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**Measures B, J & Y Independent Citizens'
Bond Oversight Committee**
Annual Progress Report for Fiscal Year 2021-22

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.

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).

In the fiscal year 2020-2021, the CBOC continued to keep an attentive watch on the on-going progress of Measure J and Y bond-funded projects. 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 2020-2021.

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 OVERSIGHT

Tadashi Nakadegawa is the OUSD Deputy Chief of Facilities Planning and Management. Mr. Nakadegawa and his staff are the primary points of contact for this committee. Publicly noticed meetings of the CBOC are typically held on the second Monday of each month from August through June. Scheduling information and meeting agendas are available at www.ousd.org/domain/67 under the body "Measures B, J, and Y Independent Citizens' School Facilities Bond Oversight Committee."

The past year continued the unprecedented challenge of dealing with the impacts of the global coronavirus pandemic. OUSD Schools reopened to students for the school year; however, meetings of the CBOC continued

to be held virtually over zoom.

At the time of this writing, OUSD has not provided the 2020-2021 Financial and Performance Reports to this committee. [SUBJECT TO CHANGE The Audit is discussed on page 5 of this report.] OUSD's Bond Financial Advisor is ISOM Advisors. In November 2021, OUSD made its first drawdown of Measure Y funds in an amount of \$185 million.

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BOND PROJECT OVERVIEW

OUSD did not complete any bond-funded construction projects in 2020-21. (Please see the CBOC's previous annual report for 2019-2020 for a list of projects completed with Measure J funding last year.)

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

- **Cole Administrative Office Conversion:** OUSD is in the process of converting what used to be Cole Elementary School into district administrative office space. The project consists of a new 56,176 sf two-story Administration building. Site improvements include landscaping, fences, parking lots, and driveways on the 2.6-acre site. OUSD has identified \$57 million in Measure J and Y funding for this project.
- **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. OUSD submitted the design to the Division of the State Architect (DSA), but that review has been delayed due to COVID. OUSD has identified \$18 million in Measure Y funding for this project.
- **Laurel CDC:** OUSD expects to bid this project over the summer of 2022 and begin construction in the fall. The project consists of building new classrooms, administrative, foodservice, and other spaces. Site work includes new paved play and learning spaces. OUSD has identified \$15 million in Measure J and Y funding for this project.
- **McClymonds High School:** OUSD and the bridging architect, Perkins Eastman, are currently in the process of community engagement regarding the scope of the McClymonds High School modernization. OUSD has identified \$65 million in Measure Y funding for this project.
- **Coliseum College Prep Academy (CCPA):** OUSD has initiated community engagement and is in the design and scoping process with architect Shah Kawasaki for the modernization of CCPA. OUSD has identified \$35.5 million in Measure Y funding for this project.
- [Roosevelt and Melrose?]

Citizens' Bond Oversight Committee Observations

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. In addition, OUSD Resolution No. 2021-0031, which is codified in Section 2 of Board Bylaw (BB) 9131, requires Staff to present to this committee for review and advice any substantial changes to project scope, budget or timeline that are subject to Board of Education approval.

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.

2020-2021 CBOC MEMBERS

- Saleem Shaki-Gilmore, *Chairperson*
- Andrew Nelsen, *Vice Chairperson*
- Travis Ritchie, *Secretary*
- Mike Beebe
- Victor Valerio
- Sarah Price
- Andre Spearman
- Renee Swayne
- *Vacant*

OBSERVATIONS AND CONCERNS

The members of the CBOC find that the support by district Staff of our state mandated and board approved oversight role has deteriorated. While we appreciate the efforts of OUSD Facilities Staff and Board Office Staff to manage CBOC meetings and present information to our committee each month, CBOC members have been repeatedly frustrated by the lack of support that is necessary to conduct productive and efficient meetings. Simple tasks, such as the issuing of a commendation for our former chair, took months of effort and faced repeated and unnecessary procedural hurdles. Even more concerning, requests for items to be added to noticed CBOC agendas have often been improperly denied or ignored altogether. While Staff has made some recent progress on these concerns, a substantial portion of this year's CBOC meetings were spent litigating procedural hurdles. These frictions hurt not only our ability to do our job, but they exacerbate the distrust between the community and the district.

The CBOC notes the following specific concerns:

- **Documentation of Decision Making:** We remain concerned about the 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. We remain concerned about what process, if any, OUSD relies on to prioritize project spending. In particular, CBOC members have continued to express concern about what, if any, formalized consideration is given to equity impacts for various projects.
- **CBOC Authority to Review Substantial Changes:** There are substantial deficiencies regarding Staff's communication to the CBOC about important budget changes that affect use of bond program funds. Despite the new authority granted to this body by the Board of Education, we have thus far not been presented with any substantial changes to ongoing projects, as required by Board Resolution No. 2021-0031. For example, substantial changes in the scope, schedule and budget of the Cole office project have occurred without the review and advice of CBOC. For other projects, we simply do not know if changes have been made because none have been presented to us.
- **Using Measure J Bond money for lease payments at 1000 Broadway:** We have noted this concern in years 2019, 2020, 2021, and 2022. The CBOC continues to be concerned that lease payments 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. We are also concerned that the use of bond money to digitize or otherwise manage files at 1000 Broadway is not a proper capital expenditure for Measure J or Y bond money.
- **Using Measure Y Bond money for School Closures.** Staff identified a potential use of approximately \$7million in Measure Y funds for "school closures". While OUSD does not plan to allocate or spend any of this money for several years, the identification of any potential bond money being spent to close schools raises serious concerns.

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 auditor's Financial and Performance Audit to ensure that Measure B, J and Y bond funds are spent in accordance with the bond language.

Each fiscal year a financial and performance audit of Measures B, J, and Y expenditures is required to be conducted. Eide Bailey LLP was contracted to conduct the performance and financial audit of Measures B, J and Y for the year ending June 30, 2021. These audits typically have a deadline to provide to the CBOC by March 31 of each year. It is our understanding that OUSD received these audit reports in early April. However, despite multiple requests from this body, at the time of this writing in May, OUSD has not provided either the performance audit or the financial audit to the CBOC for review. As such, we cannot complete our state-mandated review and we find that OUSD is in violation of Article XIII A, Section 1(b)(3) of the California Constitution.

CBOC COMPLIANCE STATEMENT

In accordance with Cal. Educ. Code § 15278 (b), the CBOC is tasked with advising the Board of Education and the public on OUSD's compliance with the California Constitution's requirements related to the expenditure of bond funds. The Citizens' Bond Oversight Committee advises that, due to the failure of OUSD to provide this committee with the required financial and performance audits, the **CBOC finds that the District is in NOT in compliance** with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution.

