



NOVATO
UNIFIED
SCHOOL
DISTRICT

ANNUAL REPORT

Measure G Bond
Independent Citizens' Oversight Committee



1015 Seventh Street Novato, CA 94945 • 415.897.4211

REPORT #6

**July 1, 2021
to
June 30, 2022**

Measure G Facts

- ♦ Voters Approved on November 8, 2016
- ♦ \$222M Approved
- ♦ First Bond Issuance ~ \$51M March 30, 2017
- ♦ Second Bond Issuance ~ \$55M October 15, 2019
- ♦ Third Bond Issuance ~ \$101M November 19, 2020
- ♦ Fourth and Final Bond Issuance ~\$15M Fall 2022

Independent Citizens' Oversight Committee

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Letter From the Citizens' Oversight Committee Chair March 2023

To the Board of Trustees and Residents of the
Novato Unified School District:

As the 2021-2022 Chair of the Novato Unified School District's (NUSD) Measure G Independent Citizens' Oversight Committee (ICOC), it is my pleasure to present on behalf of the committee the sixth annual report of the Measure G Bond program, covering the fiscal period from July 1, 2021 through June 30, 2022. The \$222 million general obligation bond measure, passed in 2016 by Novato voters under the rules outlined under Proposition 39 of the California Constitution, provides for modernizing our schools to enhance 21st century learning, support student success, improve student safety and reduce operating costs through increased energy efficiency.

Financial Update:

- * The primary responsibility of the ICOC is to look back at the prior fiscal year to review and report on the expenditure of taxpayer money, ensuring that bond revenues are expended only for the purposes set forth in the ballot language of Measure G.
- * This mandate has been fulfilled to date by holding review meetings, participating in a construction site walk to view ongoing projects, receiving construction progress reports and reviewing Measure G annual expenditures and audits.
- * From a financial perspective, the Measure G bond program expended approximately \$29,597,000 during fiscal year 2021-2022 and has expended to date approximately \$131,901,000 on bond facilities projects throughout the District. Detailed information on bond program allocations and expenditures can be found within this report

Audit Update:

- * The committee has reviewed the financial and performance audit for the period ending June 30, 2022, issued by the independent auditing firm Christy White Associates. The firm issued an unmodified opinion that the financial statements present "fairly, in all material respects, the financial position of

(cont'd next page)



Novato HS Center for the Arts



San Marin HS Performing Arts Center

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QUESTIONS?

Email us at:

Bondinfo
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Citizens' Oversight Committee Chair Letter (cont'd)

the Measure G Bond Building Fund of the Novato Unified School District as of June 30, 2022."

- * Christy White "tested internal controls over financial reporting and compliance with laws, regulations, or provisions of contracts or agreements and have determined through our inquiry of management and our evaluation of District processes that no significant deficiencies were noted."
- * The auditors also tested "\$13.3 million of non-personnel or 45% of total 2021-2022 Measure G Bond Building Fund expenditures for validity, allowability and accuracy, and concluded that the sampled expenditures were in compliance with the terms of Measure G ballot language, the District-approved facilities plan, and applicable state laws and regulations."
- * Regarding contract bid procedures and change orders, the District "appears to be properly reviewing projects and applying appropriate procedures over contract and bidding..." and that "all change orders were properly reviewed and approved by management and the governing board in accordance with District policy."
- * There were no financial statement or performance audit findings or recommendations for the year ending June 30, 2022.

Based on this audit and other work of the Committee, we would like to announce that, to the best of the Committee's knowledge, the Novato Unified School District was in compliance with all requirements of Proposition 39 as outlined in Article XIII A, Section 1(b)(3)(c) of the California Constitution, and of Measure G for the period ending June 30, 2022. The full audit report and more detailed information on the ICOC's meeting agendas and minutes are available on the District's website, www.nUSD.org/bond-information.

2021-2022 Key Focus

- * During the reporting period, the community came together to celebrate the ribbon cutting of a new administration building on the Olive Elementary campus, bringing all school support services under one roof and reorienting the campus entrance to Olive Avenue, in order to increase visibility and school security.
- * Lynwood ES, the oldest of the District's schools, celebrated a major campus modernization to upgrade all classrooms and multi purpose space and the building of a new kitchen.
- * Continuing challenges this past year with inflationary cost escalation budget impacts, construction materials procurement and last minute delivery delays were met with flexibility and experience in project oversight. HVAC projects at Lynwood ES, Novato HS and the Marin Oaks/Hill Education Center, as well as a kitchen upgrade at San Jose MS moved to the summer of 2023 in order to capture a more favorable construction bidding environment and secure lower pricing.

The work of the Independent Citizens' Oversight Committee is conducted under The Brown Act. All of our meetings are open to the public and we welcome observers. Meeting agendas and prior meeting minutes are posted on the Committee web page prior to the meeting. If you have any questions for the Committee, we can be reached by email at ICOC@nUSD.org.

Sincerely,

Kelly Mathysen
Chair, Measure G Independent Citizens' Oversight Committee

Bond Financing

On November 8, 2016, the voters in Novato approved Measure G, the \$222 million school facilities bond to improve Novato Schools.

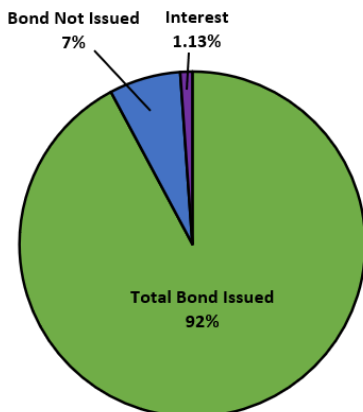
The plan for Measure G is to issue the bonds in four scheduled series (Series A, B, C and D) over a seven to nine-year period. The bonds are issued in multiple series in order to meet the repayment requirements under Proposition 39. NUSD issued \$51 million of Series A bonds on March 30, 2017 with a blended True Interest Cost (TIC) of 3.54%. On October 16, 2019, the District issued Series B bonds of \$55 million with a TIC of 2.54%. ON November 19, 2020 Series C bonds were issued for \$101 million with a TIC of 2.22%. The remaining \$15 million earmarked for the Series D offering was scheduled for a Fall 2022 issuance.

NUSD's GO Bond rating remains at Aa1 with Moody's and has an AA rating from Standard and Poors. These strong bond ratings continue to enable the District to sell bonds at very competitive interest rates, thereby saving millions of dollars for the taxpayers of Novato.

Plan of Finance —Measure G Bond Series (\$222 Million Total)

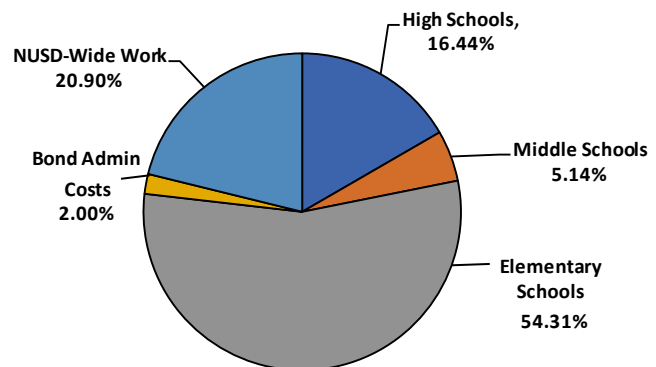


Measure G Bond Expenditures from July 1, 2021 through June 30, 2022



Measure G Bond Status

| | |
|-----------------------------------|----------------------|
| Total Bond Issued | \$207,000,000 |
| Total Bond Authorized, Not Issued | \$15,000,000 |
| Other Income | \$2,799,754 |
| Total Funds | \$224,799,754 |



Total Bond \$ Allocation

| | |
|--------------------|---------------------|
| High Schools | \$4,925,500 |
| Middle Schools | \$1,539,679 |
| Elementary Schools | \$16,270,917 |
| Bond Admin Costs | \$600,028 |
| NUSD-Wide Work | \$6,261,080 |
| Total Funds | \$29,597,204 |

Board Approved Bond Allocation Summary 2021/2022 Fiscal Year

In 2021, the Board of Trustees approved an overall allocation plan of the entire \$222 million Measure G funding into ten areas of focus: Administrative Costs, Bond Issuance Costs, District-Wide (DW), Deferred Maintenance (DM), High School (HS), Middle School (MS), Elementary School (ES), Technology/One-to-World, IT Infrastructure Upgrade, and Other. Information on specific projects and funding committed within each category can be found on the District website at www.nusd.org/bond-information.

The following table outlines the Board-approved allocations, dollars committed by the Board, and monies remaining to be directed, as of June 30, 2022. The Elementary School Allocation pending Board direction increased by \$1M during this fiscal year due to project savings from the Lynwood ES Modernization Project and as designated by the Board.

| Item | Board-Approved Allocation | Committed | Pending Board Direction |
|---|---------------------------|-------------------------|-------------------------|
| Administrative Costs | \$ 4,300,000 | \$ (4,300,000) | \$ |
| Measure G Bond Issuance Costs | \$ 850,000 | \$ (850,000) | \$ |
| District-Wide Allocation | \$ 25,920,840 | \$ (25,920,840) | \$ |
| Deferred Maintenance Allocation | \$ 50,882,301 | \$ (50,882,301) | \$ |
| High School Allocation | \$ 78,456,103 | \$ (78,456,103) | \$ |
| Middle School Allocation | \$ 18,000,000 | \$ (17,500,000) | \$ 500,000 |
| Elementary School Allocation | \$ 26,000,000 | \$ (23,500,000) | \$ 2,500,000 |
| Technology - One to World Allocation | \$ 6,000,000 | \$ (6,000,000) | \$ |
| IT Infrastructure Upgrade Allocation | \$ 12,900,000 | \$ (12,900,000) | \$ |
| Other Allocation | \$ 1,000,000 | \$ - | \$ 1,000,000 |
| Measure G Bond Program Contingency | \$ 490,512 | \$ - | \$ 490,512 |
| MEASURE G BOND ALLOCATION - SUBTOTAL | \$ 224,799,756 | \$ (220,309,244) | \$ 4,490,512 |

Measure G Bond Program Contingency Summary

| | |
|--|-----------------------|
| Project Savings | \$ 685,228 |
| Interest (As of 6/30/2022) | \$ 2,799,756 |
| Board Approved Allocation | \$ (2,994,472) |
| REMAINING PROGRAM CONTINGENCY (As of 6/30/2022) | \$ 490,512 |

Funds identified and directed to the Measure G Bond Program Contingency are interest-earned revenue and general project

2021/2022 Annual Report

Projects completed or near completion during the reporting year include:

- * The Lynwood ES campus-wide modernization project, which included major renovations to all classrooms, a new roof, new classroom furniture, and building of new right-sized modern kitchen facility.
- * Primary completion of the Olive ES campus-wide modernization project, which also included major renovations to the classrooms, new classroom furniture, a new kindergarten classroom and assessment room, and a new Administration building, which located the front of campus to Olive Avenue. Clerestory window replacement will happen summer of 2023 to complete this project.
- * Installation of a new synthetic turf baseball field and softball field at San Marin HS, as well as a new stucco exterior finish and paint scheme for all campus buildings.
- * IT Infrastructure Upgrades brought fiber data capacity to each classroom building and CAT6 cabling into each classroom, significantly upgrading wireless capability for student learning. Year two of this District-wide project occurred at San Ramon ES, Lu Sutton ES, Olive ES, Lynwood ES and Sinaloa MS. These classrooms were also outfitted with the Classroom Technology Toolkit.

A summary of expenditures for the fiscal year 2021/2022 and for the Measure G Bond program to date is provided on the next page.

Projects in planning during the reporting year but were completed or nearing completion over the summer of 2022 included:

- * The Rancho ES HVAC upgrade project, which removed existing gas heating units from each classroom and replaced them with new energy efficient electric heat pumps and exterior condensing units, providing much needed cooling capacity in each classroom. A new single-ply membrane roof was installed on each classroom wing to increase energy efficiency.
- * A long-awaited new kitchen for student food service at Pleasant Valley ES was constructed adjacent to the Multi-Purpose Room, adding in addition a small assessment room to that space.
- * The Sinaloa MS Gym/Kitchen and Exterior Siding Replacement project saw a complete renovation of the gymnasium, including new flooring, lighting and telescopic bleachers; a new right-sized kitchen for student food service, and replaced the damaged and deteriorating wood siding with new stucco siding and new paint scheme. The gymnasium and exterior siding were complete in 2022, the kitchen is due to be complete Spring of 2023.
- * Exterior campus-wide painting projects at Loma Verde ES and Lu Sutton ES.
- * Sanitary sewer repairs at Loma Verde ES, Olive ES, Hamilton School and San Jose MS.
- * Roof replacement work at San Jose MS and Hamilton School.
- * Rounding out work for summer 2022 were extensive IT Infrastructure fiber upgrades for the District, and installation of the Classroom Technology Toolkit and IT Infrastructure fiber and cabling upgrades for Loma Verde ES, Rancho ES, Pleasant Valley ES, Hamilton School and San Jose MS.

Looking Ahead to 2022/2023

- * In 2022/2023, programming and design for track and field renovations at Sinaloa MS and San Jose MS are in development and are set to begin construction in the spring of 2023.
- * Completion of the 21st Century classroom furniture project, which puts brand new furniture into every classroom in the District in order to enhance a flexible learning pedagogy, occurs summer of 2023 at San Marin HS, Novato HS, Sinaloa MS, San Jose MS, Marin Oaks/NOVA on the Hill Education Campus, and at Hamilton School.
- * District-wide security enhancements continued implementation, with the installation of security cameras at the two high schools scheduled for spring 2023, and at all remaining sites by the end of 2023. Key access upgrades at Lynwood ES, Olive ES, and Sinaloa MS have been completed, with more sites scheduled over the next three years.
- * Completion of the four-year IT Infrastructure Upgrade project across the District this summer with work at Marin Oaks/Hill Education Center, the Transportation/FANs facility at 819 Olive Avenue, and the District Office. The Classroom Technology Toolkit will be installed in the Marin Oaks/NOVA classrooms.
- * San Jose MS will receive a snackbar/kitchen upgrade, fire alarm upgrade and exterior painting.
- * Upgrades to the HVAC systems at Lu Sutton ES, Novato HS and the Hill Campus will also receive the new energy efficient electric heat pumps and exterior condensing units. The Hill Campus will also be receiving a new single-ply membrane "cool" roof on much of the campus.
- * Olive ES will be receiving new clerestory windows in every classroom, and the Administration building parking lot will be regraded and paved.

Measure G Bond Expenditure Summary

The following summary table includes a listing of projects with a 2021-2022 bond funding expenditure and an overall funding expenditure total for 2016-2022. Please refer to Annual Reports 2016/17 through 2020/21 for prior individual fiscal year expenditures

| Category | Project | 2021-2022 Expended | Total Expended All Fiscal Years | Expenditures Complete By June 30, 2022 |
|---------------------------------|--|--------------------|---------------------------------|--|
| Administrative Costs | Bond Administration | \$600,028 | \$2,422,768 | No |
| Measure G Bond Issuance Costs | Measure G Bond Issuance | \$0 | \$564,736 | No |
| District-Wide Allocation | 21st Century Furniture | \$964,307 | \$1,391,217 | No |
| | Classroom IT Toolkit | \$282,760 | \$884,865 | No |
| | Maintenance & Operations Building | \$6,527 | \$4,208,959 | Yes |
| | Food & Nutritional Services Renovation | \$0 | \$1,737,725 | Yes |
| | San Jose MS HVAC Installation | \$0 | \$1,810,382 | Yes |
| | Loma Verde, Lynwood & Olive ES HVAC Installation | \$0 | \$3,900,185 | Yes |
| | Rancho HVAC and Re-Roof | \$1,548,996 | \$1,548,996 | No |
| Deferred Maintenance Allocation | 2017 Sewer Work (Novato HS & Olive ES) | \$0 | \$184,498 | Yes |
| | San Ramon ES Re-Roof | \$0 | \$2,050,806 | Yes |
| | 2018 Sewer Work (Novato HS, Olive & San Ramon ES) | \$0 | \$192,334 | Yes |
| | Novato HS Stadium Re-Turf | \$0 | \$1,312,768 | Yes |
| | San Marin HS Stadium Re-Turf | \$0 | \$1,303,772 | Yes |
| | Novato HS Re-Roof (5 Bldgs) | \$0 | \$750,552 | Yes |
| | Lynwood ES Skylight Replacement | \$0 | \$50,228 | Yes |
| | San Jose MS Gazebo Skylights | \$0 | \$208,572 | Yes |
| | Novato HS Old Gym & Olive Ave Re-Roof | \$0 | \$590,163 | Yes |
| | 2020 Sewer Work (Loma Verde & Lu Sutton ES) | \$0 | \$308,952 | Yes |
| | San Marin HS Exterior Finish | \$2,308,937 | \$3,377,472 | No |
| | Olive ES Modernization | \$351,665 | \$1,843,786 | No |
| | Lynwood ES Modernization | \$1,158,179 | \$2,740,600 | No |
| | 2022 Sewer Work (Hamilton, Loma Verde, San Jose & Olive) | \$592 | \$592 | No |
| | Hamilton/San Jose MS Roofing Project 2022 | \$319,400 | \$319,400 | No |
| | Lu Sutton/Loma Verde Exterior Painting Project | \$38,008 | \$38,008 | No |
| High School Allocation | San Marin HS PA System | \$0 | \$327,681 | Yes |
| | San Marin HS STEM & PAC | \$101,061 | \$22,961,998 | No |
| | Novato HS CFS & CFA | * <\$421,797> | \$38,020,343 | No |
| | Novato HS Athletic Fields Complex | \$605 | \$9,126,348 | Yes |
| | San Marin HS Athletic Fields | \$5,245,631 | \$5,939,380 | No |
| Middle School Allocation | Sinaloa MS New Kitchen | \$1,226,512 | \$1,241,812 | No |
| | San Jose MS Kitchen/Fire Alarm/IT/Clock Bell Upgrade | \$213,637 | \$213,637 | No |
| | Sinaloa MS Athletic Turf Field & Track | \$45,065 | \$45,065 | No |
| | San Jose MS Athletic Turf Field & Track | \$54,465 | \$54,465 | No |
| Elementary School Allocation | Olive ES Modernization | \$8,017,619 | \$9,509,739 | No |
| | Lynwood ES Modernization | \$6,365,583 | \$7,948,003 | No |
| | Pleasant Valley ES Kitchen | \$377,871 | \$384,253 | No |
| Technology- One to World | Phases 1 thru 3 + Replenish | \$3,038 | \$2,654,233 | No |
| IT Upgrade Allocation | Novato HS & San Marin HS Upgrades | \$9,399 | \$1,231,774 | Yes |
| | District + School Site Upgrades | \$103,928 | \$1,716,445 | No |
| | Sinaloa MS San Ramon & Lu Sutton ES Upgrades | \$310,642 | \$419,488 | Yes |
| | Hamilton Rancho Loma Verde Pleasant Valley Upgrades | \$148,849 | \$148,849 | No |
| | District Wide Security Enhancements— Security Cameras | \$215,697 | \$215,697 | No |
| Other Allocation | Novato Charter School, Hill Campus, C Street | \$0 | \$0 | No |

* Prior Fiscal Year Expenditure Accounting Adjustment

TOTAL**\$29,597,204****\$135,901,546**

Novato High School—Center for the Arts

Construction of a new 450-seat, 18,000 ft² Center for the Arts, including gallery space, classroom/greenroom spaces and support spaces; this balcony-style seating building is supporting District-wide arts programs, as well as Novato High School's Marin School of the Arts—construction completion July 2021. Project is still in the Lease payment phase of the Lease-Leaseback contract.



Lynwood Elementary School—Campus Modernization and New Kitchen Project

This project included a campus wide modernization of all permanent classrooms, administration building and multipurpose building; reconfigured drop-off traffic flow and a new drop-off plaza with landscape design; constructed a new kitchen, as well as Information Technology infrastructure upgrades and fire alarm system upgrades. Modernization completed August 2021, and the new Kitchen was completed February 2022. Project is still in the Lease payment phase of the Lease-Leaseback contract.



Modernized Classroom



New Kitchen Facility

San Marin High School—Athletic Fields Project

This project converted the existing 31,000 ft² softball field to synthetic turf, updated the home bullpen, constructed a new visitor bullpen and refreshed the existing batting cage. Project also replaced the grass baseball field with 102,000 ft² of new synthetic turf and built a new backstop, dugouts and bullpens. Construction began June 2021, with completion February 2022. Project is in the Lease payment phase of the Lease-Leaseback contract.



Softball Field



Baseball Field

Olive Elementary School— Campus Modernization and New Administration Building

Work included a campus wide modernization of all permanent classrooms and modernized the multipurpose room; constructed a new administration building and kindergarten classroom space; created a new drop-off plaza with landscape design; and also included Information Technology infrastructure upgrades, new roofing and fire alarm system upgrades. Primary classroom modernization was complete August 2021 and construction of the new administration building and kindergarten classroom was completed by June 2022. Project is in the Lease payment phase of the Lease-Leaseback contract. Final phase of modernization with replacement of clere-story windows in all classroom buildings to be completed under separate construction contract in Summer 2023.



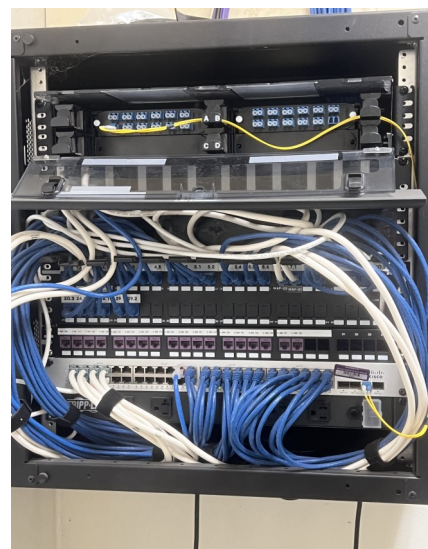
New Administration Building



Modernized Classroom

District Wide IT Infrastructure Upgrade

This project upgrades the IT infrastructure at all school sites across the District, including new Meraki switching hardware, new copper/fiber cabling, and new site distribution systems. Phase 2 (Lynwood ES, Olive ES, San Ramon ES, Lu Sutton ES and Sinaloa MS) was completed August 2021.



District Wide 21st Century Classroom Furniture Lynwood and Olive ES

Lynwood and Olive ES

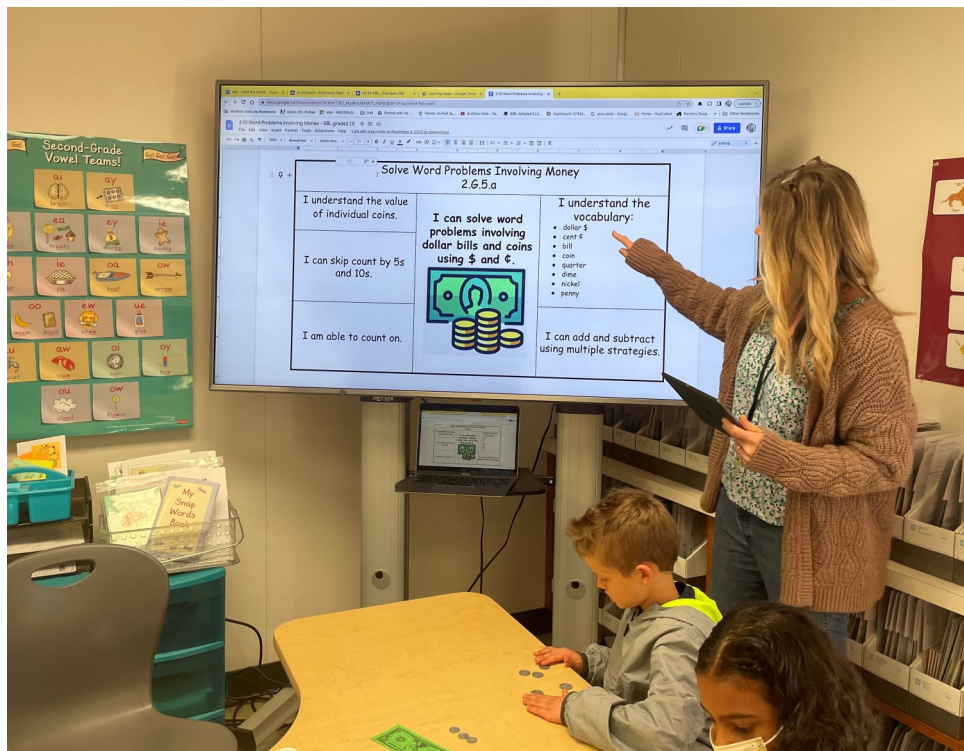
Old and worn classroom furniture is being replaced with new flexible classroom furniture to support 21st Century collaborative learning. Lynwood ES and Olive ES was outfitted in the summer of 2021; the remainder of Elementary school grade classrooms received furniture in the summer of 2022. The high school and middle school deployment is scheduled for summer of 2023.



District Wide Classroom Technology Toolkit Installation

Lynwood ES, Olive ES, San Ramon ES, Lu Sutton ES and Sinaloa MS

This project updates all NUSD classrooms with a standard IT Technology package (display monitor, wireless controllers, iPad with stylus and mirroring software). Classrooms that received the Information Technology Infrastructure Upgrade in the summer of 2021 received their technology toolkit as well.



San Marin High School—Science Technology Engineering & Math (STEM) Center Building

An 18,000 ft² STEM building, including ten classroom/labs, student break-out spaces and staff support spaces with two dedicated Bio-Technology classroom/labs and a positive pressure clean room, supports District-wide science and bio-tech programs as well as the STEM Marin Program. Lease payment phase of the Lease-Leaseback contract was completed June, 2022.



San Marin High— School Performing Arts Center

This Lease-Leaseback construction project built a new 7,800 ft² 250-seat Performing Arts Center, complete with classroom/greenroom support spaces, lobby, ticket booth and restrooms was completed by the end of the 2021 fiscal year. Lease payments on the contract were completed in June 2022.



San Marin High School—Exterior Siding Replacement for all San Marin Campus Buildings

Repaired existing damage on deteriorating wood siding and installed stucco siding system on top; painted to match existing paint scheme on new STEM and PAC buildings — construction completion August, 2021



**Thank you
Voters and the Novato Community!**

**Measure G:
Great Schools For A Greater Novato**



NOVATO
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*Independent Citizens' Oversight Committee
Annual Report and Bond Project Updates*

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