

**NEWPORT-MESA UNIFIED SCHOOL DISTRICT
MEASURE F CITIZENS OVERSIGHT COMMITTEE**

**MINUTES AND REPORT OF THE MEETING OF
May 11, 2020**

The Citizens Oversight Committee met via teleconference on Monday, May 11, 2020.

MEMBERS PRESENT

Julio Zunzunegui, Mariners Parent (Chairman)
Mitch Vance, TGV Partners
Richard Rutledge, Estancia Parent & PTA Member
Lee Ramos, City of Costa Mesa Senior Commission
Suzanne Gauntlett, Member at Large
Robert Ooten, Member at Large

MEMBERS ABSENT

Laura Ursini Marroquin, Community Relations, Newport/Naples Rib Company

ALSO PRESENT

Tim Holcomb, Assistant Superintendent, Chief Operating Officer, NMUSD
Ara Zareczny, Administrative Director, Facilities Development, Planning & Design, NMUSD
Lori Horrell, Administrative Assistant to Ara Zareczny, NMUSD
Jeff Trader, Executive Director, Chief Financial Officer, NMUSD

HANDOUTS (Via Email)

Meeting Agenda for May 11, 2020
Meeting Minutes from February 10, 2020
Estancia Theater Expenditure Report

WELCOME AND INTRODUCTION

Committee Chair, Julio Zunzunegui, opened the meeting at 6:05 pm.

ADOPTION OF THE AGENDA

Agenda for the May 11, 2020 meeting was adopted as presented.

ADOPTION OF THE MINUTES

Minutes from the February 10, 2020 meeting were reviewed, corrected, and adopted.

FISCAL REPORT

Jeff Trader explained that there has been little activity since our last meeting in February, reviewing the expenditure report and reaffirming that the activity only relates to the bond expenditures.

Ms. Gauntlett asked if the State would reimburse Newport-Mesa for some of these funds. Ms. Zareczny explained that the State reimburses us depending on our eligibility in coordination with the Office of Public School Construction (OPSC).

In the past, NMUSD has successfully submitted for reimbursement of completed projects and received funding. In order for projects to qualify, we must not only have eligibility, we must comply with other requirements, such as prequalification of contractors, CEQA compliance, DSA approval, etc. These additional requirements add costs and affect the overall project schedule.

In addition to the initial requirements to submit for funding, once funding is approved the district must submit detailed expenditure reports to OPSC to substantiate the expenditures. If the expenditures are not approved, the district may be required to return funds to the State.

Once final expenditure reports are submitted to OPSC, OPSC will review the contracts and expenditures. In addition to the OPSC review, the district is required to hire a third-party auditor to review each project funded. All projects funded to date, have been audited and the auditors did not have findings requiring the return of any funds.

Mr. Holcomb pointed out that since the theater project is not a modernization and does not qualify because of enrollment, we aren't expecting much State funding. Facilities has been following the State's process and keeps track of all of this, and if it is available to us, we will try to recoup any funding available which allows us to do more projects in the future.

Ms. Zareczny reported the EHS Theater project remains within the board approved budget.

PROJECT REPORT

Ms. Zareczny reported on the status of the Estancia Theater project:

Due to the COVID-19 event, we have had some delays in the project. This resulted in a longer design phase of the EHS Theater project. Staff has continued to evaluate the details of the scope to ensure the project is within the approved budget.

As, the second phase of design was being completed, estimating and value engineering occurred. This phase took longer than anticipated due to COVID-19.

The final phase of design, preparation of construction documents will begin during the summer (2020). With COVID-19 there are many unknowns as to how the EHS Theater project will be impacted.

Mr. Vance said that COVID-19 creates different circumstances. Is there any concern that we will not have the on-going maintenance budget need to maintain and repair the theater once completed? Mr. Holcomb explained that the State sometimes changes the rules in different times. The State has historically recommended a budget of 3% of its general revenues for routine restricted maintenance. The State established a requirement that if you wanted to get State funds, you had to show that you always spend at least 3% of your general fund dollars on maintenance. When this district pursued its bonds, there were concerns of maintenance. This local electorate took the same approach. There was a covenant in the bond that the district would budget 4% for routine restricted maintenance. Our District continues to maintain the budget of 4% for maintenance to honor the bond promise. Mr. Holcomb also added that there are operating costs that come with operating a new theater, i.e., staffing to support the theater use. We are hoping the budget will improve on the operations side.

Mr. Vance wanted to state for the record on behalf of the committee that they want the theater to be well-maintained and if its 4%, that we should stick to 4%.

BOARD MEETING PRESENTATION

It was determined that Julio Zunzunegui will present the annual Citizens Oversight Committee findings at the board meeting May 19, 2020.

ADJOURNMENT

Meeting was adjourned at 6:57 pm.

Attach expenditure report to these minutes.