

# **Proposition MM—A Success for the Schools**

## ***SUMMARY***

Proposition MM (MM) was passed in 1998 for the San Diego Unified School District (School District). MM authorized the issuance of \$1.5 billion of school construction bonds over a ten year period. The projects funded by MM are all either completed or nearing completion and the overall program is winding down. The 2008/2009 San Diego County Grand Jury (Grand Jury) has studied how the construction projects funded by MM were managed. The conclusion reached by the Grand Jury is that those projects were exceptionally well managed, leading to a highly beneficial result for the School District. As a result, the Grand Jury commends all of those who contributed to the success of MM.

## ***PURPOSE AND BACKGROUND***

The general purpose of this study was to examine the performance of the School District with respect to MM, which authorized bonds for school construction. Published newspaper accounts initially indicated that MM was not on track to accomplish its goals. However, beginning approximately in 2003 the newspaper accounts indicated that MM had turned around and was exceptionally successful in terms of achieving its stated goals on time and within budget.

The Grand Jury specifically examined the following questions:

- Was MM well managed?
- What led to the success of MM?
- What lessons can be learned from the success of MM?
- Is there now a core of knowledge and experience in the School District that can lead future projects to be managed successfully from the outset?

## ***PROCEDURES***

The Grand Jury researched the history of MM. Financial documents were examined to determine whether MM was performing successfully. The Grand Jury interviewed individuals connected with MM who had key information about the MM program. Some of those individuals also played key roles in the success of MM.

## ***DISCUSSION – Management of Proposition MM***

MM was approved in 1998 by the voters within the School District. MM authorized the issuance of \$1.5 billion in school bonds to finance school construction projects. Proposition MM specifically required the establishment of an Independent Citizens' Oversight Committee (ICOC) to oversee the progress of projects funded by MM.

Many of the ICOC members had relevant experience in areas that were involved in MM projects. For instance, there were individuals with experience in architecture, construction, and education. That experience, plus a willingness to devote a substantial amount of time to the ICOC, enabled the ICOC to be highly effective in overseeing the progress of MM.

All of the parties contacted by the Grand Jury generally agree that during the first two years after passage of MM little was accomplished. During that period no major construction was

initiated, and there was a heavy backlog in minor projects funded under MM. It is also generally agreed that the reason for the early construction lag was that the School District did not have experience running a program of such large scope. Those conclusions were expressed by individuals who held senior positions with the School District and with the ICOC involving the management of MM, including two who were involved with MM beginning with its passage in 1998. In response to the lack of progress on MM, the ICOC urged the School Board to bring in someone with extensive large construction project experience to assume overall management.

In 2000, a manager with extensive experience running large construction projects was hired by the School Board to manage MM. Subsequently, MM became highly successful by completing virtually all of the school projects proposed under MM on time and within budget. A new project modeling system was instituted to assist in tracking the progress of projects. The new management system emphasized strict oversight of projects to ensure on-time completion. Daily progress meetings were held and a tracking system was put in place. Emphasis was placed on the need for accountability of both staff and contractors responsible for specific projects. Projects were prioritized so that projects that could be completed early were focused on early.

Management also looked at factors that contributed to project delays and cost overruns with other school bond issues in California. One key factor identified was a tendency to add new projects to those originally proposed. To avoid that problem, management of MM resisted adding new projects.

In order to reduce delays due to possible legal problems, management took steps to ensure that legal advice was continuously available regarding the various construction projects. Care was also taken to obtain input from educational personnel at the schools affected by the construction projects so that those personnel would ultimately be satisfied with the results. In the course of completing the MM projects some of the original School District personnel working on those projects were replaced, but many remained with the projects until completion.

Two of the new school projects proposed under MM were dropped because decreased enrollments made them unnecessary. One was Sherman Elementary School and the other was to be designated south of I-8. In addition, there are two projects that will not be completed by the end of 2008. The Jonas Salk Elementary project has been delayed because of environmental concerns. That project is currently projected to be completed by September of 2011. Reserve funds of approximately \$25-30 million have been set aside to assure completion. At Golden Hill Elementary there had been plans to build a playground in an adjacent canyon. However, there was strong neighborhood opposition to building in the canyon which led to a revised plan to build a gymnasium instead of a playground. The gymnasium is projected to be completed in 2009. Approximately \$4 million has been set aside for completion of that project.

Because of its efficient use of taxpayer dollars, MM has received two awards honoring it as an outstanding public program. In 2002 MM received the Regional Golden Watchdog

Award. In 2005 it received the Grand Golden Watchdog Award. Those are awarded by the San Diego County Taxpayers Association.

Proposition S (S) is a new school bond issue recently passed in the School District. S will provide new funds for the upkeep of schools in the School District. Under S, \$2.1 billion will be available.

### ***FACTS AND FINDINGS***

***Fact:*** MM is a school bond issue for the San Diego Unified School District that was passed in 1998.

***Fact:*** The total amount of bonds involved in MM is \$1.5 billion.

***Fact:*** Overall, MM projects were completed on time and on budget.

***Fact:*** Only two of the school projects proposed under MM have not been completed.

***Fact:*** In addition, two projects were dropped because they were determined to be unnecessary.

***Fact:*** The two projects that will need to be completed after the end of the MM work period have sufficient available funding for completion. These projects were delayed because of environmental concerns related to the properties involved.

***Finding #01:*** MM was turned into an unqualified success in terms of achieving the stated goals for construction of school projects.

***Fact:*** There are people now working with the School District who have participated at all levels in managing the projects that have been completed under MM.

***Fact:*** A basic criterion used in bringing in a new manager for MM was that the manager needed to have extensive experience running large projects.

***Fact:*** In 2000 the School District hired a manager with the needed experience.

***Finding #02:*** The School District now has in place experience that should enable it to successfully manage similar large projects in the future, and it has learned the need to have experienced project management.

***Fact:*** Pursuant to the terms of MM, an ICOC was formed to oversee the progress of MM.

***Fact:*** The ICOC was composed of dedicated volunteers who had a variety of related expertise and who were willing to spend considerable time on MM matters.

***Fact:*** The ICOC recognized the need for bringing in a construction project manager with extensive prior experience.

**Finding #03:** The ICOC was instrumental in helping to make MM a success.

### **COMMENDATIONS**

The 2008/2009 San Diego County Grand Jury commends all of the staff from the San Diego Unified School District who contributed to the success of MM. Particular commendation is owed to the new management that was hired in 2000. The Grand Jury also especially commends the Independent Citizens' Oversight Committee for their efforts in overseeing the progress of MM. Further commendation goes to the school personnel who participated in the various school construction projects, and to the local contractors who helped make MM a success. The Grand Jury takes note of the fact that the overall success of MM is virtually unprecedented in the administration of public school bond projects in the State of California. The Grand Jury urges the District not to lose sight of the factors that made MM a success as the District manages future school bond issues, including the recently passed Proposition S bond issue.

### **REQUIREMENTS AND INSTRUCTIONS**

The California Penal Code §933(c) requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. Such comment shall be made *no later than 90 days* after the Grand Jury publishes its report (filed with the Clerk of the Court); except that in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such comment shall be made *within 60 days* to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code §933.05(a), (b), (c), details, as follows, the manner in which such comment(s) are to be made:

- (a) As to each grand jury finding, the responding person or entity shall indicate one of the following:
  - (1) The respondent agrees with the finding
  - (2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.
- (b) As to each grand jury recommendation, the responding person or entity shall report one of the following actions:
  - (1) The recommendation has been implemented, with a summary regarding the implemented action.
  - (2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
  - (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for

discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the grand jury report.

(4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.

(c) If a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if requested by the grand jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with the Penal Code §933.05 are required from the:

<u>Responding Agency</u>	<u>Recommendations</u>	<u>Date</u>
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None