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January 22, 2016

To: President Nicholas Segura  
Board Member Arturo Solis  
Board Member Frank Tarantino  
Board Member Kevin J. Pike  
Board Member Paula Hall

Dear President Segura:

Greetings and Happy New Year. Above all we wish you health and happiness this year.

This monthly Chair Report will present a brief overview of our Citizen's Bond Oversight Committee (CBOC) developments since the last regular Board meeting on November 18, 2015. There have been no Bond Oversight Meetings since November 10, 2015, as we were dark during December and the holiday season. However even during a dark month, there was CBOC engagement and email correspondence during this period.

The following are the highlights of our CBOC meeting:

1. The Performance Audit has been started with Moss Adams. There has been an initial kickoff/intake meeting held between Project Management and Chief Financial Officer staff and the consultant. A positive development was there is a possibility the Audit could cover an 18 month period for FY 14/15 (original proposal) plus through this December 31, 2015. This would allow an additional six months to go over the significant number of recommendations presented last year and their implementation during this fiscal year.

Member Robert Carriedo inquired as to whether there would be any issues relative to getting requested documents on time as was last the case last year. As you probably recall, last years audit was done under a very tight time frame. Staff assured us that this would not be the case this year and the data collection process had already begun. We received a Performance Audit Implementation Plan for last year's Audit (attached).

There was a concern CFO staff was not present to answer questions. Mr. Aguirre assured me that any questions that we might have had will be answered promptly. On a very positive note, Moss Adams is very well regarded by several of the California League of Bond Oversight Committees members. They will be speaking at our Annual Conference to be held May 24, 2016 in Sacramento.

2. Bond Program Spending is significantly winding down until the next bond funds are received later this year. December 2015 had the lowest level of spending in many years at \$334,490.

For instance in January 2015 spending was \$3,737,369. The bulk of Planning and Construction staff time recently has been spent on rebooting and refining the Master Plan. This time is an expense related to the Bond Program and paid for out of bond proceeds.

The District has suspended the contract for Whillock for the Southwest Middle School Project and will bid out the remaining work. Staff assured the CBOC there will be no net fiscal impact on the bond program as a result of a termination i.e. insurance will cover the contract termination.

There were CBOC questions on classroom standards for Science classrooms and the reasons for the number of change orders not winding down proportionally as spending has decreased. Staff indicated that many of the standards are dictated by the State. The remaining projects are associated with problematic site conditions at several of the older schools.

3. The next bond issue planned for later this year might have more funds available than originally anticipated. The original estimate was that between \$35 to \$40 million might be available for new projects after the \$32.8 million in bond anticipation notes used for National City Middle and Montgomery High School were paid off.

Staff is working on a spending plan, which will dovetail, with what information has been developed in the Master Plan process. It appears highly likely that a yet to be determined amount will be spent on Classroom Air Conditioning improvements. There will be a report from your Financial Advisor at the Board meeting to go over the latest estimates.

4. The CBOC has a continued interest in working with District staff to find ways to pre-qualify contractors if legally possible on projects so as to avoid some of the recent problems that have surfaced e.g. Whillock. This is a complex area that will need the advice from Counsel and review of recent legislation involving contracting. The use of a design build approach is one way to assist. Staff should be commended for be willing to listen to us on our concerns.

5. There was robust and informative discussion on District improvements in Warranty Compliance/Preventative-Deferred Maintenance, and Asset Preservation. The CBOC has had active concern about the District's structure, database, and compliance associated with warranty conditions. This issue came to light in last years Audit.

The CBOC heard a presentation from District staff on their increased and structured tracking of Facility Maintenance, which would include compliance with warranty conditions. We were presented a Warranty Log Book and Maintenance staff (Gary Gauger, Frank Mendoza) went through the details.

The original legislation involving Bond Oversight recognized the importance of deferred maintenance and requires our comments on this issue. Specifically Education Code Section 15278 (3c)(4) states as one of our tasks:

*Receiving and reviewing copies of any deferred maintenance proposals or plans developed by a school district or community college district, including any reports required by Section 17584.1.*

The CBOC remains committed to reviewing such deferred maintenance and proposals as well as making sure through the entire design/construction/inspection process that these public

assets are designed and constructed appropriately and preserved to get maximum benefit while reducing future costs through effective deferred maintenance (e.g. warranty compliance).

6. The need for consistent high standards in day to day maintenance and facility upkeep was mentioned as very important to CBOC members. The District has and will spend millions of bond dollars on improvements. To make maximum use of these assets it is imperative we have pride of ownership. During our site tours we could see there were significant differences in upkeep at the older schools who had received minimal Proposition O investments. With pending Boundary adjustments, it will be particularly acute to improve this upkeep as some of the students may be coming from new schools to the older ones who do not have new improvements and will notice the differences.

Member Dan Gutowski asked questions on the relationship between the amount of District staff and square footage occupied. The Public (Kathleen Cheers) mentioned the importance of holding the District staff accountable for District building maintenance and operations.

7. The Master Plan Process has made significant improvements since the reboot. The CBOC will take the next month to review the Draft Plan. It definitely appears we will be making Air Conditioning improvements in a yet to determined full scope. Mr. Aguirre mentioned the need to do an infrastructure analysis for the AC improvements and possibility using design build to implement.

The focus will be on classrooms. Staff has drilled down on identifying very specific needs and ratings of the quality of buildings by campus. There has been extensive interaction between the Planning and Construction staff and line personnel at the Schools.

8. The CBOC continues to express a strong interest and reservations about the need at this time for a Project Labor Agreement absent a review of other proposed alternatives. This is embodied in our earlier request:

*In the interest of public trust and transparency the CBOC requests a 4 month moratorium on Resolution No. 4391 to assess data on the pros and cons of Project Labor agreements. In addition the CBOC would like to assess and recommend; better construction delivery methods, pre qualification requirements for the contractor pool, inspection process, and methods of project management that would address the totality of the problems impacting projects from being on budget, on time, and with quality work.*

Staff presented a schedule (attached) and went over some of the improvements reviewed (delivery methods) mentioned above. There were a number of questions regarding process and how was there going to be “real” involvement of the public/interested parties in the process.

**The overall theme in this CBOC discussion can be summarized as a question: “What are the current significant issues with the Bond Program that are going to be solved with a PLA that could not be dealt with by another approach?”. The corollary question to this is “Where is the data that can provide the metrics of these project issues needing to be solved?”**

The Board has not formally responded to our request transmitted in a letter in December (attached). While we had a productive exchange at our Joint Meeting, it was requested the

Superintendent have a Board item to formally get your Board's position on our request for a 4 Month Moratorium.

9. The Annual Report was tentatively approved. This will be posted on the web site and will be "tweaked" for format and minor editorial changes. In the Chair component of the report the following is the highlight of the major issues during last fiscal year:

Fiscal Year 2014-15 was another significant year of progress for the Sweetwater Union High School District Bond Oversight Committee. We had two new members who added their significant professional expertise and experience to our oversight role. Our major accomplishments were as follows:

1. There was further increase in Public Confidence for the Bond Oversight Committee.
2. There was continued Improvement in Transparency.
3. There was an active process of Site Tours conducted prior to the regular CBOC Meeting.
4. As was the case last year, the need for an adequate Deferred Maintenance Plan was a significant topic for discussion.
5. The Proposition O Bond Program conducted its most exhaustive and probing Performance Audit to date.
6. A Joint Meeting with the Board of Trustees was held on January 12, 2015.
7. There has been greater involvement of the public in the Bond Oversight meetings.

While there was continued improvement in the Oversight of the Bond Program this year, there were several areas of concern. They were as follows:

1. Project Priority Setting and Funding of Projects.
2. Greater Change Order Justification.
3. Poorly Executed Master Plan Contract.
4. Improved Communication between Program Management and Information Technology (IT) staff.
5. Need for improved District Record Keeping and compliance with warranty conditions.
6. Continued Frustration in the inability to get closure on the ability to accurately tract staff costs among Programs.
7. Timeliness in responding to CBOC Requests and receipt of information.

Thank you for consideration of this information. I will be happy to answer questions at the Board meeting.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nick Marinovich', written in a cursive style.

Nick Marinovich, Chair  
Sweetwater Citizen's Bond Oversight Committee

Cc. Superintendent Karen Janney

# Prop O 2013-14 Performance Audit Implementation Plan.

1/19/16

Only Objectives with improvement recommendations are listed.

| Objective | Goal  | Action  | Target Implementation Date   | Status   | Final Implementation Date                                    |           |
|-----------|---|---|--|--|--|-----------|
| 4         | Compliance with Ballot Language                                       | -- Adjust staffing allocation based on individual positions rather than department-wide.  | FY 2015-16   | Complete   | May 2015   |           |
| 7         | District and Professional Services Staffing Plan for the Bond Program | Staff will revise the staffing plan to more accurately correlate in-house staffing costs to Prop O.                                 | -- Collect data from other districts on time-card and/or time certification policies   | May - Jul 2015   | Complete   | Jul 2015  |
| 8         | Program Management Effectiveness                                      | -- Implement time data collection   | FY 2015-16   | Complete for Managers. In negotiations with Classified | Oct 2015 for Managers<br>Jan 2016 for Classified Staff       |           |
| 9         | Design and Construction Schedules Cash Flow                           | Staff will prepare a cash flow when needed.   | TBD  | on hold  |  |           |
| 10        | Design and Construction Costs and Budgets                             | Financial reports will be updated.  | Staff will work with a CBOC sub-committee to modify reports:<br>-- CBOC approves sub-committee members<br>-- Sub-committee meetings<br>-- Produce revised reports  | Jun 17. 2015<br>Jul - Aug 2015<br>Sep 2015             | Jul 22. 2015<br>in progress<br>waiting for direction         |           |
| 12        | Change Order Procedures   | Financial and change order reporting will be updated.   | -- Financial Reporting: See objective 10<br>-- Expand CO explanations  | Sep 2015<br>May 2015                                   | waiting for direction<br>Complete                            | May 2015  |
| 13        | Claim Avoidance Procedures  | Procedures will be added.   | Add procedures to the Project Management Plan  | Jan 2016   | still in progress  |           |
| 15        | Best Practices in Procurement   | Awarding bids was noted as compliant in the oral presentation to the Board.   | Procurement and ranking recommendations are current practice.  | na   | na   | na        |
| 16        | Delivered Quality Analysis  | Design manual be implemented for design professionals.  | Update procedures in the Project Management Plan   | Jan 2016   | SDCOE is reviewing procedures                                |           |
| 18        | Effectiveness of Bond Communication Program                           | Updating the master plan, isolating Prop O dollars, expanding change order reporting and updating communication will be implemented | -- Staff will work with a CBOC sub-committee and to modify reports (see objective 10)<br>-- Staff will work with the Board of Trustees Facilities Subcommittee to modify the Capital Facilities Financing Plan (CFFP) format.<br>-- Grants and Communications will eliminate unused communications platforms | Sep 2015<br>Jan 2016<br>Aug 2015                       | waiting for direction<br>staff reviewing options<br>Complete | Fall 2015 |
| 21a       | Special Focused Analysis  | Comply with district change order policies, documentation and standards.  | Comply with district policies  | Jul 2014   | Complete   | Jul 2014  |

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December 2, 2015

To: President Frank Tarantino  
Board Member Nick Segura  
Board Member Kevin J. Pike  
Board Member Paula Hall  
Board Member Arturo Solis

Dear President Tarantino:

As previously indicated to your Board, on October 15, 2014 the Citizen's Bond Oversight Committee (CBOC) held a Special Meeting regarding Project Labor Agreements. The CBOC adopted the following recommendations:

- 1. In the interest of public trust and transparency the CBOC requests a 4 month moratorium on Resolution No. 4391 to assess data on the pros and cons of Project Labor Agreements. In addition the CBOC would like to assess and recommend; better construction delivery methods, pre qualification requirements for the contractor pool, inspection process, and methods of project management that would address the totality of the problems impacting projects from being on budget, on time, and with quality work.*
- 2. The Chair should write a letter to the Board indicating the above action and depending on the outcome the CBOC may consider further actions in the future.*

An October 23, 2015 letter was transmitted to the Board indicating our position above.

On November 10, 2015, at our regular CBOC meeting, we also had an extensive discussion regarding the District's action regarding Project Labor Agreements. Presentations were made by staff on the proposed Project Labor Agreement Timeline and process. Superintendent Janney indicated the Board has not had a meeting yet in which they could discuss what further action if any there would be to the CBOC request.

At the November 10, 2015 regular meeting, the CBOC directed the Chair to transmit a letter to the Board requesting a written response regarding our request outlined above.

Subsequent to the November 10, 2015 meeting, a joint Board/CBOC meeting has been scheduled for December 7, 2015 to discuss mutual issues including the PLA. This is a major positive development and it is hoped that we can further talk about our mutual views and concerns. It is my understanding the Board could then chose to formally act at on our request for a response at a Regular Board meeting.

We look forward to our joint meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Nick Marinovich". The signature is fluid and cursive, with a prominent initial "N" and "M".

Nick Marinovich, Chair  
Sweetwater Bond Oversight Committee

cc. Superintendent Karen Janney



# SWEETWATER UNION HIGH SCHOOL DISTRICT

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## MEMORANDUM

**TO:** Nick Marinovich  
CBOC Members

**FROM:** Jennifer Carbuccia, General Counsel  
Moises Aguirre, Assistant Superintendent of Business Services

**DATE:** January 20, 2016

**SUBJECT:** Project Labor Agreement Process/Timeline

On October 12, 2015, the Board passed Resolution 4391, directing staff to negotiate the terms of a Project Labor Agreement for projects funded by Proposition O or Mello-Roos CFD Funds with the San Diego Building and Construction Trades Council. As you will recall, on November 10, 2015, we previously presented to the CBOC about a proposed timeline for the Project Labor Agreement Process which we planned to present to the Board of Trustees at the following Board Meeting. In response to CBOC feedback, we postponed moving forward with the timeline presented at the meeting until after the Joint Board/CBOC meeting which occurred on December 7, 2015. The purpose of this memorandum is to provide an updated timeline to the CBOC, in advance of presenting it to the Board.

To date the following actions have occurred that are PLA related:

- **October 12, 2015** – Board passed Resolution 4391.
- **November 10, 2015** – Presentation to CBOC by staff of proposed process and timeline leading up to beginning negotiations over PLA in advance of sharing an informational item with Board.
- **December 7, 2015** – Joint Board Meeting with Board of Trustees and CBOC where the parties discussed the PLA resolution.

Staff is proposing the following steps and timeline prior to beginning negotiations:

- **February 2016** –
  - District staff will conduct meetings with other entities that have used a Project Labor Agreement.
  - District will research different factors impacting negotiations related to the Project Labor Agreements, such as new laws impacting thresholds.
- **March 2016** –
  - Internal working group meeting with various stakeholders who express interest in providing feedback into the specific terms of PLAs, such as:

*"The Sweetwater Union High School District will fulfill the promise of 100% student success"*

- CBOC
- Contractors/Subcontractors
- Community Groups
- Internal and External Labor Groups
- Prepare standard information requests for forums.
- **April 2016** –
  - Work with the internal working group and counsel to compile all input relevant to negotiations and prepare Board item for further input.
  - Return to the Board with an item including internal working group recommendations at the second February Board Meeting.
- **Late April 2016/Early May 2016** – Initiate negotiations.

The District will be establishing an Internal Working Group to participate in research, participating in stakeholder feedback, and preparing for and participating in negotiations, made up of representatives including:

- Assistant Superintendent of Business Services
- Legal Services Division
- Planning and Construction
- Facilities
- Maintenance
- Purchasing
- Finance

Work will be coordinated through Legal Services and Business Services. Additionally, Legal Services and the Internal Working Group will be assisted by outside counsel, Atkinson, Andelson, Loya, Ruud & Romo.

Should you have any questions regarding this matter, please do not hesitate to contact me at (619) 585-6082. Thank you.