



Independent Citizens' Oversight Committee

Santee School District

ICOC Annual Report 2007/2008

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ICOC Website:

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LETTER FROM THE CHAIRMAN

Dear Taxpayers:

It is my pleasure to submit to you the first Annual Report on the Santee School District's Proposition R Bond Funds. We want to thank you, the Board of Education and District staff for supporting the much needed improvements of our schools. We believe that all Santee residents and students of the School District will greatly benefit from these improvements.

Background

On November 7, 2006 the voters of this District passed Proposition R, pursuant to Proposition 39, in support of authorizing \$60 million of General Obligation Bonds for the Modernization Program of our schools. The bond funds are roughly half of the resources needed for this program, the remaining funds will come from other revenue sources.

Complying with Proposition 39, the Board of Education on March 5, 2007, appointed members to serve on the Independent Citizens Oversight Committee (ICOC).

Committee Responsibilities

California law states the ICOC shall inform the public, at least annually, a written report concerning the expenditures of Prop R Bond proceeds.

In carrying out this purpose the ICOC shall report on the following:

- Prop R bond funds are spent only as allowed by the Law.
- Performance and Financial audits were conducted and reviewed.
- Bond funds were not used for any teacher or administrative salaries or other school operating expenses.

Committee Activities

Since March 5, 2007 we have accomplished the following activities;

1. Held 18 public meetings and met with District staff who have cooperatively provided us documentation and answers to our numerous questions.
2. Attended numerous school construction site visits.
3. Received guidance from the San Diego County Taxpayers Association on Oversight Committee Best Practices.
4. Issued 6 newsletters to the community.
5. Presented a mid-year summary status to the Board of Education on April 1, 2008.
6. Reviewed project budgets, financial summaries, revenue/funding updates and expense reports.

Program Highlights

The year 2007/08 was a significant period in the life of Prop R. Many positive steps were taken by the Board of Education to help this well managed program. Most significant was the hiring of construction manager Douglas E. Barnhart. Expediting the design and construction has already reduced contracting costs by \$7 million dollars. Additionally, a performance specialist was contracted early in the program to conduct a Performance Review of the Prop R program; conclusions and recommendations were implemented.

Five schools are currently under construction for modernization with completion expected by mid 2009. The next phase of work, to begin Summer 2009, will modernize the remaining 4 schools. During 2007/08, most of the planning and permits were completed. In addition, a decision was made to build new science labs and junior high classrooms.

The District has aggressively applied for and received more than \$7 Million in State grant funding for joint-use

"The Independent Citizens' Oversight Committee shall actively review and report on the proper expenditure of taxpayers' money for school construction."

- Prop R ballot language

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construction. As of this report, State modernization funds secured to date is \$26 million. This is a prime example of how good management actions ensure that Prop R funds are used efficiently and effectively by maximizing various funding sources for the Modernization Program.

Committee Findings

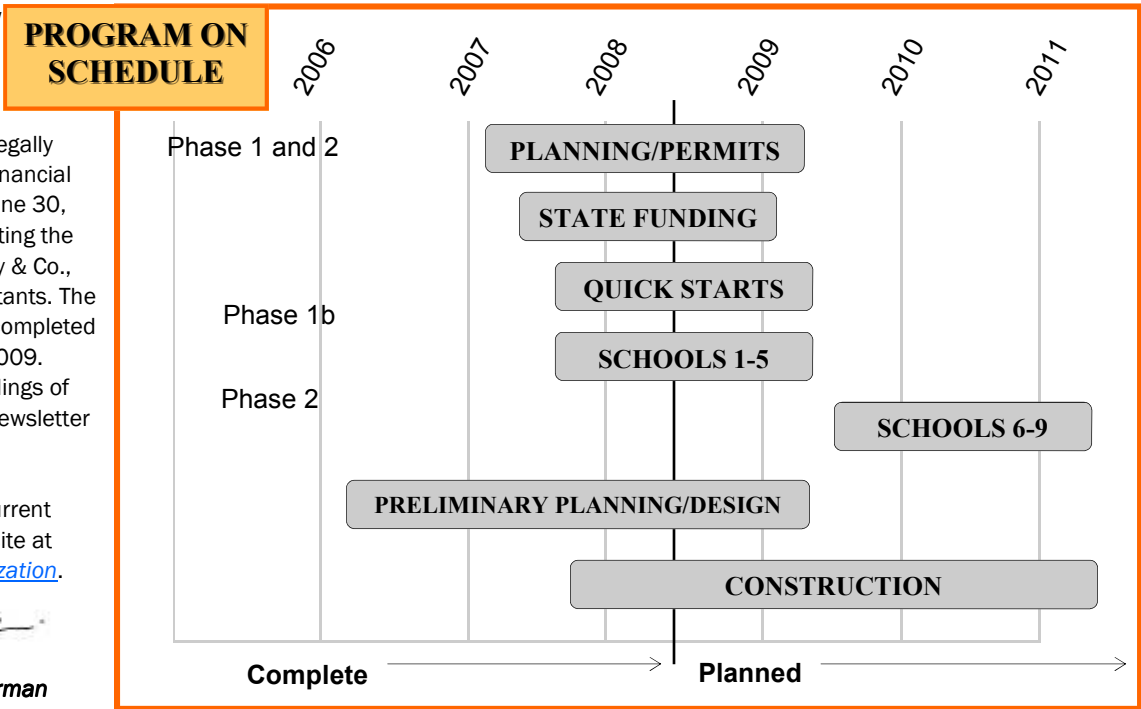
The ICOC has not found any indication Prop R Bond funds were made in violation of the Law; no Prop R funds have been spent on salaries, operating expenses or projects not included in the Prop R specifications. All projects either completed or still underway as of this report are, in the aggregate, at or below budget.

The District is currently in progress of completing the legally required performance and financial audits for the year ending June 30, 2008. The CPA firm conducting the audits is Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants. The audits are scheduled to be completed no later than January 15th 2009. We will report to you the findings of those audits in our written newsletter and our website.

For more information and current updates, visit the ICOC website at www.santeesd.net/modernization.



Eid Fakhouri, Chairman



PROP R PLANNING & STATUS

Prop R is an aggressive building program intended to complete major renovations and modernization of nine schools (including new science labs and junior high classrooms). The work is divided into a series of phases.

ICOC SUBCOMMITTEES

Newsletter
Rob McNelis
Kai Ramer

The mission of the ICOC is to independently review the execution of the Proposition R bond program to validate to the public and the Board of Education that bond funds are spent within the intent of the bond measure language.

Phase 1a: Quick Start projects which included security locks, play structures, and joint-use fields.

Phase 1b: Upgrades of the infrastructure for electrical, gas, and low voltage systems (such as phone lines, computer lines, fire alarm systems etc.) at 5 school campuses and modernize classrooms and add junior high school buildings with science labs. Modernization work consists of replacing floors, ceilings, lighting, electrical computer connections, air conditioning, heating, painting, repairing or replacing roofing; renovating restrooms and making accessibility improvements to meet the minimum requirements of the Americans with Disabilities Act (ADA). About 55% of the classrooms in the District will be modernized in this phase.

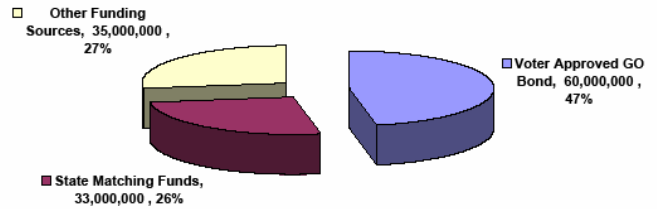
Phase 2: Upgrades of the infrastructure for electrical, gas, and low voltage systems (such as phone lines, computer lines, fire alarm systems etc.) at 4 school campuses and modernize classrooms and add junior high school buildings with science labs at 3 schools. Modernization work consists of replacing floors, ceilings, lighting, electrical computer connections, air conditioning, heating, painting, repairing or replacing roofing; renovating restrooms and making accessibility improvements to meet the minimum requirements of the Americans with Disabilities Act (ADA). The remaining 45% of the classrooms in the District will be modernized in this phase.

Santee School District Received an A+ Bond Rating

Monthly Milestones

November 2006—Santee Bond Passes
 March 2007—ICOC formed
 June 2007—First ICOC Newsletter
 Summer 2007—Quick Start (QS) projects: Completed playgrounds structures and four joint-use turf fields.
 September 2007—Second ICOC Newsletter. Junior High addition design begins. Joint-use funds of \$7.8 million from State realized.
 December 2007—Third ICOC Newsletter. Security door locks begins.
 March 2008—Fourth ICOC Newsletter. Cajon Park addition begins.
 April 2008—Program Start ground breaking ceremony. Security locks completed.
 June 2008—Fifth ICOC Newsletter. Prototype teaching wall and modernization construction begins at five schools: Cajon Park, Carlton Hills, Carlton Oaks, Rio Seco, and Sycamore Canyon. ICOC 1st year Program Performance Review completed.
 September 2008—Sixth ICOC Newsletter. 89 classrooms modernization completed. New classroom additions begin at Carlton Hills, Carlton Oaks, and Rio Seco. Projects ahead of schedule.
 October 2008—QS play structures continue at all schools.
 November 2008—ICOC Annual Report issued to Board.

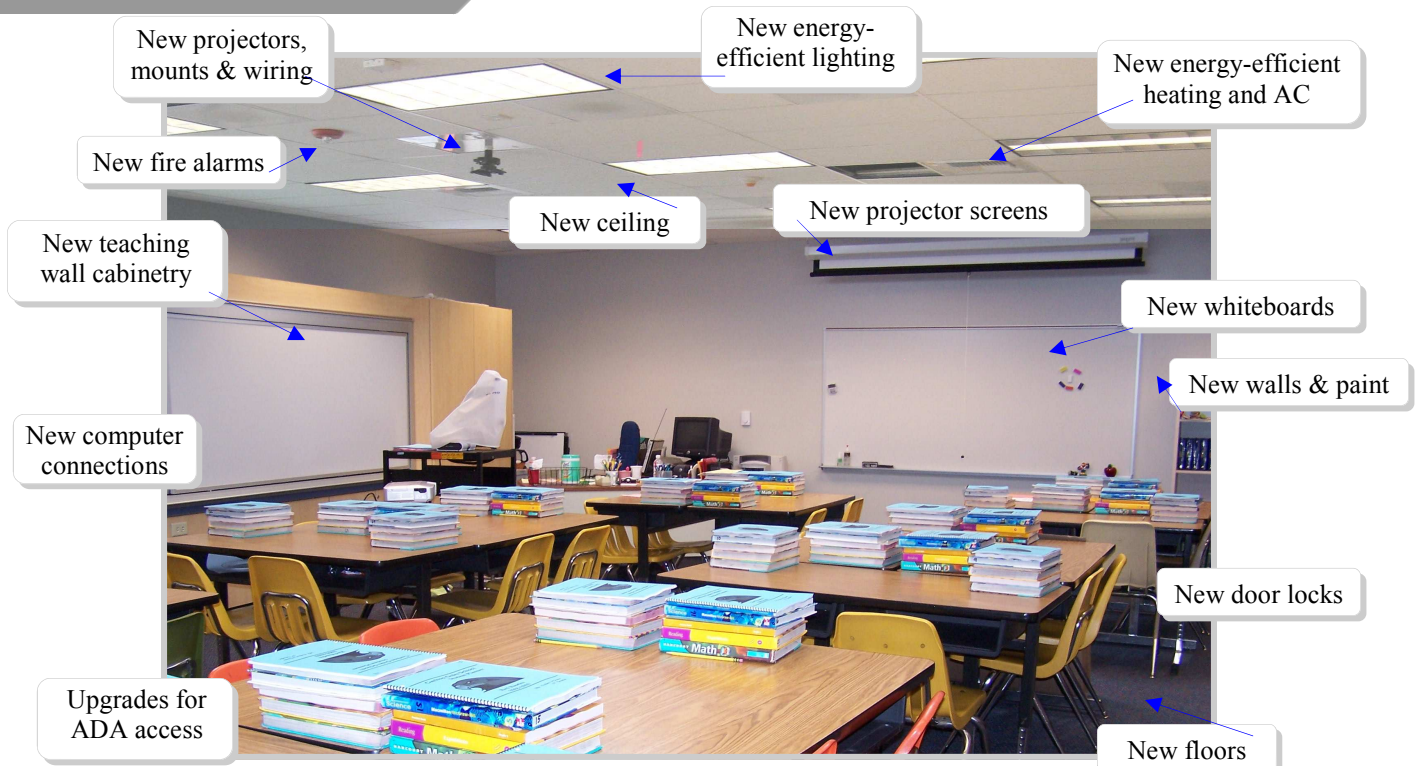
Prop R Funds Vs. Other Funds Projected Funding Total \$128 Million



PROP R COSTS: PROGRAM ON BUDGET

Original Funding: Prop R is currently funded with \$128 million; \$60 million from Prop R; \$33 million in state school building grants; and \$35 million from other funding sources.

TYPICAL MODERNIZED CLASSROOM



BOND LANGUAGE:

“In order to construct, acquire, renovate and upgrade school facilities and provide major repairs and upgrades of existing school facilities at schools of the Santee School District, and in so doing increase safety and educational effectiveness of classrooms for students, shall the Santee School District be authorized to issue Bonds in an amount not to exceed \$60,000,000.”



Play Equipment at Chet F. Harritt



Program Ground Breaking Ceremony



On-lookers at Cajon Park Construction Site

**Existing Junior High Classrooms:
Cajon Park—Portables, which are
being replaced with building on right**



**New Junior High Classrooms at
Cajon Park currently 65% complete**

**Classroom Modernizations:
Upgrade Mechanical Systems**



The ICOC

The ICOC saw many improvements in the past year. A performance specialist was hired to assist the ICOC and provide independent technical expertise and review of the program performance. The experience Tony Fulton brings to the ICOC is invaluable. The ICOC and the Board of Education held a joint session with the San Diego County Taxpayers Association regarding best practices in conducting bond oversight duties. The result of all these improvements is that the ICOC has a well defined role and the tools necessary to provide the taxpayers with a detailed, unbiased assessment on the status of the Prop R construction program.

The ICOC members are dedicated to monitoring the progress of your important community investment. The goal of the ICOC for the coming year is to work with the District staff, the construction manager, and the auditors to determine in detail what the state of the bond funds are and what it means to each and every campus in the District. We intend to provide this information in an easy to understand and unbiased format. We will maintain our independence by presenting the information without bias. In this way, we hope to fulfill our obligation to the taxpayers outlined in Prop R, ensuring the bond funds are spent accordingly.

ICOC meetings are open to the public and held at 6:00 p.m. on the 1st Wednesday quarterly in February, May, August, and November, at the Santee School District office, located at 9625 Cuyamaca Street in Santee.

For more information and current schedule and updates, visit the ICOC website at www.santeesd.net/modernization.