



MARIPOSA COUNTY UNIFIED SCHOOL DISTRICT

P. O. Box 8 Mariposa, CA 95338 * Phone (209) 742-0250 Fax (209) 966-4549

CITIZENS' OVERSIGHT COMMITTEE MEASURE L GENERAL OBLIGATION BONDS AGENDA

Tuesday, January 30, 2018 9:00 AM - 11:00 AM
District Office Board Room
5082 Old Highway North, Mariposa

- =====
1. Call to Order and Establishment of Quorum
 2. Introductions
 3. Public Comment – Any member of the public attending this meeting may directly address the Committee on any item of interest to the public with respect to the Measure L General Obligation Bond Proceeds. The Chairperson will ask if any members of the public wish to address the Committee, and if so, the member of the public shall raise his/her hand and when called upon, give their name and then make their statement. Members of the public will be given up to three minutes to address the Committee.
 4. Approval of November 7, 2017 Minutes (Action)
 5. Review Responsibilities and Authority of Citizens' Oversight Committee (Information)
 6. Staff Reports: (Information)
 - 6.1 Measure L Update
 - 6.2 Project List and Status to Date
 - 6.3 Bond Spending to Date
 - 6.4 Allowable Expenditures
 - 6.5 Planning For Report to the Community
 7. Determine Current Member Terms (Action)
 8. Form 700 - Due by April 2, 2018 to County Clerks Office (Information)
<http://www.fppc.ca.gov/Form700.html>
 9. Brown Act Review/Training (Information/Discussion)
 10. Set Next Meeting Date(s) (Discussion)
 11. Future Agenda Items: (Discussion)
 - Audit Report
 - Annual Report to the Community
 12. Adjourn

Note: As required pursuant to Education Code Section 15280, the minutes of this meeting will be posted on the District's internet web site.

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Committee Members: Jim Allen, Chair; Christy Wall, Vice-Chair; Lloyd Sheets, Secretary; Norman Murrell, Kris Casto, Lisa Edelheit, Nicole Little, Clint Bissemier

MARIPOSA COUNTY UNIFIED SCHOOL DISTRICT
Citizens' Bond Oversight Committee
Mariposa, California

November 7, 2017
District Office Board Room

SPECIAL ORGANIZATIONAL MEETING MINUTES

1. Call to Order – Acting Chairperson. Called to order at 11:00 by Supt. Hopper.
2. Roll Call and Establishment of Quorum. In addition to Superintendent Robin Hopper, the following members were present: Christy Wall, Jim Allen, Kris Casto, Lisa Edelheit, Lloyd Sheetz, and Nicole Little. Members Clint Bissemier and Norm Murrell were excused. Also present at the meeting was the District's Bond Counsel, Bill Kadi, of Jones Hall.
3. Public Comment. None.
4. Measure L Bond Program Introduction: Report on Planned Projects and Timing – Robin Hopper. *[Related Handout: Text of Voter-Approved Measure L]*. Mr. Kadi provide some historical information on bond elections and accountability measures related to same. One such accountability requirement is the need for performance audits; discussion ensued on what this entailed, how it is conducted, etc. The committee also discuss issues related to how the District's funds are held in the County treasury. Upon request, CBO Norma Dwyer joined the meeting to explain this arrangement, as well as the various funds that have been established for the purpose of tracking bond expenditures and repayment. The committee also discussed what information it could request in regard to planned projects, timelines, etc. Superintendent Hopper noted that she anticipates that such information may be presented at upcoming Committee meetings if requested.
5. CBOC Members: Introduction to Roles and Responsibilities – Bill Kadi, Jones Hall, District Bond Counsel *[Related Handout: Text of Education Code 15278 relating to Citizens Oversight Committees]*. Mr. Kadi provided an overview of the committee's role, the various types of members, qualifications, term limits, etc. He also noted that the committee is subject to Brown Act regulations. Clarification was provided on the role of the committee to affirm or deny appropriate expenditures of bond funds.
6. Organizational Matters.
 - (1) Election of Chair. Kris Casto nominated Jim Allen for Chair; seconded by Lloyd Sheetz. AYES: Wall, Allen, Casto, Edelheit, Sheetz, and Little. NAYS: None. ABSENT: Bissemier, Murrell. Motion passed.
 - (2) Election of Vice Chair. Kris Casto nominated Christy Wall; seconded by Lisa Edelheit. AYES: Wall, Allen, Casto, Edelheit, Sheetz, and Little. NAYS: None. ABSENT: Bissemier, Murrell. Motion passed.
 - (3) Election of Secretary. Christy Wall nominated Lloyd Sheetz; seconded by Lisa Edelheit. AYES: Wall, Allen, Casto, Edelheit, Sheetz, and Little. NAYS: None. ABSENT: Bissemier, Murrell. Motion passed.
 - (4) Determination of Length of Term: By Lot. This item was deferred until the next meeting of the committee.
 - (5) Determination of Future Meeting Dates. Staff will query committee members' availability via a Doodle poll to meet again prior to March 2018.

In response to a member inquiry, it was clarified that members can request that future agenda items by sending the request and accompanying justification to the chair. It was requested that staff provide the committee members with information on Brown Act compliance.

7. Adjourn. The meeting was adjourned at 12:17 PM.

Respectfully submitted,

Robin Hopper, Superintendent

DRAFT



Measure L Bond Update

MCUSD Bond Oversight
Committee

January 30, 2018

Measure L Update

- **Bond Implementation Steps**
 - ✓ Certification of election results
 - ✓ Board policies on debt
 - ✓ Bond Oversight Committee established
 - ✓ Bond rating established
 - S&P's AA rating resulted in ~ \$185,000 savings
 - ✓ Bond sale
 - First sale of bonds - \$8.5 million
 - March, 2017
 - 3%-4% interest rate

Measure L Update

- **Facility Master Plan Process**
 - Established the Superintendent's Facility Advisory Committee
 - Multiple committee meetings, prioritized needs by site and across district as a whole
 - Long Range Facilities Master Plan was adopted by the MCUSD Board of Trustees on June 21, 2017

Measure L Update

- **Other Critical Steps**
 - Community Outreach
 - Met with the Contractor's Association
 - Encouraging local contractors/vendors to register with Department of Industrial Relations (DIR) and CUPCCAA
- CUPCCAA
 - The MCUSD Governing Board adopted a resolution to become subject to the California Uniform Construction Cost Accounting Act, registration form for contractors is on the district website

Measure L Update

- **Other Critical Steps**
 - Update district's eligibility with the State for facility program (prop 51)
 - State Allocation Board (SAB) forms completed & forwarded to Office of Public School Construction (OPSC).
 - OPSC reviews and validates (within 90-120 days) the documentation is forwarded to SAB for approval.
 - SAB approves, eligibility is established.
Estimated timeline for SAB approval is April 2018.

Potential State Funding - MODERNIZATION

Site	Value of es-mated state grants from Prop 51 - matching funds required from MCUSD (60% state / 40% district)
Greeley Elementary / CHS	\$279,360.00
Lake Don Pedro Elementary	\$746,415.00
El Portal Elementary	\$327,375.00
Yosemite Park High School	\$17,976.00
Mariposa Elementary	\$1,732,905.00
Woodland Elementary	\$1,091,250.00
Mariposa County High School	\$3,055,920.00
Monarch Academy classrooms	\$278,040.00
	\$7,529,241.00

Potential State Funding – NEW CONSTRUCTION*

	Value of estimated state grant from Prop 51 - matching funds required from MCUSD (50% state / 50% district)
Mariposa County Unified	\$1,614,730.00
<p><i>* Can be used at any site(s) throughout the district</i></p>	

Potential State Funding – Charter School Facilities Modernization

	Value of es-mated grant - matching funds required from MCUSD (50% state / 50% District)
MCUSD for SFCS / Catheys Valley Site	\$1,175,852.00
	\$1.2 million approved at State Allocation Board mtg. Jan 24, 2018

Total Potential Funding – Prop 51

MCUSD Modernization (60% State / 40% District)	\$7,529,241.00
MCUSD New Construction (50% State / 50% District)	\$1,614,730.00
Charter School Modernization MCUSD on behalf of SFCS (50% State / 50% District)	\$1,175,852.00+
Total Potential Funding through Prop 51 to maximize bond funds	\$10,319,823.00+

Measure L Update

- Board and Staff Prioritized Areas of Need for Phase 1 of Bond Spending on September 25, 2017 (Based on Facility Master Plan)
 - Create a specific plan for Mariposa County High School
 - Renovation of current MCHS Gym
 - Roofing Across District
 - VOIP (Voice Over Internet Protocol) Phone System
 - HVAC Upgrades/Replacements
 - Exterior Lighting
 - Security Cameras

Measure L Update

- **Create a facility master plan specifically for Mariposa County High School**
 - Recommendation from Supt's Facility Advisory Committee; included in Long Range Facility Master Plan
 - Architect Interviews held September 18, 2017
 - Approved agreement with Teter Architects on September 25, 2017
 - Committee formed to give input
 - Committee included architects, IT staff, Maint staff, MCHS staff, Athletic Directors, 2 Board members, Community members from Superintendent's Facility Advisory Committee
 - Meeting #1 held October 14, 2017
 - Meeting #2 and Site Walk held November 27, 2017
 - Meeting #3 December 21, 2017 with stakeholders to walk athletic fields and assess gym roof

Measure L Update

- **Renovation of current MCHS Gym**
 - Board approved agreement for architectural / engineering services with Teter Architects on October 12, 2017
 - Stakeholders have completed a “wish” list for modernization consideration
 - Roof inspection completed on December 21, 2017

Roofing Projects in Process

- MCHS Main Bldg – Phase II
 - Replacement of underlayment and retile with current tiles (historic bldg)
 - Replacement of HVAC units
 - Timeline – Summer 2018

Roofing Projects in Process

- Priority roofing projects that do not need DSA approval
 - Catheys Valley classroom and restroom bldg
 - MCHS science wing, gym and girl's locker room
 - Woodland – three classroom wings and room 17

Project steps	Catheys Valley	MCHS	Woodland
Submit advertisement to local paper and Builders Exchange	1/4/2018	1/4/2018	1/4/2018
First Advertisement	1/11/2018	1/11/2018	1/11/2018
Second Advertisement	1/18/2018	1/18/2018	1/18/2018
Mandatory Pre-bid Site Walk	1/24/18 @ 10am	1/24/18 @ 11:30am	1/24/18 @ 1:00pm
Bids Due / Bid Opening	2/15/18 @10am	2/15/18 @ 10:30am	2/15/18 @11am
Board Meeting - Award of Project	3/8/2018	3/8/2018	3/8/2018
Work Dates	4/1/18 to 4/22/18	6/11/18 to 7/13/18	5/14/18 to 6/29/18

VOIP Project

- The MCUSD Tech Department is managing the installation of the Voice Over Internet Protocol (VOIP) phone systems throughout the district.
- Installation is complete at all sites

HVAC REPLACEMENTS

- As there have been immediate needs throughout the district, a few HVAC units have been replaced prior to the future upgrade:
 - Alt Ed gym (bond funds)
 - Catheys Valley - MP room and Rm 6 (Resource 0025)
 - Woodland – Rm 16 (bond funds)
 - Server room at Business Office (Fund 40)

Measure L Update

- **On December 14, 2017 the MCUSD Board approved a Program Development Agreement with OpTerra Energy Services.**
- **OpTerra's comprehensive approach includes:**
 - Fiscal Responsibility
 - Sustainable Facilities
 - Student Impact
 - Science Technology Engineering Mathematics (STEM) education for students
 - Community Engagement
- **Interconnection application submission**
 - Beneficial for return on potential future solar

Measure L Update

- OpTerra
- Project Development Kick Off Meeting - January 18, 2018.
- **The projects that OpTerra will research are:**
 - STEM educational opportunities (curriculum mtg February 13, 2018)
 - Possible Solar Projects
 - Exterior LED Lighting (audit Jan 11-12, 2018)
 - HVAC Replacements (audit Jan 29-13, 2018)
 - Energy Management System

Measure L Update

- Next Steps:
 - Finalize the Establishment of Prop 51 Eligibility
 - Advocate for selling bonds at the State level
 - State Sen. Andy Vidak, R-Hanford, 14th District
 - senator.vidak@senate.ca.gov
 - State Senator Tom Berryhill, R-Oakdale, 8th District
 - Senator.berryhill@senate.ca.gov
 - Assemblyman Frank Bigelow, R- Madera, 5th District
 - Assemblymember.Bigelow@asm.ca.gov

Measure L Update

- Next Steps:
 - Special Board Meeting Study Session
 - January 30, 2018 1:00 PM
 - Review Facility Master Plan
 - Review Superintendent's Facility Advisory Committee Recommendations
 - Review Status of Current Projects and Priorities
 - Assess Facility Projects Prioritization

Measure L Update



MCUSD FD21 - Bond Expenditures/Budget Report for Board

Status	Vendor	Contact Name	Description	Estimated fee	Expenditures to date:	Encumbered
In Progress	SKW Associates	Charlotte Kelsey	MCHS HVAC Replacement/Reroof Architect	\$ 53,800.00	\$ 10,430.00	\$ 43,370.00
Complete	CDW Government Inc.	Rick Patterson	Tripp Lite Battery backup for all schools	\$ 26,808.20	\$ 26,808.20	\$ -
In Progress	Totlcom	Rick Patterson	VOIP Telephone System EP/LDP/WDL/YVS/ALT ED	\$ 55,202.00	\$ -	\$ 55,202.00
Complete	Mountain Aire Heating	Charlotte Kelsey	HVAC at Woodland	\$ 8,018.00	\$ 7,843.00	\$ 175.00
Complete	Derek Sawyer	Charlotte Kelsey	Alt Ed. HVAC replacement for GYM	\$ 27,450.00	\$ 27,450.00	\$ -
In Progress	Teter LLP	Charlotte Kelsey	MCHS GYM & Locker room Planning fee	\$ 15,000.00	\$ -	\$ 15,000.00
In Progress	Teter LLP	Charlotte Kelsey	MCHS Site Facility Master Plan	\$ 35,000.00	\$ 11,270.00	\$ 23,730.00
In Progress	Southwest Interiors	Celeste Azevedo	MCHS Basketball hoops/hardware	\$ 7,500.00	\$ -	\$ 7,500.00
In Progress	Teter LLP	Charlotte Kelsey	Reroofing projects - Architect services	\$ 150,095.00	\$ -	\$ 150,095.00
Pending	Mountain Aire Heating	Charlotte Kelsey	Alt Ed. HVAC replacement for Room 5	\$ 6,729.00	\$ -	\$ 6,729.00
Pending	Leon Environmental Svcs	Charlotte Kelsey	Asbestos Testing - Roofs MCHS/CV/WDL	\$ 4,425.00	\$ -	\$ 4,425.00
				\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -
				\$ 390,027.20	\$ 83,801.20	\$ 306,226.00

Beginning Balance: \$ 8,500,000.00
Ending Fund Balance: \$ 8,109,972.80

Updated: 1/26/2018

RESOLUTION NO. 16-45

RESOLUTION OF THE BOARD OF TRUSTEES OF THE MARIPOSA COUNTY
UNIFIED SCHOOL DISTRICT ORDERING AN ELECTION TO AUTHORIZE THE
ISSUANCE OF SCHOOL BONDS, ESTABLISHING SPECIFICATIONS OF THE
ELECTION ORDER, AND REQUESTING CONSOLIDATION WITH OTHER
ELECTIONS OCCURRING ON NOVEMBER 8, 2016

WHEREAS, in the judgment of the Board of Trustees (the "Board") of the Mariposa County Unified School District (the "District"), it is advisable to call an election to submit to the electors of the District the question whether bonds of the District shall be issued and sold for the purpose of raising money for the acquisition or improvement of real property, and the furnishing and equipping of school facilities; and

WHEREAS, as a result of the approval of Proposition 39 on November 7, 2000, Article XIII A, Section 1, paragraph (b), of the California Constitution ("Article XIII A") provides an exception to the limit on *ad valorem* property taxes on real property for bonded indebtedness incurred by a school district approved by 55 percent of the voters of the district voting on the proposition; and

WHEREAS, the Board is specifically authorized, upon approval by a two-thirds vote of the Board, to pursue the authorization and issuance of bonds by a fifty-five percent (55%) vote of the electorate on the question whether bonds of the District shall be issued and sold for specified purposes, pursuant to Education Code Section 15264 *et seq.* (the "Act"); and

WHEREAS, pursuant to the California Elections Code, it is appropriate for the Board to request consolidation of the election with any and all other elections to be held on Tuesday, November 8, 2016, and to request the Mariposa County Registrar of Voters to perform certain election services for the District; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Trustees of the Mariposa County Unified School District the following:

Section 1. Call for Election. The Board hereby orders an election and submits to the electors of the District the question of whether general obligation bonds of the District shall be issued and sold in the maximum principal amount of \$24.0 million for the purpose of raising money to finance school facilities and property of the District, and paying costs incident thereto, as set forth more fully in the ballot proposition approved pursuant to Section 3. This Resolution constitutes the order of the District to call such election.

Section 2. Election Date. The date of the election shall be November 8, 2016, and the election shall be held solely within the boundaries of the District.

Section 3. Purpose of Election; Ballot Proposition. The purpose of the election shall be for the voters in the District to vote on a proposition, a full copy of which is attached hereto and marked Exhibit A, containing the question of whether the

District shall issue the Bonds for the purpose stated therein, together with the accountability requirements of Article XIII A and Government Code Section 53410 and the requirements of Section 15272 of the Act. The Mariposa County Registrar of Voters (the "County Registrar") is requested to print the Full Text of Measure contained on Exhibit A in the sample ballot pamphlet. As required by Elections Code Section 13247, the abbreviated form of the measure to appear on the ballot is attached hereto and marked as Exhibit B. The Superintendent or designee is hereby authorized and directed to make any changes to the text of the proposition or this resolution as required to conform to any requirements of Article XIII A, the Act, or the Mariposa County Registrar of Voters.

Section 4. Authority for Election. The authority for ordering the election is contained in Section 15264 *et. seq.* of the Education Code and Section I, paragraph (b), subsection (3), of Article XIII A. The authority for the specification of this election order is contained in Section 5322 of the Education Code.

Section 5. School Facilities Projects. As required by Article XIII A, the Board hereby certifies that it has evaluated safety, class size reduction, enrollment growth, and information technology needs in developing the list of school facilities projects set forth on Exhibit A.

Section 6. Covenants of the Board upon Approval of the Bonds by the Electorate. As required by Article XIII, Section 15278 of the Act, and Government Code Section 53410, in the event 55 percent of the voters voting in the District approve of the Bonds, the Board shall:

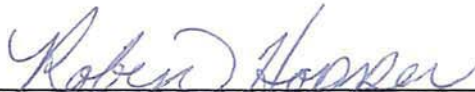
1. conduct an annual, independent performance audit to ensure that the funds have been expended only on the projects listed in Exhibit A;
2. conduct an annual, independent financial audit of the proceeds from the sale of the Bonds until all of those proceeds have been expended for the school facilities projects listed in Exhibit A;
3. establish and appoint members to an independent citizens' oversight committee in accordance with Sections 15278, 15280, and 15282 of the Act;
4. apply the bond proceeds only to the specific purposes stated in the ballot proposition;
5. cause creation of accounts into which bond proceeds shall be deposited; and
6. cause the preparation of an annual report pursuant to Government Code Sections 53410 and 53411.

Section 7. Delivery of this Resolution. The Clerk of the Board is hereby directed to send a copy of this Resolution to the County Registrar and the Mariposa County Clerk of the Board of Supervisors.

- Section 8. Consolidation of Election.** The County Registrar and the Mariposa County Board of Supervisors are hereby requested to consolidate the election ordered hereby with any and all other elections to be held on November 8, 2016, within the District.
- Section 9. Ballot Arguments; Tax Rate Statement.** Any and all members of this Board are hereby authorized to act as an author of any ballot argument prepared in connection with the election, including a rebuttal argument. The Superintendent, President of the Board, or their designees, are hereby authorized to execute any Tax Rate Statement or other document and to perform all acts necessary to place the bond measure on the ballot.
- Section 10. Elections Code.** Pursuant to Section 5303 of the Education Code and Section 10002 of the Elections Code, the Board of Supervisors of Mariposa County, is requested to permit the Registrar of Voters to render all services specified by Section 10418 of the Elections Code relating to the election, for which services the District agrees to reimburse Mariposa County in full upon presentation of a bill, such services to include the mailing of the sample ballot and tax rate statement (described in Section 9401 of the Elections Code).
- Section 11. Agreement.** The Superintendent is authorized and directed to execute the agreements on file with Jones Hall, A Professional Law Corporation, which firm is appointed hereby to perform bond and disclosure counsel services in regard to the Bonds.
- Section 12. Effective Date.** This resolution shall take effect on and after its adoption.

PASSED AND ADOPTED by the Board of Trustees of the Mariposa County Unified School District the 16th day of June, 2016.

Signed:



Clerk of the Board of Trustees of the
Mariposa County Unified School District

CLERK'S CERTIFICATE

I, Robin Hopper, Clerk of the Board Trustees of the MARIPOSA COUNTY UNIFIED SCHOOL DISTRICT, hereby certify that the foregoing is a full, true, and correct copy of Resolution 16-45 adopted at a regular meeting place thereof on the 16th day of June, 2016, of which meeting all the members of said Board of Trustees had due notice and at which a majority thereof were present, and that at said meeting said resolution was adopted by the following vote:

(LIST NAMES OF BOARD MEMBERS IN APPROPRIATE SPACES BELOW)

REQUIRES 4 VOTES FOR ADOPTION

AYES:	Allison, Bacus, Collins, Eppler
NOES:	None
ABSENT:	None
ABSTENTIONS:	None

An agenda of said meeting was posted at least 72 hours before said meeting at 5082 Old Highway North, Mariposa, California, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; that the foregoing resolution is a full, true and correct copy of the original resolution adopted at said board meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: June 16, 2016



Clerk of the Board of Trustees of the
MARIPOSA COUNTY UNIFIED SCHOOL
DISTRICT

EXHIBIT A

BALLOT MEASURE
FULL TEXT OF MEASURE

This proposition may be known and referred to as the Mariposa County Unified School District General Obligation Bond of 2016, or Measure _____.

BOND AUTHORIZATION

By approval of this proposition by at least 55% of the registered voters voting on the proposition, the Mariposa County Unified School District (the "District") shall be authorized to issue and sell bonds of up to \$24.0 million in aggregate principal amount to provide financing for the specific school facilities projects listed in the Bond Project List below, and in order to qualify to receive State matching grant funds, subject to all of the accountability safeguards specified below.

ACCOUNTABILITY SAFEGUARDS

The provisions in this section are specifically included in this proposition in order that the District's voters and taxpayers may be assured that their money will be spent wisely to address specific facilities needs of the District, all in compliance with the requirements of Article XIII A, Section 1(b)(3) of the State Constitution, and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Education Code Sections 15264 and following).

Evaluation of Needs. The Board of Trustees hereby certifies that it has evaluated safety, class size reduction and information technology needs in developing the Bond Project List.

Limitation on Use of Bond Proceeds. The State of California does not have the power to take locally approved school district bond funds for any State purposes. The Constitution allows proceeds from the sale of bonds authorized by this proposition to be used only for the construction, reconstruction, rehabilitation, or replacement of school facilities listed in this proposition, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses. Proceeds of the bonds may be used to pay or reimburse the District for the cost of District staff only when performing work on or necessary and incidental to the bond projects.

Independent Citizens' Oversight Committee. The Board of Trustees shall establish an independent Citizens' Oversight Committee (pursuant to Education Code Section 15278 and following), to ensure bond proceeds are spent only for the school facilities projects listed in the Bond Project List. The committee shall be established within 60 days of the date on which the Board of Trustees enters the election results on its minutes.

Annual Performance Audits. The Board of Trustees shall conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects listed in the Bond Project List.

Annual Financial Audits. The Board of Trustees shall conduct an annual, independent financial audit of the bond proceeds (which shall be separate from the District's regular annual financial audit) until all of those proceeds have been spent for the school facilities projects listed in the Bond Project List.

Special Bond Proceeds Account; Annual Report to Board. Upon approval of this proposition and the sale of any bonds approved, the Board of Trustees shall take actions necessary pursuant to Government Code Section 53410 and following to establish an account in which proceeds of the sale of bonds will be deposited. As long as any proceeds of the bonds remain unexpended, the Superintendent or the Chief Business Official of the District (or such other employee as may perform substantially similar duties) shall cause a report to be filed with the Board no later than December 31 of each year, commencing December 31 of the year in which bonds are first issued, stating (1) the amount of bond proceeds received and expended in that year, and (2) the status of any project funded or to be funded from bond proceeds. The report may relate to the calendar year, fiscal year, or other appropriate annual period as such officer shall determine, and may be incorporated into the annual budget, audit, or other appropriate routine report to the Board.

FURTHER SPECIFICATIONS

Specific Purposes. All of the purposes enumerated in this proposition shall be united and voted upon as one single proposition, pursuant to Education Code Section 15100, and shall constitute the specific purposes of the bonds, and proceeds of the bonds shall be spent only for such purposes, pursuant to Government Code Section 53410.

Joint Use. The District may enter into agreements with the County of Mariposa, or other public agencies or nonprofit organizations for joint use of school facilities financed with the proceeds of the bonds in accordance with Education Code Section 17077.42 (or any successor provision). The District may seek State grant funds for eligible joint-use projects as permitted by law, and this proposition hereby specifies and acknowledges that bond funds will or may be used to fund all or a portion of the local share for any eligible joint-use projects identified in the Bond Project List or as otherwise permitted by California State regulations, as the Board of Trustees shall determine.

Rate of Interest. The bonds shall bear interest at a rate per annum not exceeding the statutory maximum, payable at the time or times permitted by law.

Term of Bonds. The number of years the whole or any part of the bonds are to run shall not exceed the legal limit, though this shall not preclude bonds from being sold which mature prior to the legal limit.

BOND PROJECT LIST

The Bond Project List below describes the specific projects the Mariposa County Unified School District proposes to finance with proceeds of the bonds. Listed projects will be completed as needed at a particular school site according to Board-established priorities, and the order in which such projects appear on the Bond Project List is not an indication of priority

for funding or completion. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. Certain construction funds expected from non-bond sources, including State grant funds for eligible projects, have not yet been secured. Until all project costs and funding sources are known, the Board of Trustees cannot determine the amount of bond proceeds available to be spent on each project, nor guarantee that the bonds will provide sufficient funds to allow completion of all listed projects. Completion of some projects may be subject to further government approvals or appropriation by State officials and boards, to local environmental review, and to input from the public. For these reasons, inclusion of a project on the Bond Project List is not a guarantee that the project will be funded or completed.

Unless otherwise noted, the projects in the Bond Project List are authorized to be completed at each or any of the District's sites, as shall be approved by the Board of Trustees:

- Repair or replace leaky roofs
- Upgrade deteriorating plumbing and sewer systems
- Update inadequate electrical systems
- Replace outdated heating, ventilation and cooling systems
- Make health, safety and handicapped accessibility improvements
- Improve student access to computers and modern technology
- Improve energy-efficiency throughout the District
- Modernize, construct and/or renovate classrooms, restrooms and school facilities
- Renovate playfields for school and community use
- Replace existing wiring systems to meet current electrical and accessibility codes and increased capacity
- Federal and State-mandated Americans with Disabilities Act (ADA) accessibility upgrades including site access, parking, staff and student restrooms, relocation of some existing electrical devices, drinking fountains, playground equipment, etc.
- Improve/construct/upgrade P.E. fields and facilities for school and community use
- Increase student safety by improving drop-off and pick-up areas
- Upgrade school site parking, utilities and grounds
- Federal and State-mandated Occupational Safety & Health Administration (OSHA) safety upgrades including playground equipment replacement
- Abate and remove hazardous materials identified prior to or during construction
- Repair, replace and/or upgrade paved surfaces, turf, and other grounds to eliminate safety hazards and improve outside instructional areas

The listed projects will be completed as needed. Each project is assumed to include its share of furniture, equipment, architectural, engineering, and similar planning costs, program/project management, staff training expenses and a customary contingency for unforeseen design and construction costs. In addition to the listed projects stated above, the list also includes the acquisition of a variety of instructional, maintenance and operational

equipment, including the reduction or retirement of outstanding lease obligations and interim funding incurred to advance fund projects from the list; installation of signage and fencing; payment of the costs of preparation of all facility planning, facility studies, assessment reviews, facility master plan preparation and updates, environmental studies (including environmental investigation, remediation and monitoring), design and construction documentation, and temporary housing of dislocated District activities caused by construction projects. In addition to the projects listed above, the repair and renovation of each of the existing school facilities may include, but not be limited to, some or all of the following: renovation of student and staff restrooms; repair and replacement of heating and ventilation systems; upgrade of facilities for energy efficiencies; repair and replacement of worn-out and leaky roofs, windows, walls, doors and drinking fountains; installation wiring and electrical systems to safely accommodate computers, technology and other electrical devices and needs; upgrades or construction of support facilities, including administrative, physical education/athletic facilities and performing arts buildings and maintenance yards; repair and replacement of fire alarms, emergency communications and security systems; resurfacing or replacing of hard courts, pools, turf and irrigation systems and campus landscaping and play fields; expand parking; install interior and exterior painting and floor covering; demolition; and construction of various forms of storage and support spaces, upgrade classrooms, bleachers, kitchens, repair, upgrade and install interior and exterior lighting systems; replace outdated security fences and security systems. The upgrading of technology infrastructure includes, but is not limited to, computers, LCD projectors, portable interface devices, servers, switches, routers, modules, sound projection systems, laser printers, digital white boards, document projectors, upgrade voice-over-IP, call manager and network security/firewall, wireless technology systems and other miscellaneous equipment and software. The allocation of bond proceeds will be affected by the District's receipt of State matching funds and the final costs of each project. In the absence of State matching funds, which the District will aggressively pursue to reduce the District's share of the costs of the projects, the District will not be able to complete some of the projects listed above. The budget for each project is an estimate and may be affected by factors beyond the District's control. Some projects throughout the District, such as gyms, fields and performing arts facilities, may be undertaken as joint use projects in cooperation with other local public or non-profit agencies. The final cost of each project will be determined as plans and construction documents are finalized, construction bids are received, construction contracts are awarded and projects are completed. Based on the final costs of each project, certain of the projects described above may be delayed or may not be completed. Demolition of existing facilities and reconstruction of facilities scheduled for repair and upgrade may occur, if the Board determines that such an approach would be more cost-effective in creating more enhanced and operationally efficient campuses. Necessary site preparation/restoration may occur in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, removing, replacing, or installing irrigation, utility lines, trees and landscaping, relocating fire access roads, and acquiring any necessary easements, licenses, or rights of way to the property. Proceeds of the bonds may be used to pay or reimburse the District for the cost of District staff when performing work on or necessary and incidental to bond projects and the costs of issuing the bonds. Bond proceeds shall only be expended for the specific purposes identified herein. The District shall create an account into which proceeds of the bonds shall be deposited and comply with the reporting requirements of Government Code § 53410.

The Bond Project List shall be considered a part of this ballot proposition, and shall be reproduced in any official document required to contain the full statement of the bond proposition.

EXHIBIT B

**BALLOT MEASURE
(ABBREVIATED FORM)**

"To improve the quality of education with funding that cannot be taken by the State; repair/replace leaky roofs; upgrade deteriorating plumbing and sewer systems; update inadequate electrical systems; replace outdated heating and air-conditioning systems; and modernize, construct and/or renovate classrooms, restrooms and school facilities; shall the Mariposa County Unified School District issue \$24,000,000 of bonds at legal interest rates, have annual audits, an independent citizens' oversight committee and have NO money used for administrative salaries?"

TO BE PUBLISHED IN THE OFFICIAL REPORTS

OFFICE OF THE ATTORNEY GENERAL
State of California

BILL LOCKYER
Attorney General

OPINION	:	No. 04-110
	:	
of	:	November 9, 2004
	:	
BILL LOCKYER	:	
Attorney General	:	
	:	
DANIEL G. STONE	:	
Deputy Attorney General	:	
	:	

THE HONORABLE MANNY DIAZ, MEMBER OF THE STATE ASSEMBLY, has requested an opinion on the following question:

May a school district use Proposition 39 school bond proceeds to pay the salaries of district employees who perform administrative oversight work on construction projects authorized by a voter approved bond measure?

CONCLUSION

A school district may use Proposition 39 school bond proceeds to pay the salaries of district employees to the extent they perform administrative oversight work on construction projects authorized by a voter approved bond measure.

ANALYSIS

On November 8, 2000, California voters approved Proposition 39, which amended the Constitution to allow the issuance of bonds for the construction of school facilities if approved by 55 percent of a school district's voters and if specified conditions are met.¹ Among other things, subdivision (b)(3) was added to section 1 of article XIII A of the Constitution, providing that the one percent property tax limitation does not apply to:

“Bonded indebtedness incurred by a school district, community college district, or county office of education 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, approved by 55 percent of the voters of the district or county, as appropriate, voting on the proposition on or after the effective date of the measure adding this paragraph. This paragraph shall apply only if the proposition approved by the voters and resulting in the bonded indebtedness includes all of the following accountability requirements:

“(A) *A requirement that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3), and not for any other purpose, including teacher and administrator salaries and other school operating expenses.*

“(B) A list of the specific school facilities projects to be funded and certification that the school district board, community college board, or county office of education has evaluated safety, class size reduction, and information technology needs in developing that list.

“(C) A requirement that the school district board, community college board, or county office of education conduct an annual, independent performance audit to ensure that the funds have been expended only on the specific projects listed.

“(D) A requirement that the school district board, community college board, or county office of education conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects.” (Italics added.)

¹ Normally, approval of a school district's bonded indebtedness would require a two-thirds approval vote of a district's voters. (See Cal. Const., art. XIII A, § 1, subd. (b)(2), art. XVI, § 18, subd. (a).)

We are asked to determine whether the prohibition against using Proposition 39 school bond proceeds for “teacher and administrator salaries and other school operating expenses” (Cal. Const., art. XIII A, § 1, subd. (b)(3)(A)) applies to the payment of salaries of school district employees who perform administrative oversight work on construction projects authorized by a voter approved bond measure. We conclude that the prohibition is inapplicable to such salary expenses.

Preliminarily, we note that Proposition 39 also amended section 18 of article XVI of the Constitution in several respects, including the addition of subdivision (b), as follows:

“ . . . [O]n or after the effective date of the measure adding this subdivision, in the case of any school district, community college district, or county office of education, any proposition for the incurrence of indebtedness in the form of general obligation bonds 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, shall be adopted upon the approval of 55 percent of the voters of the district or county, as appropriate, voting on the proposition at an election. This subdivision shall apply only to a proposition for the incurrence of indebtedness in the form of general obligation bonds for the purposes specified in this subdivision if the proposition meets all of the accountability requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A.”

In addition, to implement the provisions of Proposition 39, the Legislature has enacted “The Strict Accountability in Local School Construction Bonds Act of 2000” (Ed. Code, §§ 15264-15288; “Act”),² targeting “unauthorized expenditures” of Proposition 39 school bond proceeds. Section 15264 thus provides:

“It is the intent of the Legislature that all of the following are realized:

“(a) Vigorous efforts are undertaken to ensure that the expenditure of bond measures, including those authorized pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution, are in strict conformity with the law.

² All references hereafter to the Education Code are by section number only.

“(b) Taxpayers directly participate in the oversight of bond expenditures.

“(c) The members of the oversight committees appointed pursuant to this chapter promptly alert the public to any waste or improper expenditure of school construction bond money.

“(d) That unauthorized expenditures of school construction bond revenues are vigorously investigated, prosecuted, and that the courts act swiftly to restrain any improper expenditures.”

Section 15278 requires the establishment of a citizens’ oversight committee with the following duties:

“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.” (§ 15278, subd. (b).)

Oversight committees are expressly permitted to engage in a number of review and inspection activities, including review of school districts’ efforts “to maximize bond revenues by implementing cost-saving measures,” specifically including “[m]echanisms designed to reduce the costs of professional fees.” (§ 15278, subd. (c)(5)(A).)

Finally, section 15284 provides for the filing of expedited civil actions, known as “School Bond Waste Prevention Actions,” by persons residing in the school district when, among other things, it appears that bond proceeds are being spent “for purposes other than those specified in paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.” (§ 15284, subd. (a)(1).)

With these constitutional and statutory provisions in mind, we return to the language of section 1, subdivision (b)(3)(A), of article XIII A of the Constitution. School bond proceeds may be expended only for “the construction, reconstruction, rehabilitation, or replacement of school facilities” and *not* “for any other purpose, including teacher and administrator salaries and other school operating expenses.” In which of these categories are the salaries of district employees whose work involves oversight of the construction projects authorized by a voter approved bond measure?

We believe that the phrase “the construction, reconstruction, rehabilitation, or replacement of school facilities” embraces project administrative costs, such as monitoring contracts and project funding, overseeing construction progress, and performing overall project management and accounting that facilitates timely completion of the construction project. A construction project generates not only the costs of materials and equipment, architectural and engineering design work, and construction worker salaries, but also costs of project administration -- work that the school district would not be required to undertake or to fund *but for* the existence of the construction project. This administrative work is performed, whether by private consultants under contract with the school district or by school district employees with expertise in project management, to ensure that all aspects of the construction project are properly coordinated; that each step satisfies the specifications; that invoices are reviewed, revised where appropriate, and paid in a timely manner; that costs do not exceed the project’s budget; and that the project is completed on schedule. (See 78 Ops.Cal.Atty.Gen. 48 (1995).)³

Some of these administrative tasks -- specifically, conducting an annual independent performance audit and an annual independent financial audit during the life of the construction project -- are expressly required by Proposition 39 itself, as a condition of qualifying for the 55 percent voter approval requirement. (See Cal. Const., art. XIII A, § 1, subds. (b)(3)(C), (b)(3)(D).) We view these kinds of project administration costs, because they relate directly to the bond projects and are an integral part of the construction process,

³ We distinguish these “management costs” from actual construction labor that district employees might contribute to the project -- such as electrical work, carpentry, painting, or plumbing. The use of district employees for construction labor is subject to separate legal restrictions. (See, e.g., Pub. Contract Code, § 20114; cf. Pub. Contract Code, § 22032.) However, the question posed here concerns only those administrative duties required for oversight of the construction project.

as coming within “the purposes specified in Article XIII A, Section 1(b) (3).” (Cal. Const., art. XIII A, § 1, subd. (b)(3)(A); see § 15278, subd. (b).)⁴

Such project management costs may therefore be funded by Proposition 39 school bond proceeds unless the expenditures are specifically prohibited under the phrase “teacher and administrator salaries and other school operating expenses.” The “teacher and administrator salaries” in question are limited to those that qualify as “school operating expenses” because of the word “other” contained in the phrase.⁵ We believe that “school operating expenses” are those regular, ongoing, day-to-day costs associated with maintaining and operating a school. Among such expenses would be (1) the cost of managing the educational services provided, including the salaries of school administrators, and (2) the cost of providing instruction to students, including the salaries of teachers. (See 22 Ops.Cal.Atty.Gen. 105, 108 (1953) [school district’s normal operating expenses include purchase of supplies and payment of salaries of school administrators, teachers, and janitors].)⁶

We distinguish between routine, everyday school operating expenses and the narrow category of costs and salaries of concern here -- costs that arise only in connection with, and are incurred only for the duration of, construction projects authorized by a voter approved school bond measure. The latter expenses are not incurred in the school’s ordinary ongoing operation, but are instead an integral part of the construction process and “in the nature of an investment for the future.” As the court explained in *Marin U. Junior College Dist. v. Gwinn* (1930) 106 Cal.App. 12:

“For years the legislature has recognized the well-established economic

⁴ To the extent the management services consist of onsite assessment of technical matters involving, for example, design, materials, building standards, or workmanship, a project manager may be required to be licensed and have experience in the particular subject area. (Cf. Gov. Code, §§ 4525-4529.5; 78 Ops.Cal.Atty.Gen. 48, *supra*; 57 Ops.Cal.Atty.Gen. 421 (1974).)

⁵ In interpreting the constitutional language added by Proposition 39, “our paramount task is to ascertain the intent of those who enacted it. [Citation.]” (*Thompson v. Department of Corrections* (2001) 25 Cal.4th 117, 122.) In determining that intent, we “look first to the language of the constitutional text, giving the words their ordinary meaning.” (*Leone v. Medical Board* (2000) 22 Cal.4th 660, 665.) “ ‘A constitutional amendment should be construed in accordance with the natural and ordinary meaning of its words. [Citation.]’ ” (*Hi-Voltage Wire Works, Inc. v. City of San Jose* (2000) 24 Cal.4th 537, 559.)

⁶ We read Proposition 39’s use of the term “teacher . . . salaries” as meaning salaries for teaching, thus corresponding with “salaries of classroom teachers” as defined for school accounting purposes in section 41011. Appropriate definitions of “teacher” and “administrative employee” are contained in section 41401.

distinction between cost of capital expenditures and cost of maintenance. Throughout the school law this distinction has appeared in the special provisions for taxation (or for the issue of bonds) for the purchase of school lands and erection of school buildings and in the special provisions for maintenance. It is further illustrated by the numerous statutes calling for the creation of special building funds as distinct from the general, or maintenance, funds. It is based upon the sound economic principle that a capital expenditure is in the nature of an investment for the future, whereas the cost of maintenance is a definite present expense.” (*Id.* at pp. 13-14.)

Accordingly, we believe that Proposition 39’s prohibition against the use of school bond proceeds for “school operating expenses” does not bar use of the proceeds for the payment of salaries of school district employees performing oversight work on construction projects authorized by a voter approved bond measure.

Our interpretation of the language of Proposition 39 allows school districts, where feasible, to implement “cost-saving measures” and “reduce the costs of professional fees” on voter approved construction projects -- objectives promoted by the Legislature in implementing Proposition 39. (See § 15278, subd. (c)(5)(A).) School district employees with the requisite expertise may be able to perform project management work at less cost to the district than if the work were performed by private consultants.

It is also consistent with other legislative schemes dealing with similar types of costs. (See, e.g., Gov. Code, § 16727, subd. (a) [“costs of construction or acquisition of capital assets” for which bond proceeds may be expended “include costs incidentally but directly related to construction or acquisition”]; Pub. Resources Code, § 5096.674 [bond proceeds for site acquisition and development of parks and recreation areas may be applied to “costs incurred in connection with administering” bond programs]; Wat. Code, § 13959, subd. (f) [defining “construction” of bond-funded water treatment facilities to include “legal, fiscal, or economic investigations or studies, surveys, designs, plans, . . . or the inspection or supervision of any of the foregoing items”].) Administrative oversight work is an integral part of the construction process.

Finally, we note that a contrary conclusion would permit the use of the school bond proceeds for administrative oversight work if performed by private consultants under contract with a school district while forbidding the use of such proceeds for the same work performed, presumably at lower cost, by district employees. Nothing in the November 8, 2000 ballot pamphlet remotely suggests that California voters intended such a result when they adopted Proposition 39.

We conclude that a school district may use Proposition 39 school bond proceeds to pay the salaries of district employees to the extent they perform administrative oversight work on construction projects authorized by a voter approved bond measure.
