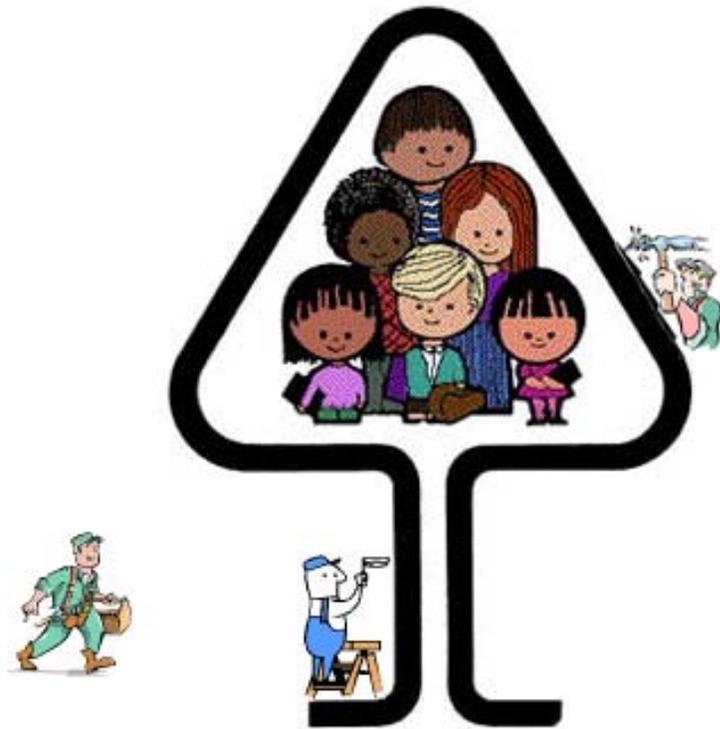


# MEASURE A — STRONG SCHOOLS BOND



## PALO ALTO UNIFIED SCHOOL DISTRICT

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CITIZENS' OVERSIGHT COMMITTEE  
2010 – 2011 ANNUAL REPORT

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## Letter from Committee Chair

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November 8, 2011

To: The Board of Education and the Citizens of the Palo Alto Unified School District

The Citizens' Oversight Committee is pleased to forward its third Annual Report, covering the 2010-11 fiscal year, on the \$378 million general obligation Strong Schools Bond.

The purpose of the Citizens' Oversight Committee (COC) is to inform the public concerning the expenditure of bond revenues. As required by State law, the COC provides oversight and advises the public whether the District is spending the Strong Schools Bond funds for school capital improvements within the scope of projects outlined in the Strong Schools Bond Project List. In fulfilling its duties, the COC reviews, among other things, the District's annual independent performance and financial audits of Strong Schools Bond activity.

In this third year, the Committee again gave special attention to the mechanisms and systems established by the District to oversee its contractors and monitor the effective planning and staging of the projects on the Strong Schools Bond list. At each of our meetings, we met with appropriate District officials and with senior representatives of the project management and construction management firms employed by the District to oversee planning and operations.

The Bond's building program has reached an active phase. As of June 30, 2011, projects budgeted at over \$270 million have been specifically planned by the District. Over \$59 million has been contractually committed and over \$41 million expended, both significant increases over last year. Two highlights for the 2010-2011 year included the completion of the Palo Alto High School Multi-Use Field improvements and substantial progress on the Ohlone Elementary School new classroom building. Major new classroom building projects are also underway at both Palo Alto and Gunn high schools. Please see pages 5—7 for a complete list of projects that are underway.

The Committee reviewed the Financial Audit and the Performance Audit issued by the independent auditing firm of Christy White, Professional Accountancy Corporation. The firm conducted its audits in compliance with Generally Accepted Government Auditing Standards. Under these standards, the audit firm independently determined which tests to use in arriving at its opinions. The audits found that the program was materially in compliance with the terms of Proposition 39 and Strong School Bond.

In sum, the Committee wishes to report that, to the best of its knowledge, the Palo Alto Unified School District is in full compliance with its responsibilities as described in Article XIII A, Section 1(b)(3) of the California State Constitution, the section that governs the terms and conditions of Proposition 39 bonds like the District's Strong Schools Bond.

The work of the Citizens' Oversight Committee is conducted under the Brown Act. All meetings of the Committee are open to the public; observers are welcome. The 2010-2011 audits and further information on expenditures, minutes of the Committee's meetings, and detailed monthly progress reports can be found on the District's Web site, <http://pausd.org/community/StrongSchoolsBond/>.

Sincerely yours,



Todd Collins  
Chair, Citizens' Oversight Committee  
E-mail: [coc@pausd.org](mailto:coc@pausd.org)

## Committee Members as of June 30, 2011

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Ray Bacchetti, Member, Senior Citizen  
Todd Collins, Taxpayer Organization Member  
Scott Darling, At Large Member  
Catherine Garber, Business Organization Member  
Gary Hornbeek, Parent, PTA Member  
Deepak Kanungo, Parent  
Mary Marth, Parent

## Board of Education, 2010-2011

Melissa Baten Caswell, President  
Camille Townsend, Vice President  
Barbara Klausner  
Barb Mitchell  
Dana Tom

## Senior District Officials

Kevin Skelly, Superintendent of Schools  
Bob Golton, Co-Chief Business Official & Bond Program Mgr  
Cathy Mak, Co-Chief Business Official

## About the District

The District was founded on March 20, 1893. The first school opened in September 1893, with two teachers and 70 pupils crowded into a temporary two-room school-house. The District enrollment generally grew through 1967, when enrollment peaked at 15,575 students.

Enrollment began to decline in the 1970s and continued to decline through the 1980s. The bottom of the decline was reached in 1989 when total enrollment stood at 7,452. Responding to the increased enrollment, there have been a number of school openings. Jordan Middle School reopened in fall 1998. A twelfth elementary school, Barron Park, was opened fall 1998, and a third middle school, Terman, was opened in fall 2001.

District enrollment continues to grow at any average rate in excess of 2% per year. Enrollment for fall 2011 is 12,286. A District focused goal for 2011-2012 is to plan for enrollment growth and its relationship to facilities.

## About Strong Schools Bond

Strong Schools Bond is a \$378 million bond authorization measure passed on June 3, 2008, that provides funding to provide safe and modern schools; accommodate enrollment growth; upgrade aging classrooms, libraries, computer and science labs; improve athletic facilities; repair or replace roofs, plumbing, heating, ventilation and electrical systems; improve fire alarms and school security; meet current earthquake standards; provide current technology; replace old portables with permanent classrooms; and purchase land within the Palo Alto Unified School District.

To ensure the Strong Schools Bond funds are spent in a way that best meets the needs of the District, the individual sites, and the community at large, a variety of strategies are being used. These include Site Facilities Steering Committees comprised of principals, teachers, parents and community members that make recommendations on site specific issues. Community meetings are held during the planning phases of the major projects to ensure that the concerns of neighbors, parents and the community are addressed. Finally, the Board of Education approves all Bond expenditures with an eye toward the needs of the District today and well into the future.

To ensure the Strong Schools Bond program is being managed effectively, the Board of Education approved O'Connor Construction Management, Inc. to provide program management services for this work. Tom Hodges, a principal with O'Connor having experience with the District since 2002, serves as the Program Director for Strong Schools Bond and provides overall program management services and manages early project development. The Board of Education also approved Gilbane Building Company to provide design administration and construction management services for the program. Rod Elgie, Gilbane's Senior Construction Manager, and his staff work closely with O'Connor to provide seamless management and coordination of all Strong Schools Bond projects.

The Bond program, now in its fourth year, is very active, with projects currently moving through the various phases of planning, design, state approval, bidding and construction. Several projects are already completed, including the Gunn industrial arts building and aquatics center, the Paly multi-use field, and technology improvements at all of the District's elementary classrooms (interactive whiteboards and sound assist systems). During the summer of 2011, the District awarded over \$50 million in construction contracts for major buildings at the high school campuses. The District plans to award, during the next few months, another \$50 million in construction contracts for Palo Alto's three middle schools and for Fairmeadow Elementary School.

## Committee Meetings

The Citizens' Oversight Committee meets on a quarterly basis. All meetings are open to the public. Scheduled upcoming meetings are: January 25, 2012; April 18, 2012; and July 18, 2012.

Proceedings of the meetings held included:

**February 2, 2011:** Election of Chair/Vice Chair, Monthly Reports, Member Attendance at Board of Education Meeting, Performance Audit Finding Implementation, Quality School Construction Bonds Information Discussion, and Site Visit—Ohlone Elementary School.

**April 20, 2011:** Program Status Updates, COC Members Service, Elementary Enrollment and Facilities Planning, Performance Audit/Financial Audit Timeline, SmartBoard and Sound Assist System Demonstration at Barron Park elementary school.

**July 13, 2011:** Program Status Update, Performance Audit and Financial Audit Planning, COC Annual Report Planning Discussion, Site Visit—Ohlone Elementary School.

**October 19, 2011:** Program Status Update, Annual Report Review, Performance Audit and Financial Audit Review, Board Presentation Preparation.

## Independent Audit Reports

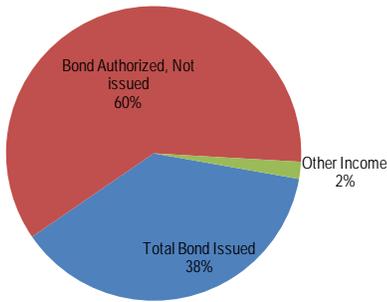
In compliance with Proposition 39, performance and financial audits were conducted for the year ended June 30, 2011. These audits were conducted in accordance with Generally Accepted Governmental Auditing Standards by the firm of Christy White Accountancy Corporation.

The audit firm rendered an opinion that the District's financial statements present fairly, in all material respects, the financial position of the Strong Schools Bond Building Fund as of June 30, 2011. The audit further found that the expenditures tested were in compliance with the terms of the ballot measure and applicable State laws and regulations. The auditors reported: "We found all expenditures tested to be in compliance with the terms of the Strong Schools Bond ballot measure and applicable State laws and regulations, without exception. Also, our analysis indicated that the District is receiving program management services that are reasonable as compared to other school districts, with regard to billing rates, hours charged, and the ratio of consultants to District employees. Furthermore, it appeared that the District's site projects were competitive in price with similar projects size and scope to other school construction bond programs included in our benchmarking."

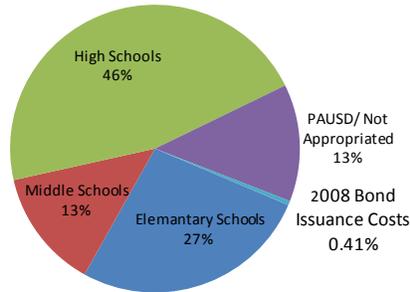
The auditors identified no deficiencies, material weaknesses, or instances of non-compliance related to the financial statements. Further, they had no findings or recommendations related to the financial and performance audit. To view the complete audit report, please visit <http://pausd.org/community/StrongSchoolsBond/annual.shtml>

# Palo Alto Unified School District Strong Schools Bond Expenditures as of June 30, 2011

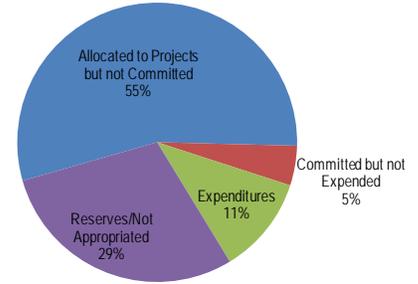
**Bonds Issued**



**All Amounts in \$1,000's  
Overall Allocation**



**Budget Status**



**Bond Status**

Total Bond Issued	144,999
Bond Authorized, Not issued	233,001
Other Income	7,212
<b>Total Funds</b>	<u><u>385,212</u></u>

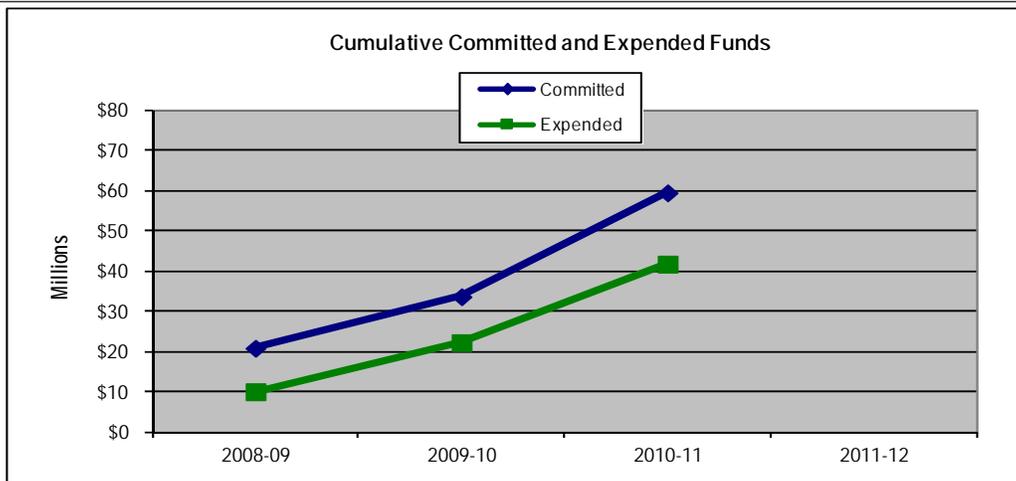
**Overall Allocation**

Elementary Schools	102,938
Middle Schools	51,572
High Schools	178,312
PAUSD/ Not Appropriated	50,549
Bond Issuance Costs	1,841
<b>Total Funds</b>	<u><u>385,212</u></u>

**Budget Status**

Allocated to Projects but not Committed	211,261
Committed but not Expended	17,649
Expenditures	43,584
Reserves/Not Appropriated	112,719
<b>Total Funds</b>	<u><u>385,212</u></u>

Projects	Budgeted	Committed	Total Expenditures	2010-11 Expenditures	Prior Years Expenditures
Gunn High School	54,586	18,107	14,317	2,236	12,082
Palo Alto High School	61,239	10,102	6,635	4,159	2,476
Jordan Middle School	18,562	2,958	1,495	1,045	450
J.L.S. Middle School	17,650	3,336	1,846	1,289	556
Terman Middle School	12,869	2,018	988	774	214
Ohlone Elementary	11,668	11,267	5,960	4,893	1,067
Duveneck Elementary	11,089	246	183	175	8
Fairmeadow Elementary	9,328	1,550	786	669	118
Hoover Elementary	8,575	71	57	53	5
All Other Elementary	52,943	2,406	2,249	1,806	442
Technology	7,101	3,721	3,713	1,170	2,543
Program Management	5,042	3,610	3,513	1,255	2,259
<b>Subtotal - Projects</b>	<b>270,652</b>	<b>59,391</b>	<b>41,743</b>	<b>19,523</b>	<b>22,220</b>
<b>Reserves</b>					
Gunn High School	21,525	-	-	-	-
Palo Alto High School	37,555	-	-	-	-
Elementary Schools - Reserve	5,076	-	-	-	-
Technology - Reserves	6,806	-	-	-	-
PAUSD - Reserve	7,230	-	-	-	-
PAUSD-Not Appropriated	34,527	-	-	-	-
<b>Subtotal - Reserves/Not Allocated</b>	<b>112,719</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other - Bond Issuance Costs	1,841	1,841	1,841	258	1,583
<b>Total</b>	<b>385,212</b>	<b>61,232</b>	<b>43,584</b>	<b>19,781</b>	<b>23,803</b>



# STRONG SCHOOLS BOND

Strong Schools for a Strong Community

Palo Alto Unified School District  
Citizens' Oversight Committee  
2010 - 2011 Annual Report

Below is a sampling of the projects within the Strong Schools Bond. Budgeted numbers below may differ from those on page 4 due to Board of Education approved changes subsequent to June 30, 2011. To see a complete list and additional detail on the status, expenditures and schedule of current Strong Schools Bond projects, please visit <http://pausd.org/community/StrongSchoolsBond/>

## Gunn High School - Aquatic Center

Budgeted Cost: \$4,865,423 Final Cost: \$4,862,530 Occupancy: June 15, 2009

This project constructed a new 35 meter pool facility to replace the original pool. The pool accommodates swimming, diving and water polo, and includes a new deck, bleachers, lighting and shade structures for events. The project also constructed a new building housing restrooms, outdoor showers, storage and a team room for the aquatic athletic teams. The project was completed within budget, and began hosting events in June 2009.



## Gunn High School - Industrial Arts Addition and Renovation

Budgeted Cost: \$5,511,500 Final Cost: \$5,045,659 Occupancy: January 2010

This project renovated and expanded the existing Industrial Arts building at Gunn. The addition includes two new biotechnology labs and support space. The existing building has the same labs as before, but with upgraded electrical and mechanical systems as well as new finishes and casework. The project was completed on-time and within budget, and began hosting classes in January 2010.



## Gunn High School - Air Conditioning of Existing Buildings

Budget: \$2,600,400 Completion: August 8, 2011

This project converted existing heating systems to provide cooling to the L, M, S, IA, and A buildings on the Gunn High School campus. Installation of a 'cool' roof system on these buildings was also included as part of this project. The project was completed on-time and within budget, and began cooling classrooms at the start of school in August 2011.



## Gunn High School - New Classroom Buildings

Budget: \$25,035,200 Planned Occupancy: April 2013

This project consists of two new classroom buildings on the Gunn campus. A two story classroom wing will house new classrooms, resource rooms and offices for the Math and English departments. The Math department will be located on the upper floor, and English on the ground floor. The second building will house new World Languages classrooms and offices adjacent to the L wing complex and the Science building along Arastradero. Planning and design have been completed. Construction began in August 2011, and is planned for completion in April 2013.



## Gunn High School - New Gymnasium

Budget: \$13,830,000 Planned Occupancy: November 2012

A new gymnasium will be constructed at Gunn to provide a second venue for school athletics and physical education instruction on the campus. The gym is planned to accommodate approximately 1,900 students for basketball or volleyball games, and will include a new ticket booth, restrooms, team rooms and a fitness room for weightlifting and dance programs. In addition to the gym, the project will rebuild the outdoor tennis courts and outdoor basketball courts on the northern edge of the student parking lot. Planning and design have been completed. Construction began in August 2011, and is planned for completion in November 2012.



## Strong Schools Bond Projects (Continued)

### Palo Alto High School - Multi-Use Field

Budgeted Cost \$3,616,935 Final Cost: \$3,527,950 Completion: February 2011  
This project renovated the existing baseball and softball fields on the southern end of the Paly campus. The new fields include new dugouts, bullpens, batting cages and bleachers for each venue, and improve fencing, scoreboards and drainage around the field. Reconfiguration of the south parking lot was also included in this project. The project was completed on-time and within budget, and was ready for the opening of the 2011 baseball and softball seasons.



### Palo Alto High School - Athletic Stadium Improvements

Budget: \$3,626,101 Planned Occupancy: March 2012  
This project will include a new building to house restrooms, concessions, equipment storage, and ticket sales. Additional to site improvements include new picnic areas, track resurfacing, and new bleachers for both the home and visitor's side of the field. The project is scheduled to bid in November 2011.



### Palo Alto High School - Haymarket and Tower Boiler Replacement

Budget: \$800,000 Planned Completion: January 2012  
This project will replace two failing boilers at Paly. The boilers are located in the basement of Haymarket Theater, and serve both the Haymarket Theater and the Administration buildings. Construction began in October 2011.



### Palo Alto High School - New Classroom Building and Media Arts Building

Budget: \$37,140,000 Planned Occupancy: July 2013  
This project consists of the addition of two large buildings to the Paly campus. The math and social sciences building will house new classrooms in a two story structure, with Math classrooms, offices and resource areas on the upper floor and similar spaces for social sciences on the ground floor. The Media Arts building will house new classrooms for the english department, as well as several lab spaces for media arts, including video production, photography, editing and journalism. Construction began in August 2011 and is planned for completion in July 2013.



### Jordan Middle School

Budget: \$17,943,194 Planned Occupancy: August 2013  
Improvements at Jordan will include a new classroom wing, a new cafeteria and renovations in several existing classrooms. The new classroom wing will be located in the Middlefield parking lot. The new cafeteria will be located on the tennis courts just east of the existing building. The existing cafeteria building will be renovated to accommodate new music classrooms. Jordan's existing music classrooms will be renovated to accommodate new art labs and the science wing will also be renovated to convert three small labs into two larger science labs. The project is anticipated to be bid in November 2011.



### Terman Middle School

Budget: \$12,850,071 Planned Occupancy: August 2013  
The Administration and Library building at Terman will be expanded and renovated to accommodate a new office at the front of the school, two new computer labs and a new, larger library in an addition on the east side of the building. Improvements will also include renovations to the Cafeteria, a new drama classroom, and a new science lab where the existing drama classroom is. The project is anticipated to be bid in November 2011.



## Strong Schools Bond Projects (Continued)

### J. L. Stanford Middle School

Budget: \$17,184,699      Planned Occupancy: August 2013

Improvements at JLS will include a new classroom wing and renovations in several existing classrooms. The new classroom wing will be a two story building, located on the existing playground area south of the industrial arts wing. Improvements in the existing classrooms will include additional storage, technology walls and sound assist systems. The campus will also be enhanced with improvements to exterior spaces to improve drainage and student use of the outdoor space. The project was submitted to Division of State Architect (DSA) on May 6, 2011 for review and is scheduled to be bid in early 2012.



### Elementary Schools - Elementary Classroom Improvements: Smartboard and integrated sound assist listening systems

Final Cost: \$1,678,482      Completion: April 2011

This project funded a technology wall for each elementary school campus. The technology walls include an interactive whiteboard and a sound assisted listening device to enhance student learning. The installation of new Smartboards and integrated sound assist listening systems for all elementary classrooms was completed by April 2011.



### Ohlone Elementary School - New Classroom Building and Modernization

Budget: \$11,667,965      Planned Occupancy: January 2012

A new classroom building is being constructed on the Ohlone campus to accommodate anticipated enrollment growth at the elementary schools. The project includes new classrooms, a flex room and a special day classroom in a two story structure adjacent to the existing library. The project also includes modernization of existing classrooms, including improved lighting, ventilation and new technology walls. Construction began in August 2010, and is planned for occupancy in January 2012.



### Fairmeadow Elementary School - New Classroom Building and Modernization

Budget: \$9,327,500      Planned Occupancy: August 2013

A new classroom building is being constructed on the Fairmeadow campus to accommodate anticipated enrollment growth at the elementary school level. The project includes a new, two story classroom wing adjacent to the Jackson Center. The project will also include an expanded library and modernization of existing classrooms. The project was bid in October 2011.



### Duveneck Elementary School - New Classroom Building and Modernization

Budget: \$11,088,757      Planned Occupancy: August 2014

Three additional classrooms are planned for the Duveneck campus to accommodate anticipated enrollment growth. The project includes a new, two-story eight classroom building and two one-story classroom buildings for kindergarten and primary grade classrooms. The project will also include an expanded library and modernization of existing classrooms. The project is still in the preliminary design phase and is anticipated to be submitted to DSA in early 2012.



### Districtwide—Technology

Budget: \$8,212,531      Completion: On-going

The District purchased computers, utilizing bond funds, throughout the 2010/11 school year. During the year there was a notable shift from desktops and laptops to handheld devices, primarily at the elementary school level. Implementation of the Voice-over-IP (VoIP) telephone system started at the district office this fall. A major upgrade to the District's network was bid in October 2011.

