

San Mateo Union High School District Proposition 39 Capital Facilities Programs

**Eighth Measure O Citizens Oversight Committee Annual Report
First Measure L Citizens Oversight Committee Annual Report**

June 30, 2022

San Mateo Union High School District Citizens Oversight Committee

To: The Board of Trustees and Citizens of the San Mateo Union High School District

From: Simon Mazzola, Chair of the Measure O and Measure L Citizens Oversight Committee

Date: April 18, 2023

As Chair of the Citizens Oversight Committee, it is my pleasure to present the Measure O and Measure L Annual Report to the Board of Trustees and Citizens of the San Mateo Union High School District.

The meetings of the Committee are well-organized and substantive in content. Information presented and reviewed at the meetings include the most recent financial reports, current project expenditure summaries, project construction accomplishments and challenges, as well as legal updates. The Committee also reviews unique circumstances that impact the issuance of bonds, such as the long-term financial commitment needed to provide the resources to maintain the facilities. District staff and administrators have been very helpful providing timely information to the Committee and responding to the Committee's questions.

Eleven Measure O projects are completed, and one project remains. The technology replenishment allocations sunset on June 30, 2022.

Measure L projects began in the summer of 2020 with the Stadium Field Projects at Capuchino and Mills High Schools along with the districtwide video surveillance

system project. As of June 30, 2022, there are five Measure L projects completed, seven in construction, and an additional ten in development.

The Committee expresses its appreciation to the Board of Trustees for addressing its earlier recommendations. The COC proposed that General Fund resources be deposited annually into a Deferred Maintenance account for future facility repairs. As the age of Measure D projects approaches 21 years, the age of Measure M projects approaches 13 years, and the age of Measure O projects approaches 9 years, we are beginning to see increasing wear and tear on the investments made into District facilities. Having set aside a fund ensures the educational budget is not impacted.

The Citizens Oversight Committee was pleased to see that the Board of Trustees approved the transite panel encapsulation projects at Aragon, Hillsdale, and Mills High Schools and that construction is underway. The Committee expressed concern related to potential impacts on the safety and the health of students due to the degradation of specific walls containing low levels of imbedded asbestos (“transite panels”) at Hillsdale High School, Aragon High School and Mills High School. Some of the panels are over 60 years old and were deteriorating or subject to wear and tear damage. This matter has arisen before, and the Committee has consistently recommended that the Board of Trustees address it.

The Committee applauds the Board of Trustees’ commitment and dedication to the employee housing project. We concur that staff housing is critical to ensure the District attracts and maintains exemplary employees.

The Committee would like to again express its gratitude to the voters of the community, without whom the Measure O and Measure L bond construction programs would not exist.

Based upon information presented to the Committee by District staff which is incorporated into this report, the Committee's ongoing oversight activities, and the Committee's review of the independent financial and performance audits, the Committee believes the District is in compliance with the requirements of Article X111A, Section 1(b)(3) of the California Constitution, which outlines accountability requirements for school districts that incur bonded indebtedness under Proposition 39. With the presentation of this Annual Report, the members of the Committee believe that the Measure O and Measure L Bond funds have been properly expended and have been utilized for projects consistent with those identified in the Bond measures.

It is the Committee's sincere hope that the Board of Trustees and the members of the community will find this Annual Report both informative and comprehensive.

Sincerely,

Simon Mazzola
2021-2022 Chair
Measure O and Measure L Citizens Oversight Committee

**San Mateo Union High School District
Proposition 39 Capital Facilities Programs
Citizens Oversight Committee
Activities for Measure O and Measure L
July 1, 2021 through June 30, 2022**

EXECUTIVE SUMMARY

All major Measure O Board approved projects are substantially complete. The final year of the technology replacement allocation was June 30, 2022, and those purchases will be made over the next couple of years.

Measure L construction began in the Summer of 2020 with the stadium field projects at Capuchino and Mills High Schools and the Districtwide video surveillance project. In June of 2021, construction began on the \$48 million sports complex projects at Capuchino and Mills High Schools. Major projects that began construction in 2021-2022 include the transite panel encapsulation projects at Aragon, Hillsdale, and Mills High Schools, HVAC projects at Burlingame, Mills, and San Mateo High Schools, The Districtwide path of travel lighting and public address system projects.

The summary below highlights the projects that are in construction or were completed in 2021-2022.

BOND PROJECTS COMPLETED OR IN CONSTRUCTION IN 2021-2022

DISTRICTWIDE

Measure O

Technology Replenishment- 9th year

\$5,000,000 was set aside for technology replacement. \$500,000 has been allocated annually for nine years. 2021-2022 will be the final year of allocations from the program. \$1,727,585 of allocated funds are unspent as of June 30, 2022.

Project Budget	\$5,000,000
Costs through June 30, 2022	\$3,272,415

SAN MATEO AND MILLS HIGH SCHOOLS

Measure L

HVAC Replacement

The primary purpose of the projects was to improve ventilation and/or mechanical conditioning in the classrooms and offices at each campus. The scope of work at San Mateo High School included the demolition and removal of the existing mechanical units and replacement with new cooling and heating systems in the choral, orchestra and band rooms. The new ventilation system, an energy recovery ventilator unit, will be independent of the heating/cooling system and serve each room. Rooms will also be equipped with CO2 sensors. The scope of work at Mills High School included the demolition and removal of the existing mechanical units and replacement with new cooling and heating systems in the ceramics classroom and office.

Construction began Summer of 2021 and was completed in the Fall of 2022

SMHS Project Budget	\$788,336
SMHS Costs through June 30, 2022	\$653,445
MHS Project Budget	\$360,720
MHS Costs through June 30, 2022	\$349,510

CAPUCHINO & MILLS HIGH SCHOOLS

*Measure L
Stadium Field Turf Project*

Construction began in May 2020 at Mills and Capuchino High Schools to provide dramatic improvements to fields and stadiums at the schools. These projects will bring Mills and Capuchino into greater parity with the other four comprehensive schools in terms of facilities. Both stadium projects were completed in October 2020.

Project Budget	\$4,401,633
Costs through June 30, 2022	\$4,401,633

DISTRICTWIDE

*Measure L
Video Surveillance*

In June 2020, work began to install new surveillance cameras at schools across the District. The new system will provide a school environment that promotes the safety of students, staff, and visitors on school grounds. The system will also protect District property, facilities, and equipment from vandalism and theft. Work was completed over the Summer of 2020.

Project Budget	\$1,790,765
Costs through June 30, 2022	\$1,790,765

HILLSDALE HIGH SCHOOL

*Measure L
Domestic Waterline Replacement*

In October 2021, the Board of Trustees approved a \$600,000 budget to replace the existing cold water piping within the existing utility tunnel at Hillsdale High School.

Construction began Summer 2022 and is slated for completion Fall 2022.

Project Budget	\$584,229
Costs through June 30, 2022	\$ 48,131

CAPUCHINO HIGH SCHOOL

***Measure L
Sports Complex***

Work began at Capuchino High School in June of 2021 on the new Sports Complex. The project involves construction of new tennis courts, as well as new synthetic turf baseball, softball and multisport fields. All venues will include Musco sports lighting. Project completion is slated for Fall 2022.

Project Budget	\$21,600,000
Costs through June 30, 2022	\$15,489,897

MILLS HIGH SCHOOL

***Measure L
Sports Complex***

Work began at Mills High School in June of 2021 on the construction of synthetic turf baseball and softball fields, as well as new tennis courts. Musco Sports lighting is also included in the new construction at all venues at Mills. Projected completion is slated for the Spring of 2023.

Project Budget	\$26,600,000
Costs through June 30, 2022	\$14,985,579

BURLINGAME HIGH SCHOOL

***Measure L
Building “A” HVAC and Roof Replacement***

Work at Burlingame High School began Summer 2022 to replace the existing built-up roofing system with new roof-mounted energy recovery ventilators and wireless controls, increasing outdoor air circulation, heating, and cooling.

Completion of this project is slated for Fall 2022.

Project Budget	\$6,614,728
Costs through June 30, 2022	\$2,936,051

ARAGON, HILLSDALE AND MILLS HIGH SCHOOLS

Measure L

Transite Panel Projects

In October 2021, the Board of Trustees approved \$56 million for general work on the transite panel projects at Aragon, Hillsdale and Mills High Schools. The project involved installing new exterior surfaces to each of the schools to encapsulate non-friable encapsulated asbestos panels to improve sustainability and the appearance of the buildings.

Work began in the Summer of 2022 at Aragon, Hillsdale and Mills High Schools that will encapsulate transite panels to improve sustainability and improve the appearance of buildings. Projects at these schools also include replacing window glazing to reduce school energy costs. These projects will be completed in the Summer of 2023

AHS Project Budget	\$19,630,553
AHS Costs through June 30, 2022	\$ 6,411,501
HHS Project Budget	\$20,978,056
HHS Costs through June 30, 2022	\$ 2,785,612
MHS Project Budget	\$16,546,345
MHS Costs through June 30, 2022	\$ 3,206,292

DISTRICTWIDE

Measure L

Public Address System

In October 2021, the Board of Trustees approved a \$3,860,000 budget to replace the outdated public address systems at Aragon, Burlingame, Capuchino, Hillsdale, Mills and San Mateo High Schools. The scope of work included migrating the PA system from a proprietary to open source system with readily available parts and non-exclusive service agreements.

Work began in the Summer of 2022. Completion is slated for Fall 2022.

Project Budget	\$3,283,036
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Costs through June 30, 2022 \$2,058,490

DISTRICTWIDE

Measure L

Path of Travel Lighting Upgrades

In February 2022, the Board of Trustees approved a \$3,000,000 revised budget for the installation of new outdoor LED lights to improve path of travel Districtwide. Work began in the Summer of 2022 and project completion is slated for Fall 2022.

Project Budget \$3,000,000
Costs through June 30, 2022 \$ 887,169

BOND MEASURE OVERVIEW

Measure O

On November 2, 2010, the voters within the geographical boundary of the District approved Measure O, which is a \$186 million Proposition 39 bond election to fund classrooms and laboratories for science, math, and job-training; update educational facilities to meet current safety codes; provide modern classroom technology and equipment, sites, schools and facilities; and eliminate debt.

Measure L

On March 3, 2020, the voters within the geographical boundary of the District approved Measure L, which is a \$385 million Proposition 39 bond election to upgrade high schools that prepare students for college and today's competitive global job market; improve school safety; provide modern classroom technology; acquire, construct, repair classrooms, facilities, sites/equipment; and update classrooms/labs for science, math/engineering instruction.

The Role of the Citizens Oversight Committee

As outlined in Education Code Section 15278, the Measure O and L Citizens Oversight Committee was formed by the District’s Board of Trustees. Education Code allows consolidated Committee members to hold up to three consecutive terms

consisting of two years each. The Committee is composed of members who represent the business community, senior citizens, taxpayers, the parent teacher organizations, and parents of students.

The purpose of the Committee is to inform the public concerning the expenditure of Measure O and Measure L bond revenues. The Committee's charge is to actively review and report on the proper expenditure of taxpayers' money for school construction. The Committee is also charged with advising the public on the District's compliance with the expenditure requirements under Prop 39.

Other responsibilities also include providing oversight in the following areas:

1. Ensure bond revenues are expended only for the purposes of construction, reconstruction, rehabilitation or replacement of District facilities as outlined in the ballot language.
2. Ensure no funds are used for teacher or administrator salaries or other District operating expenses.

Citizens Bond Oversight Committee Members

To fulfill its collective role, the Committee has:

1. Received and reviewed copies of the annual independent performance audit.
2. Received and reviewed copies of the annual independent financial audit.
3. Inspected school facilities and grounds to view completed projects, projects in process and location of future projects.
4. Reviewed efforts of the District to maximize bond proceeds by applying for matching funds and/or implementing cost effectiveness in the construction schedules.

Out of necessity, over time the membership of the Committee changes. Some members' terms are extended beyond the initial term. The Education Code permits members to hold up to three, two-year terms. After the three, two-year terms, a member's membership automatically expires. In some cases, unanticipated events transpire which require a member to resign during a term or at the end of one term.

The Committee Bylaws state that the Committee must be composed of at least seven members serving terms of two years without compensation and for no more than three consecutive terms. The Committee must be composed of members with different backgrounds and qualifications, including those who are:

- (1) Active in a business organization.
- (2) Active in a senior citizen's organization.
- (3) Active in a bona fide taxpayers' organization.
- (4) A parent or guardian of a student enrolled in the District.
- (5) A parent or guardian of a student enrolled in the District and active in a parent-teacher organization.

Committee Members as of June 30, 2022:

Active Members	First Term Start Date	First Term End Date	Second Term End Date	Third Term End Date
Mike Loy**	11/17/2011	11/16/2013	11/16/2015	11/16/2017
Simon Mazzola*	11/16/2017	11/15/2019	11/15/2021	11/15/2023
Sherry Haber	11/15/2017	11/15/2019	11/15/2021	11/15/2023
Wanda Horton	11/18/2021	11/17/2023	11/17/2025	11/17/2027
Neal Kaufman	11/18/2021	11/17/2023	11/17/2025	11/17/2027
Michael Kennedy	11/18/2021	11/17/2023	11/17/2025	11/17/2027
Erica Lyons	11/18/2021	11/17/2023	11/17/2025	11/17/2027

* Chair, 2021-2022

** Remain active and engaged committee member

Citizens Oversight Committee Meetings

The Committee is required by law to meet a minimum of once a year to review the annual performance and financial audits. The Committee has determined it is prudent to meet at approximately quarterly intervals. The Committee has met on:

2023

- February 28, 2023
- April 18, 2023

2022

- January 26, 2022
- March 3, 2022
- May 24, 2022
- September 28, 2022 (Tour)

2021

- May 12, 2021
- October 9, 2021(Tour)
- December 15, 2021

2020

- January 14, 2020
- Pandemic “Shelter in Place” (March through June)
- November 9, 2020

2019

- March 4, 2019
- June 3, 2019
- September 16, 2019

2018

- March 26, 2018
- April 18, 2018
- May 29, 2018 (Tour and Meeting)
- September 17, 2018
- December 4, 2018

2017

- March 11, 2017 (Tour and Meeting)
- June 14, 2017
- July 27, 2017 (Annual Report)
- December 5, 2017

2016

- February 24, 2016
- May 19, 2016
- September 29, 2016
- December 8, 2016

2015

- February 5, 2015
- June 6, 2015 (Tour and Meeting)
- September 17, 2015
- December 2, 2015

2014.

- January 11, 2014 (Tour and Meeting)
- March 6, 2014
- June 4, 2014
- October 16, 2014

2013

- February 27, 2013
- May 15, 2013
- June 8, 2013 (Tour and Meeting)
- October 8, 2013
- December 5, 2013

2012

- February 15, 2012
- April 18, 2012
- June 23, 2012 (Tour and Meeting)
- September 18, 2012 (Tour and Meeting)
- December 5, 2012

2011

- January 25, 2011
- March 16, 2011
- June 1, 2011
- September 28, 2011
- November 5, 2011
- December 7, 2011

Citizens Oversight Committee Agendas and Materials

The Committee members and District staff have had candid and open discussions on financial, technical and transparency issues relating to the expenditures of Measure O and Measure L capital facilities funds, progress of Bond projects, and other pertinent topics. The Committee is informed of any substantive information that may impact the program or may be useful to the members. The Committee also receives all Board of Trustees items affiliated with the Measure O and Measure L Bond programs and these are posted to the Board of Trustees meeting website. The District has been cooperative and responsive to the Committee's requests for information, questions, comments and concerns.

Proposition 39 requires the sponsoring school district to establish a website dedicated to the bond program activities. All documents received by the Committee or issued by the Committee are a matter of public record and are available on the District's website, as follows:

- District Measures O & L Personnel Contacts
- Citizens Oversight Committee Members
- Citizens Oversight Committee Agendas
- Citizens Oversight Committee Minutes
- Measure O Project List
- Measure L Project List
- Construction Updates
- Architect Schematic Project Designs
- Measure O Performance and Financial Audits
- Measure L Performance and Financial Audits

- Green Policies and Projects
- Measure M Program Stabilization Agreement (amended to include Measure O & L)
- Contractor’s Prequalification Questionnaire
- Citizens Oversight Committee Annual Report
- Citizens Oversight Committee Application Form

FINANCING GENERAL OBLIGATION BOND ISSUANCES

Measure O:

<u>Date</u>	<u>Financing</u>	<u>Amount</u>
6/2011	Series 2011A	\$90 million
12/2013	Series 2013A Bonds	\$40 million
5/2015	Series 2015A Bonds	\$56 million

The District has accessed the full \$186 million in Measure O authorization. In aggregate, Measure O utilized 8.36% capital appreciation bonds and 26.8% convertible capital appreciation bonds. The remaining bonds were sold as current interest bonds. The total debt service for the Measure O Bonds was approximately \$526.7 million, resulting in a repayment ratio of 2.83 to 1.

Measure L:

<u>Date</u>	<u>Financing</u>	<u>Amount</u>
6/2020	Series A	\$96.25 million
3/2020	Series B	\$96.25 million

The District has accessed \$192.5 million of the total Measure L authorization of \$385 million. Series A utilized 100% current interest bonds and had a net repayment ratio of 1.37 to 1. Series B utilized 100% current interest bonds and had a net repayment ratio of 1.48 to 1. The remaining \$192.5 million in Measure L authorization is scheduled to be sold as current interest bonds in 2024 and 2026.

Capturing Savings for District Taxpayers

Since 2004, the District has refinanced its outstanding bonds on numerous occasions.

Including the 2021 refinancing, the District has saved taxpayers over \$50.3 million (including refinancings of Measure D and M bonds). Below is a listing of refinancings of Measure O & L bonds.

On September 16, 2021, the District refinanced \$47.6 million of its Measure O bonds, saving over \$4.2 million for local taxpayers. The District replaced bonds with an average interest rate of 4.15% with new bonds at an all-inclusive interest rate of 1.83%. The refinancing did not extend the term of the original bond payments

On December 12, 2017, the District refinanced \$34.3 million of its Measure O bonds, saving taxpayers over \$6.3 million in interest cost. The refinancing decreased the average interest rate on these particular bonds from 5.04% to 3.60% and also converted prior capital appreciation bonds into current interest bonds.

On September 21, 2016, the District refinanced \$127.27 million of its Measure M bonds and Measure O bonds, saving taxpayers over \$16.4 million in interest cost. The refinancing decreased the average interest rate on these particular bonds from 5.67% to 2.56% and converted prior capital appreciation bonds into current interest bonds.

On March 24, 2016, the District refinanced \$9.47 million of its Measure M and Measure O Bonds, saving taxpayers over \$2.8 million in interest cost. The refinancing decreased the average interest rate on these particular bonds from 5.49% to 2.98% and also converted prior capital appreciation bonds into current interest bonds.

Financial and Performance Review and Audit

Under the provisions of the California Constitution as amended by Proposition 39, the Measure O and L School Facilities Bond Program must undergo an annual financial audit and performance audit by an independent auditing firm. The financial audit and performance audit was conducted by James Marta and Company to perform the required financial and performance audits for fiscal year ending June 30, 2022. The audit was presented to the Citizens Oversight Committee at its meeting on February 28, 2023.

Listed below are the District bond projects underway and/or completed as of June 30, 2022:

MEASURE O

Site	Description	Total Approved Measure O Budget	Measure O Actuals to Date	Notice of Completion Filed
DW	C.O.P. Payoff	\$ 80,665,261	\$ 80,665,261	N/A
DW	Technology (10-year plan)	\$ 5,000,000	\$ 3,272,415	N/A
BHS	New Classroom Building "F"	\$ 8,529,536	\$ 8,529,536	09/13/15
SMHS	Brick Building Modernization	\$ 7,254,274	\$ 7,254,274	09/15/15
DW	Radio Communications	\$ 137,400	\$ 137,400	N/A
HHS	New Classroom Building	\$ 23,409,222	\$ 23,409,222	07/14/17
DO	New District Office	\$ 24,153,872	\$ 24,154,169	12/18/18
AHS	Drainage Improvements	\$ 304,731	\$ 304,731	10/22/15
DW	Stadium Lights	\$ 2,200,008	\$ 2,200,008	Multiple
MO	M&O New Building	\$ 8,024,521	\$ 8,022,973	07/21/16
SMHS	Air Conditioning Project	\$ 414,500	\$ 414,500	12/18/18
PHS	Peninsula High School	\$ 33,000,000	\$ 33,012,496	6/7/2021
Total Measure O Projects		\$ 193,093,325	\$ 191,376,985	

MEASURE L

Site	Description	Total Approved Measure L Budget	Measure L Actuals to Date	Notice of Completion Filed
CHS	Athletic Field (Design + Turf)	\$ 2,193,972	\$ 2,193,972	11/17/20
MHS	Athletic Field (Design + Turf)	\$ 2,207,661	\$ 2,207,661	11/17/20
DW	Video Surveillance System	\$ 1,790,765	\$ 1,790,765	09/28/20
CHS	Sports Complex	\$ 21,600,000	\$ 15,393,637	
MHS	Sports Complex	\$ 26,600,000	\$ 15,081,838	
BHS	HVAC Replacement - Building A	\$ 6,614,728	\$ 2,936,051	
MHS	HVAC Replacement - Ceramics Building	\$ 360,720	\$ 349,510	11/15/21
SMHS	HVAC Replacement - Music Building	\$ 788,336	\$ 653,445	
AHS	Transite Panel Encapsulation	\$ 19,630,553	\$ 6,411,501	
MHS	Transite Panel Encapsulation	\$ 16,546,345	\$ 3,206,292	
HHS	Transite Panel Encapsulation	\$ 20,978,056	\$ 2,785,612	
DW	Path of Travel Lighting	\$ 3,000,000	\$ 887,169	
HHS	Domestic Waterline Replacement	\$ 584,229	\$ 48,131	
DW	Public Address System Replacement	\$ 3,283,036	\$ 2,058,490	
Total Measure L Projects		\$ 126,178,401	\$ 56,004,074	

Selected Citizens Oversight Committee Activities Since Inception

- Reviewed project updates
- Reviewed project financial statements
- Reviewed design build delivery method
- Reviewed project schedules
- Reviewed contractor prequalification requirements
- Reviewed project construction financials
- Reviewed, discussed and provided feedback on program stabilization agreement
- Reviewed responsibilities of the Committee
- Reviewed and discussed Bloomberg article of cash-back refunding
- Reviewed membership status
- Reviewed status of CTE Grants
- Reviewed request for qualification for architects
- Reviewed architect selections
- Reviewed updates from Division of State Architect
- Reviewed solar photovoltaic project updates
- Discussed methods to improve external communication
- Reviewed performance and financial audits
- Reviewed construction delivery methods
- Reviewed/deliberated District deferred maintenance plan
- Reviewed custodial staffing analysis
- Discussed District use of Capital Appreciation Bonds
- Reviewed production of solar arrays
- Communicated transite panel safety concerns
- Reviewed potential bond project lists
- Reviewed housing project

The Committee remains committed to the success of the District and will continue to monitor and provide reports on the status of the bond programs. Through the judicious use of Measure O and Measure L funds, the bond program will allow the District to continue to educate students and prepare them for the future by replacing and supplementing existing facility infrastructure.

Meetings Open to the Public

The San Mateo Union High School District Citizens Oversight Committee invites community members to attend its meetings, which are held at the District Office at 650 North Delaware, San Mateo, CA. During the pandemic the meetings were held virtually. All meetings are open to the public. Meeting dates and agendas are posted on the District website.

Information

More detailed information about the District's bond projects, timelines and expenditures-to-date are available on the District's Citizens Oversight Committee website page: <https://www.smuhsd.org/Page/14235>.

Members of the Committee can be contacted at yhawkins@smuhsd.org