



Meeting Minutes

Planning and Operations1130 Fifth Avenue
Chula Vista, CA 91911**Project # 572-8100.00**

Tel: Fax:

SUHSD Program Management\SGI**Bond Oversight Committee Meeting 24**

Date	Start	End	Next Meeting	Next Time	Prepared By	Company
7/14/2011	05:45 PM	07:01 PM	8/13/2011	09:00 AM	Monica McGovern	SUHSD Program Management\SGI
Location			Next Location		General Notes	

Attended By

Citizens' Bond Oversight Committee - Debra Discar-Espe
 Citizens' Bond Oversight Committee - Lourdes Valdez
 Sweetwater Union High School District - Paul Woods
 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
 SUHSD Program Management\SGI - Jaime Ortiz
 SUHSD Program Management\SGI - Justin Devers
 SUHSD Program Management\SGI - Rafael Parra
 Citizens' Bond Oversight Committee - David Butler
 Citizens' Bond Oversight Committee - Guillermo Camarena

Non-Attendees

SUHSD Program Management\SGI - Jeff Scogin
 Citizens' Bond Oversight Committee - Dency Souval
 Citizens' Bond Oversight Committee - Maria Arroya

Item	Meeting Item Description	Resp	Status	Due Date	Compl'd	Cls'd
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1. Call to Order**003-001**

Attendance:

Debra Discar-Espe - Present
 Lourdes Valdez - Present
 Dency Souval - Absent
 Bernardo Vasquez - Present
 David Butler - Present
 Maria G. Arroyo - Absent
 Guillermo Camarena - Present

Monica
 McGovern
 (GSGI)

No

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2. Approval of Meeting Minutes**Minutes**

003-003 A. The Committee received the meeting minutes of June 11, 2011. The Minutes were adopted unanimously.

Meeting Minutes
Planning and Operations 2

Item	Meeting Item Description	Resp	Status	Due Date	Compl'd	Cls'd
		Debra Discar-Espe (CBOC)				No

Item	Meeting Item Description	Resp	Status	Due Date	Compl'd	Cls'd
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3. Public Comment

Public comments

003-006 A. Debra Discar-Espe asked if there were any public comments.

B. Stewart Payne addressed the CBOC and told them he wanted to discuss two things; the first of which was legal fees. He put in a public records request and the District turned over to him \$103,000 worth of legal fees that were billed to Prop O. He is wondering why we don't have a line item for legal fees; where were they budgeted and how do we compare to what our budget for legal fees were and what we have paid out over the life of the bond program.

The second item he requested the CBOC members look at a contract at Mar Vista High School for an organization called Vendsight. It started out as a 2 year contract providing lunch areas for the students and staff while construction was being done on the cafeteria. What he thinks he sees now is that this item was not related to feeding students at all - it was an more of an advertising program. He would appreciate if the CBOC would look at the contract.

C. Catherine Cheers expressed her concern with the following topics: campaign contributions, borrowing of Prop O monies, change orders, and CBOC appointments.

D. Rudy Gonzalez then spoke to the CBOC members and congratulated them on the work at Hilltop High. He stated that their efforts are greatly appreciated. He said that he served on Prop O and on Prop BB, and he stated that the CBOC members have traditionally been selected for their honesty, their commitment to the community, and your commitment to Chula Vista.

Debra Discar-Espe (CBOC) No

Item	Meeting Item Description	Resp	Status	Due Date	Compl'd	Cls'd
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4. Report from CBOC Chair

Report from the CBOC Chair

003-008 4. Report from CBOC Chair

A. Debbie Espe informed the committee members that she attended the last Board of Trustees meeting and gave their annual report. She informed the CBOC of the appointment of the new SUHSD Superintendent, Edward M. Brand Ed.D.

B. D.E. stated that the Chair and Vice-Chair positions on the CBOC were now vacant, and she asked for nominations to fill these positions.

Debra Discar-Espe (CBOC) No

Item	Meeting Item Description	Resp	Status	Due Date	Compl'd	Cls'd
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5. Committee Updates

Election of Committee Chair and Vice Chair

New Business

024-001 A. Debra Discar-Espe asked if there were nominations for the CBOC Vice Chair position.

B. Lourdes Valdez nominated David Butler. Bernardo Vasquez seconded the motion. He was approved unanimously for the Vice Chair position.

Meeting Minutes
Planning and Operations 2

Item	Meeting Item Description	Resp	Status	Due Date	Compl'd	Cls'd
	C. Debra Discar-Espe asked if there were nominations for the CBOC Chair position.					
	D. Bernardo Vasquez nominated Lourdes Valdez. Lourdes Valdez nominated Bernardo Vasquez. L.V. declined the nomination, due to a full schedule. Bernardo accepted the nomination. Guillermo Camarena seconded the motion. He was approved unanimously for the Chair position.					
		Debra Discar-Espe				No

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5. Requested Items						

Change Order Case Study/Errors & Omissions presentation

022-003 A. Bernardo Vasquez stated that David Butler had questions regarding Errors & Omissions at the last meeting, which was the impetus for this presentation.

B. Jaime Ortiz stated the cumulative 4.36% change order rate for Prop O is not out of the ordinary when compared to other large school construction programs in the county. The main focus of this presentation would be the Errors & Omissions section. The cumulative rate for Errors & Omissions on an overall program basis is 2.2%. It is important to note that these categories are assigned by our project teams, the architects can dispute the categorization.

C. J.O. then went over the definitions of each term. An omission is an item that was missing from the plans or specs that had to be added later; omission generally add value to the project. An error are items that are truly errors on the architects part; errors do not add value to the project. He gave examples of each.

D. J.O. explained that there is no such thing as an error free design. We should not expect error free drawings. We should, however, expect the architects and engineers to use reasonable care and competence while creating the plans. Generally accepted standard of care for Errors and Omissions on a construction project is about 2 - 3% of construction costs. Even the simplest building design effort requires many individuals acting on hundreds of major decisions to coordinate the design of thousands of building components. Our projects are a unique, one-time design effort that does not have the benefit of product testing. To expect a perfect design would be like believing software will function flawlessly without beta testing. Buildings are becoming increasingly complex, and we want them designed on ever-shortening timelines. The demands we place on A/Es to lower their fees, while at the same time fast-tracking their services, increases the risk that errors will result. So to try and mitigate that risk we try to be realistic with the design duration and we do a very extensive constructability review process. We do interdisciplinary reviews and try to catch as many errors as possible before the contracts are bid on. We have the drawings reviewed by several departments including the electrical team, the mechanical team, waterproofing, Maintenance, HVAC, and Planning prior to being bid out.

At the completion of the projects, we have a Lessons Learned meeting with the entire project team and a change order reconciliation meeting with the architect. We evaluate the total change orders to date on the project, we analyze which ones are classified as errors and omissions, we classify the errors and omissions by disciplines, then we try to cross-reference (identify trends). We want to identify if the standard of care has been compromised; have they done everything that a normal competent architect/design team does. It is important to note that architects do not get compensation for E&O change orders.

As you can see, we will have a standard of care discussion at HTH, NCM, SOM and probably MVH. This does not mean that we will go after the architects for each one of the change orders, but we will do an analysis of what each E&O caused change is and if the architect acted with reasonable care and competence. We want to understand what the problems were and how we got to that change order level.

Meeting Minutes
 Planning and Operations 2

Item	Meeting Item Description	Resp	Status	Due Date	Compl'd	Cls'd
	E. J.O. then explained that part of the analysis will include the question were any of the E&O change orders identified in the constructability review? Did they correct it? And if they didn't, did we get a change order for it? If we did, we should probably not pay for and ask the architect to pay for it. Was it in the architects control to avoid that change order?					
	F. J.O. stated that some Districts and Owners determine that if the standard of care has been compromised, they typically ask the architect for 100% of the error if it is an error. If it is an omission, they typically go after 15-20% of the cost which is the cost of the premium of the change order. He then gave some examples from recently completed projects such as the motorized gate at Hilltop High. He explained that we do this analysis for all the projects.					
	G. Debbie Espe asked at what point in the process do we perform this evaluation? J.O. explained that after we issue the Notice of Completion to the contractor, we then sit down and have this conversation with the architect. D.E. then asked how this is reflected in the reports? J.O. replied that it is reflected in the change orders. D.E. asked if there was some kind of reimbursement? J.O. explained that it doesn't change the bottom number; but on the budget the expenses of architect's fees would be reduced. Guillermo Camarena asked what is the typical change order fee for architects? J.O. told him it is 8%. G.C. then asked what is the rate for the construction manager? J.O. replied that the CM does not get additional fees for change orders. G.C. asked what is the rate for the contractor? Paul Woods told him that the contractor mark-up is specified in the contract (from 10-15%).					
	Jaime Ortiz					No

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6. Status Update on Bond Implementation						

a. Project Status Reports

- 003-012** A. Jaime Ortiz asked if there were any questions on the project status report that was sent out ahead of time to the CBOC.
- B. Debbie Espe had a question regarding the graphics (bar charts) in the reports; she asked if time has elapsed, and we are at 113% of time that has elapsed, and we have spent 85% of the budget and we are ready for close out, this amount of time that has elapsed from the time the site committee met until today? J.O. confirmed that the date reflected on the report represents the first site committee meeting until the planned close out completion date. If we are past the planned close out completion date, we go over 100%. J.O. explained that the estimated planned dates were determined before the scope was defined, before the site committee meetings, and without knowing what we were going to build or the complexity defined. D.E. then asked if we were under budget on that project? J.O. told her that was the case.
- C. Bernardo Vasquez asked when he looks at the change order summary for Hilltop High school, where did the \$13.295M figure come from? J.O. explained that it is the cost of all the original construction contracts that have been signed for Hilltop High and includes the contract with Pacific Building Group, the interim housing contractor, or any general contractor that has done work on the project that we've charged to construction line item. B.V. then asked how does that number differ from the new construction on the original current amount? J.O. explained that it doesn't; the current contract amount is the same as in the change order log current contract amount. B.V. then asked the actual number that we're working off of on the project status summary is the committed cost amount; that's going to be the bottom line number of the costs we're looking at for construction. J.O. explained not necessarily; there might be things we haven't committed yet such as we might have not purchased the furniture yet. There may be a few items after the fact once construction is done that the Owner may want purchased.
- D. David Butler asked why is the original contract amount not the same as the original budget new

Meeting Minutes
 Planning and Operations 2

Item	Meeting Item Description	Resp	Status	Due Date	Compl'd	Cls'd
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construction amount? J.O. explained the original budget was established at the very beginning without State matching funds; the budget we work off of is the current budget includes the State matching funds. D.B. asked what the \$13.295M represent? Paul Woods said the difference between the \$13.295M and the \$14.623M is called public bidding; the cumulative low bids came into \$13.295. That's why the committed costs was lower than the original budget. J.O. explained the difference between the \$13.2M and the \$14.5M is change orders. D.B. asked what the \$21.762 under new construction under current budget. P.W. explained that the reason it is larger is due to State matching funds that were not planned for in 2007 in the original budget. B.V. asked at what point does the Board decides what to with the funds and who's involved in the process? Paul Woods stated that we are planning on making a presentation to the Board in the fall closer to when all the projects are completed with a recommended list of priority projects and the state funding. B.V. asked if there is public comment on the process? P.W. told him yes, it is done at a public meeting so the public can make comments. David Butler asked if the State matching funds are a lump sum that come to the District, or are they specific to the projects, or does the District allocate them to the projects? P.W. explained that there are 4 types of funds that are available for State funds (some are site and program specific); new construction funding is site specific but the District submits an application based on sites modernization is site specific, career technical education is site specific, overcrowding relief grant funding can be generated at one site but can be spent at another.

E. David Butler asked J. O. if he had seen any difference between low bid projects and lease/leaseback projects? J.O. stated that yes, he had. In a LLB delivery method, since the contractor is involved very early on they take some ownership of the drawings and their completeness. The contractor takes ownership of the errors and omissions. David Butler requested if the CBOC could see a breakdown of the errors and omissions at the end of the projects.

F. J. O. then gave an update on the design progress at Montgomery Middle School. DSA approval has been received and the contractor is going through the bidding process (bidding to subs).

G. J. O. went over the construction schedule update. There were no questions.

H. J.O. then went through the slides of the individual projects and gave highlights.

I. B. V. asked when the new contractor would be working at Southwest High and if it is safe for the students to return to school? J.O. explained that the students were not being impacted and that we want to complete the project as soon as possible. B.V. asked how the process of getting a new contractor worked? J.O. explained that the Surety has the first right to complete the job; if they choose not to, then the District hires a contractor to complete the job and back charges the Surety for the cost. P.W. said our attorneys are looking into whether it would have to be bid out or whether they can hire a contractor. D.B. asked if the District is compensated for the delay? P.W. said it would be included in the potential claim.

Jaime Ortiz
(GSGI)

No

e. Board Items report

016-003 A. A list of the items that the Board of Trustees have approved since the last meeting was presented . Guillermo Camarena asked about the Board Item concerning Blue Coast Consulting re: construction time schedule extension for the Inspector of Record. J.O. explained that the inspector changed employers and it was important to the District to retain continuity on Southwest High, so this contract was to hire Blue Coast Consulting, the inspector's new employer, for the duration of the job . Paul Woods stated that even if the inspector hadn't changed firms, the original contract was based on an assumed amount of work over an assumed duration of time. There may have been more special inspections, or more manpower may have been needed, or the contractor may have delayed the project - the inspector has to be there full time. Since there is no work currently being done on this project, there is nota full time inspector at this project.

Jaime Ortiz

No

Meeting Minutes
Planning and Operations 2

Item	Meeting Item Description	Resp	Status	Due Date	Compl'd	Cls'd
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(GSGI)

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7. Committee Member Reports

Committee Member Reports

- 019-001** A. Bernardo Vasquez asked if there were any Committee member reports. There were no reports.
- B. Paul Woods informed the CBOC members that the Board of Trustees meeting was changed next week to Wednesday at 6:00pm. Since Bernardo Vasquez will be out of town during the meeting, David Butler will attend the session to represent the CBOC in his place.
- C. P.W. stated that the Board of Trustees is going to appoint 2 additional CBOC members. Dr. Brand requested the change.

CBOC Members No

Item	Meeting Item Description	Resp	Status	Due Date	Compl'd	Cls'd
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9. Meeting Adjourned

Adjourn

008-010 Meeting adjourned at 7:01pm.

Bernardo Vasquez (CBOC) No

Cc:	Company Name	Contact Name	Copies	Notes
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End Comments

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.