

BOARD OF EDUCATION

Attachment: Action

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PALO ALTO UNIFIED SCHOOL DISTRICT

Date:

07.02.08

TO: Dr. Kevin Skelly, Superintendent of Schools

FROM: Cathy Mak and Bob Golton, Interim Chief Business Officers.

SUBJECT: Strong Schools Bond Citizens' Oversight Committee.

Changes to this item were made after presentation to the Board at its June 24, 2008, regular meeting. The change occurs on page 4 of the guidelines (attached), section D, where the words "at least" have been deleted (strikethrough).

BACKGROUND

On June 3, 2008, the voters of Palo Alto Unified School District approved a Proposition 39 bond. The legislation authorizing the bond requires the establishment of a Citizens' Oversight Committee (COC) to actively review and report on uses of bond proceeds to ensure they are spent only on school facility improvements allowed under each bond measure and not for any other purpose. The Committee is required to be established within sixty days of the date the Board enters the election results in its minutes.

The purpose of the Committee is to inform the public concerning the expenditure and uses of bond revenues. The Committee's legal charge is to actively review and report on the expenditure of taxpayer's money for school construction.

PROPOSAL

It is anticipated that the election results will be accepted by the Board of Education at a special meeting on July 2, 2008. Therefore, by August 31, 2008, the COC will need to be appointed. Attached are draft guidelines for the COC for review by the Board. The following is a draft timeline for selection of the COC.

Timeline

June 24	Board of Education discussion item on COC
July 2	Board of Education action item on COC
July 9-16	Advertisement for Membership in COC
August 2	Applications Close
August 12	Board meeting to review progress
August 26	Board appoints members of COC

RECOMMENDATION

It is recommended the Board approve the Citizens' Oversight Committee Guidelines with the change as noted in page 4, section D.

CITIZENS' OVERSIGHT COMMITTEE

GUIDELINES

Proposition 39 provides that the governing board of a school district may pursue the authorization and issuance of general obligation bonds by 55 percent vote of the electorate. As a result of the passage of Proposition 39, language was added to the Education Code requiring school districts passing a bond designated as a Proposition 39 bond to establish a Citizens' Oversight Committee (Committee) to actively review and report on uses of bond proceeds to ensure that they are spent only on school facilities improvements allowed under each bond measure and not for any other purpose. The Committee shall be established within sixty (60) days of the date that the Board enters the election results in its minutes.

A. Committee's Purpose

The purpose of the Committee is to inform the public concerning the expenditure and uses of bond revenues. The Committee's legal charge is to actively review and report on the expenditure of taxpayer's money for school construction. The Committee shall convene to provide oversight of the following:

1. That revenues from bonds are expended only for the purpose described in Article 13A, section 1, subdivision (b)(3) of the California Constitution including the construction, reconstruction, rehabilitation or replacement of school facilities, including for a Proposition 39 bond measure the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities.
2. That, as prohibited by Article 13A, section 1, subdivisions (b)(3)(A) of the California Constitution, no funds are used for any teacher and administrative salaries or other school operating expenses normally paid from the general fund; although salaries for the time personnel are assigned to and working on the bond program are allowable.

B. Committee's Duties

The Committee may engage in the following activities in furtherance of its purpose:

1. Receiving and reviewing copies of the annual performance audits required by Article 13A, section 1, subdivisions (b)(3)(C) of the California Constitution.
2. Receiving and reviewing the annual financial audits required by Article 13A, section 1, subdivisions (b)(3)(D) of the California Constitution.
3. Inspecting school facilities and grounds to ensure that Bond revenues are expended in compliance with the requirements of Article 13A, section 1, subdivision (b)(3) of the California Constitution.

4. Receiving and reviewing copies of any deferred maintenance proposals or plans developed by the District, including any reports required by Education Code section 17584.1.
5. Reviewing efforts by the District to maximize Bond revenues by implementing cost-saving measures including, but not limited, to the following:
 - a. Mechanisms designed to reduce the costs of professional fees;
 - b. Mechanisms designed to reduce the cost of site preparation;
 - c. Recommendations regarding the joint use of core facilities;
 - d. Mechanisms designed to reduce costs by incorporating efficiencies in school site design;
 - e. Recommendations regarding the use of cost-effective and efficient reusable facility plans.

C. Committee Operations

The Committee's legal charge is to review bond expenditures and to inform the public about the uses of Bond proceeds. The Committee does not have the authority to:

1. Participate in the bond sale and issuance process or make decisions concerning the timing, terms or structure of a bond issuance, except that the Committee may review the District's plans for any bond sale and may review bond issuance documents upon the conclusion of a bond sale if desired;
2. Determine how bond funds shall be spent;
3. Select contractors or consultants for bond projects or participate in the negotiation or bid process for such contractors and consultants;
4. Enter or inspect a job site or construction project without prior permission of the District Superintendent or designee. Frequency and timing of all such visits are within the sole discretion of the Superintendent or designee. Visits to job sites require that the Committee member(s) be accompanied by a representative of the District and require that all safety measures in effect at the job site be followed;
5. Contact District contractors or consultants, including without limitation, accountants, auditors, architects, financial advisors and legal counsel, without the prior written permission of the District Superintendent or designee.
6. Require the District to prepare reports or conduct audits more frequently than those required by law.

The Committee shall not be entitled to legal representation by District legal counsel or at District expense, unless permitted by the Board.

The Committee shall meet at least quarterly, and Committee members shall be available to attend Board meetings when performance and financial audits are presented. The Superintendent or his/her designee shall attend Committee meetings. The chairperson shall call the roll of the Committee members at the beginning of each meeting. Each Committee member shall sign an attendance sheet that shall be maintained by the person designated by the chairperson. If the Committee member is not present for roll call and/or does not sign the attendance sheet, the Committee member shall be considered absent from the Committee meeting.

With the approval of the Committee chairperson, District staff shall prepare agendas and send copies to all Committee members at least three (3) days prior to each meeting. The Committee's meetings are subject to the Ralph M. Brown Act, Government Code, section 54950 et seq. Meetings shall be open to the public and noticed in the same manner as proceedings of the Board. Committee decisions and recommendations shall be made by a "50% plus one" vote of the members in attendance at a meeting based on a "50% plus one" quorum of members present at a meeting. The Committee shall annually select a chairperson for a one-year term that may be renewed as determined by the Committee. Minutes will be kept for each Committee meeting. The minutes shall be distributed to each Committee member, and the Board, if requested, at the earliest reasonable date prior to the next subsequent meeting. Minutes of Committee proceedings and all documents received and reports issued shall be a matter of public record. The Committee shall submit all documents and minutes to the District's webmaster for publication on the District's Internet website for public and community information services.

The Committee shall prepare regular reports on Committee activities. A report shall be issued at least once each year. Upon completion of all bond projects, the Committee shall prepare a final written report summarizing its activities and conclusions.

The Board of Education will, without expending Bond funds:

1. Provide the Committee with any necessary technical assistance;
2. Provide administrative assistance in furtherance of the Committee's purpose; and
3. Provide the Committee with sufficient resources to publicize the Committee's conclusions.

The CBO will serve as a resource to the Committee. He/she shall assign such other District staff as are needed to assist the Committee in carrying out its duties.

D. Committee Selection and Composition

The Committee shall be comprised of individuals who live within the boundaries of the District. The Superintendent or designee shall solicit applications for membership on the Committee and make recommendations to the Board for appointments. The Board shall have the authority at its sole discretion to select and appoint the Committee. By law, the Committee will consist of ~~at least~~ seven members.

As required by law, Committee membership shall include the following categories:

1. One member shall, at the time of appointment, be active in a business organization representing the business community of the District;
2. One member shall, at the time of appointment, be active in a senior citizens' organization, which may be a local, regional, statewide or national organization;
3. One member shall, at the time of appointment, be active in a bona fide taxpayers' organization, which may be a local, regional, statewide or national organization;
4. One member shall, at the time of appointment, be the parent or guardian of at least one child currently enrolled in a school of the District;
5. One member shall, at the time of appointment, be either a parent or guardian of at least one child currently enrolled in a school of the District and be an active member in a District parent-teacher organization, such as the PTA or school site council.

A single individual may be appointed as a representative of more than one of the above categories.

No employee or official of the District shall be appointed to the Committee. Additionally, no vendor, contractor, or consultant of the District shall be appointed to the Committee.

After appointment to a two-year term, Committee members who wish to be appointed for a second two-year term shall reapply to the Board for consideration. Committee members shall receive no remuneration for their participation on the Committee.

E. Replacing a Committee Member

Members should attend regularly scheduled meetings. Members are expected to share responsibilities for carrying out the work of the Committee and abide by Board policies and administrative regulations. The Committee will advise a Committee member in writing that he/she is in violation of Committee participation requirements if the Committee member fails to attend two (2) consecutive regularly scheduled meetings. A new Committee member will be named by the Board if one or more of the following events occur:

1. The Committee member submits a written resignation;
2. The Committee member misses three (3) consecutive Committee meetings; or
3. The Committee member attends less than 50% of the Committee meetings in a twelve month period.

An individual who replaces a member shall serve for the balance of the original member's term. A Committee member who no longer serves as a representative of the designated group she/he was appointed to represent (e.g., ceases to be active within a taxpayers' organization, or ceases to have a child enrolled in the District) shall be allowed to complete his/her term. However, that Committee member shall not be entitled to serve a subsequent term as a representative of the designated group.

Within sixty (60) days of being notified of a Committee vacancy, the Board will appoint a new member to complete the term of the vacancy following the process used to select the original Committee members.

Committee members shall be subject to prohibitions regarding incompatibility of office pursuant to Government Code sections 1125-1129 and financial interest in contracts pursuant to Government Code sections 1090-1098.

Legal Reference

EDUCATION CODE

§ 15278-15288

GOVERNMENT CODE

§ 54950 et seq.

§ 1125-1129

§ 1090-1098

CALIFORNIA CONSTITUTION

Art. XIII A, section 1(b)

Art. XVI, section 18(b)