

**SAN FRANCISCO UNIFIED SCHOOL DISTRICT
CITIZENS' BOND OVERSIGHT COMMITTEE**

**CBOC'S RESOLUTION REGARDING ITS POSITION ABOUT PROPOSED LOCAL
HIRE POLICY**

WHEREAS:

SFUSD Bond Program has been funded through propositions that were approved by the voters of San Francisco under the terms of State Proposition 39, which allows school districts to issue general obligation bonds with 55% voter approval, rather than the 67% normally required in California. Among the requirements of State Proposition 39 are a specific listing of proposed sites where funds will be spent, a description of the improvements that will be made and the establishment of a Citizens' Bond Oversight Committee (CBOC) to review the spending of Bond funds and report their findings to the general public.

The SFUSD Bond Program CBOC consists of committee members who represent a variety of interests were approved by the SFUSD school board. Section 15278 of the State Education Code clearly articulates the roles and responsibilities of the CBOC, which include but are not limited to:

- 1) Ensuring that bond revenues are expended only for the purposes described in the propositions approved by the voters;
- 2) Ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses; and
- 3) Reviewing efforts by the school district to maximize bond revenues by implementing cost-saving measures.

The SFUSD Board of Education recently passed a resolution asking staff to draft a policy, for Board consideration, to establish requirements that projects under the 2011 Bond be subject to a local hire provisions.

The CBOC stands firmly opposed to adopting any policy that presents a fundamental legal concern surrounding adherence to State Proposition 39. This proposition strictly limits bond expenditures based on the exact language that was approved by voters. The ballot propositions that approved the bonds were clearly designed to raise revenues directed at improving school facilities so as to meet educational mission of the District. If there are incremental costs, project or administrative, associated with a local hire policy, fewer improvements can be performed to schools. This is inconsistent with the clear language of the subject ballot propositions. This policy would effectively take money out of the classrooms and not be money spent on fulfilling the educational mission reflected in the ballot propositions. If this is the case, the terms of State Proposition 39 may be considered to be violated.

Our concerns are based on the following financial and economic issues:

- 1) District staff has informed the CBOC that there will be incremental administrative costs of \$300,000 annually, to be borne by the Bond Program, to monitor and enforce local hire policies.
- 2) The policy, over time, may reduce competition by contractors for projects and, thus, increase the cost of projects for the Bond Program.
- 3) The policy will have compliance costs for contractor-bidders, which may be incorporated into the overall project bids to the District.
- 4) The supply of available local labor is unknown relative to the demands set forth by the policy which may result in uncertainty regarding compliance and additional monitoring costs for the Bond Program.
- 5) The policy may result in increased legal costs, if the policy results in litigation by any party challenging the legality of the policy in the first instance or as applied.

The CBOC stresses that its stance is based purely on the statutory obligations that define its oversight. The stance is not based on opinions relating to the ability of the District to serve as an economic development engine or the potential to create jobs for local residents. Public policy is not the purview of the CBOC and no special interests have influenced this statement.

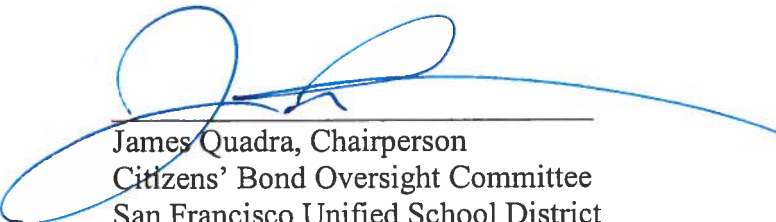
THEREFORE, BE IT RESOLVED,

The CBOC requests that no policy be adopted until:

- 1) The District commissions an independent, third-party economist to assess how a local hire policy would impact both project and administrative costs; and
- 2) The CBOC receives independent, third-party legal opinion that a local hire policy would not violate the terms of State Proposition 39.

The CBOC also recognizes its obligation to report its findings to both the Board of Education and the public, and has chosen this statement before the Board of Education, and the viewing public, as the first step in doing so. The CBOC hopes that this matter can be resolved analytically and with full transparency as to the economic and legal ramifications of enacting a local hire policy.

Approved by:


James Quadra, Chairperson
Citizens' Bond Oversight Committee
San Francisco Unified School District

Date

4/15/2013