



# Meeting Minutes

**Planning and Operations**  
1130 Fifth Avenue  
Chula Vista, CA 91911

**Project # 572-8100.00**  
Tel: Fax:

**SUHSD Program Management\SGI**

## Bond Oversight Committee Meeting 20

Date	Start	End	Next Meeting	Next Time	Prepared By	Company
1/31/2011	05:45 PM	07:52 PM	2/12/2011	09:00 AM	Monica McGovern	SUHSD Program Management\SGI

Location	Next Location	General Notes
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### Attended By

SUHSD Program Management\SGI - Jaime Ortiz  
 Citizens' Bond Oversight Committee - Cynthia Melcher  
 Citizens' Bond Oversight Committee - Jane McGill  
 Citizens' Bond Oversight Committee - Yolanda Hernandez  
 Citizens' Bond Oversight Committee - Debra Discar-Espe  
 Citizens' Bond Oversight Committee - Lourdes Valdez  
 Sweetwater Union High School District - Paul Woods  
 Sweetwater Union High School District - Karl Bradley  
 SUHSD Program Management\SGI - Monica McGovern  
 SUHSD Program Management\SGI - Bradley Johnson  
 Citizens' Bond Oversight Committee - Bernardo Vasquez  
 SUHSD Program Management\SGI - Justin Devers  
 SUHSD Program Management\SGI - Bryan Ehm  
 SUHSD Program Management\SGI - Devonna Almagro

### Non-Attendees

SUHSD Program Management\SGI - Jeff Scogin

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## 1. Call to Order

**003-001** Attendance:  
 Cynthia Melcher - Present  
 Jane McGill - Present  
 Debra Discar-Espe - Present  
 Lourdes Valdez - Present  
 Yolanda Hernandez - Present  
 Bernardo Vasquez - Present  
 Dency Souval - Present

Monica McGovern (GSGI) No

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## 2. Approval of Meeting Minutes

### Minutes

**003-003** A. The Minutes of November 11, 2010 were adopted unanimously.

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		Debra Discar-Espe (CBOC)				No

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**3. Public Comment**

**Public comments**

**003-006** A. Ms. Catherine Cheers expressed her dissatisfaction/concerns over the approval process for agenda items relative to expenditures.

She expressed concern about contractors contributing to Board member reelection campaigns?

She stated that she is personally writing a letter to the Board of the San Diego County Tax Payers' Association and asking them to open an investigation.

There was a rumor that she flew to Texas regarding the turf contract for Montgomery High School and that she has a vested financial interest in the company that put in the Dallas' Cowboys football field, which was also one of the companies that put in a bid for Montgomery's football field. She denies this rumor and states there is no truth to the allegations.

B. Mr. Stewart Payne expressed his thanks to Jaime Ortiz and his staff for communicating with him and answering his questions. He wanted to address the issuing of the borrowing of funds, specifically the language that was used when the bond was passed. He then quoted a portion of the bond language.

He brought up an item from the last Board of Trustees Meeting, item M-15. He raised his concern over the extension of a contract with Vendsight at Mar Vista High. He asked if we are not funding it out of Prop O funds, why are we only funding it for 10 months and not completely?

The next item he brought up was M-11, a contract for miscellaneous construction at Southwest high school. He said it seemed like an excessive amount to him.

His next concern was 3 change orders at Chula Vista Middle school totalling 9.8% of the contract total. He stated that we shouldn't be doing change orders. He thinks the money could be used at another school. He stated we shouldn't be doing extra work just because we have the room in the change order percentage.

He stated that more money should go to schools in the Eastlake area, since the homeowners there are paying more of the money.

	Debra Discar-Espe (CBOC)	No
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**4. Report from CBOC Chair**

**Report from the CBOC Chair**

**003-008** 4. Report from CBOC Chair

A. Dianne Russo, the District 's Director of Fiscal Services, explained the process of temporary interfund transfers for cash flow purposes. She stated that one of the ways the State has been balancing their budget is to defer money coming from the State to school districts, by up to 30%. All Districts have had to temporarily transfer money until the State releases funds. She then handed out a memo from School Services stating their opinion regarding borrowing from the building fund to the general fund; it agrees that it is an allowable transfer. We also bought it before the CBOC a year and a

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	half ago. She assured the Committee that all money from Prop O will go toward construction. She also mentioned that the District does not currently owe any money to Prop O. And will not be borrowing from that fund in the future.					
	B. Debbie Espe asked for clarification that there will be no more inter transfer of monies from this particular fund. Dianne stated that was correct.					
	C. Jane McGill asked if the money had not been transferred, what would it have been doing? D.R. told her it would have been sitting at the County Treasurer's office generating interest. When the District borrows money from the building fund, they pay interest on the money at the same rate as the County Treasurer.					
	Cynthia Melcher asked when the first transfer was done. D.R. told her it was done at the end of 2008/2009. C.M. asked specifically what month and year. D.R. said she wasn't sure of the exact month, but she would check the records and let them know. D.E. asked her to clarify if it was only done once, in 2008/2009? D.R. told her no, they make temporary transfers all the time, depending on the time of year, but they are repaid in the same year. C.M. said the concern was that it was done in the first place, that it goes against the Bond language. D.R. told her that according to Ed. Code and the language from school services the District is allowed to do this.. C.M. asked if transfers were done prior to this? D.R. told her there was.					
	D.E. wanted to clarify that there have been multiple transfers from Prop O, but all repaid with interest and that moving forward, there will be no more interfund transfers from Prop O. D.R. told her that was correct.					
	Yolanda Hernandez commented that the school finances and budgets for the Sweetwater and San Ysidro school districts are overseen by the San Diego County Office of Education. The State owes money to the all the districts. All the school districts are governed by the education code 42603 that allows funds to be transferred within funds to help address cash flow issues.					
	C.M. stated that back in February of 2009 it was brought to the CBOC to switch the independent auditor. She expressed her concern and said she didn't feel comfortable with that decision because it is the same auditor the District uses. She asked that it be brought back as an agenda item to the next CBOC meeting.					
		Debra Discar- Espe (CBOC)				No

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**5. Committee Updates**

**Roles and Responsibilities of the CBOC**

- 016-001** A. The Oversight Committee's main roles and responsibilities are as follows:
1. To receive and review copies of the annual performance audit conducted by an independent consultant selected by the District to insure that Prop O bond funds have been expended on the specific projects identified in the bond language.
  2. To inspect school facilities and grounds during normal District business hours to insure that Prop O bond proceeds are expended as set forth in the bond language and by the voters.
  3. To receive and review copies of all deferred Maintenance proposals and plans developed by the District.
  4. As appropriate, review and/or comment to the District Board of Trustees and/or to the public any activities that are within the CBOC's purview.

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	5. To issue a written report once a year reporting on their activities .					
	They have no authority to participate in the District's bond issuance process, or bond sales. They cannot determine how the bond funds are expended. They have no authority to participate in the negotiation or bid process for contractors or consultants, for any programs that are financed by the bond program.					
	Karl Bradley commented that a question that sometimes arises is "Why isn't the CBOC approving/disapproving expenditures?" The main focus of the Bond Oversight Committee to monitor activities, watch how the money is being spent, and if they have a concern or a recommendation to be a conduit to the Board of Trustees and the community . The authority to approve expenditures lies strictly with the Board of Trustees.					
	Debbie thanked him for the clarification, and asked if anyone had any questions. there were none.					
		Debra Discar- Espe (CBOC), Jaime Ortiz				No

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<b>6. Committee Updates</b>						

**1. Change Order Procedure**

**New Business**

**020-001** A. Jaime Ortiz then explained the definition of a change order - it is a change to an original contract which can happen for the following main reasons:

1. Unforeseen conditions
2. Errors or omissions in the contract documents or pieces of information that were missing by the design team when they were bidding the project.
3. District requests addition of scope
4. Code compliance.

The procedure has many checks and balances along the way. It has to be signed by the contractor, the architect, the inspector, the construction manager, the District, the District's project manager, the District's Director of Planning, and the Assistant Superintendent .

Typically a change order starts with a request for information generated by the contractor if something is not clear in the drawings, or by a request for a proposal by the architect that wants to add something based on something that they found, or something that the District requested be added.

We then will issue a field work directive, that is signed by the contractor, the architect, the project manager, the District's project manager, and by the District's Director of Planning and Construction .

Karl Bradley then explained the way in which the pricing for a change order is established. According to the the public contracts contract code; there are 3 ways in which we can to establish a price for additional work that wasn't established in the original contract.

1. We can agree on a lump sum cost for additional work . It must be agreed on by the contractor, the architect, the District staff.
2. Standard of cost method - using the Means book to establish a price.
3. Straight time and materials basis.

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	He stated the procedure is very structured; there are many checks and balances.					
	Jaime Ortiz then explained that the contractor gives the District a proposal with the price they would like to charge; we then negotiate the price with them. We do not approve them easily, and always review the change order request and make sure the price is fair.					
	Yolanda brought up the Southwest Middle school project and how some of the change orders there were instituted at the request of the community.					
	K.B. explained that this was an example of an Owner-directed change order.					
	J.O. then explained that the change order then goes into a Board item. If the Board approves it, it goes next to the Division of the State Architect for review/approval.					
	K.B. told the CBOC members that only Dr. Gandara, Dianne Russo and Mr. Bradley have the final authority to sign and authorize a change order.					
	J.O. showed a chart by school listing the contract amount and the total change orders to date as of last month for all 9 projects. Bernardo Vasquez requested copies for the CBOC members. The total program wide change order average amount thus far is 4.1% (\$4.5M).					
	Debbie Espe asked the reason that the change order rate at Chula Vista Middle is running high?					
	J.O. explained that the District requested additional work on relocatables and utility work at that school, in order to create a better educational environment.					
	Bernardo Vasquez asked who made the decision to use the contractor on site and not to bid the project out, and the reasoning.					
	K.B. explained that there was a time factor, pricing considerations, and that he was personally involved in the decision. He then explained the savings realized in the mobilization process.					
	Y.H. asked staff to explain the Lease/Leaseback delivery method.					
	J.O. told her that we are better able to control the change order rate with this method.					
	Bernardo Vasquez requested a presentation on the different delivery methods be given. He then asked staff to explain what qualifies as an error and omission.					
	K.B. explained the error and omission definitions and gave examples. He then discussed the concept "standard of care" in the industry. It recognizes that there will be mistakes, and that it is determined on a case-by-case basis.					
	B.V. asked if we had exercised the option to pursue reimbursement from the architects?					
	K.B. told the CBOC that the majority of E&O is value-added changes, but that at the completion of each job, we will be sitting down with each architect and reviewing their performance.					
	B.V. asked if there was any action being taken with the previous contractor at Montgomery High due to the changeover of contractors?					
	J.O. explained that the District negotiated a settlement with the former contractor when they terminated the contract.					
	Jane McGill asked if no money had been spent on change orders, could the money have been spent					

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	on an East side school?					
	K.B. told her that it would be a Board of Trustees decision.					
	Jaime then showed the CBOC a chart illustrating the percentages of negotiated savings per school re: change orders. To date, the District and Program Management team has saved \$3.5M in change order negotiations.					
	K.B. stated that it is our duty to negotiate prices down when possible.	Jaime Ortiz (GSGI)				No

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<b>6. Status Update on Bond Implementation</b>						

**2. Project Status Reports**

- 003-012** A. Jaime Ortiz asked if anyone had specific question pertaining to the cost roll-up report and project status reports. There were no questions.
- B. J.O. went over the projects individually.
- C. J.O. then showed an animation of all the school sites construction progress via time lapse video. He gave highlights of the accomplishments at the various schools.
- D. As a follow-up to the previous CBOC meeting, J.O. informed the CBOC that 21 of 32 NFL teams use the same field turf as the turf installed at Montgomery High.
- E. J.O. told the Members about the current Outreach efforts. He outlined the planned improvements to the website as requested at the last meeting, such as publishing updated time lapse video, make the CBOC section more prominent on the website, add a link from the CBOC page to the home page, and add a link to the monthly Board of Trustees agenda item that reports on the cost and funding to date. In order to better communicate our local contracting efforts, we plan to dedicate a contractor spotlight section in our program newsletter, add a local participation section to our website, and include our outreach goals and efforts to date. Increased media outreach will include quarterly op-eds that highlight the Districts' efforts, and talking to local reporters. In order to disseminate the annual report we plan to publish it on our website, annual report insert in local publications such as the UT South County edition and My Hometown magazine. Debbie Espe asked if these types of costs come out of Prop O? J.O. told her that it was brought before the CBOC before and they agreed that as long as the intent is to inform the public of what we're doing, the language does allow the distribution of information. D.E. asked if they were options? J.O. told her they were. J.O. outlined the different publication and cost options. J.O. told the CBOC about the various organizations that we give presentations to over the year. D.E. asked if we have done parent/teacher nights? J.O. told her we do, as well as meeting with local site councils. D.E. entertained a motion to recommend the publication of ads in the UT South County. Lourdes Valdez said that My Hometown magazine is widely read in all the East side zip codes, and it is well received, and she thinks the investment is very reasonable. Cynthia motioned to recommend the UT South County only. The motion was seconded by Jane McGill and approved unanimously.
- Jaime Ortiz  
(GSGI)
- No

**3. Board Items report**

- 016-003** A. A summary of all Board items related to Prop O approved by the Board of Trustees was sent out via email. J.O. asked if there were any questions. Cynthia Melcher asked if the report included all Prop O items. J.O. told her it did.

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		Jaime Ortiz (GSGI)				No

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**7. Committee Member Reports**

**Committee Member Reports**

- 019-001** A. Debbie Espe asked if there were any Committee member reports. There were no reports.
- B. Debbie Espe listed items she would like on the next regular meeting agenda:
1. Talk about the audit.
  2. Address Mr. Payne's concerns.
  3. A presentation on how things are agendized and approved at the District, so the CBOC can understand how they can make recommendations to the District.
  4. Have a presentation on the various construction delivery methods. It will be presented at the March meeting.
  5. Bernardo asked the Committee to consider reporting to the Board of Trustees . Previously a presentation was made once a year to deliver the annual report. Currently, Karl Bradley reports on the last CBOC meeting. K.B. proposed discussing it at the next CBOC meeting. Bertha Lopez of the SUHSD Board of Trustees commented that she would appreciate such a presentation . Yolanda said she thinks the Board would like to see the CBOC report. The CBOC decided to table the discussion until the February 12th meeting.
- C. Debbie informed the CBOC members that the District is holding a series of town hall meetings, and encouraged the members to attend at least one.

CBOC  
Members No

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**8. Establish Future Meeting Dates**

**Future Meeting Dates**

- 003-022** A. The Board discussed meeting dates for 2011 . Cynthia Melcher made a motion to add an additional meeting in February. Jane McGill seconded the motion. Bernardo Vasquez asked for clarification or an agenda for the meeting. Debbie asked to look at the audit. J.O. clarified that the audit that was approved at the Board was the District audit, and not the Prop O audit. The CBOC agreed to meet before the site tour on February 12th at 9:00am. The motion was approved unanimously.

Debra Discar-  
Espe (CBOC) No

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**9. Meeting Adjourned**

**Adjourn**

- 008-010** Meeting adjourned 7:52pm.

Debra Discar-  
Espe (CBOC) No

Cc:	Company Name	Contact Name	Copies	Notes
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The minutes written above represent our understanding of all items discussed in the meeting. These minutes shall stand as the correct and complete record of the meeting unless corrections, discrepancies or additional items are brought to the attention of the writer within 48 hours of receiving these minutes.