

A Letter From The Citizens' Oversight Committee Chair

Dear Community Member:

On November 7, 2006, the voters in the San Mateo Union High School District approved a \$298 million facilities bond measure (Measure M) under the rules established by Proposition 39. This measure supports the District's Master Plan, which was published in 2000 and revised in 2006. Overwhelming support of Measure M validated the communities' continued support of its high-achieving high schools. Because Measure M is a Proposition 39 bond, a Citizens' Oversight Committee (COC) was established shortly after its passage to insure that Measure M bond proceeds were spent only on projects approved by the voters.

The COC is pleased to present the Annual Report covering the period of July 1, 2009, through September 30, 2010, to the San Mateo Union High School District Board of Trustees. The Annual Report encompasses a 13-month period to include all of the extensive summer activity. The Annual Report is available to District residents, in fulfillment of the role of the COC, as specified by law, and provides a report on the activities accomplished during this 13-month period. This report, as well as all construction updates, agendas, meeting minutes, financial and performance audits and any special items, are posted to the District website as they become available.

The COC's primary responsibilities are to:

- Review expenditures to ensure that the bond proceeds are expended only for the purposes set forth in Measure M.
- Provide a statement indicating whether the District is in compliance with Proposition 39 requirements.
- Present to the District's Board of Trustees an annual report summarizing the COC's proceedings and activities for the preceding year.

The COC reports that, to the best of its knowledge, the District is in full compliance with the responsibilities as described in Proposition 39. With this Annual Report, the COC assures the community that Measure M bond expenditures have been used properly only for projects identified in the bond

measure and that no Measure M monies have been spent on teacher or administrator salaries.

Construction projects and scheduling can be inconvenient for District staff, teachers, students, parents and other community members, as well as full of surprises. The COC brings forth a wealth of experience to oversee large construction projects and help minimize the inconvenience and surprises. We are pleased to report the projects completed to date have been on time and under budget.

For a second consecutive year it has been my pleasure to serve as COC chair and to work closely with the COC members and the District staff. I am proud of the work we have accomplished thus far on behalf of the community to maintain and modernize District facilities. We look forward to continuing the positive work your investment has provided as the District continues to serve its community.

I wish to extend a special thanks to each of the COC members for their exemplary contributions, time and dedication to the Measure M projects and this committee.

Thank You.

Mike Loy

Chair, Measure M Citizens' Oversight Committee (COC)

San Mateo Union High School District Annual Report Activities through September 30, 2010

Description of Measure M

On November 7, 2006, the voters of San Mateo County approved Measure M which provided \$298 million in funding to continue the renovation and rehabilitation of 45 to 83 year-old buildings and facilities on its campuses to ensure safe healthy teaching and learning environments; further upgrade fire safety, accessibility, electrical, security, and sewer systems; and repair, remodel, expand, and replace old and inadequate classroom buildings and other facilities; and build new classroom buildings and other facilities.

Measure M Bond Citizens' Oversight Committee

As outlined in Education Code Section 15278, a Citizens' Oversight Committee (COC) was formed by the San Mateo Union High School District's Board of Trustees on January 18, 2007. The COC is composed of members that represent the business community, senior citizens, taxpayers, PTA, and parents and students.

The purpose of the COC is to inform the public concerning the expenditure of bond revenues. The COC shall actively review and report on the proper expenditure of taxpayers' money for school construction. The COC shall advise the public on the District's compliance with the expenditure requirements.

Some of the responsibilities may 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 to be used for teacher or administrator salaries or other District operating expenses.

To carry out its role, the COC 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.

The COC will also:

- (1) Review the District's long-term deferred maintenance plan upon completion.

Over time, the membership of the of the COC changes. Some members' terms are extended beyond the initial term. After two two-year terms, a member's term 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 COC must be composed of at least seven members serving terms of two years without compensation and for no more than two consecutive terms. The COC must be composed of members with different qualifications:

- (1) Active business organization.
- (2) Active in a senior citizens' 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

Meetings:

During the past two years, the COC has met on:

2009

- January 20, 2009
- March 11, 2009
- April 25, 2009 (tour and meeting)
- May 26, 2009
- August 26, 2009
- December 8, 2009

2010

- March 3, 2010
- September 7, 2010
- October 9, 2010 (tour and meeting)

Minutes of the meetings are posted on the District website. The COC also receives all board items affiliated with the bond program and those are posted to the Board meeting website. The COC is informed of any substantive information that may impact the program or may be useful to the members.

Issuance of Measure M Bonds:

The second series of bonds was issued on February 17, 2010 under the \$298 million authorization. The proceeds from the bond authorization have been allocated based on the spending plan authorized by the Board of Trustees. The debt repayment for the bond is funded by the property taxpayers that reside within the boundaries of the San Mateo Union High School District.

The bonds were issued in the most fiscally prudent manner, utilizing economically sound instruments for the taxpayers. The District received two rating upgrades this year due to the strong improvement of the District's financial position and the District's due diligence. The improved bond rate will reduce the taxpayers' liability by over \$1,500,000 over the lifetime of the bonds.

Highly competitive fees were negotiated with the District's consultants including bond underwriter, financial advisor and bond counsel. Previously, the District compensated the underwriter 1.1 percent of the financing amount. The new contract negotiated compensates the underwriter .35 percent. This will save the local taxpayers approximately \$1.7 million. The District and its consultants worked with the County of San Mateo to develop an agreement to use a negotiated bond sale vs. a competitive sale. This realized a financially advantageous outcome for the taxpayers. The District also took advantage of new programs authorized under the federal American Recovery and Reinvestment Act (ARRA). It entered a lottery at the California Department of Education to participate in the 2009 QSCB program. This is a

government subsidized program that allows school districts to issue bonds at a virtually zero interest rate. Unfortunately, the District was not selected in 2009, but will be applying again for the 2010 allocation. To that end, the District utilized both Build America Bonds (government program in which 35 percent of interest cost is subsidized) and traditional tax exempt bonds in a structure that provided the lowest cost of borrowing for the taxpayers.

Maximizing Taxpayers Bond Funds and Matching Funds:

Matching funds were applied for from the Office of Public School Construction for Career Technology Education Grants (CTE). An additional funding of \$14M was awarded to the District under this grant program.

Financial and Performance Review and Audit:

The accounting firm of Perry-Smith conducted both a financial and a performance review and audit of the bond expenditures and activities. The firm found that the bond fund financial statements present fairly the financial position and results of the operations of the fund. As part of a performance review and audit, Perry Smith reviewed 65 percent of expenditures of the bond funds and found that the use was consistent with the stated purposes of the bond measure that was approved by the voters. The COC is pleased with the results of the District's efforts in managing the Measure M bond program.

Measure M Capital Facilities Projects:

Measure M construction projects have been designed with input from the school staff, District architects, a construction management firm and District administration. The projects which are complete as well as the projects under construction have been submitted and approved through the Division of the State Architect (DSA) review process. A number of approved projects are in various stages of construction, while several other Measure M projects are in design with the District's architects.

As stated above, to maximize the Measure M bond resources, the District applied for CTE grants and was awarded seven grants totaling \$13M.

The following are some highlights and a progress summary of the Measure M projects:

Aragon High School

Construction is moving along quickly for the replacement of the existing pool. This summer, the existing swimming pool and deck were demolished. Construction of the new 25-meter pool is underway. The new pool will provide a broad flexibility of uses for both educational purposes as well as for the athletic programs. It will be equipped with a movable bulkhead for competitive swim meets and water polo matches.

A one-megawatt solar photovoltaic system is under construction. To accommodate the installation of the solar panels, the aged roofing systems are being replaced with new roofs that include a 30-year guarantee. SunPower Corporation Systems Inc. will begin installing photovoltaic panels in October 2010 with Phase I coming on-line in January of 2011. The solar photovoltaic system will reduce



Aragon's carbon footprint by 695,000 lbs per year and reduce the educational utility budget by \$238,000 annually. This will allow the District to reallocate its scarce general fund resources for educational needs which is especially critical during this severe economic downturn. The electricity generated by the solar panels will be displayed in real time by a state-of-the-art metering device. This system, and its informative displays, will provide an opportunity for students to learn about solar-generated electricity in a hands-on environment.



The new performing arts theater is expected to be approved by DSA in the coming weeks. Upon approval, the theater project will go out for competitive bid. The theater will hold 614 people and will be equipped with state-of-the-art lighting, video, sound and acoustical systems.

The gym expansion project is in design development. It will include a new lobby and restrooms, locker room improvements as well

as a new fitness room and renovated dance studio.



The design for the 8,000 square-foot Career Technical Education building was completed the end of August 2010, and is ready to submit to DSA. This new two-story building will house robotics, bio-tech, and media arts classrooms. The new building is funded in part by a State CTE grant.

The civil improvement project will be the last Measure M project at Aragon and will include upgrades to site infrastructure, path-of-travel, and landscaping. This project will begin spring 2011.



Completed Projects:

- Student Services' building expansion and renovation
- Columbine-style classroom locks for improved security
- Climate control improvement with centralized HVAC
- Renovated stadium with new turf field, all-weather track, new bleachers with press box and restroom facility
- Kitchen renovation

Burlingame High School

Two major construction projects are nearing completion at Burlingame High School. The gym building renovation includes upgrades to the gyms, locker rooms, weight rooms and team rooms; a new lobby, complete with concession stands; and much-needed expanded restrooms. The kitchen and cafeteria modernization is complete and includes state-of-the-art food service equipment, a redesigned cafeteria, and upgraded electrical, plumbing and HVAC systems.



This summer, a 50-year-plus industrial arts building was demolished and cleared so that construction on a new 14,000 square-foot facility can begin. Timing for the new industrial arts building is essential to the educational program as new technologies and technological systems continually exert an ever-greater influence on all lives today. Design, technology, engineering and the study of design solutions to practical problems have emerged as essential parts of a comprehensive public education. Technologies represent the real-world application of scientific principles to solve problems and increase efficiency in the world, as well as expand the enjoyment of it.



The new industrial arts building includes a shop and

fine arts and computer classrooms designed to provide students with a career-based educational experience. The new building is funded in part by a State CTE grant.



The theater renovation project is scheduled to begin in late August. The renovated theatre will provide greater flexibility for production with new lighting positions, technical and performer support spaces as well as performance lighting, rigging and other theatrical systems, and a new control room space.

Future projects include a solar photovoltaic system and a civil improvement project.

Completed Projects:

- New restroom facility at stadium
- Columbine-style classroom locks for improved security
- Swimming pool pump

Capuchino High School

After an extensive delay from DSA, the English classroom building was demolished this summer. The English wing is being replaced by a much-needed and larger English classroom building with 26 classrooms and 2 computer labs. Construction began in July and is anticipated to take approximately 13 months to complete. The new structure will be two stories with an elevator, and include staircases that

lead to a new courtyard between the new building and the new lobby addition at the large gym. The new classroom building will total 57,000 sf.

The renovation of the girls' locker room and small gymnasium is underway and is expected to be completed during the fall of 2010. The renovated building will include a team room for the girls' sports teams, a new strength training room and a new dance room.

The renovation of the boys' locker rooms, swim locker rooms and large gymnasium is also underway and is expected to be completed in January 2011. A new lobby addition, concession stands and a ticket booth will be located on the south side of the building facing the new English classroom building. The renovated building will also include a new team room for the boys' sports teams as well as a new exercise room and PE staff offices.

Construction of a new 25-meter pool will begin shortly. The pool will provide a broad flexibility of uses for both educational purposes as well as for athletic programs. It will be equipped with a movable bulkhead for competitive swim meets and water polo matches.

The design of the new Humanities Art Satellite Building, to be located between the theater and the library buildings, is complete and has been approved by DSA. The new facility encompasses 9,900 sf. Construction will begin in October 2010 and is expected to take 10 months. The new building, funded in part by a State CTE grant, will include a sculpture studio, fine art studio, a media lab and an animation studio.



The design of the Theater renovation and addition is complete and DSA approval was stamped out in September. Construction Notice to Proceed is anticipated to be awarded late October 2010 and is expected to take 13 months. The project includes a complete renovation of the existing large auditorium including the addition of a new balcony and theatrical support spaces. The

new lobby will connect the large auditorium with the fully renovated small theatre and the new music wing. The large theater will include state-of-the-art audio-visual systems.

A new gated courtyard connecting the Theater and the Humanities Art Satellite Building with the parking lot will create a unique entry and activity area for school and community events.



Completed Projects:

- New stadium restroom facility
- Columbine-style classroom locks for improved security
- Child Development Center

- Renovated stadium with new grass field, all-weather track, new bleachers with press box and a restroom facility
- Window replacement and new roofing system at the Science Building

Hillsdale High School

The gym modernization was completed at Hillsdale High School just in time for the start of fall classes. The gym facilities were restructured to expand the gymnasium and construct a new weight and cardio room, fitness room, lobby and team rooms. The south gym renovation included the installation of a new gym floor, basketball backboards, scoreboards and all-new electrical and lighting systems. The north gym renovation included the installation of a new motorized bleacher system, new mechanical units, new acoustical wall panels and the installation of new windows to provide natural light to the space. The lobby between the north and south gyms was remodeled and includes new flooring, new mechanical units, lighting and new windows to provide natural light to the lobby space. A new weight room, team rooms and coaches' offices were also installed as part of the gym renovation.



The dirt lot by the stadium field is being converted into a stadium parking lot. This will allow visitors to park at the facility and keep the street parking available for the neighbors. This project is scheduled for completion by the end of October.

A new special education center is currently under construction. It is composed of four special education classrooms and a centralized work area. The centralized work area is critical to the program and the space will be utilized to provide work

experience and life skills for students. In addition to the special education classrooms, specialized classrooms for ceramics, a renewable energy laboratory, digital media arts classrooms and a dance room are being constructed.

The little theater modernization is also underway and includes new seating, lighting and state-of-the-art audio/visual. The music building is being reconfigured to include a recording studio. The recording studio is funded in part by a State CTE grant. The kitchen and cafeteria are being modernized



with all-new food service equipment, new climate control systems and a new café overlooking the pool and courtyard.

An 855-kilowatt solar photovoltaic system is under construction. To accommodate the installation of the solar panels, the old roofing systems are being replaced and the new systems will include a 30-year guarantee. SunPower Inc. will begin installing photovoltaic panels in November 2010 with the first-phase going live at the end of the year. The solar photovoltaic system will reduce Hillsdale's carbon footprint by 581,000 lbs. per year and reduce the educational utility budget by \$199,000 annually. This will allow the District to reallocate its scarce general fund resources for educational needs, which is especially critical during this severe economic downturn. The electricity generated by the solar panels will be displayed in real time by a state-of-the-art metering device. This system and its informative displays will provide an opportunity for students to learn about solar-generated electricity in a hands-on environment.

This summer the existing swimming pool was demolished. The pool renovation contractor will begin constructing a new 25-meter pool in late October, which will provide a broad flexibility of uses for both educational purposes as well as the athletic programs. It will be equipped with movable bulkheads for competitive swim meets and water polo matches.



Completed Projects:

- Student day-locker replacement
- Columbine-style classroom locks for improved security
- Emergency fire main replacement
- Climate control improvements with centralized HVAC
- Replacement of old and deteriorated HVAC piping
- Renovated stadium with new turf field, all-weather track, new bleachers with press box and a restroom facility

Mills High School

The recently completed modernization project at Mills High School includes a kitchen renovation, classroom and shop building renovation as well as the renovation of the locker room building. The newly-remodeled kitchen includes



upgraded food service equipment, a walk-up serving window for students and a remodeled cafeteria space complete with HVAC and lighting upgrades. The remodeled classroom area includes a new CAD classroom, wood tech classroom, art room, biotechnology classroom and video production laboratory. The video production laboratory is funded in part by a State CTE grant. The locker room renovation includes a complete replacement of the locker room space, including both the boys' and girls' locker rooms, boys' and girls' team rooms, PE and coaching offices, training room, weight room and dance studio. All areas of the modernization also include upgrades to the HVAC and lighting systems.



The construction of a new classroom building at Mills is currently underway and is anticipated to be completed in October 2010. The 12,800 square-foot new building consists of nine classrooms, restrooms and a staff work room. The building provides abundant daylight to minimize dependence on artificial lighting which is conducive to greater student achievement while saving the District energy costs each year.

Construction of a new 25-meter pool started in September 2010. The pool will be repositioned to function better and is designed to provide a broad flexibility of uses for both educational purposes as well as the athletic programs. It will be equipped with movable bulkheads for competitive swim meets and water polo matches.

The schematic design for the theater and gym renovation project has been approved by the Board of Trustees. The District architect is currently producing the design/development drawings. Construction of the gym and theater project is expected to begin over the summer of 2011.

An 842-megawatt solar photovoltaic system is under construction. To accommodate the installation of the solar panels, the aged roofing systems are being replaced and the new systems will include a 30-year guarantee. SunPower, Inc. will begin installing photovoltaic panels in November with the final phase being completed in late 2012. The solar photovoltaic system will reduce Mills' carbon footprint by 572,000 lbs. per year and reduce the educational utility budget by \$196,000 annually. This will allow the District to reallocate its scarce general fund resources for educational needs, which is especially critical



during this severe economic downturn. The electricity generated by the solar panels will be displayed in real time by a state-of-the-art metering device. This system and its informative displays will provide an

opportunity for students to learn about solar-generated electricity in a hands-on environment.

Future projects include a HVAC piping and controls replacement/upgrade, a civil



improvement project, the remodel of the existing gyms and the construction of a new theater.

Completed Projects:

- Student day-locker replacement
- Columbine-style classroom locks for improved security
- Climate control improvement with centralized HVAC and new chillers
- Renovated stadium with new turf field, all-weather track, new bleachers with press box and a restroom facility



San Mateo High School

The new San Mateo High School Biotechnology building has been under construction and is scheduled to be completed by the first part of October. It is a state-of-the-art laboratory, classroom, and staff conference facility with a greenhouse on the second story. It is positioned next to the existing science building (East Wing). The existing asphalt parking lot between classroom buildings was converted into a plaza extending the center of campus east to the new biotechnology building, providing a safe area for students and staff members to gather.



The building features a 9,100 square-foot open laboratory classroom space on the first floor with clean-room-type support spaces along the perimeter for plant tissue, bio-manufacturing, and staining. The center of the space is customized to the staff's needs by creating teaching zones for computer research, lectures, and lab experiments. The second floor provides the staff with 4 offices, 2 large conference rooms for lectures and science events and includes ample storage space. In addition, a 3,000 square-foot roof deck was designed with a glass enclosed

greenhouse for the science department to further expand their program. This roof deck is accessible through the biotechnology building as well as the connecting bridge, allowing all science department staff access to the garden. The Biotechnology building is funded in part by a State CTE grant.

The schematic design for the Performing Arts Center was recently approved by the Board of Trustees and construction drawings are being executed by the District architect. The facility will be reconfigured to include a spacious lobby including a ticket booth, concession stand and restrooms. The main auditorium will contain 1,600 seats; the auditorium can be partitioned off to create three smaller spaces. It will have a full-fly scenery system and hydraulically operated orchestra pit. A state-of-the-art light system and sound system will substantially enhance all performances. The stage will also be equipped with an

acoustic shell system. The back stage area will include dressing rooms, a scenery shop and prop storage area.



Construction drawings are targeted to be completed by December 2010 and will then be submitted to DSA for approval. Pending DSA approval, a start date for construction is anticipated for June, 2011. The modernized facility should be completed by the end of summer 2011 and will become again the jewel it once was.

Future projects include a civil improvement and photovoltaic project.

Completed Projects:

- Music Building renovation
- Columbine-style classroom locks for improved security
- New restroom facility at stadium field

Select Citizen Oversight Committee Activities:

- Reviewed project updates
- Reviewed project financial statements
- Reviewed project schedules
- Reviewed contractor prequalification requirements
- Reviewed project construction financials
- Reviewed project schedules
- Reviewed, discussed and provided feedback on Project Stabilization Agreement
- Reviewed the responsibilities of the Citizen Oversight Committee
- Reviewed sale of series of general obligation bonds and Federal bonds updates
- Reviewed and discussed Bloomberg article of cash back refunding
- Reviewed membership status
- Reviewed status of Career Technology Grants
- Reviewed request for qualification for architects
- Reviewed Architects selection
- Reviewed updates on Division of the State Architect
- Reviewed solar photo voltaic project updates
- Discussed methods to improve external communication
- Reviewed performance and financial audits

COC Recommendation to the Board:

- Establish deferred maintenance sinking fund to cover costs of facilities upkeep and replacement.

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://smuhd-ca.schoolloop.com/COCinfo>.

The Citizen's Oversight Committee can be contacted at Pchavez@smuhsd.org.

The San Mateo Union High School District Citizens' Oversight Committee invites community members to attend its quarterly meetings held at the District Office, Conference Room A, 650 North Delaware Street, San Mateo, CA 94401. All meetings are open to the public. Meeting dates and agendas are posted on the District web site.