



CARE AND FEEDING OF YOUR OVERSIGHT COMMITTEE

**Steve Crow, Monterey Peninsula CCD
Mark Kelley, Dannis Wolliver Kelley
ACBO 2015 Fall Conference
October 27, 2015**

PROPOSITION

39

SCHOOL FACILITIES. 55% LOCAL VOTE. BONDS,
TAXES. ACCOUNTABILITY REQUIREMENTS.

INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

Put on the Ballot by Petition Signatures.

2

15 Years of CBOCs

Citizen Bond Oversight Committees have been with us since the original Prop. 39 passed in 2000. They can be an important component of building trust and managing public perception of your facilities program.

They also can present serious challenges.

Topics today

- The basics of how a CBOC operates, and what restrictions it operates under.
- Developing areas of conflict over the CBOC's role.
- Suggestions for making the relationship work.

How The CBOC Operates

District Requirements

- After passing a Prop 39 bond, establish a Citizens' Bond Oversight Committee that will:
 - Review and Report on Uses of Bond Proceeds;
 - Conduct Open and Public Proceedings;
 - Issue Reports on the results of its activities.

(Education Code section 15278 *et seq.*)

Key Provisions

- Legal requirements come from the Education Code, not Prop 39 (Constitutional amendment)
- Size/membership: 7+, including:
 - Business organization
 - Senior citizens organization
 - Taxpayer organization
 - Parent, PTA member etc.
- District support not from bond funds

CBOC's Scope of Authority

- Ensuring bond revenues are expended only for construction, reconstruction, rehabilitation, or replacement of school facilities.

(Education Code section 15278, subd. (b)(1); Article XIII A, Section 1(b)(3) of the California Constitution.)

- Ensuring no funds are used for any teacher and administrative salaries or other school operating expenses.

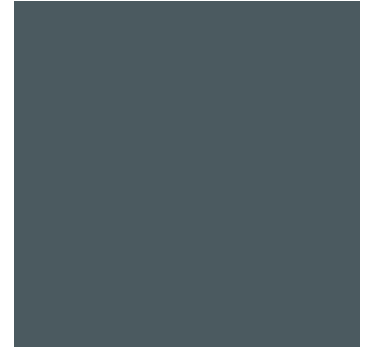
(Education Code section 15278, subd. (b)(2); Article XIII A, Section 1(b)(3)(A) of the California Constitution.)

CBOC Activities

- Review annual, independent financial and performance audits performed by an independent consultant.
- Inspect school facilities and grounds to ensure that bond revenues are expended in compliance with law.
- Review any deferred maintenance proposals or plans.

CBOC Activities

(continued)



Review District efforts to maximize bond revenues through implementation of cost-saving measures:

- Professional fees
- Site preparation
- Joint use of facilities
- School site design efficiencies
- Reusable facility plans

Legislation Trends

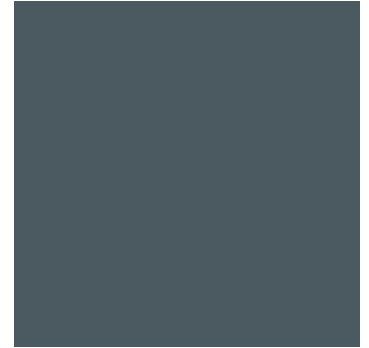
- Audit requirements
 - SB 423—timing of audits to CBOC by Mar. 31
 - SB 1473—“yellow book” standards required for Performance Audits
 - SB 581—receive audits same time as District and copies of all findings/comments
 - SB 584—Financial & Performance Audit content included in EAAP Audit guide at state level
- Membership
 - AB 1199—membership terms—3 consecutive allowed

Technical Assistance to CBOC



- District's Board to provide technical and administrative assistance to CBOC, such as:
 - ✓ Website information posting.
 - ✓ Brown Act agendas and minutes.
 - ✓ Financial and progress reports.
 - ✓ Submit independent financial and performance audits at same time as to District, no later than March 31st.
 - ✓ Respond to findings, recommendations and concerns addressed in audits within 3 months.

Intent of The Brown Act



- To keep the public informed of the actions, debates and views of locally elected representatives.
- To provide the procedural framework for local legislators to meet, debate, act and listen collectively to their constituents.

Conflicts of Interest



- Laws that control conflicts of interest of California public officials:
 - Section 1090 (Gov. Code, section 1090, et seq.)
 - PRA (The Political Reform Act of 1974; Gov. Code, sec. 87100, et seq.)
 - Incompatible Offices (Gov. Code, sec. 1125, et seq.)
 - Common Law Conflict of Interest

- Section 1090 and Incompatible Offices statutes are made applicable to CBOC members by Education Code section 15282(b).

Conflicts of Interest: Gov. Code Section 1090

- Prohibits public officials/employees from participating in the process by which a contract is developed, negotiated, or executed if the official or employee has a financial interest in the contract.
- These contracts are void and cannot be enforced. (Gov. Code, § 1092.)

Developing Issues With CBOCs

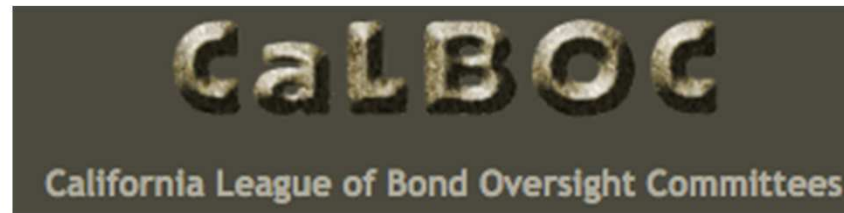
When Things Work Well: Examples

The Two Most Common Issues For CBOC's

- Too little interest in serving on the CBOC
- Too much interest in serving on the CBOC

The CalBOC question...

An important statewide organization focused on increasing effectiveness of citizen oversight of our world of local bond funded school facilities. District should understand their perspective, be aware of increasing scrutiny, and expect more empowered CBOC's.



Mission Statement

To promote school district accountability by improving the training and resources available to California's Prop 39 school bond oversight committees, educating the state legislature, local school boards, and the public about the oversight and reporting power these Citizens' Bond Oversight Committees (CBOCs) have, and to advocate on a state level, where appropriate, on issues of common concern to all CBOCs.

For Some CBOC's, A Fundamental Shift

- From review and report to advise and approve.
- Note: this is not a position taken by CalBOC as an organization.

Why that is a problem:

- Not what the Ed. Code provides
- Another set of hands on project approvals
- Inappropriate political cover for Boards who should be taking action without it
- Is this the profile of who you would pick for expert advice on running a program?
- How can the CBOC impartially review actions it had a hand in?

Why Do Boards And Staff Agree To That Change?

- Fear of being accused of trying to hide some financial misdeeds in a time of deep suspicion of all public officials who have control over public money.

A Recent Example

- Difficulty getting CBOC members, coupled with a couple of agenda-driven members (“they want to re-vote the bond”)
- The activist members convene monthly meetings, usually without a quorum, and push through amendments to the CBOC bylaws, including:
 - Expanded role to participate in decision-making
 - Monthly or more frequent meetings, attended by staff and consultants to give whatever information demanded
 - CBOC decides on its own membership

... And, Making Matters Worse

- They attempt to remove one member, further pushing the balance towards the activists
- The civil grand jury issues two reports critical of the program, one of which focuses on the Board not recognizing the claimed proper (i.e., participatory) role of the CBOC
 - Both are deeply flawed attack pieces
 - Later is revealed by the author that she is a gadfly who has been attending every CBOC meeting and regularly participating in their violating the Brown Act...

Avoiding And Resolving Problems

Solutions

- Good public relations (the program was doing great things!)
- Remember and reinforce to the CBOC their proper role is to review and report – NOT manage!
- Pick CBOC members carefully
- Keep control of the bylaws (including membership, number of meetings, quorum and voting) where it belongs: with the Board

Solutions, cont'd.

- Make it easy to participate on the CBOC:
 - Limit the number of meetings, or risk losing members with better things to do – monthly afternoon meetings will guarantee that you lose good people
- Only keep staff and consultants at a CBOC meeting if it reaches quorum after a short period of the noticed start time
- Regular trainings of CBOC, beyond one kickoff meeting – and provide a handbook for reference

Some Thoughts On Best Practices

- Orientation and training
- Subcommittees
- CBOC website
- Assistance with the CBOC annual report

THANK YOU

Steve Crow

Monterey Peninsula CCD

scrow@mpc.edu

Mark Kelley

Dannis Woliver Kelley

mkelley@DWKesq.com