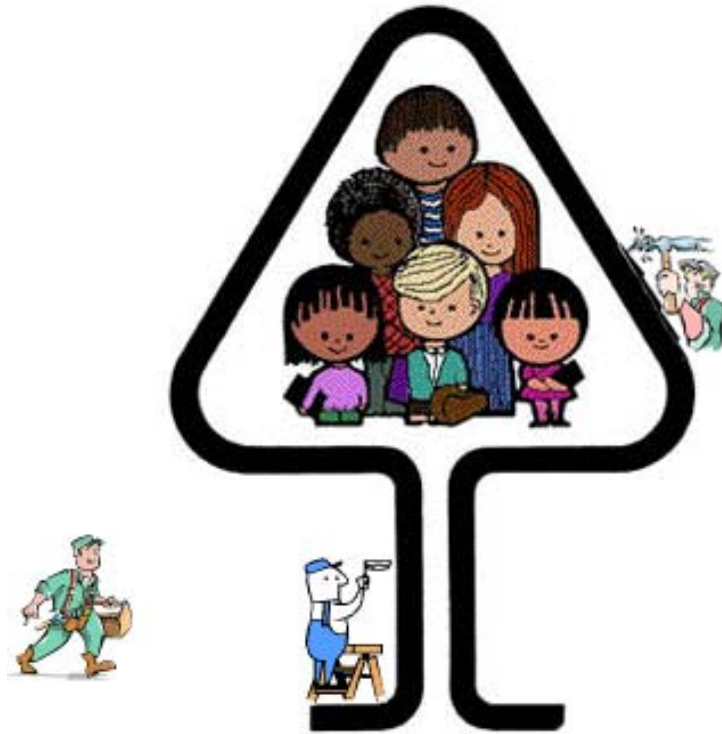


MEASURE A STRONG SCHOOLS BOND



PALO ALTO UNIFIED SCHOOL DISTRICT

CITIZENS' OVERSIGHT COMMITTEE 2014 – 2015 ANNUAL REPORT

Committee Members as of June 30, 2015

Jim Cowie, Chair, Business Organization Member, Parent, PTA Member
Bruce Whitson, Vice-Chair, Business Organization Member
Walt Hays, Senior Citizens Organization
Todd Collins, Taxpayer Organization Member
Catharine Garber, Business Organization Member
Daniel Sin-Yew Teo, Parent, PTA Member, Site Council Member
Arianne Teherani, Parent, PTA Member

Board of Education as of June 30, 2015

Melissa Baten Caswell, President
Heidi Emberling, Vice President
Camille Townsend
Ken Dauber
Terry Godfrey

Letter from Committee Chair

November 1, 2015

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

The Citizens' Oversight Committee is pleased to forward its Annual Report, covering the 2014-15 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.

The Bond building program continues. Classroom modernization and the Miranda Avenue parking and drop-off projects were completed at Gunn High School. The new math and social sciences building and media arts building were completed, and significant progress was achieved in the construction of the new performing arts center at Palo Alto High School. The new classroom building and modernization of existing classrooms were completed at Duveneck Elementary School.

From a financial perspective, the Bond Program expended over \$20 million during the fiscal year. As of June 30, 2015, approximately 64% of the full Bond Budget was contractually committed, and 57% had been expended.

No new bonds were issued during the fiscal year.

The Committee reviewed the Independent Auditor's Report issued by the independent auditing firm of Christy White Associates, a professional accountancy corporation (CWA), including its Independent Auditors' Report and its Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Accounting Standards, and its Independent Auditors' Report on Performance. CWA found that PAUSD complied with the terms of Proposition 39 and Strong School Bond during the 2014-2015 fiscal year.

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 PAUSD's Strong Schools Bond.

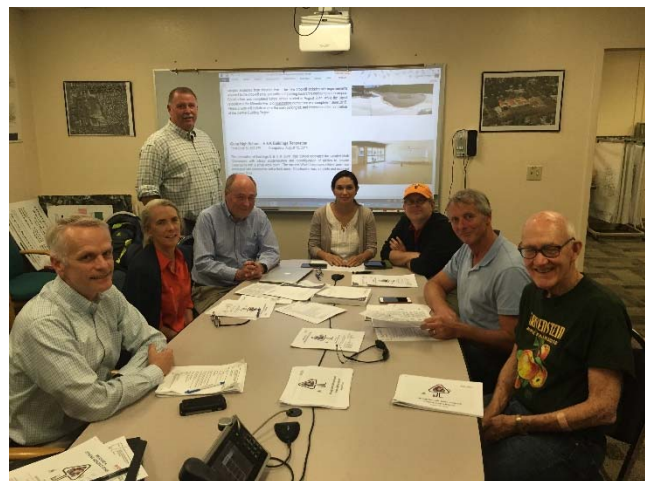
The work of the Citizens' Oversight Committee is conducted under the Brown Act. All meetings of the Committee are open to the public, and observers are welcome. The 2014-2015 audits and further information on expenditures, minutes of the Committee's meetings, and detailed monthly progress reports are available at:

<http://pausd-web.pausd.org/community/StrongSchoolsBond/citizens.shtml>.

Sincerely yours,



James J. Cowie
Chair, Citizens' Oversight Committee
E-mail: coc@pausd.org



COC members with Bond Program Staff

2008 Measure A Strong Schools Bond - At A Glance (as of June 30, 2015)

Authorized Amount:	\$378.0	Issued:	\$255.0	Expended:	\$223.4
Purpose (per ballot language):	Provide safe and modern schools, accommodate enrollment growth, upgrade aging classrooms, libraries, computer and science labs, repair or replace roofs, plumbing, heating, ventilation, and electrical systems, improve fire alarms and school security, meet current earthquake standards; provide current technology, and replace old portables with permanent classrooms.				
District Superintendent:	Dr. Max McGee	Bond Program Manager:	Robert Golton		
Program Management:	fs3 Hodges	Construction Management:	fs3 Hodges		
Auditor:	Christy White Associates	Audit Findings:	In Compliance without Exceptions		

About Strong Schools Bond

Strong Schools Bond is a \$378 million bond authorization measure passed on June 3, 2008 to support growth, modernization and improvement of the facilities and fixtures of 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. The COC exercises oversight regarding expenditures.

The Bond program, now starting its eighth year, is a mature program, with multiple projects completed, and a number of others in the planning and building phases. Over \$20M was expended during 2014-15, and over \$240M in contracts have been either awarded or completed. Both high schools, all three middle schools and three elementary schools have completed substantial projects.

Independent Audit Reports

In compliance with Proposition 39, performance and financial audits were conducted for the year ended June 30, 2015. These audits were conducted in accordance with Generally Accepted Government Auditing Standards by the firm of Christy White Associates, a professional 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, 2015. The audit further found that the expenditures tested were in compliance with the terms of the ballot measure and State laws and regulations.

The auditors reported: "We found all expenditures tested to be in compliance with the terms of the Measure A - Strong Schools Bond

Bond Program Highlights - 2014-15			
		Budget (millions)	Completion Date
Completed by August 2015			
Paly	New classroom and media arts building	\$36.9	2014
Duveneck	New classroom buildings and modernization	\$9.3	2014
Gunn	Phase 1 - Parking and Drop Off, Miranda Ave.	\$1.8	2014
Under Construction to be Completed After June 2015			
Paly	New Performing Arts Center	\$29.4	2016
Paly	New Athletic Center	\$17.7	2017
In Design			
Gunn	Central Building Project	\$21.1	2018
Paly	Library Renovation	\$10.4	2018
Paly	Science Addition	\$5.5	2019

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 in size and scope to other school construction bond programs

included in our benchmarking."

The auditors found that the program was materially in compliance with the terms of Proposition 39 and Strong Schools Bond. Annual and Audit reports are available to the public at: <http://pausd-web.pausd.org/community/StrongSchoolsBond/annual.shtml>

2014-15 COC Quarterly Meetings

The Citizens' Oversight Committee meets on a quarterly basis. All meetings are open to the public. The following are the proceedings of the meetings held in 2014-15:

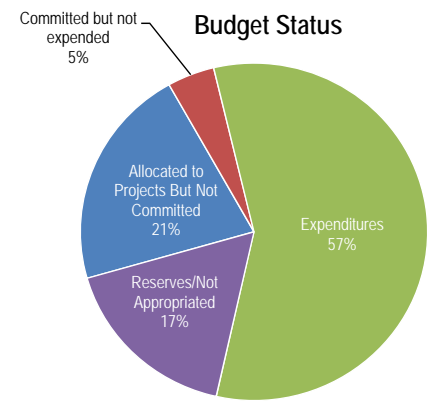
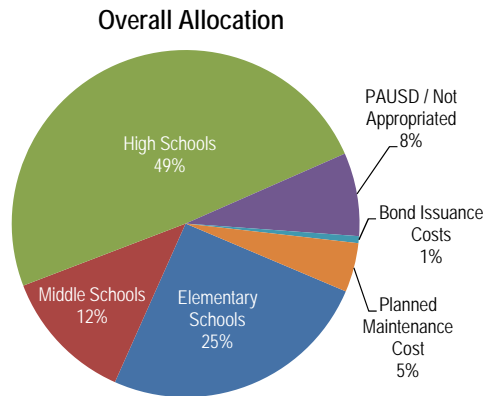
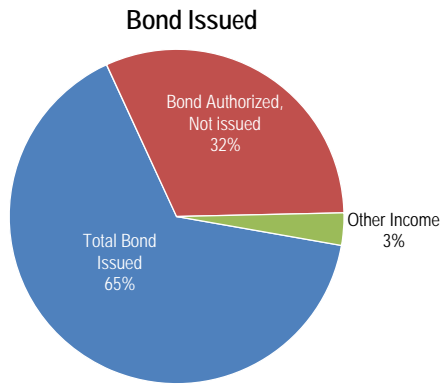
August 11, 2014: Program Status Update, Progress Report on Paly New Gyms, Finding to Revise the Strong Schools Bond Project List to Include Replacement of the Paly Gyms Rather than Renovation and Addition, Annual Audit, Preparation for 2013/14 COC Annual Report, Site Visit of Duveneck Elementary.

October 15, 2014: Program Status Update, Review of Financial and Performance Audits from Christy White, Discussion of the COC Annual Report to the Board of Education, Discussion of the Presentation of the Annual Report to the Board of Education, and Site Visit of Paly Performing Arts Center.

January 21, 2015: Site Visit of the Paly Performing Arts Center Construction, Program Status Update, Update on Future Projects, and Briefing on PAUSD Enrollment Management Committee.

April 15, 2015: Program Status Update, Report on Paly New Gyms Project, Budget Update, Report on the Enrollment Management Advisory Committee (EMAC), and Preparation for 2014/15 COC Annual Report.

Expenditures from July 1, 2008 Through June 30, 2015 (All amounts in \$1,000s)



Bond Status

Total Bond Issued	254,999
Bond Authorized, Not issued	123,001
Other Income	12,194
Total Funds	390,194

Overall Allocation

Elementary Schools	98,678
Middle Schools	48,796
High Schools	192,013
PAUSD / Not Appropriated	30,280
Bond Issuance Costs	2,530
Planned Maintenance Cost	17,896
Total	390,194

Budget status

Allocated to Projects But Not Committed	83,128
Committed but not expended	17,158
Expenditures	223,358
Reserves/Not Appropriated	66,550
Total	390,194

(All amounts in \$000's) All number was accumulated from the beginning of project, Year 2008-09 FY.

Projects	Budgeted	Committed	Total Expenditures	14-15 FY Expenditures	08-14 FY Expenditures
Gunn High School	76,111	54,493	53,017	1,669	51,347
Palo Alto High School	108,708	75,005	59,580	13,549	46,031
Jordan Middle School	19,615	19,453	19,453	958	18,495
J.L.S. Middle School	16,111	15,976	15,882	58	15,824
Terman Middle School	13,070	13,012	12,972	66	12,907
Ohlone Elementary	10,556	10,526	10,481	0	10,481
Duveneck Elementary	9,278	9,168	9,168	944	8,224
Fairmeadow Elementary	7,657	7,589	7,573	101	7,473
All Other Elementary	24,282	2,337	2,331	0	2,331
Technology	10,485	9,734	9,715	77	9,637
Program Management	12,657	10,386	10,350	1,785	8,565
Planned Maintenance Cost	4,084	1,806	1,806	1,702	104
Subtotal - Projects	312,614	229,486	212,328	20,909	191,419
Reserves					
Gunn High School	7,194	-	-	-	-
Palo Alto High School	0	-	-	-	-
Elementary Schools - Reserve	38,406	-	-	-	-
Technology - Reserves	3,422	-	-	-	-
PAUSD - Reserve	0	-	-	-	-
PAUSD-Not Appropriated *	3,716	-	-	-	-
Planned Maintenance-Not Appropriated*	13,812	-	-	-	-
Subtotal - Reserves/Not Allocated	66,550	0	0	0	0
525 San Antonio -Property Acquisition	8,500	8,500	8,500	0	8,500
Other - Bond Issuance Costs	2,530	2,530	2,530	0	2,530
Total	390,194	240,516	223,358	20,909	202,449

STRONG SCHOOLS BOND

Strong Schools for a Strong Community

**Palo Alto Unified School District
Citizens' Oversight Committee**
2014 - 2015 Annual Report

Below is a sampling of the projects within the Strong Schools Bond from inception. Budgeted numbers below may differ from those on page 4 due to Board of Education approved changes subsequent to June 30, 2015. To see a complete list and additional detail on the status, expenditures and schedule of current Strong Schools Bond projects, please visit: <http://pausd-web.pausd.org/community/StrongSchoolsBond/monthly.shtml>.

Strong Schools Bond Projects – Completed Projects

Gunn High School - Aquatic Center

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 aquatics teams. The project was completed within budget and began hosting events in June 2009.



View of Pool from Gym.

Gunn High School - Industrial Arts Addition and Renovation

Final Cost: \$5,065,128 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.



Industrial Arts Addition, view from quad

Gunn High School - Air Conditioning of Existing Buildings

Final Cost: \$2,092,366 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.



New condensers on roof of Gunn Buildings

Strong Schools Bond Projects – Completed Projects (Continued)

Gunn High School - New Classroom Buildings

Final Cost: \$24,808,488 Occupancy: August 15, 2013

This project consisted of two new classroom buildings on the Gunn campus. A two story classroom wing houses new classrooms, resource rooms and offices for the Math and English departments. The Math department occupies the upper floor, and English the ground floor. The second building houses World Languages classrooms and offices adjacent to the L wing complex and the Science building along Arastradero. Construction of the World Languages building was completed in January 2013 and occupied in August 2013, with construction of the Math/English building being completed July 2013 and occupied in August 2013.



New World Languages Bldg.



New Math and English Bldg.

Gunn High School - New Gymnasium

Final Cost: \$12,450,948 Occupancy: June 8, 2013

The new gymnasium, named 'Titan Gym', provides a second venue for school athletics and physical education instruction for the Gunn campus. The gym capacity is approximately 1,900 students for basketball or volleyball games, and includes a new ticket booth, restrooms, team rooms and a fitness room for weightlifting and dance programs. The project included rebuilding outdoor tennis and basketball courts on the northern edge of the student parking lot. Construction was completed in May 2013 and occupied in June 2013. The 2nd phase of the project included modernization of the existing 'Bow Gym'. For this phase, the main gym floor, bleachers and lighting was replaced, with the old wrestling room being converted to a wrestling and dance room. This project was also completed within the budget, and occupied in November 2013.



New Titan Gymnasium

Strong Schools Bond Projects – Completed Projects (Continued)

Palo Alto High School - Multi-Use Field

Final Cost: \$3,601,302 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 part of the project. The project was completed on-time and within budget and was ready for the opening of the 2011 baseball and softball seasons.



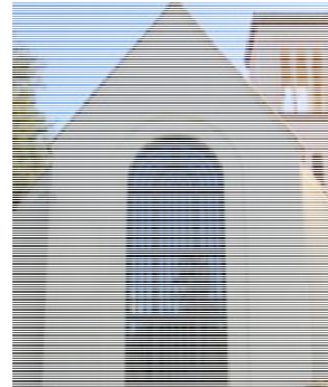
Palo Alto High School - Tower Building Improvements

Final Cost: \$1,260,933 Completion: August 1, 2013

This multi-phase project is providing improvements to the Tower Administration building at Paly. The first phase replaced the boilers in the basement of the Haymarket Theater. The second phase, funded by planned maintenance funds, included replacing exterior trim, roofing, dry-rot repairs and painting the exterior, which was completed in August 2012. The most recent phase replaced all the exterior windows and trim. Construction was completed in July 2013 and occupied in August 2013.



New Tower Bldg. Windows - Before



New Tower Bldg. Window – Large Window Replacement 2012



Boiler Replacement - Before



Boiler Replacement - After



Tower Bldg. New Windows - During



Tower Bldg. New Windows - After

Strong Schools Bond Projects – Completed Projects (Continued)

Palo Alto High School - Athletic Stadium Improvements

Final Cost: \$4,758,036 Occupancy: August 15, 2013

This project included a new building to house restrooms, concessions, equipment storage, and ticket sales. Additional site improvements included new picnic areas, track resurfacing, and new bleachers for both the home and visitor's side of the field. The project was completed in August 2013.



Athletic Stadium Improvements – New Bleachers



Athletic Stadium Improvements – New Entry

Jordan Middle School

Final Cost: \$19,109,347 Occupancy: August 15, 2013

This project constructed a new classroom wing, a new cafetorium and renovated several existing classroom wings. The new classroom wing is adjacent to the Middlefield parking lot. The new cafetorium is adjacent to the tennis courts, just east of the existing cafetorium. The existing cafetorium building was renovated into two new music classrooms. Jordan's existing music classrooms were renovated to accommodate new art labs, and the science wing was renovated to convert three small labs into two large science labs. Construction was completed in July 2013 and occupied in August 2013.



New Classroom Bldg.



New Cafetorium Bldg.

Strong Schools Bond Projects – Completed Projects (Continued)

J. L. Stanford Middle School

Final Cost: \$15,670,128

Occupancy: August 15, 2013

Improvements at JLS included a new classroom wing and renovations in several existing classrooms. The new classroom wing is a two story building housing ten new classrooms, located on south of the industrial arts wing. Improvements in the existing classrooms included technology walls and sound assist systems, which were completed via separate contract in 2011. Another contract included improvements to exterior courtyards to improve drainage, circulation and landscaping. Construction was completed in July 2013 and occupied in August 2013.



New Classroom Wing



Landscape and Sitework Improvements

Terman Middle School

Final Cost: \$13,051,488

Occupancy: October 30, 2013

The Administration and Library building at Terman was expanded and renovated to accommodate a new office at the front of the school, three new classrooms and a new library as part of an addition to the east side of the old building. Improvements also included renovations to the cafeteria, a new drama classroom and all new heating units. The new library and classrooms were occupied in August 2013, while the renovations in the cafeteria were complete in October 2013.



New Library Expansion



New Library Expansion - Interior

Strong Schools Bond Projects – Completed Projects (Continued)

Ohlone Elementary School - New Classroom Building and Modernization

Final Cost: \$10,556,390 Occupancy: January 3, 2012

A new two story classroom building was constructed on the Ohlone campus to accommodate enrollment growth at the elementary schools. The project included ten new classrooms, a flex room and a special day classroom adjacent to the library. The project also included modernization of existing classrooms, including improved lighting and ventilation. Construction was completed in December 2011 and occupied in January 2012.



New Classroom wing and natural play area

Fairmeadow Elementary School - New Classroom Building and Modernization

Final Cost: \$7,656,720 Occupancy: August 15, 2013

A new classroom building was constructed on the Fairmeadow campus to accommodate enrollment growth. The project included a new, two story classroom wing adjacent to the Jackson Center that houses eight new classrooms with new restrooms on each level. The project also included expanding the library and relocating the kindergarten classrooms and play areas to the old upper wing. Construction was completed in July 2013 and occupied in August 2013.



New Classroom wing and field

525 San Antonio Avenue – Site Acquisition

Budget: \$8,500,000 Final Cost: \$8,500,000 Acquired: November 8, 2012

This 2.6 acre parcel was acquired from Summer Hill Homes. It is anticipated that this property will be used with the adjoining Greendell site for future expansion of Palo Alto Unified School District classroom purposes. At the present time it is being leased to the Athena Academy.



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

Final Cost: \$1,879,695 Completion: April 2011

This project funded a new Smartboards and sound assist systems for each elementary school campus. The installation of new Smartboards and integrated sound assist systems for all elementary classrooms was completed in April 2011.



Strong Schools Bond Projects – Completed Projects (Continued)

Gunn High School – Miranda Ave. Parking and Drop-off – Phase 1

Budget: \$3,940,000 Completion: August 8, 2014

Phase 1 of this project constructed a new drop-off area along the west side of the Gunn campus accessed from Miranda Ave. The new drop-off includes site improvements adjacent to the drop-off area, and adds staff parking toward the northern part of campus. Construction was completed before school started in August 2014, while the signal relocation at the Miranda Ave. and Arastradero intersection was complete in June 2015. Phase 2 work will include work in the main parking lot, and commence after completion of the Central Building Project.



View of Miranda turnaround and drop-off

Gunn High School – E & K Buildings Renovation

Final Cost: \$1,629,175 Occupancy: August 15, 2014

The renovation of buildings E & K at Gunn High School renovated the vacated Math Classrooms with interior modernization and reconfiguration of utilities to provide classrooms with a small work room. The vacated World Languages offices were also renovated into classrooms and a tech room. Construction was complete and occupied in August 2014.



New Classroom in K wing

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

Budget: \$36,938,516 Occupancy: August 2014

This project consists of the addition of two large buildings to the Paly campus. The math and social sciences building consists of 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 includes new classrooms for the English department, as well as several lab spaces for media arts, including video production, photography and journalism. Construction began in August 2011, was completed in April 2014, and was occupied in August 2014.



New Classroom Building



New Media Arts Center

Strong Schools Bond Projects – Completed Projects (Continued)

Duveneck Elementary School - New Classroom Building and Modernization

Budget: \$9,277,535

Occupancy: August 15, 2014

The project includes a new, two-story classroom building housing eight classrooms, and two one-story classroom buildings for two kindergarten and three primary grade classrooms. These new buildings replaced the eight portable classrooms, and add three additional classrooms to the campus. The project includes an expanded library and modernization of existing classrooms. Construction began in May 2013 and was completed in August 2014.



New Kindergarten Classroom Bldg.



New 4th and 5th Grade Classroom Bldg.

District-wide — Technology

Budget: \$10,457,367

Completion: On-going

The District purchased computers, utilizing bond funds, throughout the 2012/13 school year. There has been 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 and a major upgrade to the District's broadband of wireless access points both completed in August 2012. Also, installation of wireless antennas at each school to enhance the District's broadband network was completed in December 2013.

Strong Schools Bond Projects – In Progress

Gunn High School – Central Building Project

Budget: \$21,084,277 Planned Occupancy: March 15, 2018

The new central building provides a centralized building housing Performing Arts, Student Activities, Wellness Center and Media Arts classrooms. The project will demolish the current Music building and replace it with a larger facility to adequately house the music programs. A new two story building will provide a new space for Student Activities, new Media Arts classrooms, and a new Wellness Center on the second floor. A new entry plaza and drop-off area will be located where the current Music building is to provide direct access from the parking and drop-off location to the center of campus.



New Central Building Project - Rendering



New Central Building Project - Rendering

Palo Alto High School - New Performing Arts Center

Budget: \$29,370,049 Planned Occupancy: August 15, 2016

The Performing Arts Center at Paly will provide a new, 592 seat building to house performances for the Performing Arts department and assemblies for the campus. The facility includes a single level of seating, with single-row side boxes around the perimeter on two levels. It will have a mechanical orchestra pit, a full fly tower for staging, and a trap room below the stage. The building will also include a drama classroom. Construction began in May 2014, and is scheduled for completion in time for the 2016/2017 academic year.



New Performing Arts Center - Rendering



New Performing Arts Center – August 2015

Strong Schools Bond Projects – In Progress (Continued)

Palo Alto High School - New Indoor Athletic Facilities

Budget: \$17,671,555 Planned Occupancy: April 2017

The Indoor Athletic Facilities at Paly will provide two new buildings replacing the existing small and large gyms. The facilities are two-story buildings with the main gym below grade. Also included are a new strength and conditioning room, wrestling room, dance room, practice gym, PE locker rooms, team rooms, and a PE classroom. This project is jointly funded by a private donation and bond funds. The project has been under DSA review since December 2013, with construction planned to begin during the summer of 2015.



New Indoor Athletic Facilities - Rendering

Palo Alto High School – Science Addition

Budget: \$5,532,204 Planned Occupancy: August 2018

The Science Addition at Paly will provide four new science classrooms to account for anticipated growth. The facility includes a new projects room, and renovation of the existing projects room to expand the Science Resource Center within the existing Science Building. The proposed location for the addition is the open space immediately south of the existing Science building, with construction planned to begin after the new Indoor Athletics building is completed.



New Science Addition - Rendering



New Science Addition - Rendering

Palo Alto High School – Building 500 (Library) Renovation

Budget: \$10,394,140 Planned Occupancy: August 2017

The Building 500 Renovation project at Paly will reconfigure the old library, offices and resource rooms into a new expanded Library facility and Counseling Center. The new facility will include a new computer lab, a 'Maker Space' lab, and new offices to house Guidance and Counseling, Student Activities and the College and Career Center. Construction is planned to begin in summer 2016 after completion of the new Performing Arts Center.



Library Renovation – Rendering of Exterior