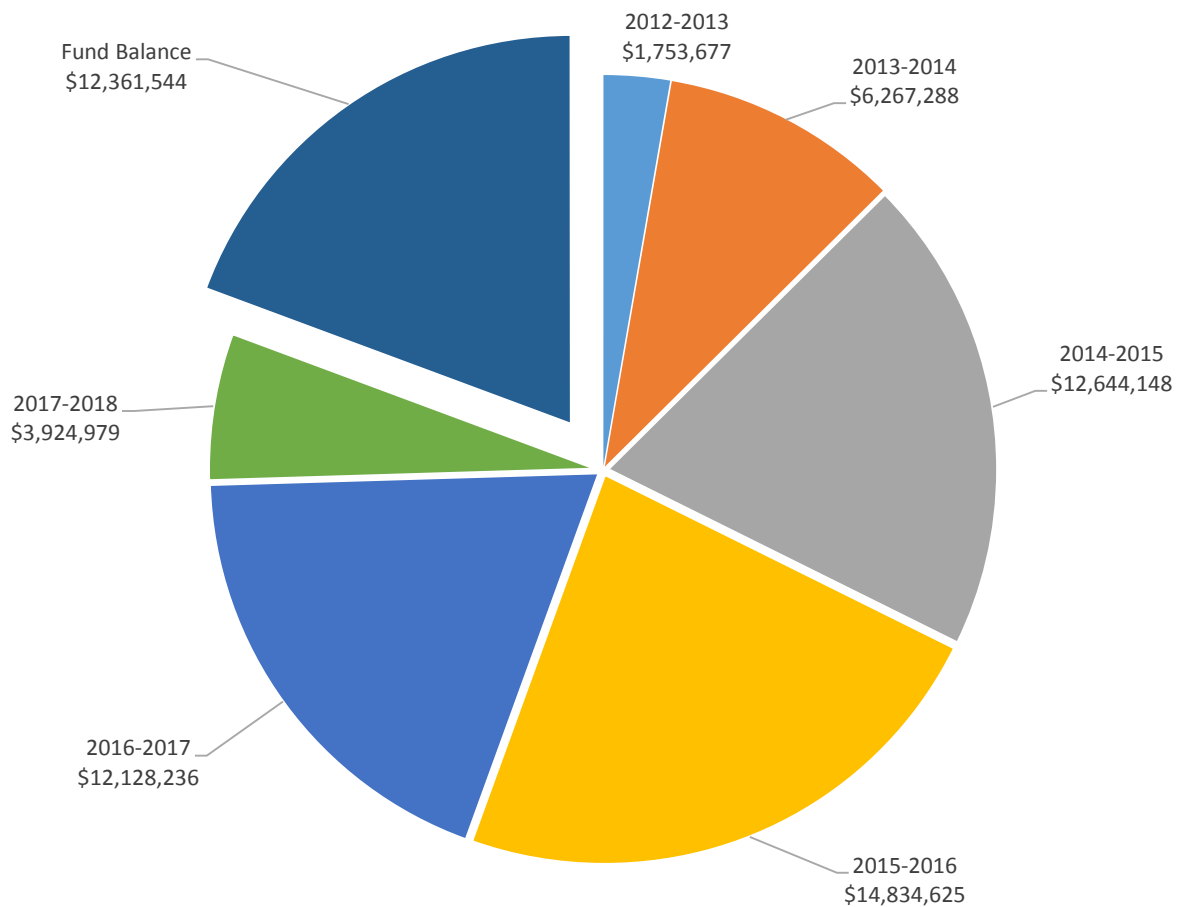
¹ Includes a \$10,748 transfer to the Bond Interest and Redemption Fund.

² Includes a \$1,539,636 transfer to the Bond Interest and Redemption Fund.



EXPENDITURES BY FINANCIAL YEAR

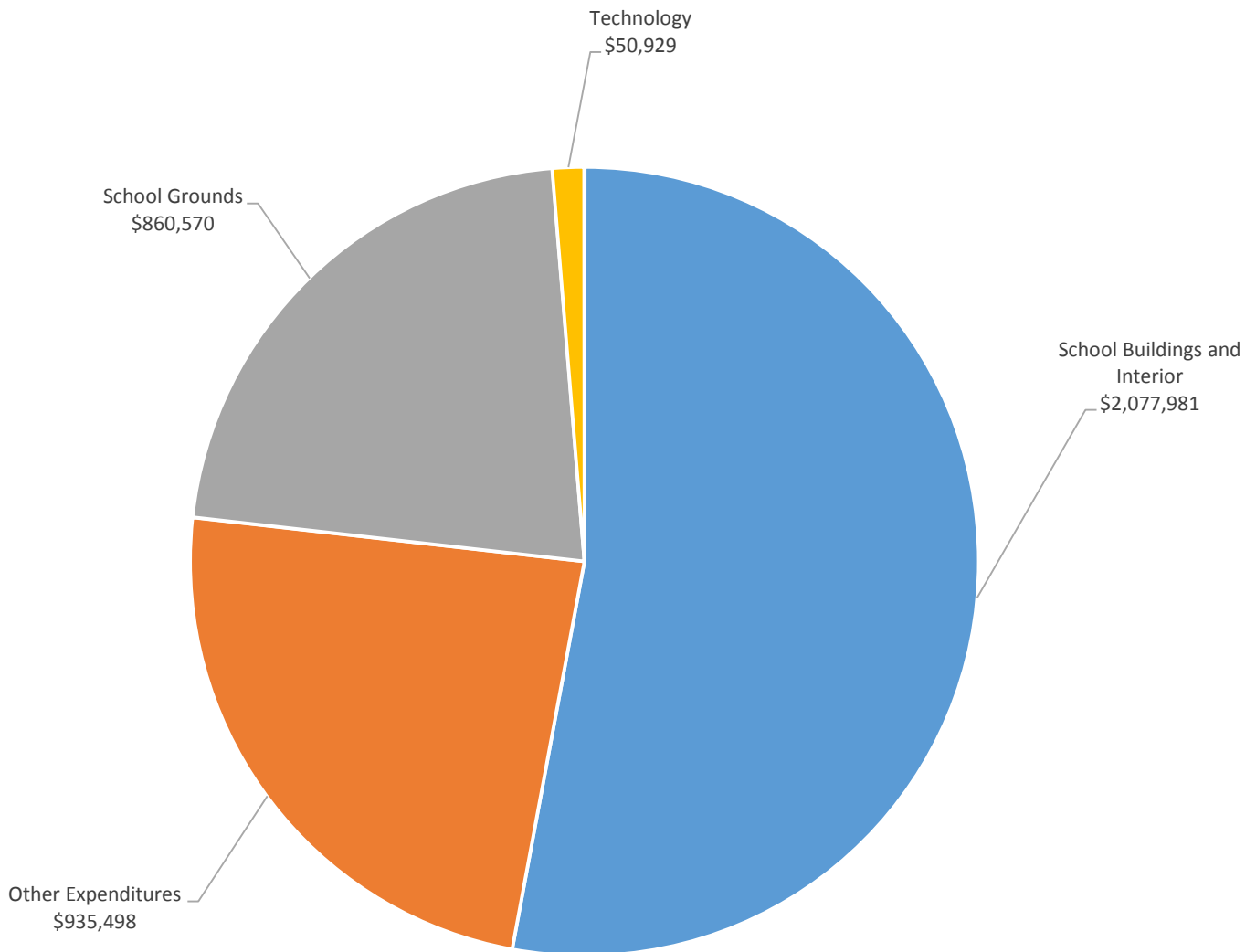
Year	Amount
2012-2013	\$1,753,677
2013-2014	\$6,267,288
2014-2015	\$12,644,148
2015-2016	\$14,834,625
2016-2017	\$12,128,236
2017-2018	\$3,924,979
Fund Balance	\$12,361,544
Total	\$63,914,497



EXPENDITURES 2017-2018

CATEGORIES

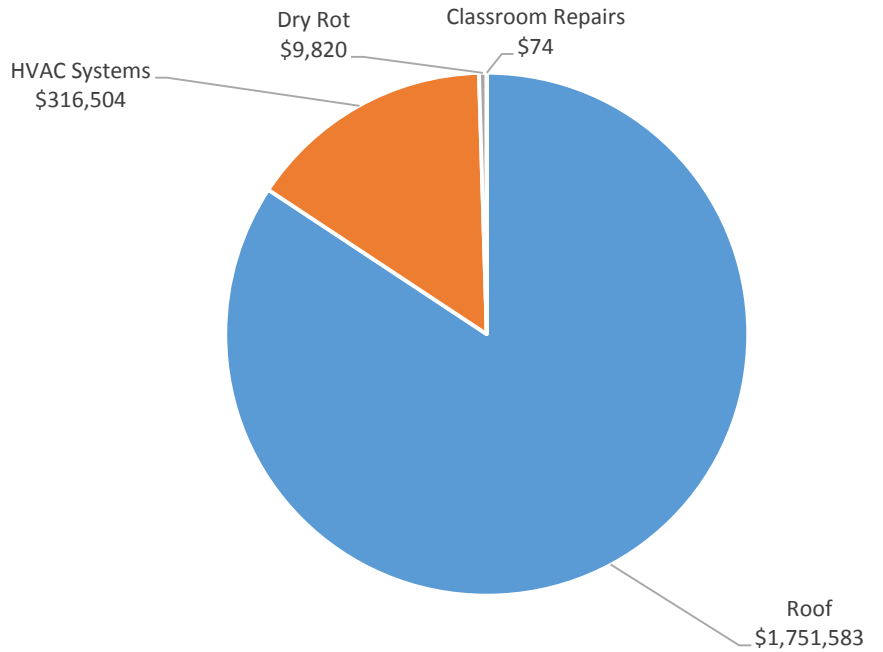
School Buildings and Interior	\$2,077,981
Other Expenditures	\$935,498
School Grounds	\$860,570
Technology	\$50,929
Total	\$3,924,979



BREAKDOWN

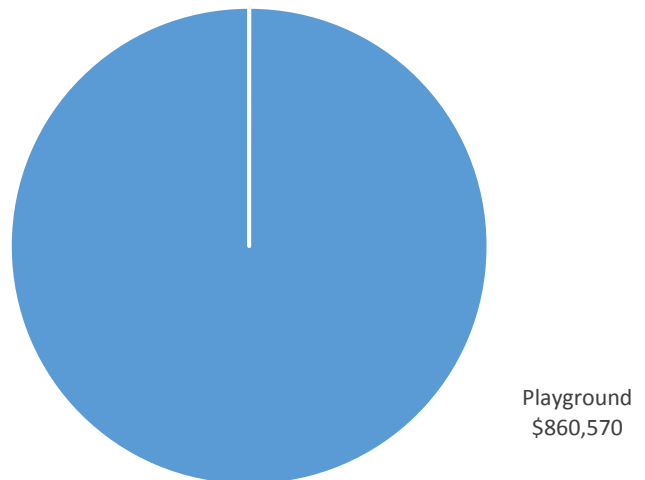
1. SCHOOL BUILDINGS AND INTERIOR

Roof	\$1,751,583
HVAC Systems	\$316,504
Dry Rot	\$9,820
Classroom Repairs	\$74
Total	\$2,077,981



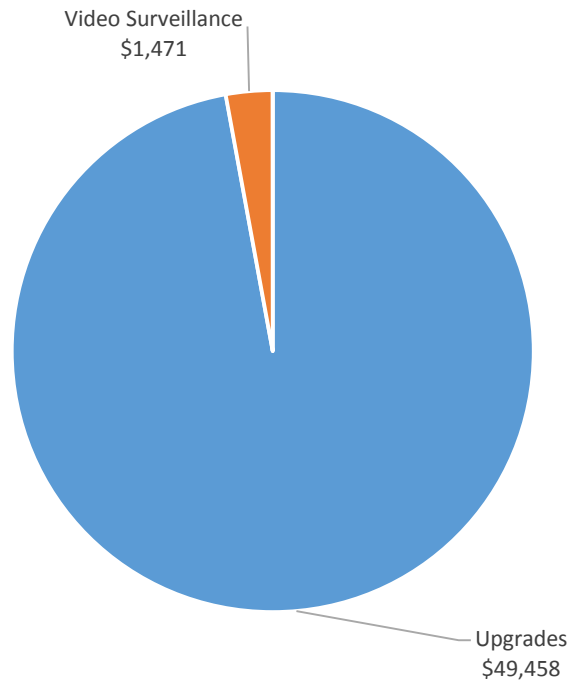
2. SCHOOL GROUNDS

Playground	\$860,570
Total	\$860,570



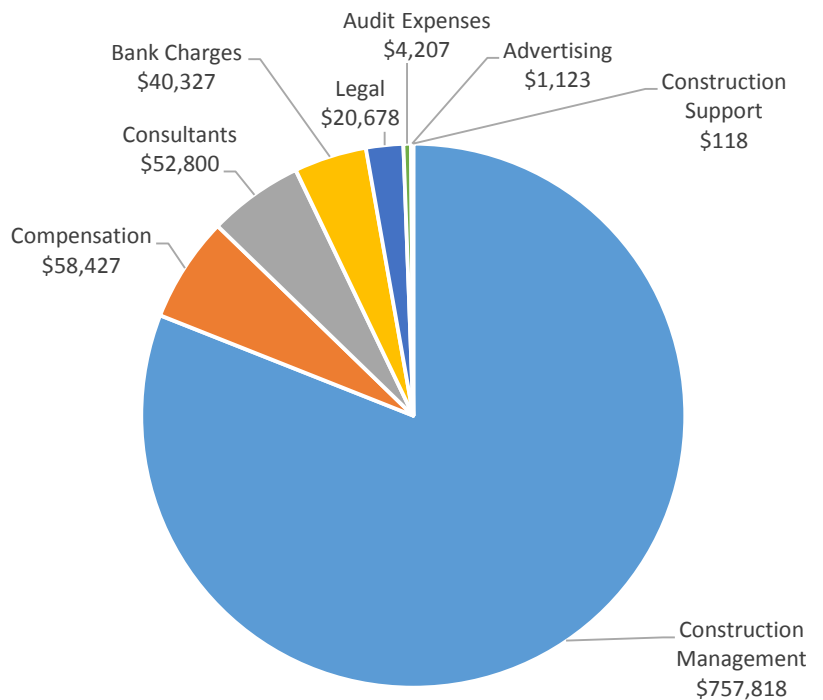
3. TECHNOLOGY

Upgrades	\$49,458
Video Surveillance	\$1,471
Total	\$50,929



4. OTHER EXPENDITURES

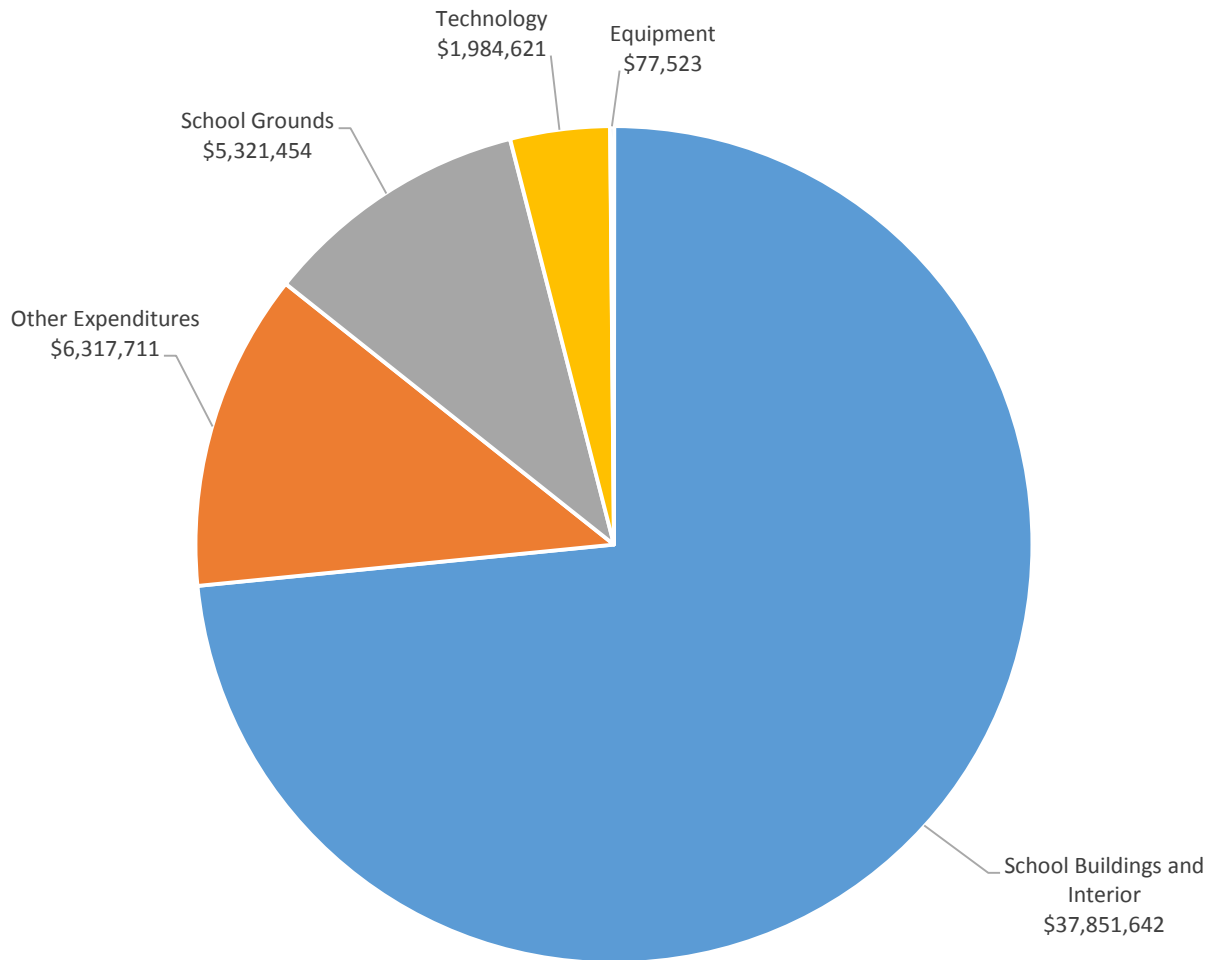
Construction Management	\$757,818
Compensation	\$58,427
Consultants	\$52,800
Bank Charges	\$40,327
Legal	\$20,678
Audit Expenses	\$4,207
Advertising	\$1,123
Construction Support	\$118
Total	\$935,498



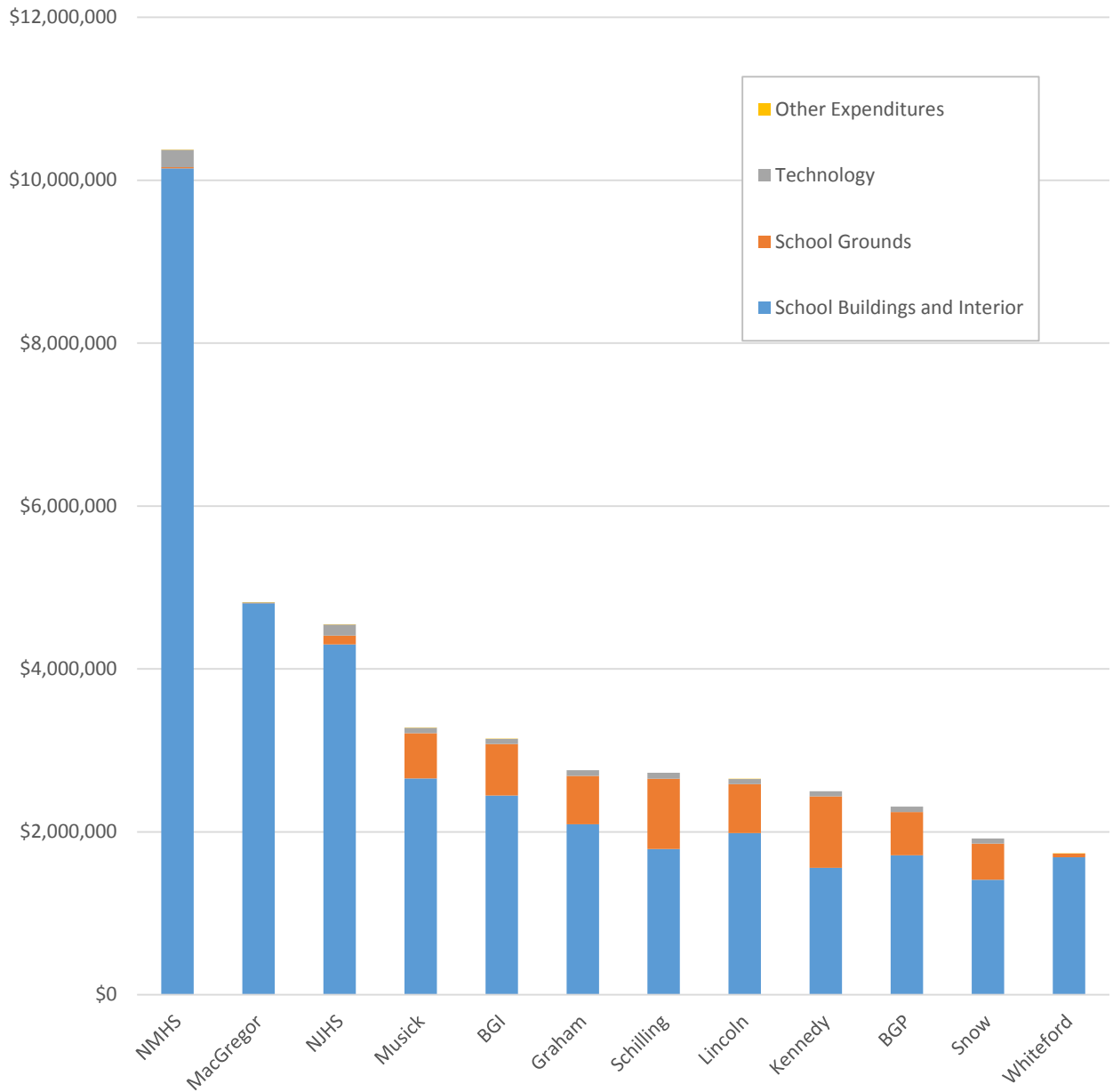
EXPENDITURES THROUGH JUNE 30TH, 2018

1. BY CATEGORY

School Buildings and Interior	\$37,851,642
Other Expenditures	\$6,317,711
School Grounds	\$5,321,454
Technology	\$1,984,621
Equipment	\$77,523
Total	\$51,552,953



2. BY SCHOOL



3. NON-SITE-SPECIFIC BREAKDOWN (TOP 10)

