

**Regulation 7214: General Obligation Bonds**

**Status:** ADOPTED

**Original Adopted Date:** 04/16/2013 | **Last Revised Date:** 02/02/2021 | **Last Reviewed Date:** 02/02/2021

**MEASURE V BOND PROGRAM ACCOUNTABILITY**

Local general obligation bond measures are one important way that school districts generate revenue to build and modernize school facilities. On November 3, 2020, the District passed Measure V, and this policy is adopted to express the District's intent and plans to fulfill its duties to the public in a fiscally responsible, accountable and transparent manner. The District plans to the extent possible to comply with the standards published by the San Diego County Taxpayers Association ("SDCTA") for the use and oversight of general obligation bond funds. To the extent that this Policy requires additional or stricter measures than other existing board policies of the District, including BP 7214 and BP 3470, this Policy shall control. This Policy shall exist only until Measure V funds have been exhausted, at which time it shall become null and void.

**Bond Measure and Capital Project Accountability Principles**

In its capacity as stewards of public funds, the Board shall develop and implement a fiscally responsible, accountable and transparent bond-funded construction program. The Board commits to conducting such a program in accordance with the following principles and actions:

**1. Justifiable Facility Needs**

In connection with a bond measure, the District shall demonstrate a clear and justifiable need to build and modernize facilities, as documented by a Facilities Master Plan. The District's ballot measure shall contain a bond project list that describes how bond funds will be spent. The total bond authorization amount shall be based upon needs identified in a Board-approved Facility Master Plan, with accurate and reliable cost estimation having been obtained from multiple outside architecture firms.

**2. Sources of Capital Funding**

The District shall seek additional sources of funds that may be available to support projects identified in the bond project list, including state matching funds, joint use funds, and development impact fees.

The District shall actively seek opportunities for joint use of facilities, and coordination and collaboration with other local agencies regarding school facilities construction. In pursuing joint use opportunities, the District's goals shall be to maximize the use of facilities to the broader community without adversely impacting District operations or finances. A commitment to seeking joint use opportunities shall be reflected in the ballot measure resolution.

**3. Bond Structure**

Bonds will be structured consistent with the District's approved Debt Issuance and Management Policy (BP 3470) and its General Obligation Bond policies (BP/AR 7214). Annual assessed value growth assumptions for any proposed financing will be the lesser of (i) the average of the past twenty years or (ii) 5%.

The District shall not authorize the sale of any form of Capital Appreciation Bonds or Convertible Capital Appreciation Bonds without review by the Citizens' Bond Oversight Committee and all other legal and notice procedures required by law.

Consistent with federal law, the duration of a debt issue shall be consistent with the economic or useful life of the improvement or asset that the bonds are financing. The final maturity of the debt shall be equal to or less than the useful life of the assets being financed, and the average life of the financing shall not exceed 120% of the average life of the assets being financed, as required by federal tax law.

**4. Expenditures of Bond Funds**

In accordance with the California Constitution, the District shall spend bond funds solely to meet capital facility needs, and more specifically for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities (Cal. Const., art. XIII A, section 1(a).) The District shall not spend bond money on routine, annual maintenance, operations, or non-capitalizable salary expenses.

## 5. Bond-Funded Construction

The Board shall comply with SDCTA's School Construction and Professional Services Procurement Best Practices, ("Construction Best Practices") as currently in effect and as the same may be amended over time to reflect changes in the law; provided, however that the District is not precluded from using project delivery and procurement methods permitted by law as long as all transparency and fiscal accountability requirements are met.  
BP 7215(c)

The District shall promote fair and open competition for all capital projects funded with bond proceeds, consistent with procurement laws, policies and public works construction laws. In the event that the Board desires to consider the use of a Project Labor Agreement for construction of bond projects, the Board shall inform the public at least 90 days in advance of any such decision. Notice shall be deemed sufficient if given via District website, publication, social media, District email, or other similar methods of public notice.

The District and Board shall follow a "No Pay to Play" protocol regarding bond-funded contracts that are procured and let, which means that any person or organization that directly or indirectly contributed \$1,000 or more to any District candidate or measure campaign (including a bond measure campaign) or to a foundation that, within the prior 4 years has made a contribution to a District bond measure campaign, shall be identified publicly as part of the Board's consideration of such person's bond-funded contract.

Following the award of competitively bid, bond-funded contracts, the District will offer a post-award debriefing or summary for all unsuccessful bidders. A post-award debriefing may be in writing and should provide:

- description of the District's evaluation of the bidder's proposal and outlining of significant weaknesses
- review of bidder's scoring according to the district rational, if applicable
- rationale for the District's decision to award the contract
- responses to questions regarding the District's adherence to District policies and state regulations
- responses to questions regarding the District's policies and state regulations in general

## 6. Citizens' Bond Oversight Committee

The Board hereby adopts the SDCTA Oversight Committee Best Practices ("CBOC Best Practices"), as currently in effect and as the same may be amended over time to reflect changes in the law.

The CBOC shall meet all requirements of Education Code section 15278-15282 with regard to its membership, duties, activities and responsibilities to the public, and no employee, official, vendor, contractor or consultant of the District shall be appointed to the CBOC. To The Board shall comply with BP/AR 7214 in addition to this Policy with regard to the membership and duties of the CBOC.  
BP 7215(d)

### A. Notification

With regard to the recruitment of members for the CBOC, for at least 45 days, the District shall inform the public and the following organizations of CBOC vacancies:

- San Diego County Taxpayers Association
- American Institute of Architects
- American Society of Civil Engineers
- Associated Builders and Contractors of San Diego
- Associated General Contractors of San Diego
- Community Organizations (e.g. Rotary, Kiwanis etc.)
- Construction Managers Association of America
- Financial Executives International
- Labor Organizations
- Local and Community papers
- Local Chambers of Commerce
- Parent Teacher Organizations

The announcements must include a description of the CBOC duties and scope of authority.

### B. Membership

The District shall seek persons with particular qualifications to ensure that a majority of the members possess expertise in one or more of the following areas:

- Large scale construction operations
- Municipal/public finance matters
- Performance and financial auditing
- Construction related project management
- Real estate acquisition or sales
- Environmental laws or regulations
- Information technology

SDCTA shall be entitled to appoint a member of SDCTA to serve on the CBOC, assuming such appointee is available and is willing to meet the participation requirements for membership on the CBOC. Committee members shall be appointed by the Board at a regularly scheduled and publicly noticed meeting.

#### **C. Orientation**

A comprehensive orientation covering relevant codes, bond resolutions, project descriptions, budgets and schedules, financial reports and minutes of recent meetings, is required for members of the CBOC.

#### **D. Access to Information**

The CBOC shall have access to a dashboard or similar graphic representation summarizing bond-related financial data. A regularly updated report with milestones for each project in the program shall be provided to the CBOC.

#### **E. Public Disclosure**

The CBOC shall have an internet webpage linked to the District's website. The CBOC webpage shall be kept current and shall disclose, at a minimum, the following:

- Minutes of all meetings
- Materials provided to the CBOC at each meeting
- Sufficient notice of dates, times and agendas of CBOC meetings
- List of CBOC members and main contact information
- List of projects and their status in terms of budgets and timelines
- Any alterations to project budgets or timelines with explanations
- Comparison of current status of projects to original timeline and budget
- Whenever available, non-summarized data on spending, timelines, and budgets

#### **F. Meetings**

The CBOC shall meet at least quarterly. Subcommittees may be formed to monitor specific components of project implementation.

#### **G. Project Delivery Methods**

The District shall provide information to the CBOC regarding available project delivery options that shall be utilized for projects during the bond program. The District shall aim to present information to the CBOC prior to final approval by the Board.

#### **H. Financial Audit**

A representative of the CBOC may participate in screening independent auditors of the bond-funded program. The CBOC is entitled to request to meet once annually with the independent auditors and may review and comment upon the annual financial report prior to its presentation to the Board.

#### **I. Performance Audit**

The selection of the Performance Auditor may include the participation of a CBOC representative. The CBOC may provide input on the scope of the Performance Audit and review and comment upon the draft Performance Audit. The Performance Audit should include the current bond program management program/plan, construction project delivery methods and performance analysis, review of project budgets and program performance and forecasting and evaluation of the overall transparency of the bond program.

#### **J. Access to the Governing Board**

The CBOC may meet periodically with the Board, the Superintendent and/or the Assistant Superintendent, Business Services and shall present the CBOC's performance assessment report to the Board annually.

#### **K. Significant Program Changes**

The Board shall give the CBOC the opportunity to review and comment upon major changes in each bond-funded program.

**L. Annual Report**

The CBOC shall be the principal author of the annual report which shall appear on the CBOC website and be available at the District office. The report shall contain at least the following:

- all original projects and their status
- certification of all expenditures
- any changes shall be highlighted and explained
- a list of joint-use projects
- status and scoring of deferred maintenance projects
- prevailing wage requirements compliance report

**M. Bond Issuance**

The District shall inform the CBOC concerning the selection of bond counsel and underwriters, the issuance of bonds, the refinancing of bonds, projects lists, relevant bond ballot language and the bond financing structure.

**N. Joint Use**

The CBOC shall review joint-use efforts pursued by the District and such efforts should be described in the annual report.

**O. Deferred Maintenance**

The District shall submit to the CBOC for informational purposes a Board-approved deferred maintenance plan, including the deferred maintenance funding and the amount of state matching funds received for the past ten fiscal years.

**P. Prevailing Wage**

The CBOC shall receive an annual compliance report from the District detailing related compliance issues.

**7. Ongoing Training and Education**

Members of the Board and District staff persons with responsibilities for the bond program shall pursue training and professional development programs available from reputable industry trade organizations and experts in general ethics principles and doctrines, covering techniques for managing a bond construction program, capital finance, and ethics in contracting, procurement and public service. Such training may include programs of SDCTA, the California State Attorney General and/or the Fair Political Practices Commission. Members of the CBOC shall be encouraged to attend professional development programs regarding their role and duties, including programs of SDCTA.

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