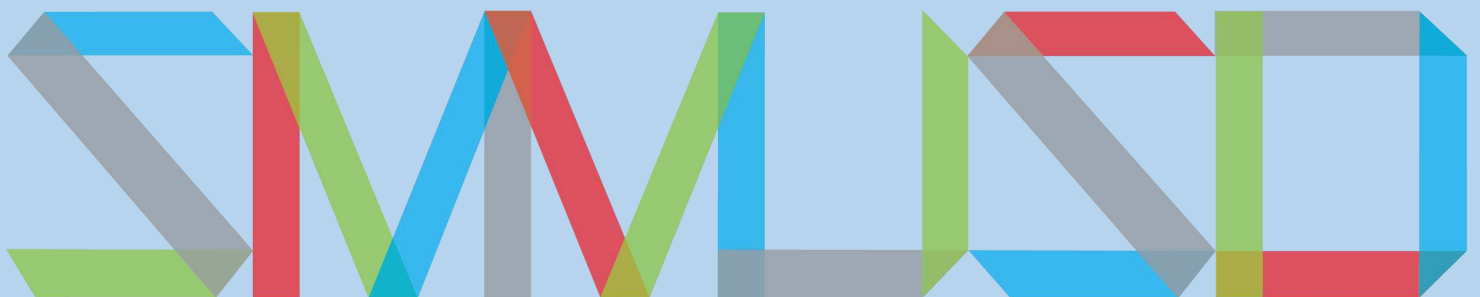


# ANNUAL REPORT

CITIZEN'S BOND OVERSIGHT COMMITTEE

## MEASURE BB AND MEASURE ES FISCAL YEAR 2015—2016



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

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### THE ROLE OF THE CITIZENS' BOND OVERSIGHT COMMITTEE

As promised to the voters, and as required by law, the Santa Monica-Malibu Unified School District Board of Education has adopted a resolution establishing the Measure BB and ES Citizens' Bond Oversight Committee. There are seven established seats on the committee, the required minimum under the laws governing the establishment and implementation of the Citizens' Bond Oversight Committee. Members of the Citizens' Bond Oversight Committee are appointed for two-year terms and may not serve more than two consecutive terms. Members serve on the committee without compensation. The committee is an advisory committee and does not have a legal capacity independent from the District.

The duties of the Committee include:

- Informing the public concerning expenditure of bond proceeds.
- Reviewing expenditure reports produced by the District to ensure that (a) bond proceeds are being expended only for the purposes set forth in the Measure BB and Measure ES; and (b) no bond proceeds were used for any teacher or administrative salaries or other operating expenses.
- Providing an annual report to the Board that includes a statement indicating whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitutions and a summary of the Committee's proceeding and activities for the preceding year.

#### ***Members are selected based upon criteria established by Proposition 39***

The membership of the Committee includes up to seven members selected by the Board using the following criteria:

- One parent or guardian of a child enrolled in the District
- One parent or guardian of a child enrolled in the District active in a parent-teacher organization
- One member of a business organization representing businesses in the District
- One active member of a senior citizens' organization
- One active member of a bona-fide taxpayers association
- Two members of the community at-large.





## *Santa Monica-Malibu Unified School District*

### **2015-2016 Board of Education**

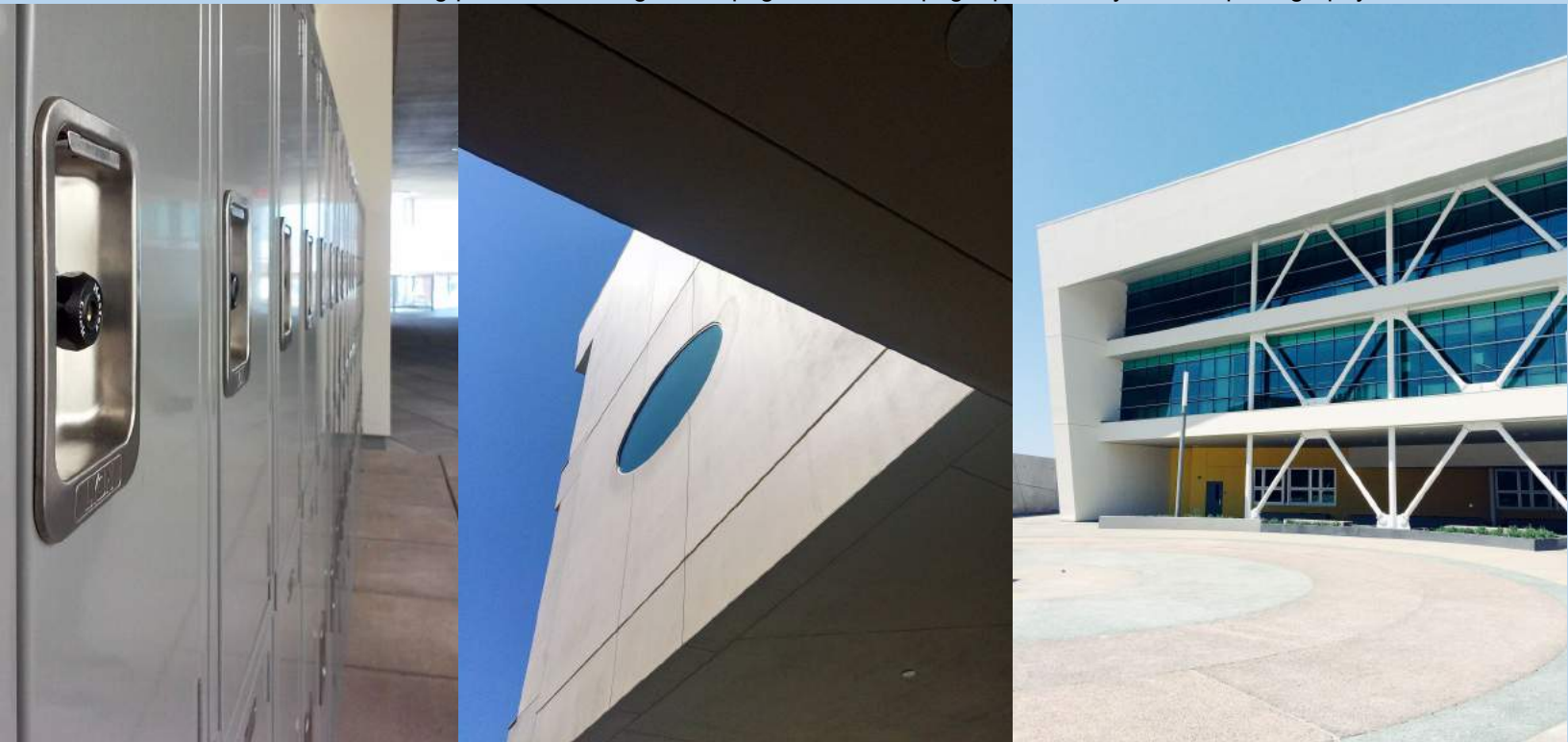
Ms. Laurie Lieberman—*President*  
Mr. Ralph Mechur—*Vice President*  
Dr. Richard Tahvildaran-Jesswein  
Ms. Craig Foster  
Ms. Maria Leon-Vazquez  
Mr. Oscar de la Torre  
Dr. Jose Escarce  
Dr. Sandra Lyon—*SMMUSD Superintendent*

## *Citizens' Bond Oversight Committee*

### **2015-2016 Committee Members**

Charlie Yen, Parent Representative (Chair)  
Gordon Lee, Business Org. Representative (Vice Chair)  
Lori Whitesell, PTA or Site Council Representative  
Barry Seid, Taxpayers' Association Representative  
Marianne Riggins, Community at Large Representative  
Debbie Mulvaney, Community at Large Representative  
*Vacant*, Senior Citizen Representative  
Craig Foster, Board Liaison  
Maria Leon-Vazquez, Board Liaison

\* All Samohi Innovation Building photos, including cover, page 2, and this page, provided by Samohi photography students.



## LETTER FROM THE CHAIR

The number of active Measure BB and Measure ES projects has been moderately reduced as the total number of completed Measure BB projects has increased and the planning and design of Measure ES projects have recently started, though the number of upcoming projects has increased. During the reporting period, progress has continued toward completion of several projects and new projects have commenced.

During 2015/16, there were four Citizens' Bond Oversight Committee meetings, during which all aspects of ongoing and upcoming projects were presented. The committee is excited about the progress to date and looks forward to completion of the final Measure BB projects as well as the ongoing work on the Measure ES projects. The committee always welcomes members of the public to its meetings and encourages everyone to continue supporting SMMUSD and the Bond Measures through completion of these projects and beyond.

The Citizens' Bond Oversight Committee remains committed to the success of the District and will continue to monitor and provide reports to the Board of Education on the status of the Bond Program. Through the judicious use of Measure BB and Measure ES Funds, the Bond Program allows SMMUSD to continue to educate and prepare students for the future by modernizing, replacing, and supplementing existing facilities and infrastructure.


As Chair of the Citizens' Bond Oversight Committee, it is my pleasure to once again present the Measure BB and Measure ES Annual Report to the Board of Education of the Santa Monica-Malibu Unified School District. Upon passage of Measure BB and Measure ES, the Board of Education established this committee in compliance with Education Code Section 15278 and Proposition 39. The committee's first meeting was held on April 8, 2008 and we have since met 32 times. I wish to express my heartfelt thanks to the members for their continued support and participation. As in the past, the meetings of the Citizens' Bond Oversight Committee have been well-organized and informative.

Information presented and reviewed at each meeting includes the most recent Financial Reports, updated Project Expenditure Summaries, and general Project Construction Updates. SMMUSD staff and administrators have been helpful in providing timely information to the Committee as well as responding to the Committee's questions. As a Committee, we are excited about all of the completed projects as well as the projects currently under construction and the new projects on the way.

On behalf of the District, this Committee would like to express its continued gratitude to the voters of the community, without whom the Bond Construction Program would not exist.

It is our opinion, based upon the Committee's oversight activities and a review of the independent financial and performance audits, that the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution. With the presentation of this Annual Report, the Bond Oversight Committee members assure the Board of Education and voters that Measure BB and Measure ES Bond expenditures have been properly made and have been utilized for projects consistent with those identified in those Bond Measures. It is our sincere hope that you will find this Annual Report informative and comprehensive.

Sincerely,



Charlie Yen, Chairperson  
SMMUSD Citizen's Bond Oversight Committee

# MEASURE BB AND MEASURE ES BOND OVERVIEW

## ***Measure BB and Measure ES Bond Overview***

Measure BB and Measure ES are the Santa Monica-Malibu Unified School District's Facility Improvement Bond Measures passed in 2006 and 2012, respectively. Measure BB asked voters to approve a \$268 million bond. Measure ES asked voters to approve a \$385 million bond. Funding from the bonds has helped the District modernize technology, upgrade the deteriorating infrastructure of aging classroom and office buildings, and improve existing teaching and learning environments, as well as construct new facilities. Measure BB and Measure ES were presented under the provisions of Proposition 39, requiring that at least 55% of voters approve the measures for their passage. Measure BB received over 67% approval and Measure ES received over 68%.

## ***Period Covered by the Report***

To accurately reflect the information contained in the audited financial report, the financial analysis elements of this report cover the time period from July 1, 2015 to June 30, 2016.

## ***Report on Independent Financial and Performance Audits***

The District has received, and the Citizens' Bond Oversight Committee has reviewed, the financial and performance audits for the Measure BB and Measure ES Bond Construction Fund for the fiscal year ending June 30, 2016. Christy White Associates, an independent auditing firm, prepared the report to comply with Proposition 39 accountability within the California Constitution. The reports stated: *"In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the Santa Monica-Malibu Unified School District's Measure BB Bond Building Fund as of June 30, 2016 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America."* and *"In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the Santa Monica-Malibu Unified School District's Measure ES Bond Building Fund as of June 30, 2016 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America."*

## ***Financial Compliance Confirmation***

All expenditures authorized by Measure BB and Measure ES have been reviewed by the Citizens' Bond Oversight Committee to ensure that the money was spent only on improvement projects as required by Proposition 39. All funds expended from Measure BB and Measure ES will be audited annually by an independent accounting firm.

The Citizens' Bond Oversight Committee has reviewed expenditures and projects and finds that the District is in compliance with Article XIII A Section 1(b)(3) of the California Constitution and consistent with the District's approved Measure BB and Measure ES local bond measures.

## ***Oversight Committee Activities***

Over the past year, the committee has been an active participant in overseeing Bond expenditures and activities. The committee has reviewed various budget and project issues. In accordance with Proposition 39, the committee has regularly reviewed bond expenditures, as well as the independently conducted financial and performance audits.

## ***Measure BB and Measure ES Project Status***

Project updates and recaps for certain projects are included in this report. For purposes of reporting current activity on the projects within the Measure BB and Measure ES Bond Program, this report differs from the financial reporting period and covers the calendar year ending December 31, 2016.



# PROJECT UPDATES

## Edison Language Academy — Measure BB New Construction



This project entailed construction of a brand new school on an existing site, including 27 classrooms, a cafetorium, administrative offices, library, and a computer lab. With careful planning, the school was able to remain in operation during

construction. Once the new buildings were complete and ready to occupy, students moved in and the old buildings were demolished and replaced with a new playfield and other site amenities. The Project is currently in the closeout phase.

As of June 30, 2016:

|                             |              |
|-----------------------------|--------------|
| Total Project Expenditures: | \$61,800,121 |
| Original BB Budget:         | \$56,788,005 |
| Other Funding Sources:      | \$2,618,249  |
| Shortfall (Measure ES):     | \$2,823,534  |
| Remaining Balance:          | \$429,669    |



## John Adams Middle School — Measure BB New Construction and Modernization

This project involved replacement of 9 classrooms, addition of the Attendance office, and modernization of the Art room and Administration offices. The project is currently in the closeout phase.

As of June 30, 2016:

|                             |              |
|-----------------------------|--------------|
| Total Project Expenditures: | \$28,474,457 |
| Original BB Budget:         | \$23,783,450 |
| Other Funding Sources:      | \$2,569,254  |
| Shortfall (Measure ES):     | \$2,316,126  |
| Remaining Balance:          | \$194,373    |



## Lincoln Middle School — Measure BB New Construction and Modernization



This project involved modernization of classrooms and labs, and addition of the new Library building. The project is currently in the closeout phase.

As of June 30, 2016:

|                             |              |
|-----------------------------|--------------|
| Total Project Expenditures: | \$32,413,093 |
| Original BB Budget:         | \$32,473,005 |
| Shortfall (Measure ES):     | \$83,030     |
| Remaining Balance:          | \$142,942    |

# PROJECT UPDATES

## Window, Paint, Floor, and Door Projects — Measure ES Modernization

This is a District-wide series of projects that will repaint interior spaces, replace all inadequate flooring, and replace all windows and doors that are over 25 years old. During summer 2016, the work under this project was completed at Juan Cabrillo Elementary School. The paint and floor portion of the work was completed at both Will Rogers Learning Community and Grant Elementary School. Window and door replacement at those two campuses will occur in summer 2017, as will complete projects at Roosevelt Elementary School and Webster Elementary School. Additional scope has been identified, including Accessibility improvements and fire alarm upgrades, which will be required by DSA. As such, the overall budget for WPFM projects will need to be increased.



As of June 30, 2016:

|                             |              |
|-----------------------------|--------------|
| Total Project Expenditures: | \$851,753    |
| Original ES Budget:         | \$31,500,000 |
| Remaining Balance:          | \$30,648,247 |

## HVAC Projects — Measure ES Modernization

This is another District-wide series of projects, which will install Air Conditioning in classrooms and other spaces that have previously been unconditioned and will repair or replace low-functioning systems. The District hired a consultant to analyze the needs by campus. Work is expected to begin during summer 2017 and will take several years to complete.

As of June 30, 2016:

|                             |              |
|-----------------------------|--------------|
| Total Project Expenditures: | \$214,624    |
| Original ES Budget:         | \$33,000,000 |
| Remaining Balance:          | \$31,785,376 |

## Olympic High School — Measure BB Modernization



This Project began in earnest during summer 2016 and will modernize classrooms, administration space, Multi-Purpose Room, and restrooms. It will convert the defunct kitchen area into useable space and create new library and computer lab spaces. Construction is expected to be complete by December 2017.

As of June 30, 2016:

|                             |             |
|-----------------------------|-------------|
| Total Project Expenditures: | \$2,905,787 |
| Original BB Budget:         | \$8,526,239 |
| Shortfall (Measure ES):     | \$1,781,052 |
| Remaining Balance:          | \$7,401,504 |

# PROJECT UPDATES

## Samohi Campus Plan Phases 1&2 — Measure ES New Construction

The Board of Education directed staff to determine the feasibility of constructing phases 1 and 2 of the Samohi Campus Plan simultaneously in lieu of two separate phases. It has been determined that this is possible, but will exceed the available funding of \$122,500,000 by approximately \$18,500,000, which can be funded by the issuance of Certificates of Participation if necessary. The Board directed staff to proceed with the combined project. The project will demolish the North parking lot, the Science Building, and the Technology Building and will construct one or two new three story buildings with subterranean parking (80 spaces), a distribution center, a 25 meter pool, a cafeteria, central quad, new classrooms and labs, and common spaces. The District is in the process of procuring the architect to design this project. Construction is anticipated to begin in early 2019 and to be completed in late 2021.

As of June 30, 2016:

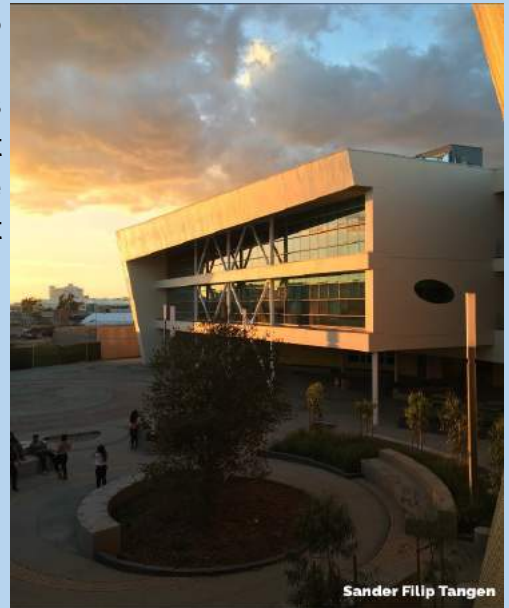
|                             |               |
|-----------------------------|---------------|
| Total Project Expenditures: | \$735,000     |
| Original ES Budget:         | \$122,500,000 |
| Other Funding Sources:      | \$18,500,000  |
| Remaining Balance:          | \$140,265,000 |

## Samohi Innovation Building — Measure BB New Construction

Opened in 2015, the building includes 15 science labs, 18 classrooms, a computer lab, 2 special education classrooms, administrative house offices, and a new auto shop. It occupies the space previously used by the softball field and parking. It also includes a new utility building that will eventually power the entire Samohi campus. There are still outstanding claims that remain to be settled with the construction contractor, which will likely be resolved in FY 16/17.

As of June 30, 2016:

|                             |              |
|-----------------------------|--------------|
| Total Project Expenditures: | \$89,888,462 |
| Original BB Budget:         | \$79,699,240 |
| Other Funding Sources:      | \$5,266,376  |
| Shortfall (Measure ES):     | \$6,748,784  |
| Remaining Balance:          | \$1,825,938  |



## District Wide Technology Upgrades — Measure ES New Construction

This is a District-wide program to install new technology infrastructure and 21st Century Learning technology throughout the District. Work is underway and is anticipated to be completed in 2018.

As of June 30, 2016:

|                             |              |
|-----------------------------|--------------|
| Total Project Expenditures: | \$19,020,158 |
| Original ES Budget:         | \$34,431,358 |
| Remaining Balance:          | \$15,411,200 |



## PROJECT UPDATES

### John Adams Middle School Performing Arts Complex — Measure ES New Construction

In 2014 the JAMS Auditorium was closed due to structural damage that made the building seismically unsafe to occupy. The District hired an architect to perform a feasibility study to determine whether the building should be repaired, replaced with a facility of similar capacity, or replaced with a facility of greater capacity. The feasibility study indicated that replacement of the building was the most appropriate course of action. Santa Monica College offered to contribute \$20 million to the project if it involved replacing the auditorium with a new higher capacity facility. The planned project will involve replacement of the auditorium with a 750 seat theater, replacement or modernization of the Music Building, construction of a new Orchestra room, new back of house spaces, and construction of a new practice room, sized similarly to the stage. The District is in the process of procuring the architect to design this project. Construction is anticipated to begin in 2019 and to be completed in 2021.

As of June 30, 2016:

|                             |              |
|-----------------------------|--------------|
| Total Project Expenditures: | \$0          |
| Original ES Budget:         | \$10,000,000 |
| Other Funding Sources:      | \$20,000,000 |
| Remaining Balance:          | \$30,000,000 |



### Malibu Middle and High School Campus Improvements — Measure BB New Construction

Although this project has been significantly delayed due to ongoing litigation related to the parking lot lighting, it has finally received Coastal Commission approval and has commenced. The work completed to date is minor, consisting mostly of construction at the field level, but Phase 2 work will begin in early 2017, followed by the major construction in Phase 3. With input from the Facilities Advisory Committee, the Board directed staff to determine whether complete demolition and replacement of Building E is feasible, primarily related to PCB concerns. Upon review of the analysis, the Board directed staff to proceed with replacement of Building E in lieu of modernization. Design for this work is underway, but demolition of Building E, along with Buildings A/B and C, is planned for summer 2017. This project will replace the Administration Building, Library Building, and Middle School classroom building and will include a new parking lot as well as a new MDF to provide technology to the whole campus. The main construction project is anticipated to begin in early 2018 and be completed by the end of 2019. Although a significant funding shortfall is anticipated, due to

the delays in construction commencement and project additions to date, it is unknown what that shortfall will total. The Measure ES funding required to complete this project will likely increase from the amount listed herein and could exceed \$20-25 million.

As of June 30, 2016:

|                             |              |
|-----------------------------|--------------|
| Total Project Expenditures: | \$16,460,350 |
| Original BB Budget:         | \$49,505,491 |
| Shortfall (Measure ES):     | \$362,943    |
| Remaining Balance:          | \$33,408,084 |



## BOND ISSUANCE HISTORY

### *Measure BB*

| <i>Series</i> | <i>Date</i>      | <i>Issued</i>        |
|---------------|------------------|----------------------|
| Series A      | October 16, 2007 | \$60,000,000         |
| Series B      | August 5, 2009   | \$60,000,000         |
| Series C      | July 27, 2010    | \$65,000,000         |
| Series D      | April 3, 2013    | \$82,995,327         |
| <b>Total:</b> |                  | <b>\$267,995,327</b> |

### *Measure ES*

| <i>Series</i> | <i>Date</i>     | <i>Issued</i>       |
|---------------|-----------------|---------------------|
| Series A      | August 13, 2014 | \$30,000,000        |
| Series B      | July 7, 2015    | \$60,000,000        |
| <b>Total:</b> |                 | <b>\$90,000,000</b> |

## MEASURE BB BALANCE SHEET

|                           | 2015                | 2016                | % Change<br>2015-2016 |
|---------------------------|---------------------|---------------------|-----------------------|
| Cash in County Treasury   | \$45,806,918        | \$29,821,624        | -35%                  |
| Interest Receivable       | \$166,702           | \$99,500            | -40%                  |
| <b>Total Assets</b>       | <b>\$45,973,620</b> | <b>\$29,921,124</b> | <b>-35%</b>           |
| Accounts Payable          | \$3,832,053         | \$2,071,281         | -46%                  |
| Total Liabilities         | \$3,832,053         | \$2,071,281         | -46%                  |
| <b>Total Fund Balance</b> | <b>\$42,141,567</b> | <b>\$27,849,843</b> | <b>-34%</b>           |

## MEASURE ES BALANCE SHEET

|                           | 2015                | 2016                | % Change<br>2015-2016 |
|---------------------------|---------------------|---------------------|-----------------------|
| Cash in County Treasury   | \$21,179,225        | \$66,620,151        | 215%                  |
| Interest Receivable       | \$82,085            | \$222,269           | 171%                  |
| <b>Total Assets</b>       | <b>\$21,261,310</b> | <b>\$66,842,420</b> | <b>214%</b>           |
| Accounts Payable          | \$1,524,047         | \$1,951,052         | 28%                   |
| Total Liabilities         | \$1,524,047         | \$1,951,052         | 28%                   |
| <b>Total Fund Balance</b> | <b>\$19,737,263</b> | <b>\$64,891,368</b> | <b>229%</b>           |

## MEASURE BB STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES

|  |                       |                       | % Change    |
|--|-----------------------|-----------------------|-------------|
|  | 2015                  | 2016                  | 2015-2016   |
| Revenues:  |                       |                       |             |
| Interest Income  | \$394,153             | \$278,647             | -29%        |
| Total Revenues   | \$394,153             | \$278,647             | -29%        |
| Expenditures:  |                       |                       |             |
| Fac. Acquisition & Construction                            | \$23,900,204          | \$14,570,371          | -39%        |
| Total Expenditures   | \$23,900,204          | \$14,570,371          | -39%        |
| Excess Deficiency of Revenues Over<br>(Under) Expenditures | (\$23,506,051)        | (\$14,291,724)        | -39%        |
| <b>Change in Fund Balance</b>                              | <b>(\$23,506,051)</b> | <b>(\$14,291,724)</b> | <b>-39%</b> |

## MEASURE ES STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES

|  |                     |                     | % Change    |
|--|---------------------|---------------------|-------------|
|  | 2015                | 2016                | 2015-2016   |
| Revenues:  |                     |                     |             |
| Interest Income  | \$163,068           | \$574,753           | 252%        |
| Total Revenues   | \$163,068           | \$574,753           | 252%        |
| Expenditures:  |                     |                     |             |
| Fac. Acquisition & Construction                            | \$1,507,345         | \$4,153,512         | 176%        |
| Debt Service   | \$460,690           | \$532,000           | 15%         |
| Other Operating Expenses                                   | \$8,701,460         | \$11,035,136        | 27%         |
| Total Expenditures   | \$10,669,495        | \$15,720,648        | 47%         |
| Excess Deficiency of Revenues Over<br>(Under) Expenditures | (\$10,506,427)      | (\$15,145,895)      | 44%         |
| Other Financing Sources and Uses:                          |                     |                     |             |
| Proceeds from Debt Issuance                                | \$30,000,000        | \$60,000,000        | 100%        |
| All Other Financing Sources                                | \$243,690           | \$300,000           | 23%         |
| Total Other Sources and Uses                               | \$30,243,690        | \$60,300,000        | 99%         |
| <b>Change in Fund Balance</b>                              | <b>\$19,737,263</b> | <b>\$45,154,105</b> | <b>129%</b> |





# SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

## **Board of Education:**

Ms. Laurie Lieberman, *President*  
Mr. Ralph Mechur, *Vice President*  
Dr. Richard Tahvildaran-Jesswein  
Ms. Craig Foster  
Ms. Maria Leon-Vazquez  
Mr. Oscar de la Torre  
Dr. Jose Escarce  
Dr. Sandra Lyon, *SMMUSD Superintendent*

## **Citizens' Bond Oversight Committee:**

Charlie Yen, *Parent Representative (Chair)*  
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Barry Seid, *Taxpayers' Association Representative*  
Marianne Riggins, *Community-at-Large Representative*  
Debbie Mulvaney, *Community-at-Large Representative*  
Vacant, *Senior Citizen Representative*  
Craig Foster, *Board Liaison*  
Maria Leon-Vazquez, *Board Liaison*

## **Facility Improvement Projects Staff:**

### District Staff:

Carey Upton, *Interim FIP Director*  
Ashraf Khimani, *Accountant*  
Kathy Staib, *Administrative Assistant*  
Jason Dodd, *Facility Technician*  
Matt Smith, *Facility Technician*  
Denise Smith, *Office Specialist*

### Consultant Staff:

Steve Massetti, *Bond Program Manager*  
Kevin Klaus, *Deputy Bond Program Manager*  
Sheere Bishop, *Dir. Procurement/Contract Management*  
Chris Emmett, *Project Manager*  
Barbara Chiavelli, *Preconstruction Manager*  
Veronica Perez, *Construction Clerk*  
Rodrigo Donoso, *Project Coordinator*

Santa Monica-Malibu Unified School District

1651 Sixteenth Street

Santa Monica, CA 90404

All Citizens' Bond Oversight Committee meetings are open to the public. Agendas, meeting minutes, and reports can be found on the District's website at [fip.smmusd.org/CitizensOversight/index.html](http://fip.smmusd.org/CitizensOversight/index.html).