



March 2019

Citizens' Bond Oversight Committee Second Annual Report to the Community



The Citizens' Bond Oversight Committee (CBOC) for the Measure H1 Facilities Bond Program is pleased to present its second Annual Report to the Piedmont community. Thanks to voter approval of Measure H1 on November 8, 2016, the District is embarking on a program to modernize and improve school facilities to better support our educational programs. The CBOC is responsible for reviewing bond program projects during construction, reviewing the expenditure of bond funds, and ensuring that expenditures were made for purposes authorized by voters. This second annual report covers the period from July 1, 2017 through June 30, 2018.

The CBOC consists of community members from local businesses and organizations, legal, technical, and financial advisors, and parents of children enrolled in the Piedmont Unified School District. The CBOC members are: Grier Graff, Chair; Julie Caskey, Vice Chair; Adam Christensen; Kim Dao; Andrew Hempeck; Kyung-Hee Howard; Jonathan Levine; and Melissa Wilk. CBOC meetings are open to the public and all are welcome and encouraged to attend and participate.

The Citizens Bond Oversight Committee

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History of the Measure H1 Bond Program

During 2015-16, the Piedmont Unified School District assessed its facilities to determine whether they support changing educational programs and goals, and developed a plan to ensure that facilities enhance educational programs now and in the future. This “Facilities Master Plan” is intended to address current and future educational needs of students and ensure that facilities provide both the functionality and capacity to support educational excellence. (For more information about the development and content of the Facilities Master Plan, see <http://measureh1.org>.)

Among other findings, the Facilities Master Plan states that many of the middle and high school building systems have reached the end of their useful life and should be replaced. Also, educational needs have changed since the middle and high schools were constructed, and both additional and different kinds of facilities are needed. Since these school buildings were constructed, course offerings have become more varied and some courses require specialized classrooms and labs – particularly in the fields of science, technology and engineering. Course work now incorporates collaboration in small groups and presentations, but undersized classrooms and heavy, inflexible furnishings make it difficult to reconfigure classrooms to support these activities. Lab work requires safe and suitable space for group projects and project storage, and inadequate labs, in fact, constrain teaching and learning opportunities. Additional specialized facilities are needed to offer or expand courses in film, web design, theater arts (including set and lighting design), graphic arts, culinary arts, and sports medicine, among others.

To address the most pressing needs identified in the Facilities Master Plan, the District proposed Measure H1 to the Piedmont voters. On November 8, 2016, 74% of the voters approved the measure, authorizing \$66.1 million in school construction bonds. The complete text of the measure is set forth in Appendix A.

Financial Summary of the Measure H1 Bond Program

The District will issue the H1 bonds as needed. Although high school construction will not start until 2019, bond funds were needed during 2016-17 and 2017-18 to pay for “soft costs” such as design, engineering, surveys, program/construction management, and improvements to the middle school. In addition to this cash demand, other factors that were considered in planning the initial bond sale included current interest rates, the potential for interest rates to rise in the near future, and capacity (which depends on the assessed value of real property in Piedmont).

The first sale of Measure H1 bonds was in April 2017 for \$26 million. The District expended \$685,285 during 2016-17 (including \$143,896 in “reimbursement” to the General Fund for pre-bond expenditures during the 2015-16 fiscal year), leaving a balance of \$25,314,855 (including interest

earnings) on June 30, 2017. The District expended \$3,683,170 during 2017-18, leaving a balance of \$21,941,002 (including interest earnings) on June 30, 2018. A financial summary is attached as Appendix B. The bond funds are invested with the Alameda County Treasury, as required by the California Education Code. Bond proceeds must be expended within three years of the date of sale.

The District plans to sell the remaining bonds in one or two tranches, depending on cash demand. The District will use one tranche if possible, to reduce transaction costs. Based in part on the projected growth in assessed real property values in Piedmont, the District expects the H1 bonds to be fully repaid around the year 2045.

2017-18 Progress Report

During the second year of the Measure H1 Bond Program, the District continued to prepare for construction of a STEAM building and performing arts building, and completed a broad range of smaller projects.

➤ Summer 2017 Projects

- Completed survey and topography studies of the Magnolia Campus and Witter Field complex.
- Completed geotechnical survey and soils analysis for engineering of the STEAM building and performing arts building foundations.
- Completed HAZMAT survey for demolition of the Alan Harvey Theater and 10s building.
- Conducted engineering and hydrology investigation of Witter Field drainage and other conditions.
- Installed wireless electronic locks and new doors and hardware for PMS, PHS and MHS consistent with the District's Safe Schools Plan.
- Maintained and refurbished PMS classrooms and bathrooms using prototype materials and methods.
- Procured prototype furniture for elementary and middle school classrooms.

➤ Community Engagement to Establish Design Principles

The District's architect, HKIT, engaged students and staff and reviewed input gathered during the 2017 town hall meetings to establish the following guiding principles for design development:

- Preserve and honor historical Piedmont while designing 21st century facilities.
- Build facilities that are large enough to house the needed classrooms and labs while considering the size and scale of the Magnolia site and the height and bulk of all structures.
- Make the overall campus more inviting.

Much of the specific input received reflected an interest in new buildings that:

- unify the campus;
- complement the surrounding buildings and quad;
- are inviting without compromising campus security;
- create functional separation between public areas and academic and classroom spaces; and
- create an attractive facade that enhances the campus rather than “blank” exterior walls that detract.

➤ **Teacher Engagement to Define Program Needs, Refine Concept Designs**

HKIT met with high school science, computer science, fine arts and performing arts teachers and administrators to solicit their input into the early design process and ultimately ensure that the new facilities will meet current and future educational needs.

Discussions with the performing arts staff focused on how the current theater functions -- how the theater building (including lobby, backstage and other spaces) is used: what features of the current theater meet the needs of educational programs; and what additional features and spaces are needed to support school programs now and in the future. A principal concern was that more space is needed to accommodate drama classes and the four kinds of productions each year -- plays, musicals, dance performances, and concerts. Rehearsals for these productions often overlap, and the original concept design for the new theater did not provide enough space for these programs to operate concurrently. It was established that a new theater alone, without at least one additional classroom/rehearsal space, would not support the educational programs.

Meetings with teachers resulted in the addition of:

- a media lab for the fine arts program;

- a video and sound editing lab for the computer science program; and
- a drama classroom/rehearsal space and drama department office.

➤ **Location of PHS' Administrative and Counseling Offices**

In August, 2017 the Board of Education held a special meeting to discuss the relocation of PHS administrative and counseling offices. HKIT provided an overview of the existing offices, including configuration and square footage. PHS Principal Adam Littlefield and other administrators provided insight on how the size and configuration of these offices might be improved -- to better meet the needs of the school community -- when the 10s building is demolished and the offices are relocated. HKIT presented a range of options and explained the trade-offs associated with each. The Board gave direction to HKIT and District staff to continue to study the best configuration and location of the administrative and counseling offices and solicit input from students and counseling staff.

➤ **Presentation of Schematic Designs**

In September 2017, HKIT presented schematic designs for the two new buildings, including floor plans and exterior elevations. The Magnolia side of these buildings is classical in style and reflects many of the design elements of the original PHS and the elementary schools. The Quad side of the STEAM building has a more contemporary design that features the photovoltaic panels (solar panels) that will both power and shade the building. HKIT's design is intended to honor Piedmont's history and fit within the context of the Magnolia Campus, create a forward-thinking school that will itself be a tool for teaching about energy production, use, and conservation, and provide a welcoming gateway to the campus. After presentation to the Board of Education, these designs were posted on the Measure H1 website and the Piedmont Portal, distributed to the local newspapers, and displayed in the District Office.

➤ **Election to Use a Lease-Leaseback Agreement**

The District had a choice of "delivery methods" for construction of the new high school facilities and ultimately chose the "lease-leaseback method" (LLB). Under LLB, the District engaged an architect to develop the plans and specifications and then identified a developer early in the design phase to perform preconstruction services throughout the design process. This allowed the developer to perform constructability reviews to identify potential conflicts in the plans and/or challenges in constructing the project. The architect, District, and developer conducted value engineering analyses to manage the project budget and establish a guaranteed maximum price for the projects. The developer was selected based on quality rather than the lowest bid, and the District was able to review/approve subcontractors. Under this approach, the District, developer, and architect work as a team, and typically there are lower incidents of litigation. The potential downsides of LLB are that

complicated lease structures and recent court cases have called into question some LLB practices, but the District determined that these were outweighed by the significant advantages of this method.

The other methods the District considered include:

Design-Bid-Build. This method is common and generally well-understood, with well-established and clearly defined roles for all parties involved. The District would retain full control over the project because the project features would be fully determined prior to selection of a contractor. A design package would be issued to interested contractors, who would submit bids for the work and select their own subcontractors. The contractor submitting the lowest responsive bid would be selected to perform the work. The contractor would then be responsible for constructing the new facilities according to the pre-established design. Under this method, the Architect typically has limited oversight of the construction. The potential downsides of this method are: contractors can lie to secure the lowest bid and then generate change orders to increase the total price; the District would assume all responsibility for change orders; and the potential for construction-related litigation is high.

Design-Build. This method provides the District with a single contract and a single point of contact for the design and construction of the project, with a guaranteed maximum price. The contract would be fully inclusive of all services and products to be delivered by the developer and architect, avoiding District involvement in some of the issues that typically complicate a “low-bid” delivery method like Design-Bid-Build. The potential downsides are that, unless the scope is well defined, the District would be at risk for low quality construction, and the architect would work for the contractor/developer rather than for the District.

Multiple Prime. This is a method can be used to “fast-track” construction because work in each construction discipline is bid separately. The Construction Manager administers the construction through individual contractors who work directly with the District. The potential downsides are that this method is not well suited to complex projects, where it can be difficult to administer a large number of contracts, and there is no guaranteed maximum price.

After careful consideration of each approach, the District decided to proceed with the lease-leaseback method.

➤ **Maximization of State Matching Funds**

The District worked with State funding consultant Chris DeLong of Hancock Park & DeLong to maximize opportunities to apply for and receive State matching funds for the Measure H1 projects. Mr. DeLong worked with the District during the Seismic Safety Bond Program (SSBP) and helped the District secure over \$16 million in State modernization and other funding for the SSBP. He has more than 17 years of experience with school facilities programs, including eleven years at the Office of

Public School Construction. He specializes in working with school districts to maximize their State funding eligibility for new construction, modernization, and Career Technical Education Facilities.

Mr. DeLong outlined three possible sources of State funding for Measure H1 projects:

- **Modernization.** The District *will qualify* for at least \$4 million and may receive up to \$6 million for modernization of antiquated high school and middle school facilities. The precise amount of eligibility will be determined after completed plans are submitted to the California Division of State Architect (DSA), based on established criteria. Although termed “modernization” funds, this money may be used to replace as well as renovate old facilities, provided that the new construction replaces the old facilities “in kind.”

Although *eligible to receive* these funds, the District may not *actually receive* the funds until years after the Measure H1 projects are completed. For this reason, most districts do not rely on the State matching funds to complete modernization projects. Instead, districts typically rely on their local bond funds. When the State funding is finally received, it is used for other facilities projects and deferred maintenance. This is lawful and common practice.

- **Career Technical Education Facilities.** The District *may be eligible* for State grants to build facilities to support Career Technical Education (CTE) in fields such as computer science, engineering, and theater arts. This CTE grant program, authorized by California voters in November 2016, will provide \$500 million to Districts through a competitive grant process. The District decided to apply for CTE grants for engineering and theater arts pathways when it can present fully-developed academic plan for these CTE pathways. CTE funds will be granted (or not) based on a competitive grant process and there is no guarantee that the District will receive a grant.
- **New Construction.** The District *may qualify* for funding to add classrooms and support space *capacity*. This funding is typically available when school enrollment is increasing and additional classrooms are needed. Also, this funding may be available when classrooms are severely undersized or inadequate for the academic programs.

➤ **Coordination with City Staff**

The District started working with City staff concerning construction-related parking and traffic, construction staging, work hours, neighbor and community-wide communications, and work-site security. HKIT shared plans for the new high school buildings and the estimated timeline for design, State review, and construction. Close coordination with the City will be essential in each phase of the bond program.

➤ **Selection of General Contractor**

In September 2017, the District began the process of selecting general contractor for lease-leaseback construction of the new STEAM building and performing arts building. In October, the District issued a Request for Qualifications (RFQ) and Request for Proposals (RFP) for pre-construction services. The RFQ consisted of two documents: (1) A Prequalification Questionnaire (PQ); and (2) a Statement of Qualifications (SOQ). These documents were designed to assess each applicant's ability to:

- provide the needed services on time and on budget;
- staff projects with sufficient qualified and experienced personnel, in light of the applicant's current and projected workload;
- prepare and meet achievable construction schedules;
- avoid and manage delays;
- perform work in an environmentally responsible manner; and
- manage expenses and value engineer plans to improve efficiency and reduce cost.

The District also considered each applicant's proposed cost structure and relevant experience with California public school construction. The District used the PQs and SOQs to create a *pool* of qualified contractors, and then selected one contractor from the pool based on a "best value" analysis of the proposals.

The District received 10 complete Statements/Proposals and selected five for interviews. District staff and members of the Facilities Steering Committee conducted the interviews, ranked the contractors, and selected XL Construction based on a "best value" analysis. The other four finalists became part of a pool of qualified contractors, to draw upon as needed. Initially, the District entered into a preconstruction services agreement with XL but eventually terminated that agreement and negotiated with the second-highest ranked contractor in the pool, Overaa Construction.

Overaa provided pre-construction services from the time of selection through the time the construction documents were submitted to the State for approval. These services included working with HKIT to conduct "constructability analyses," and "value engineering" to reduce costs and improve efficiency of the STEAM and performing arts projects.

➤ **Community Updates**

The District developed numerous updates for the community and FAQs (answers to frequently-asked questions) and posted these on the measureh1.org website.

➤ **Program Timeline and Milestones**

The District published an updated list of key program milestones (noting that the timing of certain critical steps, such as the date of permit approval by the State, were estimates:

2015-16	Development of PUSD Master Plan
2016	
November	Voter approval of Measure H1
2017	
February	Selection of HKIT Architects
April	Town Hall Meetings, Community Input on Concept Designs for STEAM, new Alan Harvey Theater
May-September	Schematic Design Development, Input from Educators, Staff, Students
September-October	Presentation of Schematic Designs to the Community
October-December	Design Development
December	Selection of General Contractor, Begin Pre-construction Services
2018	
January-July	Development of Construction Documents, Conduct Constructability Analysis and Value Engineering
July	Submittal of STEAM Construction Documents to DSA
September	Submittal of Theater Construction Documents to DSA
2019	
February-March	Projected DSA Approval, Negotiation of Guaranteed Maximum Price
March	Closure of Alan Harvey Theater, Salvage and Abatement Begins
April	Demolition of Alan Harvey Theater Begins
June	Construction of STEAM building begins
2020	
June	Demolition of the 10s Building, Construction of new Performing Arts Building begins
July	Completion of STEAM building
August	Opening of the STEAM Building, Relocation of Classrooms

2021

Fall

Opening of the new Performing Arts Building housing the new Alan Harvey Theater

➤ **Completion of Design and Construction Documents, Submission for State Review**

HKIT completed 100% of the design and construction documents for the STEAM building and performing arts building and submitted these for State review in July and September, respectively.

➤ **Summer 2018 Projects**

- Conversion of two small offices near the PHS Library into one computer classroom, to meet rising demand for computer classes without waiting until the STEAM building is completed.
- Installation of climate control equipment at the three elementary schools and in the PHS Library building.
- Replacement of doors and hardware and installation of electronic locks at PMS.

District staff briefed this Committee on its progress at each meeting, and the Committee toured the new computer classroom and viewed the new climate control system in the PHS Library building.

Second Annual Audit

Article XIII of the California Constitution requires the District to conduct an annual Performance Audit and an annual Financial Audit of the Measure H1 Bond Program. The District's independent auditor, Vavrinek, Trine, Day and Company, LLP (VTD), completed audits covering the fiscal year ending June 30, 2018 in January 2019. VTD determined:

"The financial statements . . . present fairly, in all material respects, the financial position of the Building Fund (Measure H1) of the Piedmont Unified School District at June 30, 2018, and the results of its operations for the period then ended in conformity with accounting principles generally accepted in the United States of America."

VTD stated:

"As part of obtaining reasonable assurance about whether Piedmont Unified School District's Building Fund (Measure H1) financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and

grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. . . . The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.”

The CBOC utilized VTD’s audit reports to conduct its review, to confirm that the bond funds were used only as authorized by the voters. The CBOC reviewed summaries and reports of expenditures made between July 1, 2017 and June 30, 2018 and, based on these summaries, concluded that the use of bond funds was appropriate and expended only for the purposes of construction, reconstruction, rehabilitation or replacement of school facilities, program management and construction management, as limited by the text of Measure H1, and that no bond funds were used for teacher or site administrator salaries or other school operating expenses.

Following receipt of the VDT audits, Committee members Andrew Hempeck and Melissa Wilk reviewed the accounts payable process. Specifically, they reviewed a sample of purchase orders for 2017-18 and 2018-19, following each invoice through to check distribution. They determined that “All information verified and accurate through the Accounts Payable process.” Their summary is attached as Appendix C.

Ongoing Review

The CBOC generally meets quarterly and all members of the community are encouraged to attend and participate. Information about meetings dates, times, and locations can be found at measureh1.org. The CBOC’s next annual report will be issued in March 2020, covering the period from July 1, 2018 through June 30, 2019.

Questions about the Measure H1 Bond Program can be addressed at any time to the District’s Director of Facilities and Construction Manager, Pete Palmer, at ppalmer@piedmont.k12.ca.us.

Appendix A: Text of Measure H1

The complete text of the Measure H1 ballot measure follows:

This proposition may be known and referred to as the Piedmont School Improvement and Modernization Bond Measure, or Measure H1.

BOND AUTHORIZATION

By approval of this proposition by at least 55% of the registered voters voting on the proposition, the Piedmont Unified School District (the “District”) shall be authorized to issue and sell bonds of up to \$66 million in aggregate principal amount to provide financing for the specific school facilities projects listed in the Bond Project List below, and in order to qualify to receive State matching grant funds, subject to all of the accountability safeguards specified below.

ACCOUNTABILITY SAFEGUARDS

The provisions in this section are specifically included in this proposition in order that the District’s voters and taxpayers may be assured that their money will be spent wisely to address specific facilities needs of the District, all in compliance with the requirements of Article XIII A, Section 1(b)(3) of the State Constitution, and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Education Code Sections 15264 and following).

Evaluation of Needs. *The Board of Education hereby certifies that it has evaluated safety, class size reduction and information technology needs in developing the Bond Project List.*

Limitation on Use of Bond Proceeds. *The State of California does not have the power to take locally approved school district bond funds for any State purposes. The Constitution allows proceeds from the sale of bonds authorized by this proposition to be used only for the construction, reconstruction, rehabilitation, or replacement of school facilities listed in this proposition, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses. Proceeds of the bonds may be used to pay or reimburse the District for the cost of District staff only when performing work on or necessary and incidental to the bond projects.*

Independent Citizens’ Oversight Committee. *The Board of Education shall establish an independent Citizens’ Oversight Committee (pursuant to Education Code Section 15278 and following), to ensure bond proceeds are spent only for the school facilities projects listed in the Bond Project List. The committee shall be established within 60 days of the date on which the Board of Education enters the election results on its minutes.*

Annual Performance Audits. *The Board of Education shall conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects listed in the Bond Project List.*

Annual Financial Audits. The Board of Education shall conduct an annual, independent financial audit of the bond proceeds (which shall be separate from the District's regular annual financial audit) until all of those proceeds have been spent for the school facilities projects listed in the Bond Project List.

Special Bond Proceeds Account; Annual Report to Board. Upon approval of this proposition and the sale of any bonds approved, the Board of Education shall take actions necessary pursuant to Government Code Section 53410 and following to establish an account in which proceeds of the sale of bonds will be deposited. As long as any proceeds of the bonds remain unexpended, the Superintendent or the Chief Business Official of the District (or such other employee as may perform substantially similar duties) shall cause a report to be filed with the Board no later than December 31 of each year, commencing December 31 of the year in which bonds are first issued, stating (1) the amount of bond proceeds received and expended in that year, and (2) the status of any project funded or to be funded from bond proceeds. The report may relate to the calendar year, fiscal year, or other appropriate annual period as such officer shall determine, and may be incorporated into the annual budget, audit, or other appropriate routine report to the Board.

FURTHER SPECIFICATIONS

Specific Purposes. All of the purposes enumerated in this proposition shall be united and voted upon as one single proposition, pursuant to Education Code Section 15100, and shall constitute the specific purposes of the bonds, and proceeds of the bonds shall be spent only for such purposes, pursuant to Government Code Section 53410.

Joint Use. The District may enter into agreements with the City of Piedmont, or other public agencies or nonprofit organizations for joint use of school facilities financed with the proceeds of the bonds in accordance with Education Code Section 17077.42 (or any successor provision). The District may seek State grant funds for eligible joint-use projects as permitted by law, and this proposition hereby specifies and acknowledges that bond funds will or may be used to fund all or a portion of the local share for any eligible joint-use projects identified in the Bond Project List or as otherwise permitted by California State regulations, as the Board of Education shall determine.

Rate of Interest. The bonds shall bear interest at a rate per annum not exceeding the statutory maximum, payable at the time or times permitted by law.

Term of Bonds. The number of years the whole or any part of the bonds are to run shall not exceed the legal limit, though this shall not preclude bonds from being sold which mature prior to the legal limit.

BOND PROJECT LIST

The Bond Project List below describes the specific projects the Piedmont Unified School District proposes to finance with proceeds of the bonds. Listed projects will be completed as needed at a particular school site according to Board-established priorities, and the order in which such projects appear on the Bond Project

List is not an indication of priority for funding or completion. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. Certain construction funds expected from non-bond sources, including State grant funds for eligible projects, have not yet been secured. Until all project costs and funding sources are known, the Board of Education cannot determine the amount of bond proceeds available to be spent on each project, nor guarantee that the bonds will provide sufficient funds to allow completion of all listed projects. Completion of some projects may be subject to further government approvals or appropriation by State officials and boards, to local environmental review, and to input from the public. For these reasons, inclusion of a project on the Bond Project List is not a guarantee that the project will be funded or completed.

The Bond Project List contains more projects than the District currently estimates the Bonds can fund to provide flexibility should additional efficiencies be realized or should Board priorities change.

Unless otherwise noted, the projects in the Bond Project List are authorized to be completed at each or any of the District's sites, as shall be approved by the Board of Education:

- *Construction of a new Piedmont High School building, focused on Science, Technology, Engineering, Arts and Mathematics ("STEAM"), with size, scope and location to be determined following additional public input;*
- *Renovation, refurbishment, or replacement of existing Piedmont High School, Piedmont Middle School, and Millennium High School buildings, including classrooms, infrastructure and landscaping;*
- *Addition of classrooms to elementary schools sufficient to meet higher educational standards for kindergarten;*
- *Energy efficiency measures to reduce long term operational expense and environmental impact;*
- *Addition or expansion of security measures, safe playground and outdoor structures, and "green" areas at existing schools;*
- *Furnish and equip new, renovated and existing buildings, including modern technology and infrastructure;*

The listed projects will be completed as needed. Each project is assumed to include its share of furniture, equipment, architectural, engineering, and similar planning costs, program/project management, and a customary contingency for unforeseen design and construction costs. In addition to the listed projects stated above, the list also includes the acquisition of a variety of instructional, maintenance and operational equipment, and interim funding incurred to advance fund projects from the list; installation of signage and fencing; payment of the costs of preparation of all facility planning, facility studies, assessment reviews, facility master plan preparation and updates, environmental studies (including environmental investigation, remediation and monitoring), design and construction documentation, and temporary housing of dislocated District activities caused by construction projects.

In addition to the projects listed above, the repair and renovation of each of the existing school facilities may include, but not be limited to, some or all of the following: renovation of restrooms; repair and

replacement of heating and ventilation systems; upgrade of facilities for energy efficiencies; repair and replacement of roofs, windows, walls, doors and drinking fountains; improvements to comply with access requirements of the Americans with Disabilities Act; installation wiring and electrical systems to accommodate computers, technology and other electrical devices and needs; upgrades or construction of support facilities; acquisition of property; repair and replacement of fire alarms, emergency communications and security systems; resurfacing or replacing of hard courts, and campus landscaping; parking; install interior and exterior painting and floor covering; demolition; repair, upgrade and install interior and exterior lighting systems; replace outdated security systems; and upgrade technology infrastructure.

The allocation of bond proceeds will be affected by the District's receipt of State matching funds and the final costs of each project. The budget for each project is an estimate and may be affected by factors beyond the District's control. Some projects throughout the District may be undertaken as joint use projects in cooperation with other local public or non-profit agencies. The final cost of each project will be determined as plans and construction documents are finalized, construction bids are received, construction contracts are awarded and projects are completed. Based on the final costs of each project, certain of the projects described above may be delayed or may not be completed. Demolition of existing facilities and reconstruction of facilities scheduled for repair and upgrade may occur, if the Board determines that such an approach would be more cost-effective in creating more enhanced and operationally efficient campuses. Necessary site preparation/restoration may occur in connection with new construction, renovation or remodeling, or installation or removal of relocatables, including ingress and egress, removing, replacing, or installing irrigation, utility lines, trees and landscaping, relocating fire access, and acquiring any necessary easements, licenses, or rights of way to the property.

Proceeds of the bonds may be used to pay or reimburse the District for the cost of District staff when performing work on or necessary and incidental to bond projects and the costs of issuing the bonds. Bond proceeds shall only be expended for the specific purposes identified herein. The District shall create an account into which proceeds of the bonds shall be deposited and comply with the reporting requirements of Government Code § 53410.

The Bond Project List shall be considered a part of this ballot proposition, and shall be reproduced in any official document required to contain the full statement of the bond proposition.

Appendix B: Financial Summary

Prepared by Chief Financial Officer Ruth Alahydoian

March 28, 2019

Piedmont USD H1 Bond Program

Citizen's Bond Oversight Committee

Authorization Summary

as of June 30, 2018

		Amount	
H1 Bond Authorization	11/8/2016	\$ 66,000,000	A
<i>Issued to Date:</i>	Series 2017	4/12/2017 \$ 26,000,000	B
<i>Still to be Issued:</i>	Series 2019; Series 2021	\$ 40,000,000	C=B-A
<hr/>			
<i>Expenditures to Date:</i>			
<u>FY 2016-17</u>			
	Bond Program - General	\$ 685,285	D
<u>FY 2017-18*</u>			
	Bond Program - Management	\$ 503,275	
	Bond Program - General	\$ 324,848	
	Safe Schools	\$ 218,723	
	Computer Lab	\$ 16,625	
	VRF Systems/Energy Efficiency	\$ 587,602	
	Misc Smaller Projects	\$ 52,384	
	STEAM & Theater Buildings	\$ 55,028	
	STEAM Building	\$1,311,424	
	Theater Building	<u>\$ 613,261</u>	
	Total for 2017-18	<u>\$ 3,683,170</u>	E
Total Expended from Series 2017A to date:		<u>\$ 4,368,455</u>	F=D+E
Interest and other adjustments to date:		<u>\$ 309,457</u>	G
Funds Available from Series 2017A after June 30, 2018		<u>\$21,941,002</u>	H=B-F+G

Appendix C: Review of Accounts Payable Process

Prepared by Committee Members Andrew Hempeck and Melissa Wilk

March 28, 2019

On March 27, 2019 Andy Hempeck and Melissa Wilk reviewed POs, Invoices and Checks from FY 2018 and FY 2019 for each of the projects (STEAM/Theater) including the following vendors:

- Bellecci & Associates – Topography Reports
- BPexpress Reprographics – Blueprints
- Division of the State Architect – State Fees
- E Structure – Structural Engineering Services
- Hancock Park & Delong (Consultant)
- HKIT – Architect
- Mobile Modular Management – Purchase of modular trailer
- R&H Wholesale Supply – Locks for various schools

Current Accounts Payable Process – Key Staff

Pete Palmer, PUSD/H1 Project Manager

Trish Culbert, PUSD/H1 Construction Manager Consultant

Phillip Chang, PUSD Bond Accountant

Ruth Alahydoian, PUSD Chief Financial Officer

Michelle Nguyen Director of Fiscal Services.

Accounts Payable Workflow

PO requested by Trish Culbert or Pete

Requisition entered into system by Trish and then approved by Pete, Michelle and Ruth (on paper through FY 18, and online within new system for FY 19 going forward)

Invoice received – Pete approves on paper, sends to Trish or Phillip for entering/approval for payment in the system (no other approvers)

Check is issued by the Alameda County Office of Education, sent back to PUSD for matching and then mailed by PUSD staff to vendor

Reconciliation of checks is completed by Terra Salazar

Results

All information verified and accurate through the Accounts Payable process.

Appendix D: Images



View of the proposed STEAM building from Magnolia Avenue.



View of the proposed performing arts building (housing the new Alan Harvey Theater) from Magnolia Avenue.



The STEAM building lobby.



A science lab in the STEAM building.



The Alan Harvey Theater lobby.



The view of the new Alan Harvey Theater from backstage.