

Oversight Committee Best Practices

Approved by the SDCTA Board of Directors on January 15, 2010

The following list of observed best practices reflect the experience of the San Diego County Taxpayers Association's participation in over fifteen oversight committees during the past ten years. One of these committees preceded the passage of Proposition 39, which mandates oversight for bond-funded projects in K-12 schools and community colleges (see Appendices A, B and C). That change led to rapid expansion of oversight and affected similar types of ballot measures such as the four-year extension of the TransNet sales tax, public safety facilities and hospital projects. From years of observation, extensive research and direct participation in oversight committees in San Diego County, SDCTA has derived a list of practices that enhance the effectiveness of the oversight that voters rely upon when making decisions at the ballot box. SDCTA's best practices hold oversight committees and the agencies that they oversee to a higher standard than those outlined in Prop 39.

Notification

Recruitment, selection and appointment

For at least 45 days the district or agency shall inform the public and the entities listed below of vacancies on the oversight committee by all available means in order to recruit qualified, motivated committee members.

- San Diego County Taxpayers Association (SDCTA)
- Other bona fide taxpayer associations
- Associated General Contractors of San Diego
- Associated Builders and Contractors of San Diego
- Parent teacher organizations
- American Institute of Architects
- Financial Executives International
- Construction Managers Association of America
- American Society of Civil Engineers
- Labor organizations
- Community service clubs (e.g. Rotary, Kiwanis, etc.)
- Local and community papers
- Local Chambers of Commerce

These announcements shall include a description of the oversight committee duties and scope of authority. Eligibility requirements and selection criteria shall be made available. Appointments shall be made at a regularly scheduled publicly noticed meeting of the district or agency.

Membership Composition

A majority of the members of the Committee shall possess expertise in one or more of the following areas:

- Large scale construction operations
- Municipal/public finance matters
- Construction related project management
- Real estate acquisition or sales
- Environmental laws or regulations
- Information technology

Additionally, SDCTA shall identify and nominate its own member to fulfill the duties of the member of a bona fide taxpayers association. In the case that a member of SDCTA cannot be identified to serve on the oversight committee, solicitation for such representation shall be opened to the broader community. Committee members shall be appointed by the elected board as part of a regularly scheduled and publicly noticed meeting. The process shall include statement of qualifications to the public as well as the opportunity for public comment on the nominees. It is impermissible for any bond moneys that are the responsibility of the oversight committee to be spent before the formation and first official meeting of the oversight committee; this includes carryover funds from previous bonds. At its first meeting, the committee shall appoint a chairperson and vice-chairperson to serve in the absence of the chairperson.

Terms

The elected board shall determine the term duration and staggering of oversight committee members' terms.

Bylaws

Although not required by law it is customary practice for governing boards to adopt administrative regulations outlining fundamental aspects of committee operations and activities. While this may take the form of bylaws it is a best practice for the committee to be granted the opportunity of prior review and the opportunity to propose changes since these bylaws will describe the manner or governing board policy in which the committee carries out its responsibilities. At a minimum, the bylaws should describe the term limits of the oversight committee's members. Bylaws must be adopted before the oversight committee is formed (see Appendix D for an example of bylaws).

Orientation

Before a new oversight committee begins work, a comprehensive orientation is essential. It is important that each oversight committee member receive a thorough briefing by the district's staff, including copies of relevant codes, bond resolutions, project descriptions, budgets and schedules, financial reports and minutes of recent meetings. It is desirable that new appointees tour facilities included in or affected by the bond funded program, however, tours at every committee meeting are excessive. Oversight committee members that are new to the committee mid-bond (due to term limits or for other reasons) shall receive the same in-depth, thorough orientation as those who were oriented upon the formation of the committee. Oversight committee members may request an orientation to the process by SDCTA. For Proposition 39 committees, a copy and overview of Proposition 39 shall be provided.

Access to information

Access to critical benchmarking data in a timely and easily comprehensible manner is essential. This frequently takes the form of a so-called "dashboard" which summarizes critical metrics in graphic form. Whenever bond revenues are combined or used in conjunction with other sources of funding, the oversight committee shall be kept informed of the status of all funds. Reports shall summarize the original funds budgeted and allocated, amounts expended and obligated to date and the percent of completion as of the close of the most recent accounting quarter. A regularly updated Program Evaluation Review Technique (PERT) chart or its equivalent with milestones for each project in the program is necessary to allow oversight committee members to track progress. (See Appendix E for an example of a "dashboard" and Appendix F for an example of a PERT chart).

Public disclosure

Transparency is achieved by promptly displaying detailed information about the progress of each project included in the ballot measure and resolution, as well as the committee's minutes and materials it has received on the oversight committee website. Oversight committee websites shall disclose, at a minimum, the following:

- Minutes of meetings within a reasonable amount of time
- Sufficient notice of the dates and times and agendas of planned meetings of the oversight committee and its subcommittees, when applicable
- List of the committee's members and their contact information
- List of projects accompanied by measurements of their status in terms of budgets and timelines
- Any alterations to project budgets or timelines with adequate explanations for these changes
- Comparison of current status of projects in terms of budgets and timelines to the original budget and timeline estimates of the project

Meetings

The oversight committee must meet with sufficient frequency to ensure that members remain fully informed about all relevant current conditions. The Committee shall schedule at least quarterly (or more frequently as needed) meetings as either a full body, or in the form of subcommittees that shall then report back to the full Committee at its next regularly scheduled meeting, for the initial two years after passage of the bond measure or until 20 percent of bond projects are completed, and at least quarterly thereafter. Subcommittees may be formed to monitor specific components of program implementation such as the audit process or construction progress and prepare the annual report to the elected board and public. Both committees and subcommittees shall be subject to the Brown Act. As appropriate, there should be updates provided to the elected board on the oversight committee's activities.

Budget

Pursuant to Assembly Bill 1908, "The governing board of the district shall, without expending bond funds, provide the citizens' oversight committee with any necessary technical assistance and shall provide administrative assistance in furtherance of its purpose and sufficient resources to publicize the conclusions of the citizens' oversight committee."

Financial and performance audits

It is desirable for the oversight committee to participate in the process of screening independent auditors of the bond-funded program, recognizing that the governing board has the sole authority to make such appointments. The oversight committee shall review and comment upon the annual audit report prior to its presentation to the elected board. Independent auditors shall meet annually with the oversight committee audit subcommittee and/or the full committee (prior to presentation to the elected board) at a regularly scheduled meeting. The oversight committee should make recommendations and provide input on the audit.

Construction assessment

In addition to the compliance audit usually prepared by the financial auditors, the oversight committee shall participate in a comprehensive performance assessment conducted by qualified independent professionals who have demonstrated knowledge in the fields of project management and construction industry best practices at a minimum of every three years. The purpose of this assessment is to provide accountability to the public that those projects that were supported through their approval of the bond are being completed, and that any changes to the projects have been adequately explained. This specific performance assessment shall review, at a minimum, the general administration, planning process, design process, procurement process, funding process and financial management. Performance assessment is not one that would be conducted by a financial auditor. Performance assessments shall recommend

when future assessments should be performed and offer a timeline of projects reviewed and future items that will require review.

Access to the governing board and chief administrative officer

The oversight committee shall periodically meet with the chief administrative officer of the district or agency and at least annually with the governing board. It is recommended that oversight committee members monitor the district's governing board meetings. The oversight committee shall meet with the governing board prior to the oversight committee's presentation of its performance assessment report. Any matters related to the bond shall go to the oversight committee prior to the elected board.

Significant program changes

The governing board shall provide the oversight committee with the opportunity to review and comment upon major changes in each bond-funded program, allocation and project prior to final action being taken. A major change is one that affects the lesser of 10% of a specific project budget allocation or \$1 million or a delay of a major project by 6 months or more. In the event of significant program changes, the committee shall produce a special report in addition to its annual report specifically covering the program changes to scope, budget and timelines. This report shall be readily available to the public and submitted to appropriate media outlets.

Annual report

The oversight committee shall be the principal author, with staff assistance as may be requested, of its required annual report to the public. The district or agency shall provide technical, production and distribution support. The report shall appear on the oversight committee web site and be available at principal offices of the district or agency. The project priority shall be those specific projects that were approved by the public upon approval of the bond measure. The report shall contain, at a minimum:

- List of all original projects, and their status regarding budget, scope and /or implementation
- Certification of all expenditures
- Any changes, such as specific project cancellations or scope reductions, shall be highlighted and thoroughly explained
- A list of joint-use projects
- Status and scoring of deferred maintenance projects
- Prevailing wage requirements compliance report

See Appendix G for examples of adequate annual reports.

Bond issuance

The district or agency shall inform the oversight committee concerning the full details of the selection of bond counsel, underwriters and the issuance of bonds. The oversight committee shall be fully informed before each new series of bonds is issued.

Joint use

The oversight committee shall assure that the agency or district has demonstrated that best efforts have been applied to maximize opportunities for bond-funded projects to be used in conjunction with other local agencies in a manner that benefits the public and reduces costs. Joint-use efforts should be described and scored in the annual report.

Deferred maintenance

Part of the oversight committee's responsibility is to review the status of the district or agency's deferred maintenance elimination plan and major repair and replacement plan. The District shall submit a governing board approved funding plan to eliminate deferred maintenance using general fund revenues, and if necessary with a limited reliance on bond revenues; and an approved major repair and replacement funding plan to ensure that both new and renovated facilities do not become maintenance deferred once

the backlog has been eliminated. Within the submitted plan, the District shall include the deferred maintenance funding, including the amount of state matching funds received, for the previous 10 fiscal years. The District shall also include a current list of those projects and their respective costs within the District's deferred maintenance backlog. Status of deferred maintenance should be described and scored in the annual report.

Certification of expenditures

The oversight committee must review whether expenses are within the constraints of the bond, and any non-certified expenditures shall be publicly reported. The district or agency shall present to the oversight committee written certification that all bond revenues currently expended have been in conformity with the bond resolution and applicable statutes on an annual basis. Certification of expenditures must be in the annual report.

Prevailing wage requirements

Most, if not all, publicly funded projects fall under prevailing wage requirements. The oversight committee shall request and receive an annual compliance report from the agency or district detailing related compliance issues of importance.

Liability

Committee members may be concerned about personal liability arising from serving. While this does not appear to be a problem, if requested, the governing board must provide written hold harmless agreements. This may appear in the oversight committee's bylaws.

Final report

Upon final completion of the entire bond fund program the oversight committee shall prepare and distribute a complete detailed analysis of all expenditures, noting significant variances from the original stated expenditure plan, why they occurred and how they were mitigated.

Note: *Please contact SDCTA if complications or concerns arise.*

APPENDIX

Note: The examples of bylaws (Appendix D), dashboard (Appendix E), PERT chart (Appendix F), and annual report (Appendix G) are provided as guidelines.

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

Text of Proposed Law

This initiative measure is submitted to the people of California in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure amends provisions of the California Constitution and the Education Code; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SMALLER CLASSES, SAFER SCHOOLS AND FINANCIAL ACCOUNTABILITY ACT

SECTION ONE. TITLE

This act shall be known as the Smaller Classes, Safer Schools and Financial Accountability Act.

SECTION TWO. FINDINGS AND DECLARATIONS

The people of the State of California find and declare as follows:

- a. Investing in education is crucial if we are to prepare our children for the 21st Century.
- b. We need to make sure our children have access to the learning tools of the 21st Century like computers and the Internet, but most California classrooms do not have access to these technologies.
- c. We need to build new classrooms to facilitate class size reduction, so our children can learn basic skills like reading and mathematics in an environment that ensures that California's commitment to class size reduction does not become an empty promise.
- d. We need to repair and rebuild our dilapidated schools to ensure that our children learn in a safe and secure environment.
- e. Students in public charter schools should be entitled to reasonable access to a safe and secure learning environment.
- f. We need to give local citizens and local parents the ability to build those classrooms by a 55 percent vote in local elections so each community can decide what is best for its children.
- g. We need to ensure accountability so that funds are spent prudently and only as directed by citizens of the community.

SECTION THREE. PURPOSE AND INTENT

In order to prepare our children for the 21st Century, to implement class size reduction, to ensure that our children learn in a secure and safe environment, and to ensure that school districts are accountable for prudent and responsible spending for school facilities, the people of the State of California do hereby enact the Smaller Classes, Safer Schools and Financial Accountability Act.

This measure is intended to accomplish its purposes by amending the California Constitution and the California Education Code:

- a. To provide an exception to the limitation on ad valorem property taxes and the two-thirds vote requirement to allow school districts, community college districts, and county offices of education to equip our schools for the 21st Century, to provide our children with smaller classes, and to ensure our children's safety by repairing, building, furnishing and equipping school facilities;
- b. To require school district boards, community college boards, and county offices of education to evaluate safety, class size reduction, and information technology needs in developing a list of specific projects to present to the voters;
- c. To ensure that before they vote, voters will be given a list of specific projects their bond money will be used for;
- d. To require an annual, independent financial audit of the proceeds from the sale of the school facilities bonds until all of the proceeds have been expended for the specified school facilities projects; and
- e. To ensure that the proceeds from the sale of school facilities bonds are used for specified school facilities projects only, and not for teacher and administrator salaries and other school operating expenses, by requiring an annual, independent performance audit to ensure that the funds have been expended on specific projects only.

SECTION FOUR

Section 1 of Article XIII A of the California Constitution is amended to read:

SEC. 1.

- a. The maximum amount of any ad valorem tax on real property shall not exceed One percent (1%) of the full cash value of such property. The one percent (1%) tax to be collected by the counties and apportioned according to law to the districts within the counties.
- b. The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on ~~(1) any indebtedness~~ *of the following:*
 1. *Indebtedness* approved by the voters prior to July 1, 1978. ~~or (2) any bonded~~
 2. *Bonded indebtedness* for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition.
 3. *Bonded indebtedness incurred by a school district, community college district, or county office of education for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters of the district or county, as appropriate, voting on the proposition on or after the effective date of the measure adding this paragraph. This paragraph shall apply only if the proposition approved by the voters and resulting in the bonded indebtedness includes all of the following accountability requirements:*

- A. *A requirement that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3), and not for any other purpose, including teacher and administrator salaries and other school operating expenses.*
 - B. *A list of the specific school facilities projects to be funded and certification that the school district board, community college board, or county office of education has evaluated safety, class size reduction, and information technology needs in developing that list.*
 - C. *A requirement that the school district board, community college board, or county office of education conduct an annual, independent performance audit to ensure that the funds have been expended only on the specific projects listed.*
 - D. *A requirement that the school district board, community college board, or county office of education conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects.*
- c. *Notwithstanding any other provisions of law or of this Constitution, school districts, community college districts, and county offices of education may levy a 55 percent vote ad valorem tax pursuant to subdivision (b).*

SECTION FIVE

Section 18 of Article XVI of the California Constitution is amended to read:

SEC. 18.

- a. No county, city, town, township, board of education, or school district, shall incur any indebtedness or liability in any manner or for any purpose exceeding in any year the income and revenue provided for such year, without the assent of two-thirds of the ~~qualified electors thereof,~~ *voters of the public entity* voting at an election to be held for that purpose, except that with respect to any such public entity which is authorized to incur indebtedness for public school purposes, any proposition for the incurrence of indebtedness in the form of general obligation bonds for the purpose of repairing, reconstructing or replacing public school buildings determined, in the manner prescribed by law, to be structurally unsafe for school use, shall be adopted upon the approval of a majority of the ~~qualified electors~~ *voters* of the public entity voting on the proposition at such election; nor unless before or at the time of incurring such indebtedness provision shall be made for the collection of an annual tax sufficient to pay the interest on such indebtedness as it falls due, and ~~also provision to constitute~~ *provide for a sinking fund for the payment of the principal thereof, on or before maturity, which shall not exceed forty years from the time of contracting the same; provided, however, anything to the contrary herein notwithstanding, when indebtedness.*
- b. *Notwithstanding subdivision (a), on or after the effective date of the measure adding this subdivision, in the case of any school district, community college district, or county office of education, any proposition for the incurrence of indebtedness in the form of general obligation bonds for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, shall be adopted upon the approval of 55 percent of the voters of the district or county, as appropriate, voting on*

the proposition at an election. This subdivision shall apply only to a proposition for the incurrence of indebtedness in the form of general obligation bonds for the purposes specified in this subdivision if the proposition meets all of the accountability requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A.

- c. *When two or more propositions for incurring any indebtedness or liability are submitted at the same election, the votes cast for and against each proposition shall be counted separately, and when two-thirds or a majority or 55 percent of the qualified electors voters, as the case may be, voting on any one of such those propositions, vote in favor thereof, such the proposition shall be deemed adopted.*

SECTION SIX

Section 47614 of the Education Code is amended to read: 47614. ~~A school district in which a charter school operates shall permit a charter school to use, at no charge, facilities not currently being used by the school district for instructional or administrative purposes, or that have not been historically used for rental purposes provided the charter school shall be responsible for reasonable maintenance of those facilities.~~

- a. *The intent of the people in amending Section 47614 is that public school facilities should be shared fairly among all public school pupils, including those in charter schools.*
- b. *Each school district shall make available, to each charter school operating in the school district, facilities sufficient for the charter school to accommodate all of the charter schools' in-district students in conditions reasonably equivalent to those in which the students would be accommodated if they were attending other public schools of the district. Facilities provided shall be contiguous, furnished, and equipped, and shall remain the property of the school district. The school district shall make reasonable efforts to provide the charter school with facilities near to where the charter school wishes to locate, and shall not move the charter school unnecessarily.*
1. *The school district may charge the charter school a pro rata share (based on the ratio of space allocated by the school district to the charter school divided by the total space of the district) of those school district facilities costs which the school district pays for with unrestricted general fund revenues. The charter school shall not be otherwise charged for use of the facilities. No school district shall be required to use unrestricted general fund revenues to rent, buy, or lease facilities for charter school students.*
 2. *Each year each charter school desiring facilities from a school district in which it is operating shall provide the school district with a reasonable projection of the charter school's average daily classroom attendance by in-district students for the following year. The district shall allocate facilities to the charter school for that following year based upon this projection. If the charter school, during that following year, generates less average daily classroom attendance by in-district students than it projected, the charter school shall reimburse the district for the over-allocated space at rates to be set by the State Board of Education.*
 3. *Each school district's responsibilities under this section shall take effect three years from the effective date of the measure which added this subparagraph, or if the school district passes a school bond measure prior to that time on the first day of July next following such passage.*
 4. *Facilities requests based upon projections of fewer than 80 units of average daily classroom attendance for the year may be denied by the school district.*

5. *The term "operating," as used in this section, shall mean either currently providing public education to in-district students, or having identified at least 80 in-district students who are meaningfully interested in enrolling in the charter school for the following year.*
6. *The State Department of Education shall propose, and the State Board of Education may adopt, regulations implementing this subdivision, including but not limited to defining the terms "average daily classroom attendance," "conditions reasonably equivalent," "in-district students," "facilities costs," as well as defining the procedures and establishing timelines for the request for, reimbursement for, and provision of, facilities.*

SECTION SEVEN. CONFORMITY

The Legislature shall conform all applicable laws to this act. Until the Legislature has done so, any statutes that would be affected by this act shall be deemed to have been conformed with the 55 percent vote requirements of this act.

SECTION EIGHT. SEVERABILITY

If any of the provisions of this measure or the applicability of any provision of this measure to any person or circumstances shall be found to be unconstitutional or otherwise invalid, such finding shall not affect the remaining provisions or applications of this measure to other persons or circumstances, and to that extent the provisions of this measure are deemed to be severable.

SECTION NINE. AMENDMENT

Section 6 of this measure may be amended to further its purpose by a bill passed by a majority of the membership of both houses of the Legislature and signed by the Governor, provided that at least 14 days prior to passage in each house, copies of the bill in final form shall be made available by the clerk of each house to the public and the news media.

SECTION TEN. LIBERAL CONSTRUCTION

The provisions of this act shall be liberally construed to effectuate its purposes.

APPENDIX B - ASSEMBLY BILL 1908

BILL NUMBER: AB 1908 CHAPTERED
BILL TEXT

CHAPTER 44
FILED WITH SECRETARY OF STATE JUNE 27, 2000
APPROVED BY GOVERNOR JUNE 27, 2000
PASSED THE ASSEMBLY JUNE 26, 2000
PASSED THE SENATE JUNE 22, 2000
AMENDED IN SENATE JUNE 20, 2000
AMENDED IN SENATE JUNE 19, 2000
AMENDED IN ASSEMBLY MAY 16, 2000

INTRODUCED BY Assembly Member Lempert
(Coauthor: Senator O'Connell)

FEBRUARY 11, 2000

An act to amend Sections 15102, 15106, 35233, and 72533 of, and to add Chapter 1.5 (commencing with Section 15264) to Part 10 of, the Education Code, relating to school bonds.

LEGISLATIVE COUNSEL'S DIGEST

AB 1908, Lempert. School bonds.

Existing law authorizes the governing board of any school district or community college to order an election and submit to the electors of the district the question of whether the bonds of the district shall be issued and sold to raise money for specified purposes. Existing law generally requires 2/3 of the votes cast on the proposition of issuing bonds to be in favor of issuing the bonds to pass the measure.

This bill would provide that, contingent upon the passage of the "Smaller Classes, Safer Schools and Financial Accountability Act" at the November 7, 2000, general election, as an alternative, the governing board of a school district or community college district, may, pursuant to a 2/3 vote of the governing board, pursue the authorization and issuance of bonds by a 55% vote of the electorate, at a primary or general election, a regularly scheduled local election, or a statewide special election, subject to certain additional requirements.

The bill would require the ballot to be printed with a statement that the governing board will appoint a citizens' oversight committee and conduct annual independent audits to assure that funds are spent only on school and classroom improvements and for no other purposes.

The bill would require that after a successful election, the board appoint an independent citizens' oversight committee, as specified. The bill would state that the purpose of the citizens' oversight committee is to inform the public concerning the expenditure of bond revenues.

The bill would authorize, as specified, an action to be maintained to restrain and prevent expenditures of bond funds under certain circumstances.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 15102 of the Education Code is amended to read:

15102. The total amount of bonds issued pursuant to this chapter and Chapter 1.5 (commencing with Section 15264) shall not exceed 1.25 percent of the taxable property of the district as shown by the last equalized assessment of the county or counties in which the district is located. For purposes of this section, the taxable property of a district for any fiscal year shall be calculated to include, but not be limited to, the assessed value of all unitary and operating nonunitary property of the district, which shall be derived by dividing the gross assessed value of the unitary and operating nonunitary property within the district for the 1987-88 fiscal year by the gross assessed value of all unitary and operating nonunitary property within the county in which the district is located for the 1987-88 fiscal year, and multiplying that result by the gross assessed value of all unitary and operating nonunitary property of the county on the last equalized assessment roll.

SEC. 2. Section 15106 of the Education Code is amended to read:

15106. Any unified school district or community college district may issue bonds that, in aggregation with bonds issued pursuant to Section 15270, may not exceed 2.5 percent of the taxable property of the district as shown by the last equalized assessment of the county or counties in which the district is located.

In computing the outstanding bonded indebtedness of any unified school district or community college district for all purposes of this section, any outstanding bonds shall be deemed to have been issued for elementary school purposes, high school purposes, and community college purposes, respectively, in the respective amounts that the proceeds of the sale of those outstanding bonds, excluding any premium and accrued interest received on that sale, were or have been allocated by the governing board of the unified school district or community college district to each of those purposes respectively.

(a) For the purposes of the State School Building Aid Law of 1952 (Chapter 6 (commencing with Section 16000) of Part 10) with respect to applications for apportionments and apportionments filed or made prior to September 15, 1961, and to the repayment thereof, Chapter 6 (commencing with Section 15700) of this part, inclusive, only, any unified school district shall be considered to have a bonding capacity in the amount permitted by law for an elementary school district and a bonding capacity in the amount permitted by law for a high school district.

(b) For purposes of this section, the taxable property of a district for any fiscal year shall be calculated to include, but not be limited to, the assessed value of all unitary and operating nonunitary property of the district, which shall be derived by dividing the gross assessed value of the unitary and operating nonunitary property within the district for the 1987-88 fiscal year by the gross assessed value of all unitary and operating nonunitary property within the county in which the district is located for the 1987-88 fiscal year, and multiplying the result by the gross assessed value of all unitary and operating nonunitary property of the county on the last equalized assessment roll. In the event of the unification of two or more school districts or community college districts subsequent to the 1987-88 fiscal year, the assessed value

of all unitary and operating nonunitary property of the unified district or community college district shall be deemed to be the total of the assessed value of the taxable property of each of the unifying districts as that assessed value would be determined under Section 15102.

SEC. 3. Chapter 1.5 (commencing with Section 15264) is added to Part 10 of the Education Code, to read:

CHAPTER 1.5. STRICT ACCOUNTABILITY IN LOCAL SCHOOL
CONSTRUCTION BONDS ACT OF 2000
Article 1. General Provisions

15264. It is the intent of the Legislature that all of the following are realized:

(a) Vigorous efforts are undertaken to ensure that the expenditure of bond measures, including those authorized pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution, are in strict conformity with the law.

(b) Taxpayers directly participate in the oversight of bond expenditures.

(c) The members of the oversight committees appointed pursuant to this chapter promptly alert the public to any waste or improper expenditure of school construction bond money.

(d) That unauthorized expenditures of school construction bond revenues are vigorously investigated, prosecuted, and that the courts act swiftly to restrain any improper expenditures.

15266. (a) As an alternative to authorizing and issuing bonds pursuant to Chapter 1 (commencing with Section 15100), the governing board of a school district or community college district may decide, pursuant to a two-thirds vote and subject to Section 15100, to pursue the authorization and issuance of bonds pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution and subdivision (b) of Section 18 of Article XVI of the California Constitution. An election may only be ordered on the question of whether bonds of a school district or community college district shall be issued and sold pursuant to subdivision (b) of Section 18 of Article XVI of the California Constitution at a primary or general election, a regularly scheduled local election, or a statewide special election.

(b) Upon adopting a resolution to incur bonded indebtedness pursuant to subdivision (b) of Section 18 of Article XVI of the California Constitution and after the question has been submitted to the voters, if approved at the election, the bonds shall be issued pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution and this chapter, and the governing board may not, regardless of the number of votes cast in favor of the bond, subsequently proceed exclusively under Chapter 1 (commencing with Section 15100). Where not inconsistent, the provisions of Chapter 1 (commencing with Section 15100) shall apply to this chapter.

15268. The total amount of bonds issued pursuant to this section and Section 15102 shall not exceed 1.25 percent of the taxable property of the district as shown by the last equalized assessment of the county or counties in which the district is located. The tax rate levied to meet the requirements of Section 18 of Article XVI of the California Constitution in the case of indebtedness incurred by a school district pursuant to this chapter, at a single election,