



CITIZENS' BOND OVERSIGHT COMMITTEE

ANNUAL REPORT - 2019-2020

LETTER FROM THE CHAIR

Dear Community Members,

As Chair of the Newark Unified School District's Citizen's Bond Oversight Committee (CBOC), it is my pleasure to present the 8th Annual Report of the Measure G Bond Program for the Newark Unified School District.

The Bond provides a local school construction funding source approved by Newark voters in November 2011. The CBOC's responsibility is to actively review and report on the District's expenditures of taxpayer money, as they were approved by voters. The purpose of the CBOC Annual Report is to inform the regarding the expenditures and use of Measure G Bond proceeds.

Voters approved \$63 million in Bond authority for the Measure G Bond Program, in an effort to provide quality education in Newark schools, provide safe and modern schools, and qualify for matching funds for those initiatives. In the past six (6) years, the District planned, designed and constructed projects to update aging facilities to meet earthquake, fire and safety standards, improve access for students with disabilities, remove asbestos, lead and hazardous materials, and increase energy and operational efficiencies to maximize funding for instructional programs. Today, these efforts continue with additional projects being planned.

The CBOC is currently made up of five (5) 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 District's website at: <http://www.newarkunified.org/CBOC>.

Based on the CBOC's review and observations for this year, and except for the Fact Findings and Concerns identified, CBOC members find that the NUSD 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,

Richard Watters
July 27, 2021

CITIZENS BOND OVERSIGHT COMMITTEE



Richard Watters, Chair

August 2018 - Present

Adam Modzeleski, Vice Chair

December 2016 – Present

Olga Borjon - Secretary

January 2018 – June 2021

Tony Doot

August 2018 - Present

Jebadiah Ross

August 2019 – Present

Cindy Parks

August 2020 - 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 CBOC 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 to communicate its findings and recommendations to the District and the public as it reviews the information provided to ensure that the bond funds, as authorized by the local voters through Measure G, are expended per ballot language and in a wise and efficient manner.

BOND SYNOPSIS

In November 2011, Newark citizens 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 were approved to address safety and health concerns of the children at each of the 12 school sites and would help improve the children's learning environment through construction, repair and renovation of building sites, and technology infrastructure.

GENERAL PROGRAM SCOPE

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

The extent of improvements will vary based on the needs of each site.

CBOC ACTIVITIES

In the financial year 2019-2020, the CBOC had four (4) regularly scheduled meetings, one (1) special meeting to inspect the school facilities and grounds.

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

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FACTS, FINDINGS AND CONCERNS

1. The 2018-2019 projects had very little progress.

There was some work done on the HVAC. However, this work represents anywhere from 20-25% of the total budget planned for this project. No one to date has taken responsibility for the warranty issues which caused more spending. There were issues with getting the playground equipment installed including discovering that the Hetch Hetchy runs below BGI.

2. The District staff and project managers have changed many times.

The district has changed project managers and staff so often that the CBOC has serious reservations about consistent oversight of bond expenditures.

3. The School District must make an effort to actively recruit community members.

The CBOC is supposed to be a committee of seven (7) categories (7) but has fluctuated between six (6) or seven (7) members in which two of the categories have not been represented. The committee suggests a district-wide email, flyers at the schools, and that it be mentioned at every District meeting until each category has been represented. An incomplete committee does not allow for the CBOC to conduct meetings and negatively affects the entire Newark population to be represented as it should be.

4. Facility Master Plan.

Measure G bond money only provided 10% of the funding for the Aedis Master Facility Plan. The process of developing the plan had included facilities not identified in bond language and included an effort to justify the need for a future bond.

5. 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 Aedis Master Facility Plan contract includes a Deferred Maintenance Plan which has not ever been presented to the CBOC.

6. Retroactive Bond Usage.

The Newark Unified School District administration has made a 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.

7. Poor Oversight, Multiple Delays and Cost Overages.

The CBOC noted, at several of its meetings, the oversight failures and multiple delays of the roof and HVAC projects at the High School. A minimum quality of work was completed and therefore the warranty coverage did not cover the required scope of work. The contractors, inspectors, and district staff should ensure that bond funds are spent correctly, and scope of work is completed in its entirety, per the terms and conditions of the contract.

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8. Play Structure Replacement Project Concerns.

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

9. MEASURE G money has not been spent in a timely and efficient fashion.

There have been a limited number of projects scheduled for this fiscal year, including play structures and completion of roof and HVAC projections at the High School. The CBOC would like to remind the School Board that eighty-five percent (85%) of the Series C funds should have been spent by July 2019.

10. The Website needs maintenance.

The District's website has not been maintained with accurate information and therefore the community and the CBOC members are not able to access accurate information.

MEASURE G BOND SALE

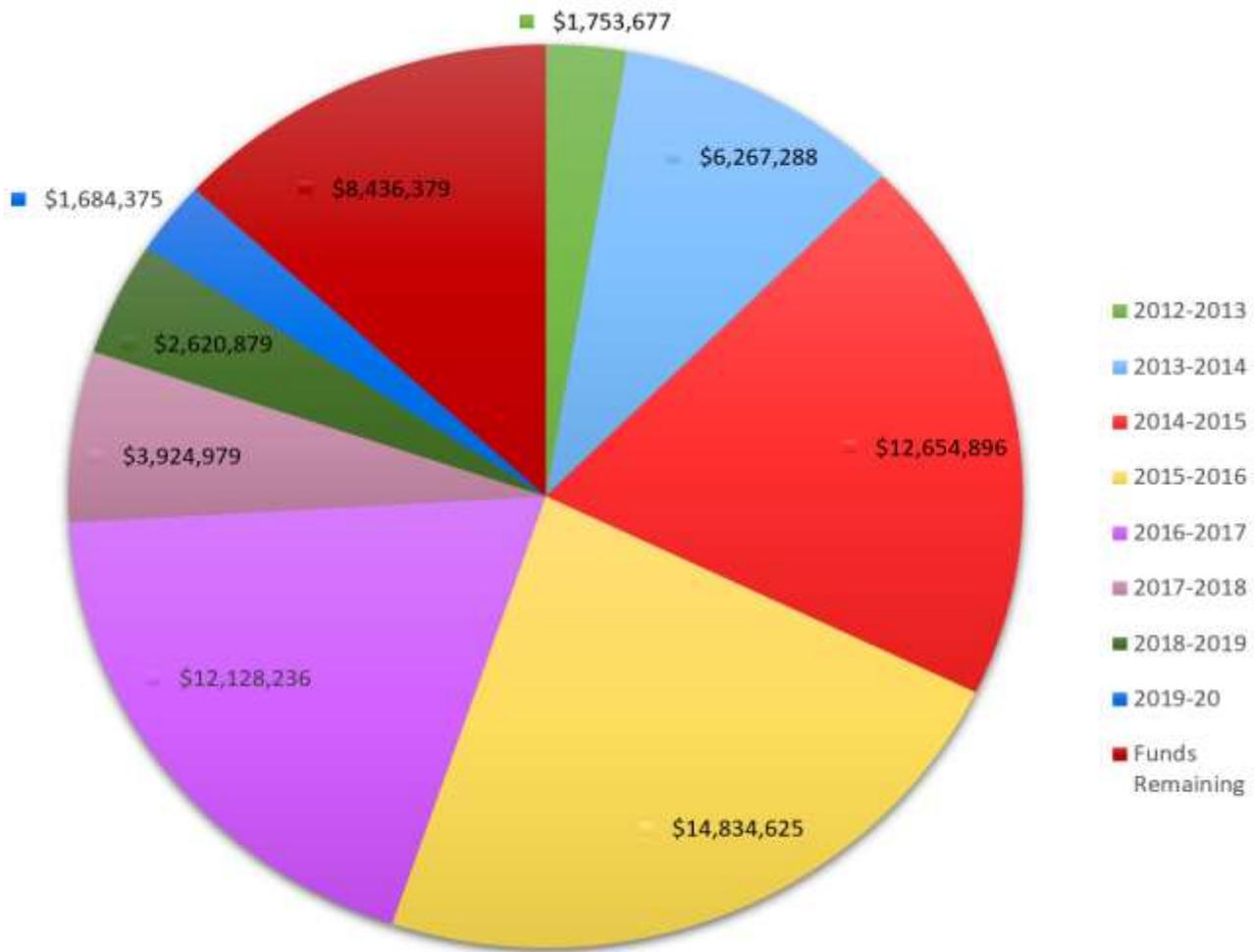
Sale	Amount	True Interest Cost
Series A	\$15,000,000	3.89%
Series B	\$30,000,000	4.31%
Series B Premium ¹	\$359,252	
Series C	\$18,000,000	2.53%
Series C Premium ²	*\$10,748	
Interest	*\$935,334	
Total	*\$64,305,334	

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	\$12,654,896
2015-2016	\$14,834,625
2016-2017	\$12,128,236
2017-2018	\$3,924,979
2018-2019	\$2,620,879
2019-2020	\$1,684,375
Fund Remaining	\$8,436,379
Total	\$64,305,334

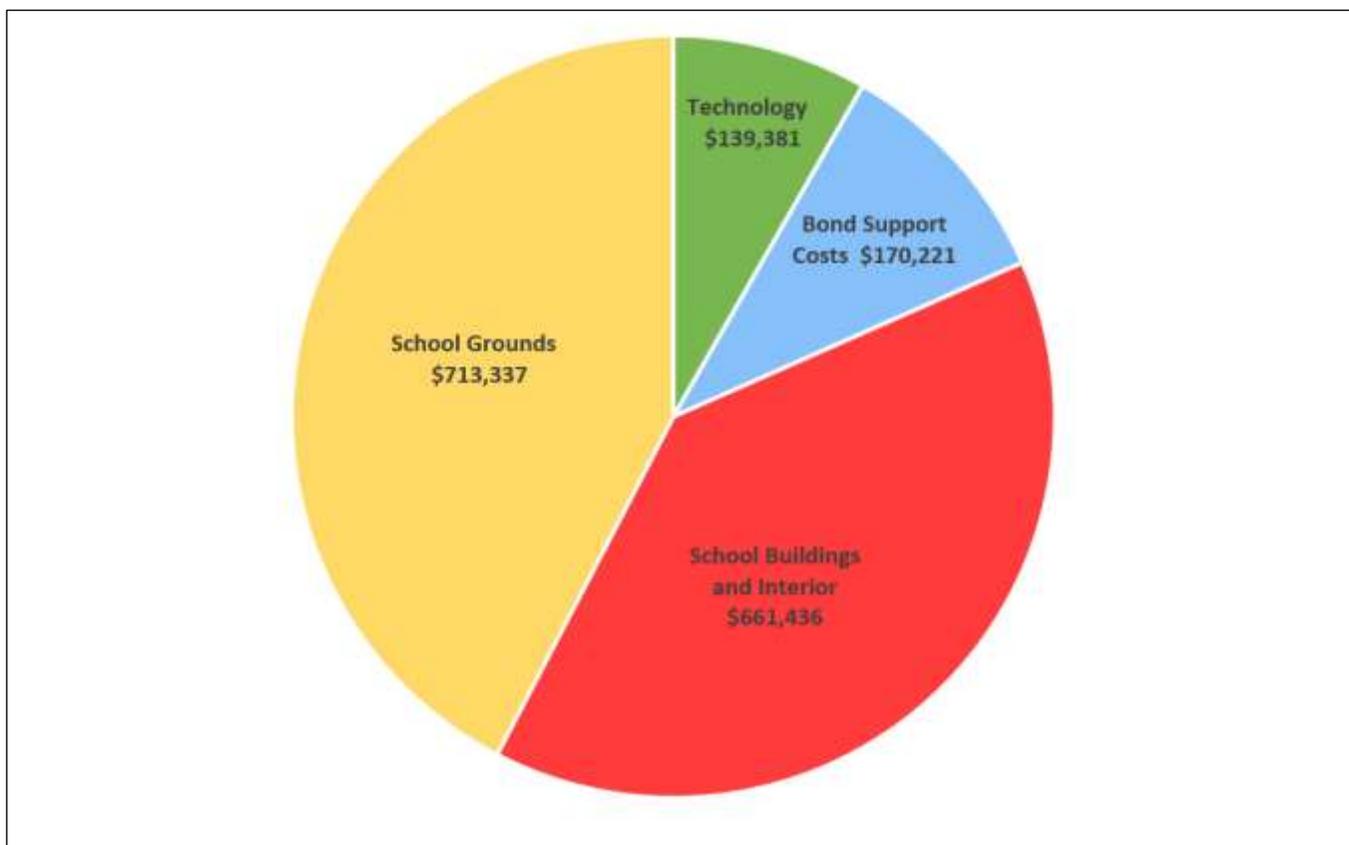


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EXPENDITURES 2019-2020

CATEGORIES

Technology	\$139,381
Bond Support Costs	\$170,221
School Buildings and Interior	\$661,436
School Grounds	\$713,337
Equipment	\$0
Total	\$1,684,375



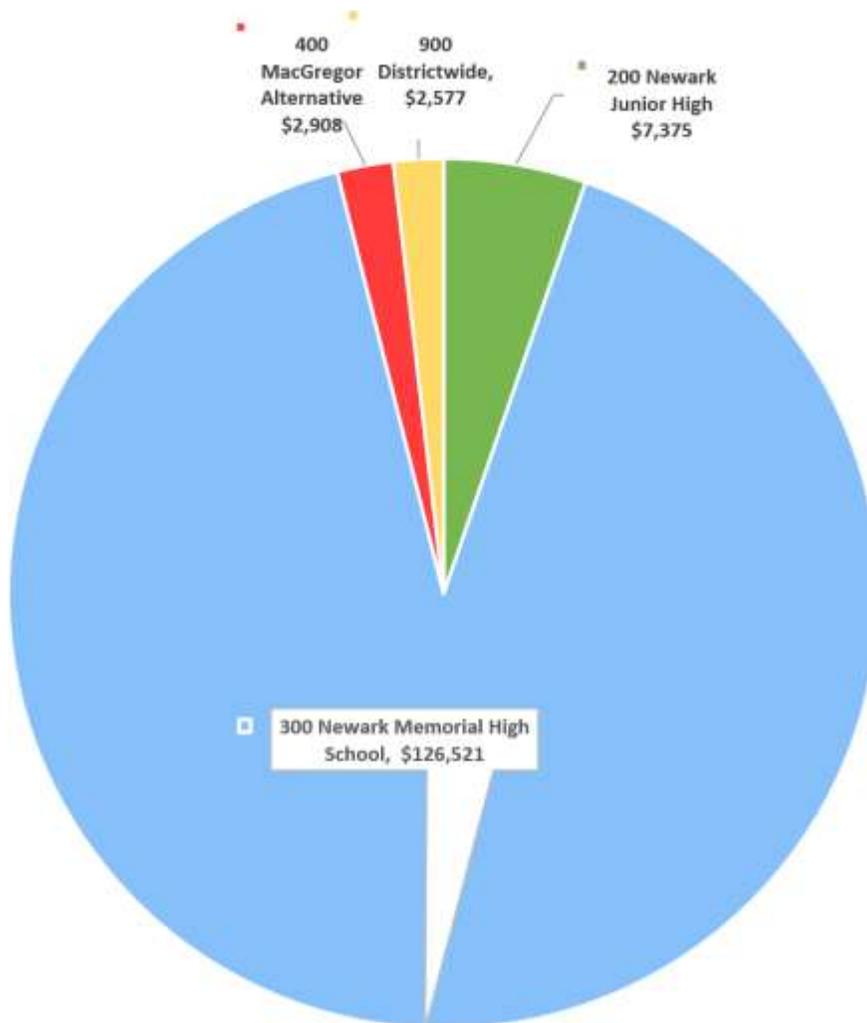
BREAKDOWN

1. TECHNOLOGY UPGRADES BY CAMPUS – INCLUDES THE AV PROJECTORS AND DISPLAYS

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Newark Junior High	\$7,375
Newark Memorial High	\$126,521
MacGregor Alternative	\$2,908
Districtwide	\$2,577
Newark Junior High	\$139,381

TECHNOLOGY UPGRADES BY CAMPUS



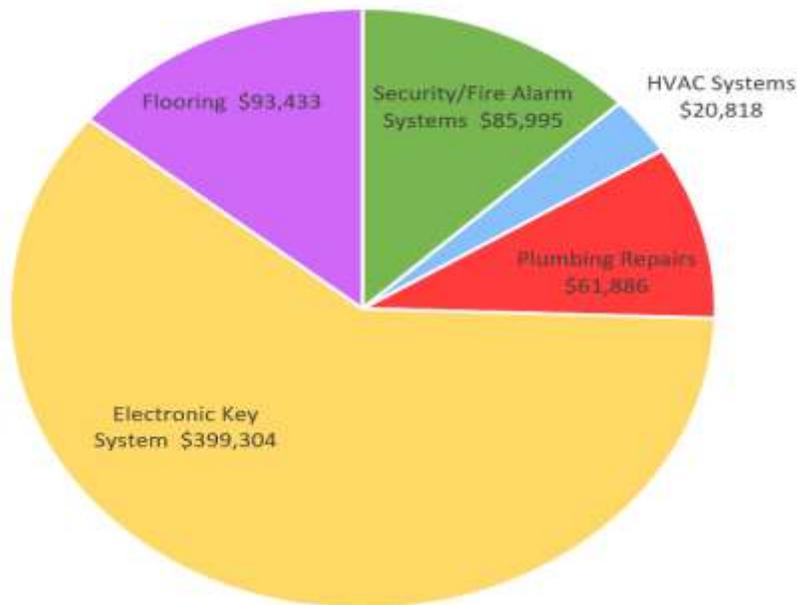
2. Bond Support Costs

Professional Services	\$56,039
Bond Program Support	\$56,442
Consultants	\$52,800
Legal Expense	\$733
Audit Expense	\$4,207
Total	\$170,221



3. SCHOOL BUILDINGS AND INTERIOR

Electronic Key Systems	\$399,304
Flooring	\$93,433
Security/Fire Alarm Systems	\$85,995
Plumbing Repairs	\$61,886
HVAC Systems	\$20,818
Total	\$661,436



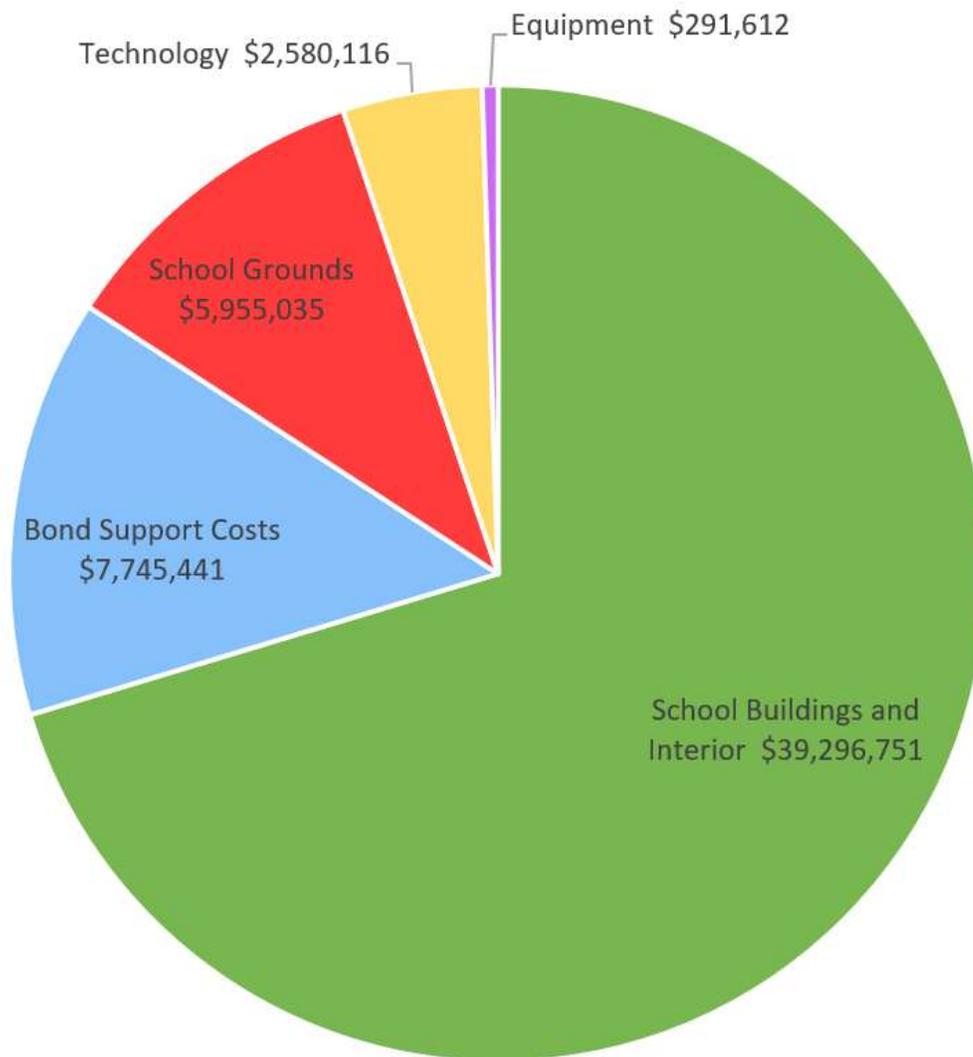
4. SCHOOL GROUNDS

Playground Equipment	\$713,337
Total	\$713,337

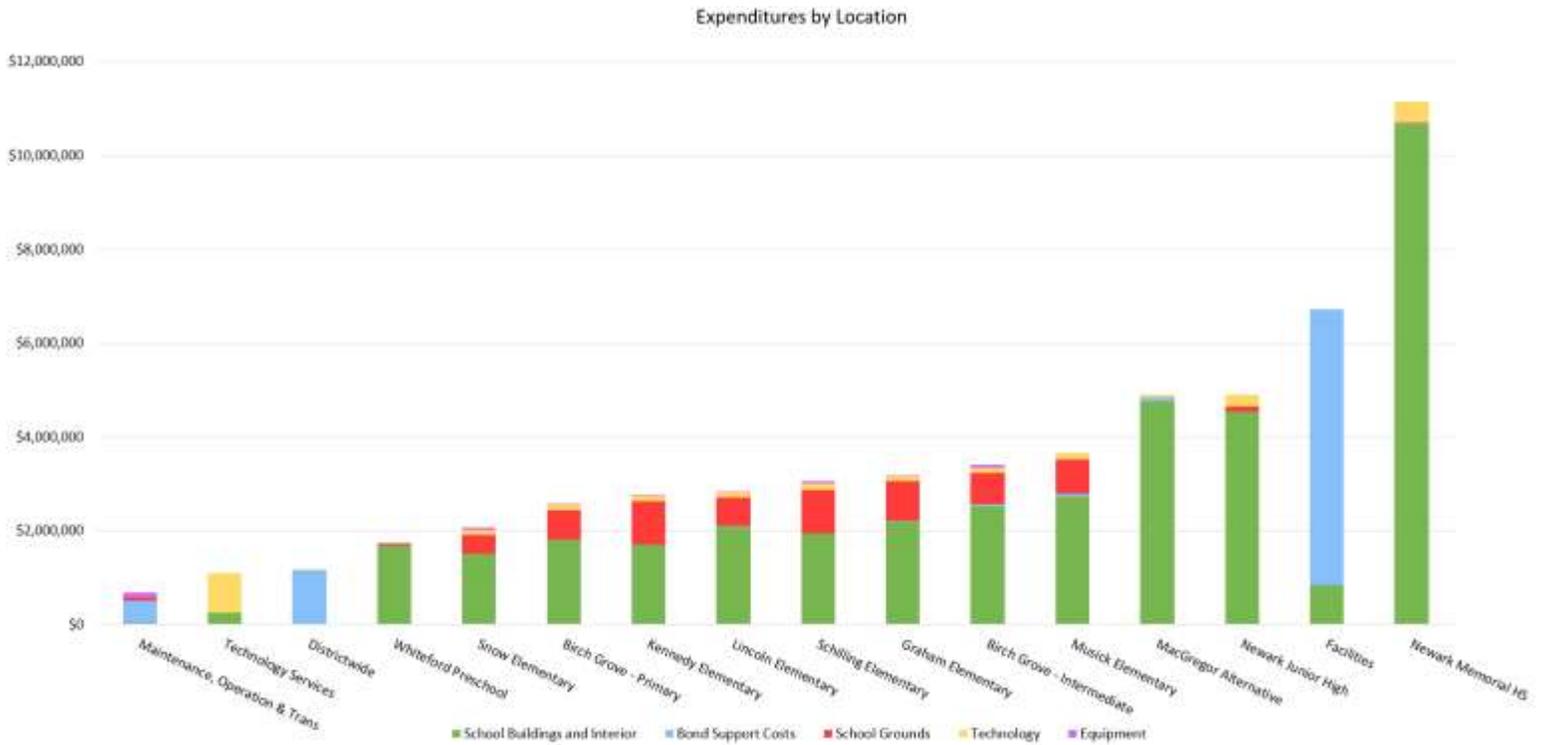
CUMULATIVE EXPENDITURES THROUGH JUNE 30TH, 2020

1. BY CATEGORY

School Buildings and Interior	\$39,296,751
Bond Support Costs	\$7,745,441
School Grounds	\$5,955,035
Technology	\$2,580,116
Equipment	\$291,612
Total	\$55,868,955



2. By SCHOOL - CUMULATIVE



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3. NON-SITE-SPECIFIC BREAKDOWN (TOP 10) - \$9,661,378

