

LEMON GROVE SCHOOL DISTRICT

OFFICIAL MINUTES OF THE
REGULAR MEETING OF THE INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE

INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE REGULAR MEETING — June 7, 2011 – The regular meeting of the Independent Citizens' Oversight Committee of the Lemon Grove School District was held at the Education Center, 8025 Lincoln Street, Lemon Grove, California, on Tuesday, June 7, 2011. Mark Gracyk called the meeting to order at 5:05 p.m.

Committee Members Present:

William Baber (Taxpayers' Organization)
 Scott Caneday (Parent, PTA, At-Large Community Member)
 Thomas E. Clabby (Senior) - (Vice Chair)
 Cary Demaree (Parent, PTA, At-Large Community Member)
 Mark Gracyk (Business Community & At-Large Community Member) - (Chair)
 Ilse Hanning (At-Large Community Member)
 Helen Ofield (At-Large Community Member)
 Rosemary Putnam (Senior & At-Large Community Member)
 Gerard Selby (Parent, PTA, At-Large Community Member)
 Toni Shaw (At-Large Community Member)

Committee Members Absent:

Emma Rios (Parent, PTA, At-Large Community Member)

District Staff Members Present:

Larry Loschen, Official Board Representative
 Gina Potter, Assistant Superintendent Business Services
 Ken Fine, Owner's Representative – Director FMOT
 Joanne Branch, San Diego County Office of Education – Educational Facility Solutions Group
 Mary Kraus, Project Manager Technology
 Diane Moses, Bond Clerk
 Michelle Flores, Account Technician

Attorney Present:

Sophie Akins, Best Best & Krieger

PLEDGE OF ALLEGIANCE – Mark Gracyk led the Pledge of Allegiance.

AGENDA – It was moved by Hanning, seconded by Ofield, and carried unanimously to approve the agenda as presented.

MINUTES – It was moved by Selby, seconded by Hanning, and carried unanimously to approve the minutes of the regular meeting of March 15, 2011 and the special meeting of April 11, 2011 with corrections (see below).

- March 15, 2011 Minutes, page 1 to Mr. Selby's first name to be Gerard. Second correction on page 3 agenda item 10. to reflect that San Diego County Office of Education (SDCOE), Educational Facility Solutions Group (EFSG) has been around for 17 years.
- April 15, 2011 Minutes, page 1 to Mr. Selby's first name to be Gerard.

HEARING OF CITIZENS FOR ITEMS NOT ON THE AGENDA – None

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PROPOSITION W GENERAL OBLIGATION BOND EXPENDITURE REPORT

Michelle Flores presented the expenditure report through May 31, 2011. Ms. Flores provided detail on additional revenue received. The District has received a refund of \$3,525 on the 2008 general election from the County of San Diego, a refund on series B bond issuance funds of \$3,395, a refund of \$2,441 on the fire hydrant project from Helix Water District, and interest to date \$37,807.

A committee member asked about the amount of funds in the Bond Management project. Series C bond proceeds have been placed in the Bond Management project until budgeted to the appropriate project(s). Further questions on tracking project labor with regards to District workers. Ken Fine stated that the labor is tracked by employee checking in and out of a project. Dr. Potter explained that the District requires time accounting for Proposition W projects (i.e. day, date, start time, and end time).

It was moved by Clabby, seconded by Selby, and carried unanimously to approve the expenditure report.

INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE'S ANNUAL REPORT PRESENTED TO THE LEMON GROVE SCHOOL DISTRICT'S GOVERNING BOARD APRIL 26, 2011

Ms. Ofield and Ms. Hanning, presented the annual report for Proposition W general obligation bonds to the Board April 26, 2011. Both expressed how nice it was to have the support of the committee members who came to the Board meeting.

STRUCTURED CABLING LEMON GROVE MIDDLE SCHOOL STEM PROJECT CONTRACT (BID/RFP #0289-10C.1)

Dr. Potter gave an overview on E-Rate to the committee. For the last 10 years the District has applied for federal technology discounts called E-Rate. E-Rate provides discounts to assist schools in the United States to obtain affordable telecommunications and Internet access. The level of E-Rate discount allocated to districts is based on the number of students who qualify for free and reduced lunches (FRL). In Lemon Grove 70-80% of students qualify for FRL. The E-Rate program is funded through a Universal Service fee charged to companies that provide interstate and/or international telecommunications services.

Mary Kraus further explained that the District applied for discounts for the STEM and County Library projects under the Priority 2 funding category. Priority 2 provides discounts for projects targeting internal connections and basic maintenance of internal connections. The District's FRL rate has recently increased to 90% which is significant when applying for E-Rate Priority 1 and Priority 2 funding. Ms. Kraus explained current cabling in Lemon Grove Middle School is CAT5 (old); the industry standard for structured cabling is now CAT6; which will be important to support a robust STEM program. Ms. Kraus shared that the awarded bidder for the structured cabling project was AAA Solar with a bid amount of \$163,095. The bidder was required to be an E-Rate approved contractor. The federal government will pay 90% leaving a balance for the district to pay of approximately \$16,309. Ms. Kraus continued to explain the difference between Priority 1 and Priority 2 projects. Priority 1 refers to telecommunications contracts (i.e. Cox Communications – telephone service, Internet & Verizon Wireless - cell phone service) generally a monthly utility. Priority 2 projects are construction projects where you can file for E-Rate discounts two of every five years, thus strategic planning of Priority 2 projects is important. Committee members asked what type of work will be involved in the Priority 2 project. Dr. Potter replied that we will not be demolishing walls only replacing the cabling within the existing conduit and raceways. Mr. Fine added, everything the District did 10 years ago (i.e. conduit, roadways, etc.) is still there. We are only pulling out old wire and putting in new. A committee member asked when this project will begin. Ms. Kraus responded that the rules of E-Rate require the federal government to start with districts highest on the list according to the amount of discount for which they qualify. The District is high on the list for early funding based on its 90% discount eligibility. Generally, E-Rate Priority 2 funds are disbursed beginning in late fall or early winter of the new fiscal year beginning July 1.

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Ms. Kraus explained the wireless network that is planned for Lemon Grove Middle School (LGMS) and the library will provide all components required for a robust wireless environment including switches, servers and access points (antennae.) The new network electronics will improve upon the existing wireless environment to prepare the school and library for a robust one-to-one (computer-to-student) environment. The awarded bidder for the network electronics project is AMS.Net with a bid amount of \$299,315.47 after 90% E-Rate discount, the District will pay approximately \$29,931.55.

DISTRICTWIDE TELEPHONE SYSTEM UPGRADE (BID/RFP #0289-10C.3)

Ms. Kraus explained that the Priority 2 telephone upgrade project is a must for this District. The District has been using the same telephone system for 12-15 years. There are safety issues regarding the existing phone system. This E-Rate Priority 2 project has both eligible and ineligible items under the E-Rate rules. The awarded bidder for the District wide telephone system upgrade is BlackBox Network Services with a bid amount of \$347,577.15. After the 90% E-Rate discount and adding the ineligible items totaling \$30,826.13, the District will pay approximately \$62,501.24. Included in the bid is an "Alternate #1" which provides telephone equipment for the joint use library for an additional \$10,636.88. One committee member shared that it is prudent of us to equip teachers with the safety tools they need.

The committee was concerned that it is a lot of money for all three Priority 2 projects considering that technology changes day to day. They wanted to know if there is any protection for length of service. Ms. Kraus shared that the District will get guaranteed upgrades for the next seven years on the telephone system. Ms. Kraus further explained that the District's CAT5 lasted us to this point and CAT6 is expected to last for the same amount of time. The planned wireless network will provide the District with a state-of-the-art wireless environment required for delivering "technology heavy" programs and applications to students in the classroom and library. As for the telephone system, Ms. Kraus explained that the budget for upgrades include a complete software and partial hardware upgrade for the entire school district. The existing Nortel system is no longer supported, requiring a software/support upgrade to ensure warranty and access to a service plan. Committee members expressed concerns as to whether or not the District is moving in the right direction and Ms. Kraus assured them that the District is in fact moving in the right direction. There were additional concerns by committee members with regards to how the District can make projections for future technology decisions. Ms. Kraus stated that the District has to make the best judgment it can based on the current and expected fiscal environment of the District and State as a whole.

WORK AUTHORIZATION FORM AMENDED TASK ORDER FOR LEVEL III DOC SUPPORT SERVICES BY SAN DIEGO COUNTY OFFICE OF EDUCATION (SDCOE) – EDUCATIONAL FACILITY SOLUTIONS GROUP (EFSG) REGARDING AMENDED MITIGATED NEGATIVE DECLARATION

Mr. Fine updated the committee that the District is continuing to work on California Environmental Quality Act (CEQA) Mitigated Negative Declaration (MND). The District has filed CEQA MND once, and came back with comments and questions from the City of Lemon Grove. The District went back to SDCOE – EFSG and contracted with them to dig deeper and answer the City's questions. The District went back a second time and the City had a few more additional issues to include property line adjustments. An additional meeting is needed with the City for additional feedback then resubmit to the clearing house. The District has Board approval for an additional cost of \$41,000 for SDCOE – EFSG to finalize CEQA. The Governing Board ultimately approves the MND and this is the process that we go through to have the Board approve with a clear understanding. Dr. Potter shared with the committee that the second CEQA attempt has helped with the traffic study. In addition, weekly meetings between the District and the City to provide new data have helped both groups to verify new information. The District and the City are very close to reaching consensus. We want the City to feel good about this decision as well.

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The committee wanted to know what the County Library's involvement is on the MOU between the District and the County Library. Dr. Potter stated that the District is working closely with the County Library and legal counsel to draft the MOU. The District owns the land and the building; the County Library will provide staffing, computer resources, and manage the library. Dr. Potter continued that the District brings land and building and the County Library brings labor. The Solana Beach joint-use library has a similar set up as an example that we have visited.

The committee would like to know via email when the CEQA MND is published for comments. They also wanted to know if the traffic situation has been resolved and has consensus been reached? Mr. Fine stated that the District will be meeting with them this week and he is optimistic that we will reach consensus.

APPROVE THE SECOND AGREEMENT BETWEEN THE LEMON GROVE SCHOOL DISTRICT AND THE K-12 PUBLIC SCHOOLS AND COMMUNITY COLLEGES FACILITY AUTHORITY (FACJPA)

Dr. Potter reviewed the Governing Board approved San Diego County Superintendent of Schools (SDCSS) Facility Joint Powers Authority (FACJPA) Project Agreement #2 for the total construction work of the STEM conversion and the joint-use library. Page 1 of Project Agreement #2 under terms "Authority" and SDCSS FACJPA are one in the same. The school district is referred to as LGSD or District; Agency (SDCSS) is the oversight entity of the FACJPA. Page 7 of the Project Agreement #2 – Section 7, Guaranteed Maximum Price (GMP) for total building of library and STEM academy is \$9,551,674. Part of the soft costs included in the \$9.5 million is for the FACJPA to provide facilitation and management services in the amount of \$502,000. Why would the District go with FACJPA GMP? A GMP is to avoid costs related to change orders. Under Exhibit "A" on Project Agreement #2 pages 19-27 go more into detail on these services. Under section 7.2 LGSD-Controlled Contingency on Project Agreement #2 page 8 where in the contract is unforeseen. Committee members wanted to know under section 8.2 agreement page 9 bullet 11 "marketing this and other facilities concepts for school districts", is this eligible for funding? Sophie Akins will find out if it is eligible. Ms. Branch agreed we can amend it out. Under section 9.1 page 10 refers to project/escrow account. We are working with SDCSS to open an escrow account so we can move the \$9.5 million that they can then draw on. You will see movement of money into the escrow account on an approved schedule. A minimum of two months worth of construction invoices/bills according to timelines. Interest earned on the escrow account will be returned to the District. Committee members asked when ground will break, start construction, open, etc. Ms. Branch continued with timeline: break ground December 2011 (pending DSA), construction January 2012, complete STEM Academy start of school Fall 2012. Library complete early finish January 2013 and late finish March 2013. Ms. Branch explained, as project manager that she is responsible for keeping design/build team on timeline. Two sections of the library are to be named. Section one will be "Friends of the Library" after Rosemary Putnam in the community room and section two the "Virginia Spencer Thren" in the children's room.

CLOSING INFORMATION ON \$5,000,000 GENERAL OBLIGATION BONDS, 2008 ELECTION, SERIES C

Dr. Potter updated the committee members that series C was issued on March 30, 2011 after the cost of issuance the amount that the District received was \$4,948,000. The District is not eligible to issue series D for many years when the assessed valuation in Lemon Grove increases (approximately 7-10 years).

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**Independent Citizens'
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The ICOC's scope has been expanded to include the Thren family trust funds. The committee requested amendment to the original resolution on Thren funds to not allow for use of employees' salaries. It was moved by Selby, seconded by Hanning and carried unanimously to take the amended resolution to the Governing Board for approval. Mr. Clabby likes the amendment; spirit of Thren represented and expressed that it is the right thing to do. The District has received a total in Thren funds of \$353,552 and has expended \$64,700 on the criterion architect (Davy Architect) leaving a balance of \$288,852. The executor of the Thren Funds, Considine & Considine has the remaining balance of funds in the amount of approximately \$550,000. Fixtures, furniture and equipment (FF&E) costs are about \$600,000-\$700,000; the District should have enough with Thren funds for the necessary library FF&E requirements. In addition, the initial collection would be paid for by the County Library.

SCHEDULE FUTURE MEETINGS

Next meeting set for Tuesday, September 20, 2011 at 5 p.m.

Proposed future meetings (all meetings are held on Tuesdays):

1. March 6, 2012 at 5 p.m.
2. April 17, 2012 at 5 p.m. (Special Meeting - Annual Report)
3. June 5, 2012 at 5 p.m.
4. September 18, 2012 at 5 p.m.

ITEM(S) FOR SUBSEQUENT MEETING

1. Future meetings – Action item

ADJOURNMENT – Meeting was adjourned at 8 p.m.


Chair


Account Technician