

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

MINUTES
Meeting held at SMHS
January 31, 2013
6:00 p.m.

These minutes are prepared to reflect discussion or action taken by the Citizens' Oversight Committee. All meetings are recorded and available on the website along with the minutes at www.smusd.org

1.0 CALL TO ORDER

Meeting called to order by Bill Effinger at 6:02 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: Tom Kumura

Absent: Mike McDowell and Joseph Potts (Alternate)

3.0 PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Tom Kumura

4.0 Approval of October 18, 2012 and July 19, 2012 Amended Minutes

Motion to approve minutes for October 18, 2012 and July 19, 2012 amended minutes by Anthony Martindale and seconded by Michael Brock. Motion carried.

5.0 Public Comments

Becky Sparks a Lake San Marcos Resident. Spoke about the problem of parking by students on their streets. Indicated that the District is violating the School Safety Plan and not providing enough parking for staff and students.

6.0 Staff Reports

Gary spoke about Kathy's retirement December, 2012. Explained the process of how Kathy will continue with the project but can only work half time and she will stay on to finish SMHS project previously. Hired a Program Manager, up through September, 2012. We will be looking at more companies to find someone to help us with construction projects. We are also working on a K-8 project which will be approximately 120,000 square feet.

Discussion on Construction contract costs, explain the change orders and value engineering. Gary provided a copy of the current costs as of today and explained each item. Hired a third party to look over the change order prices. If that person finds a concern then we will go back to the contractor. Gary provided further discussion and answered the committees question as they were brought up.

Kathy proceeded to explain the working budget and how it relates to the contracts. From August, 2011 to January 2, 2013, there have been four budget revisions every quarter. She reviewed the contracts to make sure that it is reasonable for this project. Kathy proceeded

to explain the budget and answered questions from the committee. She discussed the changes in the heating and air conditioning projects to great length and what the costs for the redesign were. She explained about the changes to the northeast parking lot (Indian Artifacts) and that this was an unknown condition. It was also decided to add the Varsity baseball field upgrade, which was an additional cost. Discussion continued and questions by members were addressed.

Some members concurred that they understood the changes and commented about the dramatic changes in the budget. Gary reminded everyone that the original budget was very rough and there were a lot of contingencies in the beginning.

Kathy spoke to the fact that the Cultural resources was a big change and the possibility of a Native American findings. That entire area was going to be a parking lot and the District received a credit back Lusardi for that area.

Gary shared with the members that we have a Facility consultant to assist with this project and review each pay request. Making sure that the charges from the sub-contractor are correct and supportable.

Kathy continued discussion on the budget and shared the cost of the utilities assessment of \$560,000. You will have to pay fees when you are connecting from the site for all utilities. We were given credit on what hook ups were already existing on the site.

Gary moved on to discuss the G & P per a members request We have used \$5.1 million of contingency with 40% of the project done. If we want to add to the project, Gary would have to come up with additional funds. We have the \$900,000 still available and then the \$700,000 that Gary was showing on his document. We have \$3.6 million in construction contingency. Anything left over in the contingency is split 80/20 (District 80% and Lusardi 20%).

The parking issue was brought up by a member, he wanted to know if we are going to find another 80 parking spaces. Gary shared that he will not be using Prop K budget for the parking issue and that the District has a plan to purchase additional parking.

Members were interested in knowing if we are aware of any items that would use our contingencies? Response was no, the contractor has been very good about bringing things to our attention.

Member had a question regarding the \$4.6 million for leasing for relocatables that wasn't on the original GMP budget, please explain. Kathy responded that we knew we were going to lease the relocatables and that it was best to add the lease costs onto the GMP. Lusardi would work directly with William Scottsman on installation and removal.

A member brought up a question-What is educational improvement? Kathy responded that the portables were just regular classrooms but we needed special rooms for Chemistry etc. so changes were necessary for those particular rooms.

Question was asked by a member- Why are we co-mingling Prop K with non Prop K projects? Gary responded that since Lusardi was taking the old building out we had them move some to La Costa Elementary; we are funding outside of Prop K.

A member questioned the equipment budget; was \$8 million and is now \$4.5 million in Prop K funds. An additional \$1.5 million in non-Prop K funds are also budgeted. Some of these items are short life equipment and Kevin didn't want to spend Prop K funds on those items. We believe the \$6.0 million budget will cover the expected needs of the new school.

Kathy the next budget update will come at the April meeting.

Gary explained the process for Technology infrastructure that will take place. Presentation on where we are going with Technology. Consultants are going through and determining what

we have and what we will need. We will also be working with SDCOE to determine the final plan.

Update on COC positions, we have 5 applications.

Business Rep.-Darius Khayat

Parent Rep.-Stephanie Nunez

Senior Rep.-Joseph Potts

Rep at Large-David Barnum

Rep at Large-Tom Kumura

Board meeting 2/25/13 at 4:00 p.m.

7.0 Performance Audit:

Bill-Read 1473 Senate Bill and asked why the auditors did not follow the law. Gary responded that we did not give the auditors any instructions on how to do the audit. They are controlled by the State Controller and certain guidelines. I gave no instructions what so ever.

Bill then asked the auditor, the same question concerning SB1473.

Ben Leavitt responded, we did. There are two components. The financial component is simple to determine the material accuracy and fairness of the financial statement which we covered in our first report. The second component is the Performance Audit. The primary objective of the Performance Audit, as we understand it, is to determine that the Bond proceeds are beings spent accordance with the Bond Ballot language. That is what we put first and foremost. In our Performance Audit we outlined procedures to determine that all money is being spent according to what the voters approved and not to any other purposes.

Further discussion continued about the Series "B" and Capital Appreciation Bonds. Ben will make the correction on page 12 to reflect the proper title.

Member requested further discussion on page 14, the other Independent Auditor's report. Ben discussed the Audit results and the internal control evaluation and where the auditors responded. We look at what the voters expected to get out of this building program. We are not construction experts; we are looking at it as a financial perspective. We looked at all the change orders. Discussion continued as to what the auditors did and what Bill Effinger felt about the audit, the auditor explained appropriate controls are in place.

Member remarked that nowhere in your document does it state the problematic issue regarding CAB's. It should be spelled out. Ben responded by stating, "Are the CAB's being communicated effectively?" We believe that it needs to be put out to the community. The District took the steps to communicate with the local Taxpayer Association. San Diego Unified took the same step. It needs to be communicated broadly, and approved by the Taxpayer Association. They listed the projected cost of \$950 million on their website. Also the bond voter document referred to \$1.2 billion in costs.

Member stated, "we have the scope of the audit and it is in compliant with the state law and industry standards. It is realistic to let the public know about the CAB's. In that process it is accurate to state law. You can't do a Bond offering like this without a lot of transparency and there was."

Question by member , "Would you be able to break out the individual years of Bond payments on page 12?" Gary responded that yes we can do that.

Discussion about the committee needs to start emailing amongst themselves to create report for the board. It was also asked if perhaps it would be helpful to have another sight meeting at SMHS. Kathy and Cecilia will work out the details.

8.0 Next Meeting Date

The committee will exchange ideas for report and then a special meeting will be scheduled in February.

10.0 Comments from Committee Members

11.0 ADJOURNMENT

Meeting adjourned 7:55 p.m.

Date Minutes of January 31, 2013 Adopted:

Signature of Assistant Superintendent
Business Services

7/25/13
