

**CITIZENS' OVERSIGHT COMMITTEE  
MEETING MINUTES  
September 15, 2003**

Chairman Al Valdez called the meeting to order at 5:00 p.m. with Michael Calta, Al Valdez, Gerald Bruce, Roger Larkin, Gary Larson, Maurice Ayala, Glenn Duncan, Andy Anderson and Dr. Andersen present. Geoffrey Vanden Heuvel arrived at 5:02 and Stuart Holland at 5:10. Gary Ovitt was absent.

Mr. Calta made a motion to approve the minutes from the meeting on July 14, 2003, and Mr. Duncan seconded the motion. Mr. Valdez asked for a vote. Mr. Anderson, Mr. Duncan and Mr. Larson abstained, as they were not at the meeting. The motion to approve the minutes was passed.

1. **Review stadium costs**

The total project costs for the stadium project are not in yet because the project is not complete. Mr. Valdez said the committee wants to determine why this project is over budget. He asked if there is an estimate of overruns at this time. Dr. Andersen estimated \$300 thousand to \$400 thousand. Mr. Valdez asked if the District knew where the overruns came from, whether with construction or plans. Dr. Andersen said the board had taken some action already on change orders. The most significant change order was No. 2, approved July 17, 2003, which is related to the construction of the two concession stands, restrooms, and ticket booths. Builders ran into electrical ductwork that had to be relocated for over \$50,000. There were extra charges and credits, but the net change was \$91,000. The over-excavation of the wrestling building site was approximately \$18,000. Dr. Andersen explained that the building has to have a certain soil compaction and sometimes it's necessary to dig deeper and remove more soil to compact it to the degree that it will pass the compaction test.

Mr. Ayala asked if they didn't know the compaction requirements prior to starting. Dr. Andersen said the compaction was known but the soil didn't meet that compaction. Mr. Calta said there was a soil test done in 1998 that led people to believe there were problems with the soil, possibly when they did the core samples for the lights. Dr. Andersen said they probably knew there were issues with the soil when the school was built. Mr. DiCamillo said the 1998 report didn't have anything to do with the current soil compaction. There were reports done for the actual construction of the stadium and the installation of the bleacher system that are required by the State. Mr. Valdez and Mr. Calta expressed concern that the District may have had information from a 1998 report that might indicate there would be a higher estimate.

Mr. DiCamillo explained that the State requires the district to hire a licensed geotechnical engineer to do a report specifically for each project. Kleinfelder, the geotechnical engineer hired by the District, required additional compaction than

what was in their initial report. Every site has different compaction requirements based on the existing soils. He said that an older report from 1981 or 1998 would have nothing to do with the current project because the soils change as the project is graded. The soils that may have been there in 1990 would react differently now in 2003. Kleinfelder did the current report. During the course of construction, they updated their findings that the contractor was not getting enough compaction on the site. They requested a deeper cut and compacted fill for additional cost to the project but this is within the normal occurrence on a construction project.

Mr. Ayala asked for clarification on how the soil is different than it was a few years ago. Mr. DiCamillo explained that when Ayala was built in 1985, the school site fills were different. His firm brought in 250,000 cubic yards of soil across that site. He said the soils are different now after placing compacted soil there.

Mr. Olin said the 1998 report referred to when the light standards were installed and was concerned with the bearing value at 18 feet and not with the bearing value at 5 or 6 feet, the value of the current project. Mr. DiCamillo explained that over-excavation means to excavate down to the lowest bottom of a footing.

Mr. Larkin asked if the contractor gave the District a price for excavating the site to ensure proper compaction when the project was bid. Mr. Olin said the contractor did so per plans and specifications and per the soils report. The soils engineer's report was ambiguous and didn't state that over-excavation would be necessary. There was no place on the bid form to enter a quantity initially. Mr. Larkin said if there was a licensed engineer who did a soils test for that site and their results were ambiguous, why isn't the District going back after that licensed engineer instead of paying additional money for over-excavation. Mr. Olin said that the report reads that over-excavation "may" be required. That tells the contractor that the soils engineer can't tell from his borings or tests what the situation is, possibly because the water table is raising and lowering or various reasons. In that case the engineer puts that clause in the report indicating that an unforeseen condition may exist that would be an extra per the Public Contracts Code.

Mr. Larkin thought that there wasn't anything in that area on which the water table would have an adverse affect. Mr. Olin stated the whole area is a "swamp." Mr. Larkin said he's working on a project that's several hundred feet below that area and he had to over-excavate six feet, but they knew going into it that the soil wouldn't meet the compaction requirements. He said if the engineer didn't give the District the information they had requested they might be held liable.

Mr. Olin said that Mr. Larkin's project is probably on native soil, but the Ayala project is on compacted fill that was never properly compacted in the first place. He said that the football field at Ayala was built in a separate phase from the school and six to seven of feet of fill was brought in. It should have been engineered fill but wasn't. So when the soils engineer bored his test holes, he may

have found adequate soil at those holes. But due to improper compaction 7 - 10 years ago, areas were found where the present project is located where the soils weren't adequate.

Mr. Calta asked for an estimate of the total cost of the stadium. Dr. Andersen said the estimate was between \$300 and \$400 thousand on the change orders. Contract amounts were at \$2.7 million. With change orders, the estimated total is \$2.9 million. Mr. Vanden Heuvel asked what the fee was from Kleinfelder. Dr. Andersen said the original fee was \$9,600.

Mr. Valdez asked for clarification on the issue that some compaction on the football field was never done properly. Mr. DiCamillo said that when they do test borings for a building, by code they might do one test boring for a certain number of feet as required by law. They might find that the soils are fine, but 10 feet further over may be completely different. He said he didn't feel it's an error by the soils engineer. He also said there is no requirement for compaction if no building is intended to be built.

Mr. Olin said that when the other contractor was hired about 10 years ago under Carmichael-Kemp Architects, about five feet of imported fill was brought in and should have been compacted at that time per the architect's requirements. However, the contractor went bankrupt in the middle of the job leaving the District with numerous storm drainpipes and sewer lines. Mr. Larkin said that the contractor had to buy a bond to protect the District so they could hire another contractor to come in and complete the project. He said there should have been an inspection on the project to make sure they did what was in the plans and specifications for compaction. Mr. Olin said the bonding company had paid the District off from the bond. Mr. Larkin and Mr. Valdez commented that it appears the proper procedures didn't take place 10 years ago and now the District has to pay the price. There was further discussion about the soils compaction. Mr. Duncan said his understanding of the issue as explained by the construction manager and the architect was that the compaction could have changed over the last 10 years with the rising and lowering of the water table. Mr. Olin said that when you have fill placed on land and it's not compacted properly, it's very possible that some borings produce positive readings and other areas don't because they don't take numerous samples.

Mr. Vanden Heuvel felt that the committee is setting a standard for what they're watching. He questioned why the engineer was not instructed to take more than the standard number of test borings to determine what was underneath the site. Mr. DiCamillo said this was an unusual problem and there was no problem with the ticket and concession buildings and the stadium foundations. Mr. Calta said a lot of money has been charged on constructability studies. He thought the purpose of these studies was to try and foresee some of these problems, especially if it has a history.

Mr. Calta produced a document he had put together that listed costs on the stadium. His understanding was that it has cost \$3.2 million and with the new costs it would be \$3.6 million. Dr. Andersen said he would take a look at his calculations and see what the costs are. Mr. Bruce asked if the building that required the over-excavation was in place yet, and the answer was that it is not. He asked if the soil analysis was done at just one point or two points for this building. Mr. DiCamillo said yes, and it's a very small building, 72' x 40'. Mr. Bruce asked what's to prevent someone from taking a core sample at another spot and finding the same problem. Mr. DiCamillo said this was the final assessment so there won't be any more samples.

Mr. Calta asked at which point they recognize they need to dig deeper. It was explained that Kleinfelder's engineer is on the site at all times as they are excavating. Mr. Ayala said he was at the first game for Ayala at the new stadium and he didn't feel there was \$1.2 million of snack bars and restrooms. He commented that the snack bar window slides up and the part one would talk through is about three feet off the ground and adults were bending down to speak through the hole. Mr. DiCamillo said it was required by the Americans With Disabilities Act (ADA) and the Division of the State Architect (DSA). Mr. Ayala asked if there could be a little speaker hole like in a theatre. The architect said they talked it over with Steve Martin, the athletic director, and Mr. Martin preferred the resulting solution. Mr. Ayala asked if there was a bid requirement for having an opening at mouth level. Mr. DiCamillo said it was discussed and the higher openings tend to be a little more vandal-prone when no one is there. Mr. Ayala asked if there was something to pull down to protect them and the architect confirmed there is a shutter to pull down for protection. He repeated that the site elected to use the current design and Mr. Ayala asked who made that decision. He said 100% of the people in line were not handicapped. Mr. Valdez said the architect said it was the athletic director. Mr. Ayala felt that when they were talking about financing and decision-making, so much of it falls in an area where the buck doesn't stop anywhere. It appears that the responsibility doesn't fall on anyone in particular and he is uncomfortable with that. He said he would not like to see those kinds of windows at the Don Lugo snack bars when they are built.

Gerald Bruce asked for the information on Change Order No. 1 for the Ayala stadium addition. Dr. Andersen gave them the information on change order nos. 1 and 3, as follows:

**CHANGE ORDER NO. 1**

<b>Description</b>	<b>Extra</b>	<b>Credit</b>
A. Add two floor sinks, one in each concession building, required by County Health Department	\$1,658.00	
B. Add four air curtains, two per building at exterior exits, required by County Health	\$5,909.00	

Department		
C. Natural gray concrete in lieu of colored, District request		(\$3,000.00)
<b>Totals:</b>	<b>\$10,936.00</b>	<b>(\$3,000.00)</b>
<b>Net Change:</b>	<b>\$7,936.00</b>	

CHANGE ORDER NO. 3

<b>Description</b>	<b>Amount</b>
A. Modify site work plan in order to accommodate drainage issues and maintain compliance with ADA requirements.	6,610.00
B. Use of masonry block instead of concrete at wrestling room ramp entrance.	0.00
C. Move communication vault approximately 18" to the east of specified location.	7,080.00
D. Demolition of existing track area including grading, asphalt and patch as well as new 4' fence.	11,012.00
E. Add 50 lineal feet of chain link fence along western edge of track near buildings L & M.	912.00
F. Cut one existing spare 2-1/2" conduit feeding panel next to "DP-S" and extend to "DP-S" panel with associated wiring.	1,602.00
<b>Totals:</b>	<b>\$27,216.00</b>

Mr. Ayala commented on the 50 feet of chain link fence for \$912. Mr. Valdez asked if the cost overruns for the Ayala stadium would affect other Measure M projects. Dr. Andersen said it would be difficult to say because all of the Ayala projects haven't been completed yet. He said the answer would depend on how the other projects go at Ayala. They might very well come in under the total budgeted amount even with an overrun on the stadium. Mr. Ayala said he would look at it that the other projects may come in under budget but the savings from somewhere else will not be fully realized because of the overruns. Dr. Andersen said there was never a promise that all the projects would be completed; there was over \$200 million worth of projects and only a \$150 million bond. Gerald Bruce said he didn't get a \$200 million figure when he added it up.

Mr. Anderson asked if given prudent business measures and the fact that there are \$200 million worth of projects and \$150 million in bond money, even if balanced out, has some methodology been determined to figure which projects might not be completed. Dr. Andersen said what hasn't been factored in is how successful the district will be at getting additional funds from the State. If an estimated \$50-\$60 million in matching funds are received from the State, staff is hopeful that all of the projects will be completed. Mr. DiCamillo added that one or two applications have been submitted and they have been successful in acquiring additional funds. Mr. Anderson asked if this was true given the current fiscal condition with the

State. Dr. Andersen and Mr. DiCamillo said that the State school building fund is not tied to the current State budget because it is a bond-funded program. Mr. Anderson asked if that projection is based upon additional bond funds being approved by the voters, and the answer was no. Dr. Andersen said the district is accessing current State bond monies. Future projects will depend on future bonds. Mr. DiCamillo said the district had applied for and received funding from the State bond for the two-story classroom building at Wickman Elementary School, approximately \$1.8 million.

Mr. Anderson asked if there has been any projections or methodology determined if the funding doesn't come from the State as to how it would be determined which projects would not be completed. Dr. Andersen said there hasn't been a comprehensive study. He indicated that projects can be completed and funded locally and be eligible for reimbursement out of a future State bond. The chance for funding is not lost if a risk is taken and the project is completed with no State money. A district can wait its turn and eventually if a State bond passes, it will get reimbursed as long as it follows the rules.

2. **How does B.E. McMurray Construction calculate their fees?**

Bob Olin from B.E. McMurray said that unlike a general contractor's contract for school projects, all of the change orders do not affect the dollars that go to B.E. McMurray. They have a fixed fee for profit and overhead and do not benefit at all by change orders. The only thing that varies is general requirements. Mr. Valdez asked how they determine a fixed fee per project. Mr. Olin said 3.75% of estimated construction costs at the time the job is bid and does not vary with change orders.

Mr. Larkin asked what constructability studies are. Mr. Olin said that in a perfect world where time isn't a factor, the construction manager would get the plans in sufficient time to go through them and do constructability studies prior to going to bid. In reality in the way the plans came down in this district and the district's need for additional housing, the need for an additional stadium and the time restraints they were faced with, constructability studies were performed during the bid process itself and those show themselves in the form of addendums to the bid. Mr. Calta said it seemed like they were a lot more expensive than past constructability studies.

Mr. DiCamillo explained that the way it normally works is the architect prepares the plans, and the same day they submit them to the Division of the State Architect (DSA) for their plan check and review, a set is given to the construction manager, and district personnel in maintenance. While DSA is reviewing the plans, the maintenance department and the construction manager are also reviewing them. DSA normally takes three to four months to review the plan. Mr. Valdez asked if the construction manager had the plans three to four months in advance. Mr. Olin said in this case the plans were already through DSA when the

bond issue was passed. Mr. Larkin said the construction manager then goes through the plans and checks for mistakes, additions, deletions, and questionable areas and get those ironed out before putting them out to bid. He said that since there wasn't time to do that, this process was circumvented. He felt the district has paid McMurray to do that process in addition to the fee for overseeing the project.

Mr. Olin said that the amount of work that's required to go through it during bid processing time and after the bid is awarded is four to five times the amount of work that it is if they'd had the plans earlier. He said McMurray is performing more work now than they are being paid for because they didn't get the plans early.

Mr. Calta questioned an item listed among things that will be accomplished in the agreement with the district on the Ayala stadium, No. 1.1.4., constructability review. He said it seems to be part of the agreement and yet there are extra charges for constructability studies that other companies have done for as low as \$2,900. He thought the charges were very high. He asked why it was an outside agreement and not part of the general agreement. Mr. Olin said it was the way the district chose to handle the contract to have McMurray involved in the projects up front during the planning stages. Mr. Calta asked if they were getting paid twice because it's in the contract agreement and in an outside agreement. Mr. Olin disagreed that they were being paid twice. He said the contracts are well planned out, and the district counsel, Mr. Gutierrez, reviewed them and agrees with them. He said the district is getting its money's worth out of the contracts. Mr. Olin said their overall 3.75% fees were bid competitively and their fees were lower than any other general contractor or construction managers.

Mr. Calta asked if there is any review on the contracts and said the contracts were getting higher and higher. He said the other approved construction managers are not getting calls for work because he had called them and asked them. They said they would like to work for the district, but they weren't getting any calls. Mr. Valdez mentioned that B.E. McMurray wasn't on the original approved list, they were added later on April 30, 2000, by Mr. Lonnie Truett. Mr. Olin said McMurray was on the original list from staff recommendation and they were removed from the list the night of the board meeting and placed back on the list two weeks later. He explained that they were removed from that list because Mr. Truett was not familiar with their company. Mr. Olin said Mr. Truett didn't recognize that McMurray was an offspring of Berry Construction, the contractor who built Ayala High School. Mr. Valdez asked if they had a part in the past problem discussed earlier with the football field. Mr. Olin said Berry was the contractor that built the school before the contractor who built the football field.

Mr. Ayala asked if the constructability study was done during the bid process to save time. Mr. Olin said it was to get the projects out to bid to fit within the proposed completion date. Mr. Calta asked if since the completion dates were set, there would n't be any extra charges for constructability studies. He said if the

district asks McMurray to go in ahead of time without signing a contract, there would be extra charges. If there were a contract in place, there wouldn't be extra charges. Mr. Olin said that they were working on Ayala long before an actual contract was in place, and they were and still are working on projects, like Don Lugo, without a contract.

Mr. Larkin asked how McMurray's responsibility differs from one of the contractors as far as what's required. Mr. Olin said the contractors are at risk; construction management is not at risk. The fixed fee does not fluctuate with the cost of the project; general contractor's profit and fee fluctuates with change orders. Mr. Larkin said his question was in reference to reviewing plans and specifications to see how it can be constructed. He asked why the contractor doesn't do that when he puts his bid together. Mr. Olin said general contractors look for errors in the plans and view those errors as potential extras that they can add a 15% markup on later instead of the 3-4% profit on McMurray's original bid. He said no matter how hard the architect and construction manager try, there would always be errors in the plans. Mr. DiCamillo said some contractors would send a pre-bid Request for Information (RFI) for clarification. The RFI will be answered in the form of an addendum that will be sent to all bidders prior to bid. He said most of the foreseeable issues come out in an addendum prior to the district signing a contract.

Mr. Larkin said he had a problem with the district paying for constructability studies and the amount of change orders that have taken place. He questions what the district, taxpayers, and as a member of the committee have paid for and questions the need for a construction manager. He felt more information could have been given to the contractor. Mr. DiCamillo didn't think the soils issue falls into the category of issues covered in constructability studies. Mr. Larkin thought that there was enough information about the soil conditions at that site that a construction manager should have been able to address the issue ahead of time. Mr. Olin said the \$18,000 grading extra was on the placement of the wrestling room building purchased from a Modtech piggyback and was outside B.E. McMurray's contract and they had nothing to do with it.

Mr. Calta asked if the district has multiple architects. Dr. Andersen said the district has two architects. Mr. Calta asked what the theory was behind having a competitive bid system and having multiple contractors do the fee-for-service projects. Dr. Andersen said the district has an extensive building program in the district. It's staff's opinion that there are limitations as far as what an architectural firm might be able to provide. Mr. Calta asked what was the difference between an architectural service and a construction management service and why the district wasn't using other construction managers. Dr. Andersen said there's confidence that B.E. McMurray has the manpower and expertise to handle the work. Mr. Calta asked if Dr. Andersen had been given specific instructions from any board member to only do work with B.E. McMurray. Dr. Andersen said no. Mr. Calta asked if he would be allowed to get another construction management



company. Dr. Andersen said he could suggest it. Mr. Valdez said the board would have to approve it and Dr. Andersen agreed.

3. **Amendment to COC Bylaws**

Mr. Valdez said Mr. Ayala proposed an amendment under Section 5.1., Subsection B2, to read "Council members from the cities of Chino Hills, Chino, and Ontario or a council-appointed representative." Mr. Duncan said his understanding is that the bylaws are set and approved by the school board and he didn't think the committee had the authority to change them. Mr. Valdez said he wanted to get approval by the committee to present this amendment to the school board for consideration. He explained the intent of the change is to allow an Ontario city representative to be on the committee. The motion was moved by Mr. Vanden Heuvel and seconded by Mr. Calta and all voted yes.

4. **Revised costs on Miscalculated Projects**

Dr. Andersen explained that a few meetings back the committee was told there was a miscalculation on the Dickson estimate for their Measure M projects. The committee requested Dr. Andersen check the other schools to see if there were any other miscalculations. There were some others and the committee was given a list of miscalculations. He explained the list and said he felt all miscalculations were accounted for. Mr. Bruce said he had difficulty with the errors and was bothered by them. There was further discussion about how the error could be made.

5. **Master Contract for Construction Management Services**

Mr. Calta distributed information he assembled regarding construction management services to committee members, and he made some copies available to members of the audience. He said he is concerned about the fact that all of the work is going to one company and the other companies aren't being contacted. He asked a representative from Turner Construction to give a presentation to explain some of the pitfalls and danger signs, things they should look for on construction projects as an oversight committee. He introduced Chris Durkee from Turner Construction, the largest commercial builder in the United States. Mr. Calta said Turner Construction was on the first approved list of companies but not on the second. He had contacted some of the approved companies, and some of them said they wouldn't respond anymore because it was a waste of resources because they felt the way the district chose the firm was not done in a fair and competitive manner.

a. Guest speaker from Turner Construction:

Mr. Durkee distributed a packet of information to the committee. It was an overview of four of the most common delivery methods for school construction. His purpose was to walk through the delivery methods and answer any questions. He discussed common problems school districts

experience during construction. He explained the various delivery methods and the strengths and weaknesses of each method.

6. Mr. Vanden Heuvel asked for the opportunity to discuss the recommendations contained in the report put together by Mr. Calta. Mr. Calta qualified his recommendations to say that the detailed suggestions do not need to be followed exactly as stated. He is recommending simply that the competitive bid system be restored for construction management services. He also said that his recommendation is not substantially different from the performance auditor's in the fourth recommendation where it states, "We observe that there are limited number of bidders and one bidder in some categories for the new school construction. For the district to obtain the best prime contractor and best possible price, they should obtain at least five or six bids per category." He thought this should apply to construction management services as well but perhaps not requiring as many as five or six bids.
7. Mr. Anderson asked Dr. Andersen if there haven't been additional bids and if it was by selection internally or by choice of other construction management firms. Mr. Valdez inserted if it was on directive by the school board. Dr. Andersen said that when the district had projects it wanted to proceed with, B.E. McMurray was able to generate a proposal that was satisfactory to the school board and provide the manpower required to oversee the project and administer it. Mr. Valdez commented that all the projects B.E. McMurray has been involved with are late and over budget. Dr. Andersen said that they may be late but they're not all over budget. He thought Wickman and Rhodes would not be completed over budget.
8. Mr. Vanden Heuvel said that on a "go-forward" basis, they should discuss whether to commit to one construction management company for all Measure M projects. He thought it seems the district is heading towards that commitment and he's not sure that's the way to go. Gary Larson said that in government contracts, whenever a contract is issued there's always a 10% contingency, and most projects go up to or over that 10%. So far, Wickman is at 1.06%. Mr. Larson said that when a government agency has a fee-for-services contract, the money issue is not first. He said the first issue to look at is the company, whether they have the expertise, then look at the money. Mr. Larkin verified with Dr. Andersen that the district has several construction management firms that are already approved to do work for the district, their qualifications and ability to do the work have been reviewed.
9. Dr. Andersen said if the request for proposal did not include a specific project, the process might have to be done again. He said in June 2002 there were seven firms approved, and there were four firms approved in March 2000. Mr. Larkin asked if all of the firms had the same capabilities to do any or all of the Measure M projects. Dr. Andersen said they have the ability but not necessarily the same costs. Mr. Larkin asked if the district is looking at bringing in another construction management company. Dr. Andersen answered that the district has two projects coming up, Don Lugo and Walnut, and they are in discussions with B.E. McMurray to manage those projects.

10. Mr. Calta said if the committee agrees that this is a good recommendation they should decide what to do. Mr. Larkin confirmed that he felt it is a good idea. Mr. Calta made a motion to make the recommendation to the board that multiple construction management companies be used and Mr. Vanden Heuvel seconded the motion.
11. Mr. Vanden Heuvel said that in the original bid referred to by Mr. Olin, their fee was based on 3.75% of the construction estimate plus general conditions. He asked what percentage the other price quotes were based on. Dr. Andersen said typically 5 - 10%. Mr. Vanden Heuvel asked if the general conditions would be the same for each one, or were there differences in those bids. Dr. Andersen said there were some differences in the general condition quotations.
12. Mr. Calta said the Request for Proposal was very broad and general. He suggested that if these other firms were brought back for negotiations on a particular project, their costs might be competitive. Mr. Vanden Heuvel wanted to verify that there was a bidding process where B.E. McMurray was selected. Dr. Andersen said they were one of the selected applicants and had one of the lowest costs in their proposal. He said it wasn't the sole reason they were selected. They had previous experience in the district at Chino Hills High School that assisted in the Board in the selection process. Mr. Vanden Heuvel said competition is healthier and keeps everybody sharper. He understood that the district had time constraints and entered into contracts with one company to get the work done. But now there's more work and more time, and he said it seems wise to take another look around.
13. Mr. Duncan said that during the bid process, it's up to staff to add all costs together and come up with the total bid. If there's a responsible bidder that submits a low bid and they're qualified to do the job, they should get the job. Mr. Bruce asked if the work on Chino Hills High School had been completed at the time McMurray was removed from the approved list. Dr. Andersen said that work hadn't started yet. He said McMurray was chosen before the school was started. Mr. Ayala said it was mentioned that different construction management companies have different strengths or different areas of expertise. He said the concept of matching up expertise with projects is lost if there's a master contract with one construction management company.
14. Mr. Valdez asked for a vote on the motion. Mr. Calta restated the motion to write a letter to the board outlining the committee's concerns relative to construction management services to encourage multiple construction managers and an ongoing bid process. The letter will be circulated to committee members, finalized and presented to the board. Mr. Anderson asked how far along in the process of securing contracts on the Don Lugo and Walnut projects. Dr. Andersen said the district is not locked into contracts yet.
15. Mr. Bruce asked about a point in the auditor's report regarding a sole source for a contract. Mr. Olin explained that the category that had only one bid was a re-bid. Five bidders originally bid but the bids were rejected by the board for irregularities. All five bidders picked up plans to re-bid but the four high bidders realized they couldn't come close to the low bidder so they didn't submit bids. Mr. Bruce asked about the comment in the report about procurement where it stated,

"Determine if the procurement procedures were in accordance with the procurement laws and regulations."

16. A vote was taken on the motion to present a letter to the board regarding multiple construction management companies. All were in favor, except Mr. Larson and Mr. Duncan voted no.

17. **Performance Audit Report**

Mr. Warren Hennagin gave a brief overview of his report. He said the report was what they call an "Agreed Upon Procedures Report." Exhibit A outlines the six criteria they used to review the areas of how the district was contracting the work.

He wanted to make a comment to the committee as they examine B.E. McMurray versus other construction management firms. He said McMurray is hired as the district's advocate and the committee needs to look at the service. They can't be rated like a contract or because they're not hired to be a contractor. They're hired to be the district's advocate and go forward with the projects. He said the district couldn't pay district employee salaries out of the bond measure, so they need to go outside for construction expertise as an outside consultant. He said that Bob Olin is not in a specific project. He's the overall management of what's being brought to the district, and that's part of the monthly fee. Mr. Olin's time is not being charged to any one of these projects, he's bringing in the overall construction expertise along with his staff at Chino Hills High School.

He explained the reference he made to the one bid with only one contractor bidding. The information Mr. Olin had provided was not available at the time Mr. Hennagin made his observation. Once it was explained to him, he was satisfied with the explanation and felt that that particular bid was fair and competitive. He said that Mr. Olin stressed that McMurray tries to get five to six bids on each bid. He said the projects were rushed and those sorts of things will happen when they are rushed. Mr. Ayala said that the rush might have been exacerbated by the Ayala stadium construction being pushed forward and some community members thought the project didn't belong at the beginning of the process.

Mr. Hennagin said when he references the bid process, he is referring to the prime contractors, not construction management services. He said if too many construction managers were used, his opinion was that the district wouldn't get a fair shake. He said if you look at the projects in a year-by-year basis, there wouldn't be that much work. He thought that B.E. McMurray's fees would probably end up lower than the other firms. Mr. Calta said the committee thought that at least one other construction management would provide competition and the committee doesn't know what the fees from other companies would be because the RFP was general.

Mr. Hennagin briefly reviewed some of his recommendations as follows:

" The district should re-institute the pre-qualification process. He explained that pre-qualification means that all of the prime contractors that want to bid the project must submit financial, bonding and other information beforehand to be pre-qualified to submit a bid. " He has seen some public signage at the new schools. " Joint meetings and communication between district, committee and board members. " Update the Facilities Assessment Report. " Simplify web site. " He'd like to see 100% responses to the survey.

Mr. Larkin asked how active the district would be on the recommendations in the letter. Dr. Andersen said that staff would incorporate as many of the recommendations as appropriate. There are some items that he will discuss further with Mr. Hennagin as to whether it is possible to proceed as far as he recommends. He said the majority of the recommendations are viable improvements that can be made. Mr. Larkin asked for a timeframe when responses to the recommendations by the district would be available to the committee. Mr. Valdez said that some of them were already done and in progress. Dr. Andersen said some of the responses would be available by the November meeting.

Mr. Ayala asked Mr. Hennagin if the second recommendation referring to the lack of a master contract with B.E. McMurray was to be read as a compliment or chastisement. Mr. Hennagin said it is chastisement. He said he believed it was held up with Mr. Gutierrez.

**18. Other topics/comments from public**

Mr. Anderson asked if district representatives had received written communication from the public with respect to either commendation or concerns on projects within Measure M scope. Dr. Andersen said since the last meeting in July, he had not received written correspondence from the public. Mr. Anderson asked what the timeline is for composing a letter and presenting it to the board. Mr. Valdez asked Mr. Calta if he would compose the letter and email it to the other members for review. A meeting was scheduled for September 29th to discuss and approve the letter for presentation to the board.

Mr. Bruce asked if there would be an attempt made to localize cost overruns to the school when a project at that school goes over budget. Dr. Andersen said the intent is to keep the projects within the original budget forecast for each school. Mr. Bruce was concerned that one school might suffer because of an overrun at another school. Dr. Andersen has been striving to get the architects to evaluate the cost estimates in the Facilities Assessment Report for accuracy so he can share that information with the committee and revise the report. Mr. Bruce said whether or not the report was accurate, it was what voters approved and what they're expecting to see done. He would like to know which projects might be at risk for not getting done. Dr. Andersen said he wouldn't be able to make that assessment until he gets the information back from the architects. He said the

basic plan is to measure expenditures and cash flow, compare that to when bond issuances will arrive, calculate state matching shares, pencil out a plan, and try to foresee the probability of completing projects in the next approximately 10 years. Mr. Hennagin said that by law districts had to put more projects on their lists than could be accomplished because if all the projects were completed and money was left over, they couldn't add new projects.

Mr. Holland had a concern regarding the annual report. He said it didn't include comments specifying if the committee thought the district was meeting the obligations of the bond. He thought the format of the report should include some comments. He distributed a list he would recommend for inclusion in the report. Mr. Ayala suggested forming a committee to take care of the reports. Mr. Valdez suggested the list and a possible committee be brought up as agenda items for the next meeting.

Mr. Ayala asked for information regarding Bird Farm. Dr. Andersen said the school has received an apportionment from the State. The curriculum and instruction division is ascertaining the possibility of it being a magnet school. He's looking at a proposed attendance area for the school. Once those issues are resolved, he anticipates a decision to bid the project in late fall or early winter.

Mr. Ayala asked for an update on the Don Lugo modernization. Mr. DiCamillo said the summer paint project was done. The project will be under construction for approximately somewhere between three and four years, depending on how the phases are staggered. The first phase will begin this school year, near the end of the fall semester. The additions project plans are being finalized by the engineers and will go to DSA around November 1. The hope is to start the additions next summer. Plans are to modernize three buildings, Building A, the main classroom wing, girl's locker room, and Building M, the shop building. Mr. Ayala asked if lights for the football field would be included so Don Lugo students would not have to be bussed to other schools for practices. Mr. DiCamillo said upgrading the sports facility was a priority five on the list and he is focusing on priority one through four projects first. The expectation is that if there were savings on those projects, the remaining projects would be accomplished. Mr. Ayala said the Ayala stadium was a priority five.

Mr. Larkin asked for an update on the Walnut project. Everything at Walnut is stamped out of DSA. WLC is assessing through a very complicated set of eligibility requirements through the Office of School Construction. The addition project is planned first and then the modernization. The district needs to have 50% of the project under contract for the modernization by July 2004. The additions will be built during the current 2003-04 school year. The process is time-sensitive for this project as to when the district can apply for funding.

Michelle Wagner asked if the sports field upgrade is included in the original bid package for new construction. The electrical for the sports field upgrade will be

stubbed in the direction of the field but not included in the original bid because that will be bid separately at a later date. She also asked how much the site was saving by not using interim housing. Dr. Andersen said they would save essentially the cost of 10 interim classrooms on an annual basis. She asked what would be done with the extra savings. Mr. DiCamillo said that the District intends to complete all of the projects on each school list within the cost estimates provided.

A meeting to finalize the recommendation letter to the board was planned for September 29, 2003, at 5:00 p.m. The next regular committee meeting was scheduled for November 17, 2003 at 5:00 p.m. The meeting was adjourned at 7:20 p.m.