



Ojai Unified School District

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BOND REPORT TO THE COMMUNITY

JUNE 2020

OUSD Board of Education

Independent Citizens' Oversight Committee

Dear Community Members:

We are pleased to report this year's progress on the implementation of Measure J Bond improvements to our schools. Measure J is the \$35 million bond measure approved in 2014 by voters in the Ojai Unified School District. It authorizes funding for modernization and improvements at existing buildings and school sites, in addition to the design and construction of new buildings.

This report is presented in four Sections:

- Section 1 – Citizens' Oversight Committee (COC) Audit Findings
- Section 2 – Supplemental Information
- Section 3 – Citizens' Oversight Committee Role
- Section 4 – Background Information

Report prepared by:

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The Heart and Future of the Community

SECTION 1 – Citizens' Oversight Committee Audit Findings

Committee Findings

The Ojai Unified School District's Citizens' Oversight Committee met on May 27, 2020, June 9, 2020, June 11, 2020, and June 17, 2020. The Committee has reviewed the audits of Measure J bond expenditures for the fiscal year ended June 30, 2019.

Measure J expenditures during the fiscal year 2018-2019 reporting period were \$5,798,327.

The annual financial and performance audits of OUSD Measure J bond expenditures were conducted by Eide Bailly, LLP, a Professional Accountancy Corporation, an independent CPA firm. In the firm's report of the audits, they note: "In our opinion, the financial statements... present fairly, in all material respects, the financial position of the Building Fund (Measure J) of the Ojai Unified School District at June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America."

The Committee finds and notes the following:

- 1. The Bond Proceeds were expended only for the purposes set forth in Measure J.***
- 2. No exceptions were reported in the Financial Audit or Performance Audit conducted.***
- 3. The audit firm sampled 30% of the total expenditures.***

Note: The 2018-2019 Audit Report can be viewed at the District's website or the link directly below.

<https://5il.co/gejt>

SECTION 2 – Supplemental Information

A. Projects Completed or In-progress

From Measure J's start in 2015 until April 2020, approximately \$16,950,408 has been paid or encumbered on improvements throughout the OUSD. A list of the projects can be viewed at the District's website or the link directly below.

<https://www.ojaiusd.org/o/ojai-unified-school-district/page/construction-projects--2>

B. Incomplete DSA Projects

Previous Measure J Citizens' Oversight Committee Reports have discussed the history and progress of the Incomplete California Division of the State Architect (DSA) Projects. The District has completed 31 of these Projects and has one (1) remaining as noted below:

1. All Projects at Nordhoff High School are completed and one is awaiting final sign-off with the DSA. This will occur concurrently with the Library completion.
2. All 32 Projects will have been processed.

The completion of these projects enables the District to focus all its resources on the remaining Measure J Projects.

Additional information can be found at the District's website or the link directly below.

<https://5il.co/75n2>

C. Master Plan and Execution of Measure J Funds

The District has completed a Master Plan for the use of the \$35,000,000 in Measure J Bond Funds. The initial strategic plan was last revised on December 2019 and the estimated total construction costs are \$32,145,195. The plan will be revised as the District moves forward with projects, adjusts for cost factors, and DSA approvals.

A list of the potential projects can be viewed at the District's website or the link directly below.

<https://5il.co/63o8>

D. Bond Program Manager and Construction Resources

The District has two full-time Bond Managers to perform the management and oversight in the development, design, engineering and construction phases of Measure J Projects. This follows a recommendation by the Citizens' Oversight Committee that additional resources were needed to handle the existing level of work and increase the District's ability to manage multiple large projects that were coming aboard in calendar year 2019 and beyond. The Committee appreciates and acknowledges the positive response and support by Board Members and the Administrative Team with the hiring of the second Bond Manager.

SECTION 3 – Citizens' Oversight Committee Role

Background

On November 4, 2014, the Ojai Unified School District (the “District”) was authorized to issue and sell bonds up to \$35,000,000 in aggregate principal to provide financing for the following school facilities projects and equipment:

- Building upgrades and modernization
- Building replacement
- Infrastructure improvements
- Educational technology
- Classroom furniture and equipment
- Playground equipment
- Food preparation and kitchen equipment
- Equipment replacement

Measure J was approved by at least 68% of the voters of the District pursuant to the provisions of the Strict Accountability in Local School Construction Bonds Act of 2000, codified under Sections 15264 et seq. of the Education Code (Proposition 39). The Act requires the Board of Trustees (the “Board”) to appoint a Citizens’ Oversight Committee (the “Committee”) after the successful bond election. Legal authority for formation and duties of the Committee is found in Sections 15264 and 15278 to 15282 of the Education Code.

Committee Purpose

The Committee is charged by statute with the following purposes:

1. To promptly alert the public to any waste or improper expenditure of school construction bond money. *Educ. Code §15264(c)*.
2. To inform the public concerning the expenditure of bond revenues. *Educ. Code §15278(b)*.
3. To ensure that bond revenues are expended only for the purposes described in the Constitution; that is, for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities. *Calif. Const. art. XIII A, §1(b)(3); Educ. Code §15278(b)(1)*.
4. To ensure that no funds are used for any teacher or administrative salaries or other school operating expenses. *Calif. Const. art. XIII A, §1(b)(3)(A); Educ. Code §15278(b)(2)*.

Committee Jurisdiction and Authorized Activities

In furtherance of its purposes, the Committee is authorized by statute to engage in the following activities:

1. Receive and review copies of the annual, independent performance audit required by the California Constitution.

2. Receive and review copies of the annual, independent financial audit required by the California Constitution.
3. Inspect 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. Receive and review copies of any deferred maintenance proposals or plans developed by the District, including any reports required to be given to the Legislature by Section 17584.1 regarding a failure to set aside $\frac{1}{2}$ of 1% of current year revenues for deferred maintenance expenditures.
5. Review efforts by the 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 cost 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.

It is also important to note that this Committee is specifically not responsible for, and has no jurisdiction over, the approval of contracts, the approval of change orders, the appropriation of funds, the handling of any legal matters, the approval of any plans or schedules, the approval of deferred maintenance plans, or the approval of the sale of bonds. The Committee is also not responsible for the creation or approval of technology plans or the recommendation or approval of any specific technologies.

Audits

California State law requires that the sponsoring school district of an approved measure conduct an annual independent performance audit to ensure that bond funds have been expended only on the specific projects or areas of improvement as defined and included on the list of projects the district presented to voters prior to approval of Measure J.

Proposition 39 requires that the school district conduct an annual independent financial audit of the proceeds from the sale of the bonds until all of the proceeds have been expended for approved projects.

It is within these parameters that the Committee performs its role and responsibilities during the expenditure of Measure J Bond Funds and reports out to the OUSD community on an annual basis.

Additional information about the Citizens' Oversight Committee can be found at the District's website or the link directly below.

<https://www.ojaiusd.org/o/ojai-unified-school-district/page/measure-j-citizens-oversight-committee-coc>

SECTION 4 – Background Information

Several foundational documents and information lay the groundwork for the voter approval of Measure J and the subsequent expenditure of bond funds. They are:

1. The Balfour Beatty OUSD Needs Assessment dated May 30, 2014 outlined three scenarios including \$35M, \$57M and \$98M levels of effort.
2. The Dolinka Group Enrollment Project Study dated August 12, 2015 outlined the future of District enrollment, given certain input assumptions.
3. The District 7-11 Facility Planning effort looked at current enrollment patterns and facility usage and planning for the future.
4. Past bond measures were used for a variety of improvements and because several projects were not closed out with the DSA they have required the use of Measure J funds so that new projects can be approved.

This information has provided a framework in the overall discussion, outreach, community communication and information for the voters and residents of the District about the current status of District facilities and future needs.

The Balfour Beatty (Needs Assessment) Survey dated May 30, 2014, included a “...general overview study of the conditions of each site which include the following elements:

- Fire, Life and Safety systems
- Building exterior systems including roofs and trim, exterior walls, windows, doors and door hardware
- Interior finishes and casework
- Building and site electrical
- Building HVAC
- Building and site plumbing systems
- Site hardscape, landscape, irrigation, fencing and railings
- American with Disabilities Act (ADA) features
- Deferred Maintenance history and priorities
- Administration and campus staff concerns and priorities”

It was a limited assessment and was completed using a field walk and verbal conversations with staff regarding observed conditions. It was not a detailed expert evaluation of buildings and systems. Using the age of the buildings, the square footage of the buildings and their professional estimating experience, cost factors were generated for each school site, building and category. For instance, at Meiners Oaks School, “remove toilet facilities” using 41,439 total square footage at a unit cost of \$.06 per square foot yielded an estimate of \$10,774. Each and every site and line item were added up and the results were summarized in three estimates: Needs A - \$98,845,123, Needs B - \$57,349,384 and Needs C - \$34,839,571. These three estimates included factors for soft costs, including architects and engineers, project management, construction management and permits/fees. These soft cost factors and cost contingencies, included in the total needs assessment numbers, exceed 45%.

Using these three “Needs” totals, the District proceeded with the Needs C value for the Bond vote. The Needs C value only provides funds for 1/3 of the actual needs and deficiencies.

In addition, the Needs Assessment was a field survey, not a detailed scope and cost evaluation. So each item may vary quite a bit in terms of actual costs. The remove toilet facilities item above may actually be quite a bit higher than the cursory development of costs shown above. In fact, specific field walks during calendar year 2016 reviewing roof and HVAC replacement yielded costs that greatly exceeded the Needs Assessment study numbers.

The implementation then of the Measure J funds, may greatly vary from the Needs Assessment. Since only 1/3 of the estimated deficiency costs were approved through the vote and the actual line item costs may go up, which items to fund becomes a very important question.

Although buildings need paint and windows need shades, roof replacement/repair, Fire and Life Safety, HVAC and electrical work may be more important given the limited funds.

At a minimum, 2/3 of the deficiencies will not be funded by this Bond Measure effort and continued funding efforts will be needed.

Regardless of how far Measure J funds eventually take the District through all of the priorities and construction projects, it is clear that OUSD will be better off than before Measure J passed. The improvements made to our schools are possible through the Measure J Bond and the state-matching funds. The funds are critical in providing a safe and proper learning environment, which enhances the ability of the District to meet and serve the needs of each student. We look forward to providing the community with additional information about the improvements our schools need and deserve, and the oversight required to ensure bond funding is spent according to the law. On behalf of the Ojai Unified School District Board of Education, and the Independent Citizens' Oversight Committee, thank you for your continued support of our local schools.

Note: Additional information about the studies and background information can be obtained at the District Administration Office.