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CA Citizen Panels Overseeing School Bonds Need Help, Statewide Panel Says.

FAIRFIELD — Oversight of school construction bonds - proposed by creating citizen committees in California - is not taking place for the most part, the Little Hoover Commission said in a study.

Independent training is needed for citizens bond oversight committees created in 2000 when the threshold to pass school bond measures in California was reduced from two-thirds to 55 percent, said the study released late last month.

“Bond oversight committees in many communities act simply as cheerleaders for the district, often because members simply do not understand their roles or know what actions they can take,” states the study, “Borrowed Money: Opportunities for Stronger Bond Oversight.”

Little Hoover Commission recommendations include requiring school districts in the state to provide a minimal budget for oversight committees, with money to hire independent counsel with municipal bond expertise.

Bonds proposed to voters should list projects the money will pay for, the commission also recommends.

Sharon Bacinett, vice chairwoman of the Citizens Bond Oversight Committee for the Measure C bond in the Fairfield-Suisun School District, said Monday she has not yet seen the Little Hoover Commission report but that hiring an attorney would be a waste of time and money.

The school district has attorneys and any questions the oversight committee had were answered, Bacinett said.

Every project Measure C paid for was on time and under budget, she said.

Bacinett said that Kim Van Gundy, assistant director of facilities and operations, goes to school construction sites to see about change orders requested on projects.

“Kim Van Gundy is right on top of it,” Bacinett said. “As long as we’ve got Kim Van Gundy we’re going to be fine.”

Voters passed the \$100 million Measure C bond in 2002. The district leveraged that money to get about \$108 million more to complete various facilities projects. Voters in the district passed the \$249 million Measure J school facilities bond in June 2016.

Lyman Dennis, chairman of the Citizens Bond Oversight Committee for Measure Q at Solano Community College, said he has not read the commission report but that allowing oversight committees to hire attorneys “would be good.”

“There’s room for improvement,” Dennis said of the citizen panel’s work.

Voters passed the \$348 million Measure Q bond in 2012.

Ivette Ricco, who served from 2010 to 2016 on the citizens bond committee for the West Contra Costa County School District, said in a letter to the Little Hoover Commission that school districts completely control the oversight committees.

Dennis Clay, in an August statement to the commission, said that he works at the West Contra Costa school district as a whistle-blower.

"West Contra Costa likes to claim transparency, but for the most part it has actively worked against it," Clay wrote. "People in West Contra Costa, and maybe in government in general, are not hired based on competence," he said, but as a school district official said, "on cultural fit."

Matthew Duffy, superintendent of the West Contra Costa district, said of the school district's practices on bonds over the past 15 years, in a Sept. 22 letter to the Little Hoover Commission, "We knew and understand the concerns expressed by many members of our community."

Several changes have improved the district's practices, Duffy wrote. He concluded his letter by stating, "We look forward to the continued conversation around our school construction program."

Richard Michael of the California School Bond Clearinghouse Project testified before the commission Sept. 6 about "oversight in the era of government by what it can get away with it."

"There is no oversight of district bond expenditures in California," Michael said.

A few private firms working hand-in-hand to sell bonds to school districts control the industry, he said. Deals happen on a very local level and avoid scrutiny, he said.

"The industry has had the advantage of operating in plain sight," Michael said, "but in the dark with respect to the voters in the districts that comprise its clientele."

Bonds typically include broad categories of vague projects, Michael told the commission.

School districts with previous bond measures trumpet the fact the oversight committee has "approved" its "good stewardship of public funds," he said. No empirical evidence supports such conclusions, Michael said, and the school district has captured the bond committee.

Committees look good on paper but fall apart in practice, he said before the commission.

Public knowledge about bonds is limited, Michael said, and celebrity news often dominates the media.

"To most of the people in the state, even the tens of millions with bond programs already in place, it doesn't even appear on their news stream. The Kardashians, yes. Bonds, no," Michael said.

The firms of Piper Jaffray and RBC Capital Markets LLC contributed to the Solano College district's Measure Q bond campaign for the November 2012 election and then after the measure passed, served as the bond underwriters. Piper Jaffray was the leading contributor to the campaign, providing \$25,000, according to campaign records; and RBC Capital Markets was the third-highest contributor, providing \$18,000, campaign records show.

The services of the bond underwriters were already under contract with Solano College prior to the election, Yulian I. Ligioso, the college's vice president of finance and administration, has said. Those

agreements were approved by the college's governing board in August 2011, Ligioso has said.

The Sacramento-based Little Hoover Commission describes itself as "an independent state oversight agency."

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