MEMORANDUM

DT: January 15, 2014

TO: Prop A 2003/2006/2011 Citizen's Bond Oversight Committee
    Craig Issod, Nan McGuire, Jim Quadra, Lourdes Garcia, Walter Haub,
    Mike Theriault, Brian Liles, Monica Pressley, Yakuh Askew, Nancy Mayeda

FM: Leonard Tom, Bond Program Financial Manager


I have enclosed for your review the most recent financial report for the SFUSD Bond Program (Prop A 2003/2006/2011). This report reflects completed transactions in the school district’s Management Budget Status Report (MBSR) as of November 30, 2013 and has been reconciled to the fiscal year to ensure that expenditures concur with both the accounting and appropriations systems. This report includes audited final expenses through the end of Fiscal Year 11/12.

The format of the data tables recognizes reporting of information for Fiscal Year 13/14. Please note that columns (b) through (d) now show figures aggregated for FY 04/05 through FY 12/13 for the Prop A 2003 Bond and FY 06/07 through FY 12/13 for the Prop A 2006 Bond. Columns (e) through (g) show FY 13/14.

Prop A 2003

The program budget was $368.504 million in November, a net increase of $312. Accrued interest for November was $312. $15 million of bonds for the SOTA (School Of The Arts) project are unsold out of a total authorization of $295 million.

The State provided $47.5 million in grant awards for 17 bond schools ($48.2 million with accrued interest). These State funds were used to reimburse the advance of Prop A Bond funds when sufficient eligible expenses were incurred. The Bond Program also received a $200,000 grant from the National Football League for field replacement at Galileo High School and $195,000 in additional private/other funding for field replacement at Washington High School. $48.6 million at 19 sites were reimbursed with these grant funds.

Of the 32 projects considered financially complete, 22 ended with a surplus and ten ended with a deficit. In general, budget surpluses outweighed budget deficits.

At the end of November, the programwide contingency fund was $0.180 million (0.05% of the program budget).

Green schoolyard design and construction are complete at all 16 Prop A 2003 elementary schools with a final cost of $2.087 million. Green schoolyards were also extended to ten middle and high schools where the final cost of the program was $1.320 million.

By the end of November, the Board of Education had approved $337.3 million of contracts for the 2003 Bond Program and the program had actually expended $352.8 million*.$120 was spent in November.
November financial report
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(*This figure includes about $16 million of salary/fringe and other expenses, where resolutions are not separately approved by the Board of Education).

In November, total construction value (awarded contracts, as modified) of the program was $261.0 million and all contracts are complete. However, one of the contractors at the Lincoln HS modernization project went bankrupt and a legal settlement is being pursued. The District could benefit financially from the final resolution of that matter.

Prop A 2003 maintained control of its expenses. Collectively, construction contract awards came in 0.6% below budget. Combined with construction change orders, "hard costs" were 1.6% over budget. Accrued interest, increased State grant awards, and the cancellation of one project also contributed to the positive financial position of the program. We were conservative in design and maintained strict control over the scope of work allowed at each school site. That was due to the focus on accessibility and fire/life safety and the very strict deadlines imposed on the Prop A 2003 projects by the Lopez v. SFUSD stipulated judgment.

**Prop A 2006**

Prop A 2006 is a significantly larger program than Prop A 2003, with $450 million in general obligation bond authorization and $53 million of eligibility for State grants among the program's projects. $100 million of the bonds were sold in April 2007 to fund the early stages of the program. $150 million of the bonds were sold in February 2009 to continue the design and construction of bond projects. An additional $185 million of bonds were sold in May 2010.

Prop A 2006 currently has $52.9 million in its budget from State school modernization grants, allocated among 21 school sites. By the end of November, $45.4 million of Bond fund expenses had been reimbursed with State funds at 20 sites. One grant of $7.5 million is pending for modernization at 300 Seneca Ave. (Leadership HS). A second grant of $1.27 million for Ulloa ES is scheduled for possible approval and funding. The budgeted amount in the program will be modified if further State reimbursements are received.

As of November the 2006 Program consists of 58 project sites where construction has or will occur. One site (former Independence HS) was cancelled and one site (47th Ave. campus) did not have any construction. One project, SOTA at McAteer HS Campus, is scheduled to begin construction in late 2015.

The current budget for Prop A 2006 is $501,257 million, a net increase of $0.02 million from the previous month. Accrued interest of $20,265 was recognized for November. At this point it is unlikely that the remaining $15 million in general obligation bond authority will be needed to complete the 2006 program.

In November, 50 projects were considered financially complete. 40 of the projects ended with budget surpluses and ten ended with a deficit, for a consolidated surplus of about $14.4 million.

**FINAL FINANCIAL RESULTS**

<table>
<thead>
<tr>
<th>School</th>
<th>Budget</th>
<th>Expense</th>
<th>Surplus/(Deficit)</th>
<th>+/-  diff</th>
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<tbody>
<tr>
<td>Chinese Ed Center</td>
<td>$2,976,979</td>
<td>$2,798,635</td>
<td>$178,344</td>
<td>-6.0%</td>
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<tr>
<td>Jefferson CDC</td>
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<td>$851,461</td>
<td>$59,174</td>
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<tr>
<td>Claire Lilienthal K2</td>
<td>$847,602</td>
<td>$891,192</td>
<td>($43,590)</td>
<td>+5.1%</td>
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<tr>
<td>Marshall ES</td>
<td>$3,515,272</td>
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<tr>
<td>Raphael Weill CDC</td>
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<tr>
<td>Mission Ed Ctr/KKennedy</td>
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<tr>
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</tr>
<tr>
<td>Sutro ES</td>
<td>$6,080,377</td>
<td>$5,967,653</td>
<td>$112,724</td>
<td>-1.8%</td>
</tr>
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</table>
Mission CDC $2,151,384 $1,503,251 $648,133 -30.1%
Dr. GW Carver ES $6,283,218 $5,867,137 $416,081 -6.6%
Cabrillo Admin Center $5,576,007 $6,060,026 ($504,019) +9.0%
Sunset ES $8,032,007 $7,613,197 $418,810 -5.2%
Ulloa ES $6,507,091 $6,003,414 $503,677 -7.7%
Spring Valley ES $6,170,710 $7,460,036 ($1,289,326) +20.9%
San Miguel CDC $7,501,986 $7,268,611 $233,375 -3.1%
Lawton ES $7,100,289 $6,617,942 $482,387 -6.8%
Rooftop ES (Burnett) $2,640,226 $2,564,678 $75,548 -2.9%
Noriega CDC $3,442,481 $3,509,408 ($66,927) +1.9%
Fairmount ES $5,651,561 $5,827,421 ($175,860) +3.1%
Sanchez ES $6,931,172 $6,927,948 $3,224 -0.04%
Junipero Serra Annex CDC $2,359,509 $2,707,425 ($347,916) +14.7%
Burnett CDC $6,705,282 $5,641,246 $1,064,036 -15.9%
Mission CDC $2,151,384 $1,504,162 $647,222 -30.0%
School Health Admin Office $2,392,632 $2,196,158 $196,474 -8.2%
New Traditions ES $4,931,513 $5,266,383 ($334,870) +6.8%
Lakeshore ES $11,258,578 $11,158,038 $100,540 -0.9%
Theresa Mahler CDC $3,918,010 $3,620,058 $297,952 -7.6%
Alamo ES $7,836,503 $7,103,239 $733,264 -9.4%
Alice Fong Yu K-B $4,275,747 $3,929,411 $346,336 -8.1%
Commodore Stockton CDC $5,093,291 $4,916,602 $176,689 -3.5%
McLaren CDC $7,573,090 $7,045,856 $527,234 -7.0%
Lakeshore ES $11,158,038 $11,167,111 ($9,073) +0.08%
Luther Burbank Campus $12,892,484 $12,316,252 $576,232 -4.5%
300 Seneca Admin Center $55,000 $51,076 $3,924 -7.1%
Spring Valley ES $8,776,438 $8,525,328 $251,110 -2.9%
Aptos MS $20,213,664 $20,049,159 $164,505 -0.8%
Grattan ES $5,709,574 $5,354,558 $355,016 -6.2%
Buena Vista ES $6,990,004 $6,600,592 $389,412 -5.6%
Raoul Wallenberg HS $14,405,488 $14,031,579 $373,909 -2.6%
Downtown HS $13,520,667 $9,602,276 $3,918,391 -29.0%
Dr. William Cobb ES $9,764,680 $9,535,343 $229,337 -2.3%
Cleveland ES $9,030,552 $10,504,530 ($1,473,978) +16.3%
Martin Luther King MS $12,453,986 $11,960,991 $492,995 -4.0%
Herbert Hoover MS $16,955,828 $16,646,688 $309,140 -1.8%
Presidio CDC $5,354,340 $3,890,446 $1,463,894 -27.3%
1430 Scott (Gateway/KIPP) $8,168,236 $7,851,674 $316,562 -3.9%
Francis Scott Key ES $10,963,300 $10,871,949 $91,351 -0.8%
Guadalupe ES $10,535,547 $10,384,394 $151,153 -1.4%
Golden Gate ES/Creative Arts $13,211,425 $13,319,803 ($108,378) +0.8%
Hilltop HS/RAP $14,615,235 $13,423,062 $1,192,173 -8.1%

Construction change orders came in higher than budgeted at Claire Lilenthal K2. At Cabrillo Admin Center, late additions to the project scope added significantly to design, construction and construction management expenses. In general, the project at Noriega CDC proved to be a little more complicated than originally anticipated, so it ended up just slightly over budget. The replacement of old, portable classrooms at Fairmount ES were more expensive than planned.

Spring Valley ES finished significantly over budget. This was a 100-year old building at a difficult site that required extensive work to bring it up to accessibility and life/safety standards. The entire school population had to be relocated for the duration of construction. The initial construction contract was 20% over budget and change orders were high. During construction, additional problems were identified with terra cotta elements on the exterior. Temporary repairs were made and additional construction was needed to complete the project.
At Junipero Serra Annex CDC the physical connection with Junipero Serra ES and unforeseen structural problems complicated design, extended the construction period and generally caused the high cost of that project. At New Traditions ES, the cost of supplemental construction came in higher than estimated. The overage at Lakeshore ES, (+0.08%) was inconsequential.

At Downtown HS a seemingly large surplus of $3.9 million was realized. The initial budget was set in 2005 (before the recession) and included more scope than was really necessary. The savings is somewhat tempered by the fact that the State modernization grant actually received was about $2.1 million less than originally assumed.

Cleveland ES is one of the older school buildings in the District and ended up costing more than originally budgeted. After accessibility, modernization, life/safety and other improvements were made additional problems with the building exterior were discovered, an art mural had to be stabilized and restored and additional classroom space was provided at the site.

A late decision to add roof replacement to the scope of work at Golden Gate ES/Creative Arts Charter contributed to the very minor extent (+0.8%) to which that project finished over budget.

For this report, three project budgets have been modified to reflect changes. Financial closure was achieved at 555 Franklin St., Ulloa ES and Francis Scott Key ES.

<table>
<thead>
<tr>
<th>Project Site</th>
<th>Prior Budget</th>
<th>Revised Budget</th>
<th>Net Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>555 Franklin St.</td>
<td>$4,305,412</td>
<td>$4,283,987</td>
<td>-$21,425</td>
</tr>
<tr>
<td>Ulloa ES</td>
<td>$9,212,894</td>
<td>$9,258,384</td>
<td>+$45,490</td>
</tr>
<tr>
<td>Francis Scott Key ES</td>
<td>$10,871,949</td>
<td>$10,897,840</td>
<td>+$25,891</td>
</tr>
</tbody>
</table>

The programwide contingency fund at the end of November was $2.852 million (0.57% of the total budget). We are continuing to bring completed projects to "financial closure," meaning final costs have been determined and surpluses or deficits are being moved into or out of the programwide contingency fund.

The Greer Schoolyards program for Prop A 2006 has essentially completed construction at the 26 elementary schools included in this program. By the end of November, the 2006 greening program had spent $4.003 million.

The green schoolyard concept has been expanded to early education centers and middle and high schools in the 2006 Bond program. $165,000 has been transferred from the original $5 million allocation to facilitate greening improvements at 10 EES sites. $1 million has been transferred from the programwide contingency fund for the creation of green schoolyards at seven middle and high school campuses.

By the end of November, the Board of Education had authorized $443,309 million of contracts to continue construction and related work. $458,891 million had been expended*, primarily on construction and construction management services. The amount paid during the month of November was $404.43 million.

*This figure includes about $24.9 million of salary/fringe and other expenses, where resolutions are not separately approved by the Board of Education).

In November, primary construction was complete at 55 of 57 sites. One of the remaining two sites under construction had achieved substantial completion (95%). Follow-up (go-back) projects at two sites worth $0.023 million were underway. Total construction value (awarded contracts, as modified) of the program was $323.4 million. $316.2 million of that total (97.8%) was complete at the end of November. The following table summarizes 2006 project status.
School | Construction Value | % Complete | Duration
---|---|---|---
100% complete at 55 sites | $309.7 million | 100% | 68 mos
Edison Charter modernization* | $6.1 million | 99% | 37 mos
Francis Scott Key ES painting | $0.02 million | 94% | 7 mos
Spring Valley ES incr 3 | $0.003 million | 37% | 5 mos
300 Seneca Leadership HS mdrn | $7.6 million | 0% | 13 mos

* Construction is complete. Final contract value subject to adjustment due to contractor bankruptcy.

**Prop A 2011**

The current budget for Prop A 2011 is $535.622 million, including $2.78 million in supplemental funding, $250,000 from the SFPUC and $1.592 million in accrued interest. $115 million in general obligation bonds were sold on March 6, 2012. $205 million in bonds were sold in January 2014. Project level budgets at 21 out of 47 sites have been established.

Seventeen Prop A 2011 campuses are potentially eligible for $57 million of State grants, but there is no State Bond funding currently available to pay for those grants. The Bond Program will submit applications for eligible sites, but will not count on funding for those sites until such time as statewide bond authority becomes available. There is no timetable for when a new, statewide Bond measure will be placed on the State ballot.

By the end of November the school board had authorized $117.897 million in contracts for the 2011 Bond program, mostly for design services and construction. $43.486 million had been expended. $6.734 million was spent in November.

The 2011 Bond program currently consists of 47 project sites, 42 of which have been funded.

Construction using 2011 Bond funds has been authorized for 15 contracts at 14 sites with a total contract value (as modified) of $76.253 million at the end of November. $23.965 million (31%) of the work had been completed. Eight contracts were 100% complete and two of the remaining seven contracts had achieved substantial completion (95%).

School | Construction Value | % Complete | Duration
---|---|---|---
Lowell HS painting | $0.5 million | 100% | 4 mos
McKinley ES windows | $0.6 million | 100% | 7 mos
Sunnyside ES interim housing | $0.2 million | 100% | 3 mos
Roosevelt MS abatement | $0.1 million | 100% | 1 mos
Monroe ES bungalow replacement | $4.9 million | 97% | 14 mos
Jose Ortega ES security cameras | $0.1 million | 100% | 1 mos
Sarah B. Cooper CDC (make ready) | $1.9 million | 100% | 8 mos
Willie Brown MS (design/build) | $45.2 million | 9% | 30 mos
Lowell HS Seismic Phase 1 | $1.5 million | 100% | 7 mos
McAteer HS Campus (boiler) | $0.2 million | 99% | 6 mos
Bret Harts EES modernization | $1.5 million | 93% | 7 mos
20 Cook St. (windows/floors) | $0.7 million | 100% | 7 mos
Cesar Chavez ES modernization | $7.3 million | 47% | 14 mos
Yick Wo ES modernization | $4.8 million | 63% | 9 mos
George Peabody ES modernization | $6.6 million | 18% | 17 mos

Budget changes have been made at 27 project sites. Project assessments at 21 school sites have been completed and project budgets have been set for each. **Five projects from the original list have been cancelled or defunded.** The District has leased the Florence Martin Center to a non-District entity so there will not be a Bond project at that location. The former San
Miguel Elementary School (300 Seneca Ave.) has been taken off the 2011 project list because sufficient funds have been found in the 2006 Bond Program to pay for the work that will be accomplished there. The project budgets at McLaren ES Campus, Washington HS Seismic and Enola Maxwell/ISA have been defunded due to anticipated programwide cost escalation. The 2011 portion of the budget for Willie Brown MS has been increased due to increased project scope. An additional $2.78 million from Developer Impact Fees and Fire/Life Safety Funds has been added to the budget for Monroe ES. A summary of the revisions follows.

<table>
<thead>
<tr>
<th>Project Site</th>
<th>Prior Budget</th>
<th>Revised Budget</th>
<th>Net Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monroe ES</td>
<td>$15,787,027</td>
<td>$17,671,665</td>
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<tr>
<td>George Peabody ES</td>
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<td>$9,033,958</td>
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<tr>
<td>Roosevelt MS</td>
<td>n/a</td>
<td>$18,048,466</td>
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</tr>
<tr>
<td>Sunnyside ES</td>
<td>n/a</td>
<td>$13,917,050</td>
<td>n/a</td>
</tr>
<tr>
<td>Florence Martin Center (cancelled)</td>
<td>$750,000</td>
<td>$0</td>
<td>-$750,000</td>
</tr>
<tr>
<td>Former San Miguel ES (cancelled)</td>
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<td>$0</td>
<td>-$6,000,000</td>
</tr>
<tr>
<td>Cesar Chavez ES</td>
<td>n/a</td>
<td>$10,189,355</td>
<td>n/a</td>
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<tr>
<td>Enola Maxwell/ISA (earmark)</td>
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<tr>
<td>G Washington HS Seismic</td>
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<tr>
<td>Lowell HS Seismic</td>
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<td>Yick Wo ES</td>
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<td>Bret Harte CDC</td>
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<td>Starr King ES</td>
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<td>Children's Admin Center (20 Cook)</td>
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<td>Willie Brown MS</td>
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<td>Miraloma ES</td>
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<td>Jose Ortega ES</td>
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<td>-$2,225,000</td>
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<td>Washington HS Seismic (defunded)</td>
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<td>McKinley ES</td>
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<td>Daniel Webster ES</td>
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<td>$13,372,014</td>
<td>n/a</td>
</tr>
</tbody>
</table>

With the financial changes cited above, the 2011 Bond program had a programwide contingency fund of $9.8 million at the end of November. $3.067 million of the Sustainability Program funds have been committed to elements of 13 projects and programwide sustainability planning.

Enclosures


F: Program Administration/financial report cover November 2013