

The Dollars and Sense Don't Add Up: Bond Measures E and H Santa Cruz City Schools

Synopsis

Bond Measures E and H, passed in 1998, provided funds for much-needed renovation and modernization of schools within the Santa Cruz City Schools District. Overall, the Grand Jury found school site personnel pleased with the work completed at their schools, and acknowledges the scope and complexity of the construction projects undertaken in the last eight years. Those projects, however, took longer and cost more than original estimates, and students are now occupying classrooms that have not been certified by the Division of the State Architect as being in compliance with all Code of Regulations, Title 24 provisions for structural, life/fire safety, and ADA projects.

The Grand Jury discovered that Measure E bonds were sold for more than the voter-approved \$28 million, and questions remain about the 2005 bond refinancing. The Grand Jury is concerned that: bond money was spent on district administrative offices; lease revenues generated from sites that were renovated using bond funds went into the Santa Cruz City Schools general fund; bond funds and property tax deposits have earned and will continue to earn interest that could be used to reduce bond debt; and promises to keep the public well-informed about the bond projects have not been kept.

Definitions

ADA: Americans with Disabilities Act

Alternate: an optional component of a construction project

BAN: Bond Anticipation Note; a note issued in anticipation of later issuance of bonds, usually payable from the proceeds of the sale of the bonds anticipated

BOC: Santa Cruz City Schools Bond Oversight Committee

California Code of Regulations (CCR), Title 24: also known as the California Building Standards Code. Public school construction in California is governed by these building standards.

Change Order: a written order that modifies the plans, specifications, or price of a signed construction contract agreement. Change orders can be initiated for a variety of reasons, including unforeseen conditions, owner-requested changes, design errors or omissions, contractor error, and weather-related problems during construction.

DSA: Division of the State Architect

DSA Form-5: the official DSA form that details the project inspector's qualifications

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IOR: Inspector of Record; a state-certified inspector that performs state-mandated site inspection services for public school construction and who is hired and paid by the owner (school district)

Multiple-prime contracting: the owner (school district) holds separate contracts with contractors of various disciplines (such as general, mechanical, electrical). The owner, or its construction manager, manages the overall schedule and budget during the entire construction phase.

RFP: Request for Proposal; an invitation to bid, or a proposal inviting bids from possible suppliers of a product or service

SB50: the 1998 state bond measure that provided matching funds to the Santa Cruz City Schools District for modernization projects. District matching funds were generated from Bond Measures E and H.

SCCS: Santa Cruz City Schools

SCCS Bond Project, Status of Project Closeout, May 10, 2006: This was the version of the summary document detailing construction costs, change orders, and project completion dates that the Grand Jury used for this report.

Stop Notice: a notice to withhold payment from a contractor and to set money aside to satisfy a claim

Background

Bond Measures E and H

In April 1998, voters in the Santa Cruz City Schools (SCCS) District passed two bond measures worth a total of \$86 million. The district spent over \$300,000 for this special election for Measure E and Measure H that was held just seven weeks prior to the regularly scheduled June primary election.¹

Measure E, approved by seventy-nine percent (79%) of the voters, was for elementary school improvements not to exceed \$28 million, and Measure H, approved by seventy-four percent (74%) of the voters, was for junior and senior high school improvements not to exceed \$58 million. The measures stated that the bond money would be used to rehabilitate the schools, including replacing inadequate electrical, plumbing, heating, and window systems; to comply with fire, earthquake, health, safety, and accessibility standards; and to renovate, construct, and modernize classrooms, restrooms, and other school facility improvements. Bond money would not be used for administrator salaries. Expenditures would be monitored by a community bond oversight committee, with all proceeds spent to benefit district schools. All elementary and secondary school sites in the district were included in the bond measures.

Voter Information Pamphlet arguments in favor of Measures E and H stated that “By law, absolutely none of the funds raised by these ballot measures can be used for

¹ County of Santa Cruz Sample Ballot and Voter Information Pamphlet for Special School District Election, Tuesday, April 14, 1998.

administrative salaries, offices, or operating expenses. All of the funds raised by these measures will stay in our local community and will be used to fix our schools.”²

Bond Details

The E and H bonds were originally each sold in three series: A, B, and C. Series A was sold in 1998, Series B in 2000, and Series C in 2001. According to the Voter Information Pamphlet, “Impartial Analysis by County Counsel,” the term for each bond sale was to be 25 years, which was the maximum term under California law when the measures were passed. On April 13, 2005, the SCCS Board of Education passed resolutions authorizing the refinancing of the general obligation Bond Measures E and H, Series A and B to take advantage of decreased interest rates. This refinancing did not require voter approval.

As each series was sold, the money from the sale was deposited into the Santa Cruz County Treasury to be withdrawn by the Santa Cruz City Schools District as needed for the bond projects. As property taxes are collected, they are also deposited in the County Treasury. These funds are withdrawn to make payments to the bond holders.

The Santa Cruz County Assessor’s Office establishes the rate that each property owner in the Santa Cruz City Schools District must pay toward the bonds. For the tax year 2005-2006, the rate is:³

- Series A and B, Elementary .035%
- Series A and B, High School .033%
- Series C, Elementary .007%
- Series C, High School .006%
- **TOTAL .081%**

At this rate, taxes resulting from Bond Measures E and H on property within the City of Santa Cruz with an assessed value of \$300,000 would be \$243 for the 2005-2006 tax year. Property owners outside the city limits, but within the high school district, would pay only the high school percentage, or .039%.

Additional Funding

The school renovation projects were not funded solely by the proceeds of bonds E and H sales. Under the State Construction Program, the district applied in 1999 for SB50 (State Bond 50) funds for modernization that it began receiving in July 2000. These state funds were earmarked for renovation of schools that met the age requirement for modernization (twenty-five years or older). This was a cash-matching program, and E and H funds were used for the match. The district received over \$28 million from the state. Additions including bond interest, developer fees, deferred maintenance funds, and donations

² County of Santa Cruz Sample Ballot and Voter Information Pamphlet for Special School District Election, Tuesday, April 14, 1998.

³ Figures supplied by the Santa Cruz County Auditor/Controller Office, June 2, 2006.

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brought the total revenue for bond projects to \$128,683,715 as of April 30, 2006. Total revenue for the bond projects is summarized as follows:⁴

REVENUE SOURCE	REVENUE AMOUNT
Bond Proceeds	
Series A (6/98)	\$21,854,000
Series B (3/00)	\$46,300,077
BAN Funds (Series C, 10/00)	\$15,990,000
Series C (10/01)	\$110,171
Subtotal Bond Proceeds	\$84,254,248
Other Revenue	
Bond Interest	\$10,411,303
Bond Arbitrage Liability	(\$419,412)
BAN Interest	\$976,905
BAN Arbitrage Liability	(\$210,905)
Deferred Maintenance	\$974,499
Food Services	\$175,000
Capital Facilities Fund	\$2,597,047
State SB-50 Rel. 1	\$1,906,616
State SB-50 Rel. 2	\$26,514,241
SB-50 Interest	\$620,037
Grants	\$345,024
Donations	\$231,801
Insurance Reimb (Pool Deck)	\$122,748
Building Fund	\$19,814
General Fund	\$164,749
Subtotal Other Revenue	\$44,429,467
TOTAL REVENUE	\$128,683,715

Table 1. Revenue, SCCS Bond Projects Budget, July 1, 1998 to April 30, 2006.

Setting Priorities/Determining Projects

Prior to the bond campaign, a Facility Assessment Team comprised of construction professionals and district staff evaluated each of the school sites, worked with site and district staff in developing a needs assessment, prioritized each site's needs, and developed a cost estimate for needed and desired school construction projects. This facilities audit, along with community input, was used by the district to determine the amount of money that was requested in the bond election. Although approximately \$130 million in needed and desired improvements were identified, a community survey indicated voters would be willing to support bonds totaling \$86 million. Projects were

⁴ Santa Cruz City Schools, Bond Projects Budget, Report from July 1, 1998 to April 30, 2006.

prioritized based on the \$86 million figure, and renovations and repairs addressing code requirements, health and safety concerns, and systems projects such as roofing, electrical, and plumbing were given priority.

After the election, district staff, together with architects and construction managers, developed a Master Schedule to accomplish the Facility Assessment projects. The schedule defined the sequence for planning and construction of the projects at each school site from June 1999 through December 2003. The schedule was discussed with all site principals and the Bond Oversight Committee. Within the Master Schedule, each school site was listed along with an anticipated planning and construction timeline. The work at each school site was divided into the following tasks: pre-design, design, state review, bidding, and construction.

In the “Road to Renovation” pamphlet mailed out by SCCS in May 2000 to residents within the SCCS boundaries, it was stated that the construction schedule called for all projects to be completed by the end of the 2003-2004 school year. Due to state funding and additional revenues, in May 2003, with SCCS Board approval, site planning committees began meeting to identify and prioritize additional modernization projects at each school site. As of June 2006, there are still three projects to be bid, and eighteen projects under construction. Projects may extend well beyond the end of 2006.

Project Management

Bond projects were originally overseen by the Director of Bond Projects, a district administrative position, to provide general oversight and management of the program. Two architect/construction management teams (DES-WLC Architects/Turner Construction Management for the elementary schools, and Beverly Prior/Kitchell Construction Management for the secondary schools) assisted. Projects were put out to bid for multiple prime contractors, that is, a prime contractor for each trade. Due to the difficulty in managing multiple and separate contracts, missed work, and instances of poor work quality, the district discontinued its use of multiple prime contractors.

The bond projects are now managed by district staff and contracted firms. The organizational components for project management include:

- the Assistant Superintendent, Business Services, providing district administration oversight;
- general contractors bidding for projects;
- a construction management firm providing overall program management for bond projects (Strategic Construction Management);
- two architecture firms, one for the elementary and junior high schools (DES Architects), and one for the high schools (Beverly Prior Architects), providing design services and project administration;
- Inspectors of Record providing state-mandated site inspection services; and
- district employees (3.2 positions) paid by bond funds: a full-time district Construction Project Coordinator, a full-time clerical support person; a full-time accounting person; and support from the district purchasing manager for bidding and contracting processes.

Bidding

In California, public school construction is governed by the California Public Contract Code. Construction contracts must be awarded to the lowest responsible bidder as defined in these code sections:⁵

“Responsible bidder,” as used in this part, means a bidder who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the public works contract. (Section 1103)

On the day named in the public notice, the department shall publicly open the sealed bids and award the contracts to the lowest responsible bidders. (Section 10180)

SCCS District officials stated that the lowest, responsive, responsible bidder is hired by the district. A responsive bidder is one that has provided all necessary documents and meets all specified qualifications in a timely manner.

When construction projects are put out to bid, a Request for Proposal (RFP) is published in the newspaper, and interested contractors are invited to submit bids by a specified date. On that date, the bids are publicly opened, recorded, and awarded to the lowest, responsive, responsible bidder.

Division of the State Architect Oversight

The Division of the State Architect (DSA) reviews all public school construction involving structural, fire/life safety, and ADA compliance projects. Construction plans and documents drafted by the district’s hired architects and engineers are submitted to the DSA for plan checking to make sure they conform to the California Code of Regulations, Title 24. After plans are checked and approved, they are stamped with an identification stamp, and are ready for the construction phase. When a project is under construction, it is supervised by DSA field operations. Field engineers go to the site to make sure plans are being followed and work is up to code. The field engineer receives reports from state-certified Inspectors of Record (IOR) at least twice a month. The IORs make sure work is performed according to the DSA-approved documents. Public school construction is not inspected by city and county building inspectors, but by state-certified inspectors.

Once a project is completed, a Notice of Completion is recorded at the County Recorder’s office and is publicized. The project closeout process then begins. The DSA reviews all required project documentation to verify that all work was performed and inspected in accordance with code requirements. If documentation indicates that construction met these requirements, the DSA issues a Letter of Certification to the school district. If documentation is incomplete, the DSA sends the Architect of Record a letter, with a ninety-day deadline to submit all remaining documents. If these documents are not submitted, the project is closed without DSA certification. The file can be reopened when documentation is complete, but a fee of \$150 for each project is assessed.

⁵ California Public Contract Code, <http://www.aroundthecapitol.com/code/contents.html?sec=pec>.

Bond Oversight Committee

In Fall 1998, a committee consisting of volunteer community members was formed by the district to provide oversight for the bond projects. The Bond Oversight Committee (BOC) is an advisory body only and makes recommendations to the school board. Final authority for all aspects of the bond measures resides with the SCCS Board of Trustees. The BOC meets every other month and receives reports on financial and construction status; reviews standard bid documents and change orders; reviews contracts for design, construction management, construction contractors, and contract amendments; and has been involved in the reallocation of dollars between school sites. Specified roles and responsibilities include attending all committee meetings; becoming familiar with the laws, regulations, and processes that the school district must satisfy in completing the projects authorized by the bond; and working with all interested parties to facilitate communication about the status of the bond projects.⁶

According to district officials, by the end of Summer 2006, ninety-eight percent (98%) of the bond funds will have been spent as projects are nearing completion. The BOC's final meeting is scheduled for November 2006. A subcommittee has been established to work with school district staff and Strategic Construction Management to prepare a final report on the bond projects for the board and community members, detailing how both time and money were spent under Measures E and H.

Scope

This investigation was undertaken to review financial documentation for the Santa Cruz City Schools Bond Measures E and H. The investigation included:

- reviewing SCCS Board of Education minutes, Bond Oversight Committee minutes, site summaries, project completion documents, and financial documents pertaining to Bond Measures E and H;
- reviewing web sites, newspaper articles;
- conducting interviews with district staff and volunteers; and
- visiting school sites to view bond project results.

As the investigation progressed, the bond details and issues of project management, bidding, and oversight were also examined.

Sources

Interviewed:

- Santa Cruz City Schools District personnel.
- Bond Oversight Committee members.
- Division of the State Architect personnel.
- Santa Cruz County personnel.

⁶ Santa Cruz City Schools, "Bond Oversight Committee Roles and Responsibilities," revised April 17, 2002.

Reviewed:

Memoranda/Reports/Minutes/Agendas:

Advantages/Disadvantages of Using Multiple Prime v. Single General Contractor, agenda packet, Bond Oversight Committee meeting, January 27, 2000.
California Department of General Services, Division of the State Architect, Project Inspector Qualification Record, DSA-5, revised March 27, 2003.
Communications Matrix for Bond Projects Participants, November 29, 2001.
IOR Bi-Monthly Progress Reports, Santa Cruz High, May 2002.
Memo from Northcross, Hill and Ach, June 8, 2006.
Official Statements, Santa Cruz City Elementary School District, General Obligation Bonds, Election of 1998, Series A, B, and C.
Official Statements, Santa Cruz City High School District, General Obligation Bonds, Election of 1998, Series A, B, and C.
Official Statement, Santa Cruz City Elementary School District, 2005 General Obligation Refunding Bonds.
Official Statement, Santa Cruz City High School District, 2005 General Obligation Refunding Bonds.
Santa Cruz City Schools, Agreement for Consultant Services, Construction Program Management Services, Strategic Construction Management, February 1, 2002.
Santa Cruz City Schools, Board of Education for the Elementary and Secondary Districts Minutes, May 12, 1999 to May 10, 2006. [Please see Appendix for specific dates.]
Santa Cruz City School Bond Oversight Committee Meeting Minutes, May 16, 1998 to May 18, 2006. [Please see Appendix for specific dates.]
Santa Cruz City Schools “Bond Oversight Committee Roles and Responsibilities,” revised April 17, 2002.
Santa Cruz City Schools Bond Project, Status of Project Closeout, May 10, 2006.
Santa Cruz City Schools, Bond Projects Budget, Report from July 1, 1998 to April 30, 2006.
Santa Cruz City Schools District Bond Projects Status Reports, November 17, 1999 to January 25, 2006. [Please see Appendix for specific dates.]
Santa Cruz City Schools, Request for Proposals, Management Services for Construction Projects, undated.
Soquel High School Bond II Modernization Project IIIA, Bid #2004-21, Opened June 3, 2004.
Soquel High School Bond 2 Phase II Rebid, Bid #2006-09, Opened December 22, 2005.

Newspaper Articles/Pamphlets:

Contra Costa Times, “Schools’ refinancing questioned,” April 30, 2006.
County of Santa Cruz Sample Ballot and Voter Information Pamphlet for Special School District Election, Tuesday, April 14, 1998.
“Road to Renovation: Keeping You Informed,” Santa Cruz City Schools, undated.

Santa Cruz Sentinel:

- “Bond-funded school repairs set to start in Santa Cruz,” May 13, 1999.
- “Bonds making a difference,” March 22, 2001.
- “Branciforte remodeling project disappoints staff,” October 14, 2001.
- “Error could cost schools thousands,” April 8, 2005.
- “Firm will oversee school construction projects,” February 15, 2002.
- “Moving costs stir school-bond debate,” May 29, 2003.
- “Santa Cruz City Schools finds surplus in general fund,” April 20, 2006.
- “Students say last goodbye to Natural Bridges, Branciforte schools,” June 12, 2004.

Web sites:

- Building Standards Commission, <http://www.bsc.ca.gov>.
- California Code of Regulations,
http://www.bsc.ca.gov/title_24/documents/part1/2001_part1.pdf.
- California Education Code, <http://caselaw.lp.findlaw.com/cacodes/edc/15200-15205.html>.
- California State Constitution, <http://www.leginfo.ca.gov/const.html>.
- California Public Contract Code,
<http://www.aroundthecapitol.com/code/contents.html?sec=pcc>.
- “Choosing the Best Delivery Method for Your Facility Projects,”
http://www.mbpce.com/news_pubs_delivery.html.
- Division of the State Architect, <http://www.dsa.dgs.ca.gov>.
- Division of the State Architect On-Line Project Tracking System,
<http://www.applications.dgs.ca.gov/dsa/etrackerweb/DistrictProject.asp?clientid=44-h2> and
<http://www.applications.dgs.ca.gov/dsa/etrackerweb/DistrictProject.asp?clientid=44-42>.
- General Obligation Bonds, <http://www.calschools.com/static/GOBond.htm>.
- Santa Cruz City Schools, <http://www.sccs.santacruz.k12.ca.us>.
- Santa Cruz City Schools, Bond Projects,
<http://www.sccs.santacruz.k12.ca.us/bizservices/BondProject/bondproject.htm>
(this web site is no longer accessible).
- Santa Cruz County Office of Education,
<http://www.santacruz.k12.ca.us/board/index.html>.
- Santa Cruz Sentinel, <http://www.santacruzsentinel.com>.
- State Education Oversight Commissions,
<http://www.ecs.org/clearinghouse/57/86/5786.htm>.
- Strategic Construction Management, <http://strategic-cm.com/main/santacruzcityschools.htm>.
- TBW&B, Public Finance Strategies, LLC, <http://www.tbwb.com/clients.htm>.
- 2001 California Building Standards Administrative Code, California Code of Regulations, Title 24, Part 1,
http://www.bsc.ca.gov/title_24/documents/Part1/2001_part1.pdf.

Visited:

Ten Santa Cruz City School sites.

Findings

Bonds E and H

1. The E and H bonds were originally each sold in three series: A, B, and C:⁷

Bond Sold	Date	Bond Amount	Bond Term Ends
Series A, Elementary	July 1, 1998	\$7,000,000.00	August 1, 2027
Series B, Elementary	March 1, 2000	\$15,500,000.00	August 1, 2029
Series C, Elementary	October 2001	\$5,598,115.65	February 1, 2026
TOTAL ELEM.		\$28,098,115.65	
Series A, High School	July 1, 1998	\$15,000,000.00	August 1, 2027
Series B, High School	March 1, 2000	\$31,000,000.00	August 1, 2029
Series C, High School	October 2001	\$11,997,433.50	February 1, 2026
TOTAL HIGH SCH.		\$57,997,433.50	

In April 2005, Series A and B Elementary and High School bonds were refinanced:

Refinance, Series A and B, Elementary	April 2005	\$22,785,000	August 1, 2029
Refinance, Series A and B, High School	April 2005	\$45,500,000	August 1, 2029

Table 2. Santa Cruz City Schools Bond Sales, Measures E and H.

2. Total Elementary bond sales, Series A, B, and C exceeded the \$28 million dollar cap established in Bond Measure E.
3. When asked about exceeding the \$28 million cap on the Elementary bonds, district administrative staff referred the Grand Jury’s questions to the district’s bond financial advisor, Northcross, Hill and Ach. The Grand Jury was told, “Unintentionally, \$98,115.65 was issued in bonds over the 28 million dollar amount approved by the voters. The district has made provision to repay the \$98,115.65 and all interest that has accrued.” The amount of the interest earned is unknown to the Grand Jury.

⁷ Official Statements, Santa Cruz City Elementary School District, General Obligation Bonds, Election of 1998, Series A, B, and C; Official Statements, Santa Cruz City High School District, General Obligation Bonds, Election of 1998, Series A, B, C; Official Statement, Santa Cruz City Elementary School District, 2005 General Obligation Refunding Bonds; Official Statement, Santa Cruz City High School District, 2005 General Obligation Refunding Bonds.

4. The last of the original Elementary bonds was sold in 2001, but repayment of the \$98,115.65 overage has not yet been made as of June 10, 2006.
5. When Elementary and High School Bonds, Series A and B were refinanced in April 2005, the total amount of the refunding bonds was \$4,280,000 higher than the remaining principal of the original Series A and B bonds. The Elementary Series A and B Bonds were refinanced for \$22,785,000 (the outstanding principal was \$21,030,000); the High School Series A and B Bonds were refinanced for \$45,500,000 (the outstanding principal was \$42,975,000).⁸
6. SCCS District's bond financial advisor stated that "the amount of the refunding bonds is determined by the amount needed to establish an escrow to pay off the old bonds, which includes interest and principal due . . . and pay the costs of issuance."
7. Elementary bonds, Series C and Elementary 2005 Refunding Bonds total \$28,383,115.65, again exceeding the \$28 million cap established by the bond measure.
8. The April 2005 refinancing of the Elementary and High School Bonds, Series A and B is not detailed on the SCCS Bond Projects Budget, Report from July 1, 1998 to April 30, 2006.
9. According to the Official Statements for the bond sales, property owners residing in the Santa Cruz City Schools District will be repaying bonds E and H until 2029.
10. The Voter Information Pamphlet for Bond Measures E and H contained an "impartial analysis by County Counsel" stating that "under current California law, the term of the bonds cannot exceed twenty-five years."⁹ This term is also stated in the California Education Code, Section 15144: "The number of years the whole or any part of the bonds are to run shall not exceed 25 years, from the date of the bonds or the date of any series thereof."¹⁰
11. On April 13, 2005, the SCCS Board of Education passed resolutions authorizing the refinancing (refunding) of the general obligation Bond Measures E and H, Series A and B to take advantage of decreased interest rates.
12. SCCS District's bond financial advisor stated that the refunding of the bonds will result in lower debt service payments, with the majority of savings in 2006-2010, and that the refinancing will lower taxes.
13. For tax year 2004-2005, property owners residing in the Santa Cruz City Schools District within the City of Santa Cruz were paying property taxes at a rate of .068% toward bonds E and H. In tax year 2005-2006, the rate increased to .081%.

⁸ Official Statement, Santa Cruz City Elementary School District, 2005 General Obligation Refunding Bonds; Official Statement, Santa Cruz City High School District, 2005 General Obligation Refunding Bonds.

⁹ County of Santa Cruz Sample Ballot and Voter Information Pamphlet for Special School District Election, Tuesday, April 14, 1998.

¹⁰ California Education Code, Section 15144, <http://caselaw.lp.findlaw.com/cacodes/edc.html>.

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14. Interest earned on bond sale proceeds has been used for the bond projects and has not been used to repay the bond.¹¹
15. As property tax is collected to repay bonds E and H, the money is deposited in the pooled investment fund of the county until the district draws it out. These deposits earn interest.

Budget Expense Summary

16. Following is a summary of the SCCS Bond Projects Budget expenses from July 1, 1998 to April 30, 2006:¹²

ITEM	EXPENSE	PERCENTAGE OF EXPENSES
Construction Contracts	\$82,431,328	74%
Architects/Engineers	\$11,212,596	10%
Construction Management	\$6,928,864	6%
Miscellaneous Construction Costs	\$4,178,084	4%
Reserves	\$3,901,483	4%
Staff Salaries and Other Support	\$2,225,522	2%
TOTAL EXPENSES	\$110,877,877	100%

Table 3. Summary of SCCS Bond Projects Budget Expenses, July 1, 1998 to April 30, 2006.

Project Management

17. In January 2001, the Bond Projects staff requested authority from the school board and the BOC to use their discretion before bidding projects in the future, and to decide whether to bid projects with one general contractor or use multiple-prime contractors.
18. Results of the first four major bond projects undertaken at one high school, one junior high school and two elementary were described as follows: “All four projects were completed late, two of the four projects are over budget, the quality of some of the work was sub-standard on two projects, and sub-standard work was allowed to stand when first done, assuming it would be rectified as part of the punch list at the end of the projects, but after many spaces had been reoccupied. Some work that was planned to be included in some projects was left out of the initial plans and specs and had to be added with change orders, adding time and cost to the project.”¹³
19. At the October 24, 2001, SCCS Board of Education meeting, district administrative staff dissatisfaction with the ability of the construction managers to monitor and

¹¹ Santa Cruz City Schools, Bond Projects Budget, Report from July 11, 1998 to April 30, 2006.

¹² Santa Cruz City Schools, Bond Projects Budget, Report from July 11, 1998 to April 30, 2006.

¹³ Santa Cruz City Schools, Request for Proposals, Management Services for Construction Projects, 2001.

control the work on multiple prime projects was reported. District staff recommended:

- bidding future construction projects using general contractors
 - terminating the two elementary and secondary Construction Managers' contracts
 - increasing Inspector of Record time on projects to better monitor quality of work
 - increasing architect involvement in construction administration
 - reorganizing district support and oversight of projects
 - pre-qualifying bidders for future projects
20. District administrative staff stated that using general contractors had the advantages of less contract administration, total coverage of work, and direct lines of accountability. Disadvantages were that the general contractor might not select the lowest subcontractor bid and could charge up to a fifteen percent markup on subcontractor change orders.¹⁴ District administrative staff stated that using general contractors could cost more, but there would be clear lines of responsibility and "headaches would be reduced."
21. On November 15, 2001, district administrative staff reported to the BOC that the SCCS Board had approved a plan to hire a consultant to provide general oversight and management of the construction program. The board's preference was to hire professionals in the construction management field to manage future projects, instead of having district employees in the project management role. The board stated that it did not have confidence that district employees could provide management, in light of the problems that had been reported by school staff at Branciforte Junior High on that school's projects.¹⁵
22. Seven firms responded to the district's Request for Proposal (RFP) for a construction program manager. Three finalists were interviewed, and Strategic Construction Management was chosen by the SCCS Board as the Construction Program Manager to be effective February 1, 2002. District administrative staff and volunteers stated the board liked the fact that Strategic Construction Management was local and had ties to the community.
23. The district has not been able to produce the fixed-price bids and requested supporting documentation for this selection process. This documentation is public record.
24. The Grand Jury could find no documentation that the bids for the Construction Program Manager were opened publicly as required by the Public Contract Code.¹⁶

¹⁴ "Advantages/Disadvantages of Using Multiple Prime v. Single General Contractor, agenda packet, Bond Oversight Committee meeting, January 27, 2000.

¹⁵ Santa Cruz City School Bond Oversight Committee Meeting Minutes, November 15, 2001.

¹⁶ California Public Contract Code, Section 10180,
<http://www.aroundthecapitol.com/code/contents.html?sec=pcc>

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25. “Previously, the district used its staff to oversee multiple contractors at individual schools. Officials expect the new system, which includes hiring a general contractor for each project, will simplify the process and attract more bids, particularly from area contractors. The district will pay Strategic \$1.2 million. District officials expect to finish all projects by December 2004.”¹⁷
26. Construction Management budgets were reduced by \$2,128,663 due to termination of the two previous Construction Management contracts. Architect Fee budgets were then increased \$1,288,160 for increased services for construction administration due to reorganization of management for the projects. These adjustments, when combined with the new Strategic Construction Management contract for \$1.2 million, produced an immediate overall increase for the bond projects of over \$360,000.
27. Since February 1, 2002, there have been numerous contract extensions and additional payments approved for Strategic Construction Management, summarized as follows:

	Original Contract¹⁸	Moving Services¹⁹	Contract Renewal²⁰	Contract Extension²¹	Moving Contract²²	Contract Extension²³	TOTAL
Term	2/2/02 – 2/28/04	8/23/02 – 2/28/04	3/1/04 – 8/31/05	10/1/05 – 6/30/06	5/05 – 9/05	7/1/06 – 12/31/06	
Amount	\$1,205,104	\$99,825	\$958,058	\$374,325	\$27,254	\$224,500	\$2,889,066

Table 4. Approved Contracts for Strategic Construction Management Paid by Bond Funds.

28. In addition to bond funds, payments totaling \$68,273 to Strategic Construction Management have been approved by the SCCS Board: \$48,221 from the General Fund to “plan and coordinate moving of furniture, equipment and supplies (March 24, 2004); and \$20,052 from the Capital Facilities Fund to “plan and coordinate the relocation of 21 portable classrooms” (April 21, 2004).

¹⁷ Santa Cruz Sentinel, “Firm will oversee school construction projects,” February 15, 2002.

¹⁸ Santa Cruz City Schools, Board of Education for the Elementary and Secondary Districts Minutes, February 27, 2002.

¹⁹ Santa Cruz City Schools, Board of Education for the Elementary and Secondary Districts Minutes, August 14, 2002.

²⁰ Santa Cruz City Schools, Board of Education for the Elementary and Secondary Districts Minutes, December 10, 2003.

²¹ Santa Cruz City Schools, Board of Education for the Elementary and Secondary Districts Minutes, June 8, 2005

²² Santa Cruz City Schools, Board of Education for the Elementary and Secondary Districts Minutes, June 8, 2005.

²³ Santa Cruz City Schools, Board of Education for the Elementary and Secondary Districts Minutes, April 26, 2006.

29. In the RFP for Management Services for Construction Projects that was part of the Strategic Construction Management Agreement with the district, one requirement is to “plan and coordinate the moving of staff, furniture, material and equipment related to the construction projects.” Strategic Construction Management submitted a fixed fee proposal to secure this contract.
30. In March 2002, the board approved a district Construction Projects Coordinator position to serve as a liaison between Strategic Construction Management and the district sites. The position is funded through the elementary and secondary bonds. The head of the district Maintenance Department was appointed to the position.

Bidding

31. The SCCS Board of Education approved a resolution to no longer require a public re-bidding of work once change orders exceeded the cost of the original bid by over ten percent (10%), as had been previously required. It was stated that the re-bid process can cause a six- to eight-week delay, and since the district had a general contractor in charge of bond-funded projects, the chances of exceeding a ten percent overrun were considerably less.
32. The SCCS Bond Project, Status of Project Closeout, May 10, 2006, revealed that out of sixty-nine projects, thirty-seven (or 54%) exceeded a ten percent cost overrun due to change orders.
33. In October 2005, the SCCS Board voted to become subject to the Uniform Public Construction Cost Accounting Procedures and to provide for informal bidding procedures under the Uniform Public Construction Cost Accounting Act Procedures. This allowed projects from \$35,000 to \$125,000 to be bid using a pre-approved list of satisfactory contractors, while projects over \$125,000 were subject to formal bidding procedures. The rationale was that this would allow more flexibility in the execution of work; speed up bidding procedures; improve timeliness of project completion; reduce paperwork and expenses related to advertising; and simplify administration.
34. The SCCS District was advised by legal counsel to set a consistent policy for the acceptance of bids. Subsequently, it was decided to award contracts based on the lowest total bid on each project. Projects often contain several alternates, which may or may not be actually included in the final project. The contract, however, is still awarded on the total bid.
35. When projects contain alternates, contractors can bid low or even zero (0) on some alternates, thereby lowering their overall total bid.
36. In March 2006, the district awarded a bond project contract to a bidder whose past projects for the district included a project that had change orders totaling 34.1% of the original contract amount, a Stop Notice, and had gone to court. That same bidder had previously completed district bond projects with change orders of 32.3%, 36.9%, and 118.8% of the original contract amounts.

37. Contracts were not always awarded to the lowest bidder as evidenced by Bid # 2006-09. The contract was awarded for \$1,204,700 when the lowest bid was actually \$1,151,399.

Change Orders

38. The SCCS Bond Project, Status of Project Closeout, May 10, 2006, document does not include all bond projects, notably those undertaken in 1998-1999. Approximately \$4 million worth of projects are not detailed, nor are their change orders.
39. The SCCS, Bond Project, Status of Project Closeout, May 10, 2006, showed twenty projects with change orders exceeding twenty percent (20%) of the original project contract. These percentages range from 21.7% to 118.8%, resulting in additional costs of \$5,479,544 above the original contract amount of \$17,779,162 for those twenty projects. This reflected a 30.8% increase over the original contract amounts.
40. Sixty-nine completed or nearly-completed projects detailed on the SCCS, Bond Project, Status of Project Closeout, May 10, 2006, had change orders totaling \$9,621,580, or fourteen and one-half percent (14.5%) of their original contract total of \$66,457,279.
41. District officials stated that general contractors typically make a fifteen-percent markup on change orders.

Division of the State Architect Oversight

42. According to the Santa Cruz City Schools, Bond Project, Status of Project Closeout, dated May 10, 2006, sixty-four projects have had Notices of Completion filed. Of those sixty-four projects, only one is listed in the “DSA Closeout Complete” column, and only two are listed in the “Closeout Sent to DSA” column. The Architect of Record is responsible for submitting the required closeout documents for final certification.²⁴
43. The Grand Jury found at least one instance of a project being started without prior DSA notification by the IOR (DSA Project Code 01-106000). This appears to be a violation of the Code of Regulations, Title 24, Part 1, Section 4-331.
44. Inspector of Record assignment date records obtained from the SCCS District and the DSA do not match.
45. “The school board must provide for and require competent, adequate and continuous inspection by an inspector . . .” and; “The project inspector . . . must be approved by the DSA for each individual project.”²⁵

²⁴ 2001 California Building Standards Administrative Code, California Code of Regulations, Title 24, Part 1, Sections 4-339 and 4-341, http://www.bsc.ca.gov/title_24/documents/Part1/2001_part1.pdf.

²⁵ 2001 California Building Standards Administrative Code, California Code of Regulations, Title 124, Part 1, Section 4-333(b).

46. In reviewing the IOR field reports for Santa Cruz High Modernization, project number 01-103363, there is a gap of eighteen days with no IOR reports or notations. One inspector had been terminated on May 2, 2002, and the next IOR report was dated May 20, 2002.
47. DSA Field Notes from the supervising field engineer from July 10, 2002, stated the first item requiring resolution on project 01-103363 was that the IOR had been replaced by two subsequent IORs, the last of which had not submitted DSA Form-5. The DSA Form-5, which must be signed by the district, architect, and engineer, must be filed ten days prior to an IOR beginning a project.²⁶

School Closures/Leasing

48. In January 2001, the BOC questioned the prudence of using bond funds to modernize schools that might be closed in the future due to declining enrollment.
49. In June 2004, Natural Bridges and Branciforte Elementary schools closed. Branciforte became a campus for small district alternative schools. Natural Bridges is leased by Pacific Collegiate, a charter school that is funded by the state. This site is not being used as part of Santa Cruz City Schools. Proposition 39 obligates the district to provide a certain amount of space rent free since sixty percent of the students come from within SCCS boundaries. Pacific Collegiate leases space for the forty percent of the students from outside the district. The district also leases space to another school, Carden El Encanto, at the former Loma Prieta High School site. Lease funds go into the general fund. Following is a summary of the current and projected lease income for these two sites:²⁷

LEASE REVENUES					
	04-05	05-06	06-07	07-08	08-09
Natural Bridges	\$68,000	\$83,232	\$84,897	\$86,595	\$88,326
Loma Prieta	\$140,000	\$165,000	\$200,000	\$228,400	\$275,500
	\$208,000	\$248,232	\$284,897	\$314,995	\$363,826

Table 5. Santa Cruz City Schools Lease Revenues, 2004-2009.

50. In August 2004, a citizen who attended two BOC meetings expressed concern about bond funds that had been used on schools that were later closed. The citizen felt that the lease money from those schools should be used to reduce the bond debt.
51. District administrative staff reported to the BOC committee that legal counsel said it was not illegal to lease out the renovated schools and not use the revenues to defray

²⁶ California Department of General Services, Division of the State Architect, Project Inspector Qualification Record, DSA-5, revised, March 27, 2003.

²⁷ Agenda Packet, Santa Cruz City Schools, Bond Oversight Committee Meeting, November 18, 2004.

the debt. The BOC approved a motion to not recommend using lease revenues to retire bond debt.

District Office Relocation/Renovation

52. Even after Natural Bridges and Branciforte elementary schools had been closed, and the four alternative schools on three sites were moved to the former Branciforte Elementary campus, the district still needed to reduce overhead and save operating expenses due to declining enrollment. The district offices on Mission Street were sold, and ten classrooms at Soquel High School were chosen to serve as administrative offices (Soquel High School's enrollment dropped from 1693 students in 1998 to 1234 students in 2005-06). The Adult Education Office, the Purchasing Department, and District Warehouse were moved to Palm Street. The Workability Program and Food Services Office were moved to DeLaveaga Elementary School.
53. Classrooms identified to house the district offices at Soquel High had already been remodeled using bond funds. At least an additional \$460,537 in bond money was spent for the district office remodel.
54. At its April 9, 2003 meeting, the SCCS Board approved the use of up to \$1 million in bond funds for district office relocation and improvements. In its advisory capacity, the BOC did not recommend this action.
55. To date, at least \$1,285,486 of bond project money has been spent on district office and adult education relocation. This total includes \$274,424 for change orders, or twenty-seven (27%) of the original contract amount of \$1,011,062.
56. A BOC member called the use of bond money for offices "not ethical," and stated that the district could use anticipated redevelopment revenue to pay for the classroom conversions and other relocation projects. "There was a promise (the bond money) would never be used for administrative costs. It was to improve the student environment, not the district office environment."²⁸

Oversight/Public Communication

57. The BOC has been meeting bi-monthly since 1998. These meetings are open to the public. Minutes and any reports released are public information. Meetings are held at Soquel High School, Room 312. Oversight committee members stated that meeting notices are posted at school sites and the district office.
58. In 1998, a bond web page was developed with links to each school site providing regular updates on bond-related issues.
59. In June 1999, the communications sub-committee of the BOC worked on placing bond-related information on the SCCS web page. Signs relating to bond projects were designed for placement at the school sites.

²⁸ Santa Cruz Sentinel, "Moving costs stir school-bond debate," May 29, 2003.

60. On August 26, 1999, the BOC stated that the Board of Education, Bond Oversight Committee, and district administration should work jointly to create a public relations program and method of presentation for each school site, the press, and the public in general.
61. District staff and BOC members were interviewed for “Community Express,” a Community Television of Santa Cruz show. The show aired four times in Fall 1999 and outlined the school bond issues and future project plans.
62. A brochure “The Road to Renovation” detailed the status of Measure E and H projects and was distributed to parents from the school sites and mailed to households within the district in May 2000. This brochure indicated there would be ongoing communication to keep the public aware of progress and improvements.
63. In July 2000, a Board of Education member noted that the district’s web site was in need of updating.
64. The Grand Jury observed that as late as October 17, 2005, there was a “Bond Projects” section on the Santa Cruz City Schools web site. Information was out of date; the last update had been posted in 2001. By February of 2006, that section of the web site was no longer accessible, and posts “Forbidden: You don’t have permission to access ... (this site) on this server.”
65. When asked about the inaccessibility of the web site, district staff responded that the webmaster worked one half-day per week and that there were no resources in the district to put more effort into the web site.
66. Strategic Construction Management publishes SCCS site construction newsletters on its web site. Newsletters for completed bond projects include construction budget summaries, schedules, and architect, inspector, and contractor information. Web site summaries of current projects have none of this information.²⁹
67. The construction budget summaries for “Completed Projects” on the Strategic Construction Management web site do not match the figures printed on the Santa Cruz City Schools Bond Project, Status of Project Closeout, May 10, 2006. The Strategic Construction Management web site is the only one displaying information on the SCCS bond construction projects.
68. According to district administrative staff, by the end of summer 2006, ninety-eight percent (98%) of bond funds will be spent. The BOC’s final meeting is scheduled for November 2006. If there is any money left over, district staff will oversee expenditures. Construction projects could extend into Spring 2007.
69. Strategic Construction Management will be paid \$34,500 to produce a Bond Projects Report. This fee is included in their July 1, 2006 to December 31, 2006 contract extension.

²⁹ Strategic Construction Management, <http://strategic-cm.com/main/santacruzcityschools.htm>.

70. At its May 18, 2006 meeting, the BOC reviewed options for its final committee report which may be in the form of newspaper ads or inserts, postcards, a newsletter, a twenty-four page report, or a video.

Conclusions

Bonds E and H

1. Measure E, Series A, B, and C bond sales exceeded the voter-approved amount of \$28 million by \$98,115.65. The \$28 million cap was exceeded a second time when the Measure E, Series A and B bonds were refinanced, this time by \$383,115.65.
2. A savings of over \$3 million in interest is projected due to the refinancing of the Elementary and High School Bonds, Series A and B that were sold for \$4,280,000 million more than the principal remaining. Although interest was decreased, the total debt was increased. The purpose of the refinancing appears to be to extract more funds and not to lower property taxes.
3. The 2005 refinancing of the Elementary and High School Bonds is not shown on the SCCS Bond Projects Budget, Report from July 1, 1998 to April 30, 2006. Voters are entitled to full disclosure regarding all bond details.
4. Contrary to the language of the Voter Information Pamphlet, the bond terms of both the Elementary and High School bonds are greater than twenty-five years.
5. Property owners in the Santa Cruz City Schools District are paying a higher percentage of their property taxes to repay bonds E and H in the 2005-2006 tax year than they paid in the 2004-2005 tax year. To date, the decreased bond interest rates have not reduced property taxes.
6. Over the next twenty-three years, property tax deposits will earn interest that could be used to reduce bond debt.
7. The SCCS District has exceeded its fiscal authority granted in Measures E and H by selling bonds for more than the voter-approved limit. By so doing, it could make it more difficult for voters to approve future bond projects.

Project Management

8. As of April 30, 2006, expenses for architects/engineers, and construction management total sixteen percent (16%) of the total bond project expenditures, or over \$18 million.
9. The district did not have personnel on staff with adequate construction knowledge to manage large construction projects.
10. The district could not find an efficient and cost-effective method of construction program management. There were many layers of construction supervision and

coordination paid for with bond dollars: general contractors, architects, Strategic Construction Management, and the district's Construction Program Coordinator.

11. Originally, the Strategic Construction Management contract was for \$1.2 million and all projects were to be completed by December 2004. By the end of 2006, payments to Strategic Construction Management will reach nearly \$3 million, and projects are still continuing.
12. Additional payments were made to Strategic Construction Management for moving services that were part of their original contract with SCCS for which a fixed-price bid had been submitted.
13. Total bond project construction management fees from 1998 to present appear excessive, and will top \$7 million before the end of 2006.
14. The bidding process for the Construction Program Manager was not conducted according to Public Contract Code Procedures. Bid documentation is not available from the district to determine whether the lowest bidder was accepted; and documentation that the bids were opened in public as mandated by the Public Contract Code has not been made available by the district.

Bidding

15. When the board voted to no longer require re-bidding projects that surpassed the ten percent change order threshold, it removed the cap on change orders.
16. A contractor should not have been considered "responsible" if that contractor's previous jobs had excessive change orders and if court action was necessary.
17. When projects were bid with alternates, this allowed contractors to manipulate the system by giving a low bid or zero on alternates, thereby allowing a contractor to submit the lowest bid. The bid would not necessarily be awarded to a responsible bidder.

Change Orders

18. The SCCS Bond Project, Status of Project Closeout, May 10, 2006 is incomplete; therefore, a true assessment of costs and overruns cannot easily be made.
19. The amount of change orders appears excessive. This could be due, in part, to the removal of the ten percent (10%) cap requiring project re-bidding.
20. There was no financial incentive for contractors and architects to keep change orders to a minimum.

Division of the State Architect Oversight

21. The Architects of Record have not fulfilled their responsibilities to secure project closeout and certification by the DSA.

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22. District administrative staff has not seen the projects through to closeout by insisting that the Architects of Record submit all closeout documentation.
23. The district, architect, and engineer failed to file DSA Form-5 before IORs started project 01-103363 as required by the California Code of Regulations.
24. IOR documentation for project 01-103363 is incomplete and shows a gap of eighteen days with no IOR site notations or reports. It is a violation of the California Code of Regulations for a project to proceed without an IOR.
25. Since district and DSA documentation of IOR assignments and dates do not match, the Grand Jury was unable to determine whether projects progressed without an assigned IOR, or without a DSA-approved IOR.

School Closures/Leasing

26. Although bond funds were used to renovate the Natural Bridges and Loma Prieta sites, lease revenues have not been used to repay bond debt.

District Office Relocation/Renovation

27. Despite the fact that the Voter Information Pamphlet arguments in favor of the bond measures clearly stated that bond funds were not to be used for administrative offices, the SCCS Board used bond funds for this purpose.
28. The SCCS Board ignored BOC recommendations not to use bond funds for district office renovations and relocation.
29. Lack of planning resulted in wasted money at Soquel High when ten classrooms that had already undergone renovation and modernization were remodeled for district offices.
30. The SCCS District spent more than \$1.2 million on district office renovations and relocations. The district inappropriately approved \$1 million for this purpose; no bond money should have been used.

Oversight/Public Communication

31. The BOC is scheduled to disband in November 2006. Projects may continue until at least Spring 2007, and there will be no BOC oversight. Bonds were passed under the assumption that an oversight committee would be in place for the duration of the projects.
32. The district has not maintained the bond project information on its web site. This could have been a valuable means of providing ongoing, up-to-date public information on the bond projects.
33. Over the last eight years, there has been no ongoing form of public communication with district residents regarding the bond projects. Efforts made, such as starting a

web page, being interviewed for Santa Cruz Community Television, and producing a brochure, all took place between 1998-2000.

34. As of this late date, the BOC has not yet determined the format and scope of its final report. The Grand Jury questions whether this will give the BOC time to prepare a comprehensive report.
35. Paying Strategic Construction Management \$34,500 to help prepare a final report detailing the bond projects could result in a loss of objectivity and detail in evaluating the projects' successes and failures.

Recommendations

1. The Grand Jury recommends that the Santa Cruz County Auditor initiate an outside, independent audit to scrutinize the bond sales and refinancing, and expenditure of bond funds. If there was surplus cash gained from the refinancing, it should be accounted for and used to reduce the bond debt.
2. An outside, independent performance audit should be conducted to analyze, assess, and report on the Santa Cruz City Schools District's operational and construction management policies, procedures, and practices regarding Bond Measures E and H. Investigation as to whether all California Code of Regulations, Title 24 standards were followed should be included.
3. The SCCS District should insist that the architects submit all documents related to completed bond projects under DSA supervision so the projects can be certified and closed out. Architect fees should be withheld until DSA certification is complete.
4. For future major construction projects, the SCCS District should consider hiring an experienced, qualified construction project manager or team as a limited-term district employee(s). This would cost less than hiring a construction management firm.
5. The SCCS District should replace the funds used for District Office relocation and renovation to reduce bond debt.
6. The SCCS District should use lease revenues and interest on future property tax collections to reduce the bond debt.
7. The SCCS District should provide a complete bond projects budget document that includes bond refinancing details.
8. The SCCS District should provide a complete bond projects closeout document detailing all bond construction projects.
9. Future construction projects should be awarded to the contractor submitting the lowest base bid. Alternates should be bid separately.

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10. For future construction projects, the contractors hired should adhere to the ten-percent cap on change orders previously in effect.
11. The SCCS District should provide an objective summary and analysis of bond projects from beginning to end. This should include project details, budget, and completion dates; financial accounting; analysis of successes and failures; and suggestions for improvement for any future bond or construction projects.
12. The SCCS District should make sure its web site is comprehensive and updated frequently. The final bond projects report and analysis should be posted on that web site.
13. The BOC should continue to operate until all bond projects are completed.
14. District support staff is to be commended for its helpfulness, promptness, and courtesy when providing requested documentation.

Responses Required

Entity	Findings	Recommendations	Respond Within
Santa Cruz City Schools Board of Trustees	2-12, 14, 15, 19, 20, 23, 24, 27-29, 31, 32, 34-44, 46, 47, 51, 53-56, 64-70	1-13	90 Days (October 1, 2006)
Santa Cruz County Auditor/Controller	1-15	1	60 Days (September 1, 2006)

Appendix A – Source Details

Santa Cruz City Schools, Board of Education for the Elementary and Secondary Districts
Minutes:

May 12, 1999.	February 28, 2001.
May 26, 1999.	March 14, 2001.
June 9, 1999.	March 28, 2001.
June 28, 1999.	April 25, 2001.
July 14, 1999.	May 9, 2001.
August 11, 1999.	May 23, 2001.
August 18, 1999.	June 6, 2001.
August 25, 1999.	June 27, 2001.
September 8, 1999.	July 11, 2001.
September 22, 1999.	August 8, 2001.
October 13, 1999.	August 22, 2001.
October 27, 1999.	September 12, 2001.
November 17, 1999.	September 26, 2001.
December 8, 1999.	October 24, 2001.
January 12, 2000.	November 7, 2001.
January 26, 2000.	November 28, 2001.
February 9, 2000.	December 5, 2001.
February 23, 2000.	December 19, 2001.
March 15, 2000.	January 16, 2002.
March 29, 2000.	January 23, 2002.
April 13, 2000.	January 30, 2002.
April 26, 2000.	February 13, 2002.
May 10, 2000.	February 20, 2002.
May 24, 2000.	March 13, 2002.
June 7, 2000.	March 27, 2002.
June 28, 2000.	April 17, 2002.
July 12, 2000.	May 8, 2002.
August 3, 2000.	May 22, 2002.
August 16, 2000.	June 6, 2002.
September 6, 2000.	July 9, 2002.
September 20, 2000.	August 14, 2002.
October 11, 2000.	August 28, 2002.
October 25, 2000.	September 11, 2002.
November 8, 2000.	September 25, 2002.
November 29, 2000.	October 2, 2002.
December 13, 2000.	October 9, 2002.
January 17, 2001.	October 23, 2002.
January 31, 2001.	November 6, 2002.
February 6, 2001.	November 13, 2002.
February 14, 2001.	November 20, 2002.

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December 11, 2002.
January 15, 2003.
January 29, 2003.
February 11, 2003.
February 12, 2003.
February 26, 2003.
March 5, 2003.
March 12, 2003.
March 26, 2003.
April 9, 2003.
April 30, 2003.
May 9, 2003.
May 14, 2003.
June 25, 2003.
July 23, 2003.
August 6, 2003.
August 27, 2003.
September 10, 2003.
September 24, 2003.
October 8, 2003.
October 22, 2003.
November 5, 2003.
November 10, 2003.
December 10, 2003.
January 14, 2004.
January 28, 2004.
February 11, 2004.
February 25, 2004.
March 10, 2004.
March 24, 2004.
April 21, 2004.
May 5, 2004.
May 12, 2004.
May 26, 2004.
June 9, 2004.
June 16, 2004.
June 29, 2004.
August 11, 2004.
August 21, 2004.
September 8, 2004.
September 22, 2004.
October 13, 2004.
October 27, 2004.
November 10, 2004.
December 15, 2004.
January 12, 2005.
February 9, 2005.
February 23, 2005.
March 9, 2005.
April 13, 2005.
April 20, 2005.
April 27, 2005.
May 25, 2005.
June 8, 2005.
June 20, 2005.
July 27, 2005.
August 10, 2005.
August 24, 2005.
September 14, 2005.
September 28, 2005.
October 10, 2005.
October 26, 2005.
November 21, 2005.
December 14, 2005.
January 9, 2006.
January 25, 2006.
February 8, 2006.
February 22, 2006.
March 8, 2006.
March 22, 2006.
April 19, 2006.
April 26, 2006.
May 10, 2006.

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Santa Cruz City Schools Bond Oversight Committee Meeting Minutes:

May 16, 1998.	January 17, 2002.
June 25, 1998.	March 21, 2002.
July 20, 1998.	May 16, 2002.
September 30, 1998.	July 11, 2002.
December 10, 1998.	September 12, 2002.
January 21, 1999.	September 19, 2002.
March 4, 1999.	October 2, 2002.
April 22, 1999.	November 21, 2002.
June 24, 1999.	January 23, 2003.
August 26, 1999 (agenda packet).	March 20, 2003.
September 30, 1999.	May 22, 2003.
October 28, 1999.	June 12, 2003.
January 27, 2000 (agenda packet).	July 10, 2003.
March 30, 2000.	September 18, 2003.
May 18, 2000.	November 13, 2003.
May 18, 2000 (revised).	November 20, 2003.
June 22, 2000.	January 22, 2004.
June 22, 2000 (revised).	March 19, 2004.
July 20, 2000.	May 20, 2004.
July 20, 2000 (revised).	August 5, 2004 (agenda packet).
September 21, 2000.	September 16, 2004.
October 19, 2000.	November 4, 2004.
November 16, 2000.	November 18, 2004 (agenda packet).
January 18, 2001.	January 20, 2005.
March 22, 2001.	March 15, 2005.
May 17, 2001.	April 7, 2005.
July 19, 2001.	May 19, 2005.
September 20, 2001.	July 21, 2005.
October 11, 2001.	September 22, 2005.
October 23, 2001.	November 17, 2005 (agenda packet).
November 15, 2001.	January 19, 2006 (agenda packet).
November 29, 2001.	March 16, 2006 (agenda packet).
December 5, 2001.	May 18, 2006 (agenda packet).

Santa Cruz City School District Bond Projects Status Reports:

November 17, 1999.
February 9, 2000.
April 13, 2000.
May 24, 2000.
August 2, 2000.
September 6, 2000.
October 11, 2000.
March 28, 2001.

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April 25, 2001.
August 8, 2001.
October 10, 2001.
October 24, 2001.
November 7, 2001.
November 28, 2001.
March 27, 2002.
May 22, 2002.
August 14, 2002.
September 25, 2002.
December 11, 2002.
February 12, 2003.
March 26, 2003.
May 28, 2003.
August 6, 2003.
September 24, 2003.
December 10, 2003.
February 11, 2004.
March 24, 2004.
June 16, 2004.
September 22, 2004.
January 26, 2005.
April 13, 2005.
May 25, 2005.
July 27, 2005.
September 28, 2005.
January 25, 2006.

Appendix B – Santa Cruz City Schools, Bond Projects Budget, Report from July 1, 1998 to April 30, 2006

SCCS-Bond Projects Budget Report from 7/1/98 to 4/30/06

REVENUE	Elementary			Secondary			Total		
	FAT Budget	Budget	Actual	FAT Budget	Budget	Actual	FAT Budget	Budget	Actual
Bond Proceeds									
Series A (0/98)	\$4,937,000	\$6,937,000	\$6,937,000	\$14,917,000	\$14,917,000	\$14,917,000	\$21,854,000	\$21,854,000	\$21,854,000
Series B (0/00)	\$15,425,000	\$15,410,338	\$15,410,338	\$30,889,737	\$30,889,737	\$30,889,737	\$46,300,077	\$46,300,077	\$46,300,077
BAN Funds (Series C)(1000)		\$5,100,000	\$5,100,000	\$10,680,000	\$10,680,000	\$10,680,000	\$15,990,000	\$15,990,000	\$15,990,000
Series C (10/01)	\$8,828,000	\$35,139	\$35,139	\$75,032	\$75,032	\$75,032	\$17,460,000	\$17,460,000	\$17,460,000
Subtotal Bond Proceeds	\$27,887,000	\$27,482,478	\$27,482,478	\$58,771,768	\$58,771,768	\$58,771,768	\$84,284,248	\$84,284,248	\$84,284,248
Other Revenue									
Bond Interest	\$3,204,245	\$3,204,245	\$3,204,245	\$7,207,057	\$7,207,057	\$7,207,057	\$10,411,303	\$10,411,303	\$10,411,303
Bond Arbitrage Liability	(\$114,581)	(\$114,581)	(\$114,581)	(\$304,831)	(\$304,831)	(\$304,831)	(\$419,412)	(\$419,412)	(\$419,412)
BAN Interest	\$216,790	\$216,790	\$216,790	\$780,115	\$780,115	\$780,115	\$976,905	\$976,905	\$976,905
BAN Arbitrage Liability		\$34,192	\$34,192	(\$210,905)	(\$210,905)	(\$210,905)	(\$310,905)	(\$310,905)	(\$310,905)
Deferred Maintenance		\$175,000	\$175,000	\$941,366	\$941,366	\$941,366	\$975,878	\$975,878	\$975,878
Food Services		\$175,000	\$175,000	\$1,984,106	\$1,984,106	\$1,984,106	\$178,000	\$178,000	\$178,000
Capital Facilities Fund		\$612,891	\$612,891	\$1,906,818	\$1,906,818	\$1,906,818	\$2,597,047	\$2,597,047	\$2,597,047
State SB-50-Ref. 1		\$127,851	\$127,851	\$20,158,062	\$20,158,062	\$20,158,062	\$28,514,241	\$28,514,241	\$28,514,241
State SB-50-Ref. 2		\$6,356,179	\$6,356,179	\$492,346	\$492,346	\$492,346	\$620,037	\$620,037	\$620,037
SB-50 Interest		\$248,558	\$248,558	\$85,466	\$85,466	\$85,466	\$346,024	\$346,024	\$346,024
Grants		\$141,801	\$141,801	\$90,000	\$90,000	\$90,000	\$231,801	\$231,801	\$231,801
Donations		\$6,963	\$6,963	\$122,748	\$122,748	\$122,748	\$122,748	\$122,748	\$122,748
Insurance Reimb(Pool Deck)		\$19,063	\$19,063	\$30,348	\$30,348	\$30,348	\$37,381	\$37,381	\$37,381
Building Fund		\$19,063	\$19,063	\$145,886	\$145,886	\$145,886	\$184,749	\$184,749	\$184,749
General Fund		\$11,028,803	\$11,028,803	\$33,418,311	\$33,418,311	\$33,418,311	\$44,448,114	\$44,448,114	\$44,448,114
Subtotal Other Revenue	\$27,887,000	\$38,812,281	\$38,812,282	\$80,160,081	\$80,160,081	\$80,160,081	\$128,762,362	\$128,762,362	\$128,762,362
Total Revenue									
	\$27,887,000	\$38,812,281	\$38,812,282	\$80,160,081	\$80,160,081	\$80,160,081	\$128,762,362	\$128,762,362	\$128,762,362
EXPENSE									
Construction									
Construction	\$16,727,000	\$25,812,693	\$24,281,000	\$64,810,923	\$64,810,923	\$65,150,226	\$82,278,000	\$80,823,617	\$82,431,328
Construction Contingency	\$1,353,513	\$605,170	\$1,307,067	\$1,307,067	\$1,307,067	\$4,230,218	\$4,230,218	\$2,412,237	\$0
A/E Fees	\$1,940,008	\$3,891,071	\$3,807,888	\$4,959,080	\$4,959,080	\$6,083,317	\$6,083,317	\$12,850,136	\$11,212,596
CM Fees	\$1,368,024	\$1,719,958	\$1,719,958	\$2,731,438	\$2,731,438	\$4,244,320	\$4,461,374	\$4,387,352	\$4,387,352
Inspections	\$388,007	\$580,380	\$483,531	\$824,856	\$824,856	\$880,148	\$1,212,863	\$1,503,836	\$1,373,878
Testing	\$194,004	\$604,029	\$482,342	\$1,832,748	\$1,832,748	\$1,142,741	\$608,333	\$2,236,779	\$1,625,063
DSA Fees	\$194,004	\$228,502	\$144,381	\$970,308	\$970,308	\$317,043	\$608,333	\$686,808	\$481,425
Permits	\$194,004	\$1,528	\$1,528	\$6,113	\$6,113	\$252	\$608,333	\$7,641	\$2,053
Miscellaneous	\$870,021	\$372,318	\$195,781	\$1,301,438	\$1,301,438	\$485,727	\$3,031,861	\$1,873,788	\$641,508
Moving(District Office)		\$19,063	\$19,063	\$36,440	\$36,440	\$36,440	\$64,824	\$64,824	\$64,524
CEQA Environmental Study		\$8,963	\$8,963	\$12,820	\$12,820	\$12,820	\$21,363	\$21,363	\$19,814
Subtotal Construction	\$23,318,643	\$33,738,604	\$30,802,448	\$83,287,367	\$83,287,367	\$71,408,612	\$77,879,209	\$117,030,871	\$102,209,360
Reserves									
Design Contingency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Escalation	\$3,028,456	\$238,834	\$9,948	\$236,222	\$236,222	\$467,568	\$9,465,773	\$475,058	\$30,443
Facilities Services Reserve	\$0	\$221,558	\$0	\$455,000	\$455,000	\$0	\$700,000	\$700,000	\$0
Litigation Reserve	\$82,011	\$1,784,945	\$1,784,945	\$2,086,088	\$2,086,088	\$2,086,088	\$1,818,998	\$3,871,040	\$3,871,040
Interim Housing	\$4,828,384	\$2,780,335	\$1,783,791	\$3,234,876	\$3,234,876	\$2,107,881	\$18,402,873	\$6,025,211	\$3,901,483
Subtotal Reserves	\$8,910,851	\$4,745,572	\$3,578,784	\$6,012,192	\$6,012,192	\$4,280,917	\$20,392,654	\$10,982,311	\$18,212,973
Support Costs									
Support Staff Salaries	\$686,831	\$686,831	\$686,831	\$1,278,916	\$1,278,916	\$1,208,087	\$1,831,862	\$1,831,862	\$1,796,988
Construction Management	\$1,009,896	\$1,009,896	\$1,009,896	\$1,792,917	\$1,792,917	\$1,638,362	\$2,862,812	\$2,862,812	\$2,541,512
Other Support	\$312,489	\$312,489	\$312,489	\$413,427	\$413,427	\$344,853	\$725,816	\$725,816	\$658,584
Subtotal Support	\$2,009,216	\$2,009,216	\$2,009,216	\$3,485,260	\$3,485,260	\$3,191,302	\$5,420,490	\$5,420,490	\$4,997,184
Total Expense	\$25,327,859	\$38,497,254	\$34,173,862	\$90,012,502	\$90,012,502	\$78,704,018	\$88,331,862	\$128,508,758	\$110,877,877
Surplus/(Shortfall)	(\$259,859)	\$15,027	\$4,338,420	(\$2,851,421)	\$177,578	\$13,457,418	(\$2,627,882)	\$162,604	\$17,884,485

Appendix C – Santa Cruz City Schools Bond Project, Status of Project Closeout, May 10, 2006

SANTA CRUZ CITY SCHOOLS BOND PROJECT

Project	Contractor	Original Contract	Change Order	C/O % of Contract	Total Contract	Claims	Liquidated Damages	As-Built Tech Mems. Received	Notice of Completion Filed	Retention Released	Contract Balance & Retention Held	Closeout Sent to DSA	DSA Closeout Complete	Warranty Expiration Date
Natural Bridges Modernization	Robt. Bothman (Gen.)	968,375	48,901	5.1%	1,005,276	No	No	X	3/25/1902	Yes				03/25/03
	JM Electric (Elect.)	587,200	61,252	10.8%	628,452	No	No	X	11/25/1902	Yes				11/25/03
	Geo. H. Wilson (Mech.)	707,745	7,828	1.1%	715,574	No	No	X	2/14/1902	Yes				02/14/03
	Systems Abatement (Hazzmat)	56,400	3,280	6.0%	59,780	No	No	N/A	6/15/1902	Yes				06/15/03
		2,287,724	121,356	5.3%	2,409,082									
Sequel High Modernization	APC Contractors (Hazzmat)	183,780	86,145	38.0%	249,925	No	No	N/A		Yes			07/21/02	03/14/03
	Ditbeck & Sons (Gen.)	3,885,689	418,883	10.8%	4,314,572	56,487(Pd)	62,027(Pd)	X	3/14/1902	Yes				
Delaveaga Modernization	Quest Environmental (Hazzmat)	154,790	6,662	4.3%	161,452	No	No	N/A	5/18/1901	Yes				05/18/02
	Edward Scott Elect. (Elect.)	1,363,300	143,109	10.5%	1,506,409	No	No	X	3/14/1902	Yes				03/14/03
	Geo. H. Wilson (Mech.)	1,254,730	24,939	2.0%	1,279,669	No	No	X	3/14/1902	Yes				03/14/03
	L&M Fire Protection	52,000	6,196	11.9%	58,196				3/14/1902	Yes				
		5,904,289	665,934	9.6%	7,570,223									
Branciforte Jr. High Modernization	JM Electric (Elect.)	654,700	84,227	12.9%	738,927	No	No	X	1/31/1903	Yes				01/31/04
	West Bay Builders (Gen.)	1,672,000	155,557	9.3%	1,827,557	Yes	Yes	X	4/19/1902	Yes				04/19/02
	Geo. H. Wilson (Mech.)	448,800	20,677	4.6%	469,477	No	No	X	2/14/1902	Yes				02/14/03
	Parr Environmental (Hazzmat)	97,312	0	0	97,312	No	No	N/A	1/15/1901	Yes				01/15/02
		2,872,812	260,461	9.1%	3,133,273									
Westlake Modernization	JM Electric (Elect.)	983,340	137,378	14.0%	1,120,719	No	No	X	11/25/1902	Yes				11/25/02
	CC McDonald (Mech.)	633,600	62,696	9.9%	696,296	No	No	X	4/19/1902	Yes				04/19/02
	West Bay Builders (Gen.)	1,577,500	13,842	0.9%	1,591,342	Yes	Yes	X	4/19/1902	Yes				04/19/02
	Parr Environmental (Hazzmat)	36,922	0	0	36,922	No	No	N/A	1/15/1901	Yes				01/15/02
	El Camino Paving	79,895	8,272	10.4%	88,167	No	No	N/A	2/28/1902	Yes				02/28/03
	3,311,257	222,369	6.7%	3,533,646										
Harbor High (New Construction)	CRW Industries (Gen.)	1,122,616	124,626	11.1%	1,247,444	No	No	X	11/25/1902	Yes				11/25/03
	CRW Industries (Elect.)	372,765	50,703	13.6%	423,468	No	No	X	11/25/1902	Yes				11/25/03
	Geo. H. Wilson (Mech.)	518,865	16,327	3.2%	535,192	No	No	X	4/11/903	Yes				03/31/04
	Parr Environmental (Hazzmat)	83,380	0	0	83,380	No	No	N/A	1/30/1902	Yes				01/30/02
		2,097,926	192,056	9.2%	2,289,984									
Harbor High Modernization	Ralph Lenson & Sons	8,129,000	245,300	3.0%	8,374,300	No	No	X	12/3/2003	Yes				12/03/04
	Barry Swanson Builder	5,963,174	1,116,552	19.1%	6,881,726	No	No	X	6/24/2004	Yes				06/24/05
	Slatter Construction	2,193,000	284,068	13.0%	2,477,068	No	No	X	11/12/2003	Yes		04/12/05		11/11/04
	Selden and Son	2,194,095	305,908	13.9%	2,500,003	Stop Notice	Stop Notice	X	11/18/2005	To Court				11/18/06
		3,965,460	866,831	21.9%	4,827,291	No	No	X	3/31/2004	Yes				03/31/05
Mission Hill Jr. High Modernization	Rosewell Construction	2,471,000	535,395	21.7%	3,006,395	No	No	X	2/7/2005	Yes				02/07/06
	Watsonville Construction	6,890,000	2,059,176	29.9%	8,949,176	No	No	X	9/28/2004	Yes				09/28/05
	West Coast Contractors	1,568,934	254,618	16.2%	1,821,552	No	No	X	11/23/2004	Yes		04/12/05		11/23/05
	Sterelle Construction	1,433,950	9,668	0.7%	1,443,618	No	No	X	10/1/2004	Yes				10/01/05
		74,000	18,275	24.7%	92,275	No	No	N/A	10/5/2004	Yes				10/05/05
	1,507,950	27,943	1.9%	1,535,893										
Adult Education Relocation District Office Relocation	CRW Industries, Inc.	615,370	209,579	34.1%	824,949	Stop Notice	Stop Notice	X	4/27/2004	To Court				04/27/04
	Selden & Son	395,662	64,845	16.4%	460,537	No	No							

SANTA CRUZ CITY SCHOOLS

BOND PROJECT

Status of Project Closeout

Project	Contractor	Original Contract	Change Orders	C/O % of Contract	Total Contract	Liquidated Damages	As-Builts Tech Mans. Received	Notice of Completion Filed	Retention Released	Contract Balance & Retention Held	Closeout Sent to DSA	DSA Closeout Complete	Warranty Expiration Date
Mission Hill Middle School-Modernization II	Contractor: Roofing- Legacy Roofing Robert A. Bothman, Inc.	85,000	27,513	0.0%	65,000	No	N/A	10/5/2004	Yes	12,065			10/05/06
Track/Field Complex- Stadium Replacement & Landscape/Paving Roofing II-	Louis & Riparelli	1,311,000	33,287	2.1%	1,338,513	No	X	4/3/2006	Yes				11/03/06
Soquel High School-Modernization II	Exterior Painting- Leneve Painting Project IIIA- Busstchi Construction Stadium Lighting- Cupertino Electric Quad Renovation & Field Upgrade- Robert A. Bothman, Inc.	141,371	40,491	28.6%	181,862	No	N/A	11/23/2004	Yes				11/23/05
Harbor High School-Modernization II	HV Unit Replacement- Geo. H. Wilson, Inc. Project IV- Busstchi Construction Duct Replacement- Geo. H. Wilson, Inc. Exterior Painting- Color Chart Theater Renovation- Watsonville Construction Bond 2 Phase II BCI Builders	1,423,942	63,386	4.5%	1,487,328	No	X	2/23/2005	Yes				02/23/06
Santa Cruz High School-Modernization II	ADA Ramp- Busstchi Construction Project II- Busstchi Construction Kin Bldg. Replacement- CRW/Industries Exterior Repair(Main Bldg)- New Pool	231,756	7,760	3.3%	239,516	No	N/A	11/15/2005	Yes				03/01/08
		245,500	6,200	25.1%	30,888	No	N/A	10/5/2005	Yes				10/05/06
		429,000	105,265	3.8%	423,000	No	X	9/28/2004	Yes				09/28/05
		2,739,628	121,564	96.7%	247,226	No	X	9/28/2004	Yes				09/28/05
		1,466,580	112,272	7.7%	1,578,852	No	X	10/14/2005	Yes				10/14/06
		131,782	131,782	0	0	No		10/5/2005	Yes				10/05/06
		1,724,036	233,836	13.6%	1,957,872								03/01/08
													02/23/06

Appendix D – County of Santa Cruz Sample Ballot and Voter Information Pamphlet for Special School District Election, Tuesday, April 14, 1998

SANTA CRUZ

COUNTY OF



SPECIAL SCHOOL DISTRICT ELECTION

TUESDAY, APRIL 14, 1998

Sample Ballot & Voter Information Pamphlet

WARNING
Your polling place may have been changed! See back cover for polling place location.

SAVE TIME AT THE POLLS

- Mark your choices in this Sample Ballot and take it to your polling place for reference.
- Your polling place location is shown on the back cover.
- If possible, vote in the mid-morning or mid-afternoon hours. This will help shorten lines during the evening rush.
- Polls are open from 7 a.m. to 8 p.m.

OR VOTE BY MAIL, APPLICATION ON BACK.

IMPORTANT NOTICE / AVISO IMPORTANTE

This Sample Ballot is in English only. A Spanish translation of ballot measures is available by calling the Elections Department at 454-2060.

Esta Muestra de Balota solamente está en inglés. Se puede obtener una traducción en español de las medidas de la balota por llamar al Departamento de Elecciones a 454-2060.



FOR VOTER'S INFORMATION,
& ELECTION NIGHT RESULTS ON THE INTERNET:

VOTER'S PAMPHLET

Arguments in support of or in opposition to the proposed law are the opinions of the authors.

ARGUMENT IN FAVOR OF MEASURE E

Many of Santa Cruz's schools pre-date World War II. Measures E and H are our community's chance to make badly needed repairs to these rapidly deteriorating schools. Most importantly, all money raised by these measures stays here in our community.

Overcrowding, leaking roofs and inadequate heating hinder learning in many classrooms. Too many of our schools desperately need safety modifications to prevent injury in earthquakes or fires. Upgrades to school bathrooms and boilers are needed immediately, as is the continued removal of asbestos.

Passage of Measures E and H will improve the quality of learning in classrooms by accommodating the class size reduction effort currently underway. It will also bring schools up to modern safety codes, and make classrooms suitable for computers.

The amount paid by the average homeowner under each measure would be under 13 cents per day, a small price to pay for protecting the safety of our children and improving the quality of their education. Passage of these measures can generate millions of additional dollars in state matching funds, and all funds must be used for classroom improvements.

By law, absolutely none of the funds raised by these ballot measures can be used for administrative salaries, offices, or operating expenses. All of the funds raised by these measures will stay in our local community and will be used to fix our schools.

An oversight committee of community and business representatives will ensure that every dollar is spent effectively and appropriately on projects that directly impact the quality of learning in the classrooms.

With this responsible investment, we will help guarantee a safe and excellent education for generations of children to come.

Please join Congressman Farr, Senator McPherson, Assemblymember Keeley, local teachers, business leaders and parents in supporting Measures E and H on April 14th.

s/ Ellen Scott Santa Cruz City School Teacher	s/ Daniel Nane Alejandroz Director Santa Cruz Barrios Unidos
s/ Steven R. Belcher Chief of Police	s/ Charles Canfield President Santa Cruz Seaside Co.
s/ Ann E. McCrow Parent, Harbor High Site Council	

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE E

JUST SAY NO!!

It's often been said that a fool and his money are soon parted; we have to ask ourselves if we are fools.

When is the last time you saw a bond issue on the ballot to raise public employees' salaries or benefits and or to build cushy facilities for administrators? The answer is never!! The reason for this is that our elected officials find money for what they deem important and float bonds and or levy additional fees and assessments to make us pay extra for what they don't. They know that we all have a soft spot in our hearts for children and schools which makes us an easy mark for school bonds. On the other hand, we probably wouldn't approve a bond issue to be used to increase public employee salaries or benefits or to build cushy facilities (Taj Majahal) for administrators. Doesn't it seem ludicrous that the city schools would build themselves a Taj Majahal and spend over \$300,000 to hold a special election for Measure E and Measure H just seven weeks prior to the regularly scheduled up coming June primary election.

So once again...

JUST SAY NO!!

NOT TO EDUCATION!!

NOT TO KIDS!!

SAY NO TO IRRESPONSIBLE SPENDING!!

VOTE NO ON MEASURE E (AND ALSO VOTE NO ON MEASURE H)

Committee Against Measure E	s/ Vernon C. Bohr Jr. Businessman
s/ Carolyn Busenhart, Chairman	

ARGUMENT AGAINST MEASURE E

VOTE NO ON MEASURE E

JUST SAY NO!!

NOT TO EDUCATION!!

NOT TO KIDS!!

SAY NO TO IRRESPONSIBLE SPENDING!!

Despite massive infusions of cash into the educational system since proposition 13 (due to escalating property values over the past 20 years) our schools are worse off than ever. Facilities are rundown and we're producing kids that can't read or write.

What should be up is down and what should be down is up. School revenues are up. Education is down. School Revenues are Up. School facilities are run down. Contractors and developers school impact fees are up. School Facilities are run down. Redevelopment Agency revenues are up at the expense of revenues that should go to schools.

There will never be enough money for schools as long as we the taxpayers continue to be deep pockets. There will never be enough money for schools until we the taxpayers demand fiscal responsibility of our schools.

SO, JUST SAY NO!!

NOT TO KIDS!!

NOT TO EDUCATION!!

SAY NO TO IRRESPONSIBLE SPENDING!!

VOTE NO ON MEASURE E AND ALSO ON MEASURE H

Committee Against Measure E	s/ Vernon C. Bohr Jr. Businessman
s/ Carolyn Busenhart, Chairman	

REBUTTAL TO ARGUMENT AGAINST MEASURE E

A quality education is one of the most important gifts our community can bestow on our children. Can we afford not to repair leaky roofs and substandard conditions in our schools? Are we willing to show our children we care enough about their future to provide them with safe, up-to-date, and uncrowded classrooms? Funds from Measure E are vital to ensure safe and modern schools!

Fact: Test scores show that the instruction our students receive prepares them well for the "real world". In fact, Expansion Management magazine recently ranked Santa Cruz City Schools as a Gold Medal District. Passage of Measure E will enhance students' education even further, by providing the decent classrooms they need.

Fact: California ranks 41st nationally in per-pupil expenditures for K-12 education. The Santa Cruz City School District is in the bottom third of districts in per-student income received from the state.

Fact: Many of our schools pre-date World War II, having survived earthquakes and decades of weather. Now our schools are in desperate need of repairs to ensure our children's safety is not in jeopardy.

Fact: By law, Measure E funds must be used for school repairs, not administrative salaries or operating expenses. It would take 100 years to fund the improvements we need from the developer fees currently paid to the district.

Most importantly, every dollar from Measure E will stay in our local community to fix our aging schools.

Please join us in supporting Measure E.

s/ Mary Beth Campbell Santa Cruz City Council Harbor High English Teacher	s/ Gelia Scott Mayor, Santa Cruz City Council
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VOTER'S PAMPHLET

The following pages contain the ballot question, analyses, arguments, rebuttals and resolution

SANTA CRUZ CITY ELEMENTARY SCHOOL DISTRICT

E To rehabilitate elementary schools, including replacing inadequate electrical, plumbing and heating systems; complying with fire, earthquake, health, safety and accessibility standards; renovating, constructing and modernizing classrooms, restrooms and other school facility improvements (not for administrator salaries), with expenditures monitored by a community oversight committee, shall the Santa Cruz City Elementary School District issue bonds in an amount not to exceed \$28 million, at an interest rate within legal limits, with all proceeds spent to benefit local children?

IMPARTIAL ANALYSIS BY COUNTY COUNSEL MEASURE E

If approved by at least two-thirds of those voting, this measure will permit up to \$28,000,000 of bonds to be issued on behalf of the Santa Cruz Elementary School District. These bonds would constitute a debt of the District.

The money raised through sale of the bonds could be used by the School District to rehabilitate elementary schools, including replacing inadequate electrical, plumbing and heating systems, complying with fire, earthquake, health, safety and accessibility standards, and renovating, constructing and modernizing classrooms, restrooms and other school facility improvements.

Under current California law, the term of the bonds cannot exceed twenty-five years. The interest paid on the bonds cannot exceed a rate set by state law.

Payment of interest on the bonds (and principal, when applicable) would be financed by a tax levied on real property within the School District. The Tax Rate Statement for Measure E which is printed in this ballot pamphlet provides information about that tax, as required by law. The precise effect of the bonds upon the property tax rate within the District would only be determined after sale of the bonds.

A "yes" vote on Measure E is a vote to approve the bonds described above. A "no" vote on Measure E is a vote against approving those bonds.

Dated: January 26, 1998

DWIGHT L. HERR, COUNTY COUNSEL

By/ Jane M. Scott
Assistant County Counsel

TAX RATE STATEMENT BOND MEASURE E

As shown in the enclosed sample ballot, an election will be held in the Santa Cruz City Elementary School District of Santa Cruz County to authorize the sale of \$28,000,000 in general obligation bonds.

In compliance with Elections Code Section 9400-9404, the following information is submitted:

1. The best estimate of the tax rate which would be required to fund the above bond issue during the first fiscal year after the sale of the first series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is \$0.007 per \$100 assessed valuation in fiscal year 1998-1999.
2. The best estimate of the tax rate which would be required to fund this bond issue during the first fiscal year after the sale of the last series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is \$0.040 per \$100 assessed valuation in fiscal year 2003-2004.
3. The best estimate of the highest tax rate which would be required to fund this bond issue, based on estimated assessed valuations available at the time of filing of this statement, is \$0.043 per \$100 assessed valuation in fiscal year 2004-2005.

These figures are based on projections and estimates only and are not binding upon the District. The actual timing of the sale of bonds and the amount sold at any given time will be governed by the needs of the District, the debt limit at the time of sale, the condition of the bond market and other factors. The actual future assessed values will depend upon the amount and value of taxable property within the District as determined in the assessment and equalization process. The actual tax rates and the years in which they will apply may vary from those presently estimated.

s/ Roy G. Nelson, Superintendent
Santa Cruz City Elementary School District



VOTER'S PAMPHLET

Arguments in support of or in opposition to the proposed law are the opinions of the authors.

ARGUMENT IN FAVOR OF MEASURE H

Many of Santa Cruz's schools pre-date World War II. Measures E and H are our community's chance to make badly needed repairs to these rapidly deteriorating schools. Most importantly, all money raised by these measures stays here in our community.

Overcrowding, leaking roofs and inadequate heating hinder learning in many classrooms. Too many of our schools desperately need safety modifications to prevent injury in earthquakes or fires. Upgrades to school bathrooms and boilers are needed immediately, as is the continued removal of asbestos.

Passage of Measures E and H will improve the quality of learning in classrooms by accommodating the class size reduction effort currently underway. It will also bring schools up to modern safety codes, and make classrooms suitable for computers.

The amount paid by the average homeowner under each measure would be under 13 cents per day, a small price to pay for protecting the safety of our children and improving the quality of their education. Passage of these measures can generate millions of additional dollars in state matching funds, and all funds must be used for classroom improvements.

By law, absolutely none of the funds raised by these ballot measures can be used for administrative salaries, offices, or operating expenses. All of the funds raised by these measures will stay in our local community and will be used to fix our schools.

An oversight committee of community and business representatives will ensure that every dollar is spent effectively and appropriately on projects that directly impact the quality of learning in classrooms.

With this responsible investment, we will help guarantee a safe and excellent education for generations of children to come.

Please join Congressman Farr, Senator McPherson, Assemblymember Keeley, local teachers, business leaders and parents in supporting Measures E and H on April 14th.

s/ Don Maxwell President Greater Santa Cruz Federation of Teachers/ Art Teacher Harbor H.S.	s/ Mark Tracy Santa Cruz County Sheriff
s/ Nancy Litvak Santa Cruz High School Librarian	s/ Terre Thomas Soquel High School Parent/Volunteer
s/ George Ow, Jr., Business Owner, Land Developer	

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE H

JUST SAY NO!!

It's often been said that a fool and his money are soon parted; we have to ask ourselves if we are fools.

When is the last time you saw a bond issue on the ballot to raise public employees' salaries or benefits and or to build cushy facilities for administrators? The answer is never! The reason for this is that our elected officials find money for what they deem important and float bonds and or levy additional fees and assessments to make us pay extra for what they don't. They know that we all have a soft spot in our hearts for children and schools which makes us an easy mark for school bonds. On the other hand, we probably wouldn't approve a bond issue to be used to increase public employee salaries or benefits or to build cushy facilities (Taj Majahal) for administrators. Doesn't it seem ludicrous that the city schools would build themselves a Taj Majahal and spend over \$300,000 to hold a special election for Measure E and Measure H just seven weeks prior to the regularly scheduled up coming June primary election .

So once again.....

JUST SAY NO!!

NOT TO EDUCATION!!

NOT TO KIDS!!

SAY NO TO IRRESPONSIBLE SPENDING!!

VOTE NO ON MEASURE H

Committee Against Measure H	s/ Vernon C. Bohr Jr.
s/ Carolyn Busenhart, Chairman	Businessman

ARGUMENT AGAINST MEASURE H

VOTE NO ON MEASURE H

JUST SAY NO!!

NOT TO EDUCATION!!

NOT TO KIDS!!

SAY NO TO IRRESPONSIBLE SPENDING!!

Despite massive infusions of cash into the educational system since proposition 13 (due to escalating property values over the past 20 years) our schools are worse off than ever. Facilities are rundown and we're producing kids that can't read or write.

What should be up is down and what should be down is up. School revenues are up. Education is down. School Revenues are Up. School facilities are run down. Contractors and developers school impact fees are up. School Facilities are run down. Redevelopment Agency revenues are up at the expense of revenues that should go to schools.

There will never be enough money for schools as long as we the taxpayers continue to be deep pockets. There will never be enough money for schools until we the taxpayers demand fiscal responsibility of our schools.

SO, JUST SAY NO!!

NOT TO KIDS!!

NOT TO EDUCATION!!

SAY NO TO IRRESPONSIBLE SPENDING!!

VOTE NO ON MEASURE H

Committee Against Measure H	s/ Vernon C. Bohr Jr.
s/ Carolyn Busenhart, Chairman	Businessman

REBUTTAL TO ARGUMENT AGAINST MEASURE H

A quality education is one of the most important gifts our community can bestow on our children. Can we afford not to repair leaky roofs and substandard conditions in our schools? Are we willing to show our children we care enough about their future to provide them with safe, up-to-date, and uncrowded classrooms? Funds from Measure H are vital to ensure safe and modern schools!

Fact: Test scores show that the instruction our students receive prepares them well for the "real world". In fact, Expansion Management magazine recently ranked Santa Cruz City Schools as a Gold Medal District. Passage of Measure H will enhance students' education even further, by providing the decent classrooms they need.

Fact: California ranks 41st nationally in per-pupil expenditures for K-12 education. The Santa Cruz City School District is in the bottom third of districts in per-student income received from the state.

Fact: Many of our schools pre-date World War II, having survived earthquakes and decades of weather. Now our schools are in desperate need of repairs to ensure our children's safety is not in jeopardy.

Fact: By law, Measure H funds must be used for school repairs, not administrative salaries or operating expenses. It would take 100 years to fund the improvements we need from the developer fees currently paid to the district.

Most importantly, every dollar from Measure H will stay in our local community to fix our aging schools.

Please join us in supporting Measure H.

s/ Robert Garcia Capitola City Council	s/ Judy Parsons Business Person
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VOTER'S PAMPHLET

The following pages contain the ballot question, analyses, arguments, rebuttals and resolution.

SANTA CRUZ CITY HIGH SCHOOL DISTRICT

H To rehabilitate junior and senior high schools, including replacing inadequate electrical, plumbing, heating systems; complying with fire, earthquake, health, safety and accessibility standards; renovating, constructing and modernizing classrooms, restrooms and other school facility improvements (not for administrator salaries), with expenditures monitored by a community oversight committee, shall the Santa Cruz City High School District issue bonds in an amount not to exceed \$58 million, at an interest rate within legal limits, with all proceeds spent to benefit local children?

IMPARTIAL ANALYSIS BY COUNTY COUNSEL MEASURE H

If approved by at least two-thirds of those voting, this measure will permit up to \$58,000,000 of bonds to be issued on behalf of the Santa Cruz City High School District. These bonds would constitute a debt of the District.

The money raised through sale of the bonds could be used by the School District to rehabilitate junior and senior high schools, including replacing inadequate electrical, plumbing and heating systems, complying with fire, earthquake, health, safety and accessibility standards, and renovating, constructing and modernizing classrooms, restrooms and other school facility improvements.

Under current California law, the term of the bonds cannot exceed twenty-five years. The interest paid on the bonds cannot exceed a rate set by state law.

Payment of interest on the bonds (and principal, when applicable) would be financed by a tax levied on real property within the School District. The Tax Rate Statement for Measure H which is printed in this ballot pamphlet provides information about that tax, as required by law. The precise effect of the bonds upon the property tax rate within the District would only be determined after sale of the bonds.

A "yes" vote on Measure H is a vote to approve the bonds described above. A "no" vote on Measure H is a vote against approving those bonds.

Dated: January 26, 1998

DWIGHT L. HERR, COUNTY COUNSEL

By/ Jane M. Scott
Assistant County Counsel

TAX RATE STATEMENT BOND MEASURE H

As shown in the enclosed sample ballot, an election will be held in the Santa Cruz City High School District of Santa Cruz County to authorize the sale of \$58,000,000 in general obligation bonds.

In compliance with Elections Code Section 9400 - 9404, the following information is submitted:

1. The best estimate of the tax rate which would be required to fund the above bond issue during the first fiscal year after the sale of the first series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is \$0.007 per \$100 assessed valuation in fiscal year 1998-1999.
2. The best estimate of the tax rate which would be required to fund this bond issue during the first fiscal year after the sale of the last series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is \$0.040 per \$100 assessed valuation in fiscal year 2003-2004.
3. The best estimate of the highest tax rate which would be required to fund this bond issue, based on estimated assessed valuations available at the time of filing of this statement, is \$0.043 per \$100 assessed valuation in fiscal year 2004-2005.

These figures are based on projections and estimates only and are not binding upon the District. The actual timing of the sale of the bonds and the amount sold at any given time will be governed by the needs of the District, the debt limit at the time of sale, the condition of the bond market and other factors. The actual future assessed values will depend upon the amount and value of taxable property within the District as determined in the assessment and equalization process. The actual tax rates and the years in which they will apply may vary from those presently estimated.

s/ Roy G. Nelson, Superintendent
Santa Cruz City High School District

