You Passed a School Bond ... Now what?
Things School Board Members Should Know

December 5, 2019
San Diego Convention Center
Workshop intent and scope
Concepts for board members to remember:

1. Running and overseeing the bond program is more important than passing one.

2. School construction can often move at a “geologic pace.”
   • Especially large / complex projects.

3. There is a myriad of regulations and compliance requirements.

4. You won’t get a lot of credit and it can sometimes be frustrating.
What we will cover this morning?

• Leading a facility bond program: The role of the school board.

• Setting expectations and parameters

• The board’s oversight and accountability role

• Practical tips – things to watch out for
Workshop panelists

Pat Seeley – Board Member, Nevada Joint Union HSD

Sharon Lampel – Board Member, Lammersville USD

David Pombo - Board Member, Lammersville USD

Greg Isom – President, Isom Advisors

Facilitator:
Brett W. McFadden, Superintendent
Nevada Joint Union HSD
Leading and overseeing bond programs: The role of the school board

- Is the board’s role in the bond program any different than with other issues / challenges facing a district?

- Do board members need to become experts in bond financing and/or school construction?

- **Helpful Tip:** Ultimately, it is the board’s school bond program – you will be held accountable over the course of the entire program.
The board’s most critical roles
Potential pitfalls and dangers for school boards:

- Financing and debt obligations
- Over promising / under delivering
- Construction costs and spending
- Project scheduling / delayed projects
- District staff capacity / know-how
- Hiring the wrong experts
- Contracts and agreements
- Poor construction performance / outcomes
- Communicating to stakeholders / taxpayers
Communication: How, how often, and to who?

We recommend board members consider the following best practices:

• Quarterly bond program updates at public meetings:
  o Update on current project
  o More important – Request staff to give a “heads up” on future issues/projects
  o Include financials in the reports (Use those provided to CBOC).

• Utilize your Citizens’ Bond Oversight Committee:
  o Have them meet quarterly (Definitely no less the 2x per year).

• Weekly updates via superintendent’s message and/or other – as needed.

• Establish a culture on “No Surprises” – for staff and board members alike.
Communication techniques:
Examples

Communication techniques:
On site project signage
External communication: Potential challenges

Bond programs can attract negative and inaccurate attention:

- The public will not understand the complexities of bond projects/programs/issues.
- These don’t fit easily into “30 second” sound bites.
- Social media will often be the primary mode of community communication – right or wrong.
- Pro-active strategies and quick reaction will help to address these challenges.
Getting started:

• Review your bond resolution with your superintendent / staff.
• Clarify what the money can and can’t be spent on.
• Have bond counsel explain how the district actually receives the funds.
• Set preliminary timelines and expectations.
• How much time will it take to begin promised projects?
• Review and approve staff’s project list, scope, and schedule.
• What happens if the board decides to fund projects other than those listed in the bond resolution?
Things to keep in mind:

• School construction is notoriously slow.
  • You likely won’t the fruits of your labor.

• It entails multiple compliance and reporting requirements that add considerable time and money to projects.

• It’s construction… Something is definitely going to go wrong… and the board will be held accountable for it.
Oversight and accountability: The role of citizens’ oversight committee

Board vs. the Citizens’ Bond Oversight Committee:

• **Role of the board:**
  o Projects and project list
  o Budgets
  o Contracts
  o Direction / scope / policy focus of the bond program.

• **The role of the CBOC:**
  o Clearly defined in law – its is limited
  o Reviews the legality of bond program expenditures
  o According to the board approved bond resolution
  o They do not have authority to override the board.

**Best practices:**

• Joint board / CBOC meetings annually – go over expectations.

• Have CBOC chair / members present annual bond financial and performance audits to the board.

• Establish an application, review, interview process for new committee members.
Final comments and perspectives

Thank you for attending
Checklist #1: Finance, debt, budgets, and costs

✓ Know the basics of your General Obligation debt issuances
  • How much in bonds is the district issuing and why?
  • What is the district’s issuance plan?
  • Amount per $100k in assessed valuation?
  • What are the terms?
  • Repayment rate? How long will it take to pay back?

✓ Regular reports on budget and project expenditures / cost
  • Request quarterly updates on expenditures.
  • Keep an eye on project expenditures / change orders.
  • Establish protocols / processes whereby staff will update and alert the board.
Your district and consultant team is key to your success

- How well staffed is your district?
- Can existing staff handle the new load?
- Do you need to add staff / create positions?
- Should those positions be bond funded? Can they?
- How will firms be selected?
- How will projects be managed?
  - In house?
  - Construction management firm?

Hiring Local: Things to consider

- Hiring local is important – but local firms may not have the skill, know-how, or capacity.
- Consider hiring experienced primary firms – architect, project management, general contractors
- Hire local for sub-contractors and smaller / medium projects with lower political profiles.
Checklist #3: Construction and project delivery

✓ Beware of how your projects are delivered and managed.
  • School construction can be performed / delivered via several strategies
    o Lease-Lease Back, Design-Bid-Build, etc.
    o Each method has its pros and cons.
    o Timing, project scope, politics, available funding will impact which one you utilize.
    o Consultants may try to advocate for one method over the other.

✓ Construction processes.
  • Attempt not to micro-manage staff – school construction is unique.
  • Keep the big picture.
  • Focus on the “what,” let staff focus on the “how, when, and where.”
Other questions board members should consider:

- How do stakeholders and the community provide input?
- Will the board have the ability to veto a designated bond purchase?
- If so, how will this be done and when?
- What are the time limits to use the funds once they are obtained?
- What are the legal issues when using bond funding?
- How is the order of expenditures determined?
- What process will be in place for Board approval?
- How do the approved projects align with our LCAP or strategic plan?