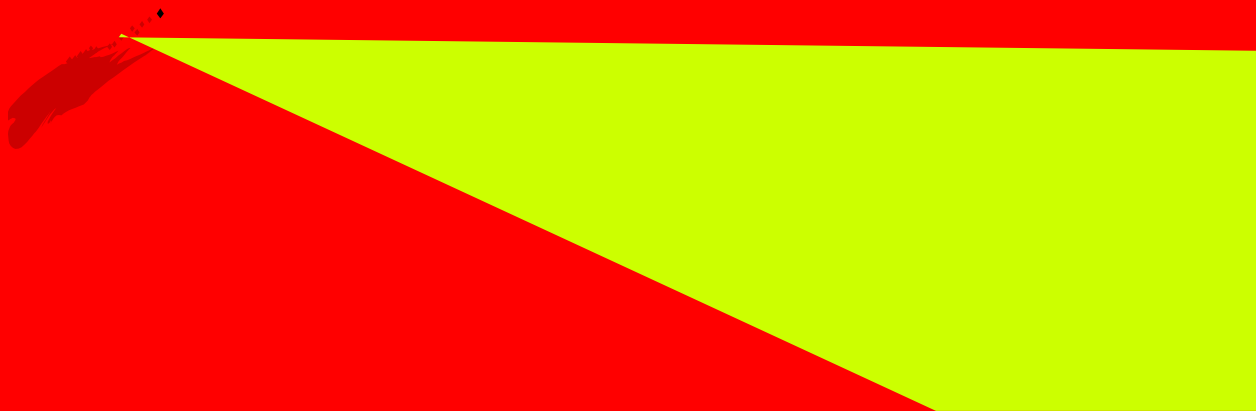


TRICT



# **West Contra Costa Unified School District**

## **BOARD OF EDUCATION**

**June 30, 2007**

<b>Karen Pfeifer</b>	<b>President</b>
<b>Charles Ramsey</b>	<b>Clerk</b>
<b>Dave Brown</b>	<b>Member</b>
<b>Madeline Kronenberg</b>	<b>Member</b>
<b>Audrey Miles</b>	<b>Member</b>

## **ADMINISTRATION**

**Dr. Bruce Harter, Superintendent of Schools**  
**Jeff Edmison, Associate Superintendent for Operations**

# **TABLE OF CONTENTS**

<b><u>Section</u></b>	<b><u>Page</u></b>
Effectiveness of the Communication Channels among All Stakeholders within the Bond Program	90
Citizens' Oversight Committee	93
Overall Bond Program	94
Appendix A – Measure M Bond Language	97
Appendix B – Measure D Bond Language	103
Appendix C – Measure J Bond Language	119
Appendix D – Reference Documents	129
Appendix E – Measures D, M and J District Financial Records	131
Appendix F – District Status Regarding Prior Years' Findings and Recommendations	137

## INTRODUCTION

On March 5, 2002, the West Contra Costa Unified School District submitted for voter approval Measure D, a bond election 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.

Subsequently, 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, like Measure D mentioned in the preceding paragraph, 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 firm Total School Solutions (TSS) 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. Voters previously approved Measure M, a \$150 million two-thirds majority general obligation bond, on November 7, 2000.

Besides ensuring that the District uses bond proceeds from each bond measure in conformance with the provisions listed in the corresponding ballot language, the scope of the examination

**DISTRICT FACILITIES PROGRAM – A PERSPECTIVE PROGRAM**

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."

## EXECUTIVE SUMMARY

This performance audit, conducted between July 2007 and November 2007, included 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, 2006 through June 30, 2007. The scope of this report also included a review of findings and recommendations from the prior annual performance audits and midyear reports, and an evaluation of the District administration responses and actions in regard to addressing those findings and implementing any accompanying recommendations.

The District's official financial records for the Measure D, Measure M and Measure J bond programs are presented in the tables in Appendix E. Schedule I represents the consolidated revenues of Measures M, D and J for the period of November 2000 through June 30, 2007, Schedule II presents the consolidated expenditures of Measures M, D and J for the same time period, and Schedule III presents the individual revenues and expenditures for Measures M, D and J.



**INDEPENDENT PERFORMANCE AUDITOR'S REPORT**

Board of Education  
West Contra Costa Unified School District

## 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 rm



As required by Proposition 39, a citizens' bond oversight committee was established to provide requisite oversight. 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 set forth in Proposition 39.

As of June 30, 2006, the District had expended \$139,413,304 (46.5 percent) of the \$300 million Measure D bond funds. All of the expenditures of Measure D funds were for projects within the scope of the ballot language. TSS finds the West Contra Costa Unified School District in compliance with the language contained in Resolution 42-0102.

## **MEASURE J**

On July 13, 2005, the Board of Education of the West Contra Costa Unified School District

- b. Systems Upgrades
- 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 board decided to have the existing Measure D and Measure M oversight committee to serve as the Measure J oversight committee as well.

As of June 30, 2007, 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 appears to be 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, 2006, through June 30, 2007. For a discussion of prior Board agenda items and actions, the reader may 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 since July 1, 2006.**

<b>DATE</b>	<b>ACTION</b>	<b>AMOUNT</b>
July 12, 2006 (E.8)	Ratification or Approval of Engineering Services Contracts for the Bond Program	\$144,600
July 12, 2006 (E.9)	Preliminary Geotechnical Engineering Services Contract for Measure J Phase 1 Projects	
July 12, 2006 (E.10 )	Ratification and Approval of Negotiated Change Orders	(\$32,505)
July 12, 2006 (E.11)	El Cerrito High School Energy Services Agreement and Roofing Services Contract	
July 12, 2006 (E.12)	Gompers High School Energy Services Agreement and Roofing Services Contract	
July 12, 2006 (E.13)	Hercules Middle High School Paining Project	
July 12, 2006 (E.14)	Amend Boar Bylaw Regarding Candidate Forums in Governing Board Elections	
July 12, 2006 (E.18)	Phase I Environmental Review Engineering Services Contract for Measure J Phase I Projects	\$25,500
July 12, 2006 (E.19)	Award contract for Vista Hills Education Center, Alren Construction (Measure D, 3 bids)	\$3,376,906
July 12, 2006 (F.3)	Resolution No. 02-0607: Adoption of Nystrom Revitalization Effort Resolution	
July 12, 2006 (G.1)	Consultant Services Agreement Procedures	
July 12, 2006 (G.2)	Status Report – Operations DivisioG.2)	



<b>DATE</b>	<b>ACTION</b>	<b>AMOUNT</b>
September 20, 2006 (E.22)	Ratification and Approval of Negotiated Change Orders	(\$38,896)
September 27, 2006 (B.1)	Role of Citizens' Bond Oversight Committee	
September 27, 2006 (B.2)	Information request from CBOC so that the CBOC can become more efficient and effective in providing oversight to the bond program. Staff support for CBOC.	
September 27, 2006 (B.3)	Staff Report: factors or components that influence the cost of renovation and new construction.	
September 27, 2006 (B.4)	Future bond proposals – when and what to include.	
October 4, 2006 (E.9)	Notice of Completions: Bid D05037 El Cerri	



<b>DATE</b>	<b>ACTION</b>	<b>AMOUNT</b>
November 8, 2006 (E.6)	Citizens' Bond Oversight Committee Alternate Appointment: Kathy Cleberg, alternate for Kevin Rivard	
November 8, 2006 (E.8)	Ratification and Approval of Negotiated Change Orders	\$373,903
November 8, 2006 (E.12)	Mira Vista Landscape & Sitework Project Contract for Construction (tabled)	
November 8, 2006 (E.13)	Award contract to West Coast Contractors for Pinole Middle New Classroom & Gym Project (Measure D, 4 bids)	\$20,661,000
November 8, 2006 (E.14)	Award contract to Mobile Modular for Portable Buildings Relocation (Measure D, 2 bids)	\$208,694
November 8, 2006 (E.15)	Award contract to Bay Cities Paving and Grading for Bayview Sitework Project (Measure D, 6 bids)	\$1,125,000
November 8, 2006 (E.16)	Notice of Completions: Bid M05030 Harding Auditorium Demo & Abatement, W06057 Hercules MHS Painting Project and Bid M04142 Murphy Reconstruction	
November 8, 2006 (G.2)	Construction Status Report	
November 15, 2006 (E.7)	Award contract to Ghilotti Bros. for Mira Vista Landscape & Sitework Project (Measure D, 6 bids)	\$863,747
November 15, 2006 (E.8)	<del>Resolution</del> No. 34	



**DATE**

<b>DATE</b>	<b>ACTION</b>	<b>AMOUNT</b>
April 25, 2007	Joint Meeting of Board of Education and Citizens' Bond Oversight Committee	
May 2, 2007 (E.4)	Presentation of Measures D, M and J Bond Performance Audit by Total School Solutions	
May 2, 2007 (F.4)	Status Report – Facilities Planning and Construction	
May 2, 2007 (G.15)	Award of Contract to Bay Cities Paving for Murphy Phase II Site Improvements (Measure D, 8 bids)	\$790,000
May 2, 2007 (G.16)	Citizens' Bond Oversight Committee: Appointment of Kathleen Sullivan, Parent Representative	
May 2, 2007 (G.19)	Ratification and Approval of Negotiated Change Orders	\$468,057
May 2, 2007 (G.20)	Ratification and Approval of Engineering Services Contracts	\$263,269
May 2, 2007 (G.23)	Notice of Completion: Hercules Middle high School Landscape / Parking Lot	
May 2, 2007 (G.25)	Approval of Beverly Prior Architects for Gompers Continuation / Charter School Project	
May 16, 2007 (G.10)	Ratification and Approval of Engineering Services Contracts	\$466,818
May 16, 2007 (G.11)	Ratification and Approval of Negotiated Change orders	\$231,405
May 16, 2007 (G.12-14)	Award of Construction Contracts for Community Kitchens, Phase II (Measure D):	
	Package 4 – Kin Wo Construction Co. (2 bids)	\$803,000
	Package 5 – Kel Tec Builders (2 bids)	\$727,500
	Package 6 – Kin Wo Construction Co. (2 bids)	\$516,000
May 16, 2007 (G.15)	Citizens' Bond Oversight Committee: Appointment of William Acevedo serving as Tony Thurmond alternative.	
May 16, 2007		

<b>DATE</b>	<b>ACTION</b>	<b>AMOUNT</b>
June 6, 2007 (G.26)	Citizens' Bond Oversight Committee: Appointment of Raul Morales, Representing unincorporated Hercules-Pinole; Liz Smith, Alternate for Sand; Potter, Representing City of El Cerrito; James McClelland, Senior Citizen Organization	
June 20, 2007 (G.6)	Ratification and Approval of Engineering Services Contracts	\$343,454
June 20, 2007 (G.7)	Ratification and Approval of Negotiated Change Orders	\$94,745
June 20, 2007 (G.18)	Award of Contract to Interstate Grading and Paving for Hercules Middle High School Fields Project. (Capital Facilities Fund, 4 bids)	\$4,318,000
June 20, 2007 (G.19)	Discussed and tabled Contract to Mobile Modular for Modular Buildings at Richmond College Prep Charter School. (Measure J, Piggyback Contract)	\$186,973
June 20, 2007 (G.20)	Discussed and tabled Contract to Rubecon as the only Responsive Bidder for Richmond High School Renovations Phase II (Deferred Maintenance Funds, 2 bids – 1 rejected)	\$1,237,920



More recent cost estimates for phases M-1A, M-1B, D-1A and J (September 13, 2004, August 22, 2006 and August 22, 2007) 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.

<b>Table</b>	<b>Phase</b>	<b>Capital Projects Cost Estimates (September 13, 2004)</b>	<b>Capital Projects Cost Estimates (August 22, 2006)</b>	<b>Capital Projects Cost Estimates (August 22, 2007)</b>
1	M-1A	\$113,204,174	\$125,423,947	\$124,801,848
2	M-1B	127,810,707	142,624,581	143,237,197
	Other Elementary <sup>1</sup>		53,155,596	56,235,726
	<b>Subtotal</b>		<b>321,204,124</b>	<b>324,274,771</b>
3	D-1A	220,858,164	238,049,634	295,819,495
	Other Secondary <sup>2</sup>		31,625,449	27,441,820
	<b>Subtotal</b>		<b>269,675,083</b>	<b>323,231,315</b>
4	J-I		78,431,150	137,660,703
	J-II		49,268,575	0
	J-III		59,095,372	0
	J-Secondary		230,000,000	200,300,000
	Other <sup>3</sup>		42,361,073	66,046,897
	<b>Subtotal</b>		<b>459,156,170</b>	<b>404,007,600</b>
	<b>Totals</b>	<b>\$461,873,045</b>	<b>\$1,050,035,377</b>	<b>\$1,051,513,686</b>

<sup>1</sup> Quick start projects, M-2A and M-3 projects, e-rate projects, furniture and equipment, program coordination, miscellaneous portables, renovation and reconciled expenses.

<sup>2</sup> D-2A and D-3 projects, e-rate projects, furniture and equipment, and program coordination.

<sup>3</sup> 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 improvement and renovation needs at all 39 elementary schools, the total facilities needs and costs at those schools remained undetermined when the scope of work







Overall, the results of the pre-qualification process can be summarized as follows:

<b>Processes</b>	<b>Number of Firms</b>
Prequalification	32
Firms Submitting Bids	12
Firms Awarded 17 Contracts	7

While the prequalification process helps in excluding unqualified or generally unacceptable construction contractors, the process does not contribute towards obtaining high participation by the bidders.

The District has selected Phase D-1A project architects and a number of projects are under construction. As of June 30, 2007, funding applications (SAB 50-04) have been submitted to OPSC for the El Cerrito High School and Downer Elementary School construction projects.

The District initiated a new “Prequalification of General Contractors” process for Measure D-1A projects, Downer Elementary, and Measure J funded projects. At the June 28, 2006, board meeting, 21 firms were pre-qualified for larger construction projects as follows:

<b>General Contractor Prequalification Process (June 28, 2006)</b>	
Requests sent to firms	60+
Firms Responding	23
Firms Pre-qualified	21

Furthermore, the District initiated a prequalification process for Architect of Record (AOR) for Measure J projects. The results of that process were presented to the board on August 16, 2006:

**Table 1. Measure M-**

**Table 3. Measure D-1A Projects. Total Estimated Costs. (Construction and Soft Costs).**

<b>School</b>	<b>Year Built</b>	<b>Capital Projects Cost Estimates<sup>1</sup></b>	<b>Capital Projects Cost Estimates<sup>2</sup></b>	<b>Capital Projects Cost Estimates<sup>3</sup></b>
El Cerrito High	1938	97,145,328	\$106,186,778	\$119,000,180
Helms Middle	1953	52,559,865	56,201,795	69,670,649
Pinole Middle	1966	36,859,208	39,891,906	47,148,666
Portola Middle	1950	34,140,175	35,769,154	60,000,000
<b>Total</b>		\$220,704,576	\$238,049,634	\$295,819,495

1

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

<b>School</b>	<b>Year Built</b>	<b>Capital Projects Cost Estimates<sup>1</sup></b>	<b>Capital Projects Cost Estimates<sup>2</sup></b>
Grant Elementary	1945	\$16,167,942	\$0
Lake Elementary	1956	13,172,375	0
Ohlone Elementary	1965	14,670,642	0
Wilson Elementary	1953	15,084,411	0
<b>Total</b>		<b>\$59,095,372</b>	<b>\$0</b>

<sup>1</sup> Budgets from Capital Agita



**Table 6. Measure M-1B. Budget, Contracts and Schedule.**

<b>School</b>	<b>Bayview</b>	<b>Ellerhorst</b>	<b>Kensington</b>	<b>Mira Vista</b>	<b>Murphy</b>	<b>Sheldon</b>	<b>Tara Hills</b>	<b>Washington</b>	<b>Total Phase M-1B</b>
<i>Budget (</i>									

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



**Table 8. Measure D-1A. Budget, Contracts and Schedule.**

School	El Cerrito High (Temp Housing)	El Cerrito High (Abatement/Demolition)	El Cerrito High (Site Grading)	El Cerrito High (Storm Drain)	El Cerrito High (Phase I)	El Cerrito High (Phase II)	Helms Middle	Pinole Middle (Temp Housing)	Pinole Middle (Site Grading)	Pinole Middle (Total)	Total Phase D-1A
SAB #					57/028					52/01	
SAB Revenues <sup>1</sup>										\$1,500,000	
Bid Schedule	2/3/05 (Site) 3/06 (Port)	10/05 (Site) 2/06 (Bldgs)	1/06		8/06		2/07	6/15/05 and 9/05 (Bldgs)			
Award Date	2/9/05 & 3/11/05			10/19/05							
Contractor (Number of Bidders)	Taber Construction (7)	Silverado Contractors, Inc. (5)	Top Grade Construction	McGuire & Hester (8)	Lathrop Construction						

**Table 9. Measure J Phase I - Elementary. Budget, Contracts and Schedule.**

School	Castro <sup>2</sup>	Dover	Ford
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**EXPENDITURE REPORTS FOR MEASURES D, M, AND J**

**MEASURE D**

<b>Audit Projects</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06<sup>1</sup></b>	<b>2006-07<sup>1</sup></b>	<b>Total<sup>1</sup></b>
Ohlone Elementary (J-33)					7,959		7,959
Olinda Elementary					7,943		7,943
Peres Elementary (M-1A)				16,771	62,757		79,528
Riverside Elementary (M-1A)				72,798	68,461		141,259
Seaview Elementary					10,300		10,300
Shannon Elementary				44,997	432,067		477,064
Sheldon Elementary (M-1B)				8,854,372	1,415,041		10,269,413
Stege Elementary					14,008		14,008
Stewart Elementary (M-1A)				1,956	392,361		394,317
Tara Hills Elementary (M-1B)				6,386,284	1,453,998		7,840,282

<b>Audit Projects</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06<sup>1</sup></b>	<b>2006-07<sup>1</sup></b>	<b>Total<sup>1</sup></b>
<b>Totals</b>	<b>\$1,540,122</b>	<b>\$12,598,691</b>	<b>\$9,992,867</b>	<b>\$72,901,361</b>	<b>\$42,361,672</b>		<b>\$139,394,713</b>
<b>Percent of Total Authorized</b>	<b>1%</b>	<b>4%</b>	<b>3%</b>	<b>24%</b>	<b>14%</b>		<b>46%</b>

<sup>1</sup> The expenditures in the “Total” column were from the official District records. The 2005-06 expenditures were calculated by subtracting the prior reported expenditures for 2001-02 through 2004-05 from the totals. The official records for the Deferred Maintenance Transfer and Overall Facilities Program were reported under Fiscal and Operations categories for the total Measure D bond program and totaled \$8,840,339. As of the completion of this report on December 20, 2007, the financial information for the 2006-07 fiscal year had not been available.

## MEASURE M

To ensure a comprehensive performance audit, TSS reviewed all Measure M projects. As of June 30, 2006, \$167,219,109 (111.5 percent) of Measure M bond funds authorization had been spent. (Note: The percentage exceeds of the bond proceeds because of interest earnings and refinancing of prior bond issues.)

### Measure M Bond Issuance and Expenditures as of June 30, 2007.

Total bond authorization	\$150,000,000
Total bond issues to date (Series A, B and C)	\$150,000,000
Expenditures through June 30, 2007 <sup>3</sup>	

### Measure M Expenditures Report (June 30, 2007).

Audit Projects <sup>1,2</sup>	2000-01 and 2001-02	2002-03	2003-04	2004-05	2005-06 <sup>3</sup>	2006-07 <sup>3</sup>	Total <sup>3</sup>
Bayview Elementary (1B)	\$101,179	\$203,031	\$1,681,995	\$1,397,074	\$258,689		\$3,641,968
Chavez Elementary	3,504	60,208	55,142	360,567	5,064		484,485
Castro Elementary	88,836	280,872	24,486	26,178	0		420,371
Collins Elementary	157,213	191,828	8,643	33,004	140		390,828
Coronado Elementary	143,411	303,785	29,701	(195,671)	(44,507)		236,719
Dover Elementary	181,277	303,557	37,474	(54,389)	(9,738)		458,181
Downer Elementary (1B)	318,619	204,477	517,763	813,012	116,204		1,970,075
Ellerhorst Elementary (1B)	89,438	157,159	957,665	456,213	28,019		1,688,494
El Sobrante Elementary	138,286	284,099	31,262	(207,338)	(79,734)		166,575
Highland Elementary	84,939	21,740	30,482	165,671	1,605		304,438
Fairmont Elementary	100,482	506,461	15,217	(257,146)	(83,654)		281,360
Ford Elementary	107,407	291,939	31,167	162,911	1		593,425
Grant Elementary	153,701	405,478	102,264	(71,473)	17,229		607,146
Lupine Hills Elementary (1A)	343,395	697,939	9,343,237	2,345,485	26,754		12,756,809
Harding Elementary (1A)	183,297	740,163	6,281,219	4,265,357	1,349,078		12,819,114
Hanna Ranch Elementary	6,922	22,441	49,409	506,164	(1)		584,936
Kensington Elementary (1B)	91,697	157,130	1,477,853	1,295,107	43,635		3,065,422
King Elementary	131,299	93,122	29,941	159,311	0		413,673
Lake Elementary	136,151	350,699	8,735	(44,769)	32,880		483,696
Lincoln Elementary (1A)	224,573	961,351	9,145,395	4,521,962	329,549		15,182,829
Madera Elementary (1A)	165,816	593,822	4,684,577	3,471,276	933,455		9,848,946
Mira Vista Elementary (1B)	108,130	198,594	1,307,587	834,857	257,333		2,706,500
Montalvin Elementary (1A)	334,828	532,197	6,308,915	3,252,743	367,484		10,796,166

<b>Audit Projects</b> <sup>1,2</sup>	<b>2000-01 and 2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b> <sup>3</sup>	<b>2006-07</b> <sup>3</sup>	<b>Total</b> <sup>3</sup>
Murphy Elementary (1B)	104,689	163,346	1,415,823	6,941,018	2,296,188		10,921,063
Nystrom Elementary	195,481	630,579	42,268	(459,959)	(158,688)		249,681
Olinda Elementary	156,424	269,010	12,345	55,794	14,025		507,598
Ohlone Elementary	163,406	24,798	14,952	59,971	13,270		276,398
Peres Elementary (1A)	261,370	1,036,846	10,590,186	3,576,610	666,971		16,131,983
Riverside Elementary (1A)	170,519	579,487	6,057,103	4,000,514	414,101		11,221,724
Seaview Elementary	103,916	277,629	76,554	27,102	938		486,139
Shannon Elementary	88,254	208,404	10,246	62,931	138		369,973
Sheldon Elementary(1B)	100,412	193,113	1,398,521	551,713	83,593		2,327,352
Stege Elementary	147,055	348,101	50,627	252,683	0		798,466
Stewart Elementary (1A)	3,206,595	673,232	6,505,583	1,623,043	412,423		12,420,876
Tara Hills Elementary (1B)	90,010	154,853	1,359,503	507,350	163,885		2,275,601
Valley View Elementary	148,074	282,063	50,410	(171,801)	8,180		316,925
Verde Elementary (1A)	173,126	638,574	7,479,327	3,487,129	409,022		12,187,179
Vista Hills	2,000	0	28,382	(106,124)	29		(75,714)
Washington Elementary (1B)	85,455	148,138	1,394,871	444,274	54,590		2,127,328
Wilson Elementary	135,326	339,378	24,585	(191,722)	7,432		314,998
West Hercules			8,739	48,108	0		56,847
Adams Middle	11,492				0		11,492
Lovonya DeJean Middle			82,613	(82,613)	0		0
Pinole Middle			38	(38)	0		0
Deferred Maintenance Transfer	1,221,639	1,218,026			8		2,439,665
Overall Facilities Program	624,504	3,935,645	1,247,044	92,949	See below		See below
Reimbursables	853,949	1,437,622	1,997,043	461,326	1,150,201		11,921,378
<b>Totals</b>	<b>\$11,438,095</b>	<b>\$20,120,936</b>	<b>\$82,006,893</b>	<b>\$44,416,312</b>	<b>\$9,236,824</b>		<b>\$167,219,109</b>
<b>Percent of Total Authorized</b>	<b>8%</b>	<b>13%</b>	<b>55%</b>	<b>30%</b>	<b>6%</b>		<b>112%</b>

<sup>1</sup> 1A, and 1B, respectively correspond to projects included in phases 1A, and 1B, of the Measure M facilities program.

<sup>2</sup> All 39 elementary schools referenced in Measure M were included, to some extent, in the District's Quick-Start projects.

<sup>3</sup> The expenditures in the "Total" column were from the official District records. The 2005-06 expenditures were calculated by subtracting the prior reported expenditures for 2000-01 through 2004-05 from the totals. The official records for Deferred Maintenance Transfer, Overall Facilities Program and Reimbursables Categories were reported under Fiscal and Administration Categories for the total Measure M bond program and totaled \$14,361,043. As of the completion of this report on December 20, 2007, the financial information for the 2006-07 fiscal year had not been available.



## **MEASURE J**

To ensure a comprehensive performance audit, TSS reviewed all Measure J projects with expenditures. As of June 30, 2006, \$579,991 (0.1 percent) of total Measure J bond authorization had been spent.

**STATE SCHOOL FACILITIES PROGRAM**

The District has filed facilities applications with the Office of Public School Construction (OPSC) under the following programs:

- 50 - New Construction
- 52 - Joint Use
- 57 - Modernization
- 58 - Rehabilitation

As of June 30, 2007, the District has already received the state grant amounts summarized in the table below. All of the following financial data have been extracted from the OPSC Internet website which maintains a record of the current project status for all school districts in California.

<b>State Program</b>	<b>SAB#</b>	<b>State Grant Amount</b>	<b>District Match</b>
New Construction	50/001 <sup>1</sup>	\$12,841,930	\$12,841,930
Modernization	57/001-57/009 <sup>2</sup>	3,863,449	2,609,434
Modernization	57/010-57/017 and 57/019 <sup>3</sup>	9,943,161	6,801,923
Modernization	57/018 and 57/020-57/026 <sup>4</sup>	12,282,748	8,320,619
Rehabilitation	58/001 <sup>5</sup>	654,579	0
Joint Use	52/001 <sup>6</sup>	1,500,000	1,500,000
<b>Totals</b>		<b>\$41,085,867</b>	<b>\$32,073,906</b>

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## **STATE NEW CONSTRUCTION STATUS**

As reported in the annual performance audit for the period ending June 30, 2004, new construction eligibility was originally established separately in the Hercules and Pinole Valley

site: preparation of a Supplemental Site Investigation; Geotechnical/Geohazard Preliminary Review and Coordination with conceptual architectural/structural team; management of site cleanup; coordination and management of the EPA Brownfields Grant; coordination of public outreach; and all associated environmental coordination leading to a clean site, ready for the design and construction of a new school. The Environmental proposals are due September 21<sup>st</sup> and will be evaluated by staff prior to preparation of a recommendation to the Board.”

Subsequently, the District’s Program Status Report of October 5, 2005, reported the following:

“The District notified the US EPA of the failure of the City and District to reach agreement on sale of the proposed school site property. The District will not be eligible to receive the previously awarded 2005 Brownfields Cleanup Grant for the site. EPA staff have indicated that it will be possible to reapply for the current funding cycle when the District can meet the ownership criteria. Staff will review next steps with the City of Hercules, focusing on a consideration of completing Supplemental Site Investigations to more accurately characterize the required environmental cleanup and costs for the site.”

On November 16, 2005, the District approved the purchase of the above identified Wastewater Treatment Plant property contingent upon a Supplemental Site Investigation regarding clean-up issues. Once the extent of the required clean-up and costs are established, a final contract can be approved or purchase agreement cancelled.

### **Annual Update**

The District reports that discussions with the City of Hercules and study of site issues continue and are ongoing, and that no final agreements have been reached.



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

<b>SAB #</b>	<b>School</b>	<b>SAB Fund Release Date</b>	<b>SAB Grant Amount<sup>1</sup></b>	<b>District Match Requirement</b>
10	Verde Elementary	9/02/03	\$1,161,510	\$774,340
		5/09/05	18,584	12,390
11	Peres Elementary	9/25/03		
		5/09/05		

**State Allocation Board Rehabilitation Funding**

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





No.	Existing Campus	Grade	Bond (Phase) <sup>0</sup>	SAB# <sup>1</sup>	SAB Eligibility Approval (50-03)	Eligibility Enrollment	SAB Project Approval (50-04)	SAB Fund Release (50-05) <sup>2</sup>	SAB Grant
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**Existing Campuses. Alternative Schools. Updated June 30, 2007**

<b>No.</b>	<b>Existing Campus</b>	<b>Grade</b>	<b>Bond (Phase)<sup>0</sup></b>	<b>SAB#<sup>1</sup></b>	<b>SAB Eligibility Approval (50-03)</b>	<b>Eligibility Enrollment</b>	<b>SAB Project Approval (50-04)</b>	<b>SAB Fund Release (50-05)</b>
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**DISTRICT AND PROFESSIONAL SERVICES STAFFING PLAN**  
**FOR THE BOND PROGRAM**

The governance and management of the bond management plan at West Contra Costa Unified School District have evolved over time in response to the changing needs, functions and funding of District's facilities program. This section provides information in regard to the changes in the administration of the facilities program since July 1, 2003. (For a detailed history of the present structure of the citizens' bond oversight committee and the bond management team, refer to prior annual performance audit reports and preceding sections of this report.)

**FACILITIES STAFFING FOR THE BOND PROGRAM**

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**Bond Management Office**

District Engineering Officer	10	90	\$149,031
Staff Secretary <sup>2</sup>	0	100	0
Facilities Planning Specialist-Classified <sup>3</sup>	0	100	80,703
Director of Bond Facilities	10	90	\$123,841
Bond Regional Facility Project Manager	10	90	107,206
Bond Regional Facility Project Manager	10	90	104,259
Bond Network Planner	10	90	98,206
Associate Superintendent Operations <sup>4</sup>	50	50	87,513
<b>Bond Management Office Subtotal</b>	<b>1.0 FTE</b>	<b>7.0 FTE</b>	<b>750,758</b>
<b>Total for Management and Finance</b>	<b>2.75 FTE</b>	<b>11.25 FTE</b>	<b>1,042,703</b>

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<sup>1</sup> This position has been vacant since December 1, 2005. On June 14, 2006, the Board approved a reorganization plan to reallocate position as 75 percent charged to the bond program and 25 percent charged to the general fund. This change was due to the increased workload associated with Measure J. 4 This position became effective July 2006.

<sup>2</sup> This position is currently vacant.

<sup>3</sup> This position became effective July 2006

<sup>4</sup> Inclusion of this position in the Bond Management Office structure became effective September 2006.

**BIFURCATION OF THE MASTER ARCHITECT AGREEMENT**

The District bifurcated the Master Architect Agreement in 2004. A new “Agreement for Master Architectural Services” with WLC Architects was signed on December 1, 2004. A new “Agreement for Program, Project and Construction Management Services” with SGI was signed on December 21, 2004.

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 figures exclude architects/engineers of record, project specialty consultants, inspectors, communication consultant, outreach consultant and the labor compliance consultant.

Category	FTE <sup>1</sup> 2006	FTE <sup>1</sup> 2007
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<b>Category</b>	<b>FTE<sup>1</sup> 2006</b>	<b>FTE<sup>1</sup> 2007</b>
<b>Subtotal</b>	<b>22.0</b>	<b>21.75</b>
Construction Management (Other)	3.0	3.0
Amanco (SGI Subcontractor), RGM, Van Pelt		
Master Architect (WLC)	3.0 <sup>2</sup>	3.0 <sup>2</sup>
Design Phase Management (Measure D1-A)	2.0	2.0
Don Todd Associates		
<b>Subtotal</b>	<b>8.0</b>	<b>8.0</b>
<b>TOTAL Full-Time Equivalent Positions</b>	<b>39.4</b>	<b>41.0</b>

<sup>1</sup> Full-time equivalent (1.0 FTE is a full-time 8 hours per day/12 month employee.)

<sup>2</sup> The agreement with WLC was amended to an hourly billing structure, resulting in an FTE reduction from 9.0 to an estimated 3.0 fiscal year 2006-07.

les a detailed program cost breakdown for Measure M, Measure D

**Structure, August 22, 2007**

Measure M & D Budget <sup>1</sup>	Percentage of Program	Measure J Budget <sup>2</sup>	Percentage of Program
2,056,228	0.36%	\$1,229,410	0.36%
15,837,006	2.80%	4,306,538	1.27%
29,804,718	5.29%	18,624,653	5.51%
1,094,795	0.19%	Included	N/A
2,840,224	0.50%	434,033	0.13%
36,154,628	6.41%	23,911,843	7.08%
11,101,651	1.97%	9,702,979	2.87%
14,192,128	2.52%	11,552,529	3.42%
113,122,617	<b>20.06%</b>	<b>69,761,988</b>	<b>20.64%</b>
<b>450,735,923</b>	<b>79.94%</b>	<b>268,198,715</b>	<b>79.36%</b>
<b>563,858,540</b>	<b>100.00%</b>	<b>337,960,703</b>	<b>100.00%</b>

the August 22, 2007, Capital Assets Management Plan (PP V-VII) as presented that the data have addition error. tary and secondary schools.

**MANAGEMENT**

anying information that summarize the number of construction / SGI, (including subcontractor, Amanco), RGM and Van Pelt is n. The cost for the bond program manager is also presented, which components such as program/project management, design tion management and other costs. As a percentage of the total

## **BOND FINANCE OFFICE**

TSS performed an analysis of the duties performed by the personnel paid through the bond funds. Currently, the bond program funds 50 percent to 100 percent cost of four fiscal services positions, as follows:

- Director of Fiscal Services – Capital Projects (50 percent bond funds)
- Senior Director of Bond Finance (75 percent bond funds)
- Principal Accountant – Bond Fund (100 percent bond funds)
- Administrative Secretary (75 percent bond funds)
- Accountant II (2 positions at 50 percent each)

## **HISTORICAL PERSPECTIVE**

Prior performance audit reports identified difficulties with the fiscal operations within the bond program, 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.

Since the passage of Measure J, a new \$400 million Proposition 39 bond, the District staff has taken prudent steps to implement systems and processes to facilitate delivery of another round of projects.

The level of services 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 the bifurcation of the joint agreement, “Master Architect Services” are applicable only to the services provided by WLC. Historically, WLC has provided services that ranged from a broad program view to the more detailed aspects of design. Specific examples of such work include Measure M and D Program Management Plan, Measure M and D Facilities Evaluation Reports, Program Quality Control Document, Master Architect Approach to Standards, WCCUSD Procedures Manual, application of Board adopted standards, and development of various policies and procedures.

### **Observations**

The bond program staffing information above provides a review of bond program management both in financial terms and by number of personnel (position) assigned. As noted in an earlier section of this report, the Master Architect (WLC) staff has been reduced from 9.0 FTE to approximately 3.0 FTE.

With the passage of Measure J, the overall reduction in per[(t)-1.9(a)4ablee 0 rg

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recommends instituting a formal value engineering program. The review of needs and staffing levels recommended above should take this suggestion into account.

Various members of the overall bond program team reported an ongoing difficulty in the coordination of the efforts by the project construction managers with relevant District staff. The construction managers in the field report feeling frustrated by the demands placed upon them by the financial system (requisitions, budget adjustments, and purchase orders). On the other hand, the finance office personnel appear to believe that the

- The bond program has pursued a practice of acquiring materials and equipment which would assist the maintenance and operations departments of the District in maintaining newly renovated and constructed facilities. There is an interest in determining the effectiveness of that effort.

Since the request was received late in the audit process, these items of interest will be included, as directed by the District staff, in the midyear review to be prepared for the period ending December 31, 2007.



In the 2004 annual performance audit report, it was noted that the District and bond management team had undertaken a thorough review of the master architect contract and initiated a process to bifurcate the contract into two separate contracts.

The 2005 annual performance audit noted that the bifurcation of the contract has been accomplished.

The reorganization appears to now have settled and become more functional. The role of WLC as master architect is now significantly clearer. In particular, the roles of the Architects of Record for the various projects are well defined. Similarly, SGI's role as manager of construction management services including providing CM services for certain projects and coordination of other construction management providers for all projects is better defined. Total School Solutions believes that the District is served well with this new arrangement since there is an improved checks and balances system now in place. Additionally, it appears that other consultants and contractors providing services to the District are managed more effectively due to improved lines of communication.

For a comparison of the costs associated with bond program management services, refer to "District and Professional Services Staffing Plan for the Bond Program" section of this report.

The current Agreement for Master Architectural Services identifies nine sections delineating Responsibilities and Services of Master Architect. These sections articulate the responsibilities of the Master Architect as well as others with whom the Master Architect interacts.

The document defines a "dovetailed" set of services provided by various bond program participants and the Master Architect. The complexity of the relationships provides a virtually infinite number of possible combinations when considering revisions. However, the current Master Architect agreement includes a number of one-time services that may not need repetition in the Measure J program. Furthermore, contracting for a more traditional set of services from the Architects of Record should further reduce the scope of needed Master Architect services.

The Midyear Report for the period ending December 31, 2006, concluded that the staffing plan contained in the current Master Architect agreement totals 30,572 hours (3.26 FTE) from July 1, 2004 through December 31, 2008. The contracted cost for these services is \$4,606,880. This amount divided by the 4.5 years and divided by 3.26 FTE produces an average annual cost of \$314,034 per FTE.

### **Findings**

- There are no findings in this section.



Eight Measure D-1A projects (Tables 8) were all complete as of June 30, 2007 while five others were substantially complete and in the process of project close-out and documentation. Three projects are in various stages construction (25 percent to 67 percent complete) which include the El Cerrito High School New Campus project and the Pinole Middle School New Campus construction project. Three new school construction projects; the El Cerrito High School Admin, Theater and Library Project, Helms Middle School New Campus Project and the Downer Elementary School Project, were bid and awarded during the first quarter of the year 2007, are now now in the early stages of construction (0 percent to 5 percent complete). The Portola Middle School Project is currently undergoing the required environmental review processes (CEQA, EIR, Geotech, Geo Hazard, etc.) and is anticipated to be on the design stage by late 2007 and early 2008.

Measure J Phase 1 – Elementary Schools Projects (Table 9) has five projects in various stages of master planning and design as of June 30, 2007. DSA reviews are anticipated through the early months of 2008. Bidding and construction is scheduled to occur from mid 2008 through late 2010.

Measure J Phase 1 – Secondary School Schools Projects (Table 10) has four school sites with projects in various stages of master planning and design as of June 30, 2007. De Anza High School Field and Track Construction project is now in construction.

### **Commendation**

- The District is commended for maintaining and adhering to published schedules.

### **Findings**

- There are no findings in this section.

## **DESIGN AND CONSTRUCTION COST BUDGETS**

### **Process Utilized**

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. Available documentation on project bidding and contract award processes were also reviewed and analyzed. The bond management team provided Total School Solutions (TSS) with project budgets for review.

For documentation of the design and construction schedules and the budgets for projects in Phases M-1A, M-1B, D-

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.

Construction of the Phase M-1A, M-1B, D-1A projects were mostly completed and/or substantially completed while the remaining projects are in various stages of construction. Measure J Elementary Schools and Secondary Schools Projects were in



of School	Project Description	Estimated Construction Budget	Lowest Total Bid Amount	Variance	% Over Budget	Board Award Approval Date
o High	New School Buildings Classroom Buildings Increments 1 & 2	\$47,000,000	\$54,264,000	\$7,264,000	15.45%	Sept. 6, 2006
iddle	New Classroom Buildings Gymnasium	\$16,000,000	\$20,661,000	\$4,661,000	29.13%	Nov. 8, 2006

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### **Construction Budgets vs. Actual Bids (2006 – 2007).**

In most school districts, the common practice is to bring to the attention of the Board of Trustees those bids that exceed the budgets and seek approval for budget adjustment/ augmentation, re-allocation of funds, reduction in scope or value engineering of appropriate cost elements prior to the award of contracts. The impact of construction projects that consistently exceed construction budgets is also compounded by the increase in soft costs (Architect Fees, Engineers/Consultants Fees, CM, Project Management, etc.) that increase proportionately with the construction costs. These variances significantly impact the overall construction program budgets. As a result, projects that are scheduled for construction at a later stage of the program suffer severe budget reductions or even elimination from the program project list in order to accommodate or backfill the budget adjustments needed for the current projects.

### **Commendation**

- The District staff is commended for developing and presenting a balanced budget for the District's facilities program. The said budget was reviewed and approved by the board on January 17, 2007.



## **DISTRICT POLICIES AND GUIDELINES FOR FACILITIES PROGRAM**

### **Process Utilized**

In the performance of this examination, Total School Solutions (TSS) interviewed District staff, and reviewed available documentation and manuals for content, language, relevance and completeness in order to develop a comparison with the policies and procedures maintained at the similar school districts. The recent changes in law, as well as the existing policies and procedures, were also taken in consideration.

### **Background**

As in the previous performance audits, for the fiscal year 2006-07, Total School Solutions recommends that the District administration and staff continue to work toward updating policies and regulations related to the facilities program. A number of policies and regulations remain out of date with respect to current law or legislative changes that have taken place in recent years. Similarly, many policies and regulations do not conform to the current unique facilities operations of the West Contra Costa Unified School District.

At the school 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. It appears that this board subcommittee process has been replaced by the Board Policy Update Project (BPUP) which has been undertaken by the Superintendent with his cabinet members. Beginning in January 2007, the Superintendent has routinely been providing the board with a series of updated draft policies which then are reviewed, amended and adopted. The BPUP process has not yet gotten to the facilities related policies in this process. The BPUP process is schedule to be complete by January 2008, so it is the expectation that updated facility related policies will be available for review during the next performance audit period.

### **Findings**

- There are no findings in this section.



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- Pre-qualification of contractors continues to shorten bid time. This system has been in place since the start of Measure M projects and has been carried out smoothly for the current bids.
- The installation of electronic access for the plan room is an added convenience for bidders and sub-contractors interested in bidding. The accessibility and ease of use enhances the generation of additional sub-contractors and increasing competition among bidders.
- The District has committed to the establishment of a Local Capacity Building Program (LCBP) to encourage and facilitate full and equal opportunities for local and small business owners. This practice involves setting of priority areas, sharing of hiring hall dispatch with potential bidders, solicitation from Youth Build and other community based organization. These additional requirements started with the Helms Middle School project. This is a positive move towards utilizing bond money raised by the community on community vendors, a beneficial relationship that encourages community pride and competition in bidding.

### **Observations**

In August 2006, the District awarded Increments 1 and 2 for El Cerrito High School to Lathrop Construction in the amount of \$54,264,000. Subsequently, in March 2007, Increment 3 was bid with the low bidder again being Lathrop Construction. The risk of having multiple general contractors on one site at the same time is a distinct possibility when projects are bid in overlapping phases (or increments) is substantial. While this bid situation was unavoidable, caution should be used when bidding increments to avoid the potential for multiple contracts working concurrently on the same site.

The bid for De Anza High School Track and Field project was opened June 5, 2007 and was Board approved on June 6. Staff urgently put it on the Board soon after the bid opening. The contract was issued timely on June 8, but the contractor did not return the completed contracts until June 29, which delayed the Notice to Proceed until July 16. It is stated in the bid document that awarded bidder are to execute contract within seven days. To avoid delays on projects, it would be useful to follow-up and remind bidders of the timelines or institute a form of financial penalty.

### **Finding**

- There are no findings in this section. However, for a detailed discussion of relevant issues, refer to the Change Order section of this report.

### **District Response**

- The District is in constant communication with Contractors relating to timing of the Notice to Proceed. Staff has found that a cooperative setting of the NTP is best--that both parties agree on a date which was what occurred in this case. This makes for better Contractor/District relations at the start of the project. Financial penalties at this time would be extremely counter productive.



**CHANGE ORDER AND CLAIM AVOIDANCE PROCEDURES**

**Process Utilized**

The following tables summarize the change orders for Measure M and D projects:

**Measure M Phase 1A:**

<b>Project</b>	<b>Construction Contract</b>	<b>% Complete</b>	<b>Approved Change Orders</b>	<b>Potential Change Orders</b>	<b>Total Change Orders</b>	<b>Change Order %</b>
Harding ES Phase 1A	\$8,917,000	100%	\$2,985,464	0	\$2,985,464	33.48%
Harding ES Auditorium	388,000	98.9%	306,345	0	306,345	78.95%
Harding ES Site Work	1,397,477	???	139,000	0	139,000	9.95%
Harding ES Site Work PII	1,417,477	100%	143,881	36,000	179,881	12.69%
Harding ES Breezeway	291,437	13%	0	0	0	0%
Lupine Hills ES P1A	10,272,500	100%	446,496	0	446,496	4.35%
Lincoln ES P1A	9,375,000	100%	2,399,196	0	2,399,196	25.59%
Madera ES P1A	6,591,200	98.8%	1,183,912	0	1,183,912	17.96%
Madera ES Site Work	319,500	100%	4,046	0	4,046	1.27%
Montalvin ES Phase 1A	6,823,000	100%	1,295,365	0	1,295,365	18.99%
Montalvin ES Site Work	332,173	99.13%	148,842	0	148,842	44.8%
Montalvin ES PII	291,400	32.36%	0	0	0	0%
Peres ES Phase 1A	10,949,000	100%	2,332,008	0	2,332,008	21.30%
Riverside ES Phase 1A	7,772,000	100%	1,034,048	0	1,034,048	13.30%
Riverside ES Site Work	622,052					

**Measure D**

<b>Project</b>	<b>Construction Contract</b>	<b>% Complete</b>	<b>Approved Change</b>
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**Allowances**

During the fiscal year 2006–07, the District bid 30 contracts for bond program projects with predetermined amounts included as “Allowances”. These allowances were included in the contracts for the purpose of setting aside funds, within the contract itself to be used for unforeseen conditions and known but indeterminate items, including anticipated concealed problems such as hazardous materials. The District authorizes the use of and approves cost items to be charged to the allowances. Unused allowances are credited back to the District.

RFI’s, PCO’s/ price proposals, Change Orders and other documents relating to all cost items charged to or drawn against the allowances for the projects were reviewed and analyzed. The results and or findings for the projects selected for review are shown in the table below:

<b>Project</b>	<b>Base Bid</b>	<b>Allowance</b>	<b>Total Contract Award</b>	<b>Cost Items Charged to Allowances.</b>
Riverside Elementary School Site Work	\$602,052	\$20,000	\$622,052	None. Unused allowance was credited back to the District under CO # 4.
Bayview Elementary School PII Site Work	1,170,000 <sup>1</sup>	20,000	1,125,000	None as of June 30, 2007.
El Cerrito High School New School Construction	54,931,000 <sup>2</sup>	300,000	54,264,000	Disposal of Class 2 soil (Hazmat) to Richmond Landfill under CO # 5 and

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The following table shows projects with some individual change orders exceeding 10 percent of the original contract amount.

<b>Project</b>	<b>Original Contract Amount</b>	<b>% Complete</b>	<b>Change Order #</b>	<b>Change Order Amount</b>	<b>Change Order %</b>
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In addition to the foregoing, it also appears that change orders are taken to the Board for ratification/approval prior to being finalized. Using the same example, the Harding Elementary School Auditorium project, the Board ratified/approved a total amount of \$191,747.24 as shown in the Board agenda materials and subsequent minutes. However,

## **Recommendations**

- The District should exert more effort in complying with Public Contract Code 20118. 4. A formal bid process should be conducted for all individual change orders exceeding 10 percent of the original contract price.
- The District should again seek the advice of legal counsel concerning the proper interpretation of PCC 20118.4 in its entirety.
- The District should exert more effort to ensure that the scope of the project and design standards are properly defined and communicated to the architects, engineers and consultants in order to minimize design changes and scope additions. In addition, all pre-design tests, assessments, reviews of existing facility, utilities and environmental conditions should be thoroughly accomplished.
- Variances from Board approved change order amounts should be returned to the Board for approval.

## **District Responses**

- The District's approach to change orders over 10 percent is not based on Subdivision (b) of Public Contract Code section 20118.4. The District follows case law that allows a public entity such as the District to make findings that bidding work would be futile and not in the public's best interests. Such findings are made by the Board in connection with each approved change order referenced in the Draft. The language quoted above includes the necessary findings to support the approval of particular change orders that amount to more than the 10 percent change order limitation in Public Contract Code section 20118.4. However, the District will seek further clarity from its legal counsel and make an opinion available for the midyear report.
- District staff fully concurs with this recommendation. The program continues to try to accurately define the scope of projects and communicate this to the architects and engineers. Doing a better job in this area is a high priority for the Engineering Officer. Please also see District response on Page 62 of this report.
- District staff has reviewed this project Change Orders and determined that the Construction Managers may indeed have forwarded Change Orders for approval which were not finalized. This was not known at the time of presentation to the Board. Staff has directed that this process not be repeated. As to Harding project, Staff presented all Change Orders for this project to the Board for approval. We direct your attention to the Change Order Ratification and Approval Board item of March 21, 2007. This item lists "Total COs" as \$306,345.23. So all Change Orders have been presented to the Board for approval. However, as agreed to, the

## **PAYMENT PROCEDURES**

### **Process Utilized**

The appropriate District staff and the Bond Team from SGI were interviewed about payment procedures; documentation was reviewed; and processes were observed in the course of this examination.

### **Background**

As noted in the midyear report and in prior year reports, a recurring issue that has required the attention of both the bond team and District staff has been the amount of time it takes for vendors to be paid for goods and/or services.

In the course of this examination documents indicate that payment requisitions continue to be initiated after the receipt an invoice, thus causing delays in the process. Another issue that may be responsible for delays in payments is the need to increase the amount on a purchase order in order to process invoices. Increases are primarily due to change orders, increased scope or unforeseen conditions on a project or lack of funds on an open purchase order.

It appears that both the bond team and District staff are working to improve these issues. The bond team is monitoring and tracking invoices once received; biweekly meetings are held with all parties involved to go over the status of invoices, payments, purchase orders



Vendor Name	Invoice(s) Total	Invoice Date	PO Date	PO Number	Warrant Date	Comment
Alan Kropp Associates	\$13,740.00	2/1/2007	1/17/07	M0780051	4/4/07	Late pay
Alan Kropp Associates	\$11,672.00	2/1/2007	1/17/07	M0780051	4/25/07	Late pay
Alan Lutz	\$11,266.00	2/28/2007	6/30/06	D0680188	3/31/07	Paid on time
Bay Vilar Architects	\$18,840.00	2/5/2007	11/10/05	D0580086	5/16/07	PO had to be increased 4/11/07; late pay
Bay Cities Crane & Rigging	\$1,384.36	1/10/2007	3/16/07	D0780089	3/28/07	PO generated after receipt inv.; late pay
Bay Cities Crane & Rigging	\$1,384.36	1/16/2007	3/16/07	D0780089	3/28/07	PO generated after receipt inv.; late pay
Bethel Electric	\$2,641.82	2/2/2007	8/31/06	M0780032	3/21/07	<b>Paid on time</b>
California Dept. of Education	\$2,841.11	1/12/2007	3/19/07	M0780084	3/21/07	PO generated after receipt inv; late pay
DTSC (Dept. Toxic Substance Controls)	\$7,359.00	1/30/2007	3/16/07	M0780090	3/28/07	PO generated after receipt of invoice; okay
GHA Technology	\$152.90	2/7/2007				

**Note:** The information in this chart and conclusions are based on the dates of Purchase Orders. However, it should be noted the sole fact that a purchase order was issued two years ago, does not mean it was timely. If services were rendered prior to a purchase order being replenished to cover the cost of those services, the purchase order, although technically issued prior to the request for the rendered services, could have a negative impact on the payment processing and deadlines.

The forty-three invoices identified on the chart showed the following: 1) payment approval forms for forty-two invoices have been reviewed and approved by the appropriate District staff and the Bond Team; 2) ten invoices or 22.3 percent were processed within thirty-days of the receipt of the invoice; 3) one invoice had no record of being paid or having a purchase order assigned; 4) thirty-two or 74.4 percent were paid after thirty-days; 5) one purchase order required an increase before the invoice could be paid; and 6) eleven purchase order had not been initiated until after the receipt of invoices.

### **Observations**

A large number of purchase requisitions continue to be initiated only after the receipt of an invoice. The purchase order requisition process should begin as soon as goods or services are approved; delaying the process until after the receipt of goods or services will only exacerbate the problem of late payments.

In the course of the examination, it was noted that six invoices were received from Hertz Corporation; all of the invoices were dated January 7, 2007 totaling \$5,154.74. A purchase requisition was initiated on March 5, 2007 in the amount of \$5,154.74. The invoices were paid on March 14, 2007

actual invoice date and the date that it is received by Bond Controls appears to be significant in some cases. It was observed that some of the invoices had been logged into the system at a later date than the invoices were actually received, documentation showed that some of the invoices had been received/date stamped by other departments prior to being routed to Bond Controls and in some cases the invoices showed signatures/approval dates by the project manager prior to the receipt date reported on the log. In this observation, the number of days reported for processing was slightly understated.

Staff reports that the on-line system will be utilized in the future for routing, approving and processing payment applications and invoices; this system should help expedite the process.

### **Commendations**

- Beginning July 2007, staff and the Bond Team began using an electronic purchase requisition system and on-line approval process. Staff and the Bond Team are able to enter purchase requisitions directly into the system. Once entered, the requisition is automatically routed to all of the designated signers for approval. Once the requisition is approved it is routed to Purchasing. This automated process should expedite the process and help eliminate delays.
- The bond control website contains a link to invoices and purchase orders. Staff or vendors may access the link to view the status of an invoice or purchase order. To use this feature a vendor must request a login and password.
-

liability of the individual(s) who initiated the purchase agreement with the vendor.

Additionally, this practice exacerbates the problem of late payments. Although the board strongly desires to have the payments for the services made in a timely and prompt manner within a 30-day timeframe, the delayed processing of the purchase

## **District Responses**

- The District implemented an on-line purchasing system in July 2007. Effective



bandwidth was not enough to support or have function properly an IP/CVS phone system and network at the sites or District. The District decided to enter into a new contract through CALNET with SBC (nullifying the original contract) to include the evolved technology needs and requirements. There has been confusion in the billing due to not having a clear reconciliation of what was paid on the original contract and if any duplications in equipment or installation is occurring on the new contract. In October there were four invoices with ATT&/MCI totaling \$514,000 in dispute. Several issues are compounding the problems, buy-out of SBC by AT&T/MCI, District's representative with SBC changed and District staff has not been able to locate or provide copies o1.9(i)-1..9(c)4.S(e)-5.9p





## QUALITY CONTROL PROGRAM

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

In 2002-03, after considerable discussion by the citizens’ bond oversight committee and the District administration, the District’s legal counsel advised Total School Solutions of the following:

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 had been included in the annual audit reports for the last four years.

### **I. Pre-construction Quality Control**

The weaknesses encountered during Phase 1A project design and bidding have not been experienced since the development of revised cost estimates for subsequent projects, based on the full knowledge of Option 1C standards. Additionally, the District has benefited from effective document development tncop.0(O)2.0(pt)-1.9(cs

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## ***II. Procurement Quality Control***

While the Pre-construction Quality Control Process was mostly carried out by the master architect (WLC), the Procurement Quality Control Process was under the purview of the bond manager (SGI). Because the Procurement Quality Control process has been established and faithfully followed, satisfactory outcomes have been achieved. The process has resulted in substantial compliance with the plans and specifications published at bid time. For more detailed discussion, refer to the preceding sections of this report.

## ***III. Construction Quality Control***

The Construction Quality Control process is implemented by the bond program manager and the master architect, as required by the Program Management Plan (revised on May 12, 2003), and appears to be complete and comprehensive. It is implemented and followed with fidelity and satisfactory progress has been reported. It should be noted,





The increased participation by local firms, directly correlates to an increase in percentage of construction workers hired from the local area. A May 2007 report by Davillier Sloan quantifies the hiring of workers residing in the local area (Priority 1, 2 and 3 areas) as follows: Western Contra Costa Cities, 11.22 percent; Contra Costa County, 33.74 percent; and East Bay Communities, 60.02 percent.

### **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.
- The District board and administration are commended for advancing their goal of increasing the local participation while remaining within the constraints of law and for using this opportunity to build pride and ownership of the local community in their school.

### **Recommendation**

- The District should request that Davillier-Sloan provide a "post-pilot" review of this process to increase effectiveness of the program before the next project begins, so that the positive experiences from the Helms project could be replicated and/or improved upon for future projects, and additional efforts can be made to increase priority one subcontractors.

### **District Response**

- Staff concurs that a post-project evaluation of the Helms Local Capacity Pilot would be very effective and useful. We anticipate that this will be completed prior to bidding major Measure J projects.



## **Observations**

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- The District is commended for maintaining an up to date and comprehensive bond program website with easy to access information.
- The District is commended for taking a broader approach to the communication delivery to stakeholders, by involving the District Public Information Officer.
- The District is commended for planning the new Community newspaper-like publication in an effort to reach out to the diverse District communities.

### **Additional Observations**

- The CBOC website continues to list out of date information and was not accessible at least on one occasion in 2006-07 fiscal year, though it is linked to the bond program site that has current information listed.
- The staff indicated that initiating regular meetings with the bond management staff and obtaining current bond project information and photographs has been difficult.

### **Recommendations**

- It is recommended that the District staff keep current information listed on the CBOC website regarding the bond program projects.
- It is recommended that the District plan for how feedback will be gathered once the new publication is distributed in order to ascertain the level of effectiveness and satisfaction among community members.
- It is recommended that the bond management staff and the office of the PIO should work closely. Such partnership would begin to provide the community with more than just a construction update and instead create human connections to the projects, in turn creating more community connectedness to the work of the entire District.

### **District Responses**

- Staff concurs with the recommendation and hascs wiis ndeoseldskee



## **CITIZENS' OVERSIGHT COMMITTEE**

California Education Code Sections 15278-15282 set for the duties of a school district and its duly formed citizens' oversight committee. In addition to law, the West Contra Costa Unified School District has adopted By-Laws for the Committee.

### **Commendations**

- The District is commended for forming a citizens' oversight committee consisting of community members that represent all incorporated entities and geographical communities in excess of the minimum requirement of seven (7) members. Membership includes all categories of required committee representation – business representative, senior citizens' organization, taxpayers' organization, parent or guardian, and parent-teacher organization.
- The District is commended for providing the Committee with materials delineating all revenues, expenditures and status reports of projects on a regular basis.
- The District and Committee are commended for holding two (2) joint meetings during each fiscal year.
- The Committee is commended for holding monthly meetings and presenting regular oral reports to the Board.

### **Finding**

- The Committee is out of compliance with the law by failing to prepare an annual report as required by law. Education Code Section 15278(b) states, in part: "The purpose of the citizens' oversight committee shall be to inform the public concerning the expenditure of bond revenues." Education Code Section 15280(b) further delineates its duty by stating, in part: "The citizens' oversight committee shall issue regular reports on the results of its activities. A report shall be issued at least once a year."

### **Recommendation**

- It is recommended that the Committee prepare and present to the Board and community an annual report in accordance with law.

### **District Responses**

- Staff concurs with the recommendation. The 2006 Annual Report has been in draft form for over 6 months. It is anticipated that it will be approved at the December 2007 meeting.
- Staff will prepare a schedule for completion of the 2007 Annual Report.

## 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 may not be specifically related to any particular component of the audit, the audit team believes that these issues could have a significant impact on the overall bond program and, as such, must be reported to the management of the District.

### Observations

- For the period covered under this audit (July 1, 2006 through June 30, 2007), the audit team has noticed specific improvements in bond management and administration including efforts to contain cost and improve efficiency.
- Although the District continues to expend funds from its bond program to modernize and/or reconstruct school facilities, such expenditures are being made without a comprehensive and proactive Asset Management Plan. Therefore, in absence of deliberation and eventual decisions regarding closing and/or re-opening of 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. Furthermore, the District may need to identify sources of capital improvement funds, besides those provided by any additional future facilities bonds to complete its facilities program. An Asset Management Plan can help identify surplus property and develop recommendations in regard to generation of either sale proceed or property lease revenues for the District's use.
- The District has allocated a considerable amount of funds in expanding, improving and furnishing school kitchens to make them compatible for use by certain community groups. This expenditure is consistent with many other board decisions by which the scope of the construction projects has been substantially expanded impacting the project budgets and, consequently, the overall program budget. While the audit team commends the District and its board for wanting to provide best possible facilities for their students and the community-at-large, we remain significantly concerned in regard to maintaining the integrity of the District program budget, finally adopted on January 17, 2007.
- The actions by the Board of Education expanding the scope of the projects at the time of bid award can have a damaging effect on the quality control and cost-containment efforts of the District. The scope added, without the careful consideration and input of the professional staff and consultants may not be best suited to serve the intended purposes. Additionally, regardless of the best intentions, the temptation to add and expand scope of work on projects, due to the influence of a few individuals or a small contingent of stakeholders, can have an unintended negative consequence since additions to the scope of work half-way through the process may render school facilities inequitable.

- The District has developed and the Board of Education has approved an overall program budget as recommended by the 2005-

- The District should hold a board discussion and ask the board to reaffirm the designation of the Associate Superintendent – Operations as the single point of contact between the District and the bond program professionals to ensure that all communication occurs through the appropriate channels.
- The District should take steps to streamline and expedite the process of purchase order issuance in order to improve its record of delayed payments to vendors and contractors, thus facilitating enhanced participation by the local contractors.
- The CBOC should prepare and publish an annual report in ~~accordance with~~ ~~the~~ ~~order~~ ~~of~~ ~~the~~ ~~fire~~ ~~department~~ ~~operations~~ ~~manual~~ ~~0 0 0 r~~

# **APPENDIX A**



### **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 and address all of the facilities needs of the West Contra Costa Unified School District, and to determine which projects to finance from a local bond at this time. The Board of Education hereby certifies that it has evaluated safety, class size reduction and information technology needs in developing the Bond Project List contained in Exhibit A.

construction costs. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. In addition, certain construction funds expected from non-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



(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.

*Section 8. Delivery of Order of Election to County Officers.* The Clerk of the Board of Education of the District is hereby directed to deliver, no later than August 12, 2005 (which date is not fewer than 88 days prior to the date set for the election), one copy of this Resolution to the Registrar of Voters of the County together with the Tax Rate Statement (attached hereto as Exhibit B), completed and signed by the Superintendent, and shall file a copy of this Resolution with the Clerk of the Board of Supervisors of the County.

*Section 9. Ballot Arguments.* The members of the Board are hereby authorized, but not directed, to prepare and file with the Registrar of Voters a ballot argument in favor of the proposition contained in Section 1 hereof, within the time established by the Registrar of Voters.

*Section 10. Further Authorization.* The members of this Board, the Superintendent, and all other officers of the District are hereby authorized and directed, individually and collectively, to do any and all things that they deem necessary or advisable in order to effectuate the purposes of this resolution.

*Section 11. Effective Date.* This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED this day, July 13, 2005, by the following vote:

AYES:

NAYS:

ABSTAIN:

ABSENT:

APPROVED:

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

Attest:

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

**CLERK'S CERTIFICATE**

I, , Clerk of the Board of Education of the West Contra Costa Unified School District, of the County of Contra Costa, California, hereby certify as follows:

The attached is a full, true and correct copy of a resolution duly adopted at a meeting of the Board of Education of the District duly and re

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

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

## **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

establish an account in which proceeds of the sale of bonds will be deposited. As long as any 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 the calendar year, fiscal year, or other appropriate annual period as the Superintendent shall determine, and may be incorporated into the annual budget, audit, or other appropriate routine report to the Board.

#### 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 proposition, lists the specific projects the West Contra Costa Unified School District proposes to finance with proceeds of the bonds. Listed repairs, rehabilitation projects and upgrades will be completed as needed at a particular school site. Each project is assumed to include its share of costs of the election and bond issuance, architectural, engineering, and similar planning costs, construction management, and a customary contingency for unforeseen design and construction costs. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. In addition, certain construction funds expected from non-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 Education Code Section 15100, 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 Government Code Section 53410.

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.

**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. The best estimate of the tax which would be required to be levied to fund this bond issue during the first fiscal year after the sale of the first series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is 1.22 cents per \$100 (\$12.20 per \$100,000) of assessed valuation in fiscal year 2002-03.
2. The best estimate of the tax rate which would be required to be levied to fund this bond issue during the first fiscal year after the sale of the last series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is 5.94 cents per \$100 (\$59.40 per \$100,000) of assessed valuation in fiscal year 2010-11.
3. The best estimate of the highest tax rate which would be required to be levied to fund this bond issue, based on estimated assessed valuations available at the time of filing of this statement, is 6.00 cents per \$100 (\$60.00 per \$100,000) of assessed valuation in fiscal year 2015-16: The tax rate is expected to remain the same in each year.]

Voters should note that estimated tax rate is based on the *ASSESSED VALUE* of taxable property on the County's official tax rolls, *not* on the property's market value. Property owners should consult their own property tax bills to determine their property's assessed value and any applicable tax exemptions.

Attention of all voters is directed to the fact that the foregoing information is based upon the District's projections and estimates only, which are not binding upon the District. The actual tax rates and the years in which they will apply may vary from those presently estimated, due to variations from these estimates in the timing of bond sales, the amount of bonds sold and market interest rates at the time of each sale, and actual assessed valuations over the term of repayment of the bonds. The dates of sale and the amount of bonds sold at any given time will be determined by the District based on need for construction funds and other factors. The actual interest rates at which the bonds will be sold will depend on the bond market at the time of each sale. Actual future assessed valuation will depend upon the amount and value of taxable property within the District as determined by the County Assessor in the annual assessment and the equalization process.

Dated: November 30, 2001.

Gloria Johnson, Superintendent  
West Contra Costa Unified School District



- Furnish and/or replace emergency evacuation, building identification and address signage and monument signs.
- Replace doors, hardware, windows and window coverings.
- Create, renovate and/or improve kitchen areas, including replacement of specialized equipment and furnishings.
- Renovate, upgrade or install library areas, including seismic restraints for shelving.
- Renovate, improve or replace restrooms.
- Renovate, improve or replace roofs.
- 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.
-





PROJECT TYPE

Juan Crespi Junior High School

<u>PROJECT TYPE</u>	<u>Hercules Middle/High School</u> <u>1900 Refugio Valley Road, Hercules, CA</u> <u>Project List</u>
-	<ul style="list-style-type: none"> <li>• Projects as appropriate from the “All School Sites” list.</li> </ul>
<u>Major Building Systems</u>	<ul style="list-style-type: none"> <li>• Add additional buildings or portables to address overcrowding.</li> </ul>
<u>Improvements/Rehabilitation</u>	<ul style="list-style-type: none"> <li>• Install additional outdoor and indoor water fountains.</li> </ul>
<u>Furnishing/Equipping</u>	<ul style="list-style-type: none"> <li>• Install lockers.</li> <li>• Provide and install new furniture and equipment.</li> </ul>

<u>PROJECT TYPE</u>	<u>Pinole Middle School</u> <u>1575 Mann Drive, Pinole, CA 94564-2596</u> <u>Project List</u>
-	<ul style="list-style-type: none"> <li>• Projects as appropriate from the “All School Sites” list.</li> </ul>
<u>Improvements/Rehabilitation</u>	<ul style="list-style-type: none"> <li>• Improve/replace floors.</li> <li>• Improve/replace ceilings.</li> <li>• Improve/replace exterior doors.</li> <li>• Strip wallpaper and paint interior corridors.</li> <li>• Add ventilation to Woodshop.</li> <li>• Improve/replace overhang at snack bar.</li> <li>• Improve and paint interior walls.</li> <li>• Improve/replace skylights.</li> <li>• Improve/replace ramps.</li> <li>• Replace sliding glass door in classroom 11.</li> </ul>
<u>Construction/Renovation of Classroom and Instructional Facilities</u>	<ul style="list-style-type: none"> <li>• Demolish and replace approximately 23 portable classrooms.</li> <li>• Expand or construct new library.</li> </ul>
<u>Furnishing/Equipping</u>	<ul style="list-style-type: none"> <li>• Remove chalkboards from computer room.</li> <li>• Install dust recovery system in woodshop.</li> <li>• Install or replace whiteboards, tackboards and counters.</li> <li>• Replace fold down tables in cafeteria.</li> </ul>



<u>PROJECT TYPE</u>	<u>El Cerrito High School</u> <u>540 Ashbury Avenue, El Cerrito, CA 94530-3299</u> <u>Project List</u>
-	<ul style="list-style-type: none"> <li>• Projects as appropriate from the “All School Sites” list.</li> </ul>
<u>Improvements/Rehabilitation</u>	<ul style="list-style-type: none"> <li>• Improve/replace floors.</li> <li>• Improve/replace ceilings.</li> <li>• Replace broken skylights.</li> <li>• Improve and paint interior walls.</li> <li>• Replace acoustical tiles.</li> <li>• Install new floor and lighting in Little Theater.</li> <li>• Replace water fountains in gymnasium.</li> <li>• Relocate and replace radio antenna.</li> </ul>
<u>Construction/Renovation of Classroom and Instructional Facilities</u>	<ul style="list-style-type: none"> <li>• Demolish and replace approximately twenty-six (26) portable classrooms.</li> <li>• Renovate Home Economics room into a classroom.</li> <li>• Add storage areas.</li> <li>• Renovate woodshop.</li> <li>• Remodel art room.</li> </ul>

Site and Grounds Improvements





PROJECT TYPE

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





PROJECT TYPE

Vista Alternative High School

## **APPENDIX C**



*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

appropriate annual period as the Superintendent shall determine, and may be incorporated into the annual budget, audit, or other appropriate routine report to the Board.

### **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 proposition, lists the specific projects the West Contra Costa Unified School District proposes to finance with proceeds of the Bonds. Listed repairs, rehabilitation projects and upgrades will be completed as needed. Each project is assumed to include its share of costs of the election and bond issuance, architectural, engineering, and similar planning costs, construction management, and a customary contingency for unforeseen design and construction costs. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed.

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any and all things that they deem necessary or advisable in order to effectuate the purposes of this resolution.

*Section 11.* Effective Date. This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED this day, July 13, 2005, by the following vote:

AYES:

NAYS:

ABSTAIN:

ABSENT:

APPROVED:

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

Attest:

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

**CLERK'S CERTIFICATE**

I, Clerk of the Board of Education of the West Contra Costa Unified School District, of the County of Contra Costa, California, hereby certify as follows:

The attached is a full, true and correct copy of a resolution duly adopted at a meeting of the Board of Education of the District duly and regularly held at the regular meeting place thereof -260.0(0(vot)-1.9



## 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.
- Provide a technology backbone system for voice, data, and video communications to accommodate computer network systems, internet access, and other technology advancements; upgrade or install electrical wiring and power for all systems, and provide computers and other technology equipment.
- Assure that all instructional areas and classrooms are provided with telephone service in order to enhance safety and security.
- Improve, upgrade and/or replace heating, ventilation and air conditioning systems, (including energy management systems).
- Improve, upgrade and/or replace electrical systems and equipment.
- Improve, upgrade and/or replace plumbing lines and equipment.
- Install or upgrade energy efficient systems.
- Improve, replace and/or install new outdoor lighting to improve security, safety and enhance evening educational events or athletic activities.
- Renovate, improve, relocate and/or create adequate trash enclosures.
- Renovate, add, or replace lockers.
- Construct, relocate and/or improve lunch shelters.
- Furnish and/or replace emergency evacuation, building identification and address signage and monument signs.
- Replace doors, hardware, windows and window coverings.
- Construct, renovate and/or improve kitchen areas, including replacement of specialized equipment and furnishings.
- Renovate, upgrade or install library areas, including seismic restraints for shelving.

- Renovate, improve, add, or replace restrooms.
- Renovate, improve or replace roofs.
- Re-

## **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

**EXHIBIT B**  
**TAX RATE STATEMENT**

An election will be held in the West Contra Costa Unified School District (the "District") on November 8, 2005, to authorize the sale of up to \$400,000,000 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 seven (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 California Elections Code.

1. The best estimate of the tax rate which would be required to be levied to fund this bond issue during the first fiscal year after the sale of the first series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is 3.11 cents per \$100 (\$31.10 per \$100,000) of assessed valuation in fiscal year 2006-2007.
2. The best estimate of the tax rate which would be required to be levied to fund this bond issue during the fiscal year after the sale of the last series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is 5.99 cents per \$100 (\$59.90) per \$100,000) of assessed valuation in fiscal year 2013-2014.
3. The best estimate of the highest tax rate which would be required to be levied to fund this bond issue, based on estimated assessed valuations available at the time of filing of this statement, is 6.00 cents per \$100 (\$60.00 per \$100,000) of assessed valuation in fiscal year 2020-2021 through fiscal year 2035-

# **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 2005-06.

WCCUSD Unaudited Actuals Report, Fiscal Year 2006-07

WCCUSD Bond Financial Audit Report, Fiscal Years 2000-01 through 2005-06.

### **Measures M and D Budget/Expenditure Reports**

WCCUSD Measures M and D Expenditure Reports through June 30, 2007.

WCCUSD Engineering Officer's Reports through August 2007.

WCCUSD Capital Assets Management Plan/Reconciliation Reports, through August 2007.

# **APPENDIX E**

## **Measures D, M and J District Financial Records**

**(Note: Financial Records as of June 30, 2007 are not yet available.)**





**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
<b>Elementary Schools</b>						
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	15.06%
Coronado	112	11,200,106	13,544,680	518,285	13,026,395	96.17%
Dover	115	12,411,502	14,998,762	729,067	14,269,695	95.14%
Downer	116	29,317,693	31,174,045	5,844,017	25,330,028	81.25%
El Sobrante	120	10,094,823	505,383	447,088	58,295	11.53%
Ellerhorst	117	11,108,955	11,618,708	11,302,777	315,931	2.72%
Fairmont	123	10,881,095	12,811,285	670,334	12,140,951	94.77%
Ford	124	10,946,431	13,228,872	720,365	12,508,507	94.55%
Grant	125	14,635,922	18,318,136	869,321	17,448,815	95.25%
Hanna Ranch	128	522,244	808,399	743,875	64,524	7.98%
Harbor Way	191	3,665,811	-	96,737	(96,737)	-100.00%
Harding	127	14,614,433	19,805,522	17,357,421	2,448,101	12.36%
Highland	122	13,098,342	16,113,322	325,619	15,787,703	97.98%
Kensington	130	16,409,903	18,885,615	18,609,839	275,776	1.46%
King	132	15,954,624	18,890,366	485,554	18,404,812	97.43%
Lake	134	12,122,084	14,954,216	706,263	14,247,953	95.28%
Lincoln	135	15,531,744	16,651,647	16,681,124	(29,477)	-0.18%
Lupine Hills	126	15,543,208	13,988,361	14,159,204	(170,843)	-1.22%
Madera	137	10,635,250	11,416,422	11,752,627	(336,205)	-2.94%
Mira Vista	139	12,717,895	15,079,067	14,007,339	1,071,728	7.11%

School/Project Description	Site #	Original * Budget	Current ** Budget	Actual Expenditures to Date	Budget Variance, Positive or (Negative)	Variance as a Percent of Budget
Montalvin	140	10,944,114	12,995,083	12,115,414	879,669	6.77%
Murphy	142	12,462,005	14,354,151	13,416,614	937,537	6.53%
Nystrom	144	20,966,814	25,343,620	924,909	24,418,711	96.35%
Ohlone	145	13,469,357	16,143,460	515,557	15,627,903	96.81%
Olinda	146	7,575,692	474,825	284,341	190,485	40.12%
Peres	147	17,662,421	18,467,710	18,338,924	128,786	0.70%
Riverside	150	12,410,695	13,652,485	13,322,230	330,255	2.42%
Seaview	152	8,459,415	511,224	496,734	14,490	2.83%
Shannon	154	7,886,806	879,808	849,040	30,768	3.50%
Sheldon	155	14,214,736	14,348,892	13,425,046	923,846	6.44%
Stege	157	12,561,538	761,811	815,417	(53,606)	-7.04%
Stewart	158	12,977,517	14,709,894	14,215,511	494,383	3.36%
Tara Hills	159	12,371,514	14,380,720	12,266,229	2,114,491	14.70%
Transition LC	131	-	118,020	104,611	13,409	11.36%
Valley View	160	11,009,475	13,027,578	510,401	12,517,177	96.08%
Verde	162	14,005,656	14,439,377	14,085,125	354,252	2.45%
Vista Hills	163	-	3,567,040	866,891	2,700,149	75.70%
Washington	164	13,829,061	14,588,038	14,665,133	(77,095)	-0.53%
Wilson	165	13,674,654	16,819,809	530,969	16,288,840	96.84%
New Hercules	180	29,611,825	216,684	56,847	159,837	73.77%
<b>Totals for Elementary School Projects</b>		<b>531,809,522</b>	<b>507,305,438</b>	<b>265,934,111</b>	<b>241,371,327</b>	<b>47.58%</b>
<b>Middle Schools</b>						
Adams MS	202	42,834,869	709,727	608,428	101,299	14.27%
Crespi MS	206	38,494,363	454,645	425,087	29,558	6.50%
DeJean MS	208	1,284,709	142,095	12,841,866	(12,699,771)	-8937.52%
Helms MS	210	63,000,000	57,196,117	6,246,063	50,950,054	89.08%
Hercules MS	211	65,502,276	-	640,258	(640,258)	-100.00%
Pinole MS	212	40,000,000	40,125,785	6,658,300	33,467,485	83.41%
Portola MS	214	39,000,000	36,242,242	3,248,761	32,993,481	91.04%
<b>Totals for Middle School Projects</b>		<b>290,116,217</b>	<b>134,870,611</b>	<b>30,668,762</b>	<b>104,201,849</b>	<b>77.26%</b>

School/Project Description	Site #	Original * Budget	Current ** Budget	Actual Expenditures to Date	Budget Variance, Positive or (Negative)	Variance as a Percent of Budget
<b>High Schools</b>						
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%
<b>Totals for High School Projects</b>		<b>442,262,992</b>	<b>374,239,920</b>	<b>33,443,698</b>	<b>340,796,222</b>	<b>91.06%</b>
<b>Alternative Schools</b>						
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%
North Campus	374	22,453,732	225,808	192,418	33,390	14.79%
Omega HS	395	-	118,638	103,788	14,850	12.52%
Sigma HS	396	-	110,727	102,586	8,141	7.35%
Vista HS	373	18,058,215	155,024	92,369	62,655	40.42%
<b>Totals for Alternative School Projects</b>		<b>74,548,059</b>	<b>1,524,194</b>	<b>1,339,527</b>	<b>184,667</b>	<b>12.12%</b>
<b>Support and Program Costs</b>						
Fiscal	606	-	-	823,419	(823,419)	-100.00%
Operations	615	-	32,206,142	19,244,994	12,961,148	40.24%
<b>Total Support and Program Costs</b>		<b>-</b>	<b>32,206,142</b>	<b>20,068,413</b>	<b>12,137,729</b>	<b>37.69%</b>
<b>Totals for Facilities construction Program</b>		<b>\$ 1,338,736,790</b>	<b>\$ 1,050,146,305</b>	<b>\$ 351,454,510</b>	<b>\$ 698,691,795</b>	<b>66.53%</b>

\* The Original Budget represents the budget presented in the first Capital Asset Management Plan on November 19, 2003.

This budget included cost projections to complete renovations projects at substantially all campuses in the District.

\*\* The current budget is the budget presented to the bond Oversight Committee on June 29, 2006 included in the CAMP report.

**West Contra Costa Unified School District  
Budget Summary by Transaction Category - Measures D, M and J**

# **APPENDIX F**

## **District Status Regarding Prior Years' Audit Findings and Recommendations**

**As of November 15, 2007**



## ***STATUS OF FINDINGS AND RECOMMENDATIONS***

## **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 performance of work. Instead of confirming purchase orders, the use of open purchase orders might be a better vehicle for certain vendors that have frequent business with the District. However, it must be noted that open purchase orders require detailed backup information and consistent approval processes to avoid misuse or duplicate payments.

It is recommended that the District and its consultant make an effort to expedite the approval of invoices. Because accounts payable cannot process the invoice until all approvals are received, late approvals are affecting the processing of payments. When payments are not timely, vendors and contractors are more likely to factor in a higher margin. Timely payments also encourage bids from high-quality contractors.

It is recommended that the 10 percent contingency allowance be restricted for emergency and unforeseen needs. Change orders should be controlled by each project site so that the maximum savings may be reached.

Because the county does not audit payments, it is recommended that the District conduct self-audits to ensure complete documentation with each payment request. Backup documentation should be required for all change orders detailing reasons for the change, with an itemization of labor and material costs. Bid numbers should be noted on all purchase orders. It is also recommended that payment files include pertinent information 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

***STATUS OF FINDINGS AND RECOMMENDATIONS  
FOR FISCAL YEAR 2003-04***

## **PAYMENT PROCEDURES**

### **Finding/ Recommendation (Pages 66-67)**

In the invoices reviewed for the 2003-04 school year, TSS observed that many invoices took more than thirty days to process, with some taking as long as three to four months. The computer analysis illustrates a similar trend in payment history. Of the 1,118 payments examined, one hundred twenty-five (125) payments or 11.2 percent of payments were made 30 days after SGI's document controls section initiated the payment process. It is recommended that the District and its consultants make an effort to expedite the approval of all invoices. Because accounts payable cannot process invoices until all approvals are received, late approvals affect the processing of payments. When payments are not timely, vendors and contractors are more likely to factor in a

Environmental Testing and Services

It is recommended that project and construction managers process their paperwork on a routine basis—perhaps weekly—to avoid the delays at the beginning of the payment process.

It is recommended that all invoices be date-stamped or dated to help ensure the accuracy of invoices. (In the second sampling, TSS observed that some invoices were dated upon receipt while others were not. The dated invoices are within a few days of the invoice date.)

**Findings/ Recommendation (Page 69)**

A typical request for construction progress pa

***STATUS OF FINDINGS AND RECOMMENDATIONS  
FOR FISCAL YEAR 2004-05***

**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.

t At the Board meeting of February 512.0(")-17.0(.9(r)39(si)-2.9(ng)-250062.9(ng)-2.0(oa)-5.9(r33.0(d)4.0(toa.0

## **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.

One of the sampled invoices showed several handwritten corrections. The contractor's calculations were incorrect and had to be corrected by the construction manager, which prolonged the payment process.

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. The District had made some progress in complying with the recommendations.



# ***STATUS OF FINDINGS AND RECOMMENDATIONS FOR FISCAL YEAR 2005-06***

## **CHANGE ORDER AND CLAIM AVOIDANCE PROCEDURES**

### **Observations**

Requests for Information (RFI's) were sampled during the course of the audit. The questions related to schedules, electrical vault location and low voltage work appeared to have taken the most of the response time.

Of the projects sampled, several had change orders that exceeded ten percent of the original contract.

Currently, it is taking approximately six months to close out projects. Once students and staff are allowed to occupy the classrooms, it is difficult to have contractors come back and make repairs

**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.

### **District Status**

The District has made some progress in its change order process but, as reported in this performance audit for the period ending June 30, 2007, there were a number of issues needing attention. Specifically, findings were made regarding the District being out of compliance with the Public Contract Code and District Policy related to the “10%” rule.

## **PAYMENT PROCEDURES**

### **Observations**

Most of the staff in Facilities, Bond Controls, Bond Finance and Accounts Payables believe that the communication among the departments has improved significantly.

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.

Accounts payable staff reported that there are fewer errors observed now than encountered in the past.

Many purchase order requisitions were initiated and processed only after the receipt of invoices.

Almost all payment requests require budget adjustments.

About 45 percent of the payments were paid after 30 days.

The frequent complaints from vendors regarding late payments have generated an atmosphere of defensiveness. Each group wants to demonstrate and document that it is not responsible for delays. As a result, each group maintains logs showing the dates of receipt and issuance for each invoice at every step of the process. This process of logging requires the purchase requests and purchase orders to visit certain offices more than once. Thus, the process itself contributes to delays.

### **Finding**

Out of a total of 24 purchase orders issued to Mark Raine Paving, 18 were issued after the invoice dates and after the work had been performed. In two instances, it appeared that the project costs were split between more than one purchase order, in violation of Public Contract Code 20111.

### **Recommendations**

Eliminate the practice of starting the requisition process after the work has been completed and upon receipt of the invoice.

Reduce the number of signatures required on the payment approval form.

Distribute the estimated budget expenses early in the process during each fiscal year. This step can help reduce the need for budget revisions.

Consider authorizing the Accounts Payable Technician to correct minor computational errors on the payment requests instead of returning the payment requests for correction.

## **District Responses**

**To Finding: Paving Contracts.** District accepts the findings. See responses in two other areas related to this issue.

**To Recommendations: Start of work.** District concurs and continues to make every effort to complete all paperwork processes prior to start of work.

**Payment Approval Signatures.** District concurs with recommendation. Staff is still working on implementing recommendations, of which this is one, received from the “Purchasing and Payment Procedures related to the Measures M, D, and J Bond Program.”

**Budget Revisions.** District concurs with this recommendation and is focused on preparing more accurate budgets as part of the yearly cycle which will reduce the need for budget adjustments as a part of payment applications.

**Minor Corrections.** District concurs with this recommendation, and in many cases Fiscal Services staff do make required minor corrections.

## **District Status**

The need for improvement in the payment procedure process has been consistently reported in each annual performance audit. The District had made some progress in complying with the recommendations.

Beginning July 2007, staff and the Bond Team began using an electronic purchase requisition system and on-line approval process. Staff and the Bond Team are able to enter purchase requisitions directly into the system. Once entered, the requisition is automatically routed to all of the designated signers for approval. Once the requisition is approved it is routed to Purchasing. This automated process should expedite the process and help eliminate delays.

The bond control website contains a link to invoices and purchase orders. Staff or vendors may access the link to view the status of an invoice or purchase order. To use this feature a vendor must request a login and password.

Once a payment request is received by the Accounts Payable office it is processed in a timely manner. The accounts payable technician for construction is very responsive to vendor inquiries.

In our observations and interviews it has been generally reported that the overall communication between Bond Controls, Facilities, Purchasing and SGI has improved significantly.

## OVERALL BOND PROGRAM

### Observations

In comparison with the previous audits, which have been conducted for the periods 2002-03 through 2004-05, the audi



The District should take steps to ensure that the Facilities Master Plan is complete and includes all needed components customary to a comprehensive facilities master plan.

The CBOC should prepare and publish an annual report in conformance with the legal requirements.

### **District Responses**

**Asset Management Plan.** The District concurs with the recommendation and anticipates developing an overall Asset Management Plan as a part of preparation of the 2008 Facilities Master Plan.

**Maintenance and Operations.** The District concurs with the recommendation and notes that there is such a study which has been commissioned during fall and winter of 2006, the MGT Management Study. This study is developing and reviewing information related to M&O levels of service, staffing, etc. and will be the basis for consideration of changes in that area.

**Community Kitchens and Facilities Use Policies.** The District believes that there is a clear nexus between the installation of the Community Kitchens and the educational programs and purposes of the District. These facilities are designed to allow preparation of food in safe and healthy kitchen facilities at each site. The ability to prepare food on site as a part of the educational day and evening program allows for enhanced daily student life and evening events to include food products. These events, such as PTA meetings, School Site Council meetings, site improvement committee meetings serve the broader educational purposes of the District. The food prepared and served enhances attendance and furthers the goals of the groups supporting the Districts mission.

**Site C (no Budget) 2006** The District concurs with the recommendation. It has been difficult to limit scope at sites which are a part of the program since it is clear that this is a one-

**Facilities Master Plan.** The District concurs and believes that the newly adopted “**2007 Facilities Master Plan**” when considered with the demographic component (Long Range Facilities Master Plan) and the educational specifications component meets that need. In addition, as noted above an Asset Management Plan is the next step to a fully comprehensive plan.

**CBOC Annual Report.** CBOC members are working together on the 2006 Annual Report.

### **District Status**

The District has made significant 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 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 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.