

Minutes of Citizens' Bond Oversight Committee
Meeting of October 15, 2004
9:00-11:00 a.m. * Business Services Conference Room
*** 211 Ridgway Avenue**

Chair Jack Atkin called the meeting was called to order at 9:00 a.m.

In Attendance: Oversight Committee Members Jack Atkin, Lilo Kangas, William Keck, Lee Tipon, Sandy Daly and Patty Collis; Staff Members Doug Bower and Louise Bostrom; Guest Stephen Roatch, Auditor. Absent Committee Members: Evelyn Zientek and Ronald Scoggins

Auditor's Report

Stephen Roatch, auditor for Santa Rosa City Schools, was present at the Committee's request to review the recently-completed financial and performance audits of Measures B and C for the 2003-04 fiscal year. Mr. Roatch reported that 80%-85% of expenditures were tested and scrutinized for compliance with the ballot listings and legal protocols. No incidents of non-compliance were discovered. He stated that of his firm's many clients, Santa Rosa City Schools' accounting for construction projects is the best. Committee members asked Mr. Roatch if he felt charging construction management salaries to the bond fund would violate Proposition 39 requirements. He stated this is a gray area in that he did not feel the initiative's intent was to deny districts the option of hiring staff personnel to manage projects as opposed to hiring outside construction management firms. He felt that a legal opinion would be the best way to resolve the issue but that if expenditures for management salaries appeared on the books he would require, at the very least, a supplemental time sheet from the individuals involved to verify that the expenses were in fact bond-related. Mr. Roatch indicated that some nominal salary expenses appeared on Santa Rosa's 2003-04 books, but they were not considered material. Doug and Louise pointed out that these would have been custodial overtime expenses that were related to weekend work if needed to prepare a facility for class after the completion of a modernization project. Doug and Louise indicated that they would prepare a report identifying the specific expenditures that occurred in 2003-04 and why they were charged to the bond fund. The Committee asked Mr. Roatch to include a specific analysis in future audits that would identify all salary expenses.

Approval of May 21, 2004 Meeting Minutes

Bill Keck made a motion to accept the minutes with one date change. He requested that the minutes be corrected to identify 10/15/04, not 10/17/04, as the next meeting date. Lilo Kangas seconded the motion which was approved 5-0 with Patty Collis abstaining because she did not attend the May 21, 2004 meeting. Lilo Kangas requested that the pages be numbered on minutes in the future.

Committee Membership Status

The terms of four of the members, Sandy Daly, Lilo Kangas, Lee Tipon and Evelyn Zientek, end on December 31, 2004. Doug asked if the Committee had an opinion on extending the terms if anyone were interested. He stated that two potential new members have recently declined to submit an application citing lack of time. The Committee felt that rather than extending terms, it would be better for existing members to reapply if they were interested and the Board of Education would then make the final decision. Doug then asked Sandy, Lilo and Lee if they would be interested in reapplying. Sandy and Lilo said no, Lee said she would consider it. The Committee expressed appreciation for their service.

Status Report on District Projects

Doug reported that all projects are proceeding as reported at the last meeting. He noted that the bid for the largest project, DeSoto Hall at Santa Rosa High School, came in on budget and is now underway.

Adoption of Grand Jury Responses

The Sonoma County Grand Jury report for 2003-04 contained four recommendations involving the Citizens' Bond Oversight Committee. The Board of Education is required to respond to R1 and R2, while the Committee is required to respond to R3 and R4. Recommendation R3 advocated a much more active role for the Committee and R4 advocated a broader use of the website to keep the public informed about bond activities. Chair Jack Atkin distributed a draft response he had prepared for Committee consideration. A discussion followed about both recommendations. Committee members supported the language in Jack's draft with a few suggested modifications. Lilo Kangas moved that the responses be approved with the changes suggested, that Jack make appropriate revisions and forward a final version to Doug who will then submit both the Committee's responses to R3 and R4 and the Board's responses to R1 and R2. Patty Collis seconded and the motion was approved 6-0. (A copy of the approved Committee response is attached.)

2005 Meeting Dates

After a brief discussion, Patty Collis made a motion that March 18, 2005 and October 21, 2005 be adopted as the Committee's scheduled meeting dates for 2005. Lee Tipon seconded and the motion was approved 6-0.

Meeting Adjourned at 10:25 a.m.

Information requests for next meeting: Report of 2003/04 bond fund salary expenses.

LB 10/25/04
DB 11/2/04

Santa Rosa City School District Response to Grand Jury Report

Grand Jury Recommendation – R1

“The Board should remove the wording specifying that ‘members serve at the pleasure of the board’ from its regulations. Substitute language should be used to the effect that members and Chairpersons of the Committee may be removed by the Board with due discretion, but that it cannot be arbitrary, capricious or discriminatory.”

Board of Education Response – R1

The Board of Education hereby finds that, acting with the advice of its Legal Counsel, Administrative Regulation 1172.4 (I)(D) should be modified as follows: “Members of the Citizens’ Oversight committee serve at the pleasure of the Board of Education and may be removed at the sole discretion of the Board of Education. Within that parameter, the Board agrees that removal should be based on such considerations as attendance at meetings.”

Grand Jury Recommendation – R2

“The Board should devote more attention to staffing and supporting its Committee. All five specified demographic slots must be filled in accordance with law.”

Board of Education Response – R2

“The Board of Education has filled the legally required demographic membership slots. The District staff support provided to the Committee has met with the full satisfaction of Committee members.”

Grand Jury Recommendation – R3

“The Committee should develop an oversight plan that encompasses the complete expenditure process for Proposition 39 construction funds. Review of the activities of other Committees may provide examples to emulate. Beyond the review of audits, the Committee could add value by active review of proposals and plans prior to expenditure and on-site visits. These activities are authorized by Proposition 39.”

Citizens’ Bond Oversight Committee Response - R3

“It is the view of the Committee that it is functioning within the scope of the law and that it is satisfying the purpose of the Committee in being a mechanism for communicating with the public the District’s compliance or non-compliance with the requirements of Proposition 39 and the bonds. Therefore, the Committee does not believe the recommended action is necessary or appropriate.

The paid professional auditors are more capable of determining compliance with requirements of the bond than the committee. The questions in the performance audit report thoroughly address the compliance issues with which the Committee is to be concerned. The appropriate role for the Committee should not be to duplicate the work of the auditors, but to provide a mechanism to communicate the results, especially in the case of non-compliance, to the community.

It is also important to note that the Committee is comprised of unpaid citizen volunteers. Some are parents; some are seniors and others represent taxpayer or business groups. To expect this group to somehow "...develop an oversight plan that encompasses the complete expenditure process..." is not a realistic or necessary recommendation. Placing a highly active role on unpaid citizen volunteers is not only duplicative effort, but would lead to greater difficulty in recruiting and retaining committee members.

Despite the fact that Proposition 39 authorizes a larger role for the Committee, the activities authorized resulted more from a political trade-off to achieve a lower level for approval, rather than a well thought out plan for managing the expenditures. The Committee can adequately serve a meaningful communications role without the recommended activity.

In fact the Committee has met that goal by reporting on the District's website the results of its actions, including a finding that the District was not in compliance in standing up a committee and fully populating it in a timely manner."

Grand Jury Recommendation – R4

"The Committee should use its website to keep the public well-informed about the proposed and actual expenditures of Proposition 39 funds."

Citizens' Bond Oversight Committee Response – R4

"The Committee is presently reporting its activities on its website, which is part of the District's website. Early in its life, the Committee directed the District to make the link to the Committee material in a more prominent place on the District's website, and the District complied with that request. The Committee reports its activities and findings primarily by posting meeting agendas and minutes on the website. The Committee discussed the merits of posting more information and details about project lists, construction progress and expenditures on the website, both before the Grand Jury's recommendation, and afterward, and concluded that the information posted provided adequate knowledge for the public to achieve the primary goal of the Committee. We weighed the cost and burden to the District of adding more project information with the benefit of doing so, and concluded that the cost exceeded the benefit. One of the charges to the District in connection with bonds authorized under Proposition 39 was to be efficient in the use of its funds. It is the desire of the Committee not to detract from this objective, while still fulfilling the role of communicating compliance with the public.

The Committee did request the District make a more prominent notice on the website of the availability of complete auditor's reports, and the District has agreed to do that."

