

The Los Angeles Unified School District (LAUSD) School Bond Citizens' Oversight Committee will help implement the following major goals in the next twelve months.

1. Implement the Oversight Committee Mission, Vision and Charter

The mission of the strong and independent Citizens' Oversight Committee is to oversee the expenditure of money for the construction, repair and modernization of schools by LAUSD and to communicate its findings to the Board and the public so that school bond funds are invested as the voters intended and projects are completed wisely and efficiently.

The shared vision between the Citizens' Oversight Committee and LAUSD is to build and maintain schools that promote the full development of the child, are educationally and environmentally sound, enhance their neighborhoods through design and programming as centers of community, and reflect the wise and efficient use of limited land and public resources.

We will work with LAUSD and the public to implement the mission, vision and objectives outlined in the Oversight Committee's Charter. *Attachment 1.*

2. Implement Strategic Execution Plans for School Construction, Repair and Modernization

We will continue to work with LAUSD to implement strategic execution plans for school construction, repair and modernization. The plans describe what LAUSD is going to build, when LAUSD is going to build it, how much it will cost, where the money will come from, and the values at stake in creating the learning environment. We will oversee the construction, repair and modernization process to ensure that design goals are implemented, and that projects are completed on time and within budget. The strategic plans are available on the LAUSD facilities web site at www.laschools.org/fmsep/ and www.laschools.org/sep.

LAUSD has mailed reports from the Chairman of the Oversight Committee to 300,000 LAUSD families reporting on progress made on school construction and repair in each district. *Attachment 2.* New school groundbreakings are scheduled for the weeks to come, and the Chairman or another Oversight Committee member will attend each groundbreaking ceremony. *Attachment 3.*

3. Support School Bonds Prop 47 and Measure K on the November 2002 Ballot

Prop 47

Last spring the State Legislature approved the Kindergarten-University Public Education Facilities Bond Acts of 2002 and 2004. This legislation places on the November 2002 and March 2004 ballots two statewide bonds that would provide \$13.05 billion and \$12.3

billion, respectively, in general obligation bonds to meet the enormous state-wide needs for public school construction and repair.

Approval by the voters of these bonds is critical to the state's ability to provide adequate school facilities for all of its public school children; it would also promote more sustainable communities in California, and encourage the public schools to become models of energy conservation, efficiency and renewable energy use.

Passage of the November 2002 bond would be a major step toward financing the ongoing facilities need of California's public K-12 schools. Just under \$5 billion of the new bond funds would go to finish the construction and modernization projects that remain "in the pipeline" since the last school bond, Proposition 1A, was passed. An additional \$3.45 billion would be earmarked for new school construction related to growth. Over \$3 billion is slated for modernization of older schools and relief at critically overcrowded (in other words, urban) schools. Fifty million dollars in each bond would provide incentives for joint use facilities. The remainder of the bond funds is earmarked for higher education projects.

One of the most important ways to revitalize urban areas and to promote compact growth and infill development is to provide healthy public schools in the urban core. By targeting a significant portion of the funds from this bond towards older and critically overcrowded urban schools, we will begin to create the kind of school system that will attract new growth back to the inner cities. In addition, the Legislature has committed to pursuing a trailer bill next year that will ensure that that new suburban schools built by bond funds adhere to smart growth principles in location and design. Allocating funds for joint use facilities that serve school children by day and communities after school and on weekends will encourage the creation of more sustainable development.

One truly exciting and innovative provision of the school bond provides an additional 5% percent allowance for construction or modernization projects that maximize the use of energy efficiency, conservation, and renewable energy technologies. This is the first school bond in California to contain such a provision, which actually states that the ultimate goal of all public schools in California should be zero net energy use.

The 47 website is www.yesprop47.com.

Local Measure K

Local Measure K provides for a \$3.35 billion bond issue to build 120 new schools and repair and modernize 79 existing schools. Ten million dollars will provide incentives for joint use of schools, with additional resources available for the community use of schools. Community use and sustainable school design are elements of the strategic execution plans for construction and repair. The Chairman of the Oversight Committee and Controller Laura Chick have signed the ballot argument mailed to voters to support Measure K. *Attachment 4*. The sample ballot is available on the web at www.lavote.net.

Measure K probably provides the strongest school bond accountability and oversight in the State, significantly stronger than those in Measure BB (passed in 1997). Unlike any other measures, Measure K authorizes the Oversight Committee to review any non-privileged information relating to school construction or repair and to make recommendations for or against significant projects prior to approval by the LAUSD Board of Education. Moreover, Measure K requires that the Citizens' Oversight Committee have a budget sufficient to retain independent legal counsel and an accounting expert. No funds may be used for teacher or administrator salaries, or other school operating expenses. Also as required by State law, the LAUSD Board has adopted a list of specific school facilities projects to be funded by the sale of bonds. LAUSD will conduct annual, independent financial and performance audits to ensure that bond proceeds are expended only on specific projects listed. *See Attachment 5 (Memo by The Advancement Project analyzing oversight measures).*

Proposition 47 and Measure K provide funds necessary to carry out LAUSD's new construction and repair projects. Passage of both bonds is critical to the implementation of the District's Strategic Execution Plans.

4. Build and Design Green Schools as Centers of Community

The Oversight Committee and LAUSD share the vision for schools that enhance their neighborhoods through design and programming as centers of community, and reflect the wise and efficient use of limited land and public resources. This vision will be implemented through the strategic execution plans; the joint use incentives cited in Prop 47 and Measure K above; resolutions adopted by the Oversight Committee and LAUSD including the greening resolutions and the sustainability resolutions; the Oversight Committee's community and joint use resolution; and the LAUSD guidelines to architects re community and joint use. (The resolutions and guidelines were included as attachments to the Oversight Committee's July 2002 Quarterly Report.)

The Los Angeles Chamber of Commerce, which is represented on the Oversight Committee, has recommended that LAUSD "[d]evelop and adopt a district-wide policy that embraces the Small Learning Communities strategy for all future school facility projects. The success of the Small Learning Communities strategy has been well documented in research over the last 15 years. The benefits of smaller schools are *significant*: higher student achievement, greater equity, better preparation for higher education, lower truancy and dropout rates, greater teacher satisfaction, and increased safety. LAUSD has made progress on this issue, but more needs to be done. Several states and school districts have embraced this concept for new school construction, including Florida and Mississippi." *Attachment 6*. The Oversight Committee will work on this strategy with LAUSD.

5. Streamline the Facilities Division

Under the terms of the Charter, the Board, Superintendent and Oversight Committee agreed to engage in a dialogue that will produce a plan by December 5, 2002, to

streamline support services for facilities to insure that schools are built, repaired and modernized under the strategic execution plans on time and within budget. We are making progress.

The Chairman of the Oversight Committee wrote to the Superintendent in June 2002 outlining major steps necessary to institutionalize reform of the LAUSD facilities division. *Attachment 7*. The facilities program should have:

- a direct line of authority to the Superintendent;
- its own procurement authority;
- its own financing and financial management including an internal auditor;
- its own information technology system suited to its unique needs; and
- its own human resources procedures with senior management exempt from civil service.

Substantial progress has already been made to implement these reforms. The chief facilities executive now has a direct line of authority to the Superintendent. The Chairman of the Oversight Committee and the oversight consultant testified before the LAUSD Board in support of the procurement authority for facilities that is now in place. The Chairman and the oversight consultant with the LAUSD chief operating officer appeared before the State Board of Education to support the exemption of senior management from civil service, and that has resulted in the hiring decisions to create a professional facilities management team. We will continue to work towards the accounting and information systems for facilities and have a plan in place by December 5.

6. Adopt Rational Audit Process and Define Allowable Costs

The Rational Audit Process is an extremely important part of the oversight process of ensuring that funds are expended wisely, cost-efficiently, cost-effectively, and productively, working towards projects that are completed on-time, within budget, and meeting all user requirements.

The Committee will press for:

- Full funding -- from bond funds where possible, from other funding sources as required -- to allow the Rational Audit Process to be implemented and conducted.
- Commence pre-audit, internal process, cost, and ad hoc audits in accordance with the coordinated audit strategy and annual audit work plan.
- Perform oversight to determine if the proper type and extent of audits are being performed on a timely basis; that audits are responsive to the needs of facilities management, LAUSD top management, BOE, Oversight Committee, and the public; that audit reports are circulated to those who need them on a timely basis; and that conclusions and recommendations of audit reports are understood and acted on to correct problems and implement improved ways of producing results.

The Los Angeles Chamber of Commerce has recommended that the Committee and the LAUSD finalize a policy on what costs are chargeable to the Prop BB and 2002 bond programs. Additionally, ballot language regarding use of bond money for salaries should be clarified. The Chamber strongly believes that allowable costs must be directly related to the facilities program and suggests that this language be clarified and communicated to the general public. *Attachment 6*. We agree with this recommendation and are working with LAUSD on a policy to define allowable costs.

7. Engage Community Input and Support

The children in LAUSD schools are over 90% children of color. Support for Measure K apparently is strongest among Latino voters, over three-fourths of whom indicated support for the measure.

The Los Angeles Chamber of Commerce recommends that LAUSD "should create a stronger vehicle for effective local community input and support. In order for this bond to be successful, LAUSD must avoid the pitfalls of the last bond and provide the impacted community with a voice on issues related to fiscal accountability, school structure, site selection, community access, and outreach." *Attachment 6*.

We agree with this recommendation. We will continue implementing strategies for full and fair participation by all communities in the school construction and repair process. The following steps will advance democratic goals of full information, full and fair public participation, and equal justice

Information and Public Participation. LAUSD must gather, analyze and publish information about the distribution of the benefits and burdens of school construction and repair on all communities. Full information will enable full and fair public participation and help ensure the equitable distribution of benefits and burdens. Materials must be prepared in ways that the affected public can understand to ensure strong and accessible public participation. Reports based on GIS (geographic information systems) and 2000 census data can enhance understanding of assets, opportunities, and burdens. The Oversight Committee will continue to work with LAUSD in an ongoing study for these purposes.

Minority Business Opportunity Committee. We understand that LAUSD is exploring a framework of cooperation between the Los Angeles Minority Business Opportunity Committee (LA MBOC), an operating entity of the City of Los Angeles, Mayor's Office of Economic Development, and LAUSD in order to increase the availability of contractual and procurement opportunities for small, women- and minority-owned businesses in the greater Los Angeles metropolitan area. The Oversight Committee supports these efforts and will continue to oversee implementation to distribute the commercial benefits of school construction and repair consistent with federal and state laws.

Housing Impacts. New school construction will displace many families who will need to find comparable housing with reasonable rent. The Oversight Committee will work with the community and LAUSD to implement effective strategies to minimize impacts for displaced people.

Diversity on the Oversight Committee. The Oversight Committee today better reflects the diversity of the children that we are striving to serve. Before November 1999, there were no people of color and one woman on the eleven-member Committee. The Committee now includes four Latinos and three women, including an African-American woman who serves on the Executive Committee and a Latino Chairman. The addition of any new members should continue to promote the diversity of the Committee and its leadership.

Listen to the Community. Latino leaders and organizations throughout California recently released the Latino Policy Agenda with policy recommendations relevant to LAUSD in the areas of education; schools, playgrounds and parks; housing; environmental quality and environmental justice; and business. The Oversight Committee will work with the Latino community and other communities to consider reforms that are consistent with the Oversight Charter.¹

8. Oversight Committee Structure

Membership. The Los Angeles Chamber of Commerce makes the following recommendation: "For the five new appointments required by state law, the Chamber strongly urges the Board to appoint members to the Oversight Committee who have significant experience with infrastructure projects of this size, scale, and complexity. Oversight committee members should have expertise in critical areas such as construction, finance, engineering, architecture, law and planning." *Attachment 6.*

We agree with the need for diverse representation on the Oversight Committee, especially when it comes to increasing representation from the communities LAUSD is striving to serve. Representatives who serve the needs of the community as defined by the community will enhance the quality of oversight and more importantly of education and democracy in Los Angeles.

Oversight Committee members with expertise and strengths in diverse areas have made oversight work over the last five years. Committee members with expertise in architectural, urban planning, education, environmental, civil rights, public finance, social justice and parenting issues have been instrumental in defining the Oversight Committee Charter, the strategic execution plans, and the vision for schools as centers of community. New members have brought greater energy and levels of commitment. Laura Chick, the City Controller, for example, has exercised a strong leadership role by signing the ballot argument for Measure K, and by appearing before the Committee and meeting with members to support of our work. Controller Chick's appointee, Constance L. Rice, and PTSA representative Scott Folsom provide exemplary leadership on the

¹ The Latino Policy Agenda is available on the web at www.clipi.org.

Executive Committee. Lupita Sanchez has brought a refreshing level of enthusiasm and participation on behalf of the Los Angeles Chamber of Commerce. We trust that all current and future members will continue to serve the children of Los Angeles to the best of their ability.

Oversight Information. The Los Angeles Chamber of Commerce recommends that LAUSD provide the Oversight Committee with useful, easy to understand data and information that is needed to fulfill its oversight responsibilities. *Attachment 6.*

We agree with this recommendation and believe it is effectively being implemented already. The Charter specifies that the most critical information for school construction and modernization and for effective oversight includes:

- *Strategic execution plans for school construction, repair and modernization.*
- *Monthly progress reports* to identify progress made, significant schedule and budget variances, plan revisions and current estimates for cost and completion.
- *Early warning memos* when a construction, repair or modernization project is likely to exceed the budgeted cost by five percent or more.
- *A rational and timely audit system* including annual financial and performance audits (as required by law), audits of new construction, repair and modernization contracts (as outlined in the Inspector General's approved work plan), and other audits that are mutually agreed between the Board and the Oversight Committee.
- *Independent oversight reports and evaluations* by the Oversight Consultant under the direction of the Oversight Committee.

The reforms at LAUSD have been successful to date in large part because the Oversight Committee is receiving the information to engage in oversight, as discussed above.²

² The Committee anticipates that filing financial disclosure forms and adopting bylaws, and has changed its name pursuant to the Charter. *See attachments 8 and 9 (resolutions).*