

WEST CONT

MEASURES D, M, AND J

PERFORMANCE AUDIT

JUNE 30, 2006

**TOTAL SCHOOL SOLUTIONS
4751 MANGELS BOULEVARD
FAIRFIELD, CA 94534**

West Contra Costa Unified School District

BOARD OF EDUCATION

June 30, 2006

Charles Ramsey

President

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INTRODUCTION

On March 5, 2002, the West Contra Costa Unified School District submitted for voter approval Measure D, a measure to authorize the sale of \$300 million in bonds to improve school facilities. The Measure was approved by 71.6 percent of the voters. Because the bond measure was placed on the ballot in accordance with Proposition 39, it required 55 percent of the vote for passage.

On November 8, 2005, the West Contra Costa Unified School District submitted for voter approval Measure J, a measure to authorize the sale of \$400 million in bonds to improve school facilities. The Measure was approved by 56.85 percent of the voters. Because the bond measure was placed on the ballot in accordance with Proposition 39, it too required 55 percent of the vote for passage.

Article XIII of the California State Constitution requires an annual independent performance audit of Proposition 39 bond funds. The District engaged the (29)119 (ad) 00 (i) 010 (5) 3 (TS) 0 1302.0(o) to conduct this independent performance audit and to report its findings to the Board of Education and to the independent Citizens' Bond Oversight Committee.

The District decided to include Measure M funded projects in the scope of the examination even though Measure M was not subject to the performance audit requirements of Proposition 39.

On July 10, 2002, the Board of Education of the West Contra Costa Unified School District authorized the administration to submit a waiver request to the California State Board of Education (SBE) to increase the District's bonding limit from 2.5 percent to 3.0 percent of assessed valuation (A/V). On November 13-14, 2002, the SBE approved the waiver request for Measures E, M and D only. Resolution No. 25-0506 ordering the Measure J bond election stated that "no series of bonds may be issued unless the District shall have received a waiver from the State Board of Education of the District's statutory debt limit, if required."

Based on a 2004-05 total assessed valuation of \$19.7 billion, the West Contra Costa Unified School District's debt limit is as follows:

Percent	Debt Limit
2.5	\$492 million
3.0	\$590 million

² Certificates of Participation (COPs) are loans, not a source of funds. COPs are repaid over time from collected developer fees.

³ Developer fees are imposed on residential additions and commercial projects (Level 1) and new residential construction (Level 2). Total revenues include interest earnings.

EXECUTIVE SUMMARY

This performance audit, prepared between June 2006 and November 2006, includes a review of the following aspects of the District's facilities program:

- District and Professional Services Staffing Plan for the Bond Program
- Master Architect/Engineer Plan
- Standard Construction Documents
- Design and Construction Schedules
- Design and Construction Costs Budgets
- Compliance with State Laws and Guidelines
- District Policies and Guidelines for Facilities Program
- Bidding and Procurement Procedures
- Change Order and Claim Avoidance Procedures
- Payment Procedures
- Best Practices in Procurement
- Quality Control Program
- Participation by Local Firms
- Effectiveness of Communication within the Bond Program
- Overall Bond Program

In accordance with the scope of this assignment, TSS reviewed and examined the documentation and processes pertaining to the facilities program for the period from July 1, 2005 through June 30, 2006. The scope of this report includes a review of prior annual performance audits and midyear reports, including any findings and recommendations, and an evaluation on the status of District administration response in regard to addressing those findings and recommendations.

The District's official financial records for the Measure D, Measure M and Measure J bond

INDEPENDENT PERFORMANCE AUDITOR'S REPORT

Board of Education
West Contra Costa Unified School District
Richmond, CA 94804

We have conducted a performance audit of the Measure D, Measure M and Measure J funded bond program of the West Contra Costa Unified School District (the "District") as of and for the year ended June 30, 2006. The information provided herein is the responsibility of the District management. Our responsibility is to express an opinion on the pertinent issues included in the scope of our work.

In our opinion, the Measure D funds are being expensed in accordance with Resolution No. 42-0

COMPLIANCE WITH BALLOT LANGUAGE

MEASURE M

On July 24, 2000, the Board of Education of the West Contra Costa Unified School District approved the placement of a \$150 million bond measure (Measure M) on the ballot with the adoption of Resolution No. 33-0001.

The ballot language contained in Measure M is presented in detail in Appendix A. The following excerpt summarizes the essence of the bond measure:

To improve the learning climate for children and relieve overcrowding by improving elementary schools through building classrooms, repairing and renovating bathrooms, electrical, plumbing, heating and ventilation systems, leaking roofs and fire safety systems, improving technology, making seismic upgrades, and replacing deteriorating portable classrooms and buildings, shall the West Contra Costa Unified School District issue \$150,000,000 in bonds at authorized rates, to renovate, acquire, construct and

To complete repairing all of our schools, improve classroom safety and relieve overcrowding through such projects as: building additional classrooms; making seismic upgrades; repairing and renovating bathrooms, electrical, plumbing, heating and ventilation systems, leaking roofs, and fire safety systems; shall the West Contra Costa Unified School District issue \$300 million in bonds at authorized interest rates, to renovate acquire, construct and modernize school facilities, and appoint a citizens' oversight committee to monitor that funds are spent accordingly?

While the Measure D ballot focused on secondary school projects, the bond language was broad enough to cover the following three categories of projects for all district schools (taken from Bond Project List, Appendix B, Exhibit A):

I. All School Sites

- Security and Health/Safety Improvements
- Major Facilities Improvements
- Site Work

II. Elementary School Projects

- Complete any remaining Measure M projects as specified in the Request for Qualifications (RFQ) of January 4, 2001, including projects specified in the Long Range Master Plan of October 2, 2000.
- Harbour Way Community Day Academy

III. Secondary School Projects

- Adams Middle School
- Juan Crespi Junior High School
- Helms Middle School
- Hercules Middle/High School
- Pinole Middle School
- Portola Middle School
- Richmond Middle School
- El Cerrito High School
- Kennedy High School and Kappa High School
- Richmond High School and Omega High School
- Pinole Valley High School and Sigma High School
- De Anza High School and Delta High School
- Gompers High School
- North Campus High School
- Vista Alternative High School
- Middle College High School

As required by Proposition 39, a citizens' bond oversight committee was established. On April 19, 2003, the Board of Education merged the Measure M and D oversight committees into one body, with the caveat that the new committee would use the more stringent requirements for oversight committees set forth in Proposition 39.

As of June 30, 2006

- c. Technology Improvements
- d. Instructional Technology Improvements

- Specific Sites Listed for Reconstruction or New Construction
 - De Anza High School
 - Kennedy High School
 - Pinole Valley High School
 - Richmond High School
 - Castro Elementary School
 - Coronado Elementary School
 - Dover Elementary School
 - Fairmont Elementary School
 - Ford Elementary School
 - Grant Elementary School
 - Highland Elementary School
 - King Elementary School
 - Lake Elementary School
 - Nystrom Elementary School
 - Ohlone Elementary School
 - Valley View Elementary School
 - Wilson Elementary School

As required by Proposition 39, the West Contra Costa Unified School District certified the results of the November 8, 2005 bond (Measure J) election at the school board meeting of January 4, 2006. At the same meeting, the school board established the required Citizens' Bond Oversight Committee for Measure J fund expenditures. The Measure D committee now serves as the Measure J committee as well.

As of June 30, 2006, the District had expended \$579,991 (0.1%) of the \$400 million Measure J bond funds. All of the expenditures of Measure J funds were for projects within the scope of the ballot language. The West Contra Costa Unified School District is compliant with all requirements for Measure J as set forth in Resolution 25-0506.

FACILITIES PROGRAM HISTORY/STATUS

To assist the community in understanding the district’s facilities program and the chronology of events and/or decisions that resulted in the increased scopes and costs for projects, this report documents the events that have taken place from July 1, 2005, through June 30, 2006. For a discussion of prior Board agenda items and actions, refer to earlier annual and midyear reports. Major actions of the Board of Education are listed in the table below.

Chronology of Facilities Board Agenda items July 1, 2005

DATE	ACTION	AMOUNT
July 13, 2005 (E.15)	Citizens’ Bond Oversight Committee (Appointment of current member Cathy Swift to additionally be the Parent Representative.)	
July 13, 2005 (E.17)	Approval of Harding auditorium seating contract (Measure M).	\$54,415
July 13, 2005 (E.19)	Award contract to Interstate Paving and Grading for Pinole Valley High School field renovations (Measure D, 4 bids).	\$1,492,000
August 3, 2005 (E12)	Ratification and approval of June 2005 negotiated change orders for Measure M-1A, M-1B and D-1A projects.	\$1,708,252
August 3, 2005 (E.13)	Adopt Negative Declaration (CEQA) for Vista Hills Education Center project.	
August 3, 2005 (E.14)	Award contract for Montalvin playground project (Measure M).	
August 3, 2005 (E.15)	Award contract for Madera playground project (Measure M).	
August 3, 2005 (E.19)	Accept Enhancing Education Through Technology (EETT) grant for Helms, DeJean and Adams Middle Schools.	\$817,200
August 3, 2005 (E.22)	Amend existing Project Labor Agreement (PLA) to include additional Measure M and D projects.	
August 17, 2005 (E.4)	Approval of Notice of Completion (NOC) for Hanna Ranch and Chavez Elementary Schools project. (Bid MO4020-Playground -1.7(s)3.4(u)6.0(r)-4.BT	0 Tc 0 Tw /F2 12 Tf28

DATE	ACTION	AMOUNT
October 5, 2005 (E.9)	Award contract to WR Forde for Downer site demolition and abatement project (Measure M, 3 bids).	\$594,800
October 5, 2005 (E.10)	Award contract to Bohm Environmental for Harding auditorium demolition and abatement project (Measure M, 2 bids).	\$63,000
October 5, 2005 (E.11)	Award contract to William Scottsman for Vista Hills portables project (Measure M, 2 bids).	\$986,346
October 19, 2005 (E.7)	Award contract to Employer's Advocate for Project Labor Agreement (PLA) consulting services (Measures M and D).	\$60,000
October 19, 2005 (E.9)	Citizens' Bond Oversight Committee (Appointment of Silvia Ledesma as an alternate for Mike Mahoney).	
October 19, 2005 (E.15)	Award contract to & Hester for El Cerrito High School storm sewer project (Measure D, 8 bids).	\$292,562
October 19, 2005 (E.16)	Ratification and approval of October 2005 negotiated change orders for Measure M-1A, M-1B and D-1A projects.	\$854,132
October 19, 2005 (E.17)	Approve increase in contract with Alan Kropp and Associates for additional geotechnical engineering services for Measure M projects (17 schools).	\$51,000
November 2, 2005 (E.11)	Award contract to Western Roofing for Vista Hills roofing project (Measure D, 5 bids).	\$200,420
November 2, 2005 (E.12)	Award contract to Mobile Modular for two 48' x 40' portables at El Cerrito High School for indoor eating spaces (Measure D, "Piggyback" bid).	\$204,254
November 2, 2005 (E.15)	Ratification and approval of October 2005 negotiated change orders for Measure M-1A, M-1B and D-1A projects.	\$412,405
November 2, 2005 (E.17)	Approval of Notice of Completion (NOC) for Lincoln, Montalvin, Steward and Verde (Bids MO3135, MO3140, MO3158, MO3162).	
November 16, 2005 (E.9)	Discuss proposal to enlarge El Cerrito High theater from 300 capacity to 600 capacity (Measure D).	\$6.5 – 7.0 million
November 16, 2005 (E.10)	Discuss proposal to add full kitchens to all elementary school projects for community use (Measure J funds).	\$50 – 100 Thousand per school (17)
November 16, 2005 (E.12)	Approve purchase of property on Sycamore Drive in the City of Hercules for a proposed new middle school, contingent upon a Supplementary Site Investigation regarding clean-up issues.	
November 16, 2005 (E.16)	Award contract to Davillier Sloan for Labor Compliance Program (LCP) consulting services (Measure M & D projects).	\$29,950
November 16, 2005 (F.1)	Discussion of Measure J proposed phasing plan (Note: Measure J passed on November 8, 2005).	
December 14, 2005 (E.14)	Award contract to Kin Woo Construction for Harding auditorium renovation project (Measure D, 2 bids).	\$388,000
December 14, 2005 (E.15)	Approve pre-qualified pool of landscape architects for District projects (Note: Six firms responded to the RFQ and all were pre-qualified).	

DATE

ACTION

DATE	ACTION	AMOUNT
March 15, 2006 (D.3)	Citizens' Bond Oversight Committee report.	
March 15, 2006 (E.9)		

DATE	ACTION	AMOUNT
April 5, 2006 (E.22)	Approval of Arthur Tam and Associates as Architect of Record (AOR) for Dover Elementary School project. (Measure J)	
April 5, 2006 (E.23)	Approval of Baker Vilar Architects as Architect of Record (AOR) for Richmond High School Bleachers and Field Facilities project. (Measure J)	\$263,730
April 5, 2006 (E.24)	Approval of Architects of Record (AORs) as follows:	\$559,988
	Castro Elementary - Beverly Prior Architects	\$129,854
	Ford Elementary - Sally Swanson Architects	\$124,619
	King Elementary - Quattrocchi Kwok Architects	\$124,340
	Nystrom Elementary - Interactive Resources	\$181,175
	Pre-design/programming phase. (Measure J)	
April 5, 2006 (E.26)	Ratification or approval of engineering services contracts for various engineering services contracts for various engineering, architectural or landscape architectural firms (6 items) (Measure D, Capital Facilities, Deferred Maintenance)	\$431,480
April 5, 2006 (E.27)	Approval of contract with Total School Solutions for Performance Audits to include Measure J through December 2010.	
April 5, 2006 (E.28)	Approval of contracts for four DSA Project Inspectors at six schools and a Senior Inspector to oversee all inspectors, coordinate services and perform DSA project closeouts. (Measure D)	\$1,703,760
April 5, 2006 (G.2)	Status reports on facilities projects	
May 3, 2006 (E.16 – E.19)	Citizens' Bond Oversight Committee (Reappointment of Paul Morris, representing the City of San Pablo, appointment of Jim Bates as member and Katrinka Ruk as alternate, representing the Council of Industries; reappointment of Jeffrey Wright (Charles Ramsey appointee); reappointment of Antonio Medrano (Glen Price appointee).	
May 3, 2006 (E.20)	Approve installation of Voice Over Internet Protocol (VOIP) system at Hercules Middle/High School	\$231,325
May 3, 2006 (E.21)	Reject single bid for portables construction at King Elementary and rebid	
May 3, 2006 (E.22)	Award contract to Rubecon Contracting for Harding, Montalvin, Bayview and Peres interior improvements. (3 bids) (Measure D)	\$477,799
May 3, 2006 (E.23)	Approval of contracts for engineering services on ten (10) projects.	\$596,845
May 3, 2006 (E.24)	Ratification and approval of negotiated change orders for Measure M-1A and M-1B projects. (8 change orders)	\$366,409
May 3, 2006 (E.25)	Approve contract amendment with Seville Group, Inc. (SGI) for Program, Project and Construction Management additional services on Measure M-1A, M-1B and D projects.	\$2,620,000
May 3, 2006 (E.33)	Appoint Architect of Record (AOR) for Kennedy High School (Fred Powell and Partners/HMC) and Pinole Valley High School (WLC Architects). (Measure J)	

DATE	ACTION	AMOUNT
May 3, 2006 (E.37)	Approval of Notice of Completion (NOC) for El Cerrito High School Temporary Housing Project. (Measure D)	
May 3, 2006 (E.38)	Award contract to Ghilotti Bros. for Harding Elementary School sitework. (1 bid) (Measure D)	\$10 Tc 0 Tw 9(M)-2.44(10 T

DATE	ACTION	AMOUNT
June 28, 2006 (E.21)	Award contract for Phase I Environmental Site Assessments at seven sites. (Measure J)	
June 28, 2006 (E.22)	Award contract for Vista Hills Education Center Modernization, foundations for 14 portables, and site work.	
June 28, 2006 (E.23)	Approval of 21) General Contractors prequalification for bidding on large construction projects.	
June 28, 2006 (E.27)	Approval of Engineering Services contracts on five projects.	

The Board of Education approved the Facilities Master Plan on October 18, 2000, prior to any Board action or direction in regard to construction quality standards, grade-level configuration, school/site sizes (minimum and maximum), potential school closures/consolidation, replacement vs. modernization threshold, the impact of project labor agreements, local bidding climate, and so forth. The Facilities Master Plan provides useful information on the age and conditions of existing schools, inventory of sites and facilities, the need for new schools, replacement needs of some schools and modernization/renovation needs. The plan identified the need of approximately \$500 million for new construction and modernization, however, it understated the District's actual needs.

The October 18, 2000, Facilities Master Plan was updated, as documented in a report dated June 26, 2006. The updated Plan analyzes land use planning, enrollment trends and established attendance boundaries based on school capacities, but it fails to provide updated costs to direct a comprehensive long-range facilities program and does not address many of the issues raised in the preceding paragraph. Overall, the Facilities Master Plan projects a continuing decline in enrollment from 32,197 in 2005-06 to a lowest point of 30,046 in 2012-13 and increasing slowly thereafter. The existing school capacity ranges from 31,108 for a "working" capacity to 38,146 for a "maximum" capacity.

More recent cost estimates for phases M-1A, M-1B, D-1A and J (September 13, 2004, August 24, 2005, and August 22, 2006) are presented, respectively, in Tables 1, 2, 3 and 4 in this section.

A summary of Tables 1, 2, 3 and 4 and associated costs is presented below.

Table	Phase	Capital Projects Cost Estimates (September 13, 2004)	Capital Projects Cost Estimates (August 24, 2005)	Capital Projects Cost Estimates (August 22, 2006)
1	M-1A	\$113,204,174	\$120,652,985	\$125,423,947
2	M-1B	127,810,707	132,099,013	142,624,581
	Other Elementary ¹		36,196,918	53,155,596
	Subtotal		288,948,916	321,204,124
3	D-1A	220,858,164	224,245,702	238,049,634
	Other Secondary ²		36,680,386	31,625,449
	Subtotal		260,926,088	269,675,083
4	J-I			78,431,150
	J-II			49,268,575
	J-III			59,095,372
	J-Secondary			230,000,000
	Other ³			42,361,073
	Subtotal			459,156,170
	Totals	\$461,873,045	\$549,875,004	\$1,175,459,324

¹ Quick start projects, M-2A and M-3 projects, e-rate projects, furniture and equipment, program coordination, miscellaneous portables and renovation.

² D-2A and D-3 projects, e-rate projects, furniture and equipment, Lovonya DeJean, and program coordination.

³ Furniture and equipment, e-rate projects, program coordination, program contingency and escalation.

While the \$150 million in Measure M funds were originally supposed to address the facilities needs at 39 elementary schools, the total facilities needs and costs at those schools were undetermined when the scope and amount of measure were set on July 24, 2000. After the passage of Measure M, the District solicited proposals for Master Architect/Bond Management services, culminating in a contract with WLC/SGI on August 15, 2001. While WLC embarked on the design of Phase 1 schools, the WLC/SGI team also proceeded with Quick-Start projects at the 39 Measure M schools, addressing some of the more critical health and safety needs. The Board authorized the Quick-Start projects on March 6, 2002, and approved construction contracts in June 2002, which totaled \$5,558,367.

To provide direction to the WLC/SGI team and the future project architects, the Board considered various construction quality standards for Measure M projects. At its meeting of May 15, 2002, the Board was presented with a number of options costing from \$181 million, the estimated total revenues for Measure M including interest, to \$465 million. These options appear in the table below.

Options (Quality Standards)	Measure M Estimated Expenditures in millions of dollars (\$1,000,000s)
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labor agreement, a labor compliance program and leases for 112 interim-use portables; prequalified general contractors; and employed the services of a materials testing laboratory.

Construction contracts for the nine (9) Measure M-1A schools were awarded in June and July 2003. The status of the Phase 1A projects is presented in Table 5 in this section. As additional information became available, the District had to increase the budgets for M-1A projects. The original Option 1C standard budget of \$83.1 million of June 15, 2002, was adjusted to \$91 million on September 18, 2002; to \$113.2 million in September 2004; to \$120.7 million in August 2005, and to \$125.4 million in August 2006, based on awarded contracts, change orders and other costs.

Many variables have impacted construction costs including, but not limited to, the following:

- Establishment of Option 1C quality standards
- Inadequate state modernization and new construction funding
- Project labor agreements
- Acceleration of construction costs at a rate higher than projected
- Passage of Proposition 39 and the 55 percent threshold for local bonds and resulting construction
- Passage of Proposition 1A (November 1998), \$9.2 billion bonds and resulting construction
- Passage of Proposition 47 (November 2002), \$13.05 billion bonds and resulting construction
- Passage of Proposition 55 (March 2004), \$10.0 billion bonds and resulting construction
- Labor compliance law requirements
- International procurement of the construction materials

All Phase M-1A projects have been completed, with construction completion dates ranging from September 29, 2004, to December 30, 2005.

The District submitted eight Phase M-1B projects to the Division of State Architect (DSA) and invited bids between April 2004 and June 2004. (See Table 6). Construction for these eight (8) projects began between May 2004 and July 2004, with construction completion dates ranging from October 9, 2005 to July 28, 2006.

Before initiating bids for M-1A and M-1B projects, the District prequalified construction contractors. At the completion of the prequalification process, 32 construction firms were prequalified.

The number of bidders on M-1A and M1-B projects follows:

Phase M-1A	#Bidders	Phase M-1B	# Bidders
Harding	2	Bayview	5
Hercules	3	Ellerhorst	3
Lincoln	3	Kensington	3

Phase M-1A	#Bidders	Phase M-1B	# Bidders
Madera	6	Mira Vista	3
Montalvin	4	Murphy	4
Peres	4	Sheldon	4
Riverside	3	Tara Hills	3
Stewart	3	Washington	2
Verde	1		
Average	3.2	Average	3.4

In spite of the District's 32 prequalified bidders, the average number of bids ranged between 3.2 and 3.4 bids per project.

Overall, the prequalification process was as follows:

Processes	Number of Firms
Prequalification	32
Firms Submitting Bids	12
Firms Awarded 17 Contracts	7

While the prequalification process helps in excluding unqualified contractors, the process does not ensure a high quality contractor pool.

Table 1. Measure M-1A Projects. Total Estimated Costs (Construction and Soft Costs).

School	Year Built	Capital Projects¹ Cost Estimates	Capital Projects² Cost Estimates	Capital Projects³ Cost Estimates
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Table 4c. Measure J-III Projects. Total Estimated Costs. (Construction and Soft Costs).

School	Year Built	Capital Projects Cost Estimates³
Grant Elementary	1945	\$16,167,942
Lake Elementary	1956	13,172,375
Ohlone Elementary	1965	14,670,642
Wilson Elementary	1953	15,084,411
Total		\$59,095,372

³ Budgets from Capital Assets Management Plan/Reconciliation Report, August 22, 2006.

Table 4d. Measure J-III Projects. Total Estimated Costs. (Construction and Soft Costs).

School	Year Built	Capital Projects Cost Estimates³
DeAnza High	1955	\$100,000,000
Pinole Valley/Sigma High	1968	65,000,000
Richmond/Omega High	1946	4,000,000
Kennedy/Kappa High	1965	61,000,000
Total		\$230,000,000

³ Budgets from Capital Assets Management Plan/Reconciliation Report, August 22, 2006.

Table 5. Measure M-1A. Budget, Contracts and Schedule.

School	Harding	Hercules/ Lupine Hills	Lincoln	Madera	Montalvin
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Table 6. Measure M-1B. Budget, Contracts and Schedule.

School	Bayview	Ellerhorst	Kensington	Mira Vista	Murphy	Sheldon	Tara Hills	Washington	Total Phase M-1B
<i>Budget (August 22, 2006)</i>									
Construction Costs	\$12,717,550	\$8,765,534	\$14,307,570	\$10,678,803	\$10,265,442	\$10,249,076	\$9,121,993	\$11,614,579	\$87,720,547
Soft Costs	3,331,798	2,433,731	3,855,483	3,007,848	2,804,228	2,743,777	2,777,131	2,721,496	23,675,492 (21.3%)

Table 7. Measure M-1B. Downer – Funded out of Measure D.

School	Downer Elementary (Abatement/Demolition)	Downer Elementary (Ground Improvement)	Downer Elementary (Modernization Phase 1)	Downer Elementary (Modernization Phase 2)	Downer Elementary (New Construction)	Total Downer
<i>Budget (August 22, 2006)</i>						
Construction Costs						\$24,923,981
Soft Costs						6,304,558 (20.2%)
Total Budget						\$31,228,539
SAB #						
SAB Revenues ¹						
Bid Schedule	9/28/05 (Demolition)					
Award Date	10/5/05	12/14/06			3/16/06	
Contractor (Number of Bidders)	WR Forde Associates (3)	Hayward Baker (2)	WR Forde Associates	West Bay Builders	West Bay Builders (4)	
Base Bid	\$594,800 (Demolition)	\$741,899			\$21,232,027	
Change Orders	\$22,860 (3.8%)	\$116,493 (15.7%)				
Revised Contract	\$617,660	\$858,392				
<i>Schedule</i>						
Notice to Proceed	10/25/05		1/30/06	5/4/06	5/14/06	
Original Completion	12/24/05		4/30/06	8/21/08	8/6/08	
Revised Completion	12/26/05		4/30/06	9/24/08	9/3/08	
Status Report Date (Percent Complete)	1/19/06 (100%)		4/21/06 (100%)	7/18/06 (4%)	6/28/06 (3%)	

¹SAB revenues have been budgeted and are likely to be received, but SAB documents have not yet been filed.

Table 8

Table 9. Measure J. Budget, Contracts and Schedule.

School	Richmond High (Renovations)	Richmond High (Track & Field)	Richmond High (Total)
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Audit Projects

2001-02

2002-03

2003

Audit Projects	2001-02	2002-03	2003-04	2004-05	2005-06²	Total²
Overall Facilities Program	262,142	1,056,914	1,618,088	2,722,856	1,902,839	7,562,839
Totals	\$1,557,412	\$12,599,491	\$9,993,366			

Audit Projects ^{1,2}	2000-01 and 2001-02	2002-03	2003-04	2004-05	2005-06 ³	Total ³
Murphy Elementary (1B)	104,689	163,346	1,415,823	6,941,018	2,296,188	10,921,064
Nystrom Elementary	199,481	ET630, Tf	Q (a)-T47,0248fe	Q	Q81	q

MEASURE J PRELIMINARY BUDGET

Measure J: Secondary School Reconstruction Schedule

School	Proposed Budget	Scheduled Design Phase Start	Scheduled Construction Start	Scheduled Completion
DeAnza High	\$100,000,000	Fall 2006	Summer 2007	Winter 2010
Kennedy High	61,000,000	Jan. 2007	Fall 2008	Spring 2011
Pinole Valley High	65,000,000	Dec. 2007	Spring 2010	Fall 2012
Richmond High	4,000,000	Preliminary basic renovations	TBD	TBD
Measure D project schools	\$25,000,000	Includes Portola and other schools	Various	Various
Total Secondary	\$255,000,000			

District-wide Costs

Item	Anticipated Cost	Reference
Program coordination	\$16,602,146	Four percent district management
Furnishings/equipment	11,000,000	Includes Measure D Phase 1A schools
Network technology	11,000,000	Includes classroom computer equipment
Escalation	10,000,000	Construction cost increases over time
Program contingency	8,301,073	Two percent program contingency
District-wide costs	\$56,903,220	
TOTAL EXPENDITURES	\$471,956,882	

Board actions to date regarding Measure J include the following:

- Approval of phasing plan (above) (November 16, 2005)
- Appoint Measure J Citizens' Bond Oversight Committee (January 4, 2006)
- Approve architectural contracts for Castro, Ford and Nystrom (January 10, 2006)
- Discuss Measure J schedule and budget with Citizens' Bond Oversight Committee (February 15, 2006)

STATE SCHOOL FACILITIES PROGRAM

The District has filed facilities applications under the following programs:

- 50 - New Construction
- 57 - Modernization
- 58 - Rehabilitation

As of June 30, 2006, the District has received the state grant amounts summarized in the following table. All of the following financial data have come from the OPSC/SAB internet website which maintains current project status for all school districts.

State Program	SAB#	State Grant Amount	District Match
New Construction	50/001 ¹	\$12,841,930	\$12,841,930
Modernization	57/001-57/009 ²	3,863,449	2,609,434
Modernization	57/010-57/017 and 57/019 ³	9,943,161	6,801,923
Modernization	57/018 and 57/020-57/026 ⁴	12,282,748	8,320,619
Rehabilitation	58/001 ⁵	654,579	0
Totals		\$39,585,867	\$30,573,906

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STATE NEW CONSTRUCTION STATUS

As reported in the performance audit report for the period ending June 30, 2004, new construction eligibility was originally established in the Hercules and Pinole Valley High School attendance areas based on CBEDS enrollment data through the 2002-03 school year (SAB 50-01, 50-02 and 50

In follow-up to

STATE MODERNIZATION STATUS

This section highlights the current status of the modernization of the 65 existing campuses in the District.

Eligibility for a modernization project is established when the Form SAB 50-03 is filed with the state, and the State Allocation Board (SAB) approves the application. A school district designs and submits a project to the Division of State Architect (DSA) and the California Department of Education (CDE). The district awaits both agencies' approvals before filing Form SAB 50-04, which establishes funding for a project. If beneficial, a district may file a revised SAB 50-03 to reflect the most recent enrollment data. Once the bidding process for a project is complete, the district files form SAB 50-05 to request a release of state funds for the project.

Twenty-six elementary school projects that have completed the SAB 50-03, SAB 50-04 and SAB 50-05 processes to date include nine Quick-Start projects, nine Phase M-1A projects, and eight

State Allocation Board Modernization Funding for Measure M-1A Projects.

SAB # 57/	School	SAB Fund Release Date	SAB Grant Amount¹	District Match Requirement
10	Verde Elementary	9/02/03 5/09/05	\$1,161,510 18,584	\$774,340 12,390
11	Peres Elementary	9/25/03 5/09/05	1,448,206 20,273	1,086,084 13,515
12	Stewart Elementary	9/25/03 5/09/05	1,128,998 18,064	752,665 12,043
13	Montalvin Elementary	10/2/03 5/09/05	303,687 9,600	202,458 6,400
14	Madera Elementary	9/02/03 5/09/05	1,197,753 19,164	798,502 12,776
15	Lincoln Elementary	9/25/03 5/09/05	320,804 9,600	213,869 6,400
16	Riverside Elementary	9/25/03 5/09/05	1,172,709 18,763	781,806 12,509
17	Hercules Elementary	9/25/03 5/09/05	1,129,032 18,065	752,688 12,043
19	Harding Elementary	9/25/03 5/09/05	1,927,340 21,009	1,337,429 14,006
	Total		\$9,943,161 (60%)	\$6,801,923 (40%)

State Allocation Board Modernization Funding for Measure M-1B Projects.

SAB # 57/	School	SAB Fund Release Date	SAB Grant Amount¹	District Match Requirement
18	Murphy Elementary	10/14/04 5/09/05	\$1,575,213 20,359	\$1,109,008 13,572
20	Ellerhorst Elementary	10/14/04 5/09/05	1,333,337 19,533	888,891 13,023
21	Tara Hills Elementary	10/14/04 5/09/05	1,481,926 19,905	987,951 13,270
22	Sheldon Elementary	10/14/04 5/09/05	321,711 9,600	214,474 6,400
23	Kensington Elementary	10/14/04 5/09/05	1,255,505 19,339	837,003 12,892
24	Bayview Elementary	10/18/04 5/09/05	2,513,112 21,962	1,675,408 14,641
25	Mira Vista Elementary	10/14/04 5/09/05	1,508,020 20,245	1,078,603 13,496
26	Washington Elementary	10/14/04 5/09/05	2,141,769 21,213	1,427,846 14,141
	Total		\$12,282,748 (60%)	\$8,-5.9(2)6.12 Tm [(-\$)-5.9(6)

State Allocation Board Rehabilitation Funding

SAB # 58/	School	SAB Fund Release Date	SAB Grant Amount	District Match Requirement
01	Lincoln Elementary	05/26/05	\$654,579 (100%)	\$0 (0%)
Grand Total			\$26,743,937	\$17,731,976

No.	Existing Campus	Grade	Bond (Phase) ⁰	SAB# ¹	SAB Eligibility Approval (50-03)	Eligibility Enrollment	SAB Project Approval (50-04)	SAB Fund Release (50-05) ²	SAB Grant Amount (%) ³
135	Lincoln (1948) (1994)	K-5	M(1A)	015 58/001 ^{1a}	07/26/00	61	08/27/03	09/25/03 05/09/05	\$320,804 (60%) 9,600
137	Madera (1955)	K-5	M(1A)	014	07/26/00	350	07/23/03	09/02/03 05/09/05	\$1,197,753 (60%) 19,164
139	Mira Vista (1949)	K-6	M(1B)	025	07/26/00	366	08/25/04	10/14/04 05/09/05	\$1,508,020 (60%) 20,245
140	Montalvin (1965) (1994)	K-6	M(1A)	013	02/23/00	75	08/27/03	10/02/03 05/09/05	\$303,687 (60%) 9,600
142	Murphy (1952)	K-6	M(1B)	018	03/22/00	425	08/04/04	10/14/04 05/09/05	\$1,575,213 (60%) 20,359
144	Nystrom (1942) (1994)	K-5	J(1)	003	03/22/00	205	04/23/03	05/27/03	\$861,390 (60%)
146	Ohlone (1970) ⁴	K-5	J(3)	000					
145	Olinda (1957) ⁴	K-6		000					
147	Peres (1948) ³	K-6	M(1A)	011	07/26/00	422	08/27/03	09/25/03 05/09/05	\$1,448,206 (60%) 20,273
150	Riverside (1940)	K-6	M(1A)	016	03/22/00	283	08/27/03	09/25/03 05/09/05	\$1,172,709 (60%) 18,763
152	Seaview (1972) ⁴	K-6		000					
154	Shannon (1967) ⁴	K-6		000					
155	Sheldon (1951) (1994)	K-6	M(1B)	022	07/26/00	99	08/25/04	10/14/04 05/09/05	\$321,711 (60%) 9,600
157	Stege (1943)	K-5		N/A	Not eligible				
158	Stewart (1963) (1994)	K-8	M(1A)	012	03/22/00	408	08/27/03	09/25/03 05/09/05	\$1,128,998 (60%) 18,064
159	Tara Hills (1958)	K-6	M(1B)	021	07/26/00	420	08/25/04	10/14/04 05/09/05	\$1,481,926 (60%) 19,905
131	Transition Learning Center	K-6		N/A	Not eligible				
160	Valley View (1962)	K-6	J(2)	001	07/26/00	103	03/26/03	04/28/03	\$290,214 (60%)
162	Verde (1950)	K-6	M(1A)	010	02/23/00	320	07/23/03	09/02/03 05/09/04	\$1,161,510 (60%) 18,584
163	Vista Hills								
164	Washington (1940)	K-5	M(1B)	026	03/22/00	350	08/25/04	10/14/04 05/09/04	\$2,141,769 (60%) 21,213
165	Wilson (1953)	K-5	J(3)	005	07/26/00	111	04/23/03	05/27/03	\$323,957 (60%)
Total 42 Elementary Schools⁴									\$26,743,937

Existing Campuses. Middle Schools. Updated June 30, 2006.

No.	Existing Campus	Grade	Bond (Phase) ⁰	SAB# ¹	SAB Eligibility Approval (50-03)	Eligibility Enrollment	SAB Project Approval (50-04)	SAB Fund Release (50-05) ²	SAB Grant Amount (%) ³
202	Adams (1957) ⁴	6-8		000					
206	Crespi (1964) ⁴	7-8		000					
208	Lovonya DeJean (2003)	6-8		N/A	New school Not eligible				
210	Helms (1953) (1991) ⁴	6-8	D(1A)	000					
211	Hercules Middle (2000)	6-8		N/A	New school Not eligible				
212	Pinole Middle (1966) ⁴	7-8	D(1A)	000					
214	Portola Middle (1950) ⁴	6-8	D(1A)	000					
Total 7 Middle Schools									

Existing Campuses. High Schools. Updated June 30, 2006

Bond C 1 246.12 518.52 Tm 0.423 Fm/F1 9.96 Tf 10.4.2 SAB Project

Existing Campuses. Alternative Schools. Updated June 30, 2006.

No.	Existing Campus	Grade	Bond (Phase) ⁰	SAB# ¹	SAB Eligibility Approval (50-03)	Eligibility Enrollment	SAB Project Approval (50-04)	SAB Fund Release (50-05) ²	SAB Grant Amount (%)
358	Gompers (1934)	9-12		000	7/26/00	165			
369	Middle College	9-12							
373	Vista High	K-12							
374	North Campus	9-12		000	3/22/00	123			
408	Adult Education-Serra								
102	Adult Education-Alvarado								
Total 6 Alternative Schools									
Total Schools (65)									\$26,743,937

⁰ When the "Bond (Phase)" column is blank, the school h30.1(o)18c288.2(h)305.6k, E a

BIFURCATION OF THE MASTER ARCHITECT AGREEMENT

During the first performance audit, Total School Solutions (TSS) reported that the master architect agreement had created some operational difficulties. The District subsequently decided to bifurcate the agreement. A new “Agreement for Master Architectural Services” with WLC was signed on December 1, 2004. A new “Agreement for Program, Project and Construction Management Services” with SGI was signed on December 21, 2004. A separation of duties (and contracts) appears to have strengthened controls among all parties involved in the facilities construction process.

The facilities-related personnel (fulltime equivalent or FTE) assigned to the program-including the internal staff as well as project and construction management personnel-are presented in the table below. These numbers exclude architects/engineers of record, project specialty consultants, inspectors, the communication consultant, the outreach consultant and the labor compliance consultant.

Category	FTE¹
District Staff	
Bond Finance Office	3.0
Bond Management Office	6.4
Subtotal	9.4
 Bond Program Manager (SGI)	
Program/Project Management	5.5
Design Management	0.75
Construction Management	12.75
Other (Network Admin., PS2 Coordinator, Receptionist)	

The costs for the FTEs above, charged to the bond program, are the following:

Category	Cost in Millions of Dollars (\$1,000,000s)
District Staff	5.4
Master Architect	7.0
Program Manager	12.1
Construction Management	12.1
Design Manager (Todd)	2.7
Total Cost	39.3

The table below provides a detailed program cost breakdown for Measure M and Measure D.

Program Management Structure, August 23, 2006.

Budget Category	M & D Budget	Percentage of Program	J Budget	Percentage of Program
Pre-Design Services	\$1,867,828	.32%		
Master Architect	\$7,045,636	1.21%	\$8,477,351	2.03%
Program Management	\$12,068,402	2.08%	\$7,862,688	1.89%
Construction Management	\$22,125,363	3.81%	\$19,496,015	4.68%
Design Manager	\$2,731,010	0.47%	Included	N/A
Architect of Record	\$56,513,247	9.74%	\$21,742,672	5.22%
Specialty Consultants				

CONSTRUCTION MANAGEMENT

The data that summarize the number of construction managers employed by SGI, (including subcontractor, Amanco), RGM and Van Pelt is presented in this section. The cost data for the bond program manager are also presented, which include program/project management, design management, construction management and other costs. As a percentage of the total construction budgets, the bond program manager costs are listed below:

Measure	PM/CM Cost ¹	% of Construction Budget	Construction Budget
M & D	\$34,193,765	7.6%	\$451,258,061
J	27,358,703	8.5%	322,527,076
Total	\$61,552,468	8.0%	\$773,785,137

¹PM/CM Cost: Project Management/Construction Management Cost taken from the above table “Capital Assets Management Plan/Reconstruction Report” dated August 22, 2006, categories “Bond Program Manager” and “Construction Manager”.

BOND FINANCE OFFICE

TSS performed an analysis of the duties associated with personnel paid from the bond funds. Currently, the bond program funds three fiscal services positions at the level of 50 percent to 100 percent, as follows:

- Director of Fiscal Services – Capital Projects (funded at 50 percent from bond funds)
- Senior Director of Bond Finance (funded at 75 percent from bond funds)
- Principal Accountant – Bond Fund (funded at 100 percent from bond funds)
- Administrative Secretary (funded at 75 percent from bond funds)

Prior performance audit reports identified difficulties with the bond program’s fiscal aspects, particularly with respect to vendor payment delays, accounting reconciliation between the District and SGI systems, and duplication of work due to several SGI and District personnel assigned to various accounting functions. TSS recommended that the District consider reorganizing functions to improve internal controls and accountability of funds for District projects.

In 2005-06, Measure J, a new \$400 million Proposition 39 bond was passed. The District staff has, therefore, initiated the necessary steps to put into place the needed services to deliver another round of projects.

The level of future service to be provided by the Master Architect has been reevaluated. Initially, the Master Architect provided a broad range of services provided by both WLC and SGI under one contract. Since bifurcation, “Master Architect Services” are applicable only to the services provided by WLC. The Master Architect has provided services that ranged from a broad program view to the more detailed aspects of design. Specific items include Measure M and D Program Management Plan, Measure M and D Facilities Evaluation Reports, Program Quality Control

The District is no longer in need of many of the one-time services that were necessary four years ago. Much of the previous work will now serve Measure J well. The original contracts and staffing plans were developed without the current level of District staff. Furthermore, as early as June 2003, as mentioned in the 2002-03 annual audit report, there was significant overlap of duties between the Master Architect and the Architects of Record (AORs). It may be reasonable and timely to consider redefining the Master Architect's role to that of a broad program role while expanding the role of the AORs to a more traditional scope of services. This newly defined Master Architect role could assist with overall budget development and oversight of the AORs. In any event, a reduction of cost for Master Architect services should be expected since much of the work done for Measures M and D was needed on a one-time basis. (Refer to the Midyear Report Update in the section titled Master Architect/Engineer Plan for more detail.)

The scope of future services to be provided by the Program Manager, SGI, should also be re-considered. Similar to the Master Architect, some of the originally contracted services were due to a lack of designated district staff at the time. There are a n

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DESIGN AND CONSTRUCTION SCHEDULES

DESIGN AND CONSTRUCTION COST BUDGETS

Process Utilized

Construction of the Phase M-1A and M-1B projects was nearly completed and/or substantially completed during the time period covered in this report. The bond management team provided Total School Solutions (TSS) with project budgets for review.

TSS conducted interviews with the District staff and members of the bond management team. These interviews included a variety of topics, including project costs and budgets. For

Through actions of the Board of Education, the West Contra Costa Unified School District has established standards known as “Option 1C Standards” to guide its projects. These standards result in individual project budgets which are significantly higher than the budgets that would be based solely on the SFP formula. Furthermore, the total amounts of these project budgets exceed the total facilities program revenues currently available to the District. It appears that the Board of Education anticipates generating additional local revenues to balance program budget. It is expected that these funds will become available through local sources, including the authorization and issuance of additional local general obligation bonds.

As noted above and in the “Design and Construction Schedules” section in this report, detailed data for Measure M, D and J projects are presented in preceding sections of this report.

BIDDING AND PROCUREMENT PROCEDURES

Process Utilized

In the process of this examination, numerous purchasing documents and payment documentation pertaining to new construction and modernization projects were reviewed and analyzed. Interviews with various staff members were also held.

Background

For this annual report, analyses from the midyear report were combined with new information from January 2006 to June 2006. Bids were reviewed and analyzed for completeness and compliance. Bids reviewed ranged in scope from purchase of fitness equipment for El Cerrito High School to the resurfacing of

Observations

- Bids for Vista Hills Education Center opened on November 1, 2005. The apparent low bidder was disqualified for failing to submit a required document. The second lowest bidder was also disqualified for failing to address one of the two addenda. The price difference between the lowest bid and the bid awarded was \$15,777. Although contractors are responsible for providing the required documentation, it could be in the District's interest to provide each bidder with a "Documents Required" check list.
- The low rate of participation by the contractors in the bidding process should be examined. The Richmond High School Track and Field project had only one bid which was approximately \$1.0 million over budget. The Richmond High School Renovation project also had only one bid. A lack of competition may cause increased costs to the program.
- Despite all of the marketing efforts made by SGI, including the use of a planning room, advertising in the Dodge Report (contractor's publication) and community news publications, there continues to be a low level of response from the bidders.

Findings

- The original plan for new construction at El Cerrito High School included a campus theater with a seating capacity of 360. However, the scope was changed significantly as a result of the community's interest in having a theater with a seating capacity of 600. The theater was removed from the original contract and bid separately. By bidding the projects separately, the District incurred additional overhead costs. Community input should have been finalized earlier by the board during the planning stage.
- The fitness equipment purchased for El Cerrito High School totaled \$108,537. Although staff solicited quotes from several vendors, the equipment purchase did not go through the formal advertising and bidding process as required by Public Contract Code Section 20111. The Code requires that the purchase of equipment or material exceeding \$62,400 be formally advertised and awarded through an appropriate bid process.

Recommendations

- The District should ensure that all equipment or material purchases exceeding the legal bid limit are carried out in compliance with the Public Contract Code.
- The District should make an effort to combine purchases of the same commodity or service to maximize savings. For example, bidding for standardized playground equipment and installation at several schools may have produced savings or discounts due to an economy of scale.
- The District should consider including a checklist in the bid document to assist the bidders in submitting all of the required documentation.

District Responses

To Findings

- **ECHS Theater.** The separation of the bids for the ECHS Admin/Theater Building from the main campus package was an appropriate response to late consideration of the change in size and complexity of the theater. Staff concurs that planning for this theater should have occurred earlier in the process.
- **Equipment Purchase.** The District faces difficult challenges in the procurement of equipment and material, specifically related to compressed timelines for opening schools. Staff believes that appropriate procedures were followed on the ECHS Fitness Equipment. Multiple vendor quotations were solicited and received for each of the equipment types that were purchased. However, we understand the perception of concerns relating to the need to bulk all items together for purchase through public bid process.

To Recommendations

- **Equipment and Material Purchases.** District concurs with the recommendation.
- **Combined purchases.** District understands the potential for savings through combined

Measure M Phase 1B

Project	Construction Contract	Approved Change Orders	Potential Change Orders	Total Change Orders	Change Order %
Bayview Elementary	\$10,413,000	\$529,177	\$8,003	\$537,180	5.16%
Ellerhorst Elementary	7,712,500	468,313	147,000	615,313	7.98%
Kensington Elementary	11,077,762	1,289,692	1,936	1,291,628	11.66%
Mira Vista Elementary	7,711,830	1,374,274	2ntary		

- The District has reduced the change orders through the use of allowances in bids. The allowance is a pre-determined amount

through the original and updated punchlists, which items are the responsibility of the Contractor.

- **Punchlist Walk.** The District concur that site staff should walk through the projects prior to occupancy. The Bond Team is constantly assessing appropriate individuals to be involved in the punchlist walkthroughs. We typically invite District staff and key school site members to a pre-occupancy walk through. This is often different than the official contract punchlist walkthrough which is contractually mandated. The site staff usually has concerns which supplement the contract punchlist and the District works on these items—such as scope elements left out of the work.

The Bond Finance Office maintains a log of invoices that are in circulation and prepares an Invoice Progress Report. The table below is for the period of March 9, 2006 through June 22, 2006:

Report Date	3/9/06	3/16/06	4/6/06	4/13/06	5/11/06	5/25/06	6/15/06	6/22/06
Total Number of Invoices Circulating for Signatures	203	238	223	207	223	219	217	184
Number of invoices paid with a wait time under 30 days	111	156	148	120	165	158	153	122
Number of Invoices paid with a wait time over 30 days	92	82	75	87	58	61	64	62
Percentage of invoices paid with a wait time over thirty days	45%	34%	34%	42%	26%	28%	29%	34%

The Bond Finance Team prepares an Invoice and Purchase Order Status Report that is shared with SGI at bi-weekly meetings. SGI also maintains a log of invoices that are on hold due to pending change orders, budget revisions or a pending purchase order. The status reports, dated May 25, 2006, and August 30, 2006, provided the following information in regard to why certain invoices were considered “on hold”. It appears that, in many cases, purchase order requisitions were not initiated until after the receipt of invoices, causing the invoices to be paid after 30 days.

Invoices on Hold as of April 25, 2006

Description	Number of Invoices Effected	Invoice Date Range
No Purchase Order	13	8/2/05 - 5/4/06
Revision Necessary	2	7/25/05 - 2/3/06
Total Invoices	15	

Invoices on Hold as of August 30, 2006

Description	Number of Invoices
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- Bi-weekly meetings are held among bond control, bond finance and accounts payable to clear up any problems. Staff commented that the meetings have been very productive.

- **Payment Approval Signatures.** District concurs with recommendation. Staff is still working on implementing recommendations, of which this is one, received from the

- The practice of contractors requesting reduction in retention from 10 percent to 5 percent has declined. It is prudent to retain 10

QUALITY CONTROL PROGRAM

A “Quality Control Program” could be considered to encompass a full range of concepts, from initial conceptual considerations to outfitting a completed school construction project with furniture, equipment and materials, as well as managing change orders throughout the construction process.

After considerable discussion among the citizens’ bond oversight committee, the District administration and the District’s legal counsel, Total School Solutions was directed as follows:

In this task, the Auditor will evaluate the District’s quality control programs. To perform this task, the performance auditors will evaluate the SGI/WLC memorandum describing the Bond Team’s approach to quality control. Total School Solutions will interview key staff/consultants and review necessary documents to assess how the District has implemented this program. This task will not duplicate any of the information provided in the performance auditor’s review and evaluation of the Bond Management Plan and will focus on the quality assurance process, not the particular quality outcomes that the bond program has achieved.

In accordance with the above direction, the performance audit team was provided with a Bond Program Quality Control document prepared by WLC/SGI, which contained three major components, as follows:

- Pre-construction Quality Control
- Procurement Quality Control
- Construction Quality Control

Each component of the document was evaluated, and a review of related documents was performed. The findings were presented in the annual audit report for the periods ending June 30, 2003, June 30, 2004, and June 30, 2005.

I. Pre-construction Quality Control

The weaknesses encountered during Phase 1A project design and bidding have not been experienced again with the development of revised cost estimates for subsequent projects, based on the full knowledge of Option 1C standards. Additionally, the District has benefited from a more effective job of document development and bid sequence.

II. Procurement Quality Control

While the Pre-construction Quality Control Process was mostly done by the master architect, the Procurement Quality Control Proc

III. Construction Quality Control

The Construction Quality Control process is implemented by the bond program manager and the master architect, as documented in the Program Management Plan (revised on May 12, 2003), and appears to be complete and comprehensive. It is followed and satisfactory outcomes have resulted.

IV. Delivered Quality

As stated at the beginning of this section, TSS was initially asked to report on the processes and not the outcomes in this section. Beginning with the last reporting period, Total School Solutions was asked to report, on a sample basis, the quality outcomes of one project. For the current reporting period, TSS has reported on two projects, Peres and Kensington in detail. Please refer to the section titled “Delivered Quality Review” elsewhere in this report.

DELIVERED

Educational standards have not been as clearly defined by the District. Items such as library volume/capacity, size of administrative space, special educational need spaces, storage, casework quantity, and other similar matters often defined through the Educational Specifications have been left at the determination of the Architect of Record and the school site staff.

It has been assumed that the plans and specifications

H2	0	2,663	2,663
I1	0	3,874	3,874
I2	0	2,936	2,936
TOTALS	46,378	12,832	59,210

The Kensington project entailed the following work:

Construction:

Building	Modernized S.F.	New S.F.	Totals
A1	3,049	1,469	4,518
A2	4,428	0	4,428
A3	9,578	0	9,578
A4	8,016	0	8,016
A5	5,079	0	5,079
B	0	11,191	11,191
TOTALS	30,150	12,660	42,810

The cost of construction for each project is as follows:

Peres¹

Item	Cost
Initial Contract	\$10,949,000
All Change Orders	2,600,834
Work Done After Contract Period	51,916
Total Construction Cost	\$13,601,750

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modernization, it was necessary to provide interim housing off-site. This more costly interim housing option was necessary since the small hilly site offered no other reasonable alternatives. Due to the fact that the cost of interim housing creates no measurable effect on the project outcomes, the cost of interim housing is not included in this comparison. Similarly, the soft costs (planning, engineering etc.) are not included.

To make the data useful, only an “apples-to-apples” comparison must be done. This requires backing out site development costs for both projects and applying an escalation factor to Peres to compensate for the difference in bid timing. This methodology produces the following results:

	Total Construction Cost	Minus “Site” Costs	Plus Escalation¹	“Adjusted” Cost	Comparative Cost/SF
Peres	\$13,601,750	(\$858,406)	\$1,274,334	\$14,017,678	\$236.75
Kensington	\$12,543,401	(\$1,872,550)	N/A	\$10,670,851	\$249.26

¹ An escalation factor of 10 perc6 Tf 1 51.9(a5(An)-247.7(e)-1.7(s)3.4(c)-1.7(a)-1.7(uT11 0 1 77h)3.0(blTm [(An-8.8 4m)-1

Kensington

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Observation

- The Peres project experienced reduction in project scope from the time of the local site design input sessions to the bidding. The “missing” components were later added. However, site staff has been left with the feeling of not being included. The District would be better served in ensuring changes made after staff input is communicated to site staff with the reasons for such changes.

Findings

There are no findings in this section.

SCOPE, PROCESS AND MONITORING OF PARTICIPATION BY LOCAL FIRMS

Process Utilized

During the process of this examination, Total School Solutions (TSS) interviewed the members of the Board of Education, reviewed the documentation in regard to local capacity building efforts, and observed the processes encouraging and assisting local firms to participate in the bond program.

Background

The Board of Education has expressed a strong desire to include local businesses in the planning and construction programs funded through Measure M, D and J. One of the purposes of entering into a Project Labor Agreement is sta

At the August 17, 2005, Board meeting, Davillier Sloan's contract for the Local Capacity Building Program for outreach to local contractor's and workforce was extended, and at the June 14, 2006, Board meeting, Davillier Sloan was awarded a contract to conduct a pilot project for Helms Middle School. In the June 14, 2006, report to the Board, Davillier Sloan outlined the goals, timelines and implementation strategy of the Local Capacity Building Program, and reported on the status of local participation in the District's bond program. The participation goals will be directed toward increasing participation in the defined local area in three priorities: 1) West Contra Costa County, 2) Contra Costa County and 3) Contra Costa, Northern Alameda and Southern Solano County.

In our opinion, the District and bond management team have implemented a comprehensive program to identify local businesses, enhance local capacity and provide opportunities for local firms and individuals to participate both in the capacity building program and the construction projects.

Commendations

- The District staff and the bond management team are commended for their efforts in building local firms' or vendors' capacity in a systematic fashion, informing the local vendors/contractors of the opportunities and making the projects accessible to them.
- The District is commended for continuing to arrange training and consequently increasing the potential contract or employment opportunities for local firms and workers.

Findings

- There are no findings in this section.

EFFECTIVENESS OF THE COMMUNICATION CHANNELS AMONG ALL STAKEHOLDERS WITHIN THE BOND PROGRAM

Process Utilized

During the process of this examination, Total School Solutions (TSS) interviewed personnel in facilities, purchasing and fiscal services departments; consultants; superintendent and other parties involved in the District's facilities program. All five board members, members of the bond oversight committee audit-subcommittee and key personnel on the bond management team were also interviewed. The communication channels and public outreach were among the topic of discussion in these interviews.

Background

To facilitate communication regarding the West Contra Costa Unified School District's facilities program, the District maintains a communications office, has hired a public relations consultant and provides information about the District and the facilities program on three separate websites:

- West Contra Costa Unified School District: www.wccusd.k12.ca.us
- Bond Oversight Committee: www.wccusd-bond-oversight.com
- Bond Program: www.wccusdbondprogram.com

To facilitate access to bond information and the oversight committee, the District's website provides links to the Bond Oversight Committee and Bond Program websites.

The District also has a board policy on media relations and a procedures manual for print and electronic communications and media relations. These structures have been established to provide a framework in which the District may convey information to the public and the individuals involved in the bond program.

TSS has previously recommended the District consider conducting a comprehensive public information program to keep the District personnel and the community informed about the bond program. The District employed the services of Craig Communications to develop and implement a public information program to inform and educate the community about the rationale for various board decisions and their impacts on the bond program.

The level of awareness among the stakeholders close to the process continues to be high. In the interviews, the Board of Education and the superintendent's cabinet generally indicated a high

The district has continued its efforts in facilitating the dissemination of information among different groups, to improve general awareness of the bond program and to enhance communication among the stakeholders. The Director of Bond Facilities meets quarterly with the consultant, Craig Communications to discuss past performance, upcoming projects, and anticipated communication needs. Based on these meetings an informational update is prepared and delivered to staff, students, parents, and the affected and/or interested public. Outside of these regular quarterly meetings, Craig Communications

District Response

- **Communications.**

OVERALL BOND PROGRAM

During the process of this performance audit, Total School Solutions (TSS) has made certain determinations about the overall bond program through interviews with appropriate and related individuals, a review of pertinent documentation and processes, and observations of relationships and interactions. Although these observations are not specifically related to any particular component of the audit, the audit team believes that these issues have a significant impact on the overall bond program and, as such, must be reported to the management of the District.

Observations

- In comparison with the previous audits, which have been conducted for the periods 2002-03 through 2004-05, the audit team has noticed significant improvements in many areas within the District's bond program.
- At the beginning of the bond program, the Master Architect conducted a detailed examination of all sites. Subsequently, the modernization projects were prioritized with health and safety as the primary consideration. Subsequent to the initial prioritization of the projects, there were a few adjustments made to the list. These adjustments were generally made to provide bond improvements to schools in a manner that recognizes the District's versatile communities. Although this re-ordering of projects did not strictly comply with the original "health and safety first" criterion, it appears that these adjustments and accommodations were necessary to address the needs and demands of the various communities.
- Although the District continues to spend funds from its bond program to modernize and/or reconstruct school facilities, it is being done without the benefit of a comprehensive and proactive Asset Management Plan. Therefore, without the decisions in regard to closing schools, reopening schools and adjusting the use of the school facilities, the District may find itself in a position of having spent substantial amount of funds on a school facility which is subsequently not used for educational purposes.
- During the course of this audit, numerous individuals spoke about the need to modify and upgrade District's maintenance and housekeeping practices to ensure that the reconstructed/modernized and new facilities are maintained and protected from deterioration over the long term.
- The District has spent considerable amount of funds in expanding, improving and

- It appears that the District continues to deviate from its own standards it has previously established through considerable board deliberation. Furthermore, it appears that the scope of work continues to be expanded. The continuing increase in standards and the scope of work causes the project budgets to be overspent; it also makes it virtually impossible to establish a reliable program budget. Furthermore, the additions to the scope of work half-way through the process may render school facilities inequitable.
- The District does not have a comprehensive program budget approved by the board. Therefore, the question of how much money program would eventually need remains largely unanswered. In absence of such budget, the board may not have adequate information to understand the consequences of increasing scope of work and approving projects and/or change orders.
- Although the board has previously designated the Associate Superintendent of Operations as the District's single point of contact with the consultants, contractors and others in the bond program, it appears that the directive has not effectively conveyed to the participants in the bond program. Thus, there continue to be formal and informal discussions affecting the bond program by individuals other than the designee.
- There continue to be significant delays in processing payments to the vendors and contractors as outlined in a previous section of this report.
- The District has obtained an updated Facilities Master Plan as recommended in the 2004-05 annual performance audit. However, the updated plan still lacks a few vital components usually included in a complete and comprehensive facilities master plan.
- The Independent Citizen's Bond Oversight Committee has not issued an annual report as required by law.
- The District has successfully pursued and obtained voter authorization to issue \$400 million in bonds (Measure J) to help address the funding shortfall in the facilities program.
- Overall, although there still remains room for improvement, the District facilities program has improved substantially during the last four years. More importantly, the expenditures incurred through Measure M, Measure D and Measure J bond programs appear to be appropriate and in compliance with the ballot language of each measure respectively.

Recommendations

- The District should consider developing and adopting a comprehensive Asset Management Plan.
- The District should consider astfacilities

develop an infrastructure that would provide adequate housekeeping and maintenance of the upgraded facilities.

- The District should develop or update its facilities use policy to the kitchen facilities and the educational programs and purposes of the District.
- The District should adhere to the established standards and budgets, and avoid expanding scope of the projects beyond the prevailing and agreed upon scope and criteria.
- The District should develop a comprehensive program budget for the remaining life of the bond program to enhance controls.
- The board should reaffirm the designation of the Assistant Superintendent-Operations as the single point of contact between the district and the bond program professionals and ensure that all communication occurs through the appropriate channels.
- The District should implement steps to make the payment process less cumbersome and streamline the process.
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APPENDIX A

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
Resolution No. 25-0506
**RESOLUTION OF THE BOARD OF EDUCATION OF THE WEST
CONTRA COSTA UNIFIED SCHOOL DISTRICT ORDERING A
SCHOOL BOND ELECTION, AND AUTHORIZING NECESSARY
ACTIONS IN CONNECTION THEREWITH**

WHEREAS, the Board of Education (the “Board”) of the West Contra Costa Unified School District (the “District”), within the County of Contra Costa, California (the “County”), is authorized to order elections within the District and to designate the specifications thereof, pursuant to sections 5304 and 5322 of the California Education Code (the “Education Code”);

WHEREAS, the Board is specifically authorized to order elections for the purpose of submitting to the electors the question of whether bonds of the District shall be issued and sold for the purpose of raising money for the purposes hereinafter specified, pursuant to section 15100 *et seq.* of the California Education Code;

WHEREAS, pursuant to section 18 of Article XVI and section 1 of Article XIII A of the California Constitution, and section 15266 of the California Education Code, school districts may seek approval of general obligation bonds and levy an *ad valorem* tax to repay those bonds upon a 55% vote of those voting on a proposition for the purpose, provided certain accountability measures are included in the proposition;

WHEREAS, the Board deems it necessary and advisable to submit such a bond proposition to the electors to be approved by 55% of the votes cast;

WHEREAS, such a bond election must be conducted concurrent with a statewide primary election,

BOND AUTHORIZATION

By approval of this proposition by at least 55% of the registered voters voting on the proposition, the West Contra Costa Unified School District shall be authorized to issue and sell bonds of up to \$400,000,000 in aggregate principal amount to provide financing for the specific school facilities projects listed in the Bond Project List attached hereto as Exhibit A, subject to all of the accountability safeguards specified below.

ACCOUNTABILITY SAFEGUARDS

The provisions in this section are specifically included in this proposition in order that the voters and taxpayers of the West Contra Costa Unified School District may be assured that their money will be spent wisely to address specific facilities needs of the West Contra Costa Unified School District, all in compliance with the requirements of Article XIII A, section 1(b)(3) of the State Constitution, and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at section 15264 *et seq.* of the California Education Code).

Evaluation of Needs. The Board of Education has prepared an updated facilities plan in order to evaluate

bond sources, including State grant funds for eligible projects, have not yet been secured. Therefore the Board of Education cannot guarantee that the bonds will provide sufficient funds to allow completion of all listed projects.

FURTHER SPECIFICATIONS

No Administrator Salaries. Proceeds from the sale of bonds authorized by this proposition shall be used only 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, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

Single Purpose. All of the purposes enumerated in this proposition shall be united and voted upon as one single proposition, pursuant to section 15100 of the California Education Code, and all the enumerated purposes shall constitute the specific single purpose of the bonds, and proceeds of the bonds shall be spent only for such purpose, pursuant to section 53410 of the California Government Code.

Other Terms of the Bonds. When sold, the bonds shall bear interest at an annual rate not exceeding the statutory maximum, and that interest will be made payable at the time or times permitted by law. The bonds may be issued and sold in several series, and no bond shall be made to mature more than 30 years from the date borne by that bond. No series of bonds may be issued unless the District shall have received a waiver from the State Board of Education of the District's statutory debt limit, if required.

Section 2. Abbreviation of Proposition. Pursuant to section 13247 of the California Elections Code and section 15122 of the California Education Code, the Board hereby directs the Registrar of Voters to use the following abbreviation of the bond proposition on the ballot:

To continue repairing all school facilities, improve classroom safety and technology, and relieve overcrowding shall the West Contra Costa Unified School District issue \$400 million in bonds at legal interest rates, with annual audits and a citizens' oversight committee to monitor that funds are spent accordingly, and upon receipt of a waiver of the District's statutory debt limit from the State Board of Education, if required?"

Section 3. Voter Pamphlet. The Registrar of Voters of the County is hereby requested to reprint Section 1 hereof (including Exhibit A hereto) in its entirety in the voter information pamphlet to be distributed to voters pursuant to section 13307 of the California Elections Code. In the event Section 1 is not reprinted in the voter information pamphlet in its entirety, the Registrar of Voters is hereby requested to print, immediately below the impartial analysis of the bond proposition, in no less than 10-point boldface type, a legend substantially as follows:

"The above statement is an impartial analysis of Measure M. If you desire a copy of the measure, please call the Contra Costa County Registrar of Voters at (925) 646-4166 and a copy will be mailed at no cost to you."

Section 4. State Matching Funds. The District hereby requests that the Registrar of Voters include the following statement in the ballot pamphlet, pursuant to section 15122.5 of the California Education Code:

"Approval of Measure M does not guarantee that the proposed project or projects in the West Contra Costa Unified School District that are the subject of bonds under Measure M will be funded beyond the local revenues generated by Measure M. The District's proposal for the project or projects assumes the receipt of matching state funds, which could be subject to appropriation by the Legislature or approval of a statewide bond measure."

Section 5. Required Vote. Pursuant to section 18 of Article XVI and section 1 of Article XIII A of the State Constitution, the above proposition shall become effective upon the affirmative vote of at least 55% of those voters voting on the proposition.

Section 6. Request to County Officers to Conduct Election. The Registrar of Voters of the County is hereby requested, pursuant to section 5322 of the California Education Code, to take all steps to call and hold the election in accordance with law and these specifications.

Section 7. Consolidation Requirement; Canvass.

(a) Pursuant to section 15266(a) of the California Education Code, the election shall be consolidated with the statewide election on November 8, 2005.

(b) The Board of Supervisors of the County is authorized and requested to canvass the returns of the election, pursuant to section 10411 of the California Elections Code.

APPENDIX B

BOND MEASURE D
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

“To complete repairing all of our schools, improve classroom safety and relieve overcrowding through such projects as: building additional classrooms; making seismic upgrades; repairing and renovating bathrooms, electrical, plumbing, heating and ventilation systems, leaking roofs, and fire safety systems; shall the West Contra Costa Unified School District issue \$300 million in bonds at authorized interest rates, to renovate, acquire, construct and modernize school facilities, and appoint a citizens’ oversight committee to monitor that funds are spent accordingly?”

FULL TEXT OF BOND MEASURE D

BOND AUTHORIZATION

By approval of this proposition by at least 55% of the registered voters voting on the proposition, the West Contra Costa Unified School District shall be authorized to issue and sell bonds of up to \$300,000,000 in aggregate principal amount to provide financing for the specific school facilities projects listed in the Bond Project List attached hereto as Exhibit A, and in order to qualify to receive State matching grant funds, subject to all of the accountability safeguards specified below.

ACCOUNTABILITY SAFEGUARDS

The provisions in this section are specifically included in this proposition in order that the voters and taxpayers of West Contra Costa County may be assured that their money will be spent wisely to address specific facilities needs of the West Contra Costa Unified School District, all in compliance with the requirements of Article XIII A, Section 1(b)(3) of the State Constitution, and the Strict Accountability in Local School Construction Bond

proceeds of the bonds remain unexpended, the Assistant Superintendent-Business of the District shall cause a report to be filed with the Board no later than January 1 of each year, commencing January 1, 2003, stating (1) the amount of bond proceeds received and expended in that year, and (2) the status of any project funded or to be funded from bond proceeds. The report may relate to

**TAX RATE STATEMENT IN CONNECTION WITH
BOND MEASURE D**

An election will be held in the West Contra Costa Unified School District (the “District”) on March 5, 2002, to authorize the sale of up to \$300,000,000 in bonds of the District to finance school facilities as described in the proposition. If the bonds are approved, the District expects to sell the bonds in 7 series. Principal and interest on the bonds will be payable from the proceeds of tax levies made upon the taxable property in the District. The following information is provided in compliance with Sections 9400-9404 of the Elections Code of the State of California.

1.

Exhibit A

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
BOND PROJECT LIST**

SECTION I

PROJECTS TO BE COMPLETED AT ALL SCHOOL SITES

<u>PROJECT TYPE</u>	<u>Harbour Way Community Day Academy</u> 214 South 11th. Street, Richmond, CA 94801 <u>Project List</u>
	Projects as appropriate from the “All School Sites” list.
<u>Major Building Systems</u>	Add water supply to portable classrooms.
<u>Construction/Renovation of Classroom and Instructional Facilities</u>	Demolish and replace two (2) portable classrooms. Install one additional portable classroom.
<u>Site and Grounds Improvements</u>	Add play structures/playgrounds.
<u>Furnishing/Equipping</u>	Install or replace whiteboards, tackboards and counters.

SECTION III

SECONDARY SCHOOL PROJECTS

<u>PROJECT TYPE</u>	<u>Juan Crespi Junior High School</u> <u>1121 Allview Avenue, El Sobrante, CA 94803-1099</u> <u>Project List</u>
-	<ul style="list-style-type: none"> • Projects as appropriate from the “All School Sites” list.
<u>Improvements/Rehabilitation</u>	<ul style="list-style-type: none"> • Renovate library. • Improve/replace floors. • Replace sinks in science lab. • Improve and paint interior walls. • Renovate stage. • Improve/replace ceilings. • Replace acoustic tiles in cafeteria.
<u>Construction/Renovation of Classroom and Instructional Facilities</u>	<ul style="list-style-type: none"> • Renovate cafeteria side room or computer room for itinerant teacher’s room. • Expand textbook room. • Renovate shower rooms. • Renovate shop room. • Renovate classroom 602. • Expand counseling office
<u>Furnishing/Equipping</u>	<ul style="list-style-type: none"> • Replace fold down tables in cafeteria. • Install or replace whiteboards, tackboards and counters.

<u>PROJECT TYPE</u>	<u>Helms Middle School</u> <u>2500 Road 20, San Pablo, CA 94806-5010</u> <u>Project List</u>
	<ul style="list-style-type: none"> • Projects as appropriate from the “All School Sites” list.
<u>Major Building Systems</u>	<ul style="list-style-type: none"> • Improve/replace roof and skylights.
<u>Improvements/Rehabilitation</u>	<ul style="list-style-type: none"> • Improve/replace glass block walls. • Improve/replace floor surfaces. • Improve/replace ceilings. • Repaint locker rooms. • Replace carpet. • Improve and paint interior walls.
<u>Construction/Renovation of Classroom and Instructional Facilities</u>	<ul style="list-style-type: none"> • Demolish and replace two portable classrooms.
<u>Site and Grounds Improvements</u>	<ul style="list-style-type: none"> • Revise parking and traffic circulation. • Improve/replace fence.
<u>Furnishing/Equipping</u>	<ul style="list-style-type: none"> • Install or replace whiteboards, tackboards and counters.

PROJECT TYPE

Hercules Middle/High School
1900 Refugio Valley Road, Hercules, CA

<u>PROJECT TYPE</u>	<p style="text-align: center;">Portola Middle School 1021 Navellier Street, El Cerrito, CA 94530-2691 <u>Project List</u></p>
-	<ul style="list-style-type: none"> • Projects as appropriate from the “All School Sites” list.
<p><u>Renovation/Rehabilitation</u></p>	<p>• Replace interior and exterior doors</p> <ul style="list-style-type: none"> • Improve and paint interior walls. • Improve/replace ceilings. • Improve/replace floor surfaces. • Improve/replace overhangs. • Replace ceilings and skylights in 400 wing. • Replace glass block at band room. • Improve/replace concrete interior walls at 500 wing. • Eliminate dry rot in classrooms and replace effected materials. • Replace walkways, supports, and overhangs outside of 400 wing.
<p><u>Construction/Renovation of Classroom and Instructional Facilities</u></p>	<ul style="list-style-type: none"> • Construct/install restrooms for staff. • Renovate 500 wing. • Reconfigure/expand bTm

PROJECT TYPE

<u>PROJECT TYPE</u>	<u>Kennedy High School and Kappa High School</u> <u>4300 Cutting Boulevard, Richmond, CA 94804-3399</u> <u>Project List</u>
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- Projects as appropriate from the “All School Sites” list.

<u>PROJECT TYPE</u>	<u>Richmond High School and Omega High School</u> <u>1250 23rd. Street, Richmond, CA 94804-1091</u> <u>Project List</u>
-	<ul style="list-style-type: none"> • Projects as appropriate from the “All School Sites” list
<u>Improvements/Rehabilitation</u>	<ul style="list-style-type: none"> • Improve/replace ceilings. • Renovate locker rooms. • Replace exterior doors in 300 and 400 wings. • Improve/replace floor surfaces. • Improve and paint interior walls. • Replace carpet. • Replace locks on classroom doors. • Renovate all science labs. • Renovate 700 wing. • Add water fountains in gymnasium.
<u>Construction/Renovation of Classroom and Instructional Facilities</u>	<ul style="list-style-type: none"> • Demolish and replace approximately four (4) portable classrooms. • Add storage areas. • Improve/add staff rooms and teacher work rooms. • Add flexible teaching areas. • Renovate classroom 508 into auto shop.

PROJECT TYPE

Pinole Valley High School and Sigma High School
2900 Pinole Valley Road, Pinole, CA 94564-1499
Project List

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<u>PROJECT TYPE</u>	<u>Gompers High School</u> <u>1157 9th. Street, Richmond, CA 94801-3597</u> <u>Project List</u>
- <u>Improvements/Rehabilitation</u>	<ul style="list-style-type: none"> • Projects as appropriate from the “All School Sites” list. • Improve or add ventilation/cooling system to

<u>PROJECT TYPE</u>	<u>Vista Alternative High School</u> <u>2600 Moraga Road, San Pablo, CA 94806</u> <u>Project List</u>
-	<ul style="list-style-type: none"> • Projects as appropriate from the “All School Sites” list.
<u>Major Building Systems</u>	<ul style="list-style-type: none"> • Add water supply to portable classrooms.
<u>Construction/Renovation of Classroom and Instructional Facilities</u>	<ul style="list-style-type: none"> • Add storage space. • Add mini-science lab. • Add bookshelves.
<u>Furnishing/Equipping</u>	<ul style="list-style-type: none"> • Install or replace whiteboards, tackboards and counters.

<u>PROJECT TYPE</u>	<u>Middle College High School</u> <u>2600 Mission Bell Drive, San Pablo, CA 94806</u> <u>Project List</u>
-	<ul style="list-style-type: none"> • Projects as appropriate from the “All School Sites” list.
<u>Furnishing/Equipping</u>	<ul style="list-style-type: none"> • Refurbish/replace and install furnishings and equipment, as needed.

APPENDIX C

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

Resolution No. 25-0506

RESOLUTION OF THE BOARD OF EDUCATION OF THE WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT ORDERING A SCHOOL BOND ELECTION, AND AUTHORIZING NECESSARY ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Board of Education (the “Board”) of the West Contra Costa Unified School District (the “District”), within the County of Contra Costa, California (the “County”), is authorized to order elections within the District and to designate the specifications thereof, pursuant to sections 5304 and 5322 of the California Education Code (the “Education Code”);

WHEREAS, the Board is specifically authorized to order elections for the purpose of submitting to the electors the question of whether bonds of the District shall be issued and sold for the purpose of raising money for the purposes hereinafter specified, pursuant to section 15100 *et seq.* of the California Education Code;

WHEREAS, pursuant to section 18 of Article XVI and section 1 of Article XIII A of the California Constitution, and section 15266 of the California Education Code, school districts may seek approval of general obligation bonds and levy an *ad valorem* tax to repay those bonds upon a 55% vote of those voting on a proposition for the purpose, provided certain accountability measures are included in the proposition;

WHEREAS, the Board deems it necessary and advisable to submit such a bond proposition to the electors to be approved by 55% of the votes cast;

WHEREAS, such a bond election must be conducted concurrent with a statewide primary election, general election or special election, or at a regularly scheduled local election, as required by section 15266 of the California Education Code;

WHEREAS, on November 8, 2005, a statewide election is scheduled to occur throughout the District;

WHEREAS, pursuant to section 15270 California Education Code, based upon a projection of assessed property valuation, the Board has determined that, if approved by voters, the tax rate levied to meet the debt service requirements of the bonds proposed to be issued will not exceed

Section 1. Specifications of Election Order. Pursuant to sections 5304, 5322, 15100 *et seq.*, and section 15266 of the California Education Code, an election shall be held within the boundaries of the West Contra Costa Unified School District on November 8, 2005, for the purpose of submitting to the registered voters of the District the following proposition:

BOND AUTHORIZATION

By approval of this proposition by at least 55% of the registered voters voting on the proposition, the West Contra Costa Unified School District shall be authorized to issue and sell bonds of up to \$400,000,000 in aggregate principal amount to provide financing for the specific school facilities projects listed in the Bond Project List attached hereto as Exhibit

BOND PROJECT LIST

The Bond Project List attached to this resolution as Exhibit A shall be considered a part of the ballot proposition, and shall be reproduced in any official document required to contain the full statement of the bond proposition. The Bond Project List, which is an integral part of this

Section 1 is not reprinted in the voter information pamphlet in its entirety, the Registrar of Voters is hereby requested to print, immediately below the impartial analysis of the bond proposition, in no less than 10-

NAYS:
ABSTAIN:
ABSENT:
APPROVED:

President of the Board of Education of the West Contra Costa Unified School District

Attest:

Clerk of the Board

EXHIBIT A

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT BOND PROJECT LIST

SECTION I

PROJECTS TO BE COMPLETED AT ALL SCHOOL SITES (AS NEEDED)

Security and Health/Safety Improvements

- Modifications and renovations necessary for compliance with Americans with Disabilities Act (ADA).
- Improvements required for compliance with applicable building codes including the Field Act.
- Remove, abate, or otherwise mitigate asbestos, lead-based paint and other hazardous materials, as necessary.
- Install closed circuit television (CCTV) systems, as necessary, to provide secure environment for students, staff, and other users of the facilities.
- Survey, assess and mitigate seismic and structural issues and reinforce or replace existing structures, as necessary.
- Purchase necessary emergency equipment and provide adequate storage for such equipment.

Major Facilities Improvements

- Provide for required demolition in order to perform all work indicated below as well as the specific school site identified needs.
- Upgrade, install and/or replace, as necessary, intercom, alarm, bell, and clock systems.
- Renovate gymnasiums, or replace, as economically advantageous, and replace or install gymnasium equipment.

- Re-finish and/or improve exterior and interior surfaces, including walls, ceilings, and floors.
- Upgrade, improve, install and/or replace indoor lighting systems.
- Provide furnishings and equipment for improved or newly constructed classrooms and administrative facilities.
- Replace worn/broken/obsolete instructional and administrative furniture and equipment, as well as site furnishings and equipment.
- Purchase, rent, or construct temporary classrooms and equipment (including portable buildings) as needed to house students displaced during construction.
- Construct new school facilities, as necessary, to accommodate students displaced by school closures or consolidations.
- Acquire any of the facilities on the Bond Project List through temporary lease or lease purchase arrangements, or execute purchase options under a lease for any of these authorized facilities.
- Renovate current elementary schools into a K-8 configuration as appropriate.
- Move furniture, equipment and supplies, as necessary, because of school closures or changes in grading configuration.
- As to any major renovation project, replace such facility if doing so would be economically advantageous.

Special Education Facilities

- Renovate existing or construct new school facilities designed to meet requirements of student with special needs.

Property

- Purchase property, including existing structures, as necessary for future school sites.

Sitework

- Complete site work, including sitework in connection with new construction or installation or removal of relocatable classrooms.
- Improve or replace athletic fields, equipment rooms, lighting, and scoreboards.
- Improve, resurface, re-stripe and/or replace damaged asphalt and concrete surfaces.
- Improve or replace storm drain and site drainage systems.

SECTION II ELEMENTARY SCHOOL PROJECTS

- Complete any remaining Election of November 7, 2000, Measure M, projects. All Elementary Schools may include projects, as necessary, from Section I.

SECONDARY SCHOOL PROJECTS

- Complete any remaining Election of March 5, 2002, Measure D, projects. All Secondary Schools may include projects, as necessary, from Section I.

RECONSTRUCTION PROJECTS

The following projects will be completed as part of the reconstruction program of the district, as funds allow. The reconstruction program includes the following:

- Health and Life Safety Improvements
- Code upgrades for accessibility
- Seismic upgrades
- Systems Upgrades
- Electrical
- Mechanical
- Plumbing
- Technology
- Security
- Technology Improvements
- Data
- Phone
- CATV (cable television)
- Instructional Technology Improvements
- Whiteboards
- TV/Video
- Projection Screens

In addition, the reconstruction program includes the replacement of portable classrooms with permanent structures, the improvement or replacement of floors, walls, insulation, windows, roofs, ceilings, lighting, playgrounds, landscaping, and parking, as required or appropriate to meet programmatic requirements and depending on the availability of funding.

PROJECT SCOPE

- De Anza High School Reconstruction/New Construction
- Kennedy High School Reconstruction/New Construction
- Pinole Valley High School Reconstruction/New Construction
- Richmond High School Reconstruction
- Castro Elementary School Reconstruction
- Coronado Elementary School Reconstruction
- Dover Elementary School Reconstruction
- Fairmont Elementary School Reconstruction
- Ford Elementary School Reconstruction
- Grant Elementary School Reconstruction
- Highland Elementary School Reconstruction
- King Elementary School Reconstruction
- Lake Elementary School Reconstruction
- Nystrom Elementary School Reconstruction
- Ohlone Elementary School Reconstruction/New Construction
- Valley View Elementary School Reconstruction
- Wilson Elementary School Reconstruction

APPENDIX D

REFERENCE DOCUMENTS

Measures M, D & J Ballot Language

Bond Measure M – Ballot Language. November 7, 2000.

Bond Measure D – Ballot Language. March 5, 2002.

Bond Measure J – Ballot Language. November 8, 2005.

Audit Reports

WCCUSD Audit Reports, Fiscal Years 2000-01 through 2004-05.

WCCUSD Unaudited Actuals Report, Fiscal Year 2005-06

WCCUSD Bond Financial Audit Report, Fiscal Years 2000-01 through 2004-05.

Measures M and D Budget/Expenditure Reports

WCCUSD Measures M and D Expenditure Reports through December 31, 2005.

WCCUSD Engineering Officer's Reports through August 23, 2006.

WCCUSD Capital Assets Management Plan/Reconciliation Reports, through August 22, 2006.

Program Management

WCCUSD/WLC Agreement for Master Architectural Services, Signed December 1, 2004.

WCCUSD/SGI Agreement for Program, Project and Construction Management Services Related to District Bond Program, Signed December 20, 2004

WCCUSD Board of Education Policy Manual, Facilities and New Construction.

WCCUSD Board of Education Meeting Packets, July 1, 2005, through August 16, 2006.

WCCUSD Program Status Reports, July 1, 2005, through August 16, 2006.

OPSC Internet Site, WCCUSD State Facility Program Status.

Measures M & D Bonds and Bond Oversight Committee

WCCUSD Measures M, D and J Bond Program Documents from Website.

WCCUSD Measures M, D and J Bond Oversight Committee Documents from Website.

WCCUSD Packet for Meetings of Measure M & D Bond Oversight Committee, July 1, 2005, through July 26, 2006.

WCCUSD Packet for Special Joint Study Session, Board of Education and Measures M & D Bond Oversight Committee, February 15, 2006 and September 27, 2006.

APPENDIX E

Measures D, M and J District Financial Records

**West Contra Costa Unified School District
 Facilities Construction Program
 General Obligation Bond Measures M, D and J and Other Revenue Sources
 Schedule of Budget and Actual Expenditures Program to Date
 For the Period Beginning November 2000 through June 30, 2006**

School/Project Description	Site #	Original * Budget	Current ** Budget	Actual Expenditures to Date	Budget Variance, Positive or (Negative)	Variance as a Percent of Budget
Elementary Schools						
Bayview	104	\$ 16,070,480	\$ 18,250,236	\$ 16,723,543	\$ 1,526,693	8.37%
Cameron	108	-	2,442	-	2,442	100.00%
Castro	109	12,609,402	15,418,849	469,028	14,949,821	96.96%
Chavez	105	517,323	565,377	504,832	60,545	10.71%
Collins	110	15,106,955	475,497	403,908	71,589	

School/Project Description	Site #	Original * Budget	Current ** Budget	Actual Expenditures to Date	Budget Variance, Positive or (Negative)	Variance as a Percent of Budget
High Schools						
De Anza HS	352	107,000,000	113,160,046	3,364,702	109,795,344	97.03%
El Cerrito HS	354	89,000,000	107,704,885	22,524,749	85,180,136	79.09%
Hercules HS	376	2,632,685	4,377,500	2,616,025	1,761,475	40.24%
Kennedy HS	360	80,390,258	68,954,544	1,245,571	67,708,973	98.19%
Pinole Valley HS	362	73,388,191	72,713,131	2,328,347	70,384,784	96.80%
Richmond HS	364	89,851,858	7,329,814	1,364,304	5,965,510	81.39%
Totals for High School Projects		442,262,992	374,239,920	33,443,698	340,796,222	91.06%
Alternative Schools						
Delta HS	391	-	152,564	132,932	19,632	12.87%
Gompers HS	358	34,036,112	651,623	613,787	37,836	5.81%
Kappa HS	393	-	109,810	101,648	8,162	7.43%

**West Contra Costa Unified School District
Budget Summary by Transaction Category - Measures D, M and J
Program to Date As Of June 30, 2006**

Schedule III

APPENDIX F

District Status Regarding Findings and Recommendations

DISTRICT STATUS REGARDING FINDINGS AND RECOMMENDATIONS

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STATE NEW CONSTRUCTION ELIGIBILITY

Recommendation (Page 13)

It is unclear at this time whether state funds would be maximized under the individual or combined attendance area approach. It is recommended that updated SAB 50-01/02/03 eligibility documents be prepared after the 2003-04 CBEDS enrollments are available. It is further recommended that the District use the appropriate filing method to maximize state funding.

District Status

The District has fully complied with this recommendation by submitting updated SAB 50-01/02/03 documents on August 19, 2004, based on 2003-04 CBEDS enrollments. The updated eligibility documents resulted in significantly reduced new construction eligibility. Eligibility for grades 9-12 in the Hercules High School attendance area decreased from 1,570 to 1,008. The Pinole Valley High School attendance area no longer has any new construction eligibility; therefore, applying on a combined attendance area approach is no longer an option.

The District must submit an updated Form SAB 50-01 based on the most recent CBEDS enrollments when making a new construction application (Form SAB 50-04). No new construction application is pending as of June 30, 2006, although the District is in the process of acquiring a school site in Hercules.

BOND MANAGEMENT PLAN

Finding/Recommendation (Page 25)

The scope of services provided by the bond program manager (The Seville Group, Inc.), the master architect (WLC) and the project architects overlap to some extent, contributing to a duplication of effort and confusion regarding areas of responsibility and accountability. The District should review the contract with the bond management team and identify overlapping areas in order to eliminate any duplication of efforts.

MASTER ARCHITECT/ENGINEER PLAN

only after plans and specifications are finalized. Addenda should be kept to a minimum and utilized only when necessary.

District Status

The District has fully complied with this recommendation. The finding cited was based on M-1A projects bid during the audit period up to June 30, 2003. The District subsequently updated its standard construction documents for M-1B projects bid between April and June 2004, with significantly improved control over the bidding process and quantity of addenda. As reported in the performance audit for 2004-05, the M-

DESIGN AND CONSTRUCTION SCHEDULES

Finding/ Recommendation (Pages 33-34)

The Measure M and Measure D master schedule indicates that bidding for the first nine (9) elementary schools (Phase 1A) would occur by April 2003, with mobilization in June 2003 and commencement of construction by the end of June 2003. Bid results indicate that this timeline was not adhered to. The bond management team should publish updated schedules to reflect adjustments necessary in the process. The bidding process of future projects should be initiated earlier, making allowances for variances and unexpected delays in the bidding and construction processes while adhering to the published schedule to the extent possible. Updated schedules should be forwarded to all parties affected by these schedule changes.

District Status

The District has fully complied with this recommendation in the bidding process for M-1B projects, which occurred on schedule between April and June 2004, with few problems. The M-1B bidding process had fewer addenda, fewer (and lower cost) alternates, and, to date, significantly fewer change orders (see status of the third finding in the “Master Architect/Engineer Plan” section). Additionally, all eight (8) M-1B projects were issued notices to proceed by July 7, 2004, five (5) projects were completed by the fall of 2005, and the remaining three (3) projects are on track to be completed by January 2006 within one (1) to two (2) months of their original schedule.

DESIGN AND CONSTRUCTION COST BUDGETS

Finding/ Recommendation (Page 36)

The entire scope of Phase 1A projects has exceeded their cumulative original budgets by 43.79 percent. The original budgets for Phase 1B projects have increased by 53.92 percent. These increases are primarily due to the board's determination of "Option 1C" as the District's facilities standards. The budgets for Phase 1A and Phase 1B projects have been adjusted accordingly. The board considered the option of maintaining the cost of the entire program within the projected available revenues through the "Zero Option." It was decided, however, to pursue a significantly higher standard, acknowledging that the delivery of the entire facilities program depends on the development of additional revenue sources in the future. It is recommended that the bond management team ensure that District standards are met, but not exceeded, through a systematic assessment of the project scope for each

COMPLIANCE WITH STATE FUNDING FORMULAS

Finding/ Recommendation (Page 43)

COMPLIANCE WITH DISTRICT POLICIES AND GUIDELINES

Finding/ Recommendation (Page 46)

Due to ever-

BIDDING AND PROCUREMENT PROCEDURES

Findings (Page 48)

The boilerplate was not ready during the job walk. Legal counsel was still revising the boilerplate at the time of the bids, and the bid boilerplate had to be sent as an addendum. Several bids had at least eight (8) addenda. This piecemeal approach to bidding is likely to cause confusion over how a contractor can bid on a project, resulting in higher bid prices and increased exposure to claims against the District.

During June 2003, the purchasing department's and SGI's filing systems were not appropriately organized. Upon investigation, it was discovered that the bond management team was in the process of organizing the filing system, and many project files were still kept in boxes. Retrieving files was difficult and time-consuming.

The bids opened in June did not have contracts signed until August, delaying construction until late

It is recommended that future projects include a thorough examination of hazardous materials to avoid unexpected but preventable costs associated with overlooked hazardous material discoveries.

PROCEDURES FOR CLAIM AVOIDANCE

Findings (Pages 56-57)

A few architects reported that the District vacillated with some of the specifications causing changes to the bid documents. Project architects had to redo some of the schematic drawings already provided by the master architect. Some issues reported by the project architects include different ground specifications requiring new topographic surveys, re-shooting grades, and re-engineering of mechanical specifications, among other things.

Bid documents were not completed in a timely manner by the District's legal counsel prior to the job walk and were made available through the addendum process. There were numerous addenda released for some of the projects. Interviewed architects claimed to struggle with incorporating the boilerplate into the bid documents. A few architects felt that four months for design development was inadequate. This complaint is not uncommon by the project architects dealing with high intensity and expedited processes. Numerous bids were opened within days of each other, potentially decreasing the pool of bidders.

The timeline for the prequalification process is inadequate to perform a thorough verification of information. Also, bidders who may feel intimidated by the timeline and the number of addenda might find preparing answers to prequalifications tedious. In the current market, where demand exceeds the supply of good contractors, contractors can forgo bids. Because of the litigious environment, the prequalification process can only disqualify the blatantly egregious contractors, while mediocre contractors may still be able to qualify.

The arrangement for master inspector and master environmental consultant appears to be creating a duplication of tasks. If not tracked or controlled carefully, confusion may arise. Project staff may also think that some work is the responsibility of the lead staff, and vice versa, causing omissions of necessary work. This structure may result in mistakes and claims.

Contractors interviewed were asked to provide a recovery schedule, but it appears that such schedules have not been developed.

The use of PS2 is both a problem and an opportunity for the architects. All of the contractors have been trained in its use. Internet connectivity has been provided to each construction trailer. This standardization of communication helps reduce time delays and facilitates the process. Yet problems with PS2 exist, including occasional system breakdowns and its lack of universal use. A few architects feel that the software is cumbersome and that it takes longer to do a simple task. They also feel that the format of information delivered on PS2 is not specific enough and that messages sent via email with the tag line "no reply" may give an impression that no reply is needed. PS2, however, does provide a reminder to the architect after three (3) days. There are existing technical difficulties, but the bond management team is in the process of resolving these issues.

Recommendations (Pages 57-58)

It is recommended that the bond management team make every effort to understand the drawings and specifications, including the scope of work and how it affects the schedule for each project. Thorough knowledge about projects affords the construction manager better control of the project, thereby shortening response timelines on RFIs. Knowledge of drawing details also prevents contractors from proposing inappropriate or costly solutions to issues that may be resolved in other ways.

It is recommended that addenda be kept to a minimum. The District should clarify, review and publish complete bid documents to prevent bidders from becoming discouraged about the bidding process. Drawings should be complete, corrected and approved by the Division of State Architect prior to conducting the bid process to avoid confusion and inflated pricing. The constructability review is a necessary process and should continue with all new projects to minimize errors or omissions. Architects should verify sites by conducting a general walkthrough to compare the prepared schematics with actual conditions. Because existing as-built drawings are known to lack information, this verification can provide better interpretation and compensate for the loss of information, reducing the likelihood of claims due to misinformation.

It is recommended that the District expedite the execution of contracts and control other time elements, such as the timeline for negotiating and bargaining of change orders.

It is recommended that the project managers ensure that a recovery schedule is submitted promptly for review and approval for projects. This schedule will prevent contractors from taking advantage of discrepancies in drawings due to unforeseen conditions.

It is recommended that District staff and the bond management team build a relationship where information is readily given and accessible, and there is consensus-building. Dispute resolution involves a balance of fairness and firmness, and this method of handling disagreements is often more efficient and less costly for all parties if an agreement cannot be reached through negotiation.

It is recommended that the bond management team further standardize documentation to protect the District from claims.

It is recommended that one department be designated to archive and control all documents. Procedures should also be developed to prepare for the turnover of documents at the end of each project. Files should be kept and organized to allow for easy retrieval of reports, research or audits. (Such filing systems may also assist in answering a dispute or contractor's claim.)

It is recommended that the bond management team continue to require AutoCAD for drawings, so the District can update drawings in the future to reflect the modifications made prior to the next modernization and minimize occurrence of unforeseen events in the future construction projects.

It is recommended that the bond management team extend the five (5) day prequalification timeline to ten (10) days. The extended time will provide staff adequate time to ensure that prospective bidders are scrutinized thoroughly.

It is recommended that a clear delineation of roles and responsibilities be established to avoid redundancy and omissions.

It is recommended that further training be conducted in the PS2 system in an effort to move toward uniformity in RFIs. At some point, key District personnel should consider enforcing this process as the only acceptable process for RFIs.

District Status

The District has substantially complied with the recommendations, as discussed in the above “District Status” sections. The roles and responsibilities of SGI and WLC have been clarified and separate contracts have been negotiated. Additional CM services have been assigned to construction projects. Standard construction documents have been updated. Bid addenda on M-1B projects were greatly reduced over M-1A projects. The contractors’ general conditions related to work stoppage and liability have been upgraded. Change order directions to contractors were better written. Document filing and control has improved with central file areas at the FOC and the use of PS2.

The number and cost of change orders on M-1A projects has been excessive, due mostly to unforeseen circumstances and environmental issues. Further categorization and analysis could better reveal causes, allowing the District to take better preventive measures on future projects. The District has addressed many of the environmental deficiencies by employing new environmental consultants, but environmental and soils issues continue to seriously impact projects under construction.

PAYMENT PROCEDURES

Findings (Pages 59-60)

The requests for payment received by the accounting office do not have complete backup documentation. For example, the contract is not always kept with the copy of the purchase order to verify the contracted amount for non-construction invoices. Some of the backup documentation does not clearly explain changes in the purchase orders.

Board policy allows payment of up to 10 percent of the contract amount without seeking board approval. One of the Quick-Start projects included construction at nine (9) schools. A change order occurred for this project; and while the change order did not exceed 10 percent of the total contract, the change order amounts at some of the individual schools in that project have exceeded 10 percent.

It was discovered that invoices were not being processed in a timely manner. Some invoices have approvals signed thirty (30) to sixty (60) days after the invoice date. There were numerous invoices dated prior to the receipt of a purchase order by accounts payable from the purchasing department.

Recommendations (Page 60)

It is recommended that the District make an effort to avoid the use of confirming purchase orders. Whenever possible, a purchase order should be processed and issued prior to the

such as payment bonds, performance bonds and insurance certificates in the event of financial claims.

It is recommended that the District take steps to improve communication between the purchasing and facilities departments. Instituting a monthly reconciliation meeting between these two departments should be considered.

District Status

As reported as of November 15, 2005, the District had made some progress in complying with the recommendations, but additional effort is needed to ensure that timely payments of

BEST PRACTICES FOR PROCUREMENT OF MATERIALS AND SERVICES

Findings (Pages 63-64)

It has been found that confirming purchase orders were issued by the bond management team, which might not have had a previous review or approval from the purchasing department. Confirming purchase orders can be effective in cases where time is of essence, and a proper mechanism of accounting for pre-approved costs is in place. Without proper controls in place, confirming purchase orders may not be the best choice. Accounts payables staff reports that confirming purchase orders hinders its ability to process payments in a timely fashion.

The use of numerous addenda in bids already released to the public may cause confusion on the part of the bidders, especially if the addenda change critical components of the standard construction documents such as the boilerplate language.

The bid boilerplate was reviewed and revised by District's legal counsel in January 2003 for public work bids under Measure M and Measure D bonds. The boilerplate was not fully ready prior to the pre-bid meeting and had to be issued as an addendum.

Board Policy 3310 (c) appears to be in violation of Public Contract Code Section 20118.4, which allows changes to the original contract up to, but not exceeding, 10 percent of the bid limit for public works without bids. This statute requires that anything over the limits set by Public Contract Code must be publicly bid.

Recommendations (Page 64)

It is recommended that board revise its policy language for procurement to set bid limits at the current standard set by the Public Contract Code. Such action would allow the flexibility to implement a more realistic bid threshold given the rising costs of products and services.

It is recommended that District staff and the bond management team have language for bid documents finalized before releasing them for bidding.

It is recommended that the District make an effort to avoid the use of confirming purchase orders. Whenever possible, a purchase order should be processed and issued prior to the performance of work.

It is recommended that the District make an effort to expedite the payments. Because accounts payable cannot process the invoice until all approvals are received, the late approvals affect the processing of payments. When payments are not timely, vendors and contractors are more likely to factor in a higher cost. Timely payments also encourage competition from more contractors.

It is recommended that payment files include information such as payment bonds, performance bonds and insurance certificates.

District Status

The District has made substantial progress in complying with the recommendations. Legal language in bid documents was updated to reflect new contract requirements before bidding M-1B projects. All M-1B architectural plans were completed and stamped by DSA

District Status

The District has made satisfactory progress toward compliance with the recommendations. The District has hired Craig Communications to perform a comprehensive public outreach campaign at numerous District schools, which has included informational meetings, postcard campaigns, newsletters and brochures. The District's newsletter, Apple Bite, sometimes includes bond program information. In addition to a District website, the District maintains websites on the bond program and the bond oversight committee. The District Board of Education holds joint meetings with the Citizens' Bond Oversight Committee once or twice a year. The District continues to conduct presentations with city agencies and communities to inform them of facilities plans and progress.

The results of a survey conducted by TSS indicated that those closest to the bond program—Board members, District administration, school principals and parents in schools undergoing planning or construction—continue to report the highest level of satisfaction with the communication process. However, School Site Councils (SSC) and Parent Teacher Associations (PTA) report the lowest level of satisfaction with the District's communication process. The Citizens' Bond Oversight Committee reports a communication process effectiveness rating significantly lower than the Board, District administration and parents. There have also been reported delays in posting current information on the District's websites for the bond program and bond oversight committee, whose problems have mostly been corrected by the District.

In an April 5, 2006, status report to the Board, the administration stated the following under Facilities Communications:

“District staff is working with Craig Communications, Communications Consultant, on increasing awareness of the bond program with the school community and the community at large. As part of the process to develop long range planning, District staff is developing ways to continue to inform community and staff. Below you will find some examples:

- Newsletter to be sent out twice a year to entire West County Community.
- Newsletter will also be delivered to all school sites for Principal and staff.
- Bond Program Website updated consistently for easy access of community and parents.
- Positive press concerning the bond program in numerous newspapers.
- Working with Cities to submit current information on their website.”

OVERALL BOND PROGRAM

Findings (Pages 80-81)

In dealing with the bond management team, Total School Solutions (TSS) found WLC to

documentation generally woul

District Status

The District has made substantial progress in complying with the recommendations. Since the passage of Measure M on November 7, 2000, Measure D on March 5, 2002 and Measure J on November 8, 2005, the bond management program has evolved into a mature structure. The completion of the District's Realignment Process—including the addition of District bond personnel, the bifurcation of the original WLC/SGI contract, and the addition of a number of specialty consultants—has resulted in an effective bond management structure and team. After the initial performance audit period with attendant communication/cooperation difficulties, the responsiveness to, and the cooperation with, the audit team has improved. While there are some weaknesses and problems to be addressed and improved upon—interdepartmental and District/consultant communications, payment procedures, change order process, etc., as discussed throughout this document—such weaknesses and problems are not substantial in comparison to the changes the District has made to improve the delivery of the facilities program.

Because the District identified facilities needs beyond the scopes and funding of Measure M and Measure D, with the passage of Measure J, the current management structure should serve the District well for many years to come as the District constructs and modernizes funded projects. The challenge to the District will be its ability to maintain a cost-effective, cohesive facilities management team as the District addresses future facilities needs and expends available funding for its program. The passage of Measure J, a \$400 million Proposition 39 bond on November 8, 2005, should enable the District to maintain continuity with its management team.

WEST CONTRA

MEASURE D AND MEASURE M

PERFORMANCE AUDIT

JUNE 30, 2004

**DISTRICT STATUS REGARDING
FINDINGS AND RECOMMENDATIONS
AS OF NOVEMBER 15, 2006**

**TOTAL SCHOOL SOLUTIONS
2969 VISTA GRANDE
FAIRFIELD, CA 94534**

TAB

FACILITIES PROGRAM HISTORY/STATUS

Recommendation (Page 17)

In light of actions and directions of the Board of Education since January 1, 2000—including recent discussions regarding redistricting and possible school closures—it is recommended that the board consider authorizing an update to the Facilities Master Plan to more accurately reflect current and future unmet needs and associated costs to carry out the facilities program.

District Status

The District has made some progress in complying with this recommendation. A School Redistricting Study, an important component of a Facilities Master Plan, was completed by a District consultant and discussed at Board study sessions on November 4, 2004, November 29, 2004, and December 15, 2004. To date, a Board decision has been made to close Seaview Elementary and a committee has been formed to consider a possible grade configuration change in some schools to serve students in grades K-8.

At a joint meeting of the Board of Education and the Citizens' Bond Oversight Committee on February 2, 2005, the current bond program and unmet facilities needs were discussed.

The District authorized the consultant who developed the October 2000 Facilities Master Plan to update that document, and a draft report was completed on June 26, 2006. Unfortunately, the

STATE NEW CONSTRUCTION ELIGIBILITY

Recommendations (Page 25)

It is recommended that the District identify the priority order in which new schools are to be built in Hercules.

It is recommended that, as soon as the new school site with the greatest priority is identified, the District initiate an architectural selection process to employ an architect of record (AOR) to begin a preliminary planning process and to establish the scope, budget and schedule. Concurrently, the District should initiate the process for CDE site approval, including DTSC clearance and CEQA.

It is recommended that updated SAB 50-01/02/03 new construction eligibility documents be prepared after 2004-05 CBEDS enrollments are available to ascertain more recent high school attendance area eligibilities.

It is further recommended that the District analyze and use the appropriate SAB filing method, individual attendance area vs. combined attendance areas, to maximize state funding.

District Status

The District has made some progress in complying with these recommendations. The District had previously established a need to acquire two sites in the Hercules area – one for a new elementary school and one for a new middle school, with the middle school as the first priority – and was working with the City of Hercules and the California Department of Education (CDE) to identify potential sites for acquisition. However, in December 2004, the CDE determined that the primary elementary site under consideration was not acceptable due to a pipeline safety concern. In response, District board members and staff, and City Council members and staff, met and concluded that an elementary site was not needed, thereby abandoning the search for an elementary site.

The District and City continue to work on the acquisition of a middle school site. The primary site under consideration is about twelve (12) acres total and has an estimated 8.5 usable acres, significantly below the CDE's recommended 20 acres. A "Preliminary Endangerment Assessment" report prepared by DTSC, dated April 26, 2005, identified significant problems with the site that will require additional investigation and possible mitigation, with the clean-up costs yet to be determined. In view of the limited acreage of the primary middle school site, and identified toxic problems, alternative sites should not be dropped from consideration, including sites that may currently have other uses.

The last submittal of new construction eligibility documents was based on 2003-04 CBEDS enrollments, which showed a declining eligibility. Updated eligibility documents based on 2006-07 CBEDS enrollments, for all district high school attendance areas, are needed to determine the amount of eligibility for a new middle school.

The District cannot utilize its available State new construction until DTSC clearance is obtained, CDE site approval is given, an architect is hired, and DSA-stamped plans are completed.

District Status

District Status

The District has made progress in complying with these recommendations. Program Management staff has been trained on Bi-tech on several different occasions and has been working on a reconciliation of the systems. Reconciliation at the macro level has been completed, in which the PPACS system, which operates predominantly off of purchase orders, has been reconciled to the District's full expenditure accounting system, and more detailed reconciliation at the site, function and object levels is underway. The District plans for its staff to receive further training on the use of the PPACS system with the eventual transition out of the bond team at the conclusion of construction.

The District reports that it is continuing to review the organizational structure and overall fiscal controls processes for the bond program. Bond team and District staff is currently engaged in a process improvement program, using a consultant, to guide the District and the Bond Team toward a more rational structure and process.

The effectiveness of these training, account reconciliation and personnel organization will be topics of future performance audits.

MASTER ARCHITECT/ENGINEER PLAN

Recommendation (Page 45)

It is recommended that District staff and the leadership of the bond management team continue their efforts to bifurcate the current contract until results satisfactory to the District are reached.

DISTRICT POLICIES AND GUIDELINES FOR FACILITIES PROGRAM

Recommendation (Page 54)

It is recommended that the District continue to work on revising and updating its policies during the 2004-05 school year.

District Status

The District has made minimal progress in complying with this recommendation. A new Administrative Regulation (AR) on Williams settlement requirements has been adopted, a new Administrative Regulation (AR 7214.2) on Citizens' Bond Oversight Committee composition, duties, agenda and joint meetings with the Board of Education has been adopted and the "10 percent" change order regulation has been resolved with District counsel.

At the Board meeting of February 8, 2006, the Board voted to establish a policy subcommittee for the purpose of analyzing, reviewing, and revising policies as needed. Most of the Series 7000 (facilities) policies and administration regulations (ARs) date back to 1989 and 1996, and many new ARs included in "model" documents prepared by state organizations are needed locally to reflect changes in California law.

Establishment of the policy subcommittee is a positive action taken toward updating facilities

CHANGE ORDER PROCEDURES

Finding/ Recommendations (Page 60)

Board policy allows payment for up to 10 percent of the contract amount without seeking board approval. TSS observed that, in March 2004, one invoice for the modernization and new construction of Lincoln Elementary School already exceeded the 10 percent of extra work authorized in the original purchase order. Change orders can consume all contingency funding if the board does not set policy to control them. It is recommended that the 10 percent contingency allowance be restricted for emergency and unforeseen needs. The District should continue to control change orders by each project site so that the maximum savings may be realized. It is further recommended that the board revise its policy to allow only an aggregate of 10 percent of change orders to avoid costly overruns in projects.

District Status

The District has substantially complied with the recommendations. The change order process has been revised and has been reported to be working effectively. Improvements include standard

PROCEDURES FOR CLAIM AVOIDANCE

Finding/ Recommendation (Pages 62-63)

The District has a practice of generally conducting two (2) pre-bid meetings which can give rise to disputes and claims of unfair advantage. Unless the instructions for the pre-bid meetings are taped or read, the District should limit the pre-bid meetings to one. It is possible that some information may be omitted in one meeting but mentioned in another. Bidders may perceive an unfair advantage from attending one meeting but not the other, regardless of whether that perception is valid. There have been instances in other school districts where bidders have protested bids because they felt “disadvantaged” by the way the District handled its pre-bid meetings. The District should take all possible measures to minimize bid protests because they can cause delays and can increase project costs and/or claims.

District Status

The District satisfactorily responded to the recommendation by stressing the current bidding climate:

The District has held two pre-bid meetings as an accommodation to our bidders. We realize that many Bay Area school districts are currently renovating schools and our bidders’ time is precious. By being flexible, we maximize the potential number of bidders who will be available to investigate the needs of the District.

The District should reconsider the recommendation if the bidding climate becomes less intense.

Finding/ Recommendation (Page 63)

It appears as though a thorough evaluation and assessment of the condition of existing school buildings were inadequate. The hazardous materials studies should reveal many of the problems the District found at school sites. There were discoveries of problems after the District awarded contracts and released Notices to Proceed. The District and bond management team should be sure that a thorough evaluation of existing conditions of school buildings, including hazardous materials, is conducted before awarding contracts to construction companies and commencing with construction.

District Status

The District has substantially complied with the recommendation. In the June 30, 2004, audit report, the District stated that, to resolve the existing conditions issues:

- (1) The one environmental consultant that was responsible for almost 95% of the poor field verifications was removed from the program. This firm was responsible for four (4) of the projects where the major unforeseen issues were discovered. The Measure Phase 1B projects have not experienced the same unforeseen discoveries.

- (2) In order to assure that the environmental consultants are properly coordinating with the Architects, the Bond Management Team has instituted a series of Architectural/Environmental coordination meetings that commence during design development and continue through the completion of Construction Documents (primarily because the drawings and designs continue to change throu

PAYMENT PROCEDURES

Finding/ Recommendation (Pages 66-67)

In the invoices reviewed for the 2003

controls section. SGI's own records, corroborated by a second sampling, indicate that invoices are received well before they are processed. (Note: The official invoice dates on most invoices are at the end of the billing period, so the average above tends to be smaller than if the invoice date were for the beginning of the period.) Some interviewees indicated that invoices had been held because contractors had submitted invoices for work that had not been completed. However, several different classifications of services mirror the slow processing time within SGI's operations, as the following examples illustrate:

Modernization and New Construction: Forty-one (41) days from the invoice date to the issuance of payment. However, the District's fiscal services department and SGI's document controls section took, on average, seventeen (17) days to process the payment once the initial signatures (i.e., the signatures of the construction manager, the architect and the inspector of record) were obtained. Lag time: Twenty-four (24) days.

E-rate and GigaMAN-related Projects: Fifty-nine (59) days from the invoice date to the issuance of payment. However, the District's fiscal services department and SGI's document controls section took, on average, twenty-five (25) days to process the payment once the initial signatures (i.e., the signatures of the construction manager, the architect and the inspector of record) were obtained. Lag time: Thirty-four (34) days.

Environmental Testing and Services: Sixty (60) days from the invoice date to the issuance of payment. However, the District's fiscal services department and SGI's document controls section took, on average, eighteen (18) days to process the payment once the initial signatures (i.e., the signatures of the construction manager, the architect and the inspector of record) were obtained. Lag time: Forty-two (42) days.

Landscaping: Thirty-two (32) days from the invoice date to the issuance of payment. However, the District's fiscal services department and SGI's document controls section took, on average, thirteen (13) days to process the payment once the initial signatures (i.e., the signatures of the construction manager, the architect and the inspector of record) were obtained. Lag time: Nineteen (19) days.

Moving Services: Forty-two (42) days from the invoice date to the issuance of payment. However, the District's fiscal services department and SGI's document controls section took, on average, twenty-three (23) days to process the payment once the initial signatures (i.e., the signatures of the construction manager, the architect and the inspector of record) were obtained. Lag time: Nineteen (19) days.

Architects of Record: Fifty-three (53) days from the invoice date to the issuance of payment. However, the District's fiscal services department and SGI's document controls section took, on average, twenty-two (22) days to process the payment once the initial signatures (i.e., the signatures of the construction manager, the architect and the inspector of record) were obtained. Lag time: Thirty-one (31) days.

Plumbing: Forty-two (42) days from the invoice date to the issuance of payment. However, the District's fiscal services department and SGI's document controls section took, on average, fourteen (14) days to process the payment once the initial signatures (i.e., the signatures of the construction manager, the architect and the inspector of record) were obtained. Lag time: Twenty-eight (28) days.

Recommendations (Pages 68-69)

Because the lag time is so widespread (e.g., nearly 25 percent of invoices have a lag time of thirty-seven [37] days) and because there are likely to be legitimate reasons for lag time for some invoices, it is recommended that the District and the bond management team make an effort to process invoices in a timely fashion once they are received, whenever and wherever they are received. If the bond management team receives an invoice prematurely or has to wait some time before the invoice can be initially approved by the construction manager, the architect and the inspector or record, then the bond management team should make a note of the delay and request the vendor to issue a new and accurate invoice with a revised date. (Note: It is important to note that not every category of expenditure experienced this kind of lag time. For example, expenditures associated with inspectors of record had, on average, a difference of three days between the receipt of invoice and the time at which SGI's document controls section

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Findings/ Recommendation (Page 69)

A typical request for construction progress payment requires eight signatures, excluding the contractor's. From the initial sampling, TSS observed that the "travel time" within each signature is sometimes as short as the same day or as long as twenty-one (21) days. From the data analysis, the turnaround time for all invoice signatures ranged from the same day to as many as ninety (90) days, with an average of eight (8) days and a median of seven (7) days. It took more than 14 days to secure the business office signatures for 120 payments or 10.7 percent of payments. While the overall average signature time is acceptable, it is recommended that the District and/or the program manager try to process all payment approval signatures expeditiously. If a problem or issue arises with a particular payment, the District or SGI should note it within its records.

District Status

Please see "District Status" for this section immediately above. The District and SGI currently document when there are problems with invoices as well as their eventual resolution. Once the

District Status

The District is striving to comply with the recommendations. The Bond Team and District Fiscal Services staff have identified communication with the Purchasing Department as a priority for improvement in the current year. One area which would allow for better communication is an online purchase order system. With tracking capabilities embedded in such systems, the Bond Program's purchasing and payment procedures would be significantly upgraded. This process is in the early stages of implementation by the District.

BEST PRACTICES IN PROCUREMENT

Finding/ Recommendation (Page 73)

The District took three (3) months to issue a Notice to Proceed. The effect of such an allowance is costly in the current market. Steel and concrete prices rose throughout the 2003-04 fiscal year and appear as though they will continue to increase. Contractors tend to inflate bid prices to anticipate price increases that may occur three months following the Notice to Proceed. It is important to award and start construction as quickly as possible. It is recommended that the District issue Notices to Proceed in a timely fashion. In anticipation of steel and concrete price increases, the District should investigate whether it is worthwhile to order and store materials, especially in the case of new construction where there is adequate storage space. The savings against future pricing and contractor's overhead might be substantial. (This practice has been successfully done in other school districts although it takes coordination, space and time.)

District Status

The District has substantially complied with this recommendation. In the June 30, 2004, audit report, the District stated: "A major focus of the efforts by the District's Engineering Officer has been to streamline the Bid, Award, and Notice to Proceed process for construction contracts. Notices to Proceed for the Measure M Phase 1B projects were issued within one month of the award, which is a substantial improvement over the previous year's Notices to Proceed."

In response to the recommendation to consider stockpiling materials, the District responded: "Staff has reviewed the potential for stockpiling materials, and each time has concluded that the risks, such as stockpiling incorrect materials, outweigh the money saving potential."

Finding/ Recommendation (Page 73)

TECHNOLOGY/E-RATE IN THE FACILITIES PROGRAM

Findings (Page 77)

The facilities and technology departments do not appear to be as well coordinated as they could be on the technology aspects of the facilities program.

Communication between both departments appears to have been lacking in the early stages of the facilities program. Communications, messages and comments about different installations, for example, failed to get to the other party at different points in time.

Recommendations (Page 77)

It is recommended that the District designate one person, consultant or employee, to serve as the liaison between facilities and technology rather than one person from both departments. This person should have some authority on technology-related decisions.

It is also recommended that the District's technology department be more flexible in its approach toward technology upgrades. While less robust systems may be adequate for curricular and administrative needs at the present time and in the near future, the District should try to prepare for future changes in technology and more advanced learning opportunities for students, especially given the costs associated with such projects.

It is recommended that the District and bond management team examine the staffing impacts on the technology department in terms of changes in infrastructure and assignments. Staff members and departments affected by changes in their work assignments should participate in discussions on changes in how their department will run. Such participation and planning also help maintain positive attitudes toward necessary changes in the workplace.

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transition mode, defining the needed scope for a single Master Technology Consultant and issuing and RFP to obtain one.”

Finding/ Recommendation (Page 79)

While the California Department of Education (CDE) approved the District’s “Educational Technology Plan,” the plan itself lacks more specific and updated information on the actual facilities changes. Such specificity, if even in an appendix to the “Educational Technology Plan,” would help the District maintain a uniform approach to technology standards. It is recommended that the District incorporate into its current technology plan the District’s specific infrastructure upgrades at different schools, with their corresponding timelines. The value of this specificity should help all stakeholders involved in the technology program understand and, hopefully, accept the agreed-upon infrastructure standards. (To receive ongoing federal funds from the Enhancing Education Through Technology [EETT] formula grant, the District must revise its technology plan during the 2004-05 school year for the 2005-06 school year. The District should incorporate more infrastructure specificity into its technology plan for the 2004-05 school year.)

District Status

The District will consider the recommendation in its 2005-06 update. As reported by the District in the June 30, 2004, audit report:

“The District’s Educational Technology Plan was written with compliance with State requirements and to maximize eligibility for the District to receive funding. Line item specificity is not necessarily appropriate as it could hamstring the District’s funding efforts. However, the auditors’ comments will be taken under advisement for the 2005-06 update.”

EFFECTIVENESS OF THE COMMUNICATION CHANNELS AMONG ALL STAKEHOLDERS WITHIN THE BOND PROGRAM

Findings (Page 87)

While the structure and kinds of information available on the bond program website, www.wccusdbondprogram.com, is extensive, the website does not appear to be updated in a regular or timely fashion. For example, the bond program website's profile for Lincoln Elementary School has not been updated since January 2003. (During the midyear report, the bond management team indicated that it would update program information on school sites.) The www.wccusd-bond-oversight.com is more out of date than the bond program website.

Recommendations (Page 87)

It is recommended that the District and the bond management team consolidate the two websites into the www.wccusdbondprogram.com website. Some information appears on both websites, and it may be easier to manage one website related to the bond program.

It is recommended that the website be updated routinely—perhaps, bimonthly. For example, the oversight committee website should have the most current bond oversight committee meeting agenda, and the bond program website should have more current program status reports. A simple, time-

status reports are updated on a monthly basis for posting to the web site. These two documents serve as the schools' primary update tools during construction. The comment made during the January 2003 audit response was intended for the construction status reports. Over the past year a content management structure was developed so the Bond Team will be less dependent on a third party input into the web site. The web site content management system in place now will assist in expediting updates to the web site.

- Even though the District agrees that the recommendation to combine the Oversight Committee web site with the Bond Program web site would be effective, the two web sites must remain separate and distinct for two reasons:

Funding for the Oversight Committee website must come from the general fund or another source other than the Bond Program.

The Oversight Committee's web site should be designed, monitored and updated by Oversight Committee members. The web site is a requirement of Proposition 39 and we would prefer for it to be controlled and edited by Oversight Committee members to avoid any potential perceptions of conflict of interest in reporting data.

The Bond Program Web Site will be updated on a monthly basis. We have found that the program status does not change significantly with a two week period. As the auditors have requested we are utilizing PDF files from reports to make effective and timely updates to the web site. Approximately one year ago, the Oversight Committee recommended that a link to the Oversight Committee web site be put on to the Program web site and nothing more to avoid duplicative efforts and potential conflicts in reporting. All agendas for the Oversight Committee web site are to be posted to the Oversight Committee web site when they become available. The District and an Oversight Committee web site sub-committee oversee and update the web site on a monthly basis. The Oversight Committee web site is currently in redesign and should be available in its new format sometime during the Spring of 2005. Tech Futures will continue to update the web site as instructed by the Oversight Committee web site subcommittee.

The Bond Team will investigate adding some sort of search engine to the Bond Program web site for ease of finding information. It is agreed that some sort of search function will assist users in finding data that they are looking for. A proposal for this recommendation will be solicited and forwarded to the District for review.

The chronology of the Bond Program will be updated and posted to the web site as a new document by March 2005.”

Finding/Recommendation (Page 89)

The District did not always provide the bond oversight committee with information in a timely fashion. It is recommended that the District ensure that it gives the oversight committee the information it needs in a timely fashion, as one of the committee's primary responsibilities is to convey to the community the District's progress and compliance in fulfilling the conditions outlined in the ballot language.

District Status

- Bond Program Website updated consistently for easy access of community and parents.
- Positive press concerning the bond program in numerous newspapers.
- Working with Cities to submit current information on their website.”

OVERALL BOND PROGRAM

District Status

The District has made significant progress in complying with the recommendations. Since the passage of Measure M on November 7, 2000, and Measure D on March 5, 2002, the bond management program has evolved into a mature structure. The completion of the District's Realignment Process—including the addition of District bond personnel, the bifurcation of the original WLC/SGI contract, and the addition of a number of specialty consultants—has resulted in an effective bond management structure and team. After the initial performance audit period with attendant communication/cooperation difficulties, the responsiveness to, and the cooperation with, the audit team has improved. While there remain weaknesses and problems to be addressed and improved upon—most notably fiscal control issues between the District and SGI, payment procedures, the document control system and the communication process, as discussed throughout this document and the 2004-05 audit report—such weaknesses and

DISTRICT AND PROFESSIONAL SERVICES STAFFING PLAN
FOR THE BOND PROGRAM

Finding (page 39)

DISTRICT POLICIES AND GUIDELINES FOR FACILITIES PROGRAM

Recommendation (page 53)

TSS recommends that the District continue to work on revising and updating its policies.

District Status

The District has made minimal progress in complying with this recommendation. A new Administrative Regulation (AR) on Williams settlement requirements has been adopted, a new Administrative Regulation (AR 7214.2) on Citizens' Bond Oversight Committee composition, duties, agenda and joint meetings with the Board of Education has been adopted and the "10 percent" change order regulation has been resolved with District counsel.

At the Board meeting of February 8, 2006, the Board voted to establish a policy subcommittee for the purpose of analyzing, reviewing, and revising policies as needed. Most of the Series 7000 (facilities) policies and administration regulations (ARs) date back to 1989 and 1996, and many new ARs included in "model" documents prepared by state organizations are needed locally to reflect changes in California law.

Establishment of the policy subcommittee is a positive action taken toward updating facilities policies. Recommendations and actions of the subcommittee will be analyzed in detail in future performance audit reports.

BIDDING AND PROCUREMENT PROCEDURES

Findings (page 54-55)

The District needs to ensure that its practice of requiring two or three quotes for materials or services greater than \$2,000 is observed. The bond management team can assist with this
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Regarding price variations in vendor bids, much of the variation is due to quality and brand differences; the District will continue to refine its standards to ensure that bids reflect similar items and quality.

CHANGE ORDER AND CLAIM AVOIDANCE PROCEDURES

PAYMENT PROCEDURES

Findings (page 59-60)

The time of payments can be shortened. Only twenty five (25) percent of the sampled invoices took four (4) weeks or fewer to pay from the date of the invoice. Forty (40) percent of the sampled invoices took approximately three (3) months or more for payments from the date of the invoice. One of the least timely invoices was for furniture and equipment, which took twenty (20) weeks to pay.

During the course of the audit, one of the sample invoices for \$217,025 was not available for audit because paperwork was not in the file.

asked to submit invoices that reflect the true value of their work. Clear and accurate invoices shorten the timeline for payment.

Refer to the section in this report titled “District Professional Services Staffing Plan for the Bond Program” for comments concerning reorganization of accounts payable for Bond Program expenditures.

District Status

The need for improvement in the payment procedure process has been consistently reported in each annual performance audit. While efforts have been made to improve the payment process, the second annual performance audit (June 30, 2004) revealed that considerable delays in paying invoices still existed. These payment delays continued to exist at the time of the third annual performance audit (June 30, 2005).

The District had made some progress in complying with the recommendations, but additional effort is needed to ensure that timely payments of invoices are made while proper controls are maintained. Procedures have been developed to ensure that backup material is included with purchase orders. Internal weekly meetings are held to review the status of purchase orders and invoices. Because the District and SGI use two different accounting systems, regular meetings are held to reconcile the accounts.

During the 2005-06 fiscal year, a detailed study of the payment process was made and documented. As of June 30, 2006, the District was reviewing the findings and recommendations to determine how to best make procedural changes without sacrificing quality control.

BEST PRACTICES IN PROCUREMENT

Findings (page 61)

Modtech, a provider of portable classrooms, was unable to repair fifty (50) air conditioning units in new portables they provided at several school sites. The District, to ensure that the portables would be ready for school opening, hired Bay Cities Mechanical to do the repairs, at a cost \$6,596.79. Upon investigation, this auditor could not find whether Modtech credited the District for the cost of repair. It is important that purchasing department be informed of issues such as these so they can ensure the money is collected. (This matter was also reported in the midyear report.)

In November of 2004, Schreder and Associates presented a redistricting study to the Board. Before any commitment of funds is made for reconstruction, redistricting decisions that may affect a school should be considered.

A memorandum issued by Davillier Sloan stated that the District is no longer requiring original signature on certified payroll record. The certified payroll record is an official document which interests the Department of Labor, Office of Public School Construction, and contractor trade organizations. Without the original signature, the District may create an impression that the record is incomplete, inaccurate, or invalid.

The bid for Playground Renovation at Hannah Ranch and Cesar Chavez Elementary School was significantly delayed by the contractor. The bid was opened on June 23, 2004, and the Board approved the contract on July 7, 2004. A Notice to Proceed was issued on July 21, 2004. The forty-five day project should have been completed before the new school year started. Instead, it was ninety-eight percent complete during the first week of February. When a contractor fails to perform, the bid document provides relief in form of liquidated damages. Further, it may be necessary to report such performance to surety companies. This practice will eventually eliminate nonperforming or underperforming contractors. A further review was made of other construction timelines and the additional construction days approved for certain projects.

Extension of construction days could not only delay the use of school facilities but if caused by the District, may result in the District owing contractors' for the extension of time.

Recommendations (page 61)

It is recommended that District enforce contract conditions for nonperforming /underperforming contractors. When work delays caused by the contractor affect the District's use of facilities, liquidated damages should be imposed. To encourage performance, contractors should be reminded of possible claims against their bond. Because bonding is needed to bid on public projects, contractors understand the impact of a report to their surety firm.

District Status

The District is in substantial compliance with the recommendations. In the case of the finding cited regarding Modtech, the vendor worked for the state; the District therefore had no control. The District does make an effort to track credits and backcharges contractors when warranted.

To the extent that enrollment projections are available during the facilities planning process, adjustments to the facilities design at affected schools are made. However, as consistently reported in the annual performance audits, the District lacks a comprehensive long-range facilities master plan to direct the facilities program. Until such a plan is developed and adopted by the Board, there is no assurance that facilities projects will best meet the long-range needs of the District.

Construction delays are not unusual, and any action to take against a contractor needs to be considered on a case-by-case basis. In many cases, delays may not be the fault of the contractor. Imposing liquidated damages or engaging surety should only be considered in the

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DELIVERED QUALITY REVIEW

Finding (page 66)

On May 24, 2005, the District Engineering Officer presented a status report that included a component relative to Measure D Secondary Projects, Geotechnical Work Update. This section of the report provided an update of the new field work accomplished at five schools. The new geotechnical work was necessary due to the alleged inadequacy of the original geotechnical work. Since geotechnical data is a primary basis of structural design when an inadequacy is substantiated, the District finds itself in a position of incurring expenses to either correct soils conditions, add scope to compensate for newly verified conditions not accommodated in the original design, and/or relocate buildings on the site (or consider a different site altogether).

Recommendation (page 66)

A quality review mechanism in advance of structural design is needed. The District should work with the bond management team to develop such mechanism(s).

District Status

The District is in full compliance with the recommendation. A June 2006, report entitled, "Staff Assessment of Completed Measure M Bond Program Schools (Site User Surveys)," was prepared to assist in the development of a Final Educational Specifications and Schematic Design document to assist in the design of future school projects.

To better control future geotechnical work in light of past problems encountered, the District reports that it "has continued to refine its Geotechnical reporting and review processes."

**SCOPE, PROCESS AND MONITORING OF PARTICIPATION BY LOCAL
FIRMS**

Recommendation (page 67)

It is recommended that the District develop a precise definition of the “local” firms to aid in the outreach to firms within the defined parameters for participation in the bond program projects.

District Status

The District is in substantial compliance with the recommendation. The District responded that “members of the Bond Team have been working closely with Davillier Sloan and the

**EFFECTIVENESS OF THE COMMUNICATION CHANNELS AMONG ALL
STAKEHOLDERS WITHIN THE BOND PROGRAM**

Findings (page 68)

The District has hired Craig Communications to perform a comprehensive public outreach campaign at numerous District schools, which has included informational meetings, postcard campaigns, newsletters and brochures. The District's newsletter, Apple Bite, sometimes includes bond program information. In addition to a District website, the District maintains websites on the bond program and the bond oversight committee. The District Board of Education holds joint meetings with the Citizens' Bond Oversight Committee once or twice a year. The District continues to conduct presentations with city agencies and communities to inform them of facilities plans and progress.

The results of a survey conducted by TSS indicated that those closest to the bond program—Board members, District administration, school principals and parents in schools undergoing planning or construction—continue to report the highest level of satisfaction with the communication process. However, School Site Councils (SSC) and Parent Teacher Associations (PTA) report the lowest level of satisfaction with the District's communication process. The Citizens' Bond Oversight Committee reports a communication process effectiveness rating significantly lower than the Board, District administration and parents. There have also been reported delays in posting current information on the District's websites for the bond program and bond oversight committee, whose problems have mostly been corrected by the District.

In an April 5, 2006, status report to the Board, the administration stated the following under Facilities Communications:

“District staff is working with Craig Communications, Communications Consultant, on increasing awareness of the bond program with the school community and the community at large. As part of the process to develop long range planning, District staff is developing ways to continue to inform community and staff. Below you will find some examples:

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Recommendation (page 68)

It is recommended that training should be provided to the CBOC informing them of their

The District has made significant progress in complying with the recommendation. The District reports that it has a “weekly Design/Pre-Bid Coordination Meeting which includes District Fiscal staff,” and “weekly Fiscal Coordination Meetings which focuses on coordination between Bond Controls staff and the District’s Fiscal Controls Department and Purchasing.” There are also weekly Legal Review Meetings with senior District staff, in-house counsel and the District’s construction legal counsel.

OVERALL BOND PROGRAM

Findings (page 70)

There appears to be

the audit team has improved. While there remain weaknesses and problems to be addressed and improved upon—most notably fiscal control issues between the District and SGI, payment procedures, the document control system and the communication process, as discussed throughout this document and prior performance audit reports—such weaknesses and problems are not substantial in comparison to the changes the District has made to improve the delivery of t.64(de)4.0(1)fJ ET Q4hanndyshanst to