

Citizens' Bond Oversight Committee (CBOC)
2017 Annual Report
July 1, 2017 – June 30, 2018



Letter from the Vice-Chair

Dear Citizens of Dixon,

As Chair of the Dixon Citizens' Bond Oversight Committee (CBOC), I am pleased to offer you this "Letter from the Chair." As a quick review, voters in the District approved a \$30,400,000 bond issuance as the result of a ballot measure, which passed by over 55% on November 8, 2016. The proceeds from these bonds are dedicated to three items: 1) Repair, renovate, and reopen the old Dixon High School as the Dixon Middle School for grades 6 to 8, with a targeted opening date in August 2020; 2) Repair and renovate Anderson Elementary School; 3) and Improve the security and safety at all schools and make upgrades to comply with the American with Disabilities Act (ADA). The two main requirements of funding school upgrades through this Prop-39 initiative are that a financial and performance audit be conducted by an independent accounting firm and a citizens' oversight committee issue an annual report to the community. The main task of the CBOC is to ensure that bond proceeds are used only for tasks related to the school facilities projects listed on the Bond Project List.

A detailed report, posted on www.DixonMeasureQ.com, covers the financial aspects through the end of June 2018, and along with it, this letter, which summarizes items of interest up to the present time. The Financial and Performance Audit, issued by James Marta & Company – Certified Public Accountants (CPA), also covered items through June 2018 (also posted on the website). The CPA report was approved by the School Board at their February 2019 meeting and reviewed by the CBOC on March 27th in the presence of a CPA partner, Jesse Deol. Going forward, we will issue our next annual report in February 2020 to match the next review of the Audit and will follow this pattern in future years.

The report represents the time and effort from a group of seven volunteers for this important oversight task. It has been a pleasure to work with Robert Strong (first-year Chair), Gary Riddle (current Vice Chair), Jorjet Potier, Julie Mustard, Andrea Kett, and Jack Caldwell. Our committee was convened in May 2017. As was noted at our first meeting, the Dixon School Board was not successful in establishing the CBOC within 60 days of posting the election results in the minutes from a School Board meeting, thus the District was not in compliance with the Education Code of California. Part of this problem was the difficulty in obtaining a minimum of seven volunteers to serve on the CBOC. Once a seventh member was found, the CBOC membership was immediately approved by the School Board. Superintendent Brian Dolan offered his apology for not focusing on the task of identifying potential CBOC candidates in early 2017. In a best case scenario, a CBOC should have been established long before the vote on the bond authorization. The problem with the delay was the lack of CBOC oversight as the District issued the first series of general obligation bonds in April 2017 and signed contracts to begin the process of renovating the future Dixon Middle School. Fortunately, the CBOC has not found any evidence of inappropriate financial transactions during the period without oversight.

Letter from the Vice-Chair

The opinion of CBOC members was split on the sincerity of Superintendent's apology. As a follow up, Gary Riddle, with the backing of the CBOC, asked the School Board to see if it was possible to amend the Audit report to state the District was out of compliance with the Ed Code, because of the delay in establishing the CBOC. The CBOC believed that this aspect should be recorded in the performance section of the Audit report. The School Board was aware of this upcoming agenda item and brought in legal counsel to attend the School Board meeting. After a succinct yet detailed presentation by Mr. Riddle, the consensus of the School Board was that the cost of re-issuing the Audit report would be an unnecessary expense, and this issue was not material to the financial aspect of the Audit report.

Several weeks later, the Chair was provided documents by a concerned citizen indicating that the cost of this legal service and travel to Dixon for the School Board meeting was charged against bond money. It was the opinion of the CBOC that this expense was not related to the improvement of school facilities and should be recorded as a District operating expense. At the December 5, 2018 meeting, the CBOC was told by the District's chief financial officer that the charges of \$2495 were removed from the Bond account and charged back to the District. Going forward, the District and the CBOC have a better communication system in place to prevent a similar situation.

Nonetheless, this example showed how the CBOC serves as an effective watchdog, to ensure that funds are spent properly on school remodeling and infrastructure improvements or items closely related to implementing these tasks. Also, it points out that all citizens of Dixon have a role in oversight. If folks observe or hear something that does not seem right, please notify the CBOC. We have received numerous emails and comments from the Solano Taxpayers' Association. Gary Riddle represents this group on the CBOC. The CBOC respects their important role in serving as an advocate for the taxpayers in Solano County.

The CBOC posted a draft version of this report to the community in September 2018 and received extensive public comment at the September 26th meeting. The CBOC made efforts to respond to public concerns, such as a re-write of this Chair's letter. As we attempted to obtain additional information, several events at the District delayed our ability to obtain some documents and officially issue our first report. Two formal District employees, John Calise (Director of Facilities) and Melissa Mercado (Chief Business Officer), resigned their positions in November and December, as they accepted other positions as part of their career development. This was unfortunate for the CBOC, as the committee had made an effort to improve the working relationship with them. Thus, it became harder and more time-consuming to obtain some follow-up information and post to the appropriate website.

Letter from the Vice-Chair

Currently, Superintendent Brian Dolan is serving as the contact person with the CBOC as a transitional role. During the spring of 2019, a construction program management firm (School Site Solutions), was awarded a contract to manage the construction activity at the Dixon Middle School. We expect that Leigh Coop, a representative with that firm, will serve as the construction contact with the CBOC. Also, the district has hired a new Chief Financial Officer (Monique Stovall), from the San Juan School District. She will start her new position in May 2019 and will likely serve as the District's financial contact with the CBOC at some point.

Some other concerns by the public have been addressed. We now have a long-term meeting schedule. Currently, we meet every two months on the third Wednesday of every odd-numbered month at the City Hall Council Chambers; comparable to other oversight committees with a similar size school district and bond issue. Second, we finally have received a commitment from the District to provide the CBOC with an improved website, capable of being updated in a timely manner. It will be upgraded as part of the process of remaking the entire Dixon Unified School District website. The old website, www.DixonMeasureQ.com, was maintained by a third party vendor, which made the process of updating and fixing issues nearly impossible. A high-quality and easy to use website is critical in maintaining the flow timely of communication to the public. In this aspect, the CBOC and the District did not meet the standards expected by the citizens of Dixon. Currently, a subcommittee from the CBOC is meeting weekly with the District webmaster to help plan the new website, which should be on-line sometime this summer.

During our first two years of functioning as a committee, not much construction or renovation took place. This time was used to develop plans and wait for state approval of the blueprints for the remodeling of the old Dixon High School to re-purpose the facility into the new Dixon Middle School. As of now, the opening date is still scheduled for August 2020. Considering the personnel changes in the District, such as the loss of their Facilities Director, maintaining the current timeline is a real achievement for the District. From my perspective, maintaining that opening date is an important goal, because my son would be a member of the first group of students to attend the remodeled Dixon Middle School as an 8th grader.

Now, we are at the point of seeing tangible progress for the trust the community has placed in the CBOC and the School District. The old tile roof on the future Dixon Middle School has been replaced with an aesthetically pleasing steel roof, and the old modular classroom buildings have been removed from the site. Major construction and remodeling efforts will begin in May 2019. Much has happened behind the scenes to bring us to this point. Remediation and removal of environmental hazards, including lead and asbestos have been completed. Across the district schools, there has been an effort to improve access for students with disabilities to comply with the ADA requirements, such as upgrading

Letter from the Vice-Chair

restrooms, entrances, and playground equipment. The School District has taken advantage of additional matching funds to upgrade energy efficiency in the schools, thereby saving Bond money for other uses and saving the District future utility charges.

The current Dixon CBOC members have agreed to serve a two-year term, ending in June 2019. Members can continue to serve through three cycles, up to six years, if they wish. There may be opportunities for new members to join at that time. Our meetings are open to the public, and the meeting is broadcast on the Community Access Channel. CBOC members also have dedicated email accounts for this effort and are posted on the website. At school board meetings, I provide a 3-minute update to school board members after the CBOC meetings. We welcome your feedback and involvement with the committee. As I often point out, this is the “Citizens” Bond Oversight Committee – it belongs to all citizens of Dixon.

The Dixon CBOC has served its appropriate role. We have reviewed all budget items in conjunction with the Audit report covering items through June 2018, we were successful in reversing one set of inappropriate charges to the Bond account, we participated in a tour of the future Middle School in September 2018 and presented a newspaper article to the Dixon Tribune (Sunday, September 16, 2018), we modified our report to the community based on public feedback, and are in the process of working with the District to revamp our website. Of main concern to taxpayers, we can state to the best of our ability, we believe the Bond money used by the District has been spent appropriately.

The District and the CBOC were not perfect in their operations. Clearly the District was late in establishing the CBOC, and some legal charges never should have been submitted against the Bond account (subsequently reversed). The CBOC was late in issuing the Annual Report to the community, CBOC meetings were not held on a routine schedule, and two meetings in early 2019 were cancelled and rescheduled at short notice. Both groups share responsibility for an ineffective website that remained in a poor condition without an effective plan to fix it. The CBOC and District are aware of the past mistakes and are striving to do better. No citizen had past experience in participating on a CBOC, and it is the first time the District has used money from bonds issued under the Prop-39 requirements. This process has been a learning experience for both. Thank you for the trust the community has placed in the Dixon CBOC. Please feel free to reach out to any member with concerns or ideas.

Sincerely,
Tad Smith
May 12, 2019
Citizens' Bond Oversight Committee Chair, 2018-19

CBOC Roles and Activities

Background

Proposition 39 (Local School Construction Bonds Act of 2000) was passed in 2000 allowing bond measures for school construction to pass with a 55% majority vote. In November 2016, the community passed Measure Q, a \$30.4 million general obligation bond for capital improvements to school facilities.

Full text to the Measure Q can be found in this website:

http://images.pcmac.org/Uploads/DixonUSD/DixonUSD/Divisions/DocumentsCategories/Documents/Measure_Q_-_Full_Text.pdf

A Facilities Needs Assessment was completed by the District prior to the election, to determine the Bond Project List. The Bond funds will repair, renovate and reopen Old Dixon High School as a Grade 6 to 8 Middle School; repair/renovate Anderson Elementary School; and improve security/safety at several sites; and improve compliance with the Americans with Disabilities Act of 1990 (ADA) at District schools.

The first series of Measure Q general obligation bonds were issued on April 2, 2017 in the amount of \$19,230,000 at an issuance cost of \$230,000, and a premium of \$971,554, due to an increased interest rate. These bonds have fixed interest rates from 2% to 5% and mature starting in August 1, 2018 and ending in August 1, 2040. All home owners and business owners within the Dixon USD are being taxed for the repayment of the general obligation bonds to finance these projects.

For homeowners, the new Measure Q bonds are now listed as part of "Dixon USD GOBs" in the property tax statements for Solano County. The Measure Q tax assessment was combined with the previous High School bond (Measure J), instead of maintaining separate line items for each bond assessment, making it difficult to determine the exact cost of the new Measure Q bonds. At this time, the CBOC has not been provided an explanation for the combined line item. Of additional concern to the CBOC is that the estimated cost of the Measure Q bonds was \$36.75 per \$100,000 in assessed value, but is currently \$49.81 - a 36% increase.

CBOC Roles and Activities

The Committee is required to provide a written report to the citizens at least once each year. This is the first report issued since the passage of the Measure Q bond measure and the establishment of the Committee.

CBOC Roles and Activities

Citizens' Bond Oversight Committee (CBOC)

Proposition 39 requires a bond oversight committee to oversee project expenditures and prepare reports to the citizens. The Education Code 15264 specifies that it is the intent of the Legislature that “vigorous efforts are undertaken to ensure that the expenditure of bond measures are in the strict conformity with the law”, “taxpayers directly participate in the oversight of bond expenditures”, and “the members of the oversight committees appointed pursuant to this chapter promptly alert the public to any waste or improper expenditure of school construction bond money.”

Mission Statement

The Mission of the Citizens' Bond Oversight Committee is to independently review the planning, execution and expenditure of the Measure Q bond proceeds to ensure payments are made only for the modernization and upgrade of DUSD schools; and report conclusions to the public as intended by the bond measure and provisions of the Ed Code.

The CBOC reviews and reports on the annual audits, in addition to their other monitoring and reporting activities. The Committee is required to report their activities to the citizens of their community. This is the first report issued since the passage of the Measure Q bond measure and the establishment of the Committee. An Interim report was issued in May 2018 regarding the fiscal year ending 30 June 2017 annual financial and performance audits and is included in this report under Results of Financial and Performance Audits.

Pursuant to Proposition 39, the general duties of the Committee are to:

- Ensure Measure Q funds are spent only on projects listed in Measure Q, and that no funds are used for any other purpose, including teacher and administrator salaries and other school operating expenses. (The Ed Code uses the term “administrative” instead of administrator.)
- Receive and review copies of the annual financial and performance audits with respect to the bond projects as required by state law.
- Provide information to the public concerning the expenditure of bond funds.

CBOC Roles and Activities

- The Committee is required to provide a written report to the citizens at least once each year. (This is the first report issued since the passage of the Measure Q bond measure and the establishment of the Committee.)

The Committee discussed with the District using bond funds for the payment of a portion of the salary of a member of the staff. The District justified the payment as valid based upon the Attorney General Opinion 04-110, November 9, 2004. The Attorney General Opinion concluded that “A school district may use Proposition 39 school bond proceeds to pay the salaries of district employees to the extent they perform administrative oversight work on construction projects authorized by a voter approved bond measure.”

Measure Q – Classroom Repair, Renovation and Safety Measure

- ▶ To repair, renovate and reopen Old Dixon High School as a middle school (referred to herein as “Middle School project”);
- ▶ Repair and renovate Anderson Elementary School (referred to herein as “Anderson Elementary School project”), and;
- ▶ Improve security/safety and Americans with Disabilities Act compliance at District schools (referred to herein as “Code Compliance project”).

CBOC Members

The CBOC is comprised of volunteers appointed by the School District who represent specific constituencies, including a member active in a business organization representing the business community located within the District, a member active in a senior citizens’ organization, a member active in a bona fide taxpayers’ organization, a member that is a parent or guardian of a child enrolled in the District, and a member that is both a parent or guardian of a child enrolled in the District and active in a parent-teacher organization.

CBOC Roles and Activities

Name	Position	E-mail
Robert Strong	Chairperson	RobertS.dixoncboc@gmail.com
Tad Smith	Vice Chairperson	Tad.dixoncboc@gmail.com
Gary Riddle	Member	Gary.dixoncboc@gmail.com
Jack Caldwell	Member	Jack.dixoncboc@gmail.com
Andrea Kett	Member	Andrea.dixoncboc@gmail.com
Julie Mustard	Member	Julie.dixoncboc@gmail.com
Jorjet Potier	Member	Jorjet.dixoncboc@gmail.com

According to the Measure Q Bond requirements, *the committee shall be established within 60 days of the date when the results of the election appear in the minutes of the Board.* The District delayed in appointing the CBOC members and the committee was not fully established until June 28, 2017 (first CBOC meeting with all the members), in spite of a January notification of this violation by a taxpayer's group. After the CBOC was established, questions arose during a school board meeting about the delay and the District Superintendent, Brian Dolan, acknowledged the error, offered personal apology for this oversight, and took responsibility of the mistake. He pointed out that this was the first time the District has used this method for obtaining bond funds, and that it had been a learning experience. In addition, the District did not have enough volunteers to form a committee in a timely manner.

Subcommittees

Contracts Review Subcommittee

The purpose of the Contracts Review Subcommittee is to review and confirm that all solicitation/bidding documents and contracts for professional/consulting services and construction contracts are being solicited and awarded through a competitive process. However, the Subcommittee did not observe the contract selection process meetings nor receive the documentation supporting the selection process. Our oversight was limited to reviewing copies of awarded contracts and proposals provided by the District. The District provided narrative information regarding the contract selection process through presentations to the CBOC.

CBOC Roles and Activities

Website Subcommittee

The purpose of the Website Subcommittee is to develop a website where the public can find information that relates to the Bond from Measure Q. The website is designed to provide the list of committee members and their contact information, CBOC meeting agendas and minutes, financial and performance audits of the Bond, correspondence, documents, contracts, District financial reports, annual reports and additional documents related to the Bond.

The website was initially designed and maintained by Cooperative Strategies. There were several concerns as to the functionality of the website when it was launched; the site was cumbersome, documents were missing and several links did not work. Many of these initial issues have been addressed. The DUSD is currently tasked with uploading and adding links to documents. The subcommittee continues to work with District staff to streamline the updating and public use of the site.

The CBOC website can be found on the link: <http://www.dixonmeasureq.com/coc/>.

Audit Subcommittee

The purpose of the Audit Subcommittee is to receive and review the financial and performance audits and recommend necessary additions for a thorough reporting of financial data and compliance with the legal requirements of the Ed Code.

Activities

The committee convened and participated in several key activities central to their main charge, such as preparing the Annual Report, reviewing program expenditures, and reviewing annual audits. The CBOC met on seven occasions (through June 2018) during the 2017/2018 fiscal year. Proceedings of these meetings included: Appointment and Election of Chair/Vice-Chair, Review of Committee Bylaws and Mission Statement, review of Measure Q ballot language including approved project list, review of expenditure reports, review of contracts, and review of financial and performance audits. The CBOC

CBOC Roles and Activities

was scheduled to perform campus walk through of the old High School with the District, but did not take place in FY 17-18. The audit for FY 17/18 will be posted to the website as soon as the CBOC receives the document.

Availability of Contract Information

There has been fundamental difference in the perception in the role and responsibility of the CBOC between the District and CBOC members. The District has taken the position of a limited scope allowed for CBOC activities and responsibilities, also determining that the District had authority to prove or not approve the CBOC Bylaws. The committee understands they have no authority over the decisions regarding the construction process; however, the CBOC's role of independent oversight and in the spirit of transparency and full disclosure, the committee should not be limited in the review and reporting on Measure Q-related matters, including contracts, legal requirements to Prop 39, bond issues, as well as financial documents. Education code 15264-15288, which implement Prop 39, do not mention allowable, limited or scope in reference to activities of oversight committee.

The Contracts Review Subcommittee was formed to review contracts solicited and awarded by the District through competitive bidding, as appropriate. The subcommittee was unable to observe any contract selection process meetings nor received the supporting documentation. The subcommittee's oversight was limited to reviewing selective copies of awarded contracts and proposals provided by the District. The expenditures report shows encumbrances made to contractors/consultants without notification to the subcommittee.

The District provided narrative information regarding certain contract selection process through presentations to the CBOC. The subcommittee continues to request for access to the solicitation documents, contracts, selection documents, and make recommendations for the subcommittee to attend selection process meetings.

Website Organization and Content Improvements

CBOC Roles and Activities

The meeting agendas, minutes, attachments (part of the agenda), and other reports have not been uploaded (and these are considered “public documents”) to the CBOC website. The Website Subcommittee is working with the District for the documents to be uploaded, organized, and improve the look of the website.

Bond Funding

Monitoring Bond Funding

The first series of Measure Q general obligation bonds were issued on April 2, 2017 in the amount of \$19,230,000, broken down in the following criteria:

- \$230,000 Cost of Issuance
- \$15 million Middle School Project
- \$1 million Anderson Elementary School Project
- \$3 million Security/Safety and ADA Improvements project

See *Project, Scope, Cost, Schedule, and Contracts* below for details on bond expenditures for each project.

Project Scope, Cost, Schedule, and Contracts

Middle School (Modernization of “Old Dixon High School”) Project

Scope:

- Repair, renovate and reopen Old Dixon High School campus as Middle School. Buildings include A, B, C, Multi-Purpose Room (MPR), Music, Gymnasium, and Quad Restroom. Work also involves developing the site.
- Building A (referred to herein as A-Wing) roof replacement was separated from the overall Middle School project due to its immediate need for replacement.

Cost (Bond Funding): \$15.2 million

- \$15,000,000 is included in the \$19,230,000 first issuance of the bond
- **The expenditures report (through June 30, 2018) will need to be reviewed and confirmed prior to release of this report, to ensure encumbrances (for contracts) and expenses are accurate and expended accordingly.**
- **In general, encumbrances listed in the expenditures report (for both FY 16/17 and FY 17/18) do not add-up to contracts presented for approval to the Board.**
- Also, there are clerical and legal expenses that the CBOC is discussing with the District to confirm if bond funding can be used.
- Total Soft Costs:
 - Soft costs included bond issuance, clerical expenses, legal fees, facilities assessment, design services (for both Middle School project and A-wing re-roof project), bond management services, permit fees, hazardous materials (asbestos) testing and surveying, easement survey, inspections (A-wing re-roof project), and environmental consulting services.
 - Contracts/Encumbrances:
 - \$1,060,085 Contracts presented for approval to the board FY 16/17 – FY 17/18 (see “Contracts” below for details)
 - \$1,451,384 Per encumbrances FY 16/17 through FY 17/18

Project Scope, Cost, Schedule, and Contracts

- Non-Contracts/Expenses:
 - \$309,357 (of which \$230,000 was for bond issuance)
- Total Construction Costs:
 - Construction costs included A-wing re-roof project, remediation projects (both lead and asbestos), demolition and removal of portable classrooms project, and termination of electrical for the portable classrooms.
 - Contracts/Encumbrances:
 - \$613,710 Contracts presented for approval to the board FY 16/17 – FY 17/18 (see “Contracts” below for details)
 - \$824,827 Per encumbrances FY 16/17 through FY 17/18
 - Non-Contracts/Expenses:
 - \$0

Project Scope, Cost, Schedule, and Contracts

Schedule: Target completion date (campus open): August 2020

- June 2016 – Issued Request for Qualifications for architectural services; received four (4) Statements of Qualifications
- July 2016 – Pre-qualification approval of Architectural Nexus and LPA for the design services
- November 2016 – Measure Q passes
- February 2017 – Approve Cooperative Strategies Notice of Authorization for bond management services; Approve LPA architectural assessment services contract
- May 2017 – Approve LPA amendment for design services for the Modernization of Old Dixon High School project
- June 2017 – CBOC formed
- July 2017 – Approve LPA amendment for design services for the A-wing re-roofing project
- March 2018 – A-wing Re-roofing project Publication for Bid; Award Environmental Consultant Services Agreement with Dudek for environmental assessment and compliance services (including CEQA)
- May 2018 – Submitted permit documents for Department of State Architect (DSA) review; Award contract to Rua & Son Mechanical for the A-wing re-roofing project
- June 2018 – Award contract to Cal Inc. for demolition and removal of portable classrooms; Award contract to Country Bear Inc. for termination of electrical services (as part of the demolition and removal of portables classrooms project); Award contract to Optima Services Inc. for inspections services for the A-win re-roof project;
- July 2018 – Begin A-Wing Re-roof
- August 2018 – Completion of A-Wing Reroof
- November 2018 – Receive approved permit from DSA (tentative)
- February 2019 – Competitively bid project (tentative)

Contracts:

- Soft Costs (non-construction related costs):

Project Scope, Cost, Schedule, and Contracts

- \$85,800 = Cooperative Strategies for bond management services. *Contracts Review Subcommittee did not receive a copy of any bidding documentation. Review of the contract is based on the information provided to the DUSD Board as part of contract approval.*
- \$39,700 = LPA for assessment of Old High School (original contract). *Contracts Review Subcommittee received the RFQ, SOQs, and contract as part of the solicitation. The District approved two (2) firms to provide design services as part of the bonds projects.*
- \$863,500 = LPA for Modernization of Old High School design services (an amendment to the original contract). *Contracts Review Subcommittee received the RFQ, SOQs, and contract as part of the solicitation. The District approved two (2) firms to provide design services as part of the bonds projects.*
- \$47,000 = LPA for A-wing re-roofing design services (an amendment to the original contract). *Contracts Review Subcommittee received the RFQ, SOQs, and contract as part of the solicitation. The District approved two (2) firms to provide design services as part of the bonds projects.*
- \$24,085 = Dudek for environmental consulting services (including CEQA). Work involves initial review and traffic study. Per board presentation on February 1, 2018, five (5) firms responded to Request for Proposals and four (4) firms were shortlisted for interview. *Contracts Review Subcommittee did not receive a copy of any bidding documentation. Review of the contract is based on the information provided to the DUSD Board as part of contract approval.*
- \$3,400 = Optima Inspections Inc. (of Sacramento, CA) for DSA-certified inspection services for the A-wing re-roofing project. Per board presentation on June 7, 2018, solicitations for the services went out to the market, but District received no response. The District made 22 calls and received 2 interested firms to provide the services. The District requested for a “not to exceed \$3,400 contract” to be awarded to Optima Inspections Inc. *Contracts Review Subcommittee did not receive a copy of any bidding documentation. Review of the contract is based on the information provided to the DUSD Board as part of contract approval.*

Project Scope, Cost, Schedule, and Contracts

- \$14,651.83 = Aurora Environmental Services for the testing of all materials that are assumed to have asbestos containing building materials (ACBMs), including a hazardous materials survey report resulting from the tests. Per board presentation on June 7, 2018, District requested bids only from two (2) firms, which resulted with Aurora Environmental Services as the lowest responsible bidder. *Contracts subcommittee did not receive a copy of any bidding documentation. Review of the contract is based on the information provided to the DUSD Board as part of contract approval.*
- Construction Costs:
 - \$559,192 = Rua & Son Mechanical (of Rocklin, CA) for the re-roofing of A-wing. Per board presentation on May 3, 2018, five (5) bids were received on April 13, 2018, which resulted in Rua & Son Mechanical as the lowest responsible bidder. *Contracts Review Subcommittee did not receive a copy of any bidding documentation. Review of the contract is based on the information provided to the DUSD Board as part of contract approval.*
 - \$50,268 = Cal Inc. (of Vacaville) for demolition and removal of 15 portables classrooms. Per board presentation on June 7, 2018, four (4) bids were received on April 13, 2018, which resulted with Cal Inc. as the lowest responsible bidder. *Contracts Review Subcommittee did not receive a copy of any bidding documentation. Review of the contract is based on the information provided to the DUSD Board as part of contract approval.*
 - \$4,250 = Country Bear Inc. (of Dixon, CA) for the termination of electrical services as part of the demolition and removal of portable classrooms project. Bidding is not required since the contract amount is less than the \$45,000 limit (negotiated contract) under the CUPCCA (California Uniform Public Construction Cost Accounting Act). *Contracts Review Subcommittee did not receive a copy of the contract, but was able to access the contract on the District's Board meeting website (as part of contract approval).*

Project Scope, Cost, Schedule, and Contracts

Anderson Elementary School Project

Scope:

- Repair and renovate Anderson Elementary School

Cost (Bond Funding) - \$12.1 million:

- \$1,000,000 is included in the \$19,230,000 first issuance of the bond

Schedule:

- No activities to report.

Contracts:

- None.

Project Scope, Cost, Schedule, and Contracts

Security/Safety and ADA Improvements Project

Scope:

- Improve Security/Safety and American with Disabilities Act (ADA) Compliance at District Schools
 - Gretchen Higgins Elementary School – Safety/Gate project
 - New gates to be operated manually by custodial staff. Fencing to match existing (8' high, iron fencing).

Cost (Bond Funding): \$3.1 million

- \$3,000,000 is included in the \$19,230,000 first issuance of the bond
- Gretchen Higgins Elementary School Safety/Gate project = construction cost estimate of \$175,000 - \$200,000

Schedule:

- March 2018 – District presented conceptual safety/gate (fencing) plan for Gretchen Higgins school.

Contracts:

- No activities to report.

Results of Financial and Performance Audits

Prior to the Committee accepting the audit reports the Committee requested that the School Board have the following additions and findings added to the audit reports:

- Financial Audit
 - Page 3 - Add footnote to explain fund source and description of the Asset item “Due from other funds” We agree that materiality is a consideration when footnotes are added to explain accounting entries; however, an explanation may add information for the reader that is of significance other than the dollar amount.
 - Page 4 - Add footnote to explain source and description of the Revenue item “Other local revenues” The reader may assume the source of this revenue is the interest received from the investment of idle bond funds. The footnote explanation or simply listing the source of the revenue as “Interest on bond fund balance” would eliminate any question or assumption.
- Performance Audit
 - **Add an audit finding that the District failed to form the oversight committee within 60 days of the date that the governing board entered the election results for Measure Q in the minutes as required by Ed Code 15278.**
 - Note: The requirement of the Ed Code is the minimum time frame for selection of CBOC members. The selection of CBOC members could have taken place immediately after the election. Some Districts have established the CBOC before the election. The results of the election were entered in the Board minutes of January 12, 2017. The selection of the CBOC members was not completed until May 25, 2017. The first meeting of the CBOC was held on June 28, 2017.
 - **Add an audit finding that the District did not provide copies of the independent Financial and Performance audits to the CBOC at the same time they were received by the District as required by Ed Code 15286.** Note: After reading the School Board Agenda for the February 1, 2018 meeting, a member of the CBOC obtained copies of the audit report, dated December 12, 2017.

Results of Financial and Performance Audits

- **The Committee also requested to be included on all correspondence regarding future Measure Q audits.**
- **The Committee recommended changes were not made to the audit reports.**

There were no material errors associated with the reported financial statements. There was no interest by the CBOC in formally asking the District to spend time and taxpayer resources that would be required to re-issue and re-file a new financial and performance audit. We were given the commitment from the school Board to have immediate access to all reports from the Audit firm when issued.

Cost Savings Considerations & Methods

Cost Savings Considerations & Methods

- Energy grants (buy down HVAC and lighting replacement costs)
- Computer Network (wired and wireless) funded through e-Rate
- Reuse existing building systems (where applicable)
- More efficient and cost-effective building systems
- Use of DUSD Construction services (where possible)
- Consider different project delivery methods
- Architectural/Project Assessment prior to issuing contract

Attachments

- Attachment A – First Interim Report: (Financial & Performance Audits for Fiscal Year ending 30 June 2017)
- Attachment B – Letter from Auditor-Controller

Measure Q
Citizens' Bond Oversight Committee

This is an interim report on the results of the first independent audits for the fiscal year ending 30 June 2017; and, the review of the audits by the Citizens' Bond Oversight Committee (CBOC). This report will be also included in the CBOC 1st annual report to the citizens. "Education (Ed) Code 15280 states, "Minutes of the proceedings of the citizens' oversight committee and all documents received and reports issued shall be a matter of public record and be made available on an Internet Web site maintained by the governing board of the district." This CBOC interim report and the independent audits are posted on the Measure Q website "dixonmeasureq.com."

Background:

Proposition 39 (Local School Construction Bonds Act of 2000) was passed in 2000 allowing bond measures for school construction to pass with a 55% majority vote. At the November 2016 election 60% of voters approved Dixon Unified School District Measure Q for projects to modernize our public schools. The first series of Measure Q general obligation bonds were issued on April 2, 2017 in the amount of \$19,230,000 at an issuance cost of \$230,000, and a premium of \$971,554. These bonds have fixed interest rates from 2% to 5% and mature starting in August 1, 2018 and ending in August 1, 2040. All home owners and business owners within the Dixon USD are being taxed for the repayment of the general obligation bonds to finance these projects.

Proposition 39 requires a bond oversight committee to oversee project expenditures and prepare reports to the citizens. The Education Code 15264 specifies that it is the intent of the Legislature that "vigorous efforts are undertaken to ensure that the expenditure of bond measures are in the strict conformity with the law", "taxpayers directly participate in the oversight of bond expenditures", and "the members of the oversight committees appointed pursuant to this chapter promptly alert the public to any waste or improper expenditure of school construction bond money."

Proposition 39 also requires annual independent financial and performance audits. The audits are required to be conducted in accordance with the General Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States.

Independent Financial Audit

As stated in the audit report, "The responsibility of the auditor is to express an opinion on these financial statements based on our audit."

The audit opinion was, "the fund financial statements referenced to above present fairly, in all material respects, the financial position of the Dixon Unified School District Measure Q Obligation Bonds 2016 Series A Building Fund as of June 30, 2017.... "

The CBOC accepted the conclusions of the audit opinion; however, it was requested that footnotes be added to explain \$14,344 under Assets on the Balance Sheet as "Due from other funds", and \$45,689 listed as "Other local revenues" on the Statement of Revenues, Expenditures and Changes in Fund Balance. The \$14,344 "Due from other funds" was to correct the interest on bond proceeds being improperly posted to another fund. The "Other local revenues" is the total interest, as of 30 June 2017, on bond proceeds deposited with the County Treasurer. These footnote additions have not been added as of the date of this report.

Independent Performance Audit

The objective of the Performance Audit was to determine “with reasonable assurance that the proceeds of the sale of the 2016 Measure Q bonds were used for the purposes set forth in the ballot language and not for any other purpose.” This objective is also one of the purposes of the oversight committee as stated in Ed Code 15278 to ensure “no funds are used for any teacher or administrative salaries or other school operating expenses.”

The auditor’s opinion was that, based upon their tests listed in the report, “the District complied with the requirements of the Measure Q General Obligation Bonds 2016 Series A Building Fund proceeds...”

The CBOC recommended the following additions to the Performance Audit for violations of the law, the provision of Proposition 39, the implementing Ed Codes and the Measure Q Ballot Language:

(1) Add an audit finding that the District failed to form the oversight committee within 60 days of the date that the governing board entered the election results for Measure Q in the minutes as required by Ed Code 15278.

Note: The requirement of the Ed Code is the minimum time frame for selection of citizen’ oversight committee members. The selection of the CBOC members could have taken place immediately after the election. Some Districts have established the oversight committee before the election. The results of the election were entered in the Board minutes of January 12, 2017. The selection of the CBOC members was not completed until May 25, 2017. The first meeting of the CBOC was held on June 28, 2017.

(2) Add an audit finding that the District did not provide copies of the independent Financial and Performance audits to the CBOC at the same time they were received by the District as required by Ed Code 15286.

Note: The CBOC was not notified about the audit report, dated December 12, 2017, before the audit report was included on the School Board Agenda for the February 1, 2018 meeting.

These additions have not been added to the audit report as of the date of this report.

The auditor agreed that the CBOC should participate in future audit planning sessions with the District and the auditor.



Jorjet Potier <jorjet.dixoncboc@gmail.com>

RE: Solano Auditor Controller confirms our suspicions

2 messages

ouraniar@yahoo.com <ouraniar@yahoo.com>

Wed, Nov 7, 2018 at 8:33 PM

Reply-To: "ouraniar@yahoo.com" <ouraniar@yahoo.com>

To: Jorjet Potier <jorjet.dixoncboc@gmail.com>, Tad Smith <tad.dixoncboc@gmail.com>, Gary Riddle <gary.dixoncboc@gmail.com>

Jorjet,

Below is the exchange of emails between myself, the Auditor Controller and one of the ladies in her office. I hope this is what you are looking.

Sent from Yahoo Mail on Android

 --- On Thu, 7/19/18, Padilla-Scholtens, Simona J. <SJPadilla@SolanoCounty.com> wrote:

From: Padilla-Scholtens, Simona J.
 <SJPadilla@SolanoCounty.com>
 Subject: RE: Requesting information about the Dixon Unified School Bonds
 To: "Ourania" <ouraniar@yahoo.com>
 Cc: "Taynton, Phyllis" <PTaynton@solanocounty.com>
 Date: Thursday, July 19, 2018, 11:58 AM

Here are the percentages for each bond measure based on the debt service payment we used to calculate the 17/18 tax rate...

Dixon USD Measure J 2002 Election=46%
 Dixon USD Measure Q 2016 Election=54%

Therefore, based on the percentages above, the \$92.243 per \$100k of assessed values for the respective Measure is as follows:

Measure J 2002 \$42.43
 Measure Q 2016 \$49.81

Thanks

-----Original Message-----

From: Ourania [mailto:ouraniar@yahoo.com]
 Sent: Wednesday, July 18, 2018 12:49 PM
 To: Padilla-Scholtens, Simona J.
 Cc: Taynton, Phyllis
 Subject: RE: Requesting information about the Dixon Unified School Bonds

Good afternoon Simona,

I tried to get the tax rate in the form of dollars per 100k of assessed valuation by election for Dixon Unified School District Measure J and Measure Q . I was told by Ms Zarco that your calculations have been combined. (See exchange of e-mails below).

My tax bill shows \$92.243 per \$100k of assessed valuation. I would like to know this factor broken out by election.

Thank you,

Ourania Riddle
(707) 678-9468

--- On Tue, 7/3/18, Zarco, Anita <Azarco@solanocounty.com> wrote:

From: Zarco, Anita <Azarco@solanocounty.com>
Subject: RE: Requesting information about the Dixon Unified School Bonds
To: "Ourania" <ouraniar@yahoo.com>
Cc: "Property Tax" <PropertyTax@SolanoCounty.com>
Date: Tuesday, July 3, 2018, 10:12 AM

As I have indicated below, our calculation was combined for both and we do not have a separate calculation of the factor by election.

Thanks.

Anita Zarco
Accountant Auditor III
Property Tax Division

Solano County-Auditor/Controller's Office
[675 Texas Street Suite 2810](#)
[Fairfield CA 94533](#)

Phone (707) 784-6534
Fax (707) 784-9006
Email azarco@solanocounty.com

-----"

-----Original Message-----

From: Ourania [<mailto:ouraniar@yahoo.com>]
Sent: Tuesday, July 03, 2018 10:04 AM
To: Ourania; Zarco, Anita
Cc: Property Tax
Subject: RE: Requesting information about the Dixon Unified School Bonds

Good morning Ms Zarco:

I thank you for your prompt response and the information you provided. However, I was looking for the tax rate in the form of dollars per 100k of assessed valuation by election. My tax bill shows \$92.243 per \$100k of assessed valuation. I would like to know this factor broken out by election.

I thank you again for your reply.

Ourania Riddle

On Mon, 7/2/18, Zarco, Anita <Azarco@solanocounty.com> wrote:

Subject: RE: Requesting information about the Dixon Unified School Bonds
To: "Ourania" <ouraniar@yahoo.com>
Cc: "Property Tax" <PropertyTax@SolanoCounty.com>
Date: Monday, July 2, 2018, 4:17 PM

Hello,

Attached is a copy of our FY 2017/18 calculation of tax rate for Dixon USD GOBs (this information is available in our website).

It shows our combined calculation for the voter debt rate of Dixon USD based on the following debt service requirements due in 2018-

	2/1/2018	8/1/2018	TOTAL	Dixon USD GOB 2016 Election Series 2017
Measure Q	627,376.90	1,427,806.25		Dixon USD GOB 2002 Election 2012 Refunding Measure J
376,075.00	1,171,075.00			Dixon USD GOB 2002 Election 2016 Refunding Measure J
149,625.00				39,625.00
TOTAL		1,043,076.90	2,748,506.25	3,791,583.15

Our calculation took into consideration the available cash balance and the estimated unsecured taxes. Since we've been doing a combined calculation of the rate, we cannot isolate how much of the cash balance or the estimated unsecured taxes is applicable for each issuance. But you can calculate an estimate based on the debt service requirements indicated above.

Thanks.

Anita Zarco
Accountant Auditor III
Property Tax Division

Solano County-Auditor/Controller's Office
[675 Texas Street Suite 2810](#)
[Fairfield CA 94533](#)

Phone (707) 784-6534
Fax (707) 784-9006
Email azarco@solanocounty.com

-----Original Message-----

From: Ourania [mailto:ouraniar@yahoo.com]
Sent: Monday, July 02, 2018 2:51 PM
To: Property Tax
Subject: Requesting information about the Dixon Unified School Bonds

Dear Auditor Controller:

Reviewing my property taxes statement I noticed that your office combined the Measure J and Measure Q Bonds for the Dixon Unified School District into one entry on my property taxes.

Since these are two separate bonds shouldn't they be two different entries on the property tax documents?

Could you please provide me with the tax rate for each of the Bonds? What is the tax rate for Measure Q and what is the tax rate for Measure J in the 2017/18 tax bill making up the .092243%?

I would appreciate acknowledgment receipt of this e-mail. If this not the correct e-mail address I would appreciate forwarding to the right person that can answer my question. This is the only "contact information" I could find online for your Department.

Thank you,

Ourania Riddle
(707) 678-9468

To: Ourania <ouraniar@yahoo.com>

Attachment B

Thanks Ms. Ourania.

[Quoted text hidden]