



CITIZENS' BOND OVERSIGHT COMMITTEE

ANNUAL REPORT 2018-2019

LETTER FROM THE CHAIR

Dear Community Members,

As Chair of the Newark Unified School District's Citizen's Bond Oversight Committee (CBOC), it is my pleasure to present the 7th Annual Report of the Measure G Bond Program for the Newark Unified School District.

The Bond provides a local school construction funding source approved by Newark voters in November 2011. The CBOC's responsibility is to actively review and report on the District expenditures of taxpayer money, as they were approved by voters. The purpose of the CBOC Annual Report is to inform the public regarding the expenditures and use of Measure G Bond proceeds.

Voters approved \$63 million in Bond authority for the Measure G Bond Program in an effort to maintain quality education in Newark schools, provide safe and modern schools, and qualify for matching funds for those efforts. In the past six years, Newark Unified School District planned, designed and constructed projects to update aging facilities to meet earthquake, fire and safety standards; improve access for students with disabilities; remove asbestos, lead and hazardous materials; and increase energy and operational efficiency to maximize funding for instructional programs. Today, these efforts continue with additional projects being planned.

The CBOC is currently made up of five members. This committee meets on a quarterly basis to monitor the progress of Measure G projects. The meetings are open to the public and the schedule for the meetings, along with other pertinent information about the committee and the Measure G Bond Program, can be found on the Newark Unified School District website at: <http://www.newarkunified.org/CBOC>

Based on the CBOC's review and observations for this year, and except for the Fact Findings and Concerns, CBOC members find that the Newark Unified School District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution and that funds are being used for the purposes specified in the ballot language.

Sincerely,

Richard Watters

October 6, 2020

Citizens' Bond Oversight Committee Chair

CBOC Annual Report 2018-2019 - Measure G Bond Program

CITIZENS BOND OVERSIGHT COMMITTEE FOR 2018-19



NEWARK
UNIFIED SCHOOL DISTRICT

5715 Musick Avenue
Newark, CA 94560
(510) 818-4103

www.newarkunified.org

Adam Modzeleski, Chair

December 2016 – Present

Richard Watters, Vice Chair

August 2018 - Present

Angela Silvera - Secretary

August 2018 - June 2020

Olga Borjon

January 2018 - Present

Tony Doot

August 2018 - June 2020

Jebadiah Ross

August 2019 – June 2020

Melody Amirehsani

August 2019 - January 2020

Marek Yarbrough

September 2016 – June 2019

CBOC Annual Report 2018-2019 - Measure G Bond Program

THE MISSION AND PURPOSE OF THE CBOC

The shared vision of the Citizens Bond Oversight Committee and the Newark Unified School District is to build and maintain schools that promote the full development of children, are educationally and environmentally sound and enhance surrounding neighborhoods positively.

The mission of the CBOC is to oversee program and project expenditures for the construction, repair and modernization of schools in accordance with California law and as required by Bond Measure G ballot language.

The Committee is charged with the responsibility to communicate its findings and recommendations to the District and the public. as it reviews the information provided to ensure that the bond funds, as authorized by the local voters through Measure G, are expended per ballot language and in a wise and efficient manner.

BOND SYNOPSIS

In November 2011, Newark citizens voted to pass Measure G, a \$63 million general obligation bond, to assist with capital improvements at 12 of the 13 Newark Unified School District school campuses. The Bond funds were to address safety and health concerns for the children at each of the 12 school sites and would help improve the children's learning environment through construction, repair and renovation of building site, and technology infrastructure.

GENERAL PROGRAM SCOPE

The program scope includes construction projects for replacement of deteriorated roof systems, Heating, Ventilation and Air Conditioning units (HVAC), including the Energy Management System (EMS) and Asphalt Concrete Pavement at the Hardcourt Play Areas. In addition, projects addressing technology, safety and security with upgrades for access compliance, security cameras and public address systems.

The extent of improvement will vary based on the needs of each site.

CBOC ACTIVITIES

In the financial year 2018-2019, the CBOC had three (3) regularly scheduled meetings, two (2) special meetings to inspect the school facilities, and grounds and one (1) special meeting to discuss and vote on the 2017-2018 CBOC Annual Report.

During the financial year, the CBOC reviewed the quarterly financial and project reports and asked questions on matters, when clarification was needed.

CBOC Annual Report 2018-2019 - Measure G Bond Program

FACTS, FINDINGS AND CONCERNS

1. The 2018-2019 projects had very little progress.

There was some work done on the HVAC. However, this work represents anywhere from 20-25% of the total budget planned for this project. No one to date has taken responsibility for the warranty issues which caused more spending. There were issues with getting all of the playground equipment installed including discovering that the Hetch Hetchy runs below BGP.

2. The District staff and project managers have changed many times.

The district has changed project managers and staff so often that the CBOC has serious reservations about consistent oversight of bond expenditures.

3. The School District must make an effort to actively recruit community members.

The CBOC is supposed to be a committee of seven categories but has fluctuated between six (6) or seven (7) members in which two of the categories have not been represented. The committee suggests a district-wide email, flyers at the schools, and that it be mentioned at every District meeting until each category has been represented. An incomplete committee does not allow for the CBOC to conduct meetings and negatively affects the entire Newark population to be represented as it should be.

4. Facility Master Plan.

Measure G bond money provided 98% of the funding for the Aedis Master Facility Plan. The process of developing the plan had included facilities not identified in bond language and included an effort to justify the need for a future bond.

5. The District continues to operate without a deferred maintenance plan.

The Committee is concerned that no Deferred Maintenance Plan is available. Deferred and preventative maintenance planning can prevent or minimize (future) bond expenditures. It is acknowledged that the Aedis Master Facility Plan contract includes a Deferred Maintenance Plan which has not ever been presented to the CBOC.

6. Retroactive Bond Usage.

The Newark Unified School District administration has made a number of re-categorized debits and credits affecting the bond and bond interest accounts. The process of retroactively transferring payments to and from bond accounts long after they were approved and settled presents a challenge for oversight and risk of error.

7. Poor Oversight, Multiple Delays and Cost Overages.

The CBOC noted, at several of its meetings, the oversight failures and multiple delays of the roof and HVAC projects at the High School. A minimum quality of work was completed and therefore the warranty coverage did not cover the required scope of work. The contracts, inspectors, and district staff should ensure that bond funds are spent correctly and scope of work is completed in its entirety, per the terms and conditions of the contract.

CBOC Annual Report 2018-2019 - Measure G Bond Program

8. Play Structure Replacement Project Concerns.

During the site tours, the CBOC noted incorrect information was provided concerning the locations and types of play structures installed. The contractor overseeing the project and the district administration at the time failed to inform the CBOC of an entire third phase of construction which is now taking place.

9. MEASURE G money has not been spent in a timely and efficient fashion.

There have been a limited number of projects scheduled for this year, including play structures and completion of roof and HVAC projections at the High School. The CBOC would like to remind the School Board that eighty-five percent (85%) of the Series C funds should have been spent by July 2019.

10. The Website needs maintenance.

The website has not been maintained with accurate information and therefore the community and the CBOC members are not able to know accurate information.

MEASURE G BOND SALE

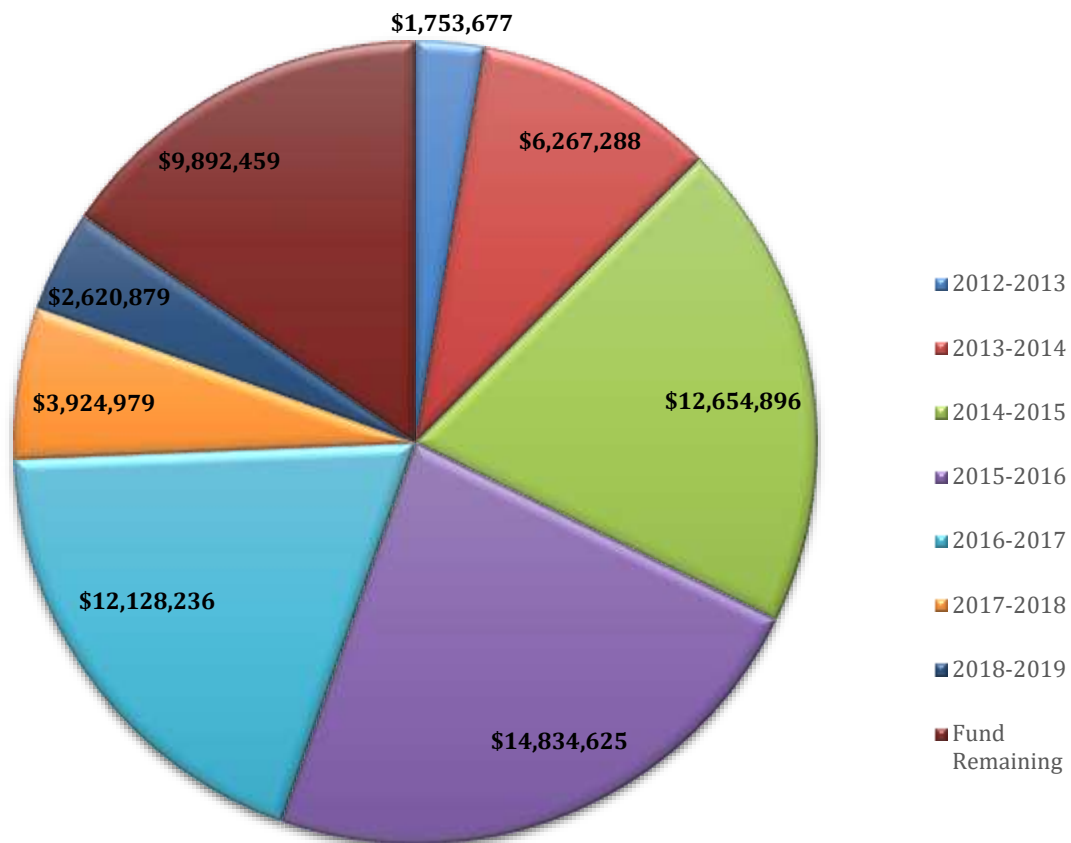
| Sale | Amount | True Interest Cost |
|-------------------------------|----------------------|--------------------|
| Series A | \$15,000,000 | 3.89% |
| Series B | \$30,000,000 | 4.31% |
| Series B Premium ¹ | \$359,252 | |
| Series C | \$18,000,000 | 2.53% |
| Series C Premium ² | *\$10,748 | |
| Interest | *\$707,039 | |
| Total | *\$64,077,039 | |

¹ Includes a \$10,748 transfer to the Bond Interest and Redemption Fund.

² Includes a \$1,539,636 transfer to the Bond Interest and Redemption Fund.

EXPENDITURES BY FINANCIAL YEAR

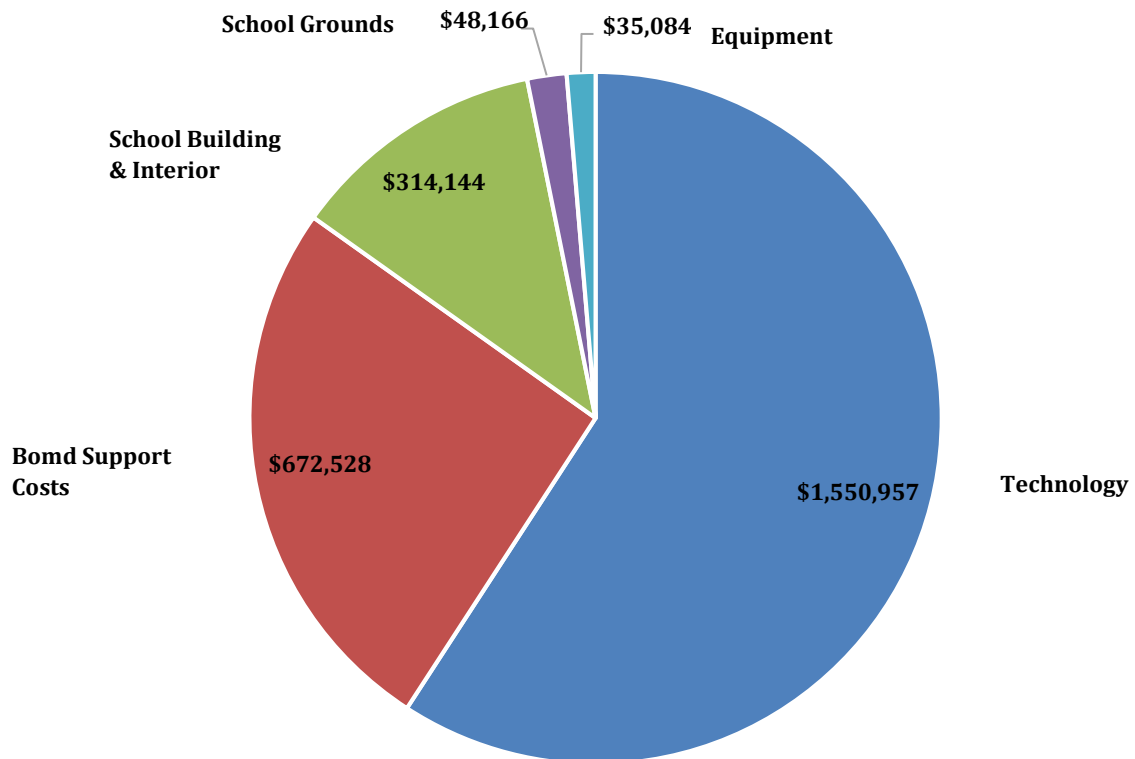
| Year | Amount |
|----------------|---------------------|
| 2012-2013 | \$1,753,677 |
| 2013-2014 | \$6,267,288 |
| 2014-2015 | \$12,654,896 |
| 2015-2016 | \$14,834,625 |
| 2016-2017 | \$12,128,236 |
| 2017-2018 | \$3,924,979 |
| 2018-2019 | \$2,620,879 |
| Fund Remaining | \$9,892,459 |
| Total | \$64,077,039 |



EXPENDITURES 2018-2019

CATEGORIES

| | |
|-------------------------------|--------------------|
| Technology | \$1,550,957 |
| Bond Support Costs | \$672,528 |
| School Buildings and Interior | \$314,144 |
| School Grounds | \$48,166 |
| Equipment | \$35,084 |
| Total | \$2,620,879 |

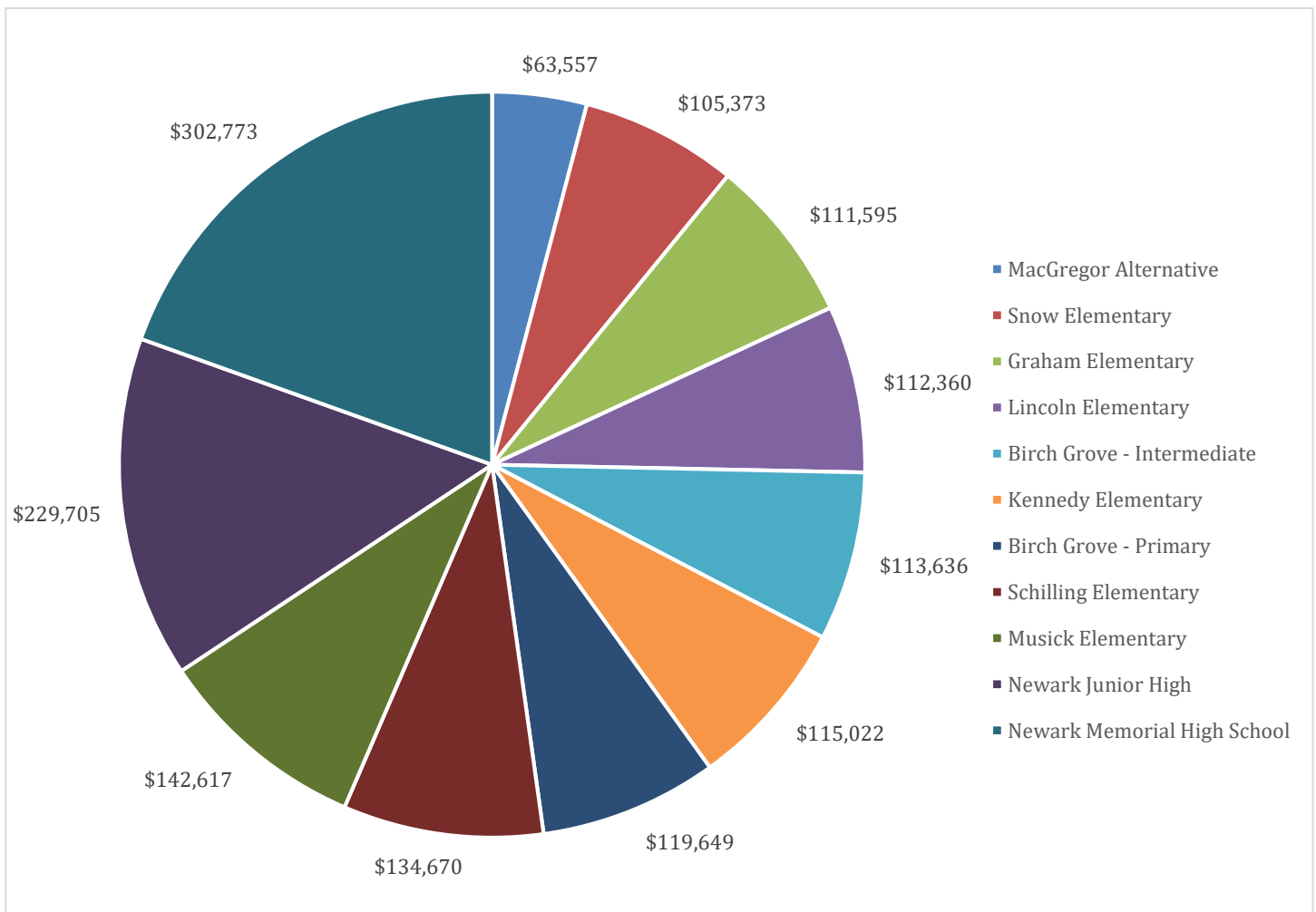


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BREAKDOWN

1. TECHNOLOGY UPGRADES BY CAMPUS – INCLUDES THE AV PROJECTORS AND DISPLAYS

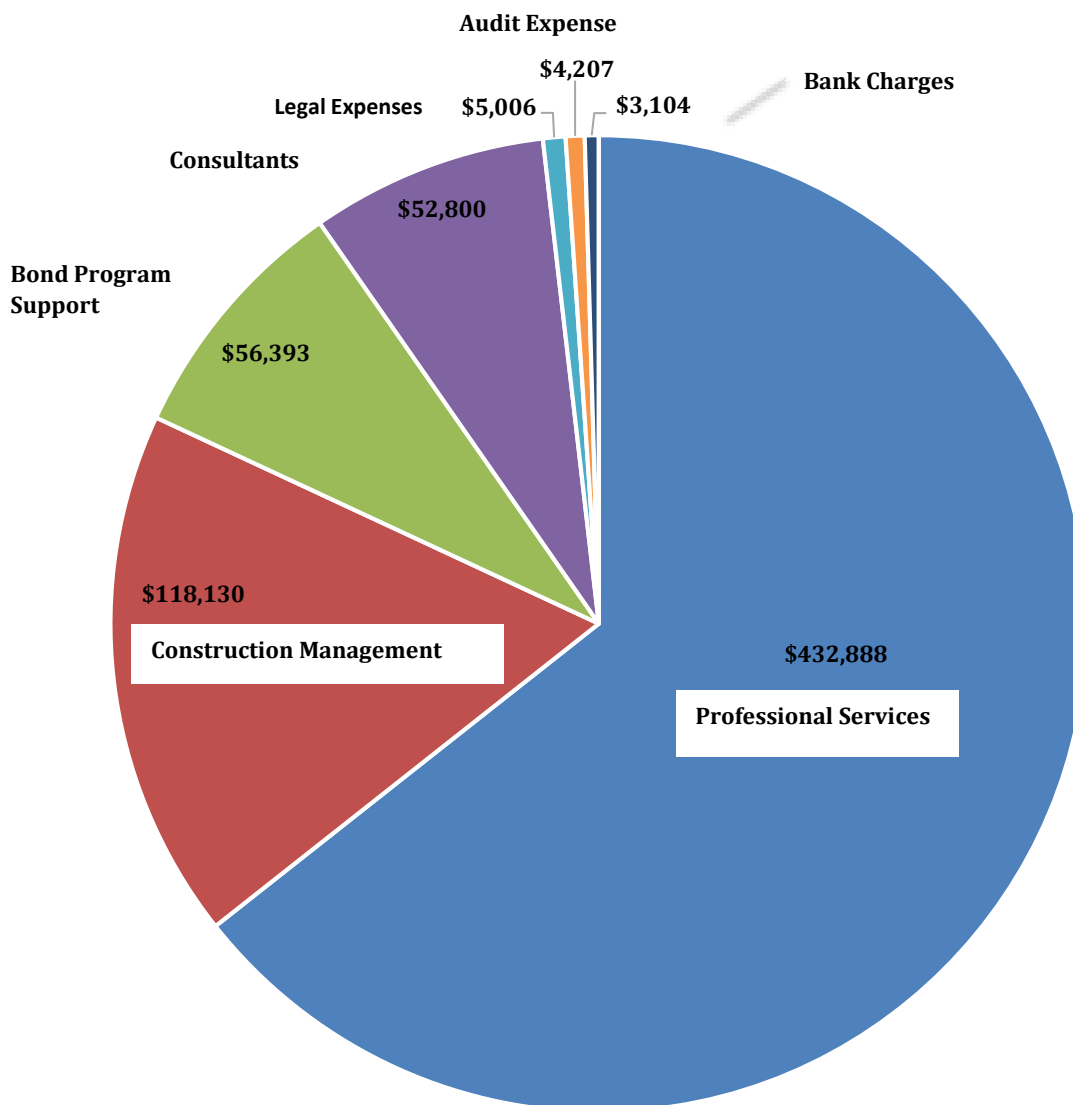
| | |
|----------------------------|-------------|
| MacGregor Alternative | \$63,557 |
| Snow Elementary | \$105,373 |
| Graham Elementary | \$111,595 |
| Lincoln Elementary | \$112,360 |
| Birch Grove – Intermediate | \$113,636 |
| Kennedy Elementary | \$115,022 |
| Birch Grove -Primary | \$119,649 |
| Schilling Elementary | \$134,670 |
| Musick Elementary | \$142,617 |
| Newark Junior High | \$229,705 |
| Newark Memorial High | \$302,773 |
| Total | \$1,550,957 |



CBOC Annual Report 2018-2019 - Measure G Bond Program

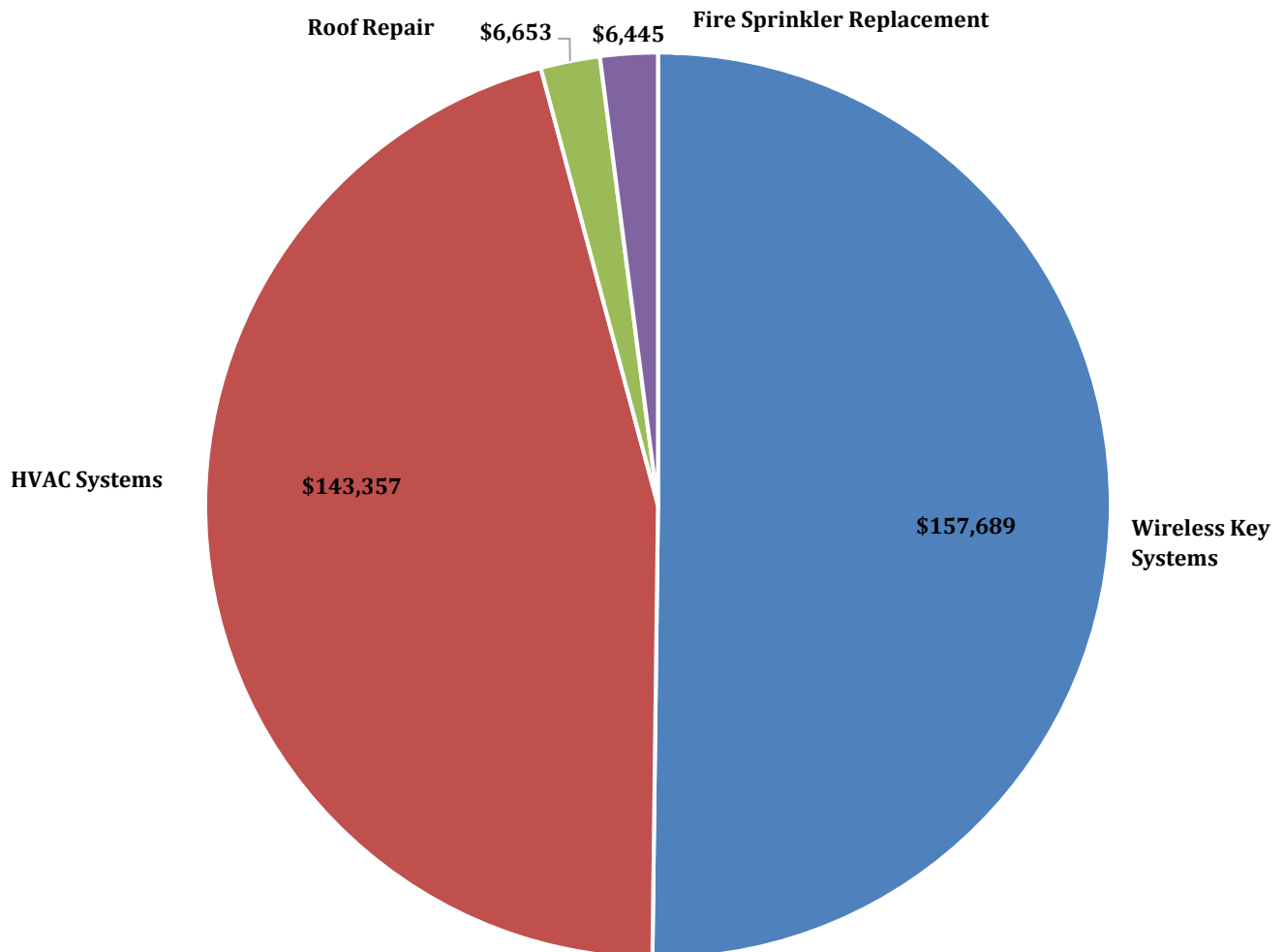
2. Bond Support Costs

| | |
|-------------------------|-----------|
| Professional Services | \$432,888 |
| Construction Management | 118,130 |
| Bond Program Support | \$56,393 |
| Consultants | \$52,800 |
| Legal Expense | \$5,006 |
| Audit Expense | \$4,207 |
| Bank Charges | \$3,104 |
| Total | \$672,528 |



3. SCHOOL BUILDINGS AND INTERIOR

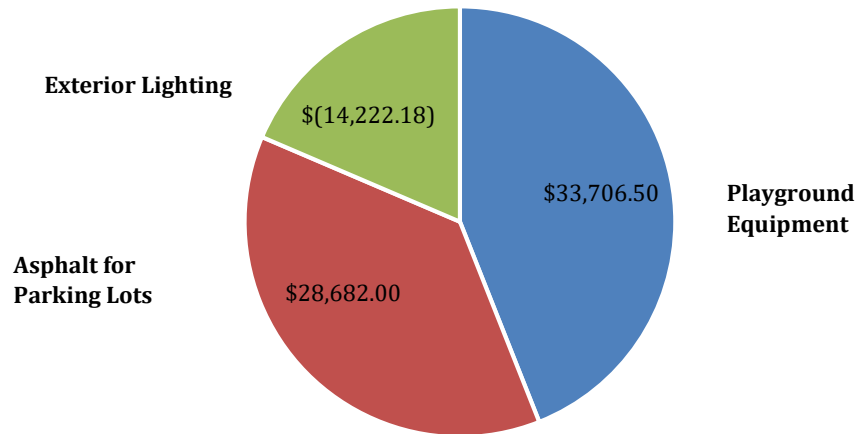
| | |
|----------------------------|-----------|
| Wireless Key Systems | \$157,689 |
| HVAC Systems | \$143,357 |
| Roof Repair | \$6,653 |
| Fire Sprinkler Replacement | \$6,445 |
| Total | \$314,144 |



CBOC Annual Report 2018-2019 - Measure G Bond Program

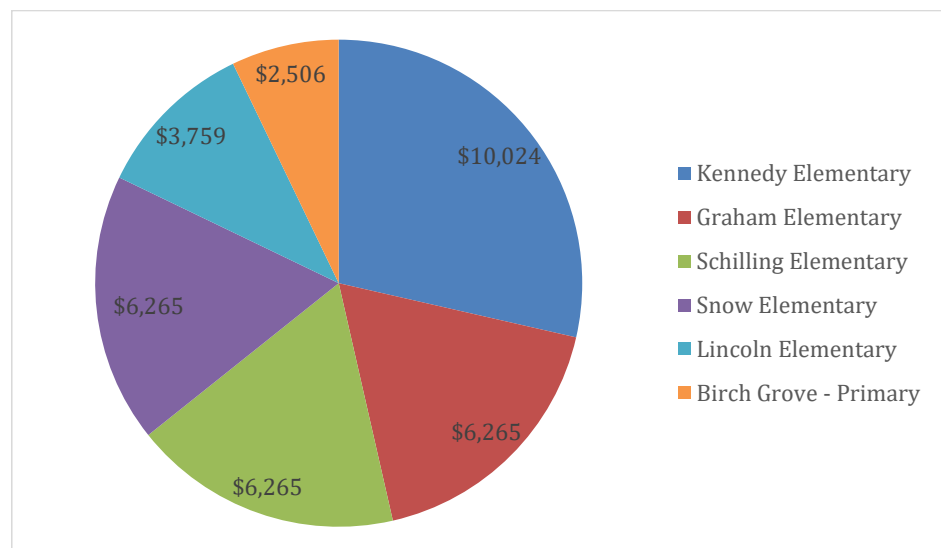
4. SCHOOL GROUNDS

| | |
|----------------------------|------------------|
| Playground Equipment | \$33,706 |
| Asphalt for Parking Lots | \$28,682 |
| Exterior Lighting (Credit) | (\$14,222) |
| Total | \$ 48,166 |



5. EQUIPMENT – CAFETERIA TABLES

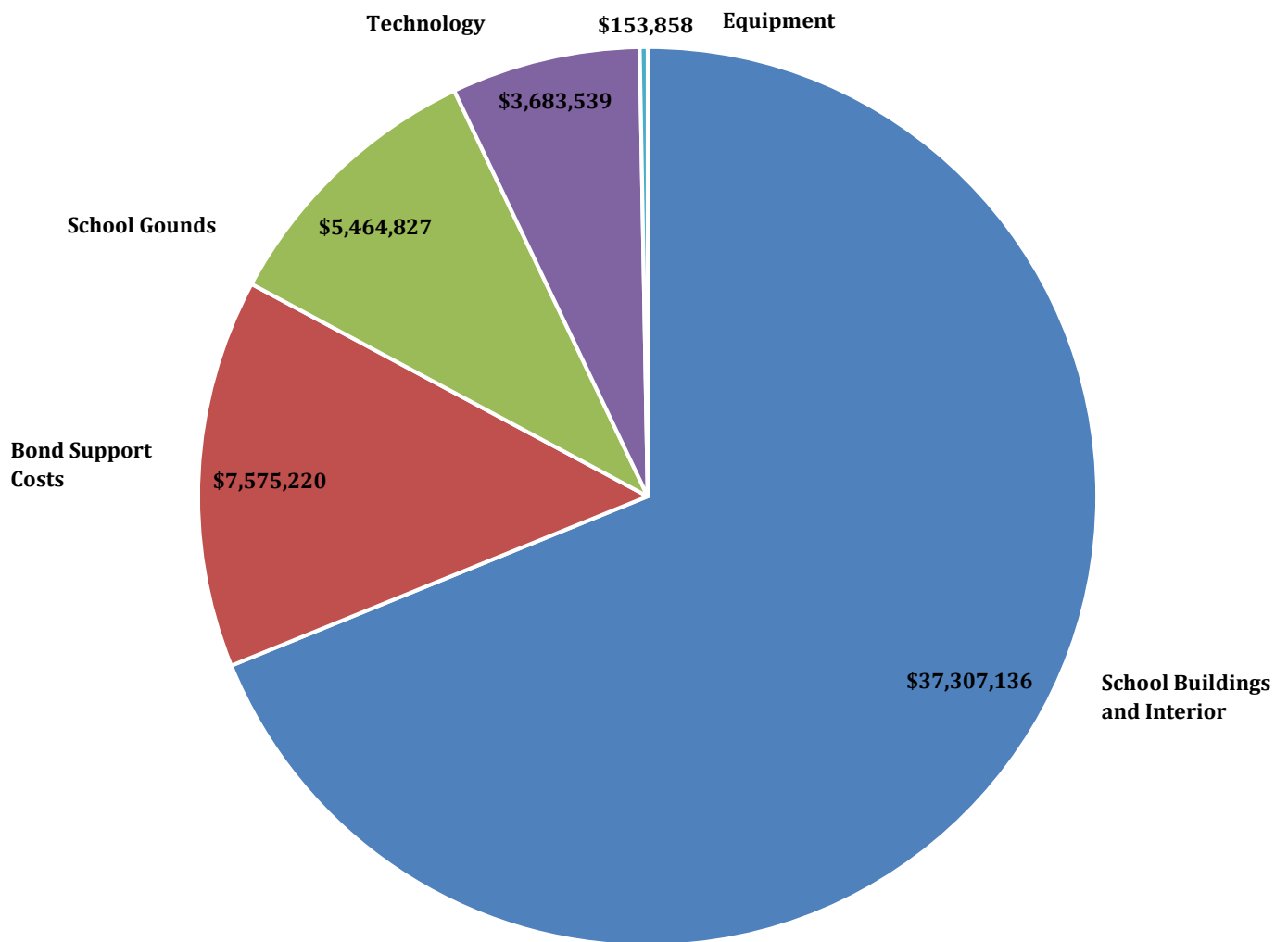
| | |
|----------------------|-----------------|
| Kennedy Elementary | \$10,024 |
| Graham Elementary | \$6,265 |
| Schilling Elementary | \$6,265 |
| Snow Elementary | \$6,265 |
| Lincoln Elementary | \$3,759 |
| Birch Grove -Primary | 2,506 |
| Total | \$35,084 |



CUMULATIVE EXPENDITURES THROUGH JUNE 30TH, 2019

1. BY CATEGORY

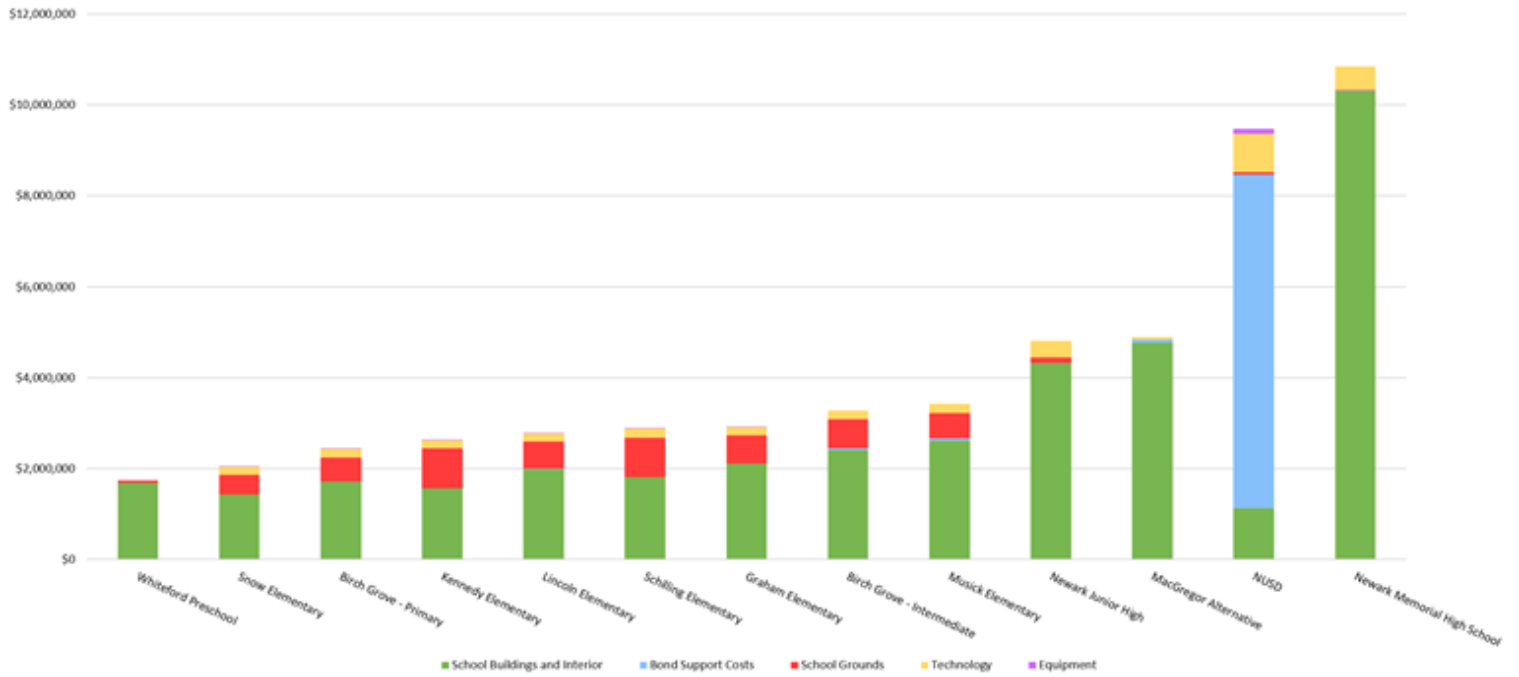
| | |
|-------------------------------|---------------------|
| School Buildings and Interior | \$37,307,136 |
| Bond Support Costs | \$7,575,220 |
| School Grounds | \$5,464,827 |
| Technology | \$3,683,539 |
| Equipment | \$153,858 |
| Total | \$54,184,580 |



CBOC Annual Report 2018-2019 - Measure G Bond Program

2. By SCHOOL

Expenditures by Location



3. NON-SITE-SPECIFIC BREAKDOWN (TOP 10) - \$9,478,846

