

SAN MARCOS UNIFIED SCHOOL DISTRICT  
CITIZENS' OVERSIGHT COMMITTEE (COC)  
255 Pico Avenue, Suite 250  
San Marcos, CA 92069

MINUTES  
April 19, 2012  
6:00 p.m.

These minutes are prepared to reflect discussion or action taken by the Citizens' Oversight Committee. These minutes are posted on the District's website at [www.smusd.org](http://www.smusd.org)

**1.0 CALL TO ORDER**

Meeting called to order by Bill Effinger at 6:05 p.m.

**2.0 ROLL CALL**

COC Members present: Michael Brock, William Effinger, Darius Khayat, Anthony Martindale, Stephanie Nunez, Cecilia Aguirre, Gary Hamels and Kathy Tanner.  
Alternate present: Joseph Potts and Tom Kumura  
Absent: Mike McDowell

**3.0 PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Tom Kumura

**4.0 Approval of Amended Minutes for October 13, 2011, January 12, 2012 Minutes, and February 9, 2012**

Motion by Anthony Martindale and Seconded by Darius Khayat to approve the minutes.

**5.0 Public Comments**

Kelly Brieheh a Carrillo parent requested that the COC look into the needs of the infrastructure throughout the District and reevaluate their priorities. Concerned about the lower priority for infrastructure and would like to see that elevated to a higher priority. Would like to see that the infrastructure be moved up since it isn't going to be a large cost item like building a site. I think it is one more thing to help our students at Carrillo Elementary excel. What would it take for us to move this requirement a little higher on our list?

Gary provided an answer to her question. We couldn't sell all the bonds at first. We are going to go out and sell our second bond. This will leave us additional funds and the Superintendent's priority is to use some of this money for infrastructure/technology throughout the District over the next two years. This will be pushed up higher on the list. Groups will be formed to help determine the need.

Ted Saunlino-Teacher at Carrillo, will report back to teachers that we are still on the radar. We knocked on the doors of our neighbors for Prop K. Dr. Holt is looking at all the priorities and he is listening and knows you he will need to get something for every school. Bill Simpson will be working with teachers to determine the priorities.

Randy Walton introduced himself and Jay Petrek and explained that this is a conversation that the Board has been having. It is about bandwidth, it is about making sure that all schools have access are in need because the demand slows way down. That is something that we have conversations about relating to Prop K.

Gary-Some schools qualify for Grants to help with technology. That helps relieve Prop K. We are close to \$1,000,000.

Bill E.-Please let the record show that David Barnum and Joseph Potts are now present.

**6.0 COC Audio with SMUSD Board March 12, 2012**

Listened to audio from SMUSD Board Meeting, March 12, 2012

## **Discussion of COC Responsibilities Under Education Codes**

§ 15278(b); § 15280(b); § 15264(c); § 15278(c) Paragraphs A, B, C, D & E

Bill Effinger read a statement to the COC Committee

There was discussion among the members of the committee regarding Bill's statement.

Several members agreed that we are citizens and not elected officials. Role is important to review and oversee the process of the expenditures and to have the committee report to the public. We are not decision makers. Our role is to review and report to the public. This process exists for all school Districts.

Bill-I hope I am not implying what I think you just suggested. I am not implying that we should be involved in negotiations. Under the code we cannot be involved in negotiations, it is not part of our job. We can't do that. Maybe I can clarify that. If you bear with me a minute-The first opportunity to save costs for any construction project begins with the initial architectural design and engineering which includes the size of the project. The next opportunity to cut costs is with the bidding and negotiating of the contract process. Strict discipline by the developer in this case the District can make millions of dollars of differences in the outcome of the overall project. Good design creates cost savings. We all had discussion on the bidding of a contract versus the negotiated contract. Everybody voiced their concern on this particular issue.

David-If I may interject-I believe that we had discussion and we all felt that the process is appropriate under everything we have seen or heard and we all felt that the process the District has undertaken is appropriate. Is it one that we as individuals would have selected is irrelevant. I think we all agreed that the process the District has taken is appropriate.

Bill-Well I don't and I am not speaking for the Board or the committee. I am hoping that this getting this discussion will get it all on the table so we know exactly what it is we are supposed to do and what we are able to do. I don't see how we can help in our review process if we don't review and give our input to staff at the time they are entering into a contract. Logic says that we should be in there. I am hoping that we can all agree, staff and legal counsel and members of this committee on what we should be doing. That is what our charge is.

David-I guess I would concur Mr. Chair I guess our discussion should may be one of a better understanding of what are requirements are as the COC Committee. Maybe legal counsel may want to address what is our responsibility.

Discussion continued back and forth regarding this issue. The way the process has been set up, it is more of after the fact review. We are not allowed to go down that path.

Bill you have so much to offer because of your experience with construction. I agree and don't see that we can do anymore. We have to get the best bang for the buck. We need to move forward because it is what it is.

Several committee members agreed that their hands were tied. We are a new committee struggling with our specific goal. The performance audit is our 3<sup>rd</sup> party tool. It seems we are all on the same page realistically. Discussion was appreciated. The members all felt that the process is appropriate as related to the Ed Code and the members are all on the same page.

We realize we are not just sitting on our hands and we appreciate the discussion.

Joseph Potts would like to hear from our legal counsel thinks what is our role.

Rob-Proposition 39 General Obligation Bond Elections which caused this type of Citizens' Oversight Committee to come into being. Rob proceeded to explain the history with the process to place a Citizens'

Oversight Committee together to monitor expenditures. Authority varied widely up and down the state and used the wrong rules. Assembly Bill 1209 which was a companion piece of legislation to Prop 39. Prop 39 contained a requirement for a Citizens' Oversight Committee. But it only contained essentially two requirements, the statues that followed gave a little bit of helpful guidance to school districts to say this is how you go about doing this. In the constitution there were two principal objectives for the Citizens' Oversight Committee. Number 1 when you a Prop 39 Bond measure there has to be a project list included that the voters vote on and for Proposition K there is one. Making sure that the money is spent correctly. It also says that you cannot spend money on certain things. Teacher's salaries were one of the things that you may not spend bond money on. Those two principal purposes of the committee are contained not only in the constitution but also in the Ed Code. The committee's role is to make sure that the stuff does not fall off the train. The committee doesn't have the power to make decisions or contracting process. They can be educated about a particular process.

Bill-Now that we have the process, are you saying the launching of the first project elementary school A, their needs analysis. Would you educate us on how you arriving on this?

Rob-My suggestion would be if the committee would like to say, "Could you help walk us through this process in turns of have you done this or that." So that the committee can be educated, in terms of a brief summary, "How did actions 1-5 go."

Bill-I think that is where in my mind I would hope to get. None of us want to get into reams and reams of paper. We just want to know the job is getting done and we are adhering to the state law and doing everything we can which is we are doing everything possibly do to save money.

Rob-That is not the role, let me stop you there, that is not the role of the committee. Everything in its brother to try to save money, being under staff's feet, looking over shoulders that is not the role of the committee. The role of the committee is to say ok, you have educated us about how processes A & B go. We would like to provide the following suggestions. You can provide suggestions only. It is up to the committee members to ask what they want to see. I caution all the committee members to think about what you are asking.

Mike-I think we need to go back to item 5.

Bill-One of the things we are supposed to be watching for. We are supposed to be saving the taxpayers dollars.

David-So as I am trying to get this straight in my head. It is a specific event. There are staff for that. So as an example we get financial documents. Contingencies and it went to negative, we could ask what happen? We have the mechanism to communicate that to the public. We need to work as a team. To give staff an opportunity to address it. I think we are all on the same page and don't want to go over every line item.

Rob-There is a project list. Resolution in your book. The committee needs to know why a project went over budget. What caused it to go over budget. Example asbestos was found at a site.

Bill-Would share with us in all of your experience just the percentage of all the projects you raised money for?

Rob-That is a big number Mr. Chair.

Bill-How many have been negotiated contracts versus bid contracts? Percentage wise?

Rob-I don't know if I could give you that because our role as bond counsel. Twenty percent of our clients have me attend every COC meeting. We don't sit and monitor expenditures. I know that there are a number that use Lease Lease Back and there are a number that use negotiated contracts. I can't really put a percentage on it. Just don't know. You might be able to speak to engineering firm and they might be able to give you a percentage. Maybe DSA could come up with that.

Mike B.- I can elaborate a little on that. Most of the large districts do competitive bidding. LLB is typically done by smaller districts that don't have project managers. It does cost more but you don't have to pay for staff. Medium size districts are now doing LLB.

Bill-Gary what are we considered?

Gary-Probably medium.

Bill-Medium. But you told us that we are building the most expensive high school.

Gary-No not in the state, in San Diego. LA had a 450 million project. 40% of the districts are 1,000 kids or less. We have done them all. Gary explained the different processes for Design Bid, for CM at Risk, Lease Lease Back and traditional bid methods.

Bill-I just got some interesting information this morning. The city of San Marcos built a Fire Department for \$383 and Vista did it for \$475 square foot. Same kind of building different contractor. I feel comfortable.

Anthony-Called my friend. Overall in his experiences (20years) using LLB you get a better project, early or on time.

Joseph-Question on the process, where in this process was the COC established?

Gary-When we went out to get funding that required the COC. We got into the design and paid an architect to look at the District. It took two years after we sold the bonds. Sold the bonds in July 2011.

Joseph-Where are we in this process

Kathy-Between 7 & 8

Joseph-Where are with the new process of Technology. That way we can get educated in these projects.

Gary-Technology will be done before the remodel. You will be hearing about it being bid out site by site.

Bill-Really appreciate all the answers we got.

**7.0 Bill Effinger requested a motion to change the frequency of meetings to every two months instead of every 90 days.**

There was no motion for the change.

Anthony-When will the audits be done? The end of our fiscal ends June 30<sup>th</sup> and it has to be done by December 15<sup>th</sup>.

Rob-The first one is a financial audit and the second one is a performance audit. He explained the two and their differences.

David-I think that we are early in the game and I agree with Mike about the frequency of meetings.

**8.0 COC EMAIL Address**

An updated listing was handed out tonight and should replace the original.

**9.0 COC EMAIL ADDRESS**

Bill wanted a specific email address for COC Committee members.  
Address is Cecilia's email address  
Brown Act could be violated.

## 10.0 Staff Reports

Gary presented the Prop K Resources Revenue summary page. Explained to the members. Prop K revenues. These are the proceeds. We are going out for Series B right now. They are putting it out for pricing. Interest rates depend on years. A good time to issue Municipal debt because interest rates are low. Rob explained the bond process. Double tax free bonds, both State and Federal. There are limits that the school district can invest these bonds on. These are longer term bonds about 5 ½ & 5 ¾. There will be two different types. Current interest bonds-you get interest every six months and get your maturity when they mature. Capital Appreciation Bonds-actually more like treasury where you hold them until they mature and then you get everything back in one lump sum. This interest has to be spent on construction project. Continue to explain some of the projects that are going on and possibly using the interest that we made. We are applying for anything we can to help with funding.

We have also included the SMHS budget. We are making progress. We found an old tank on the site and had it removed. Checking to make sure that there is no contamination. We are looking at changing the HVAC system. We put in a well at San Marcos Elementary and it is great. Looking at putting a well in at San Elijo.

Kathy-The budget will be revised in September or October just because we will be out of the ground and should have all of the unknowns taken care of and will have all of our DSA approvals. We will be in control of our destiny at that time.

Mike-Did Lusardi do modeling so that all the utilities fit in the ceiling? Change orders minimal

Kathy-Yes, we completed all of that underground. Interesting pictures.

## 11.0 Comments from Committee Members

Bill-CALBOC- Do you have any information on this organization.

Rob-Batch of consultants trying to catch a problem that does not exist.

### Next Meeting:

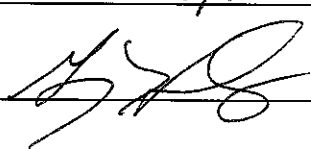
**The next meeting of the Citizens' Oversight Committee will take place on Thursday, July 19, 2012 at 6:00 p.m. at San Marcos Unified School District, Business Services Conference Room, 255 Pico Ave., Ste. 250, San Marcos, CA 90269**

## 12.0 ADJOURNMENT

Motion by David Barnum and seconded by Mike Brock to adjourn the meeting at 7:26 p.m. Motion carried.

Date Minutes of April 19, 2012 Adopted:

Signature of Assistant Superintendent  
Business Services

7/19/12  
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