



# **Proposition E Independent Citizens Oversight Committee (ICOC)**

## **Annual Report to the Board of Education**

**June 20, 2018**



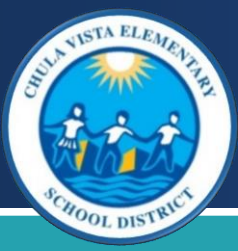
# Proposition E

## Independent Citizens Oversight Committee (ICOC)

Terms Expire Fall 2019

***Jason C. Hurtado-Prater, Chair***  
Community At-Large Representative

- Floyd Strayer, Vice Chair***  
Community At-Large Representative
- Jolyn DePriest, Ph.D.***  
Business Community Representative
- Sean R. Dunbar***  
Taxpayers Association Representative
- Dr. Diane Gerken***  
Business Community Representative
- Mary I. Helvie***  
Senior Citizens Organization Representative
- Martha Juarez***  
Parent SSC Representative
- Karyn Koenig***  
Community At-Large Representative
- Ben Lien***  
Parent PTA Representative
- Valerie Gerken-Rios***  
Community At-Large Representative
- James L. Smyth***  
Community At-Large Representative

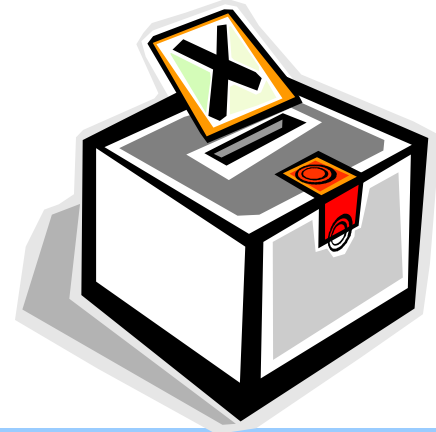


# Proposition E Ballot Proposition

November 6, 2012

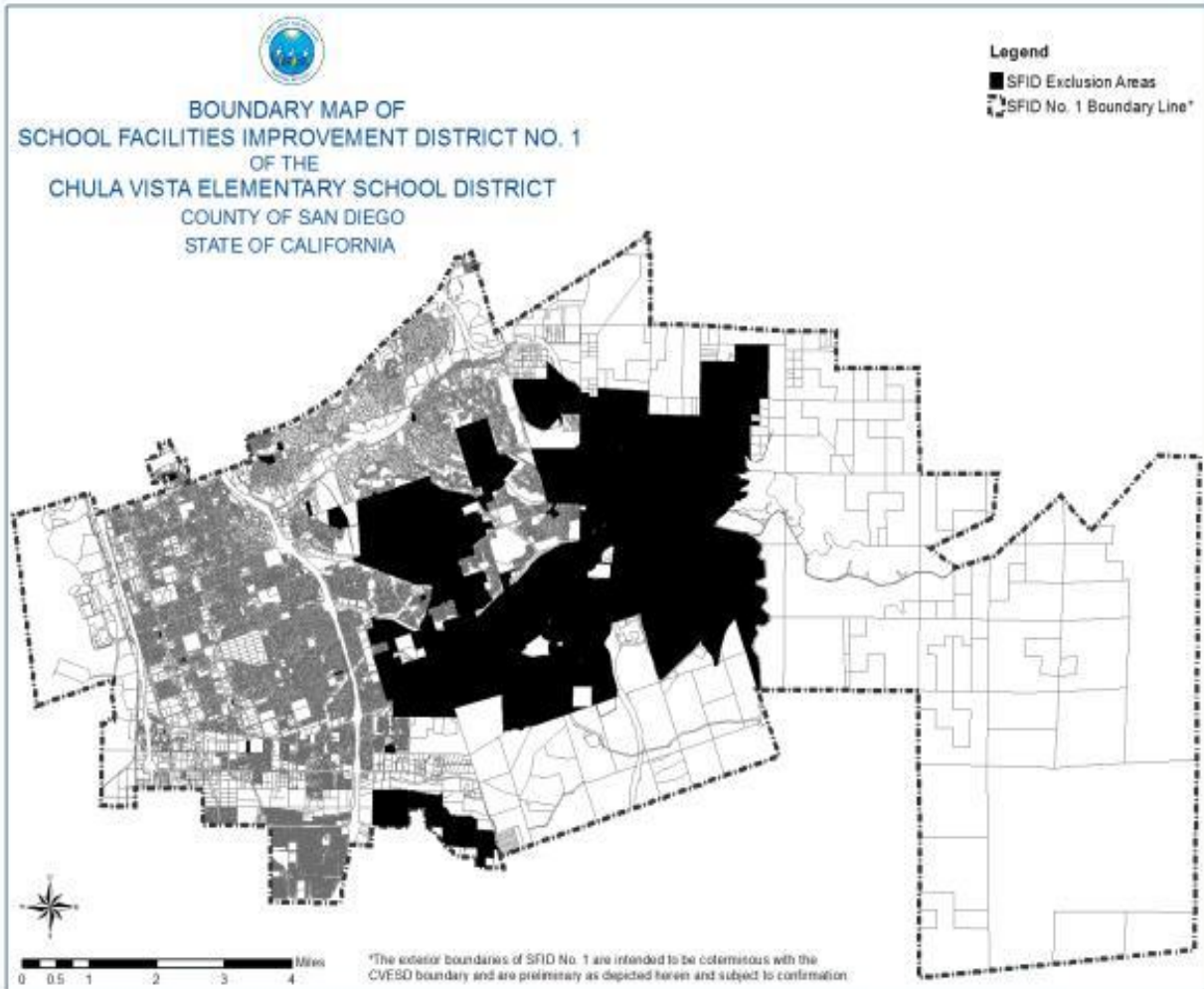
- *Repair, renovate, construct, and upgrade classrooms and school facilities; increase student access to computers and modern technology; replace temporary classrooms; upgrade heating systems; and make energy cost-saving improvements.*
- *Issue \$90 million of bonds with legal interest rates, annual audits, independent citizens' oversight.*
- *All funds spent locally and no money used for administrative salaries or taken by the State and spent elsewhere.*

- Required: 55.00% voter approval.  
Received: 68.82% voter approval.
- 25-year amortization.
- No Capital Appreciation Bonds (CABs).
- Approximately \$29 per \$100,000 of assessed valuation per year.

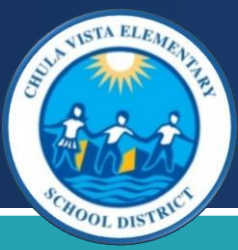




# School Facilities Improvement District No. 1 Boundary for CVESD

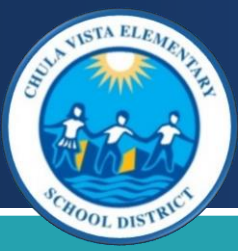


**SFID No. 1  
boundary  
encompasses  
31 elementary  
schools located  
primarily in  
western portion  
of CVESD.**



# 31 SFID No. 1 School Sites





# Prop E SFID No. 1 Facilities By Year Built and Year Modernized

	School	Year Built	Year Modernized Prior to Prop E
Modernized 2014	RICE ELEMENTARY SCHOOL	1938	1996
	CASTLE PARK ELEMENTARY SCHOOL	1952	1996
	ROSEBANK ELEMENTARY SCHOOL	1952	1996
Modernized 2015	VISTA SQUARE ELEMENTARY SCHOOL	1953	1996
	HILLTOP DRIVE ELEMENTARY SCHOOL	1943	1997
	ALLEN ELEMENTARY SCHOOL	1947	1997
Scheduled 2018	MONTGOMERY ELEMENTARY SCHOOL	1950	1997
	HARBORSIDE ELEMENTARY SCHOOL	1953	1997
	KELLOGG ELEMENTARY SCHOOL	1958	1997
Planned 2019	SUNNYSIDE ELEMENTARY SCHOOL	1959	1997
Planned	FEASTER CHARTER SCHOOL	1950	1997

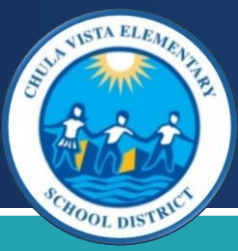
Modernization in 1996 and 1997 was minimal scope and excluded the following major items: Underground Utilities; Window Replacements; Asphalt Resurfacing; Heating, Ventilation, and Air-Conditioning (HVAC) Replacements; Irrigation Upgrades; Interior Finishes; and Cafeteria/Food Services. 1999-2005 Modernization under Proposition JJ and State Funding.



# Prop E SFID No. 1 Facilities By Year Built And Year Modernized (Cont'd)

	School	Year Built	Year Modernized Prior to Prop E
<b>Future</b>	COOK ELEMENTARY SCHOOL	1954	1999
	PALOMAR ELEMENTARY SCHOOL	1959	1999
	HALECREST ELEMENTARY SCHOOL	1961	1999
	MUELLER CHARTER SCHOOL	1955	2000
	LAUDERBACH ELEMENTARY SCHOOL	1956	2000
	JUAREZ-LINCOLN ELEMENTARY SCHOOL	1970	2000
	FINNEY ELEMENTARY SCHOOL	1961	2001
	VALLE LINDO ELEMENTARY SCHOOL	1967	2002
	SILVER WING ELEMENTARY SCHOOL	1968	2002
	VALLEY VISTA ELEMENTARY SCHOOL	1969	2002
	PARKVIEW ELEMENTARY SCHOOL	1970	2002
	LOS ALTOS ELEMENTARY SCHOOL	1971	2002
	ROGERS ELEMENTARY SCHOOL	1962	2003
	LOMA VERDE ELEMENTARY SCHOOL	1964	2004
	ROHR ELEMENTARY SCHOOL	1965	2004
	OTAY ELEMENTARY SCHOOL	1975	2005
	TIFFANY ELEMENTARY SCHOOL	1975	2005
	CHULA VISTA HILLS ELEMENTARY SCHOOL	1989	--
	CHULA VISTA LEARNING COMMUNITY CHARTER SCHOOL	2001	--
	CLEAR VIEW ELEMENTARY SCHOOL	1991	--

1998 Proposition JJ Modernization from 1999-2005 included the following major items: Underground Utilities; Window Replacements; Asphalt Resurfacing; Heating, Ventilation, and Air-Conditioning (HVAC) Replacements; Irrigation Upgrades; Interior Finishes; and Cafeteria/Food Services.



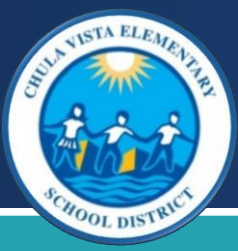
# Major Categories for Improvements

- ❑ **Infrastructure Improvements**  
Electrical, sewer, water and storm drains, fire alarms, electrical closets, and structural.
- ❑ **Energy Enhancements/Other Areas**  
HVAC, window replacements, energy efficient site lighting, classroom upgrades, Americans with Disabilities Act (ADA) compliance, and other upgrades.
- ❑ **Wireless Technology Upgrades**  
Wireless hardware, network cabling, and equipment. Provides access for online state testing.



**Karl H. Kellogg  
Elementary  
School**





# ICOC Reporting Responsibilities

- ICOC is required to report on compliance with Article XIII A, Section I(b)(3) of the California Constitution including:
  - That bond funds are expended for the construction, reconstruction, rehabilitation, or replacement of school facilities, or the acquisition or lease of real property for school facilities.
  - That no bond funds are used for any teacher or administrative salaries of other operating expenditures.
  - To report on the review of the annual independent financial audit and review of the annual performance audit.



# 2017-18 ICOC Actions

- ICOC Meetings held on:
  - September 13, 2017, and December 13, 2017
  - February 21, 2018, and April 18, 2018
  - May 2, 2018 Special Meeting for Pre-Modernization Site Visits of Kellogg, Harborside, and Montgomery
  
- Election of New Chair and Vice Chair
  - Chair- Jason Hurtado-Prater
  - Vice-Chair- Floyd Strayer
  
- Approved 2016-17 Independent Proposition E Financial and Performance Audit
  - Unmodified Opinion from independent CPA
  - No finding or questioned costs
  
- Review of Summer 2018 Modernization Budgets for Harborside, Kellogg, and Montgomery Elementary Schools



## Proposition E

### 2016-17 Performance and Financial Audit

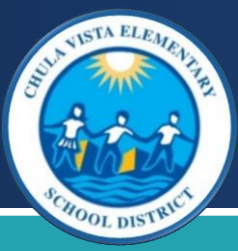
- Performed by Wilkinson Hadley King & Co. LLP, an independent (third party) auditor for reporting period ending June 30, 2017.
- Financial audit unmodified opinion with no audit findings.
- Performance audit complied with Proposition 39 requirement and no audit findings.
  - 97% of expenditures tested and compliant.
- Audit report reviewed and approved by ICOC on April 18, 2018.



# Proposition E: \$90,000,000 Authorized and Issued Series A, Series B, and Series C Bond Funds

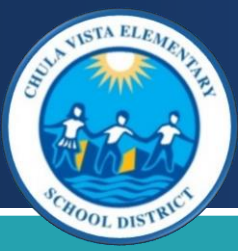
<i>Bond Issuances</i>	<i>Amount</i>
Series A Issuance (November 2012)	\$ 31,000,000
Series B Issuance (February 2015)	14,000,000
Series C Issuance (January 2017)	\$ 45,000,000
<b>Total</b>	<b>\$ 90,000,000</b>

\*Amounts are authorized and do not include bond premiums/discounts, or Financial Advisor, Bond Counsel, District Counsel, Standard & Poor's Credit Rating, Paying Agent, Publication and Printing Costs, etc.



# Proposition E Uses

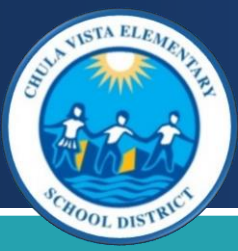
- \$45 million (Series A and B) used for:
  - Summer 2013 - Upgraded Wi-Fi at 31 sites
  - Summer 2014 - Castle Park, Rice, Rosebank
  - Summer 2015 - Allen, Hilltop, Vista Square
  
- \$45 Million (Series C) available for following four sites:
  - Summer 2018 – Harborside, Kellogg, Montgomery
  - Summer 2019 – Sunnyside (planned)



## Prop E Summary of Series A and B Total Funds and Expenses

Sources of Funds	Amount
Series A Issuance	
(\$31,000,000 Less \$225,000 Costs of Issuance)	\$ 30,775,000
Series B Issuance	
(\$14,000,000 Par Amount Less \$168,000 Costs of Issuance)	13,832,000
Interest Income	205,817
Subtotal \$	44,812,817

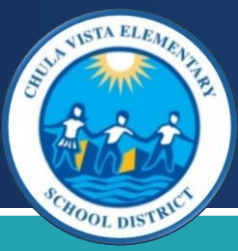
Uses of Funds	Amount
Wifi Installation Cost for SFID No. 1 Sites	\$ 466,066
Castle Park Modernization	\$ 6,526,630
Rice Modernization	\$ 6,834,780
Rosebank Modernization	\$ 6,674,525
Allen Modernization	\$ 8,527,200
Hilltop Modernization	\$ 8,444,167
Vista Square Modernization	\$ 7,339,449
Total Expenses \$	44,812,817



## Prop E Series C Bond Proceeds (January 2017)

<i>Sources of Funds</i>	<i>Amount</i>
Principal Amount of Series C Bonds	\$ 45,000,000
Less: Cost of Issuance	185,000
Building Fund	\$ 44,815,000

**Cost of issuance includes bond premiums/discounts, or Financial Advisor, Bond Counsel, District Counsel, Standard & Poor's Credit Rating, Paying Agent, Publication and Printing Costs, etc. Bond sales sold on competitive bidding process.**

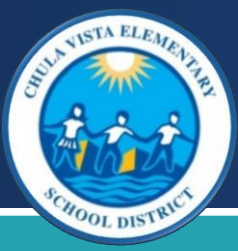


## 2018 Summer Modernization Projected Costs at Harborside, John J. Montgomery, and Karl H. Kellogg Elementary Schools

Use of Funds	Projected Costs
Construction Cost Per Bid Packages	\$27,451,469
Other Construction Cost: Energy-Efficient Lighting*	1,901,072
Soft Cost (includes Construction Management, Architect and Testing & Inspection)	6,834,678
Furniture, Fixture and Equipment	1,598,600
<b>TOTAL</b>	<b>\$37,785,819</b>

\* Ameresco Energy Efficiency lighting contract for interior/exterior lighting replacement using Proposition 39 Grant funds and Other Capital funds.

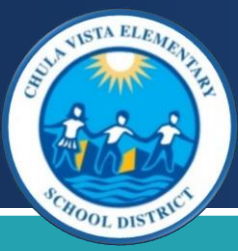




# Remaining Proposition E Funds After Summer 2018 Modernization at Harborside, John J. Montgomery, and Karl H. Kellogg Elementary Schools

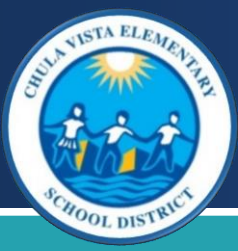
Source/Use/Remaining Funds	Amount
<u>Sources</u>	
G.O. Bond Series C Issuance (\$45,000,000 Less \$185,000 Costs of Issuance)	\$44,815,000
G.O. Bond Series C Interest Income	443,926
Proposition 39 Energy Efficiency Grant	1,279,295
Capital Facilities Funds	2,386,247
Total Source of Funds	<b>\$48,924,468</b>
<u>Uses</u>	
Less: Estimated Cost of Summer 2018 Modernization	<37,785,819>
<u>Remaining</u>	
Equals: Remaining Proposition E funds for Summer 2019 Modernization*	<b>\$11,138,649</b>

\* Scope for Summer 2019 Modernization at Sunnyside in progress.



# 2018 Summer Modernization Timeline

ACTIVITY	DATE
Design, Review, Approval Process	Feb 2017- November 2017
Bidding Advertisement Commenced	December 1, 2017
Contractor Bids Due (11 of 14 Bids)	January 11, 2018
Contractor Bids Due (3 of 14 Bids)	January 18, 2018
Rebidding of Bid Packages No. 3, 5 and 9	January 24, 2018
Bids to Board for Approval (Bid Package No. 1-2,4,6-8,10-14) and Rejection of Bids (Bid Package No. 3, 5 and 9)	February 14, 2018
Bids to Board for Approval (Bid Package No. 3, 5 and 9)	March 7, 2018
Contract Execution, Contractors materials ordering, School site move out process.	March 2018- June 3, 2018
Last Day of School	June 1, 2018
Construction Starts	June 4, 2018
Construction Complete	August 28, 2018
Teachers Return	August 29, 2018
Students Return	September 4, 2018



## Compliance with Article XIII A, Section I(b)(3) of the California Constitution

- Based on review of information provided by the District and independent auditor to the ICOC, and its inspections of projects to date, the ICOC concludes that expenditures of the Proposition E Bond Building Fund have been in compliance with the requirements of Section Article XIII A, Section I(b)(3) of the California Constitution. Specifically :
  - that bond funds have been expended for the construction, reconstruction, rehabilitation, or replacement of school facilities, or the acquisition or lease of real property for school facilities. That no bond funds are used for any teacher or administrative salaries or other operating expenditures; and
  - that the ICOC has reviewed the annual independent Performance Audit and annual Financial Audit. The ICOC has no reason to dispute the audit report.



***Thank you!***

**Questions? Comments?**