



**Measures B, J & Y Independent Citizens'
Bond Oversight Committee**
Annual Progress Report for Fiscal Year 2019-2020

PURPOSE OF THE OUSD CITIZENS' BOND OVERSIGHT COMMITTEE

The Oakland Unified School District's Measure B, Measure J, and Measure Y Independent Citizens' Bond Oversight Committee (CBOC) is a state-mandated committee of local residents that oversees the approximately \$1.645 billion in School Facilities bonds approved by voters. According to state law (Cal. Educ. Code § 15278-15282), our job is to inform the public about the expenditure of bond revenues by reviewing and reporting on "the proper expenditure of taxpayers' money for school construction". California Law requires that "taxpayers directly participate in the oversight of bond expenditures" and "the members of the oversight committee appointed pursuant to this chapter promptly alert the public to any waste or improper expenditure of school construction bond money" Cal. Educ. Code § 15264.

BOND BACKGROUND

In June 2006, Oakland voters passed **Measure B, a \$435 million** School Facilities Improvement Bond which provided funding to the Oakland Unified School District (OUSD). Except for some remaining fire alarm projects, all Measure B funds have largely been spent prior to fiscal year 2019-2020.

In June 2012, Oakland voters passed **Measure J, a \$475 million** School Facilities Improvement Bond, for OUSD to enhance the educational environment for the students and communities of Oakland and better prepare students for college and jobs. Bond funds have been allocated to upgrade science labs, classrooms, computers, and technology; improve student safety and security; repair bathrooms, electrical systems, plumbing and sewer lines; improve energy efficiency; and make seismic upgrades.

In November 2020, Oakland voters passed **Measure Y, a \$735 million** School Facilities Improvement Bond, for OUSD to provide, among other things, classroom repair and school safety improvements, upgrading classrooms, science labs and technology; improving student safety and security; repairing bathrooms, electrical systems, plumbing and sewers; and improving energy-efficiency and earthquake safety.

BOND PROGRAM ADMINISTRATION WORK

In 2020, Tadashi Nakadegawa became the permanent OUSD Deputy Chief of Facilities Planning and Management. Mr. Nakadewawa has worked for OUSD for 35 years, and had served as interim Deputy Chief of Facilities following the passing of the previous Deputy Chief, Tim White, in November 2019. In accordance with OUSD Board Bylaws, CBOC Chairwoman Andrea Dawson participated in the interview process for the Deputy Chief of Facilities.

Over the past year, the OUSD Facilities Department oversaw three important developments related to the bond program. First, the OUSD Board approved the 2020 Facilities Master Plan in May 2020. Second, OUSD proposed a new bond, Measure Y, for inclusion on the November 2020 ballot. Oakland voters approved Measure Y with 78% support. Third, the Facilities Department developed a revised Spending Plan for the remainder of funds from Measures B and J. The Board of Education approved this revised Spending Plan in January 2021.

The past year also continued the unprecedented challenge of dealing with the impacts of the global coronavirus pandemic. OUSD schools closed to most students in March 2020 and have remained closed to in-person instruction through March 2021.

The 2019-2020 Financial and Performance Report were completed by Eide Bailey and presented to CBOC members on April 12, 2021. The Audit is discussed on page 5 of this report. OUSD's Bond Financial Advisor is ISOM Advisors. \$175 Million were sold in fiscal year 2019-2020.

BOND PROJECT OVERVIEW

Although most OUSD facilities remained closed due to the pandemic, OUSD completed construction on several Measure J bond related projects:

- **Central Commissary Kitchen:** The project is complete. When schools reopen, it will provide a new district nutrition program providing Oakland school children with healthier and fresher meals. Final project cost: \$75.5 million. (See Project Highlight Photos on page 6.)
- **Madison Upper Campus Addition:** The expanded facility will provide a K-12 pathway for students in the Sobrante Park neighborhood. Final project cost: \$39 million.
- **Glenview K-5 Elementary School:** Construction is complete and ready to accept students when in-person learning resumes. Final project cost: \$58.8 million.
- **Fremont High School:** Construction is complete. The project consists of a new campus entry, a new two-story classroom wing to replace portables, and renovation of the main classroom wing, new gym, sports field and stadium. Final project cost: \$133.2 million. (See Project Highlight Photos on page 6.)
- **Emerson Softball Field and Playground Improvements:** Construction is complete on a new softball field that will be available for nearby Oakland Tech High School girls' softball games. Additional improvements were made to the Emerson Elementary playground and yard. Final project cost: ~\$4 million. (See Project Highlight Photos on page 6.)

Other notable projects that remain in-progress and will rely on Measure J and Measure Y funds:

- **Claremont Multi-Purpose Building:** Planning and design continue to replace the kitchen that was destroyed by a fire and build a new multi-purpose room at Claremont Middle School.
- **Laurel CDC:** Planning and design continue for the project that consists of building new classrooms, administrative, foodservice, and other spaces. Site work includes new paved play and learning spaces.

Citizens' Bond Oversight Committee Work

CBOC's responsibility is to actively review and report on the expenditure of taxpayers' money for school construction with voter-approved projects in accordance with Cal. Educ. Code § 15278. As required, the OUSD Board of Education appointed a committee of residents from the district comprised of nine appointees, including a Chairperson, Vice Chairperson and Secretary. As voters approved new bond measures over the years, the OUSD Board has included oversight of those bond measures in this CBOC's jurisdiction.

In addition to the state-mandated oversight authority, in January 2021, the OUSD School Board approved additional oversight authority for the CBOC in Resolution No. 2021-0031, which is codified in Section 2 of Board Bylaw (BB) 9131. The new resolution provides this CBOC the authority for "reviewing and making advisory recommendations to the OUSD Board of Directors regarding proposed alterations to project budgets, timelines, and other changes to bond program expenditures that are subject to OUSD Board of Directors approval" OUSD BB § 9131(2)(8).

Over the past year, the committee held virtual public meetings on their regular monthly schedule and reviewed program expenditures and other facility reports pertinent to expenditures of bond revenues. While the committee typically includes project site visits as part of its regular work, site visits were

suspended due to the global pandemic. In lieu of in-person site visits, OUSD Facilities Department Staff conducted a virtual tour (presentation) of several completed projects (e.g., Fremont High School and Central Kitchen – see Project Highlight Photos on page 6) highlighting project successes for the CBOC. Other activities included getting updates from prior years and monitoring on-going developments to capital improvements related to the bond program.

In the fiscal year 2019-2020, the CBOC continued to keep an attentive watch on the on-going progress of Measure J and B bond-funded projects. In addition, the OUSD Board of Education included oversight of the recently passed Measure Y in the CBOC's on-going oversight role. This annual report summarizes and highlights the work of the independent CBOC and our review of the expenditures in the Measure B, J and Y School Facilities Improvement Bonds for the fiscal year 2019-2020.

2019-2020 CBOC MEMBERS

- Andrea Dawson, *Chairperson*
- Saleem Shaki-Gilmore, *Vice Chairperson*
- Tina Longfield, *Secretary (resigned March 2021)*
- Mike Beebe (*appt. Feb. 2020*)
- Andrew Nelsen
- Travis Ritchie (*appt. Feb. 2020*)
- Andre Spearman
- Renee Swayne
- Victor Valerio

OBSERVATIONS AND CONCERNS

The members of the CBOC appreciate the support provided by OUSD Staff throughout a difficult year. In particular, we would like to acknowledge the work done by Edgar Rakestraw, Linda Floyd, the KDOL staff, and the other staff in OUSD Legislative Services and Operations for their efforts to transition to virtual public meetings. Their work allows the CBOC to continue its work.

The CBOC also appreciates the cooperation and professionalism of OUSD Facilities Department Staff. Notwithstanding the concerns discussed below, Facilities Department Staff have remained communicative and responsive to concerns raised by the CBOC. In the CBOC's view, the Facilities Department has made important progress in recent years towards a more transparent and effective decision-making operation. Of note, the OUSD Facilities Department completed a revised 2020 Procedures Manual to better formalize the process for decision-making related to scoping and funding projects. Staff also developed new materials for this committee to review that highlighted both the current status of various bond projects as well as their respective historical budgets. These improvements provide greater transparency for the CBOC and the public.

While the CBOC appreciates the improved transparency and processes, we have concerns and look forward to additional improvement in the following areas:

- **Implementation and documentation** of formal processes outlined in the Procedures Manual for decision-making related to the on-going planning and prioritization of bond projects.
- **More detailed processes** regarding communicating to the CBOC and the OUSD Board about important budget changes that affect use of bond program funds.
- **Implementation of best practice norms** for change-order approval processes and sharing with the CBOC and the OUSD Board in more timely and detailed manner that explain and justify when actual cost projections may or will change in accordance with the Spending Plan budget.
- **Using Measure J Bond money for lease payments** at 1000 Broadway in years 2019, 2020, and 2021 which may be an inappropriate use of bond funds, a concern we have raised in previous years. This concern will remain until a permanent home is found for administrative staff.

Annual Financial and Performance Audit Review and Findings

CBOC's primary duty is to provide a written statement on compliance for the public on both our review of the bond program expenditures and activities and the independent auditors Financial and Performance Audit to ensure that Measure B, J and Y bond funds are spent in accordance with the bond language. At this time, bonds have not been issued for Measure Y.

The expenditure summary at the end of this report reflects the project expenditures for the Fiscal Year ending June 30, 2020 as presented by the District. The report is organized to reflect the life of each project commencing with the Pre-Design Phase and concluding with the Completed Phase. The expenditures reported by the District for the Measure B and J bond program fiscal year 2019-2020 totaled \$84,623,530.

Each fiscal year a financial and performance audit of Measures B and J bond fund (in the future to include Y) expenditures is required to be conducted. Eide Bailey LLP was contracted to conduct the performance and financial audit of Measures B and J for the year ending June 30, 2020. The performance audit was submitted to CBOC members by April 1, 2021. Eide Bailey presented the finding to the CBOC at our April 12, 2021 meeting. At the time of this writing, the CBOC has not received the financial audit. The financial audit will be presented at the May 10th meeting.

The performance auditors concluded that, with the exceptions and clarifications noted below, bond proceeds were used only for listed projects under the 2012 Measure J and the 2006 Measure B. The performance audit report identified several good management practices used by OUSD. In addition, the auditors identified the following exceptions and clarifications:

- Although the District has updated procedures to ensure maintenance of complete procurement and contract files and invoices evidencing approval for all expenditure transactions, the District was not able to provide complete documentation for all sampled expenditures, procurement, and contract files to support expenditures' ability for several inter-department transactions and to support existence of internal control procedures.
- The ballot language addresses projects at the District and school site levels; however, particular expenditures are not explicit in the Bond language, including the payment of rent for administrative offices as 1000 Broadway.
- The District does not have a documented basis for distributing salary between the narrow category of bond compliant construction projects, and routine everyday school facilities administrator expenses.

CBOC COMPLIANCE STATEMENT

The 2019-2020 CBOC Statement of Compliance opinion on the Measure J and B Bond program is submitted to OUSD Board of Education in accordance with Cal. Educ. Code § 15278 (b). The Citizens' Bond Oversight Committee advises that, based on available information provided by the District and the Eide Bailey fiscal year 2019-2020 Financial and Performance Audit, the **CBOC finds that the District is in compliance** with the requirements of Article XXIIA, Section 1(b)(3) of the California Constitution.

Building a Better Community

PROJECT HIGHLIGHT PHOTOS

Additional highlight photos can be found in the Virtual Tours for each of these projects: [The Center \(Central Commissary Kitchen\)](#), [Fremont High School](#), and [Emerson Softball Field and Playground Improvements](#)

Central Kitchen Baxter Ovens



Central Kitchen Gardens and Greenhouse



Fremont High School



Fremont High School Science Classroom



Emerson Girls Softball Field



Emerson Elementary Playground

