

Fourth Annual Report
for the period of
**July 1, 2005-
June 30, 2006**

Measure H

2005-06 Annual Report

Citizen's Bond Oversight Committee
155 N. Third Street, Campbell CA 95008 • Tel. 408.364.4200
www.campbellusd.org/bondh

Measure H Facts

Date of Bond Approval.....3/5/02
Total Bonds\$74.9M
First Bond\$25M
Second Bond\$17.1M
Third Bond\$10.5M

District Facts

Students7,300
Middle Schools.....3
Elem. Schools.....9
Communities Served:
Campbell, Los Gatos,
Monte Sereno,
San Jose, Santa
Clara, Saratoga

2005-2006 Bond Oversight Committee

Chair: Don Hebard
Senior Citizens
Organization

Secretary: David Trevisan
Parent/Teacher
Organization

Bud Alne
Senior Citizens
Organization

Bill Becker
Taxpayer Association

Robert Causey
Parent/Teacher
Organization

Ken Kawamoto
Business
Organization

Mas Nishimura
Parent

Committee Monitors Bond Spending

About \$19 million remains to meet the District's plans.

In 2002, the voters passed Measure H, authorizing a \$74.9 million bond issue for the construction and modernization of Campbell Union Elementary School District's school buildings and facilities. During this time some three-fourths of the funds have actually been expended or committed to projects under way. About \$19 million remains to meet the District's plans of four years ago. A good part of that money will be devoted to modifications of the main building at Capri, to the Knowledge Center at Forest Hill and to the District-wide program of upgrading classrooms and restrooms.

The citizens oversight committee is required by State law to provide some assurance to the public that the bond money was spent for the purposes stated in the Measure H ballot. Although we do not perform any auditing function, the District does provide the committee with comprehensive reports created from all invoices paid from Measure H funds. In addition, the District makes the underlying documentation available to the committee whenever requested.

Funds set aside for improvements to Hazelwood School were re-allocated when the school was closed in 2003. Legal opinion stated that using the funds for the schools to which Hazelwood students were

disbursed was not in violation of the ballot statement. (See 2003-04 report.)

Changes in the construction industry continued to impact projects in 2005-2006. Bids came in much higher than predicted as Silicon Valley's building boom had passed and many contractors moved on to more active regions. There now exists a shortage of bondable contractors in the Bay Area. (See 2004-05 annual report.)

There now exists a shortage of bondable contractors in the Bay Area.

This, combined with an unusually large number of public works projects with new bond money available for construction, was creating a "seller's market."

The Board rejected most of the high bids in favor of some redesign and/or parceling of the projects. A decision was made to slow down the whole process in favor of finding ways to keep the projects within budget. Slowing the process proved to be a fortunate move, as another force became imminent.

State law imposes a cap on the amount of bonds that can be sold under a single issue, such as Measure H, to \$30 per \$100,000 of total Assessed Value of property within the District.

The first bond sale of \$25 million, in 2002, was safely under this cap. Further sales depended on in-

creases in the District's Assessed Value. As the increases in the ensuing years were less than anticipated, bond sales were curtailed, thereby slowing the flow of available cash.

Allowances made in the project schedules for unexpected delays were such that, with few exceptions, the completion dates of most have been substantially met. However, the timing and coordination of construction activities at some school sites were unavoidably impacted. The most notable exception has been Monroe Middle School in respect to its two-story centerpiece classroom building. A legal quagmire began for this project when, in 2004, the State Architect's Office "red-lined" the successful bidder's final drawings.

Slowing the process proved to be a fortunate move.

Late in 2004, the District filed an official notice terminating the contract alleging "failure to perform" on the part of the contractor. The contractor's surety bond company, Liberty Mutual, took over the responsibility for completing the job, bringing the original contractor back into the picture.

The Monroe building was effectively completed July 27, 2006, as bid, but nearly sixteen months late.

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Construction activities at some school sites were unavoidably impacted.

The contractor has now filed a lawsuit against the District for "wrongful termination." The District has not spent any Measure H funds for defense costs. It has not yet been determined if the legal defense costs would be an allowable expenditure from Measure H funds.

In order to reduce costs, the Board made the decision to bring the construction management "in-house." The District has been fortunate to have sufficient internal talent to perform this task. The result has been an estimated cost savings of several million dollars. This decision has proved to be extremely beneficial in allowing the District to maximize the use of the Measure H funds

through direct cost savings; In addition, by eliminating a layer of management, the District created increased flexibility to react quickly and decisively to changing market conditions.

Another significant cost savings was the creation of a dedicated Measure H crew. The District hired a small number of individuals with differing skills to work on specific projects. This crew has been responsible for most of the fencing and landscaping at the various school sites. Tremendous efficiencies and cost savings have been realized by having the Measure H Crew focus on specific tasks within their skill sets.

Following is a summary of the actual expen-

diture of Measure H Funds, by school site, through June 30, 2006.

2005-06 Bond Spending

As of June 30, 2006, \$51.4 million of Measure H funds were expended. Of this, the following are the amounts incurred for direct costs on projects at the individual school sites:

Monroe.....	\$16,020,693
Lynhaven.....	5,781,728
Rolling Hills.....	5,445,620
Marshall Lane....	5,094,602
Castlemont.....	4,463,731
Forest Hills.....	4,129,962
Capri.....	3,573,743
Rosemary*.....	1,468,690
Blackford*.....	1,360,807
Village.....	1,343,695
Hazelwood.....	598,962
Campbell*.....	89,111
Sherman Oaks*.....	13,064

*These sites were substantially improved, a few years ago with the proceeds of Bond Measure D in 1994.

Committee Meetings

The Citizen Bond Oversight Committee meets quarterly: August, November, February and May. Meetings are open to the public.

Meeting dates, times and location are posted at all Campbell Union School District schools, at the District Administration Office and on the Internet.

Tel.: 408-341-7254
www.campbellusd.org/bondh

About the Citizens' Bond Oversight Committee

In May of 2002, the Campbell Union School District formed the "Measure H Citizens' Bond Oversight Committee." Once certain bond measures pass in California, the District School Board is required by California Educational Code to appoint an "independent citizens oversight committee to oversee the expenditures and uses of bond revenues, and then report their findings to the public."

This committee's purpose is to review Campbell Union School District spending, and thus ensure that bond revenues are expended only for the purpose set before the voters in the wording of Measure H, as it appeared on the March 5, 2002 ballot.

Under Section 15282(a) of the Education Code, the committee must have at least seven members who serve for a term of two years without com-

pensation and for no more than consecutive terms.

These members must represent business organization in community of the District, community senior citizens organization, and a bona fide taxpayers organization. There also must be a parent or guardian of at least one child enrolled in the District, as well a parent who is an active member in a District parent-teacher organization.

Excerpt of California Education Code 15278:

(b) The purpose of the citizens' oversight committee shall be to inform the public concerning the expenditure of bond revenues. The citizens' oversight committee shall actively review and report on the proper expenditure of taxpayers' money for school construction. The citizens' oversight committee shall advise the public as to whether a school district or community college district is in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The citizens' oversight committee shall convene to provide oversight for, but not be limited to, both of the following: (1) Ensuring that bond revenues are expended only for the purposes described in paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. (2) Ensuring that, as prohibited by subparagraph (A) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution, no funds are used for any teacher or administrative salaries or other school operating expenses. c) In furtherance of its purpose, the citizens' oversight committee may engage in any of the following activities: (1) Receiving and reviewing copies of the annual, independent performance audit required by subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. (2) Receiving and reviewing copies of the annual, inde-

pendent financial audit required by subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. (3) Inspecting school facilities and grounds to ensure that bond revenues are expended in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. (4) Receiving and reviewing copies of any deferred maintenance proposals or plans developed by a school district or community college district, including any reports required by Section 17584.1. (5) Reviewing efforts by the school district or community college district to maximize bond revenues by implementing cost-saving measures, including, but not limited to, all of the following: (A) Mechanisms designed to reduce the costs of professional fees. (B) Mechanisms designed to reduce the costs of site preparation. (C) Recommendations regarding the joint use of core facilities. (D) Mechanisms designed to reduce costs by incorporating efficiencies in school site design. (E) Recommendations regarding the use of cost-effective and efficient reusable facility plans.