







**The Citizens' Oversight Committee is pleased to report that the market challenges facing the construction program are being favorably addressed by the District through cost mitigation and revenue enhancement initiatives.**

***BUILDING FOR SUCCESS PROGRAM***

**OBJECTIVES**

- √ Connect schools to the community
- √ Communicate updated timelines, accomplishments, and current challenges
- √ Hold regularly scheduled Citizens' Oversight Committee meetings
- √ Minimize costs while maximizing quality
- √ Maximize open space on campus
- √ Minimize disruption during instructional day and impact to existing operations
- √ Bring meaningful improvements to our older schools

**FINANCIAL CHALLENGES**

Construction material prices in San Diego County have risen approximately 15% over the past year. Steel, wood, and concrete have experienced more rapid increases, but are leveling off to a rate of 6% per year. Overall project costs have risen at 10% per year since 2003. The sometime unpredictable bidding market is, however, showing signs of stabilizing as the supply of contractors and labor catches up to the demand in school construction. Project cost escalation appears to be leveling off at a 6% annual escalation rate. Cost inflation and bidding risks are evaluated very closely before proceeding with procurement. Mitigation activities include scope reduction as required, the phasing of larger projects, and identifying additional funding sources. Alternate procurement methods such as multiple prime construction management and lease-build are recommended as needed.

**PERFORMANCE AND FINANCIAL AUDIT**

The firm of Nigro Nigro and White conducted a bond program financial and performance audit for the 2004-2005 fiscal year which ended June 30, 2005. The audit report will be complete in September 2005. The Citizens' Oversight Committee will receive and review the audit in November 2005. The committee will share this report with the PUSD Board of Education at the December 12, 2005, meeting.

**ACCOMPLISHMENTS SINCE WINTER 04/05 REPORT**

- Addressed rain delays by adjusting schedules and work priorities.
- Received the 2005 Golden Watchdog Award from the San Diego County Taxpayers Association for saving taxpayers close to \$9 million by refinancing school construction and modernization bonds approved by district voters in 2002.
- Completed the extensive electrical, water, drainage, sewer, and communication system modernization project at Poway High School. Upgrades costing more than \$8 million were accomplished in 48 days, avoiding disruption to students and staff.
- Started construction on the new 80,000 square foot classroom addition at Poway High School.
- Completed the electrical and water systems upgrades at Mt. Carmel High School.
- Completed the modernization of three major classroom buildings at Mt. Carmel High School. Modernization work started in three additional classroom buildings including new science classrooms and kitchen and food service upgrades.
- Started work on the new music building at Mt. Carmel High School.
- Completed the new kindergarten and classroom additions and the modernization of existing bathrooms and classrooms at Westwood Elementary School.
- Completed the new kitchen, lunch shelter, playground, utility system upgrades, and the expanded parking lot at Westwood Elementary School.
- Held a groundbreaking ceremony at Midland Elementary School, featuring the placing of steel beams signed by Midland students, and celebrating the completion of the structural steel work.
- Completed the artificial track and field turf upgrades at Mt. Carmel and Rancho Bernardo High Schools.
- Started design work on Painted Rock, Chaparral, Pomerado, Rolling Hills, Garden Road, Tierra Bonita, and Los Peñasquitos Elementary Schools, Twin Peaks Middle School, and Abraxas High School.
- Completed the formal facility condition assessments for the remaining 13 schools in the program. These assessments assist the planners and design teams to better define and prioritize work on critical utility systems such as air conditioning, electrical, water, sewer, and roofs.
- Completed the second annual independent Performance and Financial Audit for the 2004/2005 fiscal year. Results will be received and reviewed by the Citizens' Oversight Committee in November 2005.

**BUDGET OVERVIEW**

In November 2002, voters approved a \$198 million local facilities bond, Proposition U. The Proposition U *Building for Success* program revenue sources include Proposition U bond funds, state funds, and other District funding.

<u>REVENUES</u>	<u>As of August 15, 2005</u>
First Bond Sale	\$ 75,000,000
Bridge Financing	\$ 75,000,000
Interest on Funds	\$ 2,054,711
Additional Capital Funds	\$ 24,200,000
<b>Total Funds Available:</b>	<b>\$ 176,254,711</b>

**Commitments** \$ 128,647,825

<u>EXPENDITURES</u>	<u>As of August 14, 2005</u>
<b>Total Expenditures to Date:</b>	<b>\$ 72,587,468</b>

Second Bond Sale of approximately \$45 million scheduled for Spring 2006.