



Sweetwater Union High School District

Proposition O Performance Audit

Fall 2006 to Summer 2011

March 20, 2012

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Executive Summary

The Sweetwater Union High School District (District) Proposition O capital improvement program has made significant progress, with seven of nine major projects substantially completed. These new school facilities, funded with local taxpayer dollars, are well constructed and incorporate state of the art technology and environmental features. The facilities make a statement about the District's and the community's commitment to the quality of secondary school facilities, the teaching and learning environment, and the importance of education for their children.

Eric Hall & Associates (EH&A) was contracted to conduct a performance audit of the District's Proposition O bond program. This performance audit is not a financial or fraud audit. This audit reviews the performance of the Proposition O bond program and assesses the efficient and effective use of taxpayer resources. The District requested a performance audit for the period 2010-2011 and a more comprehensive review of the Proposition O bond program from 2006 to 2011. This audit was performed under the guidelines of Proposition 39 as well as the Generally Accepted Government Accounting Standards (GAGAS). This audit focuses on three major categories of performance measures: **Management Performance, Cost Performance, and Communication Performance.**

EH&A reviewed a sample of the District wide program components for the 2006-2011 period and reviewed specific construction transactions for three projects: Southwest Middle School, Chula Vista High School, and Hilltop High School. EH&A reviewed samples of pay requests, change orders, board actions, contracts, agreements, and other documents and transactions, and the practices, processes and procedures used to manage the Proposition O program.

EH&A reviewed data and information maintained with state of the art computer filing systems in the District's Laserfiche and the program manager's Prolog systems. EH&A interviewed District and SGI staff, visited sites, conducted a user survey, consulted various outside studies, and evaluated the District's use of best practices. Our analysis, findings, and recommendations are based on our extensive experience in the field of school facility planning, design, pre-construction and construction.

In the **Management Performance** section several significant strengths are highlighted. These include the involvement of the staff during the programming and project design phase and the achievements in LEED (Leadership in Energy and Environmental Design) Certification. The District used robust recordkeeping, a timely payment process, and high quality controls which resulted in a limited number of claims for both construction and labor compliance. Particularly noteworthy is the District's proactive involvement with the Division of the State Architect, which reduced the processing and approval time for construction plans by 270 days or an average of over 50%.

Several efficiencies are proposed in the **Management Performance** section of the report. The District relied on the program manager for staffing and resource allocation for the delivery of services, and was therefore less involved in management and oversight. We recommend that the District perform more of the oversight and management of the program in-house. This can be done by hiring a dedicated chief facilities executive to strengthen the District's role in the program, a contracts administrator to review and monitor all contracts, and additional staff to serve as "owners representatives". Hiring these positions will increase efficiencies and improve the District's control over its Proposition O program. In addition, the District can improve its policies and procedures to formalize the selection of professional service contractors. These policies should include increased transparency and an open selection process.

In the **Cost Performance** section we note several positive practices. The District used two different construction delivery methods: the traditional *Design-Bid-Build* delivery method, and the more contemporary *Lease-Leaseback* delivery method. The program has been managed efficiently with 73 percent of the public's dollars spent on *hard* construction costs and 27 percent spent on *soft* costs. The combination of two delivery methods resulted in the installation of new facilities at an average rate of \$3.8 million dollars per month with a low net change order rate of 5.4%.

Several efficiencies are proposed in the **Cost Performance** section of the report. Since 2006, approximately \$20 million was spent on Proposition O program and construction management services. The compensation for program managers is based on monthly invoices that documented and tallied staff hours worked, and were not correlated to short term milestones such as the percentage of work completed, or a stage of work during the programming, planning, design, preconstruction or construction phases. We recommend that program managers are paid based on milestones achieved, or like architects and contractors, paid based upon the percentage of work completed. In addition, a fair but firm rate for architects should be established in initial contracts.

Inconsistencies were detected in documents regarding District approval of program manager contracts between the board item and the actual contract. The board agenda items and some contracts did not fully detail exact payment obligations for reimbursable amounts and the contracts in one instance did not include the attachment regarding program manager staffing. Given the inconsistencies and the amount of funds involved, a further audit of the program manager's contracts, board approved material, amendments, authorizations, and invoices is recommended.

The District should carefully monitor construction costs against the metrics provided in this report and continue to communicate construction schedules and changes in project costs with board input and communication to the community.

In the **Communication Performance** section of the audit, EH&A discovered a robust public relations program. This program provided support and positive public outreach for the public including presentations at service groups and at ribbon cutting and groundbreaking ceremonies. A user-friendly and up-to-date website, www.buildingpropo.com, highlights Proposition O activities and progress.

Several efficiencies and organizational changes are proposed in the **Communication Performance** section of the report. The chief facility executive should provide support for the independent Citizens' Bond Oversight Committee (CBOC) in preparing agendas and minutes, facilitating the meeting, and presenting material to the CBOC. The role of the program manager should be minimized.

The District could build internal capacity by hiring a communications specialist and bringing its public relations and communications functions in-house. The communications specialist can serve as a capable ombudsperson and increase the community's understanding of the program. The District could improve communications efficiency and transparency by formalizing policies and procedures regarding the merit based selection of contractors and consultants. Given the recent developments, the District could benefit from board policies addressing donations and gifts to staff and the board by contractors and consultants.

This performance audit report provides significant detail for the findings and recommendations presented in this report, and reflects the breadth and depth of the work that EH&A has endeavored to achieve. Positive features are highlighted and additional efficiencies are proposed in this performance audit, and are designed to provide the board and superintendent with validation in areas of success, and ideas that can serve to further improve the efficiency and effectiveness of the Proposition O bond program. EH&A appreciates the opportunity to be of service to the District, the CBOC, and the community which they serve.

Introduction

Proposition O authorized the issuance of \$644 million in general obligation bonds (Exhibit 1), and was passed by the voters of the Sweetwater Union High School District (District) on November 14th, 2006 to fund capital improvements for the District's schools. The board adopted Resolution 3542 authorizing this bond on July 24, 2006 (Exhibit 2).

The Proposition O measure was placed on the ballot in accordance with the requirements of Proposition 39. Proposition 39 allows school districts to pass a construction bond with the approval of 55% of the voters. Prior to Proposition 39, support by two thirds of voters was required for passage of a bond for capital improvements. In exchange for a lower threshold for approval, Proposition 39 and the accompanying legislation AB 1908 (Chapter 44, Statutes of 2000) require:

- 1) An annual *performance audit*
- 2) An annual *financial audit* of bond expenditures, and
- 3) The creation of an independent *Citizens' Bond Oversight Committee* (CBOC)

The District requested a performance audit for the period 2010-2011 and a more comprehensive review of the Proposition O bond program for the period 2006 to 2011 (Exhibit 3). Eric Hall & Associates (EH&A) submitted a proposal (Exhibit 4) and was selected by the District to conduct its performance audit (Exhibit 5).

The specific requirements under the Proposition 39 legislation for a performance audit are limited. The central requirement is to test whether the projects on which bond dollars are expended are those projects specifically authorized by voters as described in the ballot language.

This performance audit was conducted in conformance with *Generally Accepted Government Audit Standards (GAGAS)*. The GAGAS compliance statement, standards, methodology, and list of persons interviewed for this audit are attached in Exhibit 6. The State legislature amended Proposition 39 in 2010 to require that the annual financial and performance audits comply with *GAGAS*, as defined and described in the "yellow book" of Government Auditing Standards, revised July 2007 and issued by the US General Accountability Office under the auspices of Comptroller General of the United States.

GAGAS standards for both *Financial and Performance Audits* instruct the auditing firm to base any findings to be reported on "sufficient and appropriate evidence". The standards recognize that auditors engaged in both financial and performance audits are not expected to review every document generated by the audited entity. Auditors must rely on a targeted sampling of evidence. In deciding what documentation to review, auditors must consider the risk of error and take this into account when determining whether the evidence is "sufficient and appropriate" to justify their findings. GAGAS standards also provide guidance for the auditor should information be found that indicates abuse or fraud. Depending on the nature of the information, auditors are to share this information with appropriate leaders within the audited governmental entity or with external government agencies *outside* of the audited entity as appropriate to safe guard the taxpayer and hold government officials, employees, and contractors accountable. Information pointing to abuse or fraud may lead to a recommendation for a fraud audit. This type of audit would involve a far more exhaustive and costly review of documentation. A review of the six financial and performance audits conducted in the past shows that no fraud concerns have been raised.

A performance audit is not a financial audit or a fraud audit. *Financial* audits are conducted to determine if bond funds have been properly accounted for according to GAGAS and within those standards, measures developed by the *American Institute of Certified Public Accounts* (AICPA). These standards have been developed by Certified Public Accountant professionals to evaluate the accounting practices followed by the audited entity for accuracy and completeness, and to evaluate internal accounting controls.

The District contracted with independent third party firms to conduct its annual financial audit. EH&A reviewed the performance and financial audits for the periods ending June 2007, 2008, 2009, 2010, and the financial audit for 2011. Since 2007, the following firms conducted audits of the Proposition O bond measure:

Total School Solutions	Expanded Performance Audit	Period Ending June 2007
Nigro Nigro & White	Financial & Performance Audit	Period Ending June 2008
Nigro Nigro & White	Financial & Performance Audit	Period Ending June 2009
Christy White	Financial & Performance Audit	Period Ending June 2010
Christy White	Financial Audit	Period Ending June 2011

The District created a CBOC shortly after the passage of the Proposition O bond.

Figures in this report list document sources in footnotes. The document file names are descriptive, listing the source department, worksheet name, and file date. Files obtained from the District reference the source department, such as "Facilities Accounting". Files obtained from SGI contain the name "SGI". Evaluator names have been removed in selection process documents in the exhibits.

Developments Since Initiation of This Audit

After this performance audit was initiated, the San Diego County District Attorney issued search warrants and filed charges against current and former board members, the former superintendent, and a former contractor associated with the bond. EH&A was retained prior to these developments. This performance audit continues to be performed under the Proposition 39 guidelines, based on the original objectives agreed to and discussed below. The scope of services for this performance audit has not changed based on these developments.

Scope of Study

The objectives of this performance audit, as listed in the District's Request for Proposal (RFP), are as follows:

1. Management program and plan
2. Design & construction timelines, including benchmarking
3. Project budgets review
4. Use of best practices & technology
5. Payment procedures and processing time
6. Program/construction management structure including consultants, district staff, and fees
7. Change order procedures and results, including benchmarking
8. Construction project delivery methods and performance analysis
9. "Best practices" for procurement and compliance with public contracting code
10. Evaluation of public outreach and communication program
11. Evaluation of overall transparency of bond program, including bond website information
12. Compliance with legal requirements for prevailing wage and labor compliance
13. Review performance of independent CBOC

These objectives can be placed into three broad categories:

- Cost performance measures
- Management performance measures
- Communication performance measures

Based on the objectives, a work plan was developed with these primary tasks:

- Interviews with District staff, SGI staff, CBOC members, and other community members
- Requests for specific summary data from SGI and the District
- A survey of campus leaders involved with Proposition O projects
- Project tours
- Selection of three major focus projects for a detailed review of cost records to verify the accuracy of the summary data (*Chula Vista High School, Hilltop High School, Southwest Middle School*)
- Document review of cost records stored in the two main computerized document management systems (Laserfiche and Prolog)
- Comparison and analysis of summary data provided by the District, SGI, or obtained independently
- Report writing

EH&A was contracted to perform a comprehensive performance audit for the Proposition O program from passage (fall 2006) to the summer of 2011. In conformance with Proposition 39 requirements for annual audits based on fiscal year ends, our analysis concludes with data ending June 30, 2011.

This time period coincided with the planning, design and construction of nine major projects is referred to as the Proposition O Phase 1 projects. EH&A examined summary data for the nine projects, and performed a detailed review of three focus projects shown underlined and italicized below:

Abbreviation	School Name
CVM	Chula Vista Middle School
NCM	National City Middle School
<i>SOM</i>	<i>Southwest Middle School</i>
<i>CVH</i>	<i>Chula Vista High School</i>
<i>HTH</i>	<i>Hilltop High School</i>
MVH	Mar Vista High School
MOH	Montgomery High School
SOH	Southwest High School
SUH	Sweetwater High School

Summary of Recommendations

1.0 Management Performance

- 1.1 District wide standards should be developed to provide continuity across periods of time as staff changes occur. Bond program managers should continue to provide the District senior staff and the board with an opportunity to address issues that may occur in the time between when projects are planned and when they are constructed.
- 1.2 The District should consider the development of an additional budgetary contingency in the program and project specifically for the purpose of “owner directed changes”.
- 1.3 The District and program managers should continue to dialogue and collaborate on the use of materials, products, and techniques advantageous to the maintenance and operations of the District.
- 1.4 The District should evaluate the use of materials, advanced energy saving devices, and systems to determine if costs savings are realized.
- 1.5 District staff should continue to be involved in the bid and award process and utilize a rigorous pre-qualification process for construction contractors. Prequalification of construction contractors is critical in slower economic climates because districts have experienced that contractors with limited school construction experience submit price-competitive bid, and may have little to no experience working in an environment with highly prescriptive and continuously inspected work.
- 1.6 The District should continue to use a Qualifications Based Selection (QBS) process to select consultants, architects, engineers, LLB contractors, and other professionals.
- 1.7 The District should develop a board policy governing the selection of consultants and other professionals and define the QBS process to be utilized. This policy should include includes the involvement of the school community, the establishment of selection criteria, the role of the panelists, including District staff and the board. This process should specify the ranking process, the advisory or binding nature of the recommendations of committee members, and the degree of flexibility allowed in selecting any firm from the list regardless of ranking.
- 1.8 The District is to be complimented on a sound and active plan to reduce the number of days for project review and approval by DSA and should continue this effective collaboration and outreach for future projects.
- 1.9 The District is to be complimented on its commitment to energy and environmental design standards. The environmental efficient design and use of sustainable materials and supplies is noteworthy. The District should continue Leadership in Energy and Environmental Design (LEED efforts) on future projects.
- 1.10 Although the LEED program is likely to bring significant savings in the operational costs of the District’s facilities, it is important that the operational costs are reviewed, analyzed and compared to other District facilities in an effort to measure actual savings.

- 1.11 The District should continue to operate on a short time line for processing invoices and payment requests to ensure that the districts respects its contractors and is an “owner of choice” among the contractor community. The District should continue to use the ePROVE bar code system to track the progress of payments and the Prolog system to process invoices promptly.
- 1.12 With the suspension of the program manager, the District should adapt the current payment process continuing to require multiple approvals from parties in the field and office.
- 1.13 To increase the District’s involvement in the Proposition O program, a chief facility executive should be employed to oversee the entire program and the program manager. The District should employ more of its own facilities management staff and “owner’s representatives” dedicated, allocated and paid for by the bond program to monitor, oversee, and manage the Proposition O program. The reorganizing should include a mix of internal resources and District staff and will improve efficiencies, with fewer staff members assigned and paid for by the program manager and more staff employed directly by the District.
- 1.14 The District should continue to monitor and comply with labor compliance regulations and requirements by employing the services of competent third party administrators who are well suited and qualified to perform in this capacity. The District should continue to monitor the wages and benefits paid to contractors and their employees and continue to respond quickly and favorably to any discrepancies found in salaries and benefits.
- 1.15 The purchasing department should maintain its current staffing level, and continue using its current control systems and procedures to track costs and manage program documents.
- 1.16 Although automated recording keeping systems are costly to purchase and maintain, it is recommended that the District protects its investment in those systems by obtaining timely upgrades and maintenance, and by maintaining back-up systems.

2.0 Cost Performance

- 2.1 The District should negotiate a fair and equitable fee structure and a well defined scope of services for architects. Once established, all firms should adhere to the established fee structure for the established scope of services with an effort to reduce amendments or change orders.
- 2.2 All board items relative to Proposition O expenses should adequately explain the financial commitment of the District, and be specific about amounts and caps. Board documents should be consistent with the contracts and should be prepared under the direction of the chief facility executive with input from the District finance, purchasing and contracts officials. All contracts for the Proposition O program should be prepared by District legal counsel.
- 2.3 Program management contracts should be developed similar to architect or construction contracts with fee structures tied to a percentage of completion or short term milestones. These short term guidelines can be established on a phase or stage of program, projects and/or construction.
- 2.4 Future contracts for program management services should be specific regarding the reimbursable amounts and percentages if applicable. The total amount authorized should be clearly defined and consistent in all documents, including the board agenda items and the contracts and amendments.
- 2.5 The District should employ a contracts administrator, reporting to the chief facility executive. The contracts administrator should provide oversight and scrutiny of all contracts, monitor and

- approve payments, and work closely with members of the facilities & planning department to assist in negotiating contracts. All contracts and payment applications should include documentation linked to percentage of completion or phases and stages of work.
- 2.6 The District should conduct a further audit to review all program management contracts, board approval material invoices, amendments, authorizations, subcontracts and /or other documents that may impact or be related to the fee caps and the amount of funds expended for program management services.
 - 2.7 The District should continue to explore construction delivery methods and select and utilize the method that is the most cost efficient, using metrics provided in this report. The methods should be recommended by the chief facility executive based upon the District's experience and ability to manage the project.
 - 2.8 The District should utilize best practices for the delivery of construction projects as identified in this performance audit, as well as those outlined in the Association of California Construction Managers [Project Delivery Handbook: A Guide to California School and Community College Facility Delivery](#) (2011).
 - 2.9 The District and its program managers should continue efforts to reduce soft costs and allow projects to benefit from more resources allocated to actual construction.
 - 2.10 The District and its program managers should evaluate the difference in the projects and delivery methods and identify the factors and efficiencies impacting the hard-soft cost ratio.
 - 2.11 The District should improve communication at the board level to increase the community's understanding of the need, costs, and fiscal impact of the changes in projects.
 - 2.12 The District should continue to maintain accurate and thorough records and adhere to the practice and policies in place to govern the change order process.
 - 2.13 The District should consider adopting a Resolution of Futility, allowing a contractor to exceed the 10% change order limit, providing circumstances permit and legal counsel approves.
 - 2.14 A long term analysis should be conducted to determine if delivery method is a factor in the manner in which facilities age, specifically reviewing the building and systems maintenance, repair and replacement history.
 - 2.15 The \$306 average hard cost per square foot on DBB projects should be used as a primary metric in determining future construction performance for that delivery method.
 - 2.16 The \$382 average hard cost per square foot on LLB projects should be used as a primary metric in determining future construction performance for that delivery method.
 - 2.17 The \$510 average total cost per square foot on all projects should be used as the primary metric in determining future construction performance.
 - 2.18 If the district continues to utilize LLB on projects in the future, a detailed and rigorously transparent process should be developed for the selection of LLB contractors following the prescribed QBS process outlined and recommended in other sections of this report.
 - 2.19 Future bids for construction work contemplated by the District at costs per square foot below the metrics provided in this report should be reviewed critically and if approved change orders should

be anticipated and additional amounts should be budgeted for contingencies and management oversight.

- 2.20 The District should maintain records showing the program management staffing plan and monitor the staffing in relationship to the approval and authorization of payments.
- 2.21 Changes in the numbers of staff assigned to the program should be monitored and agreements amended to reflect the numbers of staff authorized.
- 2.22 The District should monitor schedules on a regular basis with the input of the board and the community.
- 2.23 The District should continue to work to prevent the schedules from protracting, in an effort to reduce costs.
- 2.24 The District should work to restrain project budget growth and to include contingency allocations for each project and for the overall program.
- 2.25 Funds that are added to expand scope on one campus are funds that are not available for projects on other campuses. The allocation and reallocation of funds should be carefully considered and discussed under the leadership of the chief facilities executive and determined by the board.
- 2.26 The changes in budgets and budget growth should continue to be reviewed with the independent Citizens' Bond Oversight Committee (CBOC).
- 2.27 The chief facility executive should facilitate an inclusive and transparent process to systematically prioritize project needs for each campus, to allocate resources when available.
- 2.28 Budget allocations should be discussed with the CBOC, and the District should continue to regularly review the recommendations for changes in budgets and allocations by the staff.

3.0 Communication Performance

- 3.1 The District should develop an outreach program coordinated by the communications department and re-evaluate the best mix of in-house and outsourced public relations services.
- 3.2 A QBS process should be issued if the District chooses to outsource future public relations services.
- 3.3 A key component of the new outreach effort should be a focus on steps taken by the District to rebuild the community's confidence in the Proposition O program. The outreach effort should include active solicitation of community input and reports to the community on the District's response to the community's suggestions. The new outreach coordinator should be a capable ombudsman.
- 3.4 The District's communications department could be assigned the function of public outreach for the Proposition O program and employ its own spokesperson. The District will be able to save considerable resources and increase internal capacity by employing a spokesperson and outreach coordinator.
- 3.5 The CBOC should continue to meet on a regular basis and review documents and status reports to ensure that projects and expenditures continue to meet the requirements of Proposition 39 and the

- ballot measure and board resolution authorizing and outlining expenditures for district's Proposition O bond program.
- 3.6 The District's chief facility executive should support the education and function of the CBOC and work with the fiscal, purchasing and contracts specialists produce user friendly reports and documents providing greater understanding and increased transparency in the Proposition O program.
 - 3.7 The CBOC should play a critical role in increasing the community's confidence in the Proposition O program.
 - 3.8 The CBOC should be administered by the District's chief facility executive with support from District staff and an outside independent consultant if necessary. The program manager should be available at CBOC meetings to be a resource.
 - 3.9 The District should work with its legal counsel and develop a policy for board consideration, restricting all gifts and donations from consultants and contractors. The policy should define gifts and donations to District staff and board members and should address a restriction or a ban on gifts and donations before, during and after a contract period.
 - 3.10 The contracts administrator should assist in overseeing this policy on gifts and donations to employees and board members and the requirement should be included in the contractor pre-qualifications check list.
 - 3.11 The District should obtain a larger sample of those surveyed by EH&A, and follow up with those that did not reply regarding satisfaction with the facilities funded from Proposition O.

Management Performance

Programming Phase

Programming of the nine major projects occurred after the passage of Proposition O in 2006. The term “programming” is used to describe the process used to ensure that the project design will meet the needs of the educational program. The programming process for the nine major Proposition O projects was led by three architectural firms: Bunton Clifford Associates, Inc., Ruhnau Ruhnau Clarke, and LPA Architecture & Planning.

The campuses were asked to form committees. EH&A was told that up to five programming meetings were held at each campus. The process was documented in binders containing sketches, floor plans, space charts, product literature, and estimates. The architects used “space charts” as a key document to begin the drawings. These charts identify specific spaces, their size, and relationships to other spaces. The architects organized the information from the programming meetings into binders. The binders were then circulated among the campus committee members who then signed off on the programming details. These project design plans were approved by the board.

This process was inclusive at the campus level. However, staff that arrived after the programming work was completed sought changes in plans and designs to better service students. It is typical for parties that arrive after the design is decided, to identify items that they would have designed differently. Yet it is expensive and burdensome for builders to modify the scope of work during the course of construction and project managers may be reluctant to agree to these changes. District and Gilbane/SGI project managers were evidently reluctant to agree to those recommended changes, due to the impact on costs, change order rates, and the schedule of completion.

Turnover and staff changes often lead to requests for redirection or revisions in facility program and projects. These changes can create friction. Many districts manage this conflict by establishing district wide standards that can provide continuity across periods of staff tenure.

Findings

1. Efforts were extended by bond program managers to include campus level staff in the programming meetings to obtain input on the campus facility needs and design preferences.
2. Due to staff turnover and the time lapse between planning and construction, requests for changes in construction design and priorities occurred. Bond program managers were reluctant to agree to changes recommended by the District because of the impact on costs, change orders, and the schedule.

Recommendations

1. District wide standards should be developed to provide continuity across periods of time as staff changes occur. Bond program managers should continue to provide the District senior staff and the board with an opportunity to address issues that may occur in the time between when projects are planned and when they are constructed.
2. The District should consider the development of an additional budgetary contingency in the program and project specifically for the purpose of “owner directed changes”.

Project Design Phase

According to interviews with program managers, the prioritization of projects for Proposition O evolved out of a review of the original 2004 Long Range Facilities Master Plan (LRFMP). Facility needs identified in the LRFMP and not completed under Proposition BB were prioritized for work under Proposition O. Emphasis was placed on the older campuses on the west side of the District.

The board resolution approved placing the Proposition O bond measure on the ballot refers to “modernization” and “reconstruction”. District staff in consultation with the Gilbane/SGI program managers made the decision to tear down older buildings and replace them. The older buildings were wood framed and suffered from rot and termites, were built to outdated seismic codes, and were not designed to accommodate technology. The new buildings are steel framed, resistant to fire, rot and termites, and designed to accommodate new technology, including energy saving green technologies.

It was believed that “abandon and replace” was allowed under the ‘reconstruction’ language in the board resolution. New buildings were believed to be more cost effective than “modernization”, due to the longer life span of modern materials and the additional cost and time required to improve the older existing structures.

The design phase has three components: schematic design, design development, and construction drawings. Important reviews of design and construction documents take place at various points in the process. The purpose of these reviews is to confirm conformance to the programming plan, to estimate costs, to determine “constructability”, and to obtain district staff input and support of the plans.

It is especially important to obtain input from maintenance and operations (M&O) staff. The M&O staff is responsible for maintaining and operating the structures and is typically expert at knowing what materials, equipment, and systems have performed well and which materials, equipment, and systems are problematic. The preferred choice of materials, equipment, and systems may vary from district to district as a result of the M&O staff members’ training and exposure to these products and systems. Architects are able to identify new products and techniques that may be advantageous to the maintenance and operations of the new facilities. A successful design process will include significant deference to the preferences and experience of the M&O experts, and also educate them about new energy saving technologies.

The design process followed by the Gilbane/SGI managers involved circulating the design at various steps in its evolution among ten District departments, including M&O. EH&A discussed this process in detail with the Gilbane/SGI design managers and determined that a significant and professional effort was made to back check comments and ensure that they were incorporated by the architects. EH&A was advised by District staff that a good working relationship existed between SGI and the District facilities and M&O staff, and regular meetings occurred to discuss design and construction issues. According to SGI, an attempt was made during the design review process to review plans and capture the comments and expertise from the M&O staff. The design review process apparently served to introduce advanced energy saving technologies to the M&O staff.

Findings

1. Efforts were extended to seek the input and advice of the District’s M&O staff regarding the choice of materials, equipment, and systems that had performed well, and for which skilled staff, materials, and supplies are available for use in the District.

2. The decision to spend bond dollars to replace older existing structures was sound. Language in the bond measure was specific as to the use of bond funds to reconstruct older buildings.

Recommendations

1. The District and program managers should continue to dialogue and collaborate on the use of materials products and techniques that may be advantageous to the maintenance and operations of the District during these times of limited resources.
2. The District should evaluate the use of materials, advanced energy saving devices, and systems to determine if costs savings are realized.

Selection of Professional Services Firms and Contractors

Competitive Selection Process

California state law for public contracts requires qualifications-based procurement for professional services, such as architectural, engineering, land surveying, or program management services. The State of California Department of General Services describes this requirement for school districts on its [website](#):

“In particular, your district must use a **competitive selection process** to obtain all **professional services** used on projects to be funded by the School Facility Program (SFP). This includes the services of architects, civil and structural engineers, and construction managers. Unlike construction contractors — such as painters, site-grading subcontractors, or general contractors — these professional services must be obtained through a qualifications-bid selection process rather than a competitive bid process. This requires a formal, qualifications-based selection procedure.

Your district should seek legal counsel to ensure that it complies with the proper legal requirements for selecting any professional service provider, including Disabled Veterans Business Enterprise requirements and all other elements of the Public Contract Code. It can also consult the "[School Facility Program Handbook \(PDF\)](#)" — especially the section on "Selecting Professional Services" in Chapter 3: Project Development Activities — and the "[School Facility Program Regulations \(PDF\)](#)", prepared by the Office of Public School Construction (OPSC).

When your district eventually applies for funding from the State, it will be required to certify that it used such a competitive process to select professional design and other services. If it cannot do so, or if the State Allocation Board ([SAB](#)) determines that the competitive process was not used, the entire project will be ineligible for State funding, and any grant already made will be illegal and may be recalled.”

The QBS process should be merit based and pre-established criteria should be established and documented to ensure a transparent, objective and competitive process. The QBS process steps are:

- Requests For Qualifications (RFQ) statement issued detailing the criteria, schedule and process
- Review of proposals, “paper screening” by a qualified panel
- Rankings of proposals, based upon a point system metric

- Interviews of the “short listed” firms, by a qualified panel
- Interview performance and key factors
- Site visits if necessary
- Reference checking
- Negotiating price and other terms with one or more top ranked firms
- Recommendation by the committee to the board
- In some cases, the finalist can be interviewed by the board in open public session
- Award of contract

Districts can include students, parents, site staff and administrators, and members of community groups such as the PTA, foundation and booster groups in the selection process. Such wide involvement improves communication and transparency and builds capacity in the broader school community regarding the status and impact of the bond program and school facility improvements and/or additions.

In February 2007, the District started the process to select the Proposition O professional services firms. The Board approved a plan to issue RFP/RFQs for program management (PM) services, architects, construction management companies, testing companies, inspection firms, and other design and construction support services (Total School Solutions Audit).

Selection of Program Manager

EH&A reviewed documents related to the program management QBS process. A sample of these documents, such as selection process summary letters, ranking sheets, and a sampling of questionnaires, are provided in Exhibit 7. In the program management QBS process, a three-member panel screened applicants, and selected seven firms for interviews beginning on March 30th, 2007. A five-member interview panel scored the seven firms based on a 10 question questionnaire with a weighted point system, where a lower score represented a more favorable ranking. Panelists indicated their 1st through 7th choice based on total points assigned. These choice rankings were then totaled such that the lowest score represented the top ranked firm.

A review of the documentation indicates that Gilbane/SGI was ranked number 1 (9 points), Harris & Associates was ranked number 2 (10 points), and DMJM H&N was ranked number 3 (11 points). After further discussion these three finalists were recommended for further consideration. From the documentation, it is not clear if the recommendation to contract with Gilbane/SGI was made by the five-member panel to the superintendent or to the board or both.

Finding

A QBS process was utilized in the selection of the Gilbane/SGI program management team. Questionnaires, questions, interview panels and criteria were utilized by the District in ranking competing firms. Gilbane/SGI was ranked number one in this process. Of the three firms recommended for consideration, it was not evident to whom the committee advanced the recommendation for final selection of Gilbane/SGI, i.e. if the firm was recommended to the superintendent or the board or both.

Recommendation

The District should continue to utilize a QBS process to select program managers.

Selection of Architects

An RFQ for architects for the Proposition O program was sent out in the spring of 2007. EH&A made inquiries concerning the selection process but was not provided information to verify whether a formal QBS process was used.

On April 24th, 2007 the Board approved the following architects to provide design services:

Bunton Clifford Associates, Inc.
Ruhnau Ruhnau Clarke
LPA Architecture & Planning

Martinez Architects, Inc.
Rachlin/Reges Architects and as an alternate
Trittipso Architecture and Planning

As previously stated, the work proceeded with the following three firms:

Bunton Clifford Associates, Inc.
Ruhnau Ruhnau Clarke,
LPA Architecture & Planning

Finding

The District selected 6 architect firms for Proposition O bond program design services. EH&A inquired about the selection process and because the process was conducted prior to 2006, EH&A was not able to verify how the selection process was administered and if a QBS process was utilized.

Recommendation

The District should continue to utilize a QBS process to select architects.

Selection of Design-Bid-Build Contractors

Design-Bid-Build (DBB) contracts are governed by low bid legal and statutory requirements and consequently these contracts were not reviewed. EH&A reviewed this process and was advised that the pre-qualification process used was not sufficiently rigorous because Gilbane/SGI managers did not thoroughly research contractor references. This weakness was reportedly corrected with revisions to the process in anticipation of the next round of projects to be constructed with savings from the Phase 1 projects. *Constructability reviews* by outside firms were used as a best practice and were required as part of the Memorandum of Understanding between the District and the Division of the State Architect (DSA). A water intrusion consultant was used to verify water proofing details as means to reduce one of the most costly sources of claims, water intrusion and damage. The District purchasing department staff actively collaborated with the program manager in the prequalification and the bid and award process.

Finding

The prequalification process was used and improved with time as the Proposition O program progressed. The District purchasing staff was involved in the prequalification and bid and award process. As the program progressed, contractor references were more thoroughly researched.

Recommendation

District staff should continue to be involved in the bid and award process and utilize a rigorous pre-qualification process for construction contractors. Prequalification of construction contractors is critical in slower economic climates because districts are likely to have inexperienced contractors with limited school construction experience submit price-competitive bids. These firms may have little to no experience working in an environment with highly prescriptive and continuously inspected work.

Selection of Lease-Leaseback Contractors

EH&A reviewed the QBS process for the three Lease-Leaseback (LLB) contracts. The District followed best practices and safeguards for the LLB delivery method to minimize risk, including the following:

- A QBS process
- Performance based design criteria for the project
- Identification of difficult site and existing facility conditions during pre-construction
- Establishment of cost contingencies
- Incorporation of subcontractor expertise into plans
- Competitive selection of sub contractors or trade contractors
- An LLB contract that guaranteed a turn-key project for a guaranteed maximum price (GMP), limiting costs and schedule burdens for the District

At Sweetwater High School, RFQs were sent to eleven firms. Eleven firms were evaluated by the selection committee (Figure A). The selection committee was comprised of two District representatives and four Gilbane/SGI representatives. Firms were ranked on a range of criteria, including cost, with a paper screening and interviews. The LLB contractor selected by the committee for the Sweetwater High School project was the second ranked firm, Sundt Construction.

Figure A
Sweetwater High School Contractor Short List Summary

**SWEETWATER HIGH SCHOOL
CONTRACTOR SHORT LIST SUMMARY**

NAME OF CONTRACTOR	Total Points Assigned						Average
	Names of reviewers removed-4 GSGI, 2 District						
Swinerton	90	91	89	80	84	90	87
Sundt	85	85	85	87	79	85	84
R & S	77	90	71	69	85	77	78
Turner	81	79	67	80	77	82	78
CW Driver	81	86	67	69	91	72	78
Barnhart	74	77	79	83	65	74	75
Edge Dev	70	73	81	78	67	70	73
McCarthy	71	74	54	74	60	71	67
Jaynes	62	64	64	75	68	70	67
Soltek	59	67	68	64	60	59	63
Echo Pacific	47	56	41	58	37	47	48

The same QBS process was used to select the Chula Vista High School LLB contractor (Figure B). The prime contractor selected by the committee for the Chula Vista High School project was the seventh-ranked firm, Turner Construction.


Figure B
Chula Vista High School Contractor Short List Summary

**CHULA VISTA HIGH SCHOOL
CONTRACTOR SHORT LIST SUMMARY**

NAME OF CONTRACTOR	Total Points Assigned						Average
	Names of reviewers removed-4 SGI, 2-District						
Swinerton	90	91	89	84	84	96	89
Sundt	85	85	85	86	79	92	85
R & S	77	91	71	78	85	92	82
CW Driver	72	86	67	84	91	89	82
Barnhart	74	77	79	80	65	81	76
Erickson Hall	70	75	75	75	69	91	76
Turner	81	79	67	78	77	70	75
Edge Dev	70	75	81	72	67	84	75
Soltek	59	70	68	64	58	83	67
McCarthy	71	76	54	67	60	74	67
Echo Pacific	47	56	41	52	37	68	50

EH&A examined cost rankings to determine if Turner was selected based on cost (Figure C). Turner was ranked third on costs. R & S and Sundt ranked higher than Turner on both costs and on the overall score. It is not clear why Turner was selected, when both R & S and Sundt were ranked higher. EH&A was advised that additional information regarding costs may have been a factor in the final selection of the LLB firm.

Figure C
Chula Vista High School Contractor Ranking Cost Summary



**Chula Vista High School
Cost SUMMARY**

NAME OF CONTRACTOR	Budget 18,870,452				
	Presconstruction	GCOH&P	GCOH&P Cost	TOTAL	
R & S	100,000	7.85%	1,482,200	1,582,200	100
Sundt	175,000	11.00%	2,075,750	2,250,750	95
Turner	77,956	11.98%	2,260,680	2,338,636	90
Barnhart	97,500	12.25%	2,311,630	2,409,130	85
Swinerton	130,000	12.76%	2,407,870	2,537,870	80
CW Driver	202,626	14.41%	2,719,232	2,921,858	75

Swinerton had been ranked first on both the Chula Vista High and Sweetwater High School LLB short list summary, and was not selected. Later, when the District sought to replace the DBB firm SMC at Montgomery Middle School, the District selected Swinerton as the LLB contractor. EH&A was advised that there was a QBS process utilized for the selection of Swinerton. However EH&A was not able to locate the documents and was not provided documents that detailed this selection process.

Findings

1. EH&A reviewed the selection process for LLB contractors and determined that a rigorous selection process was used for 2 of the 3 selected contractors. The firms selected for the Sweetwater High School and the Chula Vista High School projects were Sundt (ranked second) and Turner (ranked seventh), respectively.

2. The third LLB firm selected by the District for its Proposition O bond construction was Swinerton. Swinerton had ranked first for both the Chula Vista and Sweetwater High School project competitions for an LLB contractor, yet was not selected for these projects. Swinerton was selected to replace SMC for the Montgomery High School project. Documentation of the separate formal selection process for the Montgomery High School project or the rationale for the selection of Swinerton was not available.

Recommendations

1. The District should continue to utilize a QBS process to select consultants, architects, engineers, LLB contractors, and other professionals.
2. The District should develop a board policy governing the selection of consultants and other professionals and define the Qualifications Based Selection process to be utilized. This policy should include includes the involvement of the school community, the establishment of selection criteria, the role of the panelists, including District staff and the board. This process should specify the ranking process, the advisory or binding nature of the recommendations of committee members, and the degree of flexibility allowed in selecting any firm from the list regardless of ranking.

Division of State Architect Memorandum of Understanding

School construction project *plans & specifications* must be reviewed and approved by the DSA. The review process takes many months and often has an effect on the project schedule.

To reduce the time needed for review, the Gilbane/SGI managers met with DSA officials and developed a Memorandum of Understanding (MOU) that reduced the time DSA spent approving the Proposition O *plans & specifications* (Exhibit 8). The MOU called for the program architects to meet with DSA during the design development phase and again at the construction drawing phase when the structural components were detailed. As part of the agreement, DSA required that the Gilbane/SGI team conduct independent “constructability” and budget reviews prior to submitting the *plans & specifications* to DSA for final review. In exchange, DSA guaranteed that the plan checkers that performed the preliminary review at the construction drawing phase would be assigned the same project for its final review.

EH&A compared DSA processing times for four Proposition BB projects compared with the nine major Proposition O projects. DSA processing time was reduced by 51%, from 474 days to 232 days (Figure D). This effort showed a proactive approach to project scheduling and delivery.

Figure D
DSA Processing Time, Prop BB vs. Proposition O with M.O.U, provided by SGI

DSA Processing Time			
<u>Prop BB Phase 1</u>			
School	Submit to DSA	DSA Approval	Total Time (days)
CPM Mod 1A	1/30/04	8/16/05	561
GJH Mod 1A	1/30/04	7/11/05	526
HTH Growth Bldg	6/3/04	9/9/05	461
HTH Mod 1A	9/16/04	8/29/05	347
Average Time			474
<u>Prop 'O' Phase 1</u>			
School	Submit to DSA	DSA Approval	Total Time (days)
CVM New CR Bldg	6/19/2008	11/4/2008	136
NCM New CR bldg	9/3/2008	1/13/2009	130
HTH New CR bldgs	7/24/2008	1/27/2009	183
CVM New Cafeteria	9/18/2008	2/3/2009	136
SOM New CR Bldg	9/24/2008	3/17/2009	173
MCH New CR's	8/27/2008	3/18/2009	200
CVH New MP Bldg	10/24/2008	4/2/2009	159
MVH New F.S./ASB	12/29/2008	8/4/2009	218
SUH 3 story CR Bldg	12/11/2008	9/24/2009	287
Average Time			232

Finding

The District, its program manager, and DSA engaged in a collaborative and proactive plan to reduce the amount of time necessary for construction plan review and approval. Time for approval of projects through DSA was reduced by an average of 242 days or 51%.

Recommendation

The District is to be complimented on a sound and active plan to reduce the number of days for project review and approval by DSA and should continue this effective collaboration and outreach for future projects.

Leadership in Energy and Environmental Design Certification

In the fall of 2007, the Gilbane/SGI team received direction from the board to target Leadership in Energy and Environmental Design (LEED) certification for the Proposition O projects. LEED is a nationally recognized program with several levels of certification designated by precious metal appellations, such as Platinum (the highest) or Gold Certification ranking (the second highest).

Projects achieve these rankings with points awarded for environmentally efficient design, construction, and use of materials. The process involves monthly submittals of check lists to the Green Building Council. Construction points are awarded to reduce construction waste sent to landfills and other environmentally harmful construction practices.

The process is sufficiently complex to require the use of an outside consultant. Gilbane/SGI hired the consultant firm Solterra Systems as a sub contractor to work with its project managers to guide the contractors to modify work practices and to obtain documentation needed to earn LEED points. Two of the score sheets used to track LEED performance for the Proposition O projects are attached in Exhibit 9.

The architect fee to design to LEED standards for the Phase 1 projects was included with the original fee. The project managers reported that they heard claims from the contractors that compliance was adding between 1% and 10% to their costs. The project managers estimated that the actual cost was on the low end of that range and noted that the extra work was in the original contract documents on which these contractors bid. Incorporating LEED design features appears to have had a minor effect on the overall cost to produce these projects.

The Sweetwater LEED program has been nationally recognized for its accomplishments. The program is on target to obtain a Gold or Platinum certification on 16 buildings. Important achievements of the Sweetwater LEED program are provided in Figure E.

Figure E
LEED Program Achievements – provided by SGI



Findings

1. Under the direction of the District, the bond program managers employed the services of Solterra to assist in developing work practices and documentation needed to earn LEED points. The architect fee to design to LEED standards was included in the original fee.
2. The District achieved success in its design of facilities to LEED standards. The program is achieving national recognition for its accomplishment and is on target to obtain Gold or Platinum certifications on 16 separate buildings.

Recommendations

1. The District is to be complimented on its commitment to energy and environmental design standards. The environmental efficient design and use of sustainable materials and supplies is noteworthy. The District should continue LEED efforts on future projects.
2. Although the LEED program is likely to bring significant savings in the operational costs of the District's facilities, it is important that the operational costs are reviewed, analyzed and compared to other District facilities in an effort to measure actual savings.

Oversight of Payments and Contractors

The contractor payment procedure involves fifteen steps between the construction manager, the contractor, the program controls manager (Gilbane/SGI and SGI), and the District (Exhibit 10).

From November 2007 to September 2011 5,719 invoices were processed and the average processing time was 21 days (Exhibit 11). The payment processing report in the exhibit shows the capabilities of the Prolog system and the ePROVE desktop bar code device for tracking information and quickly generating data.

Findings

1. A detailed process was followed for the approval of payments for contractors, program managers, and other vendors. Processing time for invoices and payment requests averaged 21 days in the time period that was tested. A desktop bar code system was used to track invoices and generate information on payment status.
2. The payment process used on Phase 1 of the Proposition O program was efficient and contained effective controls.

Recommendations

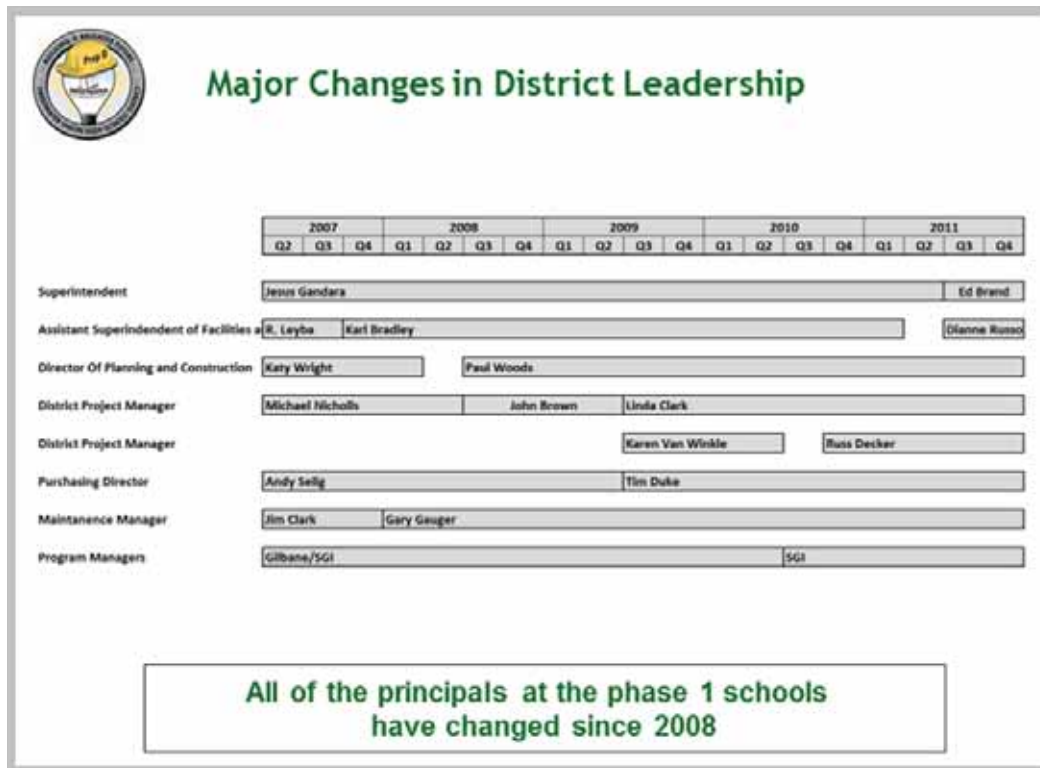
1. The District should continue to operate on a short time line for processing invoices and payment requests to ensure that the districts respects its contractors and is an "owner of choice" among the contractor community. The District should continue to use the ePROVE bar code system to track the progress of payments and the Prolog system to process invoices promptly.
2. With the suspension of the program manager, the District should adapt the current payment process continuing to require multiple approvals from parties in the field and office.

Personnel and Staffing

The District experienced turnover in key staff which impacted the stability and consistency in District guidance, direction and oversight. According the SGI, the program manager maintained consistent staffing. The names and affiliations of employees working on the bond program were provided by SGI (Figure F).

The District chose to staff the Proposition O program with few personnel, and was therefore not as involved in the program as it could be. To improve District control and oversight and increase efficiency, more staff and resources should be allocated on the District's side of the program for design, pre-construction, construction, and closeout of the projects.

Figure F
Major Changes in District Leadership, Source - SGI



Finding

Extensive staff resources were employed by the program manager to oversee the Proposition O program. Limited District staff resources were allocated to the Proposition O bond program. Consequently the District was not as involved in the Proposition O program compared to the involvement of the program manager and other outside consultants. This was evidenced by the calculation (see Cost Performance section) that showed the District staff resources accounted for less than .05% of the soft costs for the Phase 1 projects. This imbalance led to a high degree of trust and reliance on an outside third party contractor to manage significant Proposition O resources.

Recommendation

To increase the District's involvement in the Proposition O program, a chief facility executive should be employed to oversee the entire program and the program manager. The District should employ more of its own facilities management staff and "owner's representatives" dedicated, allocated and paid for by the bond program to monitor, oversee, and manage the Proposition O program. The reorganizing should include a mix of internal resources and District staff and will improve efficiencies, with fewer staff members assigned and paid for by the program manager and more staff employed directly by the District.

Labor Compliance Program

Labor compliance services were solicited with an RFQ that was answered by School Construction Compliance, LLC and The Solis Group. The contract was awarded to the Solis group. The Labor Compliance Report, "LCP-Annual Report From 05-01-08 to 02-27-09", an annual report filed by the District with the Department of Industrial Relations for the period May 1, 2008 to February 27, 2009 is in Exhibit 12. This report notes one enforcement activity took place in the preceding 12 months that resulted in the collection of \$46.44 for underpayment of wages. The report was for interim housing contracts valued at \$2,081,985 for work on four project sites.

Finding

Labor compliance services were awarded on a competitive basis and contractors were compliant with labor compliance program requirements. Only one enforcement activity occurred, resulting in a payment of \$46.44 for the underpayment of wages. Given the size of the Proposition O bond program this activity and correction is minimal.

Recommendation

The District should continue to monitor and comply with labor compliance regulations and requirements by employing the services of competent third party administrators who are well suited and qualified to perform in this capacity. The District should continue to monitor the wages and benefits paid to contractors and their employees and continue to respond quickly and favorably to any discrepancies found in salaries and benefits.

Procurement Practices

EH&A interviewed the director of purchasing and the senior buyer and discussed the procurement roles and responsibilities of SGI and the purchasing department and specific procedures for compliance with California state law for public contracts.

EH&A was told that SGI was given the authority to issue purchase order (P.O.) numbers from a block of P.O.s assigned to the program and periodically reviewed and amended. This practice enabled the program managers to provide vendors with authorizations via a P.O. number to expedite the purchase process.

The SGI program managers communicated with the purchasing department when a P.O. was issued and provided documentation justifying the need for the purchase and the price. The purchasing department reviewed the documentation and if the documentation met requirements and was acceptable, the P.O. was entered in the District's TrueCourse system.

EH&A was advised that the purchasing department personnel were actively involved in the bid and award process and developed procedures to avoid bid protests. An example was provided for EH&A indicating that the purchasing staff observed most bid protests involved contractors challenging the subcontractors listed by the apparent low bidder. Consequently the purchasing staff made it a routine practice to show the apparent low bidder's subcontractor list at the time of the opening. This practice apparently was helpful in eliminating challenges at the time of the opening and avoiding delays responding to requests for subcontractor lists after the opening. This approach also served to give the purchasing department and SGI program managers advance notice of the possibility of claims.

EH&A was advised that the director of purchasing and senior buyer had effective collaboration with the SGI program management team. The District appeared compliant with public contracting codes, based on documentation reviewed in Laserfiche and answers provided to EH&A during interviews.

Finding

Computerized control systems used by the program managers and the District to track costs and manage program documents are robust, accurate and professionally maintained. Purchasing staff were actively involved in the bid and award process and developed procedures to avoid bid protests. Effective collaboration occurred between the District purchasing staff and SGI staff.

Recommendation

The purchasing department should maintain its current staffing level, and continue using its current control systems and procedures to track costs and manage program documents.

Program Controls and Record Keeping

The District, Gilbane/SGI and SGI demonstrated efficiencies in using state of the art accounting and document control systems. The District system, TrueCourse software, is designed with standard accounting principles and therefore requires accounts to be reconciled and closed out annually. Capital construction programs, however, often account for funding from multiple sources and track expenses over multiple years. SGI made extensive use of Prolog to track program and project costs. The TrueCourse and Prolog systems made it possible for the District and SGI to readily produce requested summary data.

A challenge of tracking expenses for school construction capital programs often occurs due to the two distinct accounting control systems employed. However, reconciling these two systems provides an important control function. Errors in one system are more likely to be spotted in the process of reconciling the other.

The document control system used by the District and the program managers is Laserfiche. The Laserfiche systems made it possible for the EH&A audit team to quickly research and obtain documentation of accounting expenditures. EH&A teams viewed scanned electronic copies of key documents and associated back up material. The amount of data being tracked is complex and voluminous. EH&A estimates that the Laserfiche files alone contain tens of thousands of pages of documents for the Proposition O projects. For example, backup material includes concrete truck “dispatch tags” for every load of concrete, prices for the extra work, and logs of the number of workers on site each day.

The program managers used state of the art scheduling software and desk top based bar code readers (ePROVE) to manage the sign-off of documents requiring multiple signatures, such as change orders.

The District’s advanced centralized document control and cost reporting systems make it possible to promptly retrieve data and documents. Equally important, these systems are able to quickly produce reports with up to date numbers, allowing managers to respond to changing situations more effectively. With accurate and timely cost reports, field managers in particular can make adjustments in time to save money.

These systems come with a cost. The software itself can run many tens of thousands of dollars to purchase, and require annual service and license costs that add additional tens of thousands of dollars to the equipment cost. For example, the Prolog system was recently relicensed for three years at a cost of \$45,000. More significant are the costs of the specialists running the systems.

Prompt responses to EH&A's requests for reports, our direct use of these systems, and reconciliation of data obtained from multiple sources indicates that information is readily available and the systems and information were kept updated.

EH&A tested the data integrity of the District and TrueCourse systems, and found the system records agree to within 2%.

Finding

State of the art accounting and document control systems are in place. The District utilizes the TrueCourse system and Gilbane/SGI used the Prolog system. The document control system used by the District and the Gilbane/SGI and SGI teams is Laserfiche. The amount of data managed for the Proposition O program was voluminous. Prompt responses to EH&A requests for information verifies that information is readily availability and that the systems were kept updated.

Recommendation

Although automated recording keeping systems are costly to purchase and maintain, it is recommended that the District protects its investment in those systems by obtaining timely upgrades and maintenance, and by maintaining back-up systems.

Cost Performance

EH&A reviewed cost performance by evaluating professional service fees, construction costs, and budget performance.

Professional Services

EH&A reviewed Proposition O professional service contracts for architects and program managers. Prime contract were not reviewed because they are governed by low bid legal and statutory requirements.

Professional services are commonly paid on an hourly basis with a "not to exceed" amount based on the percentage of work managed, or a GMP or a combination of both.

Effective cost controls in construction program management contracts depends on two primary factors 1) a payment cap or "not to exceed" amount, and 2) a schedule of payments by milestone, phase, or calendar.

Architect Fees

The District and Gilbane/SGI program managers negotiated an architectural base fee of 8% of hard construction costs. Basing fees on a percentage of construction costs is a common approach and typical when the project has yet to be designed and the full scope of services is evolving.

Prior to the passage of SB 50 in 1998, the OPSC required districts that built schools from state funds to follow a specific fee schedule provided by the state. Many districts and architects continue to use this schedule in their contract, although it is no longer a regulatory restriction.

This method of charging fees remains an acceptable and widely used state wide standard for architect fees and is based upon the size of the project (Figure G). For projects where the scope of services will include coordination of basic engineering services (mechanical, electrical, and plumbing) combined with additional design factors (short design window, LEED Certification) and additional services (programming), the fee is calculated as 12% of the construction amount for small projects of less than \$500,000 and then declines to 9% for projects over \$6 million. The 8% figure negotiated and paid by the District appears to be below industry standards.

Figure G
State Allocation Board Recommended Architect Fees

Maximum Reimbursable Architect Fees	
AMOUNT OF THE CONSTRUCTION CONTRACT	MAXIMUM PERCENTAGE
First \$500,000	12%
Next \$500,000	11½%
Next \$1,000,000	11%
Next \$4,000,000	10%
Over \$6,000,000	9%

Architectural fees for middle and high school construction projects range between 9% and 12% on average. The District and Gilbane/SGI project managers took an aggressive approach to architectural fees, requiring that architects accept a fixed 8% fee.

The design work for the nine projects and for various unspecified smaller projects was divided among the three firms of Bunton Clifford Associates, Inc., Ruhnau Ruhnau Clarke, and LPA Architecture & Planning. EH&A was advised that the low architect fee may have been a factor in one or more of the three firms remaining on the District's "short list" choosing not to contract for work.

Interviews with District planning project managers and SGI project managers confirmed that the architect's budgets were below standards and led to pressure for change orders or amendments.

EH&A reviewed the original contract amounts and the amendments for the three focus projects (Figure H). EH&A discovered that the final architectural fees paid as a percentage of construction hard costs were adjusted significantly through contract amendments from the contract fee of 8% to an average 11.8%.

Figure H
Total Architecture Costs for Focus Projects

Total Average Cost for Architectural Services				
	Site	Construction Budget	Architect Total Fees	Fee %
	Chula Vista MS	\$7,671,195	\$1,068,846	13.9%
	National City MS	\$8,574,696	\$1,213,735	14.2%
	Chula Vista HS	\$19,174,137	\$2,445,866	12.8%
	Hilltop HS	\$16,087,311	\$1,711,512	10.6%
	Mar Vista HS	\$6,341,588	\$968,611	15.3%
	Montgomery HS	\$16,506,329	\$1,747,939	10.6%
	Sweetwater HS	\$34,266,072	\$3,654,645	10.7%
		\$108,621,328	\$12,811,154	11.8%
(a) "Hard-Soft Cost Ratios-SGI 11.3.11 BJ"				
(b) Project Status Summaries-9.7.11			Architectural Fees-2.7.12+"Arch Fee Sum"	

The District and SGI managers developed a new contract for architectural services during the 2010/2011 fiscal year. EH&A did not review the revised contract. EH&A was told that a key design of the new contract was to minimize additional architectural charges for design work associated with change orders up to the 10% threshold. Specifically, EH&A was told that the new contract would continue to prohibit additional charges for change orders resulting from architectural "errors and omissions" without limit, but added a prohibition on charges for change orders resulting from "unforeseen conditions" up to the 10% mark. The new contract would allow architects to charge for extra design work required for work added by the District through "owner directed" change orders. These changes will help control the growth in design costs and cause the design teams to more thoroughly review existing site conditions.

Finding

The District selected a group of architects and created a pool of 6 firms for the Proposition O work. A base fee of 8% of hard construction costs was negotiated with these firms. These fees were below the going rate and lead to pressure for contract amendments that negated the low base fee. The fees for architectural services increased over time to 11.8%. The low initial fee may have caused the pool of architects to shrink from six to three firms.

Recommendation

The District should negotiate a fair and equitable fee structure and a well defined scope of services for architects. Once established, all firms should adhere to the established fee structure for the established scope of services with an effort to reduce amendments or change orders.

Program Management Fees - Contracts

To better understand the current contractual arrangement between the District and the program manager, EH&A reviewed the three (3) Proposition O contracts and three (3) amendments for program management (PM) and construction management (CM) services (Figure I). These contracts, with the exception of the “interim” contract, included “not to exceed” fee limits based on a fixed percentage of total project costs for the volume of work managed. The interim contract included a “not to exceed” amount based on a fixed dollar amount.

Figure I
Contracts Overview

Contract	Date of Contract	Contract Description	Board Item Description
Gilbane/SGI Interim	May 14 2007 Signed July 24 2007	<ul style="list-style-type: none"> PM services \$650,000 <i>not to exceed</i> cap Reimbursable expenses are referenced, no cap or amounts specified 	<ul style="list-style-type: none"> No reference to costs, <i>not to exceed</i> amount, or caps No reference to reimbursable expenses All costs to be in “negotiated, permanent agreement” No staffing plan mentioned
Amendment 1	December 10 2007 Signed Feb 14 2008	<ul style="list-style-type: none"> Sixty day contract extension Fee amounts not specified, deferred to permanent contract 	<ul style="list-style-type: none"> Contract extension Costs deferred to negotiated permanent agreement No staffing plan mentioned
Gilbane/SGI Permanent	May 17 2007 Signed Feb 11 2008	<ul style="list-style-type: none"> PM services specified, amounts not in the contract but included in an attached staffing plan; annual amounts provided; a total fee of \$7.5 million included Reimbursable expenses are referenced, no cap or amounts specified 	<ul style="list-style-type: none"> States \$7.5 mil contract “does not include reimbursable expenses” States “Expenditure not to exceed \$ 7.5 million plus reimbursable expenses” No staffing plan mentioned
Amendment 1	Not available Signed May 29 2008	<ul style="list-style-type: none"> CM services added-included 5% cap on volume managed Adds 4% cap on volume managed for PM services 	<ul style="list-style-type: none"> Included <i>not to exceed</i> amount of \$9.9 million for CM services References a 10% reimbursement amount authorized No staffing plan mentioned
Amendment 2	April 20 2010 Signed May 27 2010	<ul style="list-style-type: none"> Dissolved permanent agreement 	<ul style="list-style-type: none"> States agreement will expire May 31, 2010 No staffing plan mentioned
SGI	June 1 2010 Not certain when contract was signed as a date line is not included next to the signature line	<ul style="list-style-type: none"> PM/CM services combined-included 8.6% cap on total volume of work of \$ 177 million Reimbursable expense cap of 8% \$200k cap on additional services Exhibit contains a staffing plan value = \$ 16.4 million in fees 	<ul style="list-style-type: none"> Included <i>not to exceed</i> amount of \$16.5 million fees for PM/CM services and reimbursables No staffing plan mentioned

The contracts for Proposition O include staffing plans, personnel, position titles and associated pay rates. The SGI contract excluded the names of personnel and provided positions only. Monthly billing rates would be determined based on an approved staffing plan, included with the contract.

Gilbane/SGI Interim Contract and Amendment #1

An interim Gilbane/SGI contract, dated May 14, 2007, was signed July 24, 2007 and expired on December 1, 2007. In the interim agreement, a “not to exceed” fee cap of \$650,000 is included. Reimbursable expenses are referenced as allowed, but a “not to exceed” amount or percentage for reimbursable expenses are not included. The board item J-01 from the May 16, 2007 Regular Board Meeting explaining the agreement does not reference the contract costs, the \$650,000 commitment, or reimbursable expenses.

Amendment #1 to the “interim” contract, dated December 10, 2007, signed on February 14, 2008, extended the interim contract by 60 days. The amendment to the interim contract did not include references to fee or reimbursable amounts. The board item H-16 from the December 10, 2007 Board Meeting indicated the contract extension included “*costs to be incorporated within the negotiated, permanent agreement for Proposition O services*”, and did not reference reimbursable amounts.

Gilbane/SGI Permanent Contract

A “permanent” Gilbane/SGI agreement, dated May 17, 2007, was signed on February 11, 2008. This agreement is absent any cap or “not to exceed” amount. Compensation was governed by a staffing plan in the following clause:

1.1.48 "Staffing Plan. The agreed plan attached to Exhibit A-2 showing the numbers of individuals and working hours that Program Manager is authorized to expend in performance of the Services and which serves as the basis for payments to Program Manager under this Agreement."

The agreement and the following contract language govern changes:

22.1 “ENTIRE AGREEMENT

*This Agreement represents the entire Agreement between District and Program Manager for furnishing of program management services and supersedes all prior negotiations, representations or agreements, either written or oral, and **may be amended only by written instrument signed by both District and Program Manager**, and formally approved or ratified by the Board of Trustees."* [Emphasis added.]

The board item H-20 for the Board of Education meeting on January 28th 2010 describes the agreement as having a cap:

H-20 ...a permanent agreement with Gilbane/SGI for program management services for phase 1 of Proposition O for a ‘not to exceed’ amount of \$7.5 million, 4.17 percent of the first bond sale. This contract amount does not include reimbursable expenses..... Expenditure not to exceed \$7.5 million plus reimbursable expenses”.

The board item does not state the amount of reimbursable expenses. The staffing plan, which governs costs, is not included or referenced in the board agenda item.

The contract refers to reimbursable expenses as an allowable expense; however, the caps, percentages or amounts are not specified. EH&A was advised by SGI that the reimbursable amounts were assumed to be a maximum of 10% of the contract amount for program and construction management expenses. Gilbane/SGI maintained a budget of \$750,000 for reimbursable expenses that was not specifically

referenced in the board material and this amount was not included as a percentage or fee cap in the contract or the amendment number 1.

Gilbane/SGI Amendment #1

Amendment #1 to the “permanent” agreement was signed on May 29, 2008. This agreement added construction management services to the program management services described in the original contract. Paragraph 2.7 of the contract amendment describes construction management services and contains the following cost caps:

2.7.2.2 "The fee for services (excluding the services performed pursuant to 2.7) provided by Program Manager shall not exceed four percent (4.0%) of the total value of Project Costs for which program management services were provided during that same period of time. In addition to this 4.0%, the fee for services provided by Program Manager pursuant to 2.7 shall not exceed five percent (5.0%) of the total value of Project Costs for which program management services were provided during that same period of time."

As identified above, the 4% cap is to be applied to program management work and the 5% cap is for construction management services. The value of the Project Costs or a projection of these costs are not defined or described.

Board item H-01 from the May 20, 2008 Regular Board Meeting states:

H-01.....Staff is recommending a contract amendment for project management services for the first nine projects of Proposition O, for a not-to-exceed amount of \$9.9 million, which is 5.5 percent of the first bond sale. This contract amount includes 10 percent reimbursable expenses."

Expenditure not to exceed \$9,900,000, including reimbursable expenses...

Gilbane/SGI Amendment #2

Amendment #2 to the “permanent” agreement was signed on May 27, 2010, terminating the agreement effective May 31, 2010. EH&A asked the SGI program managers why the decision was made to dissolve the Gilbane/SGI joint venture and was advised that the District was concerned about the costs of the Gilbane/SGI agreement and joint venture. EH&A was advised that the expertise that Gilbane brought to the District was more construction oriented and SGI’s expertise was more program related and that the change was in the best financial interest of the District.

Board item H-19 from the April 19, 2010 Regular Board Meeting indicates *“The district has examined potential cost savings in program management fees. In discussions among the parties to the Program Management Agreement, the parties have concluded that it is in their mutual best interests to amend the Agreement to cause the term to expire on May 31, 2010.”*

SGI Contract

An SGI contract, dated June 1, 2010, expires June 30, 2013 and contains four 2-year options to renew. The contract was similar to the Gilbane/SGI contract, except for the staffing plan and costs. The new SGI agreement specified that PM/CM services were combined and included a lower fee for program and construction management services of 8.6% on project budgets identified to be valued at \$177 million.

Reimbursable expenses are included in the agreement with a cap of 8%, which is lower than the 10% undocumented amount used by Gilbane/SGI. A revised staffing plan was included which identified two staff members by name. The previous staffing plan in the Gilbane/SGI contract identified all staff members by name. Both contracts listed the balance of individuals by position title, pay rate, and hours authorized.

The board agenda item H-20 for the April 19, 2010 Regular Board Meeting for this SGI contract referenced “*Expenditure not to exceed \$16,456,136, including reimbursables*”. The specific dollar amount of reimbursable expenses allowed is included in the maximum fee amount but not referenced as a specific amount in the board agenda item. This staffing plan which controls and governs costs is not included or referenced in the board agenda item.

Program Management Fees – Expenditures

The Gilbane/SGI contract added a statement to the paragraph that addressed compensation. This revision stating the following: “*The fee for services (excluding the services performed pursuant to 2.7) provided by Program Manager, shall not exceed four percent (4%) of the total value of Project costs for which program management services were provided during that same period of time*”.

The program manager and the district have interpreted the above statement and value of work for which the fee applies to be the entire amount of the first bond sale, \$180 million. This interpretation is critical to determining the appropriate amount of fees earned because if the percentage fee was applied to the amount of work in programming, planning, design, preconstruction, and construction, the fee would have been higher. On the contrary, the use of the total amount of the first bond measure as a method of calculating fees serves the District well because the total project and construction budgets are higher when accounting for all project and construction funds including state matching funds.

According to SGI the total dollar value of projects for which program and construction management services were provided total \$252.7 million. This amount accounts for projects in construction or completed at \$199 million, projects in design amounting to \$53 million and projects for which programming services were provided amounting to \$1.6 million. District project budgets as presented to the Board and the CBOC in December, 2011, reference \$231 million worth of projects in the construction, planning and programming stages, higher than the \$180 million for which program management fees are based.

EH&A reviewed documents comparing the invoices and staffing allocated and paid to the total authorized “not to exceed” percentage caps in both the District and SGI documents. Different maximum fee amounts were tracked as the total value of work and the total fee allowed. These amounts tracked by the District did not correlate to the maximum amounts and reimbursable amounts reflected in the contract documents. The amounts tracked by SGI correlated to some board items and contract language.

Ensuring consistent contract and board item approval documents is a critical efficiency measure. It is in the best interests of the District to employ a contracts manager to work with legal counsel in developing the board agenda and contract documents. Providing thorough and consistent board item descriptions including the staffing plan, the allowable reimbursable amounts, the percentage rate for fees and the specific value of work for which the fees apply will provide efficiencies, transparency and financial controls in the Proposition O program.

Findings

1. Some board agenda items for the interim and permanent agreements and amendments for the program manager do not specifically reference not-to-exceed fee amounts and do not adequately explain the financial commitment of the district.
2. Most contracts documents and board agenda items are not specific about the authorization and costs of reimbursable expenses and do not adequately explain the financial commitment of these costs to District.
3. Board agenda item stating the terms, conditions, and fiscal impact did not reference the critical document that governs the program manager's fees and generates costs to the district, the program manager's staffing plan
4. The board agenda items for the permanent Gilbane/SGI agreement included contradictory information relative to the reimbursable amounts allowed.
5. The District monitored program management invoices, contracts and amendments against amounts authorized; however the amounts authorized did not correlate with the contract amounts in board agenda material and program manager contracts.
6. Calculating the amount of the program managers fee as a percentage of \$180 million as the total value of first bond sale and applying the 9% or the most recent lower amount of 8.6% to this total value of work does not provide the district with a measure of efficiency or accountability in progress performance per project, phase, stage or percentage of project completion. Compensating the program manger strictly based upon a staffing plan of those individuals who have worked in any given month makes it difficult to measure efficiencies and control program and construction management costs.

Recommendations

1. All board items relative to Proposition O expenses should adequately explain the financial commitment of the District, and be specific about amounts and caps. Board documents should be consistent with the contracts and should be prepared under the direction of the chief facility executive with input from the District finance, purchasing and contracts officials. All contracts for the Proposition O program should be prepared by District legal counsel.
2. Program management contracts should be developed similar to architect or construction contracts with fee structures tied to a percentage of completion or short term milestones. These short term guidelines can be established on a phase or stage of program, projects and/or construction.
3. Future contracts for program management services should be specific regarding the reimbursable amounts and percentages if applicable. The total amount authorized should be clearly defined and consistent in all documents, including the board agenda items and the contracts and amendments.
4. The District should employ a contracts administrator, reporting to the chief facility executive. The contracts administrator should provide oversight and scrutiny of all contracts, monitor and approve payments, and work closely with members of the facilities & planning department to assist in negotiating contracts. All contracts and payment applications should include documentation linked to percentage of completion or phases and stages of work.

5. The District should conduct a further audit to review all program management contracts, board approved materials, amendments, authorizations, subcontracts and/or other documents that may impact or be related to the fee caps and the amount of funds expended for program management services.

Construction Costs

EH&A evaluated construction costs by looking at delivery methods, hard/soft cost ratios, change orders, hard cost/sq ft and total cost/sq ft.

Selection of Delivery Method

A variety of construction delivery methods are available to school districts. The Association of California Construction Managers published a guide on construction delivery methods entitled [Project Delivery Handbook: A Guide to California School and Community College Facility Delivery](#). This guide book is a tool used by school districts to inform the board and staff on delivery methods. The District used the DBB and LLB delivery methods for Proposition O projects.

Delivery methods in school bond projects are analyzed in the San Diego Taxpayers Educational Foundation report [School Facilities Bond Programs in San Diego County](#) (April 2011). The report states San Diego County school districts are moving away from traditional DBB delivery methods toward non-traditional methods, and that each method has its own advantages and disadvantages. The report notes that DBB projects have the most change orders and project delays, and LLB projects had the lowest change order rates and highest savings. In the report, savings is emphasized as a performance measure; however the savings are based on the difference between the final cost and the “original project budget”. The report’s methodology for evaluation does not utilize the actual cost of construction, namely the cost per square foot as the basis for measuring performance.

Finding

The District used DBB on six of the nine major projects, and LLB on two projects. On one project a DBB contractor was replaced with an LLB contractor.

Recommendations

1. The District should continue to explore construction delivery methods and select and utilize the method that is the most cost efficient, using metrics provided in this report. The methods should be recommended by the chief facility executive based upon the District’s experience and ability to manage the project.
2. The District should utilize best practices for the delivery of construction as identified in this performance audit, as well as those outlined in the Association of California Construction Managers [Project Delivery Handbook: A Guide to California School and Community College Facility Delivery](#) (2011).

Hard Cost/Soft Cost Ratio

A common measure of construction cost performance is the hard to soft cost ratio. Hard costs are those costs incurred for construction. Hard costs include the cost of contractors performing the work, and work installed such as furniture and equipment. Soft costs are those costs incurred in the planning, design, and management of projects, including inspections, fees, and costs for regulatory and environmental compliance. The bulk of project costs in the beginning are soft costs. Then, as the project moves from the planning/design phase to construction, hard costs increase. An acceptable and customary industry standard is a hard cost allocation of at least 70% of the project costs, and a soft cost allocation of less than 30%.

The industry lacks agreement on a precise dividing line for assigning hard and soft costs. The District included its Prop O staff costs and both PM and CM fees in calculating soft costs. Some districts will include only CM fees in soft costs. It is a *best practice* to include all costs and thus to provide a key measure of overall program performance and not simply project performance.

Hard and soft cost data was reviewed by EH&A in the course of this audit. The data provided by SGI was for the time period ending June 30th 2011. Exhibit 13 lists the cost centers allocated to hard and soft costs for Sweetwater High School. In that document, code 6224, titled “other design”, refers to program management fees. Cost code 6225, titled “program management”, refers to construction management fees.

To verify the accuracy of the soft and hard cost data provided by SGI, EH&A confirmed the following:

Grand total project costs for the soft/hard cost data provided by SGI closely matched the grand total costs from both SGI and the District. These total costs varied by 1.6%.

Individual project total costs for the soft/hard cost data closely matched the data reported in the Project Status Summary sheets, which are key summary reports used to monitor projects at monthly meetings held with District and program team leaders. A sample Project Status Summary Sheet is provided in Exhibit 14.

Prime contract amounts used for the soft/hard cost data closely matched the prime contract amount “cost to date” column in the Project Status Summary sheets. This varied by 5% on average. The difference reflects the different data ending dates: the soft/hard cost data is based on expenses ending June 30, 2011, and the Project Status Summary sheet data is based on expenses as of September 7, 2011.

The soft cost percentage for each of the nine major projects is provided in Figure J. The soft cost ratio exceeded industry standards for Chula Vista High School, Montgomery High School, and Sweetwater High School. The soft cost ratio fell below industry standards for Southwest High School. For all schools, the soft cost ratio exceeds the goal in the program manager’s contract and the industry standard of expending 70% or more of the project costs on hard construction costs.

Soft costs attributed to the District employed staff was 2.8% of the soft costs (Figure J). The Proposition O program has been managed primarily by program managers not District staff.

Figure J
Hard-Soft Cost Ratios by Project

Hard-Soft Cost Ratios by Project (a), (b)				
Data Ending June 2011				
Project	Hard Cost	Soft	Soft %	Tot Exp.
Chula Vista Middle School	\$7,671,196	\$3,180,698	29.3%	\$10,851,894
National City Middle School	\$8,574,697	\$3,972,830	31.7%	\$12,547,527
Southwest Middle School	\$8,110,213	\$3,718,072	31.4%	\$11,828,285
Chula Vista High School	\$19,174,137	\$6,536,155	25.4%	\$25,710,293
Hilltop High School	\$16,087,311	\$5,138,558	24.2%	\$21,225,870
Mar Vista High School	\$6,341,588	\$2,583,617	28.9%	\$8,925,204
Montgomery High School	\$16,506,329	\$4,562,375	21.7%	\$21,068,704
Southwest High School	\$5,664,857	\$4,924,675	46.5%	\$10,589,531
Sweetwater High School	\$34,266,072	\$9,021,529	20.8%	\$43,287,601
Gilbane/SGI Staff	\$122,396,399	\$43,638,509	26.3%	\$166,034,909
District Prop O Staff (c)		\$1,247,955		\$1,247,955
		\$44,886,464	26.8%	\$167,282,863
Notes				
(a) The amounts for the Montgomery Middle School Project 1 are not included. This project is not sufficiently complete to include in this analysis.				
(b) "Hard-Soft Cost Ratios-SGI Data-11.3.11.BJ" (validated)				
(c) "Prop O Staff Budgets-Facilities Accounting-2.3.12-emailed wkbk"				
"PSS and H-S Cost Analysis+"HS Ratios-Project w-Dist SC"				

The soft cost percentage for the past four years for each of the three "focus" projects shows that the soft cost ratio decreases over time as projects move from planning/design into construction (Figure K).

Figure K
Soft Cost Ratio as Percent of Total Costs for Focus Projects

Change in Softcost Percentage by Year: "Focus" Projects (a)						
Southwest Middle School						
Expenditure Period	07-08	08-09	09-10	10-11	Total	Total HC/SC Percentage
Hard Cost Total	\$0	\$688,386	\$4,056,418	\$3,365,408	\$8,110,213	68.6%
Soft Cost Total	\$444,639	\$1,087,972	\$1,259,005	\$926,456	\$3,718,072	31.4%
Project Total	\$444,639	\$1,776,358	\$5,315,424	\$4,291,864	\$11,828,285	100.0%
Soft Cost Percent by Year	100.0%	61.2%	23.7%	21.6%		
Chula Vista High School						
Expenditure Period	07-08	08-09	09-10	10-11	Total	Total HC/SC Percentage
Hard Cost Total	\$1,483	\$2,017,951	\$12,978,524	\$4,176,179	\$19,174,137	74.6%
Soft Cost Total	\$960,231	\$2,241,870	\$1,875,279	\$1,458,775	\$6,536,155	25.4%
Project Total	\$961,714	\$4,259,821	\$14,853,803	\$5,634,954	\$25,710,293	100.0%
Soft Cost Percent by Year	99.8%	52.6%	12.6%	25.9%		
Hilltop High School						
Expenditure Period	07-08	08-09	09-10	10-11	Total	Total HC/SC Percentage
Hard Cost Total	\$0	\$783,534	\$8,085,894	\$7,217,884	\$16,087,311	75.8%
Soft Cost Total	\$952,450	\$1,235,504	\$1,512,333	\$1,438,271	\$5,138,558	24.2%
Project Total	\$952,450	\$2,019,039	\$9,598,226	\$8,656,155	\$21,225,870	100.0%
Soft Cost Percent by Year	100.0%	61.2%	15.8%	18.8%		
(a) "Hard-Soft Cost Ratios-SGI Data-11.3.11-DRv2+"SC% by Yr (SOM base)"						

The soft cost ratio by delivery method for each of the nine major projects (Figure L) shows the average soft cost ratio was 31.0% for the DBB delivery method and thus did not meet the PM contract goals or the

industry standards. The average soft cost ratio was 22.3% for the LLB delivery method and exceeded the PM contract goal and industry standards.

Figure L
Hard-Soft Cost Ratios by Delivery Method

Hard-Soft Cost Ratios by Delivery Method ^(a)				
Data Ending June 2011				
Project	Soft Cost Percentage	Delivery Method	Soft Cost % DBB	Soft Cost % LLB
Chula Vista Middle School	29.3%	DBB	29.3%	
National City Middle School	31.7%	DBB	31.7%	
Southwest Middle School	31.4%	DBB	31.4%	
Chula Vista High School	25.4%	LLB		25.4%
Hilltop High School	24.2%	DBB	24.2%	
Mar Vista High School	28.9%	DBB	28.9%	
Montgomery High School	21.7%	DBB/LLB ^(c)		21.7%
Southwest High School	46.5%	DBB	46.5%	
Sweetwater High School	20.8%	LLB		20.8%
Averages (b)	26.3%		31.0%	22.3%
Notes				
(a) Source: "Hard-Soft Cost Ratios-SGI Workbook-11.3.11"				
(b) Weighted averages. District Prop O staff costs excluded				
(c) Approximately 75% of the work of this contract was completed under a LLB contract				
PSS and H-S Cost Analysis+HS Ratios-Delivery Meth				

Findings

1. EH&A calculated the hard-soft cost ratio as 73% hard costs and 27% soft costs for all projects and delivery methods. This achievement exceeds the goal as specified in the program manager's contracts and the generally accepted industry standard of expending 70% or more of the project costs on hard construction costs.
2. EH&A calculated the hard-soft cost ratio as 69% hard costs and 31.0% for the DBB delivery method and 78% hard costs and 23% soft costs for the LLB delivery method.
3. District soft costs amount to 2.8% of the overall soft costs for the program. The Proposition O program has been managed mostly by program managers, not staff employed by the District.

Recommendations

1. The District and its program managers should continue efforts to reduce soft costs and allow projects to benefit from more resources allocated to actual construction.
2. The District and its program managers should evaluate the difference in the projects and delivery methods and identify the factors and efficiencies impacting the hard-soft cost ratio.

Change Orders

A common measure of bond program efficiency is the change order ratio as a percentage of hard construction costs. The change order process is rigorous, involving many steps and several levels of approval including the architect, the inspector, the contractor, the program manager, the District, and the DSA (Exhibit 15). According to interviews and processes reviewed, the District followed these steps for change orders:

Field

1. Prime or subcontractor identifies work claimed to be extra
2. Project manager reviews the *plans and specifications* (P&S) to determine if the work is included in the P&S, and consults with architect to determine if the work is included in the contractor's scope
3. If the work is determined to be "extra", the project manager determines if this is due to unforeseen conditions; the architect's oversight, an omission or unclear plans; or field conditions
4. The project manager requests the contractor to propose a cost for the work.
5. The contractor obtains price quotes for materials and labor from the relevant parties and presents this information to the project manager
6. The project manager reviews the quotes and evaluates and checks material charges, labor charges, and contractual profit/overhead
7. The project manager in consultation with the architect may require additional documentation of costs, negotiate reduced charges, or accept the proposal as presented
8. Once a negotiated price is agreed to, the project manager presents this *Preliminary Change Order* (PCO) to the owner's representative (District project manager)
9. The District project manager in consultation with the architect may
 - a. Question whether the change order is due to *unforeseen conditions*, an architect responsibility, or included in the original scope
 - b. Require additional documentation of costs
 - c. Request that the project manager reduces the costs
 - d. Accept the proposal as presented
10. Once the District project manager accepts the PCO, the information is logged by the project manager and *backup documentation* is retained

Construction Office

1. PCO and change order documentation is scanned into Laserfiche
2. Change order data is entered into Prolog for the approver's review and report generation
3. Using a "Sign-off" sheet, the change order information is reviewed and approved by the following:
 - Senior Project Manager-Gilbane/SGI or SGI ("Area" Project Manager)
 - Program Controls Manager-Gilbane/SGI or SGI
 - Program Manager-Gilbane/SGI or SGI ("Program Director")
 - Director of Planning and Construction-District
 - Purchasing Department-District
4. The "Contract Change Order" summary sheet (Figure M) is generated. Figure N shows Change Order Number 8 from the prime contractor's file for Chula Vista High School. It contains 108 pages of backup documentation, and is one of 20 change orders for this contractor. It is common

practice for several PCOs to be collected and packaged into one *Change Order* and sent to the District/program management team for further processing.

5. Change orders are scanned into Laserfiche and Prolog, and routed for barcode scanning and signature to several District staff in accounting, purchasing, and facilities (Figure N). Change orders can run well over 100 pages. They are signed and stamped by the architect, the contractor, and the District's assistant superintendent of operations or designee. If necessary, they are sent to DSA with architectural details. This information is captured by the Prolog software system and allows program managers to quickly determine the status of the change order.
6. A board item is prepared listing the cost and reasons for the change order (Figure O).
7. The change order item is placed on the board of education agenda for approval. Before payment is made, the change order is ratified by the board.
8. Board approval date is noted on the "Sign-off" sheet and the board agenda item is scanned into the Laserfiche storage system.

In some circumstances when changes must occur and work must commence immediately to prevent significant delays a *Time & Material* change order may be approved. This situation typically requires substantially more documentation. Such documentation may include tracking time and materials and using a dispatch log for the hours and number of workers devoted to the extra work using proof of delivery and amount and quantities utilized from material suppliers.

EH&A reviewed the change order process and found appropriate and sufficient evidence existed to confirm that the steps outlined above were used on the change orders that were reviewed, analyzed and tested.

Figure M
Change Order Summary Sheet




  		Contract Change Order																																			
Detailed, Grouped by Each Number BARCODE																																					
Chula Vista High School Project 1 820 Fourth Ave. Chula Vista, CA 91911		Project # 813-8506.00 Tel: 619-691-5765 Fax:																																			
Contractor/Vendor Turner Construction Company 9330 Scranton Rd. Suite 300 San Diego, CA 92121		Architect's Project No: 07026 Contract Date: 9/21/2009 Contract Number: SF780562 Change Order Number: 008 DSA File No. 37-H10 DSA No. 04-108932																																			
The Contract is hereby revised by the following items:																																					
<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">PCO</th> <th style="text-align: left;">Item #</th> <th style="text-align: left;">Description</th> <th style="text-align: left;">Reason</th> <th style="text-align: right;">Amount</th> </tr> </thead> <tbody> <tr> <td>1023</td> <td>001</td> <td>MPB Ticket Booth Interior Curtain Wall Finish</td> <td>Errors/Omissions - Disputed</td> <td style="text-align: right;">2,699</td> </tr> <tr> <td>1036</td> <td>001</td> <td>Water Shutoff Valve @ Concession Stand</td> <td>Field Condition</td> <td style="text-align: right;">2,350</td> </tr> <tr> <td>1038</td> <td>001</td> <td>ENO Boards w/ Whiteboards</td> <td>Owner Request</td> <td style="text-align: right;">8,077</td> </tr> <tr> <td>1043</td> <td>001</td> <td>Add 30-amp breaker in Dance Room Storage</td> <td>Owner Request</td> <td style="text-align: right;">(756)</td> </tr> <tr> <td>1051</td> <td>001</td> <td>Eliminate Drinking Fountain at Weight Room</td> <td>Value Engineering</td> <td style="text-align: right;">(1,889)</td> </tr> <tr> <td>1054</td> <td>001</td> <td>Wenger Cabinet Deduct</td> <td>Value Engineering</td> <td style="text-align: right;">(2,406)</td> </tr> </tbody> </table>	PCO	Item #	Description	Reason	Amount	1023	001	MPB Ticket Booth Interior Curtain Wall Finish	Errors/Omissions - Disputed	2,699	1036	001	Water Shutoff Valve @ Concession Stand	Field Condition	2,350	1038	001	ENO Boards w/ Whiteboards	Owner Request	8,077	1043	001	Add 30-amp breaker in Dance Room Storage	Owner Request	(756)	1051	001	Eliminate Drinking Fountain at Weight Room	Value Engineering	(1,889)	1054	001	Wenger Cabinet Deduct	Value Engineering	(2,406)		
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1051	001	Eliminate Drinking Fountain at Weight Room	Value Engineering	(1,889)																																	
1054	001	Wenger Cabinet Deduct	Value Engineering	(2,406)																																	
The original Contract Value was.....		18,508,044																																			
Sum of changes by prior Subcontract Change Orders.....		402,426																																			
The Contract Value prior to this Subcontract Change Order was.....		18,910,470																																			
The Contract Value will be changed by this Subcontract Change Order in the amount of.....		8,075																																			
The new Contract Value including this Subcontract Change Order will be.....		18,918,545																																			
The Contract duration will be changed by.....		0 Days																																			
The revised Completion date as of this Subcontract Change Order is.....		1/20/2011																																			
ARCHITECT																																					
BCA Architects 210 Hammond Ave. Fremont, CA 94539																																					
SIGNATURE: _____																																					
BY: _____																																					
TITLE: <u>VP</u>																																					
DATE: <u>5/29/10</u>																																					
OWNER																																					
Sweetwater Union High School District																																					
PROGRAM MANAGER																																					
SIGNATURE: <u>Karl Bradley</u>																																					
BY: Karl Bradley																																					
TITLE: Assistant Superintendent of Facilities and Operations																																					
DATE: <u>6-17-10</u>																																					
APPROVED DIVISION OF THE STATE ARCHITECT Office on Construction Services 16680 West Bernardo Drive San Diego, CA 92127																																					
STAMP & DATE																																					
TO COMPANY Turner Construction Company CONTRACTOR/VENDOR/ARCHITECT																																					
SIGNATURE: _____																																					
BY: <u>GARRY LLOYD</u>																																					
TITLE: <u>P.X.</u>																																					
DATE: <u>6-8-10</u>																																					

Figure N
Change Order Sign-Off Form






1. Name of Contractor Turner Construction Company		2. Contract Number SF780562
Project Name: Chula Vista High School Project 1		
Project Number: 813-8506.00		
3. Digest of Contract (work to be performed, amount to be paid, term). Include any special or unusual terms and conditions. Contract Description: Change Order No. 008 Amount: \$ 8,075.00		
4. Reason for Contract (identify specific problem, administrative requirement, program need or other circumstance making the contract necessary).		
5. Summary of Bids: A. List bidders and amounts bid (see attached) B. Explain 1. Award of contract if to other than low bidders 2. If sole source, what is justification? 3. If only one bid was received or sole source, for concluding reasonableness of contract rate or a price.		
Prepared By: Kimberly Devine		Date: 6/8/2010
Board Approval: 6/14/2010		
FUNDING STATUS / ACCOUNT VERIFICATION		
Account Number	Description	Original Value
22-0000-X-0000-8506-6236-000-813	Construction	\$2,699.00
22-0000-X-0000-8506-6236-000-813	Construction	\$2,350.00
22-0000-X-0000-8506-6236-000-813	Construction	\$8,077.00
22-0000-X-0000-8506-6236-000-813	Construction	(\$756.00)
22-0000-X-0000-8506-6236-000-813	Construction	(\$1,889.00)
22-0000-X-0000-8506-6236-000-813	Construction	(\$2,406.00)
This scope of work is consistent with that which is eligible according to Proposition "O".		
<input type="checkbox"/> Proposition "O" Funds <input type="checkbox"/> Other Funds		
Date:	Signature:	Dianne Russo, Director of Financial Services
CONTRACT SIGNATURE REVIEW PROCESS		
Step 1.	Area Project Manager (Review of Contract Agreement as to the details of managing and administering the contract.) 	Initial & Date Here DR
Step 2.	Projects Team Leader (Review for workload distribution; workforce utilization)	N/A
Step 3.	Program Controls Manager (Verify budget (target budgets), schedule, funds availability; set up project controls systems for tracking). 	DR 6/11/10
Step 4.	Program Director (Review for completeness as to boilerplate format, form, content, terms and conditions). 	DR 6/12/10
Step 5.	Review Form (Review of Contract Agreement, review as to form, and format)	Reviewed to Form
Step 6.	Director of Planning and Construction (Execute contract agreement; provided all previous steps have been completed) 	DR 6/11/10
Step 7.	Purchasing (Encumber funds accordingly) 	

Figure O
Board Agenda Item for Change Order

BoardDocs Agenda Item: H-03. Ratify Change Order No. 8 for Project 1 at Chula Vista H... Page 1 of 1

Agenda Item

H-03. Ratify Change Order No. 8 for Project 1 at Chula Vista High School. (F/I: \$8,075.00, Prop O.)

Meeting: 06/14/2010 Regular Board Meeting - 6:30 p.m.
 Category: 6-H. PLANNING AND FACILITIES DISCUSSION ITEMS
 Agenda Type: Action (Consent) Preferred Date:
 Fiscal Impact: Yes Absolute Date:
 Dollar \$8,075.00 Budgeted:
 Amount: Budget Source: Proposition O

Agenda Item Content

Issue:

Ratification of Change Order No. 8.

Superintendent's Recommendation:

Ratify Change Order No. 8 for Project 1 at Chula Vista High School.

Analysis:

Change Order No. 8 has been approved by staff in accordance with direction provided by the board of trustees at its December 10, 2007, meeting. Staff recommends the board ratify the following contract changes for Project 1 at Chula Vista High School.

1. Revisions to the original scope of work to include gypsum board on aluminum angles within ticket booth. Increase to the contract with Turner Construction Company in the amount of \$2,699.00.
2. Revisions to the original scope of work to locate and repair shut-off valve at concession stand. Increase to the contract with Turner Construction Company in the amount of \$2,350.00.
3. Revisions to the original scope of work to provide two whiteboards and one Eno board in lieu of two eight-foot whiteboards. Increase to the contract with Turner Construction Company in the amount of \$8,077.00.
4. Revisions to the original scope of work to install a thirty amp breaker and door frame at storage room and delete the painting and sealed concrete. Decrease to the contract with Turner Construction Company in the amount of \$756.00.
5. Revisions to the original contract scope of work to delete drinking fountain, guardrails and associated plumbing at weight room. Decrease to the contract with Turner Construction Company in the amount \$1,889.00.
6. Revisions to the original contract scope of work to delete three cabinets that were not needed. Decrease to the contract with Turner Construction Company in the amount \$2,406.00.

Fiscal Impact:

Expenditure of \$8,075, from the Proposition O Fund. This change order combined with all other change orders results in a 2.22 percent increase to the contract.

The public contract code sets a 10% limit on change orders. Under this code, contractors cannot bid low with the intent to make up pricing on later change orders. Projects which go over budget would then require that the prime contractor relinquishes a portion of the project to another contractor. Thus, the 10% cap provides other contractors an opportunity to bid on the work and provides districts with competitive pricing.

When the size of the change order exceeds 10%, the District should consult with legal counsel regarding its options. The 10% change order rate can be interpreted as applying to the single change or the entire contract. If the option to provide the work to the current contractor does not exist, it is necessary to issue

an order to stop work that is underway and to bid portions of the work to other contractors, even though doing so increases costs and delays program schedules.

EH&A reviewed the percentage of change orders for the Proposition O program. EH&A discovered that on several Proposition O projects the 10% cap was approached, and at Hilltop Middle School, a DBB project, it was exceeded (Figure Q). In some other cases, portions of work were rebid by removal of certain scope of work from the project and rebidding enabled the work to proceed under the 10% change order cap. A change order summary report through August 31, 2011 is provided in Exhibit 16.

Under some conditions when a change order may exceed the 10% allowed amount, a district board can adopt a “Resolution of Futility”, which declares that bidding the work will be futile because savings will not result or because other contractors are not likely to bid on the work. This situation can occur because of the circumstances of the current contractor being on the site and the management difficulties in having a second contractor simultaneously on site and performing work. In these circumstances, the savings may be non-existent. In fact, costs may increase if the current contractor who is on the site does not perform the change order work. EH&A was not able to locate a resolution of this nature for the work that exceeded the 10% limit.

EH&A reviewed data provided by the District regarding change orders for other school districts. The following data was developed by West Ed and provided to EH&A by the District (Figure P). EH&A was not provided with information on the type of delivery method used in these programs. The change order rate varied from 1.87% to as high of 7.38%. The District’s change order rate was 5.4% overall according to this study. (Figure Q in next section “Impact of Delivery Methods on Cost”).

Figure P
Change Order Rate for Construction Projects 2002 – 2008
Selected Districts and Data, Provided by WestEd

Proposition	School District	Year	Average Change Order Rate
D	West Contra Costa USD*	2002	5.63%
R	Grossmont-Cuyamaca CCD	2002	3.8%
S	San Diego CCD	2002	5.7%
H	Grossmont Union HSD	2004	5.6%
J	West Contra Costa USD*	2005	1.87%
P	Carlsbad USD	2006	3.0%
N	San Diego CCD	2006	4.8%
R	Santee School District	2006	2.7%
O	Sweetwater UHSD	2006	5.36%
D	Cajon Valley	2008	2.08%
U	Grossmont Union HSD	2008	2.2%
H	Oceanside USD	2008	3.5%
C	Poway USD	2008	3.7% to 3.8%
S	San Diego USD	2008	1.9%
X	South Bay*	2008	6.04% to 7.38%

*SGI Clients

Findings

1. A detailed and organized process for managing change orders is in place. The change order records were reviewed in the Laserfiche system for the Chula Vista High School, Hilltop High

School and Southwest Middle School projects with a special focus on the change order records for the prime contractor, architect, and inspector. All appropriate documentation exists including numerous levels of approvals by various individuals. Evidence of false change order requests was not found in any of the instances where we tested the records.

2. The board items reviewed regarding change orders communicated the appropriate information regarding costs, analysis of the reason for the change, and the fiscal impact.

Recommendations

1. The District should improve communication at the board level to increase the community's understanding of the need, costs, and fiscal impact of the changes in projects.
2. The District should continue to maintain accurate and thorough records and adhere to the practice and policies in place to govern the change order process.
3. The District should consider adopting a Resolution of Futility, allowing a contractor to exceed the 10% change order limit, providing circumstances warrant and legal counsel approves.

Impact of Delivery Method on Costs

About half of the square footage of the facilities was constructed with the DBB delivery method, and about half was produced with the LLB method. The split in the delivery method and percentage of projects under LLB and DBB allowed EH&A to compare change order rates by delivery method.

EH&A analyzed project performance by looking at prime hard costs per square foot for the nine major projects, and evaluating the impact of change orders and delivery method (Figure Q).

We note that the individual project costs per square foot show a wide spread, ranging from \$236/sq ft to \$501/sq ft for DBB projects, and from \$291/sq ft to \$426/sq ft for LLB projects. Several variables affect projects costs besides the delivery method. In addition to the key variables of design complexity and builder and field manager experience, other major variables affecting individual project costs within these categories include the type of space constructed and site conditions. For example, kitchen and bath areas are far more costly to construct than classroom spaces. Considering site conditions, a project constructed on a crowded, sloped site with poor soil will be more expensive than a project built on a flat, open site with good soil. It is not possible to control for all variables when analyzing project cost data, and the effect of project specific factors, like those noted above, should be considered when using the data to compare projects.

DBB project costs are impacted by competitive pressures which can result in the award of a low bid contract to a contractor who has priced portions of the work below the real cost to construct. These factors were likely in play with the lowest priced DBB project, Southwest Middle School, which is now in litigation following the removal of the contractor.

One of the LLB projects started out as a DBB project, and was converted to an LLB project. As a result, the cost for this project was higher than it would have been if it had been an LLB project from the start.

The Sweetwater Proposition O Phase 1 projects provide an ideal opportunity to contrast delivery methods, change order rates, hard and soft costs, and cost per square foot for the following reasons:

- Large sample size: nine major projects totaling \$167 million and 354 thousand square feet

- Roughly even split between delivery methods: approximately 171 thousand square feet constructed using DBB and 183 thousand square feet using LLB
- Same bid environment: depth of recession
- Same geographic location: same labor and material market
- Projects phased simultaneously: all nine projects taken through programming, design and construction at the same time

The large, roughly even sample size allowed EH&A to calculate averages that will equalize many of the individual variables discussed above by using *weighted averages*. Weighted averages for each delivery method divide the total construction cost of those projects by the total square footage of those projects, so larger projects carry more weight.

EH&A analyzed project costs on a per square foot basis for prime contracts alone (Figure Q), and for the entire project cost (Figure R). In the prime contract analysis, EH&A found DBB projects had more change orders but were cheaper to build. The average change order rate for the DBB projects was 9.6%, and the average change order rate for the LLB projects was 2.8%. Average construction costs were \$293/sq ft for DBB projects and \$346/sq ft for LLB projects. A long term analysis should be conducted to determine if the facilities age in the same manner and if the delivery method is a determining factor in long term maintenance and repair costs.

Figure Q
Delivery Method Impact on Change Orders and Hard Cost per Square Foot

Change Order Comparison by Delivery Method & Hard Cost per Square Foot (a) (b) (c)									
Design Bid Build									
School	Contractor	Square Footage	Bid Amount	Change Orders through 9/30/11	Change Order Rate ²	Current Contract Amount	Current Cost per Sq. Ft	Type of Contract	On Time
Southwest MS	HAR Construction	28,373	\$6,236,000	\$459,179	6.9%	\$6,695,179	\$236	DBB	
Hilltop MS	Pacific Building Group	57,562	\$12,657,000	\$2,010,266	13.7%	\$14,667,266	\$255	DBB	
Southwest High	HAR Construction	29,497	\$8,400,000	\$134,759	1.6%	\$8,534,759	\$289	DBB	
Mar Vista High	The Augustine Company	16,690	\$4,609,518	\$426,908	8.5%	\$5,036,426	\$302	DBB	
National City MS	R.C. Construction	24,037	\$6,998,000	\$688,219	9.0%	\$7,686,219	\$320	DBB	
Chula Vista MS	Edge Development	15,126	\$6,896,007	\$678,352	9.0%	\$7,574,359	\$501	DBB	✓
		171,285	\$45,796,525	\$4,397,683	9.6%	\$50,194,208			
						Average Cost per Square Foot	\$293		
Lease Lease Back									
Chula Vista High	Turner	66,330	\$18,508,044	\$812,909	4.2%	\$19,320,953	\$291	LLB	✓
Sweetwater High	Sundt	81,595	\$28,314,489	\$769,571	2.6%	\$29,084,060	\$356	LLB	✓
Montgomery High	SMC	35,179	\$8,798,790		N/A		\$426	DBB	N/A
	SMC Credit		-\$5,189,861						
			\$3,608,929						
	Swinerton		\$11,197,902	\$183,517	1.6%	\$11,381,419		LLB	✓
			\$14,806,831	\$183,517		\$14,990,348			
		183,104	\$61,629,364	\$1,765,997	2.8%	\$63,395,361			
						Average Cost per Square Foot	\$346		
Change Order Average All Projects					5.4%	\$113,589,569			
Notes									
(a) "Delivery Analysis by SF Cost-SGI" (validated and adapted)									
(b) Weighted averages									
(c) Calculated on Prime contract amounts only									
DLV-SF1-Delivery Analysis by SF Cost-CO Rates**\$-SF on Prime by DDB-LLB (2)**									

In the total cost analysis, EH&A found the average total cost to deliver these projects was \$444/sq ft using for the DBB method and \$492/sq ft for the LLB method (Figure R). In this table, the column "Total Project Cost" includes soft costs and the hard costs provided in Figure R.

Figure R
Delivery Method Impact on Soft Cost and Total Cost per Square Foot

Soft Cost Comparison by Delivery Method & Total Cost per Square Foot ^{(a)(b)(c)}									
Design Bid Build									
School	Contractor	Square Footage	Hard Cost	Soft Cost	Soft Cost %	Total Project Cost	Current Cost per Sq. Ft	Type of Contract	On Time
Southwest MS	HAR Construction	28,373	\$8,110,213	\$3,718,072	31.4%	11,828,285	\$417	DBB	
Hilltop MS	Pacific Building Group	57,562	\$16,087,311	\$5,138,558	24.2%	21,225,870	\$369	DBB	
Southwest High	HAR Construction	29,497	\$5,664,857	\$4,924,675	46.5%	10,589,531	\$359	DBB	
Mar Vista High	The Augustine Company	16,690	\$6,341,588	\$2,583,617	28.9%	8,925,204	\$535	DBB	
National City MS	R.C. Construction	24,037	\$8,574,697	\$3,972,830	31.7%	12,547,527	\$522	DBB	
Chula Vista MS	Edge Development	15,126	\$7,671,196	\$3,180,698	29.3%	\$10,851,894	\$717	DBB	✓
		171,285	\$52,449,862	\$23,518,450	31.0%	\$75,968,311			
						Average Cost per Square Foot DBB	\$444		
Lease Lease Back									
Chula Vista High	Turner	66,330	\$19,174,137	\$6,536,155	25.4%	\$25,710,292	\$388	LLB	✓
Sweetwater High	Sundt	81,595	\$34,266,072	\$9,021,529	20.8%	\$43,287,601	\$531	LLB	✓
Montgomery High	Swinerton	35,179	\$16,506,329	\$4,562,375	21.7%	\$21,068,704	\$599	LLB	✓
		183,104	\$69,946,538	\$20,120,059	22.3%	\$90,066,597			
						Average Cost per Square Foot LLB	\$492		

As noted above, the Montgomery High School project was a not an LLB project from the start and its higher cost per square foot partly reflects changing contractors mid-stream. Removing that project, the weighted average for the remaining LLB projects is \$466 rather than \$492.

EH&A estimated that if the DBB method had been used to produce the 183,104 square feet of work produced with the LLB method, then the projects might have been built for a savings ranging between \$4.0 million and \$8.7 million. The savings range calculations are as follows:

\$4,028,288 (183,104sf * \$444=\$81,298,176 rather than 183,104sf * **\$466**=\$85,326,464)
and

\$8,768,421 (183,104sf * \$444=\$81,298,176 rather than 183,104sf * **\$492** (90,066,597)

This potential savings assumes all other factors remain constant, including market conditions affecting pricing, availability of materials and supplies and experienced labor, architecture plans and level of experienced CM and PM managers, to name a few.

Figures S.1 and S.2 summarize our cost findings. In these figures hard costs include the prime contractor costs in Figure R plus all other hard costs.

Figure S.1
Project Cost Analysis – Substantial Completion

Summary of Proposition O Project Cost Performance Measures (a) (b)					
(Substantial Completion)					
Method	Change Order Percentage	Soft Cost Percentage	Cost Per Square Foot		
			Hard	Soft	Total
Design Bid Build	9.6%	31.0%	\$306	\$137	\$444
Lease Lease Back	2.8%	22.3%	\$382	\$110	\$492
All Projects All Costs	5.4%	26.8%	District	\$4	\$472
Note: (a) Weighted Averages (b) July 1st, 2007 to June 30th, 2011					
DLV-SF1-Delivery Analysis by SF Cost-CO Rates+ "\$-SF on Total by DDB-LLB (2)"					

To obtain the metrics shown above, we have relied on a substantial sampling of both DBB and LLB project costs analyzed over a four year period. During this period project costs were tracked from the start of planning to substantial completion. "Substantial completion" is obtained when projects can be used for their intended purpose but are not yet 100% complete. The above data for *change order rates*, *hard & soft cost ratios*, and *hard & soft costs per square foot* can serve as useful performance benchmarks for comparison of these same measures with future projects.

For use as a high level performance measure, the total cost per square foot for both the DBB projects and the LLB projects should be further modified to take into account the difference between "substantial completion" and the expected final total costs for these projects. The district worked with SGI program managers to obtain a final estimated cost to complete. These final anticipated costs were presented to the board in December 2011.

Based on these estimated final costs to complete, EH&A was able to determine that final completion is likely to add an average of 8% to the cost per square foot determined at the "substantial completion" mark. This determination includes controlling for the SOM & SOH projects which are not yet substantially complete because the contractor was removed and the projects were referred to the insurance surety company for completion.

This adjustment yields final bench mark numbers for all costs *per square foot* of \$479 for DBB projects, \$531 for LLB projects and an average of \$510 when the data for both delivery methods are combined (Figure T). This ladder number is the expected final average cost per square foot for all Proposition O Phase 1 projects including all hard and soft costs. This number should be used as the highest level benchmark for measuring program and project performance for subsequent projects.

Figure S.2
Project Cost Analysis – Estimated Final Completion

Summary of Proposition O Project Cost Performance Measures (a) (b)						
(Estimated Final Completion)						
Method	Change Order Percentage	Soft Cost Percentage	Cost Per Square Foot			
			Hard	Soft	Substantial Completion	Estimated Final (c)
					Sub Total	Total
Design Bid Build	9.6%	31.0%	\$306	\$137	\$444	\$479
Lease Lease Back	2.8%	22.3%	\$382	\$110	\$492	\$531
All Projects All Costs	5.4%	26.8%	District	\$4	\$472	\$510
Note: (a) Weighted Averages (b) July 1st, 2007 to June 30th, 2011						
(c) Includes additional 8% for estimated final cost to complete						
DLV-SF1-Delivery Analysis by SF Cost-CO Rates+"\$-SF on Total by DDB-LLB (2)"						

Findings

1. The average change order percentage for all projects was determined to be 5.4%, at or below industry standards. The 10% change order cap was exceeded on the Hilltop Middle School project, a DBB contract.
2. For DBB projects, the average change order rate was 9.6%, and the hard construction cost was \$306/sq ft.
3. For LLB projects, the average change order rate was 2.8% and the average hard construction cost was \$382/sq ft.
4. In the total cost analysis, EH&A found the average total cost to deliver these projects was \$479/sq ft using the DDB method and \$531/sq ft using the LLB method.
5. The District benefited from efficiencies with the DBB method. If this method of delivery had been used for the LLB projects, the District may have been able to build 5% - 10% more in additional construction projects.

Recommendations

1. A long term analysis should be conducted to determine if delivery method is a factor in the manner in which facilities age, specifically reviewing the building and systems maintenance, repair and replacement history.
2. The \$306 average hard cost per square foot on DBB projects should be used as a primary metric in determining future construction performance for that delivery method.
3. The \$382 average hard cost per square foot on LLB projects should be used as a primary metric in determining future construction performance for that delivery method.

4. The \$510 average total cost per square foot on all projects should be used as the primary metric in determining future construction performance.
5. If the district continues to utilize LLB on projects in the future, a detailed and rigorously transparent process should be developed for the selection of LLB contractors following the prescribed QBS process outlined and recommended in other sections of this report.
6. Future bids for construction work contemplated by the District at costs per square foot below the metrics provided in this report should be reviewed critically and if approved change orders should be anticipated and additional amounts should be budgeted for contingencies and management oversight.

PM/CM Staffing Costs

Another cost performance measure is the PM/CM staffing cost. EH&A evaluated PM/CM staffing plans in the contracts (Figure T) and PM/CM staffing invoices submitted to the District. The District's contract with SGI called for 20 staff members: 16 full-time and 4 part-time positions. This was an increase of 33% in staffing positions from the Gilbane/SGI contract. District records show payments were made to an average of 30 staff members during the period June 2011 to December 2011. The contract indicated that any changes to the staffing plan would require "specific written approval from the District". EH&A could not locate documents showing that a change in the staffing plan was approved by the District.

Figure T
Billable Personnel/Positions Listed in Contract Staffing Plans

Billable Personnel/Positions Listed in Contract Staffing Plans						
Team	Bond	Period	Staff			
			FT	PT	Total	Increase
Gilbane/SGI-PM	O	07/08, 08/09, 09/10	10	5	15	na
Gilbane/SGI-CM	O	07/08, 08/09, 09/10	na	na	na	?
SGI PM/CM	O	10/11	16	4	20	33%
"GSGI Fee Analysis-EH&A-2.25.12+"Staffing Sum"						

EH&A was not able to review adherence to staffing plans during the entire period under review. A staffing plan was not included in Amendment #1 to the Gilbane/SGI contract. According to the amendment, a plan was to be produced at a later date. EH&A asked SGI and the District for this plan and was advised that this plan could not be located.

Time cards were maintained for each program member and used as a basis for claim for payments submitted each month. The time cards included hours worked, pay rate and reimbursable amounts for standard office/program overhead purposes. Standard backup includes timecards for each employee on the program, and reimbursable cost documentation.

EH&A was told by SGI project managers that they did not replace Gilbane field staff when the Gilbane/SGI partnership was dissolved and SGI took over. According to these conversations, SGI reduced the ratio of managers on a project from 2 to 1.5, a 25% reduction in field staff. Two District project managers noted a problematic void in field staff leadership as a result. EH&A found that at the

same time that field staff was reduced, the construction volume managed by SGI field personnel declined 14% from the prior year.

Findings

1. Time cards were maintained for each program member. The number of SGI staff specified in the contract documents called for 20 staff members. Staff numbers increased beyond what was originally planned.
2. A ratio of 2 managers (one “project manager” and one “project engineer”) per project was reduced to 1.5 managers per project upon the SGI succession of the program management agreement. This change represented a field staff reduction of 25%.
3. Comparing the changes in volume of construction work managed by SGI with the volume managed the previous year, SGI field personnel managed 14% less volume during the time the staff was reduced 25%.

Recommendations

1. The District should maintain records showing the program management staffing plan and monitor the staffing in relationship to the approval and authorization of payments.
2. Changes in the number of staff assigned to the program should be monitored and agreements amended to reflect the number of staff authorized.

Program Schedule Review

EH&A reviewed the baseline schedule produced by the Gilbane/SGI team in April 2008 (Exhibit 17). It should be noted that this was a *planning schedule*. Six months later, the projects were awarded and the contractors were required to produce the official schedule for the projects. The Gilbane/SGI team noted on the schedule that this was a “working document” and “not intended to be an exact projection of the project dates”.

EH&A compared the baseline schedule with an “As-Built” schedule produced on September 21, 2011 (Exhibit 18). A comparison of the two schedules shows that the schedule exceeded the baseline schedule by approximately six and a half months.

Findings

1. Although significant time was saved during the DSA plan review stage, the projects required more time in other phases than originally planned. A comparison of the original baseline schedule produced in April 2008 with the as-built schedule produced in September 2011 shows that the schedule exceeded the baseline schedule by approximately six and a half months.
2. If the baseline schedule dates had been met, the PM fees for the work performed and costs for other services and consultants would have been reduced.

Recommendations

1. The District should monitor schedules on a regular basis with the input of the board and the community.

2. The District should continue to work to prevent the schedules from protracting so as to avoid additional costs.

Budget Performance

Deviation from Budget

EH&A examined project budget data at the initiation of the Proposition O program to determine if the District TrueCourse system and the SGI Prolog system were consistent at the initiation of the budget process (Figure U). In this table, the Gilbane/SGI starting budgets (column 2, SGI "Total Budget") are higher because they included funding from other projects.

Figure U
Starting Discrepancy on Project Budgets – Comparing District and SGI Records

Starting Discrepancy Between SGI Original Project Budgets and District Original Project Budgets			
Campus	TrueCourse Original Budget ^(b)	SGI "Project Funding Report" 4.8.08	
		"Total Budget" ^(a)	"Prop O" ^(a)
CVM	8,649,707.00	\$8,649,707	\$7,939,566
NCM P1	16,191,703.00	\$16,191,700	\$16,013,591
NCM P2	15,273,601.00	\$16,191,700	\$16,013,591
SOM	14,738,042.00	\$14,738,042	\$14,465,388
CVH	24,519,408.00	\$28,207,172	\$21,256,925
HTH	19,741,358.00	\$19,741,358	\$16,797,922
MVH	10,417,900.00	\$10,417,900	\$4,574,500
MOH	20,913,971.00	\$20,913,971	\$20,370,208
SOH	24,467,998.00	\$24,467,998	\$23,775,554
SUH	25,086,312.00	\$45,627,823	\$16,526,397
	180,000,000.00	205,147,371.00	157,733,642.00
			\$180,000,000
			\$157,733,642
		SGI Unallocated Difference	\$22,266,358
(a) SGI total includes "Prop BB" Funds:\$12,000,117-"State Match":\$25,462401-"Grants":\$9,951,210			
(b) "Prop O Original Budgets-Facilities Accounting 2.3.12". Data date not provided.			
Prop O Original Budgets-Facilities Accounting 2.3.12+"Start Discrep"			

EH&A examined current records to determine if the starting discrepancies had been reconciled. The District's ending "original budget" grew with the addition of Prop BB funds. The District's TrueCourse entries remained consistent once we allowed for the addition of Proposition BB funds (Figure V, column 2). EH&A discovered that the SGI records were in closer agreement to the TrueCourse original budget. The District and SGI maintained separate accounting records and tracking of the original project budgets. The SGI controls manager and the District account manager could benefit from close coordination of their budgets during periodic reviews at different stages of the program.

Figure V
Ending Discrepancy on Project Budgets – Comparing District and SGI Records

Ending Discrepancy Between SGI Original Project Budgets and District Original Project Budgets						
Campus	TrueCourse Original Budget ^(b)	TrueCourse 'Original' Budget-8.18.11 ^(c)	SGI-"Project Funding Report"-4.8.08		SGI-"Funding Distribution Report"-Oct 2011	
			"Total Budget" ^(a)	"Prop O"		
CVM	8,649,707.00	10,892,105	\$8,649,707	\$7,939,566	\$9,571,499	
NCMP1	16,191,703.00	16,191,703	\$16,191,700	\$16,013,591	\$16,370,472	
NCMP2	15,273,601.00	15,273,601	\$16,191,700	\$16,013,591	\$16,012,929	
SOM	14,738,042.00	14,738,042	\$14,738,042	\$14,465,388	\$14,738,042	
CVH	24,519,408.00	24,519,408.00	\$28,207,172	\$21,256,925	\$22,906,684	
HTH	19,741,358.00	19,741,358.00	\$19,741,358	\$16,797,922	\$19,741,358	
MVH	10,417,900.00	10,417,900.00	\$10,417,900	\$4,574,500	\$10,195,597	
MOH	20,913,971.00	20,913,971.00	\$20,913,971	\$20,370,208	\$23,076,024	
SOH	24,467,998.00	24,467,998.00	\$24,467,998	\$23,775,554	\$23,774,932	
SUH	25,086,312.00	37,086,312	\$45,627,823	\$16,526,397	\$18,251,235	
	180,000,000.00	194,242,398.00	205,147,371.00	157,733,642.00	174,638,772.00	
		194,242,398		\$180,000,000	\$180,000,000	
		180,000,000		\$157,733,642	\$174,638,772	
		14,242,398		\$22,266,358	\$5,361,228	
(a) SGI total includes "Prop BB" Funds:\$12,000,117-"State Match":\$25,462,401-"Grants":\$9,951,210						
(b) "Prop O Original Budgets-Facilities Accounting 2.3.12". Data date not provided.						
Agrees with "SUHSD-Facilities Accounting-Truecourse-Total Expenditures"						
(c) TrueCourse difference in original starting budgets reflects plus \$12,000,000 to SUH and \$2,242,398 to CVM						
from Prop BB \$15,010,686. Additional BB funds allocated to BVH,GJH						
Prop O Original Budgets-Facilities Accounting 2.3.12+"End Discrep"						

Original budgets are almost always revised during the planning stages of projects. EH&A compared current budget data provided by the District and SGI (Figure W). The “current revised budget” is reflected here as the anticipated cost to complete the project. Current budgets differ from original budgets because funds were added from several sources including Proposition BB, state matching funds, grants, and transfers between projects. We found that District and SGI budgets match exactly, with the exception of the budget for Montgomery High School.

Budgeting and accounting for facility projects will often differ between the program manager and the district. This due to the multi fund and multiyear nature of facility projects compared to the annual accrual accounting used for district fund accounting. The two methods seem to have been reconciled between the district and the program manager during ongoing conversations for the transactions that EH&A tested.

Figure W
Current Revised Project Budgets – Comparing District and SGI Records

Comparison of Current Revised Budgets District & SGI			
Campus		District Revised Project Budgets Dec '11^(a)	SGI-Project Status Summary Budgets 9.7.11 ^(b)
CVM		\$12,664,628	\$12,664,628
NCM P1		\$17,958,920	\$17,958,920
SOM		\$16,743,126	\$16,743,126
CVH		\$31,696,497	\$31,696,497
HTH		\$31,123,992	\$31,123,992
MVH		\$10,195,597	\$10,195,597
MOH		\$23,076,024	\$24,306,868
SOH		\$31,788,463	\$31,788,463
SUH		\$55,642,649	\$55,642,649
		\$230,889,896	\$232,120,740
(a) "SUHSD-Facilities Accounting-Truecourse-Total Expenditures"			
(b) SGI "Project Status Summary" reports 9.7.11-Reports to CBOC			
Prop O Original Budgets-Facilities Accounting 2.3.12+"Current"			

Budget Growth Rate

EH&A reviewed the budgets for projects and how they may have changed throughout the life of the program. Figure X shows project budget changes from “starting budget” to “current revised budget”, using the costs from Figures V and W, respectively. NCM Phase 2 was not built during Phase 1 and is not included in this analysis. EH&A found that budget allocations for all projects varied between -2% to +122% with a total increase of costs of 40% over the time period.

EH&A was advised that significant budget changes occurred on certain projects due to the receipt of additional funds from the State. This does not completely explain all the differences although most projects have increased due to State funds. Public discussion should occur with the board and staff regarding the additional State funds, the additional buildings and facilities that were programmed and the

change in priorities, the increase in costs, and/or other factors that may have led to an increase or decrease in funding allocations.

The lack of accurate project budgets between the District and SGI can make accurate tracking of changes difficult. Funds for a single project could result in allocating more funds than are available.

Figure X
Projected Budget Growth Rate through November 2011

Project Budget Growth Rate			
Campus	TrueCourse Original Budgets ^(b)	% Change	District Revised Project Budgets-Dec '11 ^(a)
CVM	8,649,707.00	46%	\$12,664,628
NCM P1	16,191,703.00	11%	\$17,958,920
SOM	14,738,042.00	14%	\$16,743,126
CVH	24,519,408.00	29%	\$31,696,497
HTH	19,741,358.00	58%	\$31,123,992
MVH	10,417,900.00	-2%	\$10,195,597
MOH	20,913,971.00	10%	\$23,076,024
SOH	24,467,998.00	30%	\$31,788,463
SUH	25,086,312.00	122%	\$55,642,649
	164,726,399.00	40%	\$230,889,896
Sweetwater HS (SUH) Removed		25%	
(a) "SUHSD-Facilities Accounting-Truecourse-Total Expenditures"			
(b) "Prop O Original Budgets-Facilities Accounting 2.3.12"			
Data date not provided.			
Prop O Original Budgets-Facilities Accounting 2.3.12+"Change Rate-Budgeted"			

Figure Y shows the increase in budgets that were carried on the books from January 28, 2008 to December 2011. In December 2011, the District analyzed the current expenditures to date and revised the estimated costs to complete each project (Figure Y).

Figure Y shows a downward revision of the budgets based on estimated costs to complete at the 90% complete mark. District staff indicated this revision would determine projected project savings in order to plan for the next phase of work. The estimated cost difference to complete these projects varies, by project, from -27% to +99%, and averages a 23% increase. This adjustment yielded a savings of approximately \$31 million. These savings have been rolled into the next round of projects approved by the board. We conclude that the Figure X budgets were conservative, ensuring that projects would be completed within budget. Figure Y, on the other hand, provides a more accurate picture of the anticipated final project costs and of actual budget growth over time.

Figure Y
Estimated Final Budget Growth December 2011

Project Budget Growth Estimated Total Cost to Complete ^(c)			
Campus	TrueCourse Original Budgets ^(b)	% Change	Estimated Cost to Complete ^(a)
CVM	8,649,707.00	31%	\$11,293,576
NCM P1	16,191,703.00	-18%	\$13,223,104
SOM	14,738,042.00	37%	\$20,175,560
CVH	24,519,408.00	18%	\$29,026,948
HTH	19,741,358.00	22%	\$24,108,546
MVH	10,417,900.00	-5%	\$9,919,485
MOH	20,913,971.00	28%	\$26,684,621
SOH	24,467,998.00	-27%	\$17,843,749
SUH	25,086,312.00	99%	\$50,016,180
	164,726,399.00	23%	\$202,291,769
Sweetwater HS (SUH) Removed		9%	
(a) "SUHSD-Facilities Accounting-Truecourse-Total Expenditures"			
(b) "Prop O Original Budgets-Facilities Accounting 2.3.12". Data date not provided			
(c) At 85% complete mark as measured by cost to complete value provided			
Prop O Original Budgets-Facilities Accounting 2.3.12+"Change Rate-Actual"			

EH&A reviewed the budget revisions to determine if project budgets were significantly decreased, or if the allocation of funds were shifted to other projects. EH&A discovered project budgets increased due to increases in funding available for the projects.

Findings

1. The District and SGI maintained separate accounting records and tracking of project budgets.
2. The SGI budgets were higher than the District budgets because the availability of funds included state funding as well as Proposition O funds.
3. Original budgets were revised as the projects moved through the design and programming stages.
4. Budget allocations for all projects varied between -2% and +122% for projects between the original budget amount established by the District in 2008 and the allocations revised in December of 2011.
5. An average change rate of 40% for project budget projections occurred between 2008 and 2011.
6. The final anticipated growth for all projects, based on estimated costs to complete made by the District in December 2011, is 23%.

Recommendations

1. The District should work to restrain project budget growth and to include contingency allocations for each project and for the overall program.

2. Funds that are added to expand scope on one campus are funds that are not available for projects on other campuses. The allocation and reallocation of funds should be carefully considered and discussed under the leadership of the chief facilities executive and determined by the board.
3. The changes in budgets and budget growth should continue to be reviewed with the independent Citizens' Bond Oversight Committee (CBOC).
4. The chief facility executive should facilitate an inclusive and transparent process to systematically prioritize project needs for each campus, to allocate resources when available.
5. Budget allocations should be discussed with the CBOC, and the District should continue to regularly review the recommendations for changes in budgets and allocations by the staff.

Communication Performance

Public Outreach

Under board direction, the District hired the firm Martzen and Martzen to assist with public outreach, including organizing and coordinating as follows:

1. Contractor outreach
2. Meetings with civic groups
3. Ground breakings
4. CBOC annual report brochure production
5. Informational flyers
6. Web site construction & maintenance

This outreach effort was professional and provided an important, positive flow of information to the community. The web site, buildingpropo.com, is attractive, fairly easy to navigate, and kept updated with import CBOC information.

These efforts to inform the public concerning the successes of the program were in some measure countered by the recent negative publicity.

Findings

1. The program manager subcontracted with a public relations firm to assist with public outreach. Considerable resources have been expended toward this effort.
2. The outreach efforts were professional and robust and provided a positive flow of information to the community.
3. The web site is updated regularly and comprehensive and is easy to navigate.
4. The ground breaking and ribbon cutting ceremonies were well organized and are considered a component of the public relations outreach for the Proposition O program.

Recommendations

1. The District should develop an outreach program coordinated by the communications department and re-evaluate the best mix of in-house and outsourced public relations services.

2. A QBS process should be issued if the District chooses to outsource future public relations services.
3. A key component of the new outreach effort should be a focus on steps taken by the District to rebuild the community's confidence in the Proposition O program. The outreach effort should include active solicitation of community input and reports to the community on the District's response to the community's suggestions. The new outreach coordinator should be a capable ombudsman.
4. The District's communications department could be assigned the function of public outreach for the Proposition O program and employ its own spokesperson. The District will be able to save considerable resources and increase internal capacity by employing a spokesperson and outreach coordinator.

Citizens' Bond Oversight Committee

CBOC and General Compliance

The CBOC was established in a timely fashion after passage of the Proposition O bond in compliance with Proposition 39 requirements (Total School Solutions audit). The committee has made regular public reports before the board and issued annual reports for each year of operation. These reports and meeting dates are easily accessed via the Proposition O website.

Finding

The CBOC was established in a timely fashion and continues to meet on a regular basis.

Recommendation

The CBOC should continue to meet on a regular basis and review documents and status reports to ensure that projects and expenditures continue to meet the requirements of Proposition 39 and the ballot measure and board resolution authorizing and outlining expenditures for district's Proposition O bond program.

CBOC Support Costs

Proposition 39 requires that CBOC expenses, such as office resources, duplication costs and training, are paid out of the District's general fund, and not out of bond dollars.

It is both time and cost effective for the program managers to prepare the reports that are reviewed by CBOC members in the course of preparing, printing and distributing reports for District staff and board attendees. Program managers preparing these reports should develop these materials for District review and distribution to the CBOC.

EH&A did not research or examine records to determine whether the program administrators, when preparing financial and summary reports for many consumers, are parsing their report preparation time and printing costs between District reviewers and CBOC reviewers.

EH&A did not detect that budgets for snacks or sandwiches provided to CBOC members are provided from bond funds or general funds. The District should research and monitor this to ensure compliance.

Finding

The CBOC is administered by the program manager with support from the District.

Recommendation

The District's chief facility executive should support the education and function of the CBOC and work with the fiscal, purchasing and contracts specialists produce user friendly reports and documents providing greater understanding and increased transparency in the Proposition O program.

Sweetwater CBOC Perspective

EH&A met with the CBOC chair on two occasions, and attended a committee meeting and a joint meeting of the committee and the board. EH&A had an opportunity to speak briefly with several members and reviewed the Proposition O CBOC web reports. EH&A discovered that the District CBOC has worked diligently to provide capable oversight and is eager to improve its effectiveness and apply its expertise. A member with a construction background has joined the committee and will add additional value to the other members, who have expertise as well.

It is necessary for CBOC members to become knowledgeable in construction sequencing, compliance rules, facility planning, design, construction, and closeout, as well as project budgeting and financial accounting.

In a program the size of Proposition O, a great deal of information appears to be shared with the committee on a regular basis such as reports on the financial status of each project, change order trends, schedule developments and sources and uses of funds.

Depending upon the level of expertise in the District, the chief facility executive could use the services of outside experts to assist in building the capacity of the CBOC to understand the complexities of public contract code, best practices in selection of consultants, fiscal and budget reports and schedules and fees as needed. This approach has been utilized in other districts to strengthen the CBOC's understanding of the bond program and the unique nature of California school facility funding, design, pre construction, programming and construction.

The CBOC and its proceedings can serve to increase transparency in the operations and can also play a critical role in increasing the community's confidence in the Proposition O program.

Finding

The CBOC consists of a dedicated group of community members who seek to understand a complex and labor intensive program.

Recommendation

The CBOC should play a critical role in increasing the community's confidence in the Proposition O program.

Performance Metrics for CBOC Oversight

As an alternative to outside expertise, committee members can become versed at identifying and monitoring key performance measures. We offer the following:

Central performance measures should address one of the three primary construction variables: *Scope, Schedule or Budget*. For a metric to be instructive it must contrast two points in time. As a performance measure, it is not useful to see an updated project schedule. It is necessary to contrast the updated schedule with a baseline schedule. There is a story behind every significant change in the schedule.

The same relationship holds for budget reviews with the caveat that project budgets should always be studied in relationship to the entire program budget. New sources of funding may become available and changes in the sources of funds result. In the absence of increasing funds, adding budget and scope to one project will reduce budget and scope for some other project.

It is not in the purview of oversight committees to approve or reject these planning decisions but knowing how these changes will affect other projects will be of interest to committee members and the public.

We refer CBOC members to our Cost Performance section above for additional recommendations for appropriate metrics and values for evaluating program performance.

Finding

The CBOC is seeking additional information and metrics to focus on performance, scope, schedule and budget for projects.

Recommendation

The CBOC should be administered by the District's chief facility executive with support from District staff and an outside independent consultant if necessary. The program manager should be available at CBOC meetings to be a resource.

Transparency

The District asked for suggestions to improve the transparency of the Proposition O program and the related transactions.

The board discussed influence in the selection of vendors during its discussion on guidelines and bylaws of the board and declared in a statement on February 12, 2012, that *"the Board of Trustees should not attempt to influence selection of vendors, personnel or contact the media"*. The board is to be complimented for signing this statement. In addition to many of the suggestions previously provided regarding improved processes and policies, additional steps and board policies could be developed to improve the transparency of the Proposition O program. Board policies could be developed addressing the selection of contractors and consultants and regarding the banning of gifts and donations.

Findings

1. In its statement of February 12, 2012, the board confirmed its interest to not influence the selection of vendors.
2. The District is interested in improving the transparency and in standardizing procedures regarding the QBS process governing the merit based selection of consultants and contractors.

Recommendations

1. The District should work with its legal counsel and develop a policy for board consideration, restricting all gifts and donations from consultants and contractors. The policy should define gifts and donations to District staff and board members and should address a restriction or a ban on gifts and donations before, during and after a contract period.
2. The contracts administrator should assist in overseeing this policy on gifts and donations to employees and board members and the requirement should be included in the contractor pre-qualifications check list.

Staff Surveys

EH&A conducted a survey of campus administrators active with the Proposition O projects (Exhibit 19). The survey questions were designed to evaluate the effectiveness of program efforts in the following areas:

- Programming
- Design
- System performance
- Communication in general
- Communication with change orders

The twenty-two question survey was sent to thirty two individuals involved with all nine major project sites. Respondents were asked to read a statement and indicate their level of agreement. Respondents were also able to add their own comments. We received responses from five individuals representing 3 project sites.

Given the small size of the response (16%) we are unable to determine whether the responses are a good measure of performance. Further complicating any meaningful evaluation of the results, we note that two of the five responders were commenting on the Southwest Middle and Southwest High school sites. Both of these projects were halted and the District is in litigation with the contractor. The remaining three respondents commented on the Chula Vista High project.

All comments received are listed below:

Chula Vista High

“AC still not working in New Library

More discussions on final designs to school staff that has to work with buildings after all is done

Overall grade: A for SGI and A+ for Turner Construction”

“The entire crew of Prop O worked well to meet the needs of the school during the construction phase of the project. Weekly meetings and updates help monitor and support the school”

“Overall, the Prop. O Team did a great job at CVHS. Construction meetings held at the site were very beneficial in helping us keep the staff informed of the progress of construction.”

Southwest High

“We have no idea of the status of this project.”

Findings

1. A survey was sent to 32 school site level staff, to obtain information on the satisfaction levels regarding the projects constructions from Proposition O funds.
2. The survey was returned by 5 of the individuals who were surveyed (16% response rate).
3. The responses were positive from three of the respondents and two respondents questioned the status of the project at Southwest High School.

Recommendation

The District should obtain a larger sample of those surveyed by EH&A, and follow up with those that did not reply regarding satisfaction with the facilities funded from Proposition O.

Conclusions

The guidance, observations, findings and recommendations included in this report are provided to the Sweetwater Union High School District in the spirit of increasing efficiencies and improving the systems and procedures governing the Proposition O Bond Program.

The District and its program managers, Gilbane/SGI and most recently SGI, used innovative techniques and many best practices in school facility programming, design, preconstruction, construction, recordkeeping and technology to manage complex systems and construct state of the art facilities.

The facilities constructed have improved the teaching and learning environment and will serve the community for many years to come.

Management, cost, and communication are key components in this study. Many improvements can be made in these areas to improve and strengthen the efficiency and effectiveness of the Proposition O program. This report includes 59 findings, 55 recommendations, 26 figures, and 19 exhibits. Several additional references are provided to increase understanding of best practices in the field of school facilities.

The intent of this performance audit has been to analyze and review the information available and to provide suggestions and ideas for improvements with a narrative explaining the importance of these alternatives. School facility bond programs are complex. Many disciplines are involved. Millions of dollars are expended. It is in the best interest of the District, the staff, program managers and all those that assist in this process to attempt to improve the program and to employ practices and procedures that allow a better product to be built using fewer resources.

Eric Hall & Associates appreciates the opportunity to provide this performance audit to the Sweetwater Union High School District.

Exhibit 1

SUHSD Proposition O November 2006

SWEETWATER UNION HIGH SCHOOL DISTRICT

Proposition O

(This proposition will appear on the ballot in the following form.)

PROP O **School Classroom, Safety and Repair Measure.**
To improve learning/safety at every Sweetwater Union High School District campus by repairing/earthquake retrofitting classrooms/restrooms; installing upgraded fire safety systems, security fencing, safety lighting; upgrading science labs/computer technology; improving handicap accessibility; replacing leaky roofs, heating/air conditioning, outdated plumbing; removing asbestos, mold, and lead paint; shall the District issue \$644 million in bonds, at legal interest rates, with citizens' oversight, independent annual audits and no money for administrators' salaries?

This proposition requires approval by 55% of the voters.

Full text of this proposition follows the arguments/rebuttals.

RESOLUTION 3542 - EXHIBIT "B"

SWEETWATER UNION HIGH SCHOOL DISTRICT BOND PROPOSITION

"In order to acquire, construct, renovate and upgrade school facilities and provide major repair of existing school facilities at schools of the Sweetwater Union High School District, and in so doing increase safety and educational effectiveness of classrooms for students, shall the Sweetwater Union High School District be authorized to issue Bonds in an amount not to exceed \$644,000,000, including the furnishing and equipping of school facilities or the acquisition or lease of real property for schools and school facilities listed and further described in Attachment "1" on file at the District office and herein incorporated, which Bonds shall be issued for a term not to exceed the statutory maximum, which is twenty-five (25) years in the case of bonds issued under the authority of the Education Code and forty (40) years in the case of bonds issued under the authority of the Government Code, at an interest rate below the legal maximum, and which Bonds shall be subject to the following provisions:

- (A) That proceeds of the Bonds shall be used only for the acquisition, 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 pursuant to California Constitution Article XIII A, Section 1(b)(3) and further that the proceeds of the Bonds shall be used only for the purposes specified in California Constitution Article XIII A, Section 1(b)(3) (as amended by Proposition 39) and not for any other purpose, including teacher and administrator salaries and any other school operating expenses.
- (B) That a list of the specific school facilities projects to be funded with the proceeds of the Bonds is attached hereto as Attachment "1" and, based upon the adoption of this Resolution, this Board of Trustees hereby certifies that it has evaluated safety, class size reduction and information technology needs in developing the school facilities listed in Attachment "1".
- (C) That the Board of Trustees of the District shall conduct an annual, independent performance audit to insure that the proceeds from the sale of the Bonds have been expended only on the specific projects listed in this bond proposition.
- (D) That the Board of Trustees of the District shall conduct an annual, independent financial audit of the proceeds from the sale of the Bonds until all of those proceeds have been expended for the school facilities projects identified herein.
- (E) That the Board of Trustees of the District will, pursuant to the provisions of applicable State law, appoint a citizens' oversight committee, and conduct annual independent audits (as referenced above) to assure that the Bond proceeds are spent only on the school, facilities and classroom improvements, projects and costs identified in Attachment "1" and for no other purposes, and that the citizens' oversight committee shall meet on a regular basis and shall, where possible, include construction, finance or other qualified professionals in its membership and may, as part of its activities, review and provide comments to the Board of Trustees on bond measure expenditure plans, bond measure-related staffing and consultants, and the District's deferred maintenance plans, and shall be advisory only, and shall not replace or impede the activities or decisions of the District's Board of Trustees;
- (F) That the District's deferred maintenance plans, as periodically amended, may be reviewed by the citizen's oversight committee as a part of its activities;
- (G) That in order to maximize community benefit and to apply bond funds available, the District should pursue identified opportunities to expand the use and availability of community joint use facilities, or other joint facility use opportunities, in expanded school construction projects when practical to do so and, in pursuing such joint use, the District should take into consideration opportunities to maximize the use of such school facilities to the surrounding communities and the public in general without adversely impacting District operations, finances and in compliance with all applicable federal, State, and local laws.

Such bond proposition is also for the purpose of making the Sweetwater Union High School District eligible for State matching funds."

PR-12G0-8

SD 000-000

Attachment "1"

SCHOOL FACILITIES PROJECTS

The general obligation bond funds of the Sweetwater Union High School District ("District") would be used to renovate, upgrade and provide major repair of existing school facilities, construct and acquire new school buildings and infrastructure and related facilities costs, including, but not limited to, repair, renovation, upgrading and/or replacement of lighting and electrical systems, heating, air and ventilation (HVAC) systems, fire safety systems and equipment, including alarms, fire safety doors and sprinkler systems, bathroom facilities, plumbing and sewer systems and facilities, flooring and ceiling replacement and upgrades, abatement of hazardous materials, roof renovation, roofing upgrades and/or replacement, window/glazing replacement and upgrades, wall systems, security systems, communication systems, insulation, undergrounding of utilities, fencing site improvements (including walkways, safety fencing and grading), demolition or removal of existing buildings and related facilities, landscaping, hardscaping, athletic buildings, gyms and related athletic facilities and handicap accessibility improvements to meet current health, safety and instructional standards which will improve the overall educational experience for all students in the District. Such projects include, but are not limited to, repairing, reconstruction, renovation, modernization and construction of classrooms, libraries, computer labs, science labs, roofing, playgrounds, plumbing, electrical and network infrastructure, walls, doors and windows, athletic fields, replacement and/or installation of lunch shelters, installing fire suppression systems, providing earthquake retrofitting, installing energy efficient lighting systems to conserve electricity and save on utility costs, and related projects. Project costs for improvement or expansion of existing facilities may include, but are not limited to, some or all of the following: infrastructure and related expenses; construction, acquisition or lease of temporary, portable or permanent classrooms, instructional support and/or ancillary facilities, improving HVAC systems, and making District schools and school facilities compliant with the Americans with Disabilities Act (ADA), demolition of existing facilities. Project costs for furniture and equipment may include, but are not limited to some or all of the following: desks and tables; window and floor coverings (including tiles and carpeting); computer, media recording and presentation equipment, including but not limited to, audio systems; kitchen equipment, improvements and furnishings; science laboratory equipment; and/or other electronic equipment.

The following projects are specifically identified as projects on which the bond funds may be expended:

Bonita Vista Middle School:

- Upgrade general and special purpose classrooms and labs
- Upgrade/expand old electrical systems to meet current demands, security systems and to accommodate technology
- Upgrade/expand library, cafeteria, student drop-off area and facilities, teacher workrooms
- Upgrade Adaptive Building
- Repair/expand girls'/boys' PE locker rooms and buildings
- Repair irrigation, fencing and hardcourts
- Add covered PE/lunch area and sitework
- Renovate portable classrooms

Castle Park Middle School:

- Upgrade general and special purpose classrooms and labs
 - Renovate special education classrooms and buildings, student restrooms and portable classrooms
 - Upgrade library and school support offices
 - Upgrade Adaptive Building and Activity Center
 - Expand physical education facilities, repair outdoor athletic hardcourts and rebuild shower and locker rooms
 - Install and upgrade water systems
 - Upgrade teacher workroom
 - Upgrade existing irrigation systems
 - Improve fencing for security
 - Add covered lunch/physical education area
 - Expand parking
- PR-12G0-9

SD 000-000

SCHOOL FACILITIES PROJECTS - Continued

Chula Vista Middle School:

- Upgrade science and technology labs
- Repair music/drama auditorium
- Expand/Renovate library buildings and support facilities
- Add music, industrial technology and covered lunch and physical education area
- Replace substandard physical education shower and locker rooms
- Repair irrigation systems
- Improve fencing for security
- Renovate outdoor athletic hardcourts

Community Day Middle School:

- Repair/restore on-site infrastructure and buildings
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology

Eastlake Middle School:

- Repair/restore on-site infrastructure and buildings
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology

Granger Junior High School:

- Upgrade general and special purpose classrooms and labs and school support offices
- Upgrade science and technology labs
- Upgrade/expand old electrical systems to meet current demands, security systems and to accommodate technology
- Add/repair covered walkways
- Upgrade student restrooms, teacher workroom and cafeteria and kitchen facilities
- Repair/expand girls'/boys' PE locker rooms and replace substandard locker rooms
- Add covered lunch and physical education area
- Repair water system and irrigation systems
- Improve fencing for security
- Renovate outdoor athletic hardcourts
- Add relocatable classrooms for growth
- Expand parking
- Renovate portable classrooms

Hilltop Middle School:

- Upgrade general and special purpose classrooms and labs, school support offices and Upgrade/expand library
- Upgrade/expand old electrical systems to meet current demands, security systems and to accommodate technology
- Upgrade cafeteria and kitchen facilities, student restrooms and teacher workroom
- Renovate multipurpose room
- Replace substandard physical education shower and locker rooms
- Add covered lunch and physical education area
- Repair irrigation systems, fencing and hardcourts
- Improve fencing for security
- Renovate portable classrooms
- Add relocatable classrooms for growth

Mar Vista Middle School:

- Upgrade general and special purpose classrooms and labs and school support offices
- Upgrade/expand library
- Upgrade/expand old electrical systems to meet current demands, security systems and to accommodate technology
- Renovate physical education classroom and music classroom

SCHOOL FACILITIES PROJECTS - Continued

Mar Vista Middle School - Continued:

- Upgrade student restrooms and teacher workroom
- Update industrial technology classrooms
- Upgrade/expand cafeteria building and serving areas
- Replace physical education shower and locker rooms
- Add covered lunch and physical education area and faculty restroom
- Upgrade irrigation systems
- Improve fencing for security
- Renovate outdoor athletic hardcourts
- Renovate portable classrooms

Montgomery Middle School:

- Upgrade general and special purpose classrooms and labs, physical education and school support offices and Upgrade/expand library facilities
- Upgrade student restrooms and add additional facilities, cafeteria, Upgrade equipment and serving areas
- Upgrade/expand old electrical systems to meet current demands, security systems and to accommodate technology
- Add/repair covered walkways
- Add covered lunch and physical education area
- Install faculty restroom
- Upgrade teacher workroom
- Upgrade irrigation systems
- Improve fencing for security
- Renovate outdoor athletic hardcourts
- Renovate portable classrooms

National City Middle School:

- Construct a new classroom buildings
- Upgrade general and special purpose classrooms and labs, auditorium and existing Adaptive Gym
- Upgrade/expand old electrical systems to meet current demands, security systems and to accommodate technology
- Upgrade cafeteria and school support offices
- Refurbish library facilities
- Renovate existing student restrooms
- Upgrade irrigation systems
- Improve fencing for security
- Repair and replace walkways and outdoor athletic hardcourts
- Add covered lunch and physical education instructional area and existing student restrooms
- Add relocatable classrooms for growth
- Renovate portable classrooms

Rancho del Rey Middle School:

- Repair/restore on-site infrastructure and buildings
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology
- Expand locker facilities

Southwest Middle School:

- Upgrade general and special purpose classrooms and labs
- Refurbish library building and facilities
- Upgrade/expand old electrical systems to meet current demands, security systems and to accommodate technology
- Upgrade physical education classrooms
- Expand and upgrade student restrooms

SCHOOL FACILITIES PROJECTS - Continued

Southwest Middle School – Continued:

- Renovate school support offices and auditorium
- Repair and replace walkways and outdoor athletic hardcourts
- Replace locker rooms
- Upgrade irrigation systems
- Add covered lunch and physical education instructional area
- Renovate portable classrooms
- Improve fencing for security

Bonita Vista High School:

- Upgrade general and special purpose classrooms and labs, Bolles Theater and school support offices
- Add science labs and new classroom buildings
- Upgrade/expand old electrical systems to meet current demands, security systems and to accommodate technology
- Add restrooms
- Expand/Upgrade library, cafeteria and kitchen buildings and infrastructure
- Renovate student restrooms
- Expand/repair girls'/boys' PE locker rooms, fencing and hardcourts
- New quad
- Repair irrigation systems
- Repair/resurface walkways, floors and asphalt
- New multi-purpose room
- Renovate portable classrooms

Castle Park High School:

- Upgrade general and special purpose classrooms and labs, library buildings and facilities and Food Services building
- Expand/upgrade library and industrial technology classrooms for increased student population
- Upgrade/expand old electrical systems to meet current demands, security systems and to accommodate technology
- Upgrade PE classrooms
- Upgrade/repair girls'/boys' PE locker rooms
- Renovate and add student restrooms
- Add science labs and classroom building
- New multi-purpose room
- Upgrade support offices
- Repair PE offices, buildings and facilities, hardcourts, fencing and irrigation
- Repair and resurface floors, walkways and asphalt
- Replace sewer and water systems
- Renovate portable classrooms

Chula Vista High School:

- Upgrade general and special purpose classrooms and labs
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology
- Expand and Upgrade boys' and girls' physical education facilities, lockers and showers
- Add science lab, student restrooms and teachers workroom
- Repair Stadium
- Repair/renovate PE buildings/facilities/classrooms
- Expand and Upgrade library facilities
- New multi-purpose room/mini-gym
- Repair and resurface damaged walkways, floors and asphalt areas

SCHOOL FACILITIES PROJECTS - Continued

Chula Vista High School - Continued:

- Renovate cafeteria/multipurpose room
- Upgrade exterior fencing for security
- Expand parking
- Renovate portable classrooms

Eastlake High School:

- Repair/restore on-site infrastructure and buildings
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology
- Reconfigure for additional parking

Hilltop High School:

- Upgrade general and special purpose classrooms and labs
- Add science lab, faculty restrooms and teachers workroom
- Expand/upgrade library, cafeteria, gymnasium, multi-use room and counseling center
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology
- New multi-purpose room/mini-gym
- Improve fencing for security
- Repair and replace walkways, floors, outdoor athletic hardcourts and physical education facilities
- Replace locker rooms
- Add relocatable classrooms for growth
- Upgrade existing and add additional student and faculty restrooms
- Upgrade irrigation systems
- Expand stadium seating
- Renovate portable classrooms

Mar Vista High School:

- Upgrade general and special purpose classrooms and labs
- Add science classroom space, a computer lab and classroom building
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology
- Reconstruct cafeteria and industrial technology classrooms
- Add teacher workroom, student and faculty restroom
- Renovate existing restrooms
- Upgrade school support offices
- Add relocatable classrooms for growth
- Provide more general storage space
- Expand and Upgrade library
- Add cover to outside eating area
- Install exterior lighting for security
- Upgrade physical education facilities including boys' and girls' locker/restrooms
- Renovate portable classrooms
- Regrade and landscape grounds to improve drainage

Montgomery High School:

- Upgrade general and special purpose classrooms and labs, Gymnasium and Adaptive Gym and school support offices
- Add classrooms and science labs
- Add student/faculty restrooms
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology
- Add multi-purpose room/mini-gym

SCHOOL FACILITIES PROJECTS - Continued

Montgomery High School – Continued:

- Upgrade/expand library facilities
- Renovate kitchen and cafeteria facilities, physical educational facilities
- Repair boys' and girls' PE lockers rooms
- Upgrade industrial technology classrooms
- Repair irrigation, fencing, hardcourts
- Renovate portable classrooms

Olympian High School:

- Repair/restore on-site infrastructure and buildings
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology

Otay Ranch High School:

- Repair/restore on-site infrastructure and buildings
- Upgrade/expand electrical systems to meet current demands, security systems and to accommodate technology

Palomar High School:

- Upgrade general and special purpose classrooms and labs
- Upgrade/expand electrical systems to meet current demands, security systems and to accommodate technology
- Upgrade PE Classrooms
- Add faculty restroom to accommodate additional staff
- Expand teacher workroom

San Ysidro High School:

- Repair/restore on-site infrastructure and buildings
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology

Southwest High School:

- Upgrade general and special purpose classrooms and labs, school support offices and gymnasium
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology
- Add restrooms, classrooms and science labs
- Construct new multi-purpose/mini-gym
- Upgrade/expand library
- Upgrade industrial technology classrooms, kitchen and cafeteria
- Renovate music and drama classrooms
- Repair boys'/girls' PE locker rooms
- Upgrade teachers workroom and PE classrooms/facilities
- Repair irrigation, fencing, hardcourts
- Renovate portable classrooms

Sweetwater High School:

- Construct new classroom buildings
- Upgrade general and special purpose classrooms and labs
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology
- Add restrooms, classrooms, science labs and parking facilities
- Add/renovate portable classrooms
- Provide music and drama classrooms
- Acquire land to add campus space, parking, and classrooms to accommodate student enrollment

SCHOOL FACILITIES PROJECTS - Continued

Sweetwater High School – Continued:

- Expand/upgrade library facilities
- Repair Stadium
- Construct new concession stand
- Repair irrigation, fencing and hardcourts

Options Secondary School:

- Repair/restore on-site infrastructure and buildings
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology

Alta Vista Academy:

- Repair/restore on-site infrastructure and buildings
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology

Fifth Avenue Academy:

- Repair/restore on-site infrastructure and buildings
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology

Imperial Beach Technology Academy:

- Repair/restore on-site infrastructure and buildings
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology

Vocational and Technical Education ACT:

- Repair/restore on-site infrastructure and buildings
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology

Adult Resource Center:

- Repair/restore on-site infrastructure and buildings
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology

Chula Vista Adult School:

- Repair/restore on-site infrastructure and buildings
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology

Montgomery Adult School:

- Repair/restore on-site infrastructure and buildings
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology

National City Adult School:

- Repair/restore on-site infrastructure and buildings
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology

San Ysidro Adult School:

- Repair/restore on-site infrastructure and buildings
- Upgrade/expand electrical systems to meet current and future demands, security systems and to accommodate technology

Acquisition, Construction and Expansion of School Sites and School Infrastructure to Enable Existing School Campuses to Meet Student Needs

Proceeds of the Bonds may be used to design, acquire, construct, equip and expand school sites, buildings, facilities and campuses within the District. Acquisition and construction would include, but not be limited to, site acquisition, demolition of existing structures, site grading, design and construction of classrooms, offices, cafeteria, multi-purpose facility, playing field and other athletic facilities, school grounds, science and computer lab, library, restrooms, parking and other school buildings and facilities.

Project costs for the above-referenced projects may include site preparation, installation costs, engineering and design costs, project management costs and related costs. Project costs may also include the payment of lease payments for lease of authorized facilities, property or buildings and payment of costs and expenses for interim financing of authorized facilities (including, but not limited to, financing delivery costs). Allowable project costs also include: costs of issuing the bonds or securities (as authorized under California law), informational distribution costs and election costs authorized under State law. Funding for these projects may come from this bond measure or other District resources as the school construction needs arise.

In preparing the foregoing list, the Board of Education of the Sweetwater Union High School District has evaluated safety, class size reduction and information technology needs. Approval of the District's bond measure does not guarantee that all of the identified projects within this list will be funded beyond local funds generated by the bond measure and does not guarantee that the projects will be completed in any particular order. The District will also pursue funds from the State of California to complete the identified facilities projects. The foregoing project list assumes that the District would also receive State matching funds.

No proceeds of the Bonds shall be used for refurbishment or reconstruction of the District's administrative or business offices.

No Administrator Salaries. Proceeds from the sale of bonds authorized by this proposition shall be used only for the design, demolition, construction, acquisition, repair, renovation, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, the acquisition or lease of real property for school facilities, as identified herein, or the oversight of such activities, and not for any other purpose, including teacher and non-construction related administrator salaries and other non-construction related operating expenses.

COUNTY COUNSEL IMPARTIAL ANALYSIS

This proposition, if approved by 55% of the voters voting on the proposition, would authorize the Sweetwater Union High School District ("School District") to issue and sell \$644,000,000 in general obligation bonds on its behalf. The sale of these bonds by the School District is for the purpose of raising money for the School District, and represents a debt of the School District. In exchange for the money received from the holder of the bonds, the School District promises to pay the holder of the bonds an amount of interest for a certain period of time, and to repay the loan on the expiration date.

Proceeds from the sale of bonds authorized by this proposition may be used by the School District only for the construction, reconstruction and/or rehabilitation of its school facilities, including the furnishing and equipping of its school facilities, acquisition, or lease of real property for its school facilities and construction management by School District personnel.

The interest rate on any bond, which is established at the time of bond issuance, cannot exceed 12% per annum. The final maturity date of any bond could be no later than 25 years after the date of bonds issued pursuant to the Education Code or not later than 40 years after the date of bonds issued pursuant to the Government Code. Principal and interest on the bonds would be paid by revenue derived from an annual tax levied upon the taxable property within the School District in an amount sufficient to pay the interest as it becomes due and to provide a fund for payment of the principal on or before maturity.

Article XIII A of the California Constitution exempts from the one percent property tax rate limitation ad valorem taxes to pay the interest and redemption charges on any bonded indebtedness for the acquisition or improvement of real property, including the furnishing and equipping of school facilities, when approved by 55% of the voters if: (a) the proceeds from the sale of the bonds are used only for the purposes specified, (b) the School District, by evaluating safety, class size reduction, and information technology, has approved a list of specific projects to be funded, (c) the School District will conduct an annual, independent performance audit, and (d) the School District will conduct an annual, independent financial audit. If a bond measure is approved by 55% of the voters, state law requires the governing board of the District to establish an independent citizens' oversight committee. The School District has made this ballot proposition subject to these requirements.

Approval of this proposition does not guarantee that the proposed projects in the School District that are the subject of these bonds will be funded beyond the local revenues generated by this proposition.

A "yes" vote is a vote in favor of authorizing the Sweetwater Union High School District to issue and sell \$644,000,000 in general obligation bonds.

A "no" vote is a vote against authorizing the Sweetwater Union High School District to issue and sell \$644,000,000 in general obligation bonds.

Pursuant to Education Code Section 15272, if this Bond measure is approved, the Sweetwater Union High School District Governing Board will appoint a citizens' oversight committee and conduct annual independent audits to assure that bond funds are spent only on school and classroom improvements and for no other purposes.

TAX RATE STATEMENT

As shown on the enclosed official ballot, an election is being held in the Sweetwater Union High School District ("District") on November 7, 2006, for the purpose of submitting to the registered voters within the District the question of whether the District shall issue and sell bonds in an amount not to exceed \$644,000,000 for the purpose of providing funds for the acquisition, construction and upgrading of school classrooms and school building projects as set forth in the resolution of the District calling such bond election. This measure will authorize a tax sufficient for interest on, and redemption of, the bonds. The bonds shall bear interest at a rate, or rates to be established at such time as the bonds are sold, in one or more series, at fixed or variable interest rates not to exceed the maximum applicable statutory rate for such bonds. If such bonds are authorized and sold, the principal thereof and the interest thereon are a general obligation of the District, payable from the proceeds of *ad valorem* taxes on real property located within the District. The following information is submitted in compliance with California Elections Code Sections 9401 through 9404.

- (a) The best estimate from official sources of the tax rate that would be required to be levied to fund the bond issue during the first fiscal year after the first sale of the bonds based on assessed valuations available at the time of the election or a projection based on experience within the same jurisdiction or other demonstrable factors is \$0.027 per \$100 (\$27.00 per \$100,000) of assessed valuation.
- (b) It is anticipated that the bonds will be sold in series. The best estimate from official sources of the tax rate which would be required to be levied to fund the bond issue during the first fiscal year after the last sale of the bonds is \$0.027 per \$100 (\$27.00 per \$100,000) of assessed valuation.
- (c) The best estimate from official sources of the highest tax rate which would be required to be levied to fund the bond issue during the term of the bond issue, based on assessed valuations available at the time of the election or a projection based on experience within the same jurisdiction or other demonstrable factors, is \$0.027 per \$100 (\$27.00 per \$100,000) of assessed valuation. It is estimated that the highest tax rate would apply in the 2018-2019 tax year based on assessed valuations available at the time of the election or a projection based on experience within the same jurisdiction or other demonstrable factors.

Voters should note that these estimated tax rates are based on the assessed value of taxable property within the District as shown on the official rolls of San Diego County, not on the property's market value. In addition, taxpayers eligible for a property tax exemption, such as the homeowner's exemption, will be taxed at a lower effective rate than described above. Certain taxpayers may also be eligible to postpone the payment of taxes. Property owners should consult their own property tax bills and tax advisors to determine their property's assessed value and any applicable tax exemptions.

Attention of all voters is directed to the fact that these estimates are based on projections derived from information obtained from official sources. The actual tax rates and the years in which they will apply may vary depending on the timing of any bond sales, the amount of bonds sold, and actual increases in assessed valuations. The timing of the bond sales and the amount of bonds sold at any given time will be governed by the needs of the District. Actual future assessed valuation will depend upon the amount and value of taxable property within the District as determined by the San Diego County Assessor in the annual assessment and the equalization process.

Dated: July 25, 2006

Julian T. Lopez, Ph.D.
Interim Superintendent
Sweetwater Union High School District

PR-12G0-3

SD 000-000

ARGUMENT IN FAVOR OF PROPOSITION O

Sweetwater Union High School District is recognized as one of California's best-managed. By completing previous school construction projects ahead of schedule and under budget, saving local taxpayers \$72 million, Sweetwater was recently recognized by the San Diego County Taxpayers Association for exemplary fiscal responsibility.

Proposition BB, overwhelmingly supported by local residents in 2000, provided critically needed repairs, renovated existing schools and constructed new classrooms. Proposition O is now needed to complete the job of repairing and improving our schools ensuring all Sweetwater students attend safe, secure schools that fully support their educational needs.

Too many of our students still attend school in classrooms and labs that lack computers and up-to-date technology. Decades old restrooms, deteriorating plumbing, inefficient heating, ventilation and other building systems need to be repaired or completely replaced. Proposition O funds will be used to upgrade fire safety systems, remove asbestos and other health hazards, improve handicap accessibility and complete earthquake retrofitting.

Proposition O will upgrade vocational classrooms, giving students the opportunity to learn valuable job and technical skills preparing them for success in the workforce.

All schools and students in the Sweetwater District will benefit from Proposition O.

Proposition O will:

- Upgrade classrooms/restrooms/science labs/technology
- Improve handicap accessibility
- Remove asbestos/lead paint
- Upgrade fire and life safety systems

Proposition O is subject to strict accountability requirements, including independent citizen oversight and annual audits, to guarantee improvements specified in the District's facilities master plan are completed efficiently and as promised. Proposition O funds can only be spent on our neighborhood secondary and adult schools to benefit local students. None can be spent on administrator salaries or district offices.

Quality school facilities help retain and attract qualified teachers. Good schools maintain local quality of life and strong values.

We respectfully urge your support and YES vote for Proposition O.

GREGORY R. COX
San Diego County Supervisor

NORMA L. HERNANDEZ
Superintendent/President (Retired)
Southwestern College

DIANNE BLIVEN
2006 Teacher of the Year
Sweetwater Union High School District

RAQUEL MARQUEZ
President, Board of Trustees
San Ysidro School District

ROGER CAZARES
Ceo (Retired), MAAC Project

Exhibit 2

SUHSD Resolution No. 3542

SWEETWATER UNION HIGH SCHOOL DISTRICT

RESOLUTION NO. 3542

**RESOLUTION ORDERING A SCHOOL BOND ELECTION,)
ESTABLISHING SPECIFICATIONS FOR AN ELECTION)
ORDER, REQUESTING CONSOLIDATION WITH OTHER)
ELECTIONS OCCURRING ON NOVEMBER 7, 2006, AND)
TAKING OTHER ACTIONS**

ON THE MOTION of Member , seconded by Member , the following resolution is adopted:

WHEREAS, the Sweetwater Union High School District ("School District"), a California public school district organized and operating pursuant to the laws of the State of California, desires to acquire and construct schools and school facilities, modernize, renovate and make improvements to existing facilities, to rehabilitate and upgrade existing school facilities and add classrooms and school facilities, all as further described herein, to serve the students within the School District as further described herein ("School Facilities"); and

WHEREAS, in the judgment of the Board of Trustees of the School District ("Board") the least costly method of providing funding required for the School Facilities is by means of general obligation bonds of the School District ("Bonds"); and

WHEREAS, Section 1(a) of Article XIII A of the California Constitution enacted in 1978, subject to exceptions set forth therein, limits ad valorem taxes on real property to one percent (1%) of the full cash value of such property; and

WHEREAS, Proposition 46, approved by the voters of the State of California in June 1986, added a provision to Section 1(b) of Article XIII A to exempt from such one percent (1%) of full cash value limitation, those ad valorem taxes used to pay debt service of any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds (2/3) of the votes cast by the voters voting on the proposition for bonded indebtedness; and

WHEREAS, the Smaller Classes, Safer Schools and Financial Accountability Act ("Proposition 39") was adopted by the voters within the State of California on November 7, 2000, amended Section 1(b) of Article XIII A of the California Constitution and Section 18(b) of Article XVI of the California Constitution, and allows a California public school district, upon approval by a two-thirds vote of its Board of Trustees, to incur bonded indebtedness approved in an election conducted after such date for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of facilities or real property for school facilities, in consideration of safety, class size reduction and information technology needs, to be approved by at least fifty-five percent (55%) of the voters of such school district provided that certain findings, determinations, certifications and requirements are applicable to such a bond election and the proposition for such bonded indebtedness includes specified accountability requirements all as set forth in Proposition 39, as approved, and related State legislation ("Proposition 39 Accountability Requirements"); and

WHEREAS, under existing State law, November 7, 2006, is a Statewide General Election Date; and

WHEREAS, in the judgment of the Board, it is advisable to order the San Diego County Registrar of Voters ("County Registrar") to conduct an election within the School District on the question of whether the Bonds shall be issued and sold for the purpose as set forth below and subject to the Proposition 39 Accountability Requirements.

NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE SWEETWATER UNION HIGH SCHOOL DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. That the Board, pursuant to Education Code Sections 15100 and 15264 *et seq.*, Section 1(b)(3) of Article XIII A of the California Constitution and Section 18(b) of Article XVI of the California Constitution, hereby orders and calls an election to submit to the electors of the School District the question of whether Bonds will be issued and sold for the purpose of raising money to finance the School Facilities listed on Exhibit "A" attached hereto, on file at the School District office and incorporated herein by this reference, and for paying costs incident thereto, which election will occur on a Statewide General Election Date. The amount of the Bond Authorization shall be \$644,000,000 as further set forth in the exhibits hereto.

Section 2. That the date of the election shall be November 7, 2006.

Section 3. That the purpose of the election shall be for the voters in the School District to vote on a proposition as set forth in Section 9 hereof ("Proposition"), containing the question of whether the School District shall issue the Bonds for the purposes stated therein, including the Proposition 39 Accountability Requirements, and subject to the terms and conditions set forth in this Resolution.

Section 4. That the authority for ordering the election is contained in Sections 15100 and 15266 of the Education Code, Section 1(b)(3) of Article XIII A of the California Constitution and Section 18(b) of Article XVI of the California Constitution as amended pursuant to the provisions of Proposition 39.

Section 5. That the authority for the specification of the election order is contained in Section 5322 of the California Education Code.

Section 6. That this resolution constitutes the order of the School District to the County Registrar to call and conduct an election within the boundaries of the School District on November 7, 2006, which is a Statewide General Election Date, subject to the terms, provisions and requirements set forth herein.

Section 7. That the Clerk of the Board is directed to send, or cause to be sent, a certified copy of this resolution to the County Registrar and a certified copy of this Resolution to the San Diego County Clerk of the Board of Supervisors ("County Clerk") not later than August 11, 2006. The Clerk of the Board shall also transmit a copy of this resolution to the San Diego County Superintendent of Schools as soon after the adoption hereof as may be practical.

Section 8. Pursuant to Education Code Section 5342 and Part 3 (commencing with Section 10400) of Division 10 of the Elections Code, the County Registrar and the San Diego County Board of Supervisors ("County Board") are hereby requested to take any and all actions necessary to consolidate the election ordered hereby with any and all other elections to be held on November 7, 2006, within the boundaries of the School District, and to take all other actions necessary to call and conduct the election specified herein. The County Registrar, the County Clerk and the County Board are hereby also requested to take all other actions necessary to conduct the election called and ordered hereby.

Section 9. Based upon the requirements of the California Constitution and state law, the Proposition to be voted on by the voters in the School District in such election shall be as set forth in Exhibit "B" attached hereto and incorporated herein by this reference. A Bond Measure Statement, to comply with Elections Code Section 13247(a), is attached hereto as Exhibit "C" and incorporated herein by this reference. The form of the School Bond Election Notice is attached hereto as Exhibit "D" and is incorporated herein by this reference.

Section 10. That if the Bonds are approved pursuant to the requirements of the California Constitution and applicable California law, the Board of the School District shall establish and appoint members to an independent citizens' oversight committee (which may include members from the District's existing citizen's oversight committee) in accordance with the requirements of Article 2 of Chapter 1.5 of Part 10 of the California Education Code. The appointment(s) shall be made either at a regularly scheduled meeting of the Board, or at a special meeting of the Board, the time, place and date of which shall have been announced at a regularly scheduled meeting of the Board. At the time of making any such appointment(s), information concerning the qualifications of the oversight committee candidates to be considered by the Board (subject to redaction of personal information, such as addresses, phone numbers and e-mail addresses) shall be available to members of the public. The members of the citizens' oversight committee shall, where possible, include construction, finance or other qualified professionals in its membership. The citizens' oversight committee shall, as part of its activities, review and, as appropriate, provide comments to the Board on bond measure expenditure plans, bond measure-related staffing and consultants, and the District's deferred maintenance plans. The citizens' oversight committee shall be advisory only, and shall not replace or impede the activities or decisions of the District's Board.

Section 11. Pursuant to Education Code Section 15272 and as included in Exhibit "B" attached hereto, the Board hereby directs that the County Registrar cause to be printed in or on the ballot materials for the election the following statement:

"If this Bond measure is approved, the Sweetwater Union High School District Board of Trustees will appoint a citizens' oversight committee and conduct annual independent audits to assure that bond funds are spent only on school and classroom improvements and for no other purposes."

Section 12. That in accordance with Education Code Section 15270(a), the Bonds will only be issued if the tax rate levied to meet the requirements of Section 18 of Article XVI of the California Constitution will not exceed thirty dollars (\$30) per year per one hundred thousand dollars (\$100,000) of taxable property when assessed valuation is projected by the School District to increase by the maximum amount allowed by law in accordance with Article XIII A of the California Constitution.

Section 13. That, additionally, pursuant to Government Code Section 53410, the Board hereby finds, determines and directs as follows:

- (a) The purpose of the Bonds to be authorized pursuant to the Election is to finance the School Facilities as described herein.
- (b) The Board hereby directs that at the time the Bonds are authorized by the Board for issuance and sale, the Board shall provide, in such issuance resolution or other bond issuance documents, that the proceeds of the Bonds shall be used only for the purpose(s) set forth in Section 13(a), above.
- (c) The Board hereby directs that at the time the Bonds are authorized by the Board for issuance and sale, the Board shall provide in such issuance resolution or other bond issuance documents for the creation of one or more funds or accounts (which may include subaccounts) into which the proceeds of the Bonds, or each series of Bonds as the case may be, shall be deposited. The Bonds may be issued in one or more series consistent with applicable law, including the provisions and restrictions of this Section 13 which shall apply to each such series of the Bonds.
- (d) The School District's Superintendent shall have the responsibility (once the Bonds are authorized and issued) to provide to the Board, no less often than annually, a written report which shall contain at least the following information:
 - (i) The amount of the Bond proceeds received and expended within the identified period of time. If no Bonds have been issued and sold, the report may simply note such situation; and
 - (ii) In the event that Bonds have been issued and sold, and proceeds therefore received, the report shall include the status of the acquisition, construction or financing of the School Facilities with the proceeds of such Bonds or series of Bonds.

The report required by this Section 13(d) may be combined with other periodic reports which include the same information, including, but not limited to, periodic reports made to the California Debt and Investment Advisory Commission, continuing disclosure reports, annual audit reports or other reports made in connection with the Bonds or any series thereof.

The requirements of this Section 13(d) shall apply only until all Bonds, or each series of Bonds, are redeemed or defeased, but if the Bonds or any series of Bonds are refunded, such provisions shall apply until all such refunding Bonds are redeemed or defeased.

Section 14. That any or all of the members of this Board are authorized to act as an author of any ballot argument prepared in connection with the election, including a rebuttal argument.

Section 15. The Board hereby states that, in connection with the bond measure described and ordered herein, that the School District has on file plans and policies to address issues of deferred maintenance of School District properties and facilities, with a goal thereof to eliminate deferred maintenance of School District properties and facilities using available funds, including, but not limited to state funding to reduce deferred maintenance of School District properties and facilities. Pursuant to the provisions of applicable state law, the independent citizens' oversight committee referred to above, will have the authority to receive, review and comment upon the School District's deferred maintenance plans and programs.

Section 16. That the Superintendent, President of the Board, and their designees, are hereby authorized to execute and deliver any Tax Rate Statement (prepared or provided pursuant to Elections Code Sections 9400-9404) or any other document and to perform all other acts necessary to place the Bond measure called hereby on the ballot.

Section 17. That the Superintendent, President of the Board, and/or their designee(s) are hereby authorized and directed to make any changes to the text of the proposition referenced in Section 9 of and set forth in Exhibit "B" as required to conform to any requirements of Section 1(b) of Article XIII A of the California Constitution, the Proposition 39, state law or the County Registrar.

Section 18. That the adoption of this resolution is not a "project" for purposes of the California Environmental Quality Act, Division 13 (commencing with Section 21000) of the Public Resources Code ("CEQA") but that each of the projects specified in Exhibit "A" will be accomplished in accordance with the requirements of CEQA. The Clerk of the Board is directed to complete, execute and file, or arrange for filing of, a Notice of Exemption in such regard.

PASSED AND ADOPTED by the Board of Trustees of the Sweetwater Union High School District, County of San Diego, State of California, this 24th day of July, 2006, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

State of California)) SS
County of San Diego)

I, Sandra L. Smith, Clerk of the Board of Trustees of the Sweetwater Union High School District, County of San Diego, State of California, do hereby certify that the foregoing is a true copy of a resolution adopted by such board at a regular meeting thereof, at the time and by the vote therein stated, which original resolution is on file in the office of such board.

Sandra L. Smith, Clerk

July 24, 2006
Date

Exhibit 3

Performance Audit, SUHSD RFP 2011



**AUDIT REQUEST FOR PROPOSAL
FOR
PERFORMANCE AUDIT OF PROP O BONDS UNDER PROPOSITION 39**

RFP No. 12-2274-GP

**PROPOSAL DEADLINE DATE
4:00 pm Wednesday August 24, 2011**

PLEASE SUBMIT PROPOSALS TO:

SWEETWATER UNION HIGH SCHOOL DISTRICT
Attn: Georgette Parkerson, Purchasing Department
1130 Fifth Avenue
Chula Vista, CA 91911
Phone: (619) 691-5540

SWEETWATER UNION HIGH SCHOOL DISTRICT REQUEST FOR PROPOSAL

RFP No. 12-2274-GP

Background

Sweetwater Union High School District “the District” was established in 1920 and covers approximately 153 square miles. The District provides education for grades 7-12 and is currently operating: eleven middle schools, twelve high schools, one continuation high school, five adult schools, and four alternative education schools. One charter school also operates within the District boundaries.

On November 7, 2006, the voters of San Diego County approved by more than 55% Proposition O, authorizing the issuance and sale of \$644,000,000 of general obligation bonds. On March 12, 2008, the District issued a series of 2008A of the Election of 2006 General Obligation Bonds in the amount of \$180,000,000.

Proposition O is a Proposition 39 bond. The passage of Proposition 39 on November 7, 2000 amended the California Constitution to include accountability measures. Specifically, the District must conduct an annual independent performance audit to ensure that funds have been expended only on the specific projects listed as well as an annual, independent financial audit of the proceeds from the sale of the bonds until all of the proceeds have been expended for facilities projects.

Upon the passage of Proposition 39, an accompanying piece of legislation, AB 1908 (Chapter 44, Statutes of 2000), was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond measure pursuant to the 55% majority authorized in Proposition 39 including formation, composition and purpose of the Citizens’ Bond Oversight Committee, and authorization for injunctive relief against the improper expenditure of bond revenues.

The Citizens’ Bond Oversight Committee was comprised of the following members as of June 30, 2011:

<u>Name</u>	<u>Representation</u>
Maria Arroyo	Parent-Teacher Organization Member
David Butler	At-Large Member
Guillermo Camarena	At-Large Member
Debbie Espe	Bona Fide Taxpayer Association Member
Dency Souval	Senior Citizen Organization Member
Lourdes Valdez	Business Organization Member
Bernardo Vasquez	Parent of SUHSD Student Member

I. Sweetwater Union High School District Request for Proposal

A. Address to Send Proposals

The Sweetwater Union High School District is requesting audit proposals from interested Certified Public Accountants. Detailed information regarding the nature of the audit follows later in this request for proposal.

Please send proposal to:

Sweetwater Union High School District
Attn: Georgette Parkerson, Purchasing Department
1130 Fifth Avenue
Chula Vista, CA 91911
(619) 691-5540

Proposal **must include “RFP No. 12-2274-GP” on the outside of the sealed proposal** and must be received by **4:00 pm Wednesday August 24^h, 2011**. All proposals will become property of the official files of Sweetwater Union High School District without any further obligation to the proposer on the part of the Sweetwater Union High School District, (hereinafter referred to as “the District”).

B. Purpose and Scope of RFP

The Proposition O Bond Program is subject to the requirements of Proposition 39, which includes annual financial and performance audits. **The scope of this RFP is limited to the Performance Audit of the Bond Program.**

In accordance with Proposition 39, a Financial Audit will be conducted by a separate firm. The Performance Auditor will coordinate as necessary with the Financial Auditor.

The Performance Audit shall provide an independent review and evaluation of the following issues and recommend improvements where appropriate:

1. The Management Program and Plan for the current Bond Program.
2. Design and Construction Timelines which include benchmarking to industry standards or averages.

3. Review of Project Budgets.
4. Use of Best Practices and Technology Regarding the Planning and Construction of School Facilities.
5. Payment Procedures and Payment Processing Time.
6. Program and Construction Management Structure including consultants, district staff and fees.
7. Change Order Procedures and Results which include benchmarking to industry standards or averages.
8. Construction Project Delivery Methods and Performance Analysis.
9. “Best Practices” for Procurement of Contractors and Professional Services and compliance with public contracting code.
10. Evaluation of Public Outreach and Communication Program.
11. Evaluation of Overall transparency of Bond Program, including but not limited to the evaluation of the bond website information.
12. Compliance with legal requirements for prevailing wage and labor compliance.
13. Review performance of Independent Citizen’s Bond Oversight Committee.

C. Assistance Available to the Auditor

1. District staff and consultants will be available to provide audit assistance.
2. **Exhibit 1** presents the audit firms who performed the most recent bond program audits.
3. The District will issue required representation letters. Ms. Dianne Russo, Interim Deputy Superintendent of Operations will be the individual to sign representation letters.

D. Report Requirements

1. The Audit Report shall be addressed to Dr. Edward Brand, Interim Superintendent and Board of Trustees of the Sweetwater Union High School District
2. A Management Letter addressed to Ms. Dianne Russo, Interim Deputy Superintendent of Operations, which shall explain in greater detail the findings. It should also include a statement of audit findings and systems, legality of actions, other instances of non-compliance with laws and regulations, and any other material matters, if applicable.
3. The auditor may be expected to make a formal presentation of the audit report to the Board of Trustees and/or The Citizens' Bond Oversight Committee.

E. Timeline

1. RFQ Issued **Wednesday August 10, 2011**
2. Questions must be submitted by **4pm Thursday, August 18, 2011** in writing by fax to (619) 426-2397 or by email to Georgette Parkerson (georgetta.sourbeer@sweetwaterschools.org).
3. Audit Proposals shall be submitted by **4:00 pm Wednesday August 24, 2011**.
4. The contract will be awarded **Monday September 19, 2011**.
5. Audit work may commence when the selection of the auditor is completed. Any additional audit work must be authorized by the Interim Deputy Superintendent.

F. Contractual Arrangements

1. The audit contract will be for a specified period of time.
2. A draft of the audit report must be made available by **Friday, October 29, 2011**.
3. Sufficient copies of the audit report shall be provided in order to supply each School Board Member with a copy of the report, as well as to provide each responsible member of management with a copy. In

addition, sufficient copies shall be provided to supply state and local authorities with copies.

4. Each Auditor shall retain the audit work papers for at least five (5) years. The working papers will be available for examination by authorized representatives of the appropriate agency involved with special projects operated by the District. Also, the State Controller shall be granted access to audit working papers prepared by the auditors, if requested.
5. The District reserves the right to reject any and all proposals submitted and to request additional information from all proposers. The contract will be made to the firm, which, in the opinion of the District is best qualified based upon the criteria, which is considered necessary.

II. Information to be Provided by the Proposers

In order to simplify the review process and to obtain the maximum degree of comparison, auditors should organize their proposals in the manner specified herein:

A. Title Page

Show the RFP subject, the name of the proposer's firm, local address, telephone number, name of the contact person, and the date.

B. Table of Contents

Include a clear identification of the material by section and by page number.

C. Letter of Transmittal

Limit the letter to one or two pages.

1. Briefly state the proposer's understanding of the work to be done and make a positive commitment to perform the work within the time period.
2. State the names of the persons who will be authorized to make representations for the proposer, their titles, addresses, and telephone numbers.

D. Profile of the Proposer

1. State whether the firm is local, regional, national, or international.
2. State the location of the office from which the work is to be done and the number of partners, managers, supervisors, or others who will actually be available to perform significant services under this contract.
3. Describe the range of services including hourly costs provided by the local office, such as auditing, accounting, tax service, or management service.

E. Mandatory Criteria

1. Affirm that the proposer is a properly licensed Certified Public Accountant
2. Affirm that the proposer meets the independence standards of the GAO Standards for Audit of Governmental Organizations Programs, Activities, and Functions
3. A copy of the most recent peer review report.
4. A description of continuing education training given over the past two years to all audit team members who are listed in the proposal
5. A statement regarding their independence
6. A statement of any business, family or financial interest that the Proposer may have with any officer, agent, employee, or director of the District.
7. A statement regarding the status of any disciplinary actions against the firm
8. Cost of the proposal/fees

F. Optional Criteria

1. A biography of each item member assigned to the audit
2. A list of school audits performed by the firm and by the team members included in the proposal, within the last two (2) years
3. List of at least five (5) client references
4. An overview of the clients audit approach

5. Estimated hours by staffing level assigned
6. What the hourly rate is for each staffing level assigned
7. Whether they will subcontract out and the qualifications of the intended subcontractor(s)
8. Whether they are properly insured.
9. The audit timeline.

G. Summary of the Proposer's Qualifications

1. Identify the supervisors who will work on the audit. Please include résumés including relevant experience and continuing education for each supervisory person to be assigned to the audit. The résumés may be included as an appendix.
2. Identify client references and school district bond programs most recently audited, including contact personnel at each agency.

H. Agreed Upon Procedures

1. State whether the examination will be made in accordance with generally accepted auditing standards and consistent with Proposition 39 objective to ensure that funds are spent on projects for which the ballot initiatives indicated the funds would be used and that such an examination is subject to the inherent risk that errors or irregularities may not be detected.
2. State conditions, that if discovered, would lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services the auditor will promptly advise the District. Finally, state that extended services will not be performed unless they are authorized in the contractual agreement or in an amendment to the agreement.
3. State whether the compliance audit will be made in accordance with generally accepted auditing standards and the GAO Standards for Audit of Governmental Organizations, Programs, Activities and Functions.

III. Evaluation of Proposals

The selection of an auditor will be dependent upon both fees and technical expertise in school audits. The following factors will be considered in making the final selection.

1. Technical experience of the firm in previously performing audits of this nature, size, and scope. (30 percent)
2. Responsiveness of the proposal in clearly stating an understanding of the work to be performed. (15 percent)
3. Qualifications of the staff that will actually perform significant audit services under this contract. (30 percent)
4. Cost of the work to be performed. (25 percent)

IV. Selection Process

1. All project proposals received by the specified deadline will be reviewed by the Sweetwater Union High School District's evaluation team for content, completeness, experience, qualifications, and fees.
2. The Sweetwater Union High School District reserves the right to select the firm that best meets the needs of the District, based on the criteria set forth herein. The District reserves the right to waive minor irregularities in the RFP and in the proposals submitted in response to the RFP. The District may or may not conduct interviews as part of the selection process. The District reserves the right to reject any and all Project Proposals and to negotiate the terms and conditions of the contract for the procurement of audit services.
3. By submitting the Project Proposal in response to the RFP, the audit firm must acknowledge and accept the terms and conditions of the District's standard Agreement for the Professions Services contract form, a copy of which is attached hereto.

Note: The Sweetwater Union High School District and its District Administration reserves the right to modify the selection process.

Exhibit 1

The following presents the audit firms who performed the most recent bond audits:

Christy White Accountancy Corporation— 2009/2010

Nigro, Nigro, & White, PC— 2007/2008, 2008/2009

Total School Solutions— 2006/2007

Exhibit 4

Performance Audit, EH&A RFP September 2011



Sweetwater Union High School District

Proposal for Facility Consulting Services

Proposition O Bond Performance Audit

RFP No. 12-2274-GP

September 2nd, 2011

Period of Review: Fall 2006 to Summer 2011

Lead Auditor & Contact

David Randolph

408 480-7127

david@erichallassociates.com

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Letter of Transmittal

Audit Purpose & Basic Scope

Eric Hall & Associates proposes to conduct an in depth Performance Audit of the key management, control, and communication processes employed by the Sweetwater Union High School District (District) and the District's consultants to implement the Proposition O Bond Program. In accordance with Federal Government Accounting Standards, Article 13A of the California Constitution, and Section 15286 of the Education Code, we will conduct interviews, examine documents and analyze budget and cost records as needed to provide the Sweetwater Community with a clear picture of the Program to date.

Our final report will include findings and recommendations for use by District Program Managers and the greater Sweetwater Community to measure performance. Our findings will be described in a narrative format that will chronicle the history of the program. We will endeavor to give the reader a sense of the drama, urgency, challenges, accomplishments, and significant effort that is the flesh and blood of an undertaking of this magnitude, providing a human context for the facts and figures.

In addition, we will provide a Management Letter summarizing our key findings and recommendations, and providing detail of any issues of concern and compliance.

Our Draft Audit will be completed on or before October 29th, 2011. Along with the Final Audit Report we will prepare a Power Point summary for presentation to the Citizen's Oversight Committee and the Board.

Audit Team

The following team members will be authorized to make representations for Eric Hall & Associates:

Eric Hall-President	760 519-8531
David Randolph-Associate	408 480-7127
Bob Nicholson-Associate	858 414-6268
Victoria Carreón-Associate	619 843-6716
Schahrzad Berkland-Associate	760 602-9352



Proposer Profile

Eric Hall & Associates is a small firm based in Carlsbad, California serving District clients throughout the State. Collectively, our team possesses extensive knowledge obtained at the senior managerial level in school fiscal, operational, and capital program management as well as possessing expansive architectural, general contracting, and construction management expertise. Our experience has been acquired from inside school districts and County Offices of Education, and from the private sector working directly as builders and construction professionals. We believe this depth of experience makes us uniquely qualified to assess program performance in light of industry and government best practices.

Following are highlights of the experience that our audit team would bring to bear with this review:

Eric Hall-President

Eric brings thirty two years of district administrative experience, including service as both an Assistant and Associate Superintendent of Business Services. Eric is a past chair of California's Coalition for Adequate School Housing (CASH) and a core instructor for CASH's Facilities Leadership Academy. Since establishing Eric Hall & Associates in 2006, Eric has served as Interim Chief Business Officer for several districts and as an instructor for the California Association of School Business Official's (CASBO) CBO training program. While at San Dieguito USD, Eric was instrumental in the establishment of nine separate Community Facility Districts with a bonding capacity of \$450 million, and played the lead role in orchestrating the construction of fifteen new schools and modernization work valued at approximately \$150 million.

Eric would provide guidance, supplemental analysis, and oversight of the audit team.

David Randolph-Associate

David has thirty years of experience in construction, producing award-winning residential projects, green buildings, affordable housing, and successful school capital programs. David graduated with honors from Williams College with a BA in Political Science. He is a licensed General Contractor and a graduate of the CASH Leadership Academy. David can combine his "nuts & bolts" knowledge of building, business, regulatory code and construction management to obtain an in depth understanding of a capital program. Serving as an Associate Bond Program Manager, David helped with the planning and implementation of a Bond program valued at over half a billion dollars. In addition to his direct experience as a builder, David is familiar with all aspects of capital program management, monitoring and compliance, from contract drafting to close-out requirements.

David would lead the development of the audit plan, conduct interviews, review source documents, analyze budget and cost data, and serve as lead writer for the audit team.

5431 Avenida Encinas / Suite H / Carlsbad / CA / 92008
P 760.602.9352 / C 760.519.8531 / F 760.602.9343



Bob Nicholson-Associate

Bob served in the San Diego County Office of Education for twelve years as the Senior Director of Facility Planning Services. Bob led the Facility Planning Services Unit in actively reaching out to over forty school Districts to assist in leveraging County resources, staff and expertise to advance local facilities programs. Bob's expertise covers funding from a wide range of sources including the Federal Emergency Management Agency (FEMA), State and local bonds, State School Facility Programs, Developer Fees and Redevelopment Agencies. Bob's facilities expertise ranges from coordinating Facility Master Plans to classroom capacity studies and demographic analysis.

Bob will be available to assist the audit team on an as needed basis and would lead any effort to assess the adequacy of State funding efforts should this objective be added to the audit scope.

Victoria Carreón-Associate

Victoria earned a BA from Stanford University with honors in Education and a Master's degree in Public Policy from the University of California. Prior to joining Eric Hall & Associates, Victoria served the San Diego County Office of Education (SDCOE) as a consultant in the County's Business Advisory Services division. In this capacity she helped train school Finance Directors and Chief Business Officials and served in leadership positions in the California Association of School Business Officials (CASBO). Prior to working for SDCOE, she worked at the Legislative Analyst's Office in Sacramento analyzing K-12 finance issues. Victoria brings expertise in District budget processes, cash flow projections, and Standardized Account Code Structure (SACS) software.

Victoria would assist the audit team with fiscal analysis, especially the timeliness and accuracy of fiscal data transferred between the Capital Program accounting system and the District's accounting system.

Schahrzad Berkland-Associate

Schahrzad obtained a BS in Computer Science from the University of Nebraska and an MBA from Arizona State University. Schahrzad has performed research and analysis for the real estate, environmental, and software industries. In 2005, Schahrzad's analytical acumen led her to accurately forecast the San Diego housing market downturn, the 2008 mini-boom, and the subsequent decline. Schahrzad has been an advisor to hedge fund managers, the City of Poway, and the San Diego City-County Reinvestment Task Force.

Schahrzad would assist the audit team in evaluating the effectiveness of the Bond Teams' computerized information system and system controls.

Mandatory Criteria

Legal Authority

Eric Hall & Associates are expert fiscal and program managers. We are not a licensed CPA firm. Our legal authority to conduct this bond is derived from the “Yellow Book” for Government Auditing Standards, July 2007 Revision (GAO-07-731G), issued by the Comptroller General of the United States. In contrast to Financial Audits, Government Accounting Office (GAO) auditing standards do not require that Performance Audits be conducted or supervised by a licensed CPA.

The relevant language is found in Chapter 3.40-3.43 of the “Yellow Book” and reads in part, “The staff assigned to perform the audit...must collectively possess adequate professional competence for the tasks required.” Generally Accepted Government Accounting Standards (GAGAS) recognizes that the demands of a comprehensive Performance Audit in a specialized field such as school construction may be better met by utilizing professionals with “specialized knowledge in (the) subject matter...” (3.43, d, 5)

Affirmation of Independence

Eric Hall & Associates and the audit team members proposed for this audit are free from personal, external and organizational impairments to independence. We have no relatives employed by the program, no business, family or financial interest with any officer, agent, employee, or director of the District, no responsibility for managing the program and no political, ideological or social convictions that would affect our independence.

We obtain work based on our competence and integrity. We will not risk damage to our reputation by failing to discharge our duties with integrity, objectivity, and independence. Our lead auditor, David Randolph is also licensed by the State of California and will apply appropriate standards of care dictated by his professional status in evaluating construction operations.

We recognize the challenges that District officials face in managing a local government agency charged with meeting a fundamental community goal for our children. We recognize that District leaders experience pressure from numerous stakeholders and are subject to a high level of scrutiny. Consequently we will exercise discretion to balance “the public’s right to the transparency of government information ... with the proper use of that information...” (GAGAS 2.12).



Internal Quality Control

Eric Hall & Associates has engaged in conducting Performance Audits. With the recent adoption of Education Code 15286 requiring that Proposition 39 Performance Audits meet GAGAS standards, there is a heightened interest from Districts to solicit expanded performance audits. These audits can give the District, Bond Oversight Committee members, and the general public a more detailed picture of a bond program's internal controls, compliance with applicable regulations, and management effectiveness.

Eric Hall & Associates have not reached the three year mark requiring that Audit firms obtain a peer review of their internal audit procedures, training, and controls. Our procedures include retention of our audit records for at least five years and the provision of working papers to appropriate authorities such as the State Controller.

Continuing Education

Eric Hall & Associates audit team members are active members of CASH and CASBO and attend State Allocation Board meetings regularly, and participate in local associations focused on school fiscal and facility issues. Audit team members attend and host CASH workshops and seminars, and share articles and studies relevant to our work from numerous sources including the American Bar Association, Association of General Contractors, Association of School Administrators and The California School Boards Association. Most recently team members participated in a CASH workshop on delivery methods.

We are constantly sharing information gained in workshops, webinars, and from our extensive contacts in the industry in order to stay abreast of the latest legislation, trends, and best practices. Eric Hall & Associates publishes a monthly electronic newsletter summarizing what we learn and believe will be important for our District clients to consider. Currently the Hall Monitor is distributed to over 250 school district staff, Assistant Superintendents, Facility Planners and School Board Members.

Exemplary Record

No disciplinary actions have been brought against the firm or individual associates of Eric Hall & Associates.

Optional Criteria

Client References

District	Service	Year	Contact Name	Title	Phone
South Bay	SD	Performance Audit	2011	Scott Buxbaum	Assoc. Superintendent (619) 370-7904
San Ysidro	SD	Facilities Program Mgm.	2008	Dena Whittington	Assistant Superintendent (619) 428-4476
Hesperia	SD	Facilities Program Mgm.	2010	Carmen Becker	Dir. Purchasing/Facilities (760) 244-4411
Santee	SD	Facilities & Business	2008	Karl Christensen	Assistant Superintendent (619)258-2320
Encinitas	SD	Facilities Program Mgm.	2006	Abby Saadat	Assistant Superintendent (760) 944-4300
Calexico	SD	Facilities & Business.	2009	Richard Fragale	Acting Superintendent (760) 768-3800

Audit Objectives

The RFP for this work identifies the scope of the audit to be limited to Proposition O and further identifies thirteen key areas to be reviewed. These areas are:

- | | |
|---|--|
| 1-Management Program and Plan | 2-Design and Construction Timelines |
| 3-Project Budgets | 4- Program Information System (IT) |
| 5-Payment Procedures and Processing | 6-CM Structure, Staffing & Fees |
| 7-Change Orders | 8-Delivery Method & Performance |
| 9-Public Contracting Code Compliance & Best Practices | |
| 10-Public Outreach & Communication | 11-Overall Program Transparency & Web Site |
| 12-Prevailing Wage Compliance | 13-CBOC Performance |

This is a clear and comprehensive list of audit objectives. Our proposal fee is based on obtaining sufficient appropriate evidence to evaluate each of these areas, to provide useful and relevant findings to inform the Sweetwater Community, and to provide supplemental guidance for District Managers. In addition to the thirteen areas listed above we will also evaluate project descriptions, work orders and contracts, and compare the scope of work in the documents to the language in the Bond ballot measure and Board resolutions.

Methodology

Our process would start with a meeting with Interim Superintendent Dr. Edward Brand, Interim Deputy Superintendent of Operations Dianne Russo, and other program leaders as recommended by Dr. Brand and Ms. Russo, to review and finalize audit objectives. At that time we would provide the District with a preliminary list of audit documents needed. We would conduct interviews with key Program Management staff as agreed to in our audit objectives meeting. We would take the information obtained through interviews, document review, and independent internal analysis and draft the report narrative, findings and conclusions.

A performance audit is a dynamic process and our goal is to obtain sufficient evidence to support our findings with a reasonable level of assurance that our findings are accurate. This audit is not

a fraud audit and we cannot guarantee that we would detect every instance of a poor process, poor judgment, abuse or malfeasance. However, typically the level of evidence reviewed will be sufficient to arrive at solid conclusions for the areas reviewed. In some instances contradictory information may be encountered that would argue for a more in depth look. In these situations we would meet with Superintendent Brand and Deputy Superintendent Russo and reevaluate the audit objectives. It may be determined that the area in question does deserve a closer look. This could result in a recommendation for expanding the audit or alternately, based on findings to date in other areas under review, it may be more cost effective and appropriate to limit the audit in some areas, and expand it in others.

In no instance would we bill for additional services without the prior approval and mutual agreement of the District.

Timeline

- September 20th – Obtain contact information and submit preliminary document list. Schedule meeting with Interim Superintendent Dr. Edward Brand and Interim Deputy Superintendent of Operations Dianne Russo.
- Sept 19th-Sept 23rd – Review Sweetwater website reports. Dr. Brand and Ms. Russo's schedule allowing, meet to confirm audit objectives and work plan. Schedule initial interviews with other Program Managers/Staff.
- Sept 26th-Sept 30th – Preliminary document list due. Conduct initial interviews. Begin review of preliminary document list.
- Oct 3rd-Oct 7th – Review preliminary document list. Schedule additional interviews including Bond Oversight Committee Chair.
- Oct 10rd-Oct 14th – Continue document review and analysis. Conduct additional interviews.
- Oct 17rd-Oct 21th – Document review and analysis. Report writing.
- Oct 24^d-Oct 28th – Assemble draft report.
- October 28th – **Deliver draft report.**
- Oct 31st-Nov 4th – **Deliver Management Letter.** Meet with Superintendent Brand and Deputy Superintendent Russo to review draft report and Management Letter.
- Nov 7th-Nov 11th – Revise draft report. Incorporate District response to findings (where applicable).
- Nov 14th-Nov 18th – **Deliver final report.** Prepare Power Point summary presentation for Board and CBOC.
- Nov 21th-Nov 25th – Deliver Power Point for District Review. Revise
- Per CBOC Schedule – Present report highlights via Power Point presentation.



Per Board Schedule – Present report highlights via Power Point presentation.

Compensation & Payment

The Consultant shall be compensated \$65,000 for the work as identified in the work plan and scope of services, above. The contract price shall include travel, materials, supplies, duplication, reports and all necessary expenses.

The consultant shall be compensated as follows:

1. \$25,000 upon initiation of the project and;
2. \$30,000 upon completion of the draft report and
3. \$10,000 upon completion of the final report. .

The suggested payment schedule is subject to discussion and negotiations with the District.

The proposed costs of \$65,000 are based upon a projection of approximately 300 hours of staff time at the associate level, 50 hours of the president's time and approximately \$10,000 of expenses.

Projected hours by audit objective and calendar benchmark are available upon request.

Additional Services

Special services, studies or projects requested by the District outside of the scope of services as identified in this proposal, shall be paid at the following rates:

President: \$225 per hour

Associate: \$175 per hour

Junior Associate: \$100 per hour

Administrative Support: \$50 per hour.

Appendix A

Resumes for audit team members

Exhibit 5

Performance Audit, SUHSD selection process for EH&A

From: Eric Hall [<mailto:eric@erichallassociates.com>]
Sent: Thursday, January 26, 2012 9:55 PM
To: Paul Woods; Dianne Russo
Cc: 'Schahrazad Berkland'
Subject: RE: Prop O Audit

Dianne and Paul,

We are nearing completion of our audit process. We would like to obtain additional information in order to fill in gaps in our knowledge and to confirm our current understanding based on data on hand. We request the following information:

Additional Documentation of Selection Processes

1) Please provide us with any documentation of the QSB process used to select GSGL. If documentation is lacking, an official verbal description of the process used is requested.

2) Please provide us with any documentation of the QSB process used to select Eric Hall & Associates for this audit. If documentation is lacking, an official verbal description of the process used is requested.

From: Paul Woods [<mailto:paul.woods@sweetwaterschools.org>]
Sent: Wednesday, February 01, 2012 10:13 AM
To: 'Eric Hall'
Cc: 'Schahrazad Berkland'; Dianne Russo
Subject: RE: Prop O Audit

Eric,
I'll send another email to fill in the blanks.

- 1) I will have to dig up this info.
- 2) A request for proposal (RFP) was advertised on ____ and the notice of RFP was sent to approximately 7 firms. Three proposals were received. The second lowest cost proposal not acceptable (bad references). The lowest cost firm, Eric Hall and Associates submitted a cost of \$65,000 which was about \$30,000 less than the next acceptable proposal. Both firms under consideration had former employees of current vendors. ____ had a former owner of Barnhart construction now named Balfour Beatty and currently under contract on the Montgomery Middle School Modernization Project. Eric Hall and Associates had a former employee of SGI. The selection committee (Paul Woods and Frances Martinez, Internal Auditor) evaluated the qualifications of the firms (both firms had qualified personnel) and cost (it did not appear that the qualifications of the higher priced firm warranted the extra cost). In addition it was felt that having a former employee of SGI could be an advantage in terms of knowing areas of bond management that might need extra review.

Exhibit 6

GAGAS Compliance Statement

GAGAS Compliance Statement & Methodology

Compliance with Generally Accepted Government Accounting Standards (GAGAS)

Purpose of GAGAS Standards

The Comptroller General of the United States, David Walker, summarizes the purpose of these standards as follows:

“The professional standards presented in this document provide a framework for performing high-quality audit work with competence, integrity, objectivity, and independence.”

Compliance Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

GAGAS Compliance Requirements

In order to be GAGAS compliant, auditors must meet all *Unconditional Requirements* as well as *Presumptively Mandatory Requirements*.

Unconditional Requirements

It is our professional judgment that this audit meets all *Unconditional Requirements*. Highlights of areas covered that are relevant to this audit include:

3.07 *Auditors participating on an audit assignment must be free from personal impairments to independence.*

3.10 *Audit organizations must be free from external impairments to independence.*

7.06 *Auditors must adequately plan and document the planning of the work necessary to address the audit objectives.*

7.07 *Auditors must plan the audit to reduce audit risk to an appropriate level for the auditors to provide reasonable assurance that the evidence is sufficient and appropriate to support the auditors' findings and conclusions.*

7.50 *Auditors must prepare a written audit plan for each audit.*

7.55 *Auditors must obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions.*

7.77 Auditors must prepare audit documentation related to planning, conducting, and reporting for each audit.

8.03 Auditors must issue audit reports communicating the results of each completed performance audit.

Presumptively Mandatory Requirements

It is our professional judgment that this audit substantially meets all *Presumptively Mandatory Requirements*. Highlights of areas covered that are relevant to this audit include:

Assessing risk ^(a) and significance by gaining an understanding of

- the nature of the program
- the needs of the South Bay community
- relevant internal controls
- relevant information systems

Applying our knowledge of relevant legal and regulatory requirements

Determining the appropriateness (quality) and sufficiency (quantity) of evidence by

- review of documents from various sources
- conducting interviews in private
- conducting interviews with multiple department heads, consultants and the chair of the Citizen's Bond Oversight committee
- independent corroboration
- performing computational analysis of key data
- review of previous audits

Objectives, Scope, & Methodology

Our objectives and scope are described in the *Methodology Overview* and *Scope of the Audit* sections of the Performance audit. Our methodology progressed through the following steps:

- Interviews with District, SGI, CBOC, and other community members
- Requests for specific summary data from SGI and the District
- A survey of campus leaders involved with Proposition O projects
- Project tours
- Selection of three major focus projects for a detailed review of cost records to verify the accuracy of the summary data (*Chula Vista HS, Hilltop HS, Southwest MS*)
- Document review of cost records stored in the two main computerized document management systems (*Laser Fiche & Prolog*)
- Comparison and analysis of summary data provided by the District with summary data provided by SGI and summary data obtained independently
- Report writing

List of Persons Interviewed

The following people were interviewed in the course of this audit:

Maty Adato	Community Activist
Dr. Edward Brand	Interim Superintendent (SUHSD)
Kathryn Cheers	Community Activist
Linda Clark	Planning Project Manager (SUHSD)
Russell Decker	Planning Project Manager (SUHSD)
Justin Devers	Sr. Construction Manager (SGI)
Tim Duke	Director of Purchasing (SUHSD)
Bryan Ehm	Deputy Program Manager Construction (SGI)
Mari Jo Huges	Facilities Accounting Manager (SUHSD)
Brad Johnson	Program Controls Manager (SGI)
Al Kirsininkas	Project Manager (SGI)
Jaime Ortiz	Bond Program Manager (SGI)
Georgette Parkerson	Senior Buyer (SUHSD)
Stewart Payne	Community Activist
Antonio Ruiz	Quality Control Manager (Controls) (SGI)
Dianne Russo	Assistant Superintendent of Business & Operations (SUHSD)
Bernardo Vasquez	Chair Citizen's Bond Oversight Committee
Tom Webb	Deputy Program Manager Pre-Construction (SGI)
Paul Woods	Director of Planning & Construction (SUHSD)

Non-audit Services Provided by Eric Hall & Associates

None

Footnote

(a) Audit risk is the possibility that the auditors' findings, conclusions, recommendations, or assurance may be improper or incomplete, as a result of factors such as evidence that is not sufficient and/or appropriate, an inadequate audit process, or intentional omissions or misleading information due to misrepresentation or fraud.

Exhibit 7

Program Manager QBS Process



Evaluator names have been removed

MEMORANDUM

DATE: March 30, 2007

TO: Interview Panelists

FROM: Ramón Leyba, Chief Operating Officer

SUBJECT: Proposition 'O' Program Management Interview Schedule

The following Program Management Firms will participate in a thirty (30) minute presentation and a fifteen (15) minute question and answer session and the interviews will be held in the Sweetwater District's Offices located at 1130 Fifth Avenue, Chula Vista, CA 91911.

NOTE: PLEASE REPORT TO THE OPERATIONS OFFICE

SET-UP TIME	INTERVIEW TIME	FIRM	LOCATION
Friday, March 30			
12:45 – 1:00 pm	1:00 - 1:45 pm	URS Corporation	Brd Conf Rm
1:45 – 2:00 pm	2:00 - 2:45 pm	Gilbane/SGI	Brd Conf Rm
2:45 – 3:00 pm	3:00 - 3:45 pm	DMJM	Maint.Conf Rm
3:30 – 3:45 pm	3:45 - 4:30 pm	Parsons 3D	Brd Conf Rm
Monday, April 2			
1:45 – 2:00 pm	2:00 - 2:45 pm	Pinnacle One	Brd Conf Rm
2:45 – 3:00 pm	3:00 - 3:45 pm	PB Americas	Maint Conf Rm
3:45 – 4:00 pm	4:00 - 4:45 pm	Harris	Brd Conf Rm

Thank you.

Here are the results of the panel recommendations. I have outlined the steps we took in our discussions to come up with the final three (3) recommendations.

	Firm						Total
3	DMJM H&N	+	5	4	4	3	11
2	Gilbane/SGI	3	6	2	2	4	9
1	Harris & Associates	2	1	1	1	5	
5	Parsons 3D/I	4	2	5	3	6	12
6	PinnacleOne	6	3	6	5	2	14
7	PB Americas	7	7	7	6	7	
4	URS Corporation	5	4	3	7	+	12

1. After everyone tallied their score sheets, we posted their ranking for discussion.
2. We all agreed, based on the panel rankings, that PB Americas should be eliminated and Harris & Associates should be a finalist.
3. We agreed to drop the lowest and highest scores of the remaining firms and then reevaluated and discussed all firms. The panel subsequently agreed to eliminate Pinnacle One and agreed that Gilbane/SGI and DMJM were our number two (2) and three (3) recommendations.
4. For ranking purposes, we then discussed the merits of both Parsons 3D/I and URS and rated URS 4th over Parsons 3D/I.

The Program Management Interview panel thus recommends three finalists for Program Management consideration:

1. Harris & Associates
2. Gilbane/SGI
3. DMJM

I will wait for your approval to contact all of these firms and inform them of the results.

Thanks.

Ramon Leyba
Chief Operating Officer
Office (619) 585-6060
FAX (619) 407-4984

Program Management Firms

Rank	Firm				Total
1	Harris Gafcon	99	100	98	297
2	DMJM H&N/AECOM	83	75	79	237
3	Gilbane/SGI	89	70	72	231
4	URS Corporation	80	73	73	226
5	Parsons 3D/I	64	40	46	150
6	PinnacleOne	48	47	53	148
7	PB Americas	42	35	42	119

Program Management Firms

Rank	Firm							Total
	DMJM H&N	1	5	4	4	3		11
	Gilbane/SGI	3	6	2	2	4		9
	Harris & Associates	2	1	1	1	5		
	Parsons 3D/I	4	2	5	3	6		12
	PinnacleOne	6	3	6	5	2		14
	PB Americas	7	7	7	6	7		
	URS Corporation	5	4	3	7	1		12

Program Management Firms

Rank	Firm						Total
	DMJM H&N					120	3
	Gilbane/SGI					119	4
	Harris & Associates					114	5
	Parsons 3D/I					106	
	PinnacleOne					124	2
	PB Americas					86	
	URS Corporation					140	1

INTERVIEW SESSION - SELECTION PANEL EVALUATION/ SCORING / RANKING

Program Management Services - Measure O program
SWEETWATER UNION HIGH SCHOOL DISTRICT

FIRM: DMJM

1. Demonstrated ability to on a sustained basis, staff a job of this magnitude with people knowledgeable of local conditions, practices, jurisdictions, with strong community relationships

1	2	4	6	10	14	18	22	26	30	30
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Points

2. Demonstrated competency and qualifications of lead "on-site" manager/director. Leadership skills, general assessment of his/her abilities to be successful in this role. (K-12, San Diego experience)

1	2	4	6	10	14	18	22	26	30	18
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Points

3. Evaluation of overall performance of firm (team), competency, cohesiveness of members, general understanding of Measure O program, and program management scope of services

2	4	6	8	10	12	14	16	18	20	16
---	---	---	---	----	----	----	----	----	----	----

Points

4. Demonstate an ability to mobilize efficiently, effectively, "seamlessly" and "least costly", and not disrupt the continuity of either the Proposition BB program or the start of the Measure O program.

2	4	6	8	10	12	14	16	18	20	14
---	---	---	---	----	----	----	----	----	----	----

Points

5. Demonstrate a high level of competency relative to the ability to manage projects within budget, with demonstrated track record minimizing costly change orders.

1	2	3	4	5	6	7	8	9	10	8
---	---	---	---	---	---	---	---	---	----	---

Points

6. Understanding of Assembly Bill 1908, the governing legislation for all Proposition 39 bond measure programs.

1	2	3	4	5	6	7	8	9	10	2
---	---	---	---	---	---	---	---	---	----	---

Points

7. Demonstate an ability to successful Outreach to "Local", "Small", "Emerging" and other "Disadvantaged" business enterprises. (South Bay San Diego County and/or San Diego County experience.

1	2	3	4	5	6	7	8	9	10	9
---	---	---	---	---	---	---	---	---	----	---

Points

8. Financial Reporting Capabilities: Did the firm demonstrate that they have the ability to report Budget vs. Actual Costs, Forecast Cost At Completion, for Board Agendas, Bond Oversight Committees, and Community.

1	2	3	4	5	6	7	8	9	10	7
---	---	---	---	---	---	---	---	---	----	---

Points

9. Financial Reporting Capabilities: Did the firm demonstrate that they have the ability to report Budget vs. Actual Costs, Forecast Cost At Completion, for Board Agendas, Bond Oversight Committees, and Community.

1	2	3	4	5	6	7	8	9	10	7
---	---	---	---	---	---	---	---	---	----	---

Points

10. Demonstrated Track Record of successfully serving as a District's Liaison to their Independent Citizen's Oversight Committee or Bond Oversight Committee.

1	2	3	4	5	6	7	8	9	10	9
---	---	---	---	---	---	---	---	---	----	---

Points

Enter the SCORE or TOTAL POINTS accumulated as a result of the INTERVIEW phase of the evaluation process.

160 Total Points possible

120 Points

Name of Panelist: _____

Signature of Panelist: _____

Date: _____

INTERVIEW SESSION - SELECTION PANEL EVALUATION/ SCORING / RANKING

Program Management Services - Measure O program
SWEETWATER UNION HIGH SCHOOL DISTRICT

FIRM: GILBANE

1. Demonstrated ability to on a sustained basis, staff a job of this magnitude with people knowledgeable of local conditions, practices, jurisdictions, with strong community relationships

1	2	4	6	10	14	18	22	26	30	22
---	---	---	---	----	----	----	----	----	----	----

Points

2. Demonstrated competency and qualifications of lead "on-site" manager/director. Leadership skills, general assessment of his/her abilities to be successful in this role. (K-12, San Diego experience)

1	2	4	6	10	14	18	22	26	30	30
---	---	---	---	----	----	----	----	----	----	----

Points

3. Evaluation of overall performance of firm (team), competency, cohesiveness of members, general understanding of Measure O program, and program management scope of services

2	4	6	8	10	12	14	16	18	20	16
---	---	---	---	----	----	----	----	----	----	----

Points

4. Demonstate an ability to mobilize efficiently, effectively, "seamlessly" and "least costly", and not disrupt the continuity of either the Proposition BB program or the start of the Measure O program.

2	4	6	8	10	12	14	16	18	20	15
---	---	---	---	----	----	----	----	----	----	----

Points

5. Demonstrate a high level of competency relative to the ability to manage projects within budget, with demonstrated track record minimizing costly change orders.

1	2	3	4	5	6	7	8	9	10	8
---	---	---	---	---	---	---	---	---	----	---

Points

6. Understanding of Assembly Bill 1908, the governing legislation for all Proposition 39 bond measure programs.

1	2	3	4	5	6	7	8	9	10	2
---	---	---	---	---	---	---	---	---	----	---

Points

7. Demonstate an ability to successful Outreach to "Local", "Small", "Emerging" and other "Disadvantaged" business enterprises. (South Bay San Diego County and/or San Diego County experience.

1	2	3	4	5	6	7	8	9	10	9
---	---	---	---	---	---	---	---	---	----	---

Points

8. Financial Reporting Capabilities: Did the firm demonstrate that they have the ability to report Budget vs. Actual Costs, Forecast Cost At Completion, for Board Agendas, Bond Oversight Committees, and Community.

1	2	3	4	5	6	7	8	9	10	7
---	---	---	---	---	---	---	---	---	----	---

Points

9. Financial Reporting Capabilities: Did the firm demonstrate that they have the ability to report Budget vs. Actual Costs, Forecast Cost At Completion, for Board Agendas, Bond Oversight Committees, and Community. *SAN DIEGO COUNTY*

1	2	3	4	5	6	7	8	9	10	7
---	---	---	---	---	---	---	---	---	----	---

Points

10. Demonstrated Track Record of successfully serving as a District's Liaison to their Independent Citizen's Oversight Committee or Bond Oversight Committee.

1	2	3	4	5	6	7	8	9	10	3
---	---	---	---	---	---	---	---	---	----	---

Points

Enter the SCORE or TOTAL POINTS accumulated as a result of the INTERVIEW phase of the evaluation process.

160 Total Points possible

119

Points

Name of Panelist: _____

Signature of Panelist: _____

Date: _____

Exceeded
score
unlabeled...

Fit
- 22

lots of
things
power
wording
examples

Jim -
Luis
examples

INTERVIEW SESSION - SELECTION PANEL EVALUATION/ SCORING / RANKING

Program Management Services - Measure O program

SWEETWATER UNION HIGH SCHOOL DISTRICT

FIRM: HARRIS

1. Demonstrated ability to on a sustained basis, staff a job of this magnitude with people knowledgeable of local conditions, practices, jurisdictions, with strong community relationships

1	2	4	6	10	14	18	22	26	30	21
										Points

2. Demonstrated competency and qualifications of lead "on-site" manager/director. Leadership skills, general assessment of his/her abilities to be successful in this role. (K-12, San Diego experience)

1	2	4	6	10	14	18	22	26	30	22
										Points

3. Evaluation of overall performance of firm (team), competency, cohesiveness of members, general understanding of Measure O program, and program management scope of services

2	4	6	8	10	12	14	16	18	20	18
										Points

4. Demonstate an ability to mobilize efficiently, effectively, "seamlessly" and "least costly", and not disrupt the continuity of either the Proposition BB program or the start of the Measure O program.

2	4	6	8	10	12	14	16	18	20	16
										Points

5. Demonstrate a high level of competency relative to the ability to manage projects within budget, with demonstrated track record minimizing costly change orders.

1	2	3	4	5	6	7	8	9	10	4
										Points

6. Understanding of Assembly Bill 1908, the governing legislation for all Proposition 39 bond measure programs.

1	2	3	4	5	6	7	8	9	10	2
										Points

7. Demonstate an ability to successful Outreach to "Local", "Small", "Emerging" and other "Disadvantaged" business enterprises. (South Bay San Diego County and/or San Diego County experience.

1	2	3	4	5	6	7	8	9	10	9
										Points

8. Financial Reporting Capabilities: Did the firm demonstrate that they have the ability to report Budget vs. Actual Costs, Forecast Cost At Completion, for Board Agendas, Bond Oversight Committees, and Community.

1	2	3	4	5	6	7	8	9	10	8
										Points

9. Financial Reporting Capabilities: Did the firm demonstrate that they have the ability to report Budget vs. Actual Costs, Forecast Cost At Completion, for Board Agendas, Bond Oversight Committees, and Community.

1	2	3	4	5	6	7	8	9	10	8
										Points

10. Demonstrated Track Record of successfully serving as a District's Liaison to their Independent Citizen's Oversight Committee or Bond Oversight Committee.

1	2	3	4	5	6	7	8	9	10	6
										Points

Enter the SCORE or TOTAL POINTS accumulated as a result of the INTERVIEW phase of the evaluation process.

114
Points

160 Total Points possible

Name of Panelist: _____

Signature of Panelist: _____

Date: 1/2/01

Exhibit 8

Memorandum of Understanding between DSA and SUHSD

INFORMATION ONLY

**MEMORANDUM OF UNDERSTANDING
BY AND BETWEEN THE DIVISION OF THE STATE ARCHITECT
AND THE SWEETWATER UNION HIGH SCHOOL DISTRICT
REGARDING PLAN CHECK PROCESS
April, 2008**

This Memorandum of Understanding Regarding Plan Check Process ("MOU") is made by and between the **DIVISION OF THE STATE ARCHITECT**, through its **San Diego Regional Office** ("DSA"), with offices located at 16680 West Bernardo Drive, San Diego, California 92127, and **SWEETWATER UNION HIGH SCHOOL DISTRICT** ("SUHSD"), with organizational offices located at 1130 5th Avenue, Chula Vista, California 91911, to establish some terms, conditions and guidelines to expedite and streamline review of designs for construction projects of SUHSD with construction costs budgets exceeding \$5,000,000.

RECITALS

WHEREAS, District passed Proposition O valued at \$644 million dollars and has Mello Roos funding valued at \$300 million and has the need for predictable processing timeframe to better serve the needs of the students; and

WHEREAS, the plan check review process and final approvals required to be obtained from the Division of the State Architect ("DSA") is an important component of the timeline for SUHSD's construction projects and the timely completion of a project could result in savings that could be allocated to other facilities projects; and

WHEREAS, DSA and SUHSD agree that it is their mutual responsibility and in their individual best interest to achieve quality and timely plan reviews and consistent code interpretations on SUHSD's facilities projects; and

WHEREAS, DSA and SUHSD agree that it is possible to expedite the DSA process if certain actions are taken by SUHSD, DSA and the professionals retained by SUHSD to work on the facilities projects.

In consideration of the mutual covenants, representations, and agreements contained herein, SUHSD and DSA commit to the following:

Article I. General Agreements

- 1.1 This MOU shall commence on the date first indicated above and shall remain in effect until terminated by DSA or SUHSD.
- 1.2 DSA does not commit to designate full-time staff to the District, but agrees that, to the extent possible, the staff person who attends the preliminary plan review for each project will be assigned to or supervise the plan review. DSA will provide SUHSD the contact information for the plan reviewers selected by DSA to work on SUHSD projects. DSA will update such contact information as needed.

- 1.3 DSA agrees to assist SUHSD in identifying missing documentation required to close-out the projects currently pending with DSA and to schedule mutually acceptable review dates when the documentation is available.

Article II. Reporting and Communication

- 2.1 SUHSD's authorized representatives for all projects are Karl Bradley, Assistant Superintendant of Facilities and Operations, and Jaime Ortiz, Program Manager. The DSA designated contact assigned to work with SUHSD to accomplish the objectives of this MOU shall be Craig Rush.
- 2.2 Once all preliminary work related to this MOU is performed, SUHSD's authorized representatives and any persons they deem necessary from time to time, and the DSA designated contact shall hold quarterly meetings (each February, May, August and November) commencing in May of 2008 to discuss progress, policy direction and strategies for addressing any outstanding or anticipated issues.
- 2.3 DSA agrees to report to Karl Bradley and Jaime Ortiz, via telephone or email, if any significant deficiency is found during plan review. A written notification in accordance with DSA policies and requirements may follow.
- 2.4 The DSA reviewer may discuss any comments, required revisions and any issues directly with the architect and design team but DSA agrees to distribute any written comments, direction, minutes and memoranda to SUHSD, the architect/engineer (A/E) to ensure that all involved parties are fully informed. Plan check comments written directly on submitted documents will be distributed only to the A/E team.
- 2.5 DSA and SUHSD agree that time is of the essence for each project. If an impasse is reached in connection with any required code interpretation, the issue will be progressively advanced, as necessary, through the DSA management structure until a resolution is reached.
- 2.6 DSA will make reasonable effort to notice SUHSD of the DSA field engineer's site visit schedules such that the Architect of Record (AOR) has the opportunity to be available to discuss any issues.

Article III. Preliminary Project Review Process

- 3.1 SUHSD will require that each AOR working on a project for which estimated construction costs are over \$5,000,000, schedule two preliminary consultations with DSA.
- 3.2 Preliminary design meetings will occur at 1) final schematic design (after one scheme is selected), and 2) at 50% construction documents.
- 3.3 The AOR, on behalf of the district, shall contact DSA at least four weeks prior to the date on which the final schematic design or 50% Construction Documents are scheduled to be completed. The AOR shall schedule the consultation with DSA for a date no later than

one week after the final schematic design or 50% Construction Documents are required to be completed. The Program Manager, or a designee, will attend these meetings.

- 3.4 The AOR shall submit a meeting agenda to DSA, the district and program manager five days prior to each preliminary review. Agenda is to address discussion areas such as meeting objectives, specific technical issues and overall project scheduling including key milestones.
- 3.5 As part of the preliminary design meetings, DSA will endeavor to identify major structural issues, if any. SUHSD will require that their A/E teams include a design narrative explaining the structural design concepts (e.g., design criteria, modeling techniques).
- 3.6 DSA will make a reasonable effort to schedule the two preliminary consultation meetings in a timely manner.
- 3.7 The A/E shall be responsible for creating the meeting minutes and circulating them electronically within one week of the meeting. Both the DSA reviewer and the district representative attending the meeting will review the minutes and will circulate initialed copies within two weeks following receipt. If the minutes are in any way inaccurate, clarifying comments will be handwritten (if comments are not too extensive) or attached in separate pages, and distributed.
- 3.8 A/E shall be responsible for scheduling a specific date for DSA project submittal and coordinate a collaborative effort in conjunction with DSA, to establish a specific date for DSA initial plan review completion. The scheduling must be reasonable, agreed upon and committed to by both the District and DSA. If the project is submitted on agreed upon date, DSA will guarantee a plan review completion date.
- 3.9 The district and the AOR or an experienced design team member shall attend all plan review meetings.
- 3.10 Prior to DSA submittal, SUHSD will require and certify that their design teams have incorporated the results from the following activities into the submitted construction documents:
 - a. Design team coordination and in-house QA/QC
 - b. Constructability Review
 - c. Project Cost estimate results
 - d. Value engineering
- 3.11 SUHSD and the Program Manager will meet with the A/E prior to the submission date to review the proposed submittal packet and ensure it is a complete submittal ready for DSA review.

Article IV. Miscellaneous

4.1 Notices and communications required hereunder can be addressed as follows:

DSA

Craig Rush
Regional Manager
Phone: 858 674 5400
craig.rush@dgs.ca.gov


SUHSD

Karl Bradley
Assistant Superintendant of Facilities and Operations
Phone: 619 585 6060
karl.bradley@suhsd.k12.ca.us


Program Manager

Jaime Ortiz
Bond Program Manager
Phone: 619 407 4955
jaime.ortiz@suhsd.k12.ca.us

Notices and communications required to be mailed, shall be addressed to DSA and SUHSD at the addresses indicated on the first paragraph of this MOU and to Program Manager at the address indicated for SUHSD.



David F. Thorman, AIA
State Architect
Division of the State Architect



Dr. Jesus M. Gandara
Superintendent
Sweetwater Union High School District

Exhibit 9

LEED Master Score Sheet

Schools v2007 Master Score Sheet

Sweewater Union High School District PROP O

LEED

REPORT : 2011 SEP 08 by Scherra LLC

56	60	59	55	56	57	55	60	55	59	Certified 29	Silver 37	Gold 44	Platinum 58	REPORT : 2011 SEP 08	by Scherra LLC
7	3	3	6	5	4	7	2	5	6	Possible Points + Appeal + Defer				COLOR CODES	
5	5	4	3	3	3	4	4	2	7	Point Margin Over PLATINUM Level				Documented Points	
27	29	28	26	26	16		28	27	28	EARNED LEED POINTS				Review Question Asked	
CVM	HTH	MOH	NCM1	NCM2	MVH	SOH	CVH	SOM	SUH	TEAM	RRC	LPA	BCA	Review Question Answered	
21,000	56,100	26,500	31,093	17,568	6,500	34,752	31,500	9,896	81,000	Building Gross Square Footage				1w: REQw = In Work	
07/24/11	06/17/11	12/05/10	07/05/11	07/05/11	07/06/11	07/05/11	07/24/11	03/30/11	07/24/11	LEED Online Points Check Date				1n: REQn = Not In Work	
UNDER APPEAL	COMPLETE	COMPLETE	COMPLETE	COMPLETE	COMPLETE	COMPLETE	COMPLETE	COMPLETE	COMPLETE	LEED Design Review Status				EAC1 w/ No Renewables	

11	11	12	12	13	10	11	12	11	11	SUSTAINABLE SITES				Possible Points	
REQ	REQ	REQ	REQ	REQ	REQ	REQ	REQ	REQ	REQ	Construction Activity Pollution Prevention (Required)				0	
1	1	1	1	1	1	1	1	1	1	Environmental Site Assessment (Required)				0	
1	1	1	1	1	1	1	1	1	1	Development Density & Community Connectivity				0	
1	1	1c	1c	1c	1	1	1	1	1	Brownfield Redevelopment				0	
1	1	1	1	1	1	1	1	1	1	Alternative Transportation: Public Transportation Access				0	
1	1	1	1	1	1	1	1	1	1	Alternative Transportation: Bicycle Use				0	
1	1	1	1	1	1	1	1	1	1	Alternative Transportation: Low-Emitting, Fuel-Efficient Vehicles				0	
1	1	1	1	1	1	1	1	1	1	Alternative Transportation: Parking Capacity				0	
1	1	1	1	1	1	1	1	1	1	Site Development: Protect or Restore Habitat				0	
1	1	1	1	1	1	1	1	1	1	Site Development: Maximize Open Space				0	
1	1	1	1	1	1	1	1	1	1	Stormwater Design: Quantity Control				0	
1	1	1	1	1	1	1	1	1	1	Stormwater Design: Quality Control				0	
1	1	1	1	1	1	1	1	1	1	Heat Island Effect: Non-Roof				(USGBC Refuses to Review as Design Point)	
1	1	1	1	1	1	1	1	1	1	Heat Island Effect: Roof				0	
1	1	1	1	1	1	1	1	1	1	Light Pollution Reduction				0	
1	1	1	1	1	1	1	1	1	1	Site Master Plan				0	
1	1	1	1	1	1	1	1	1	1	Joint Use of Facilities				(Deferred to Const Submittal)	

4	5	4	4	3	3	4	4	4	5	WATER EFFICIENCY				Possible Points	
1	1	1	1	1	1	1	1	1	1	Water Efficient Landscaping: Reduce by 50%				0	
1	1	1	1	1	1	1	1	1	1	Water Efficient Landscaping: No Potable Water Use OR No Irrigation				0	
1	1	1	1	1	1	1	1	1	1	Innovative Wastewater Technologies				0	
1	1	1	1	1	1	1	1	1	1	Water Use Reduction: 20% Reduction				0	
1	1	1	1	1	1	1	1	1	1	Water Use Reduction: 30% Reduction				0	
1	1	1	1	1	1	1	1	1	1	Water Use Reduction: 40% Reduction				0	
1	1	1	1	1	1	1	1	1	1	Process Water Use Reduction (20%)				0	

16	16	16	16	16	16	16	16	16	16	ENERGY & ATMOSPHERE				Possible Points	
REQ	REQ	REQ	REQ	REQ	REQ	REQ	REQ	REQ	REQ	Commissioning of Building Energy Systems (Required)				0	
1	1	1	1	1	1	1	1	1	1	Minimum Energy Performance (Required)				0	
1	1	1	1	1	1	1	1	1	1	Fundamental Refrigerant Management (Required)				0	
1	1	1	1	1	1	1	1	1	1	Optimize Energy Perf: >= 10.5% (New)(Required)				0	
1	1	1	1	1	1	1	1	1	1	Optimize Energy Perf: >= 14% (New)(Required)				0	
1	1	1	1	1	1	1	1	1	1	Optimize Energy Perf: >= 17.5% (New)				0	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Optimize Energy Perf: >= 21% (New)				(Deferred PV to Const Submittal)	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Optimize Energy Perf: >= 24.5% (New)				(Deferred PV to Const Submittal)	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Optimize Energy Perf: >= 28% (New)				(Deferred PV to Const Submittal)	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Optimize Energy Perf: >= 31.5% (New)				(Deferred PV to Const Submittal)	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Optimize Energy Perf: >= 35% (New)				(Deferred PV to Const Submittal)	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Optimize Energy Perf: >= 38.5% (New)				(Deferred PV to Const Submittal)	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Optimize Energy Perf: >= 42% (New)				(Deferred PV to Const Submittal)	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	On-Site Renewable Energy: >= 2.5%				(Deferred PV to Const Submittal)	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	On-Site Renewable Energy: >= 7.5%				(Deferred PV to Const Submittal)	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	On-Site Renewable Energy: >= 12.5%				(Deferred PV to Const Submittal)	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Renewable Energy - kW DC to Earn Max Pts; XX Site with PV, XX No PV				0	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	District PV LEED Ruling - Non-PV Sites: kW DC Needed to Earn Max Points				0	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	On-Site Renewable Energy - PV Sites: kW DC Proposed to Install				0	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Enhanced Commissioning				0	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Enhanced Refrigerant Management				0	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Measurement and Verification (USGBC Refuses to Review as Design Point)				0	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Green Power				0	

REQ	REQ	REQ	REQ	REQ	REQ	REQ	REQ	REQ	REQ	MATERIALS & RESOURCES				Possible Points	
1	1	1	1	1	1	1	1	1	1	Storage & Collection of Recyclables (Required)				0	
1	1	1	1	1	1	1	1	1	1	Building Reuse: Maintain 75% Existing Walls, Floors & Roof				0	
1	1	1	1	1	1	1	1	1	1	Building Reuse: Maintain 95% Existing Walls, Floors & Roofs				0	
1	1	1	1	1	1	1	1	1	1	Building Reuse: Maintain 50% Interior Non-Structural Elements				0	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Construction Waste Management: Divert From Disposal 50%				0	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Construction Waste Management: Divert From Disposal 75%				0	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Materials Reuse: 5%				0	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Materials Reuse: 10%				0	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Recycled Content: 10% (post-consumer + 1/2 pre-consumer)				0	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Recycled Content: 20% (post-consumer + 1/2 pre-consumer)				0	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Regional Materials: 10% Extracted, Processed & Manufactured				0	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Regional Materials: 20% Extracted, Processed & Manufactured				0	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Rapidly Renewable Materials (2.5%)				0	
1c	1c	1c	1c	1c	1c	1c	1c	1c	1c	Certified Wood (50% of all Wood)				0	

16161614131615161515										INDOOR ENVIRONMENTAL QUALITY										Possible Points																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
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Exhibit 10

SGI Payment Procedure Flowchart



INFORMATION ONLY

PROGRAM MANAGEMENT PLANNING AND CONSTRUCTION MANUAL

1. CONTRACTOR INVOICES WITH A COST LOADED SCHEDULE.

1.1. Roles and Responsibilities.

- 1.1.1. **Architect/Engineer (AE).** The person, firm, corporation or entity responsible for the Project Architectural or Engineering designs licensed to practice Architecture or Engineering as identified in the Contract Documents.
- 1.1.2. **Contracts Manager (CM).** The person responsible to manage and control prime contracts and consultant agreements for the Owner.
- 1.1.3. **Contractor (GC).** The person, firm, corporation or entity with whom the Owner has or intends to enter into a Contract for construction of a District project.
- 1.1.4. **Financial Manager (FM).** The person who oversees all aspect of budget, cost and payment processes.
- 1.1.5. **Project Manager (PM).** The person with whom the Owner has contact with at the school project sites. He performs and manages the construction project.
- 1.1.6. **Project Engineer (PE).** The person who assists the PM with daily construction activities.
- 1.1.7. **Scheduler.** The person who enters and updates project's construction schedule.
- 1.1.8. **Inspector of Record (IOR).** Project Inspector approved by the DSA and employed by the District in accordance with the requirements of Title 24 of the California Code of Regulations.

1.2. Definitions. The following terms explain the Contractor Invoices documents and their support documentation.

- 1.2.1. **Preliminary Schedule.** A **Preliminary Schedule** it is a schedule of the first ninety days of construction.
- 1.2.2. **Notice to Proceed (NTP).** A **Notice to Proceed** is a document prepared that notifies the construction work project start and end dates
- 1.2.3. **Application for Payment.** Document prepared to invoiced work performed on a monthly basis.
- 1.2.4. **Primavera.** Application used to keep track of the projects cost and construction schedule.
- 1.2.5. **Prolog.** Application used to manage the Prop O Bond by the Program Management team.
- 1.2.6. **Laserfiche.** Application used by the District to upload & manage electronic documents.

1.3. Contractor Invoices with a Cost Loaded Schedule. The following steps will be taken to prepare this document:

- 1.3.1. **GC** shall prepare a "Preliminary Schedule" within ten days of **NTP**. The "Preliminary Schedule" should include detailed activities for the first ninety days of the performance period. The remaining performance period may be summarized with a single activity titled "Remaining Construction". The "Preliminary Schedule" shall be cost loaded. The values assigned for the individual activities (excluding "Remaining Construction") shall remain constant for the proposed baseline schedule. A sample of a "Preliminary Schedule" is attached.
- 1.3.2. The **GC** shall formerly transmit the schedule in PDF format and **Primavera** backup format (PRX or XER) to SGI. The **PM** and **PE** shall review the schedule and provide comments to **Scheduler**. The **Scheduler** shall review the "**Preliminary Schedule**" for adherence to the specifications, cost loading and general scheduling principals. The **Scheduler** shall recommend to the SGI that the schedule is Approved, Approved as Noted, Revise and Resubmit or Rejected. If the "**Preliminary Schedule**" is Approved or Approved as Noted, SGI shall transmit the PDF file to **FM** for entry into **Prolog**.
- 1.3.3. **FM** shall create a contract with contract type set as "Variable Contract with Fixed Cap" within Application for Payment module. This type is used so that the contract schedule of values can be expanded when the baseline schedule is approved.
- 1.3.4. **GC, IOR** and SGI shall meet at the construction field office to review progress on or about the 25th of each month. The **GC** shall redline the paper draft of the schedule update with actual start dates, percent complete and actual finish dates through the end of the current month. All disputes regarding progress shall be resolved during this meeting. Upon agreement, all parties shall keep a copy of the agreed upon paper schedule update. *Items projected to be completed by the end of the month are validated once SGI signs the payment application.*

- 1.3.5. **GC** shall complete the schedule update in accordance with the project specifications and formally transmit the schedule update to SGI. SGI shall forward the schedule update to **Scheduler** for review. SGI shall forward the pencil draft to **FM** for review by no later than the last day of the month.
- 1.3.6. **GC** shall forward **Application for Payment** (only AIA G702/703) to SGI for final review.

NOTE: SGI WILL NOT SIGN THE PAYMENT APPLICATION PRIOR TO OFFICIAL SUBMITTAL BY THE GC TO FM.

- 1.3.7. The **GC** is responsible for obtaining signatures for the IOR and ARCT prior to delivery to **FM**. **GC** shall provide complete invoice package to **FM** via mail (Fedex/UPS, etc) or by personal delivery to SUHSD between the 1st and 10th day of the month.

NOTE: THE GC WILL NOT USE SGI STAFF TO DELIVER PAYMENT APPLICATIONS FOR PROCESSING.

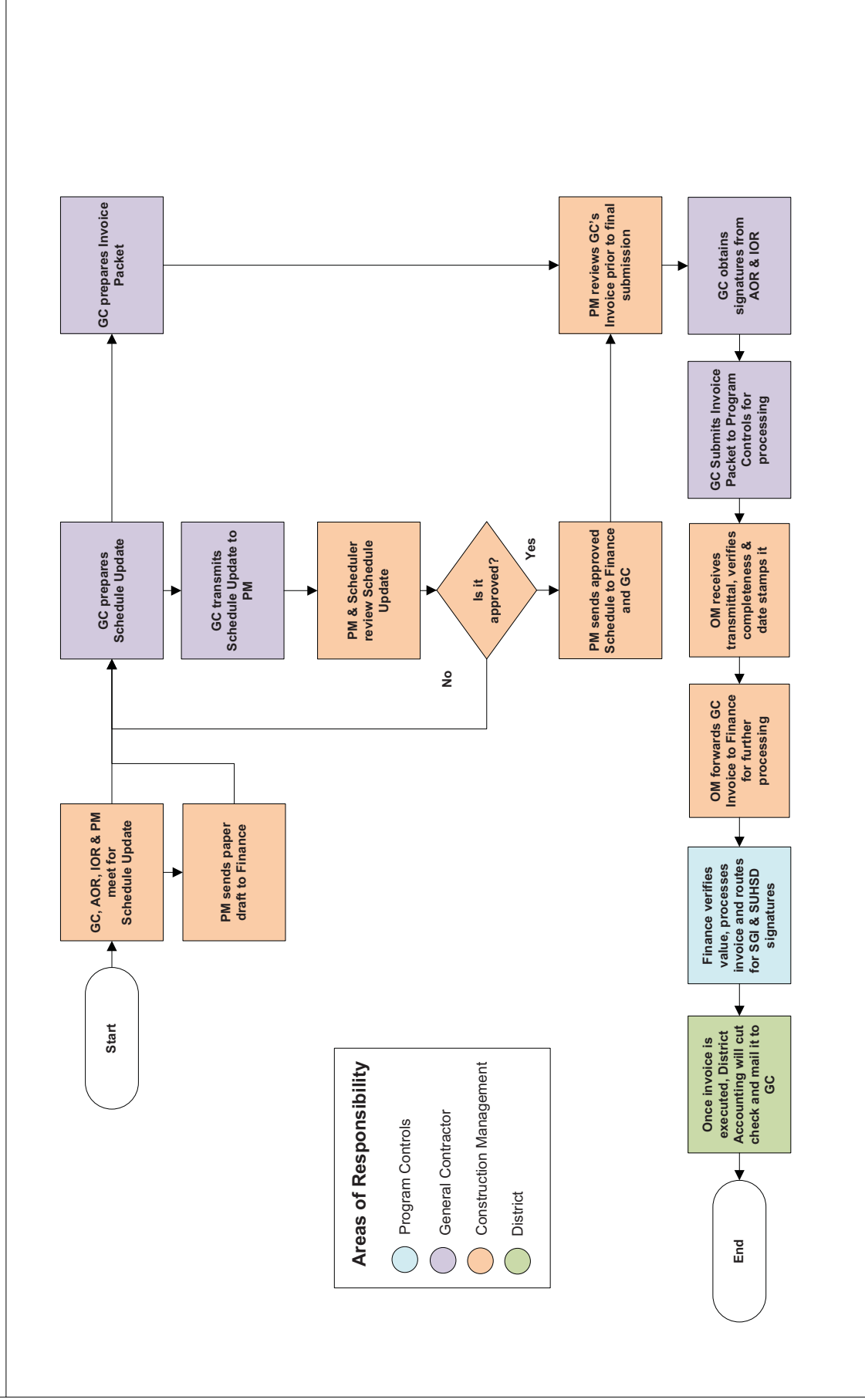
- 1.3.8. **GC** shall record the percent complete for each item on the Application for Payment schedule of values through remote connection to Prolog.
- 1.3.9. **FM** will confirm that the invoice is consistent with the paper draft and that all required items have been submitted. **FM** shall route the invoice packet for internal and district signature approvals.
- 1.3.10. Once invoice is executed, District Accounting will cut check and mail it to GC



Contractor Invoice Process Flow Chart



Flow Chart Figure No. 1



Legend		Participants		Documents	
Terminator	Process	Document	Prepare	Decision	Scanning
		AOR - Architect IOR - Inspector PM - Project Manager		GC - General Contractor OM - Office Manager	
		Invoice SOV - Schedule of Values			

Exhibit 11

SGL Payment Processing Time Report



Invoices Average Day Routing

Prop 'O' Bond Per Month Report

Month	Total Invoices Received to Date	AP	Area PM	Program Controls	Program Director	Planning	District Rep	Check Mailed	Total Days
November 2007	13	16.08	4.77	(3.69)	2.46	3.23	2.77	27.69	53.31
December 2007	10	8.40	3.00	2.40	3.56	1.80	0.60	23.60	43.36
January 2008	42	2.38	2.47	0.71	2.86	4.52	1.36	19.38	33.69
February 2008	35	3.40	2.51	0.83	0.94	3.89	0.51	19.17	31.26
March 2008	30	1.27	2.63	(0.23)	0.07	2.00	0.57	14.50	20.81
April 2008	44	4.64	1.41	0.86	0.95	3.30	1.75	12.50	25.41
May 2008	54	3.46	6.11	(3.30)	2.83	3.54	7.89	12.43	32.97
June 2008	49	1.65	0.67	0.76	0.12	1.80	1.73	9.73	16.47
July 2008	37	2.49	2.30	2.43	0.00	0.84	2.68	16.86	27.59
August 2008	60	1.90	0.87	1.92	0.00	(1.52)	7.63	7.59	18.39
September 2008	82	2.33	0.82	2.17	1.52	9.98	4.34	3.56	24.71
October 2008	150	3.47	2.06	3.43	0.07	1.37	5.08	4.76	20.22
November 2008	90	4.83	2.57	4.60	0.00	1.10	4.87	6.90	24.87
December 2008	106	4.95	5.38	1.77	0.00	2.45	3.13	4.93	22.62
January 2009	95	0.49	1.85	1.42	0.00	4.45	2.79	3.02	14.03
February 2009	136	0.66	2.54	3.08	0.00	1.24	6.10	4.49	18.10
March 2009	140	0.15	2.31	2.41	0.01	2.33	1.16	6.60	14.97
April 2009	144	0.90	1.28	0.69	4.88	3.31	1.99	5.10	18.16
May 2009	124	1.44	1.27	1.24	3.81	1.64	3.39	6.74	19.52
June 2009	197	4.17	1.84	0.38	0.58	0.65	2.74	6.06	16.43
July 2009	160	3.43	2.68	0.86	1.39	1.77	9.04	4.92	24.09
August 2009	172	5.01	2.16	2.75	3.58	1.20	6.63	4.01	25.33
September 2009	152	5.82	3.05	1.89	0.08	1.86	4.62	2.98	20.29
October 2009	125	3.98	4.05	3.73	0.21	7.79	5.01	5.02	29.79
November 2009	165	2.02	6.78	3.01	0.04	1.73	4.84	5.88	24.29
December 2009	158	5.35	5.68	6.25	0.00	1.81	2.68	4.73	26.51
January 2010	190	3.74	3.14	1.70	2.12	1.92	2.16	3.24	18.02
February 2010	157	2.67	1.80	0.82	2.29	2.38	4.02	5.11	19.09
March 2010	174	1.99	1.94	1.45	2.28	2.47	4.77	4.84	19.75
April 2010	186	4.95	1.31	1.38	1.09	3.77	3.94	4.92	21.36
May 2010	149	4.63	1.21	1.26	0.79	3.13	2.31	4.33	17.66
June 2010	184	2.79	2.75	0.58	1.27	1.67	3.61	3.40	16.08
July 2010	128	3.67	3.05	0.38	1.62	1.77	6.66	1.57	18.71
August 2010	136	1.43	3.55	0.43	2.25	1.72	3.16	4.01	16.56
September 2010	164	2.73	4.22	0.99	1.56	2.13	1.60	4.31	17.54
October 2010	153	2.45	2.39	1.04	1.41	1.69	2.30	4.16	15.45
November 2010	205	4.73	3.46	0.42	4.81	1.24	4.28	4.26	23.21
December 2010	105	1.12	5.73	0.56	3.59	1.70	2.59	7.80	23.09
January 2011	121	0.86	2.96	1.14	3.72	2.61	1.90	4.39	17.57
February 2011	142	1.50	2.37	1.11	1.98	2.56	3.82	5.49	18.83
March 2011	137	2.70	2.69	0.63	2.08	2.03	3.32	4.31	17.76
April 2011	147	2.35	3.33	0.84	1.79	0.76	5.63	4.28	18.98
May 2011	119	1.68	2.86	0.76	2.45	0.99	3.99	3.77	16.50

Invoices Average Day Routing
Prop 'O' Bond Per Month Report

Month	Total Invoices Received to Date	AP	Area PM	Program Controls	Program Director	Planning	District Rep	Check Mailed	Total Days
June 2011	195	1.60	3.37	1.06	2.10	1.71	4.50	3.89	18.23
July 2011	103	1.02	3.45	1.12	2.39	2.28	16.75	6.59	33.59
August 2011	125	1.19	4.43	0.82	3.02	1.68	13.30	5.04	29.47
September 2011	129	1.32	2.84	0.92	6.41	1.66	2.30	3.53	18.99
Total Invoices	5,719	2.85	2.92	1.48	1.77	2.20	4.31	5.28	20.81

Averages per Month

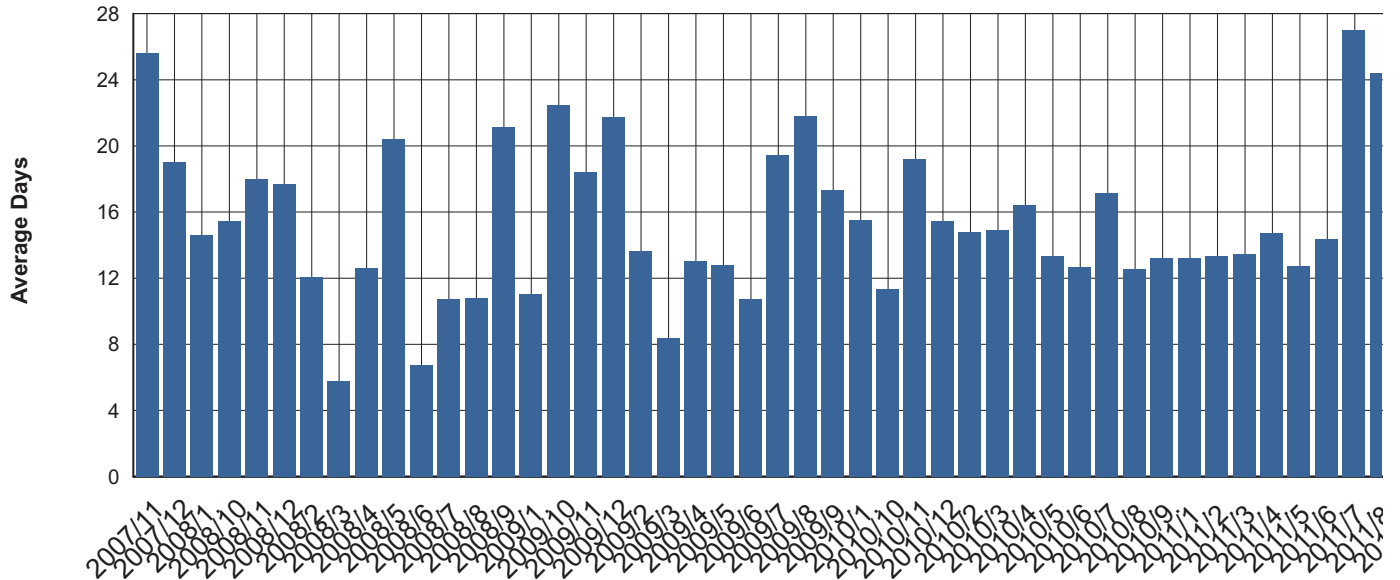


Exhibit 12

LCP Annual Report from 05-01-08 to 02-27-09

LABOR COMPLIANCE PROGRAM ANNUAL REPORT

Format for Awarding Body that enforces its own Labor Compliance Program for some but not all projects

Report for the reporting period 5/1/08 to 2/27/09
(mm/dd/yyyy) (mm/dd/yyyy)

1. Name of Labor Compliance Program (LCP): Sweetwater Union High School District	
2. LCP I.D. Number (assigned by DIR): 2003.00214	3. Date of Initial Approval: 05/19/2003
4. Contact person (include name, title, address, telephone, fax, and e-mail, if available): Mr. Karl Bradley Assistant Superintendent of Facilities and Operations 1130 Fifth Avenue Chula Vista, CA 91911 Phone # (619) 585-6060 - Fax # (619) 407-4984	
5. Did LCP perform any LC § 1771.5 enforcement activities during the 12 months in the reporting period? Please check one: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, proceed to item 6 on the next page If No, complete the information below, sign the form and submit to DIR, Office of the Director, Attn: LCP Special Assistant, 455 Golden Gate Avenue, 10th Floor, San Francisco CA 94102	
What suggestions do you have for the Department of Industrial Relations to better assist you with your program in the coming year? (attach additional sheets if Necessary)	
SUBMITTED BY: <u>R. Karl Bradley</u> <u>R. KARL BRADLEY</u> Signature <u>ASSIST SUPERINTENDENT OF FAC.</u> <u>05 24 09</u> Name and Title <u>OPS</u> Date	

LCP-AR1

6. LC § 1771.5 enforcement activities (provide all information requested, attaching as many sheets as necessary).

A. List projects handled by LCP within the past 12 months.

Project Name	Bid Advertisement Date	Prime Contractor	Contract Amount
Chula Vista HS – Interim Housing	9/4/08	Turner Construction Company	\$1,116,956.00
Montgomery HS – Interim Housing	12/2/08	Symbolic Builders	\$148,585.00
National City MS – Interim Housing	10/22/08	Haley Construction Service, Inc.	\$318,444.00
Southwest MS – Interim Housing	12/5/08	Sturgeon General, Inc.	\$498,000.00
Total			\$2,081,985.00

B. Summary of all wages and penalties assessed and/or recovered.

Project Name	Affected Contractor (who directly employed the worker)	Amount Assessed	Amount Recovered	Approval of Forfeiture Requested from Labor Commissioner?	Description of Violation
Chula Vista HS Interim Hsg.	CPE Construction, Inc.	\$46.44	\$46.44	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Wage Underpayment
				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Total					

C. For any amount identified in item B for which approval of forfeiture not requested from the Labor Commissioner, please explain below.

LCP-AR1

Project Name	Amount Assessed	Amount Recovered	Explanation
Chula Vista HS Interim Hsg.	\$46.44	\$46.44	Contractor paid the incorrect overtime rate. Contractor paid restitution in a timely manner.
Total			

D. For any amount identified in item B for which approval of forfeiture was requested from the Labor Commissioner, please provide the following:

[illegible]

E. Identify cases that are or were the subject of LC § 1742 proceedings.

Project Name	Contractor	Nature of Violation	ODL Case #	Current Status

F. Did you refer any contractor to the Labor Commissioner for debarment per LC § 1777.1?

Please check one:

☐ Yes

☐ No

If yes, identify affected contractor(s) or subcontractor(s) and date(s) of referral:

G. Did you refer any apprenticeship violation to the Division of Apprenticeship Standards (DAS)?

Please check one:

☐ Yes

☒ No

If yes, identify affected contractor(s) or subcontractor(s) and date(s) of referral:

Exhibit 13

Hard and Soft Cost Descriptions

SUH Project 1

Type	Object	Description	Total Exps	Ratios
HARD	4310	Supplies	180,353.98	
HARD	4410	Equipment > \$20,000	921,099.24	
HARD	4411	Furniture	127,582.70	
HARD	6233	Demolition	0.00	
HARD	6234	Other Construction	83,201.61	
HARD	6235	Interim Housing	600,918.56	
HARD	6236	New Construction	32,352,915.60	
HARD	6238	Site Cleanup	0.00	
HARD	6299	Construction Contingency	0.00	
	HARD Total		34,266,071.69	79.16%
SOFT	5750	Maint WO	1,625.64	
SOFT	5852	Legal Fees	0.00	
SOFT	5890	Misc Admin	0.00	
SOFT	6140	Surveys	0.00	
SOFT	5750	Interfund District Services	0.00	
SOFT	6220	Architects/Engineering	0.00	
SOFT	0000		0.00	
SOFT	0001-Fees		2,937,909.83	
SOFT	0002-Reimbursables		231,023.21	
SOFT	6221	DSA Plan Check Fees	206,875.50	
SOFT	6222	CDE Plan Check Fees	24,068.87	
SOFT	6223	Preliminary Tests	121,512.33	
SOFT	6224	Other Design	0.00	
SOFT	0000		37,396.72	
SOFT	0001-Fees		2,775,587.52	
SOFT	0002-Reimbursables		225,731.88	
SOFT	6225	Project Mgmt Fees	0.00	
SOFT	0001-Fees		1,437,783.54	
SOFT	0002-Reimbursables		50,651.03	
SOFT	6230	Utility Services/Permits	0.00	
SOFT	6237	Labor Compliance	79,219.53	
SOFT	6240	Testing	388,405.88	
SOFT	6245	Inspection	503,737.79	
	SOFT Total		9,021,529.27	20.84%
	Grand Total		43,287,600.96	100.00%

SUH Hard-Soft Cost Ratios

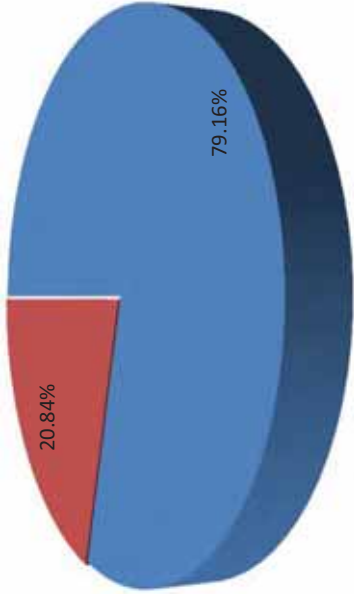


Exhibit 14

Project Status Summary Sheet



Project Status Summary

Chula Vista High School Project 1

General Information

School Name: Chula Vista High School Report Date: 09/07/2011
 Project Name: Chula Vista High School Project 1
 Cost Center: 813-8506.00

1. Project Information

Architect/Engineer: Petya Kisyoova
 Inspector of Record: Norm Arnett
 Project Manager: Bryan Ehm
 Project Scope:
 1. New 24,500 s.f. SCPA multi-purpose building
 2. Retrofit of the existing concrete football bleachers
 3. New library building
 4. Modernization of the boy's & girl's P.E. locker rooms
 5. Modernization of the Gymnasium & Adaptive P.E. buildings
 6. Small Projects (tentative):
 - Baseball field backstop: Provide new extended height varsity baseball field back stop fence
 - Gymnasium stage: Provide new retractable/movable stage in gymnasium

2. Business Classification

Classification	Number of	Value of Contracts	% of Total
Emerging	2	\$410,050	1.5%
Local	88	\$1,001,499	3.7%
Small	23	\$2,557,087	9.5%
Veteran	0	\$0	0.0%
Disadv/Women	12	\$4,681,860	17.4%

Individual contracts may be assigned to more than one classification. As a result, the sum of the classification values may be greater than the sum of the contracts.

3. Committee Meetings

Site Committee Meeting #1 Date: 09/18/2007
 Site Committee Meeting #2 Date: 12/17/2007
 Site Committee Meeting #3 Date: 01/08/2008
 Site Committee Meeting #4 Date: 01/22/2008

4. Key Milestones

	Planned	Actual
Design Start Date:	Q1 08	Q1 08
DSA Approval Date:	Q4 08	Q2 09
Construction Start Date:	Q1 09	Q3 09
Construction Completion Date:	Q4 10	Q1 11
Closeout Completion Date:	Q1 11	

5. Progress this Period

Construction Phase Progress

- 9/1/2011 0036
1. LEED: Project is currently tracking 60 LEED points and will achieve a 'Platinum' certification.
 2. Current Construction Activities:
 - Project is complete and buildings are occupied.
 - Closeout documentation is complete.

Design Phase Progress



Project Status Summary

Chula Vista High School Project 1

6. Financial

Code & Description	Current Budget	Commit'd Costs	Cost to Date	CTD as a % of Budget	Cost to Complete
8100-5751-00 Plant Maint Ops/Maint W/O	5,000	4,576	4,576	91.5%	424
8506-4310-00 Furniture and Equipment	399,113	398,831	390,788	97.9%	8,325
8506-4410-00 Equipment>\$500/unit	176,879	176,879	169,697	95.9%	7,182
8506-4411-00 FF&E	22,309	22,309	22,309	100.0%	0
8506-6220-01 Design Architect Fee	2,128,294	2,128,294	1,988,946	93.5%	139,348
8506-6220-02 Design Architect Reimbursables	317,572	317,572	300,878	94.7%	16,694
8506-6221-00 DSA Plan Check Fees	124,592	102,860	102,860	82.6%	21,732
8506-6222-00 CDE Plan Check Fees	15,852	15,851	15,851	100.0%	1
8506-6223-00 Preliminary Testing/Site Survey	102,677	102,677	96,432	93.9%	6,245
8506-6224-00 Support Costs	11,429	10,871	7,390	64.7%	4,039
8506-6224-01 Program Management Fee	2,017,540	2,017,540	2,015,856	99.9%	1,684
8506-6224-02 Program Management Reimbursables	180,723	180,723	165,005	91.3%	15,718
8506-6225-01 Project Management Fee	883,160	883,160	883,160	100.0%	0
8506-6225-02 Project Management Reimbursables	31,462	31,462	31,462	100.0%	0
8506-6234-00 Other Construction	111,741	111,741	111,248	99.6%	493
8506-6235-00 Interim Housing	598,442	598,443	496,538	83.0%	101,904
8506-6236-00 New Construction	22,462,088	20,914,112	20,914,111	93.1%	1,547,977
8506-6237-00 Labor Compliance	60,283	60,283	60,283	100.0%	0
8506-6240-00 Construction Testing	317,921	317,921	302,928	95.3%	14,993
8506-6245-00 Construction Inspection	571,541	571,541	544,311	95.2%	27,230
8506-6299-0C Contingency Construction	1,034,501	0	0	0.0%	1,034,501
8506-6299-0P Contingency Project	123,378	0	0	0.0%	123,378
Total	31,696,497	28,967,645	28,624,628		3,071,869

New Construction Contract Summary

Project Name	Contractor	Current Contract Amount
Chula Vista High Interim Housing	Turner Construction Company	\$1,133,047.84
Chula Vista High School - Concrete Bleachers	Slater Waterproofing	\$382,155.00
Chula Vista High School Project 1	Turner Construction Company	\$19,398,909.00
	Total:	\$20,914,111.84

Exhibit 15

Change Order Process


INFORMATION ONLY

PROGRAM MANAGEMENT PLANNING AND CONSTRUCTION MANUAL

1. CHANGE ORDER PROCESS.

Overview:

All construction projects have a certain element of unknown conditions that must be addressed by the contractor. In addition, the owner must be able to make adjustments in the construction program to reflect changes in operation or circumstances that occur after the design is completed. This section outlines the process used for Change Orders.

1.1. Purpose. The purpose of a Change Order is to communicate and record changes in the Contract Amount and /or Time.

1.2. Roles and Responsibilities.

- 1.2.1. Architect/Engineer (AE).** The person, firm, corporation or entity responsible for the Project Architectural or Engineering designs licensed to practice Architecture or Engineering as identified in the Contract Documents.
- 1.2.2. Contracts Manager (CM).** The person responsible to manage and control prime contracts and consultant agreements for the Owner.
- 1.2.3. Document Control Assistant (DCA)** The person responsible to make sure all documentation is printed, routed executed, scanned and filed for the Owner.
- 1.2.4. Contractor (GC).** The person, firm, corporation or entity with whom the Owner has or intends to enter into a Contract for construction of a District project.
- 1.2.5. GSGI Construction Manager (GSGI CM).** The person or entity contracted for management and administration of construction contract(s) relative to a District project.
- 1.2.6. Office Manager (OM).** Responsible for organizing and coordinating office operations.
- 1.2.7. Program Controls (PC).** The person who oversees the financial, contract management, quality control and documentation aspects of all school projects.
- 1.2.8. Program Director (PD).** The person in charge of Program Management and Controls Teams.
- 1.2.9. Project Manager (PM).** The person with whom the Owner has contact with at the school project sites. He performs and manages the construction project.
- 1.2.10. Project Engineer (PE).** The person who assists the PM with daily construction activities.
- 1.2.11. Quality Manager (QM).** The person who makes sure a process is within procedure guidelines.
- 1.2.12. The Owner.** The Sweetwater Union High School District (referred to as **District**).

1.3. Definitions. The following terms explain the Change Order documents and their support documentation.

- 1.3.1. Request for Proposal (RFP).** A **Request For Proposal** is made by the **PM**, directing the **GC's** to submit a written proposal detailing the proposed changes to the Contract Amount and/or Contract Time in response to the proposed Work contained therein. See Exhibit A for reference.
- 1.3.2. Field Work Directive (FWD).** A **Field Work Directive** is a written directive directing the **GC** to proceed regarding an issue of dispute, or requiring **GC** to take a specified action regarding the Work, Project and/or Contract. A Field Work Directive may, but not always, result in an addition, deletion, and/or revision in the Work, and may contain a proposed basis for adjustments to, if any, the Contract Amount and/or Contract Time. See Exhibit B for reference.
- 1.3.3. Potential Change Order (PCO).** A **Potential Change Order** is a written instrument, prepared by the **PM** setting forth proposed adjustments to the Contract Amount or Time, if any, in response to a directed (by the **District**) and/or proposed (**GC**) addition, deletion or revision in the Work. The **PCO** shall include all prices, breakdowns and costs, data and/or information required in order to validate a proposed adjustment in the Contract Amount, Milestones and/or Contract Time. See Exhibit C for reference.
- 1.3.4. Board Item (BI).** A **Board Item** is a document submitted to the monthly Board of Trustees meeting for approval for contract change order requests. See Exhibit D for reference.
- 1.3.5. Change Order (CO).** A **Change Order** is the signatory document authorizing a change in the Contract Amount and/or Time. See Exhibit E for reference.
- 1.3.6. Prolog.** Application used to manage the Prop O Bond by the Program Management team.
- 1.3.7. Laserfiche.** Application used by the District to upload & manage electronic documents.

NOTE: ALL DIRECTION MUST BE GIVEN IN WRITING. VERBAL DIRECTION WITHOUT WRITTEN CONSENT AS BACK UP, IS PROHIBITED.

1.4. Field Work Directive (FWD). See *Field Work Directive* Flow Chart Figure No. 1 for reference.

1.4.1. The **PM** creates and prints **FWD** in **Prolog** and enters with not to exceed cost.

1.4.2. **PM** will forward it to **GC, AE, GSGI CM** and **District** for signature approval.

1.4.3. If **FWD** is approved by the **District** staff, **PM** will transmit it to **GC** and make a copy to attach as backup when **PCO** needs to be created in **Prolog** (see following step).

1.4.4. If **FWD** is not approved, **PM** will revise and resubmit; rejected **FWD** will be archived.

NOTE: THE PM MAY SPECIFY ON THE FWD, THE METHOD OF PRICING FOR THE COST OF THE WORK (I.E. TIME AND MATERIAL, LUMP SUM, UNIT PRICES, ETC.) AND INCLUDE A "NOT TO EXCEED" AMOUNT. PRIOR TO THE ISSUANCE OF A FWD, THE PM MUST VERIFY THAT THE ESTIMATED AMOUNT OF THE WORK DESCRIBED IN THE FWD IS WITHIN THE CONSTRUCTION CONTINGENCY AND PRELIMINARILY APPROVED BY THE DISTRICT'S DIRECTOR OF PLANNING AND FACILITIES.

1.5. Potential Change Order (PCO). See *Potential Change Order to Change Order* Flow Chart Figure No. 2 for reference.

1.5.1. The **PM** creates **PCO** in **Prolog** and enters it with original estimate (cost).

1.5.2. The **PM** creates and prints **RFP** in **Prolog** & transmits it to the **GC**. **PM** will present **PCO** back up in an organized and systematic way. The **PM** is responsible for documenting all Contract modifications that alter the scope of Work.

1.5.3. The **GC** must respond to the **RFP** in the time specified by the **PM**, but no more than five (5) calendar days. When necessary to the progress of the Work, the **PM** may ask for a response in less than 5 calendar days.

1.5.4. When reply is received and negotiated with **GC**, the **PM** will enter **RFP** proposed amount (cost) and enters into previously created **PCO** in **Prolog**.

1.5.5. The **PM** completes **PCO** indicating a description and justification of the scope change and impact to the contract amount and time, including a detail of existing and proposed Contract adjustments.

1.5.6. **PCO** is then printed and forwarded by **PM** to **GC, AE, GSGI CM** and **District** for approval signatures..

1.5.7. **PM** forwards executed **PCO** and corresponding backup to **QM** for review.

1.5.8. If **PCO** is reviewed favorably, **QM** notifies **DCA, CM & QM**; otherwise additional information will be required from **PM**.

1.5.9. **QM** forwards approved **PCO** to **DCA** for further processing. **DCA** will make copy of executed **PCO** and provide it to **PM**.

1.5.10. **PM** will notify and transmit executed **PCO** copy to **GC** to proceed with the scope change related Work.

NOTE: WORK RELATED TO THE SCOPE CHANGE SHALL NOT COMMENCE NOR SHALL THE PM START TO PROCESS A CO UNTIL THE PCO HAS BEEN APPROVED BY ALL APPLICABLE PARTIES.

1.6. Board Item (BI). See *Potential Change Order to Change Order* Flow Chart Figure No. 2 for reference.

1.6.1. After **PCO** has been executed by the **District**, **DCA** creates **BI**.

1.6.2. **DCA** forwards **BI** to **District** (Director of Planning and Facilities) for further review; upon **District** decision **BI** will it be included in next months board agenda for approval; otherwise it will be revised as instructed and resubmitted.

1.7. Change Order (CO). See *Potential Change Order to Change Order* Flow Chart Figure No. 2 for reference.

1.7.1. **DCA** creates and prints six (6) **CO** sets in **Prolog** and **DCA** transmits **CO** sets for **GC & AE** for signatures.

1.7.2. **GC** and/or **AE** receive and review **CO** sets; if **CO** is reviewed with no disputes or revisions, **GC** and/or **AE** sign documents.

1.7.3. If **CO** sets are not signed, they are transmitted back to **DCA** for any revision requested. Process is repeated until **GC** and/or **AE** sign documents.

1.7.4. As soon as executed **CO** sets are received and date stamped by **OM**. Documents are then forwarded to **DCA** for further processing.

1.7.5. **DCA** creates and prints **Prolog** internal routing form and routes **CO** sets for internal **PM, PC, PD** signatures; if **CO** is under \$150,000 **District's CO** sets can be signed.

NOTE: THE GC CAN ONLY INCLUDE CO UP TO \$150,000 IN NEXT APPLICATION FOR PAYMENT, BUT IT MUST BE EXECUTED BY ALL PARTIES AND ALL WORK SHOULD BE COMPLETED.

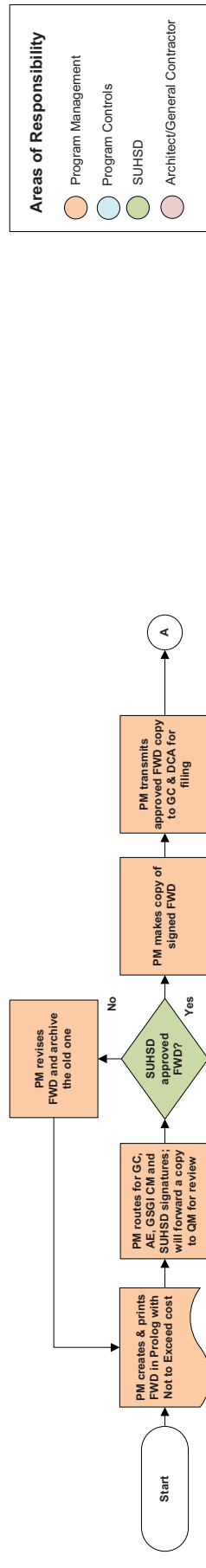
- 1.7.6. When the **District's** Board of Trustees meets and if **BI** is approved **DCA** notifies **PM, CM & QM**; if it is not approved **DCA** will let the same staff know the **District's** board recommendation.
- 1.7.7. As soon as all **CO** board items are approved and if more than \$150,000 they routed for **District's** signatures.
- 1.7.8. Once **CO** is executed, **DCA** will internally file one (1) set and distribute remaining ones as follows:
 - 1.7.8.1. **District's Finance** will receive one (1) set,
 - 1.7.8.2. **District's Purchasing** will receive one (1) set,
 - 1.7.8.3. **GC** will receive one (1) set,
 - 1.7.8.4. **AE** will receive two (2) sets, one for their records, and the other as backup to submit to DSA for approval.
- 1.7.9. **DCA** enters **CO** executed and mail dates in Prolog.
- 1.7.10. **DCA** scans **CO** in Laserfiche.
- 1.7.11. **DCA** files **CO**.



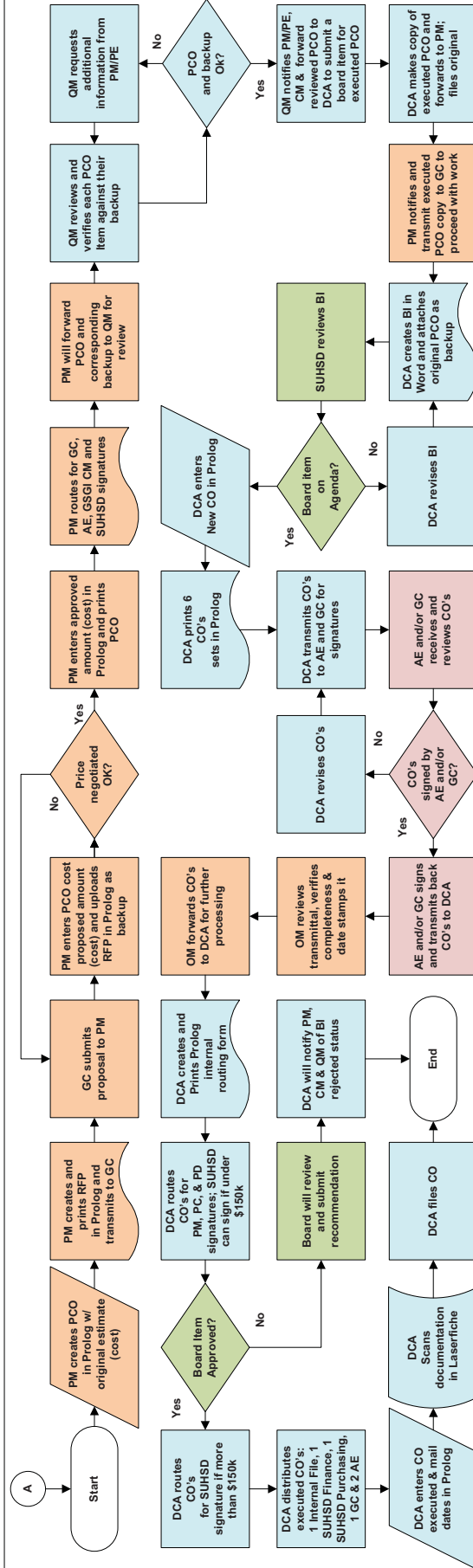
Change Order Process Flow Chart



Field Work Directive Process (Flow Chart Figure No. 1)



Potential Change Order to Change Order Process (Flow Chart Figure No. 2)



Legend			
Terminator	Process	Document	Data
Decision	Scanning		
Participants			
AE – Architect Engineer	GC – General Contractor	PM – Project Manager	CO – Change Order
CM – Contracts Manager	GSGI CM – Construction Manager	QM – Quality Manager	BI – Board Item
DCA – Document Control Assistant	PE – Project Engineer	SUHSD – District Staff	FWD – Field Work Directive
Documents			
			PCO – Potential Change Order
			RFI – Request for Information
			RFP – Request for Proposal

Version 2 (05-05-10)

EXHIBIT A

April 20, 2009

Mr. Brian Fordyce
Fordyce Construction, Inc.
9932 Prospect Avenue #138
Santee, CA 92071

**RE: Request for Proposal No. RFP-001
Hilltop High Interim Housing**

Dear Mr. Fordyce,

Please provide a quotation referencing the following PCO Number 001 for the following general description, Asphalt Landing Transition Relos 7-12. Please provide a written quotation by 4/20/2009 and return to my attention.

Respectfully,

Spencer Evans

EXHIBIT B



Director of Planning and
Construction

Field Work Directive

Project: Hilltop High Interim Housing
Contractor: Fordyce Construction, Inc.
Architect: Ruhnuu Ruhnuu Clarke

Project No.: 815-8506.19
Date: 04/17/2009
Contract No.: SF780407

Field Work Directive No 001

Contractor is directed to proceed with the following described work (*Preparer to include appropriate reference to Plans, Specifications, Sketches, RFI's, etc.):*

Ramp landing pads at rels 7-12 must have a transition slope to path of travel of 1:20 or 5% slope per ADA. Due to layout of rels and field conditions a portion of this 4' wide path of travel ends up under the common ramp to the adjacent rels 1-6. Proposed fix by ME and JV is to have transitions run north/south over a elongated landing.

Issue was brought up during 4/13/09 OAC meeting at HTH. Field measurements were taken and architect verbally answered question.

In order to expedite the Work and avoid or minimize delays the Field Work Directive (FWD) is issued. Signature on this FWD acknowledges potential change in the contract amount. This FWD does not represent approval of cost(s) and or a change order to the contract.

When signed by the Owner and Architect and received by the Contractor, this document becomes effective IMMEDIATELY as a FWD, and the Contractor shall proceed with the work described above.

If deemed acceptable, A Change Order will be issued to the Contract Agreement after full review of the contract documents.

If a Change Order is contemplated, select the appropriate option below:

Estimated Cost:	\$ 4,200.00		
Estimated Time:	1 Days	Contractor Signature	Date
Type of Change:	Not to Exceed		
Reason for Change:	Code Compliance	Architect Signature	Date



Director of Planning and
Construction

Field Work Directive

Project: Hilltop High Interim Housing
Contractor: Fordyce Construction, Inc.
Architect: Ruhnau Ruhnau Clarke

Project No.: 815-8506.19
Date: 04/17/2009
Contract No.: SF780407



Project Manager Signature

Date

Planning Project Manager

Date

If a Change Order is contemplated (or this is an item in dispute), this instruction shall be authorized by the District Representative:

Director of Planning and Construction

Date

Attached: RFI #8, PCO #1

Copies to: Project Manager, Construction Manager, Fordyce Construction, Inc.

EXHIBIT C



Potential Change Orders

Detailed, Grouped by Each Number with Signatures

Hilltop High Interim Housing555 Claire Ave.
Chula Vista, CA 91910**Project # 815-8506.19**

Tel: Fax:

PCO #: 001	4/13/2009	Asphalt Landing Transition Relos 7-12
-------------------	------------------	--

Category	Reference
-----------------	------------------

Lump Sum

Request For Information: 008 - Asphalt
Landing Transition**Notes**

Ramp landing pads at rels 7-12 must have a transition slope to path of travel of 1:20 or 5% slope per ADA. Due to layout of rels and field conditions a portion of this 4' wide path of travel ends up under the common ramp to the adjacent rels 1-6. Proposed fix is to have transitions run north/south over a elongated landing.

Summary:

Requested Days:	Approved Days:	Board Category
------------------------	-----------------------	-----------------------

0

0

General Description	Quote Due	Quote Rec'd	Proposed	Approved
----------------------------	------------------	--------------------	-----------------	-----------------

001 - ForCon - 8506-6236-00

4/20/2009

4/28/2009

\$5,012.00

\$2,195.00

Asphalt Landing Transition Relos 7-12

TOTAL

\$5,012.00

\$2,195.00

In order to expedite the Work and avoid or minimize delays the Potential Change Order (PCO) is issued. Signature on this PCO acknowledges work and change in the contract amount.

When signed by the Owner and Architect and received by the Contractor, this document becomes effective IMMEDIATELY as a PCO, and the Contractor shall proceed with the work described above.

A Change Order to the Contract amount will be issued. Once the Change Order is fully executed, the Contractor will be eligible to invoice.

Contractor Signature	Architect Signature	SGI Signature	SUHSD Signature
-----------------------------	----------------------------	----------------------	------------------------

Contractor Name	Architect Name	Project Manager Name	SUHSD Name
------------------------	-----------------------	-----------------------------	-------------------

Date	Date	Date	Date
-------------	-------------	-------------	-------------

Architect Comments:	SGI Signature	SUHSD Signature
----------------------------	----------------------	------------------------

	Construction Mgr. Name	SUHSD Name
--	-------------------------------	-------------------

	Date	Date
--	-------------	-------------

Issue:

Ratification of Change Order No. 2.

Superintendent's Recommendation:

Ratify Change Order No. 2 for the Interim Housing Project at Hilltop High School.

Analysis:**Introduction:**

Change Order No. 2 has been approved by staff in accordance with direction provided by the board of trustees at its December 10, 2007, meeting. Staff recommends the board ratify the following contract changes for the Interim Housing at Hilltop High School.

1. Contractor to provide a credit for deletion of all work associated with plumbing to the 2nd group of relocatable classrooms. Decrease the contract with Fordyce Construction, Inc., in the amount of \$6,300.
2. Repair of existing sub-grade issues. Increase to the contract with Fordyce Construction, Inc., in the amount of \$12,000.
3. Grade elevation and ADA access ramp issues at 2nd Group of relocateable classrooms. Increase to the contract with Fordyce Construction, Inc., in the amount of \$1,000.
4. Ramp landings at relocatable units 7-12 did not meet ADA compliance. The ramps designs were re-designed to meet ADA compliance. Increase to the contract with Fordyce Construction, Inc., in the amount of \$2,195.
5. Concrete encasement was found in trench path data connection to building 200. Alternate route was used. Increase to the contract with Fordyce Construction, Inc., in the amount of \$2,400.
6. ABS pipe found below grade was leaking upstream of trench excavation. Increase to the contract with Fordyce Construction, Inc., in the amount of \$930.
7. Point of connection on the drawings were shown on incorrect end of relocatable bathroom building. Extra conduit, wire and labor were required. Increase to the contract with Fordyce Construction, Inc., in the amount of \$1,280.
8. Low voltage tie-in was shown on drawings where existing ramp is located. Tie in location was moved. Increase to the contract with Fordyce Construction, Inc., in the amount of \$2,000.
9. Existing wires covered in duct tape were found buried 4" below finished grade. Contractor installed concrete pull box to bring electrical up to code. Increase to the contract with Fordyce Construction, Inc., in the amount of \$500.
10. Rebar not shown on drawings. Rebar added per RFI direction. Increase to the contract with Fordyce Construction, Inc., in the amount of \$310.

Fiscal Impact:

Expenditure of \$16,315, to the Proposition O Fund. This change order combined with all other change orders results in a 3.3 percent increase for the contract.



Contract Change Order

Detailed, Grouped by Each Number BARCODE

Hilltop High Interim Housing

555 Claire Ave.
Chula Vista, CA 91910

Project # 815-8506.19

Tel: Fax:

SUHSD Program Management\SGI**Contractor/Vendor**

Fordyce Construction, Inc.
9932 Prospect Avenue #138
Santee, CA 92071

Architect's Project No: 1-83-64**Contract Date:** 3/9/2009**Contract Number:** SF780407**Change Order Number:** 002**DSA File No.** 37-H10**DSA No.** 04-109874**The Contract is hereby revised by the following items:**

Change Order No. 002

PCO	Item #	Description	Amount
001	001	Asphalt Landing Transition Relos 7-12	2,195
002	001	Low Voltage Tie in @ Bldg 200	2,400
005	001	Asphalt Pad at 2nd Group	1,000
007	001	Deletion of Plumbing to 2nd Group	(6,300)
009	001	Plastic Storm Drain Fix	930
010	001	Power to Bathrooms	1,280
013	001	Low Voltage @ Relo #6	2,000
014	001	Pull Box in Left Field	500
015	001	Existing Asphalt Conditions	12,000
016	001	Rebar @ Switch Gear Pad	310

The original Contract Value was.....	499,000
Sum of changes by prior Subcontract Change Orders.....	0
The Contract Value prior to this Subcontract Change Order was.....	499,000
The Contract Value will be changed by this Subcontract Change Order in the amount of.....	16,315
The new Contract Value including this Subcontract Change Order will be.....	515,315
The Contract duration will be changed by.....	0 Days
The revised Completion date as of this Subcontract Change Order is.....	6/21/2009

ARCHITECT

Ruhnau Ruhnau Clarke
5751 Palmer Way, Suite C
Carlsbad, CA 92010

APPROVED

DIVISION OF THE STATE ARCHITECT
Office on Construction Services
16680 West Bernardo Drive
San Diego, CA 92127

SIGNATURE: _____

STAMP & DATE

BY: _____

TITLE: _____

DATE _____

OWNER

Sweetwater Union High School District

PROGRAM MANAGER

TO COMPANY

Fordyce Construction, Inc.

CONTRACTOR/VENDOR/ARCHITECT

SIGNATURE _____

BY Karl Bradley

TITLE Assistant Superintendent of Facilities and Operations

DATE _____

SIGNATURE _____

BY Brian Fordyce

TITLE President

DATE _____

Exhibit 16

Change Order Summary through August 31 2011



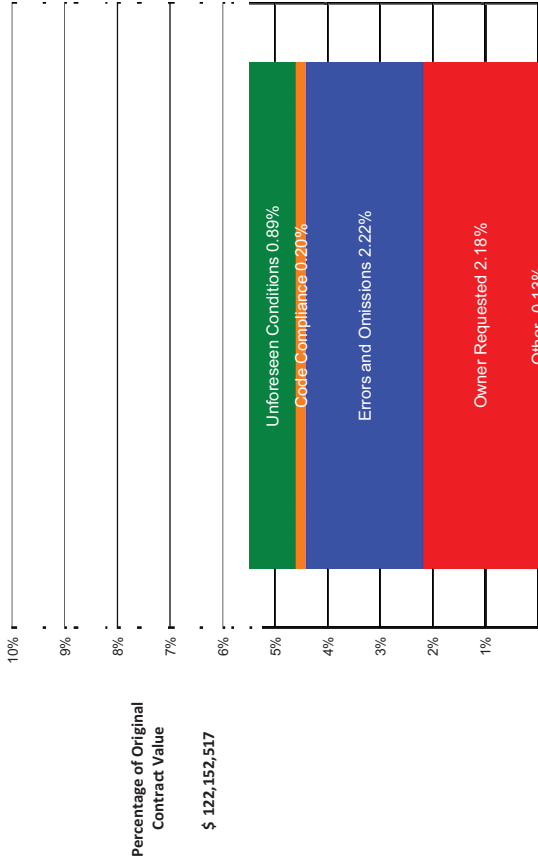
Change Order Summary

Data up through: Aug-31-2011

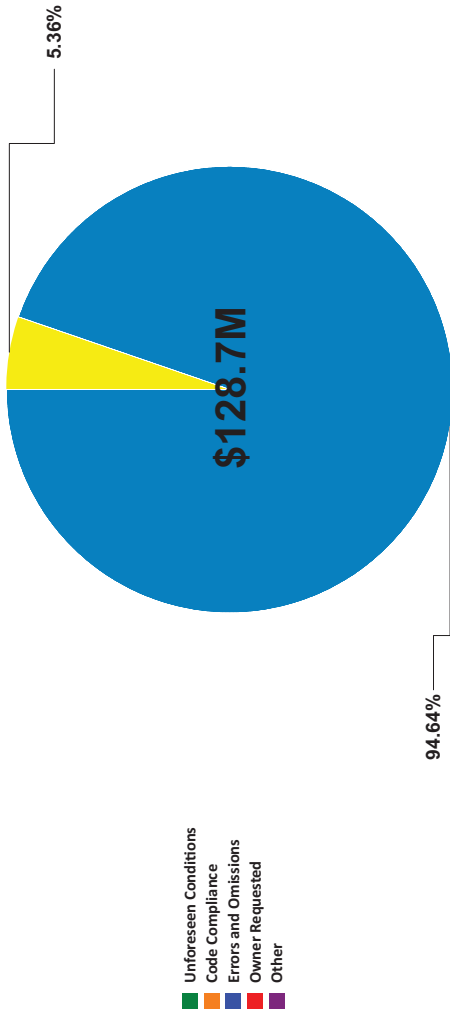
Original Contract Amount	BVH	CVH	CVM	GIH	HTH	MOH	MOM	MVH	NCM	SOH	SOM	SUH	Total
	220,039	20,050,371	6,930,007	153,998	13,302,814	17,715,668	1,351,939	4,949,998	7,456,328	8,449,860	8,017,594	33,553,900	122,152,517
Unforeseen Conditions	0	38,127	36,753	11,315	141,168	7,403	0	91,144	230,618	41,491	392,630	95,405	1,086,054
Code Compliance	0	170,520	2,998	0	11,265	8,840	0	4,116	15,035	0	0	32,740	245,514
Errors and Omissions	0	225,770	33,019	0	932,731	201,577	0	153,128	391,010	26,978	461,802	289,503	2,715,518
Owner Requested	0	551,443	596,877	0	685,323	290,048	19,582	146,307	(21,357)	45,602	29,514	322,048	2,663,387
Other	0	(122,119)	8,705	0	267,616	(105,023)	9,382	66,231	(4,606)	21,323	(358,183)	55,325	(161,349)
Total Change Orders	0	863,741	678,352	11,315	2,038,103	402,845	28,964	460,926	608,701	135,394	525,763	795,021	6,549,125
Current CO Rate	0.00%	4.31%	9.79%	7.35%	15.32%	2.27%	2.14%	9.31%	8.16%	1.60%	6.56%	2.37%	
Current Contract Amount	220,039	20,914,112	7,608,359	165,313	15,340,917	18,118,513	1,380,903	5,410,924	8,065,029	8,585,254	8,543,358	34,348,921	128,701,642

Unforeseen Conditions	% of COs
Code Compliance	16.58%
Errors and Omissions	3.75%
Owner Requested	41.46%
Others	40.67%
	(2.46%)
Current Total CO Rate	5.36%

Approved CO Value by Reason



Approved CO Percentage of Original Contract Value



Notes:
Data includes all construction contracts managed under Proposition O per school site.
Data includes only board approved change orders as of the data date.



Change Order Summary

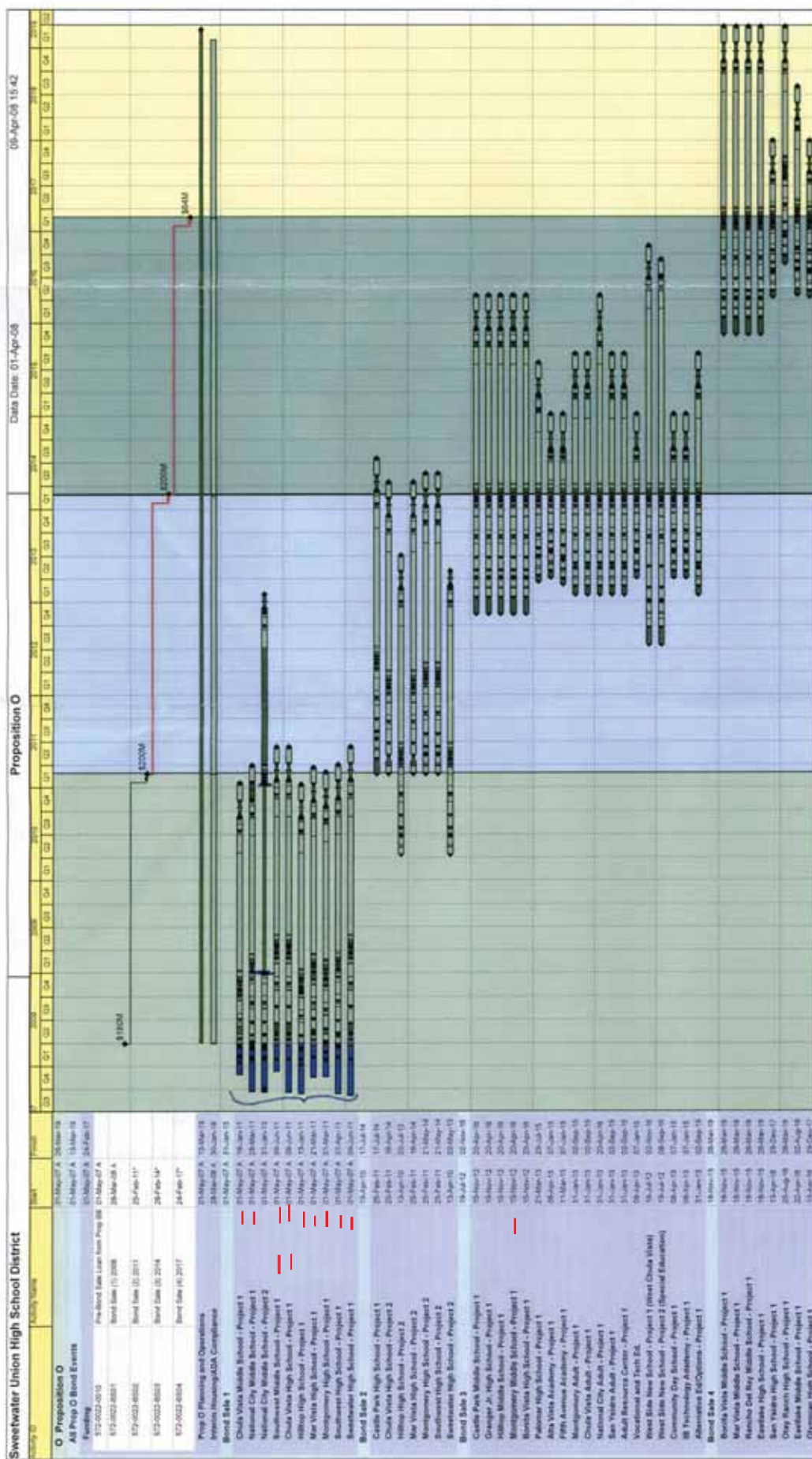
Data up through: Aug-31-2011

Definitions:

(A) Original Contract Amount	Sum of all original contract values for general contractors.
(B) Total Change Orders	Sum of all Construction and Demolition contract changes that have been approved by the Board before 8/31/2011.
(C) Current CO Rate	Total Change Orders as a percentage of Original Contract Amount (B / A)
(D) Current Contract Amount	Original Contract Amount plus Total Change Orders (A + B)

Exhibit 17

Baseline Planning Schedule April 2008



This schedule is a working document and will be modified as assumptions change.

The Prop. O program schedule reflects a general plan of action, with an educated forecast, identifying when activities should start and finish. It is not intended to be an exact projection of the project dates.

This schedule honors the funding profile projected by 4 bond sales: \$110M in Q1 2008, \$200M in Q1 2011, \$200M in Q1 2014 and \$64M in Q1 2017. These bond sales may be postponed or accelerated based on the assessed property value of property within the District.

Bond action was taken on 3/13/07 on this general target action plan.

Remaining Level of Effort

Actual Work

Remaining Work

Milestone

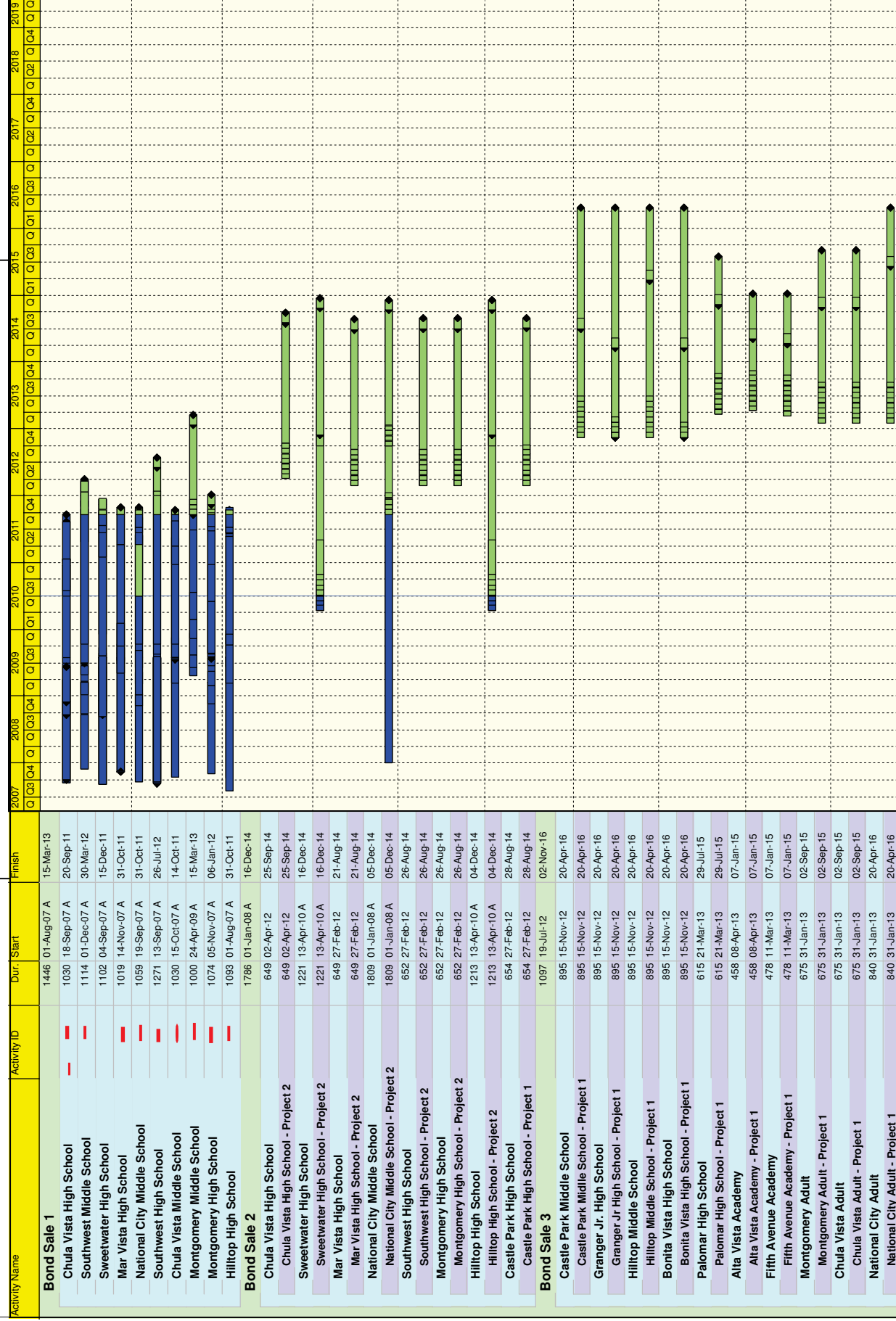
Exhibit 18

As-Built Schedule September 2011

Sweetwater Union High School District

Proposition O Schedule

21-Sep-11 08:40



Layout: Prop O EPS/WBS Detail

Page 1 of 2

TASK filter: All Activities

(c) Primavera Systems, Inc.

Remaining Level of Effort
Actual Level of Effort

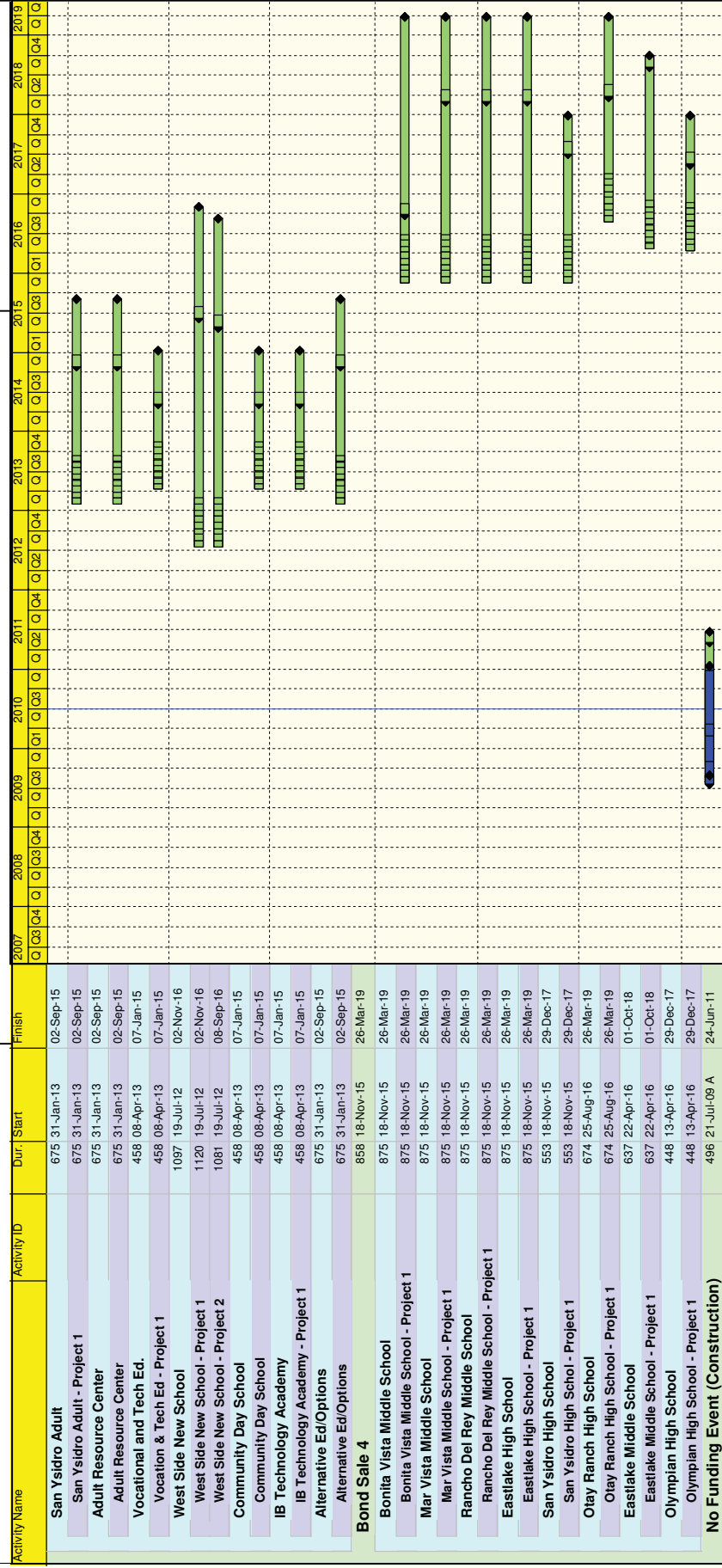
Actual Work
Remaining...

INFORMATION ONLY

Sweetwater Union High School District

Proposition O Schedule

21-Sep-11 08:40



Remaining Level of Effort

Actual Work

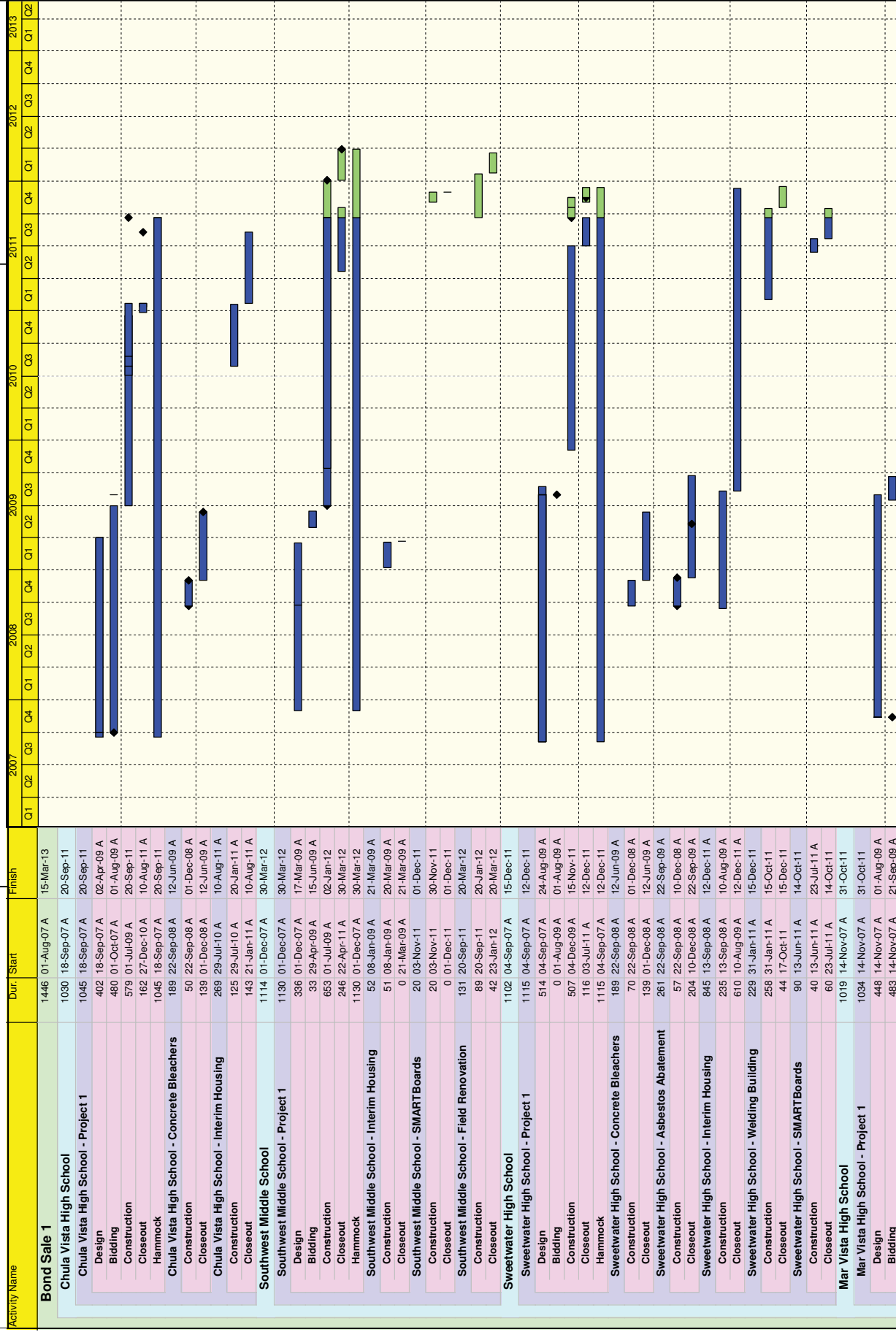
Actual Level of Effort

Remaining...

Sweetwater Union High School District

Proposition O Schedule - Bond Sale 1

19-Sep-11 19:00



Remaining Level of Effort

Actual Work

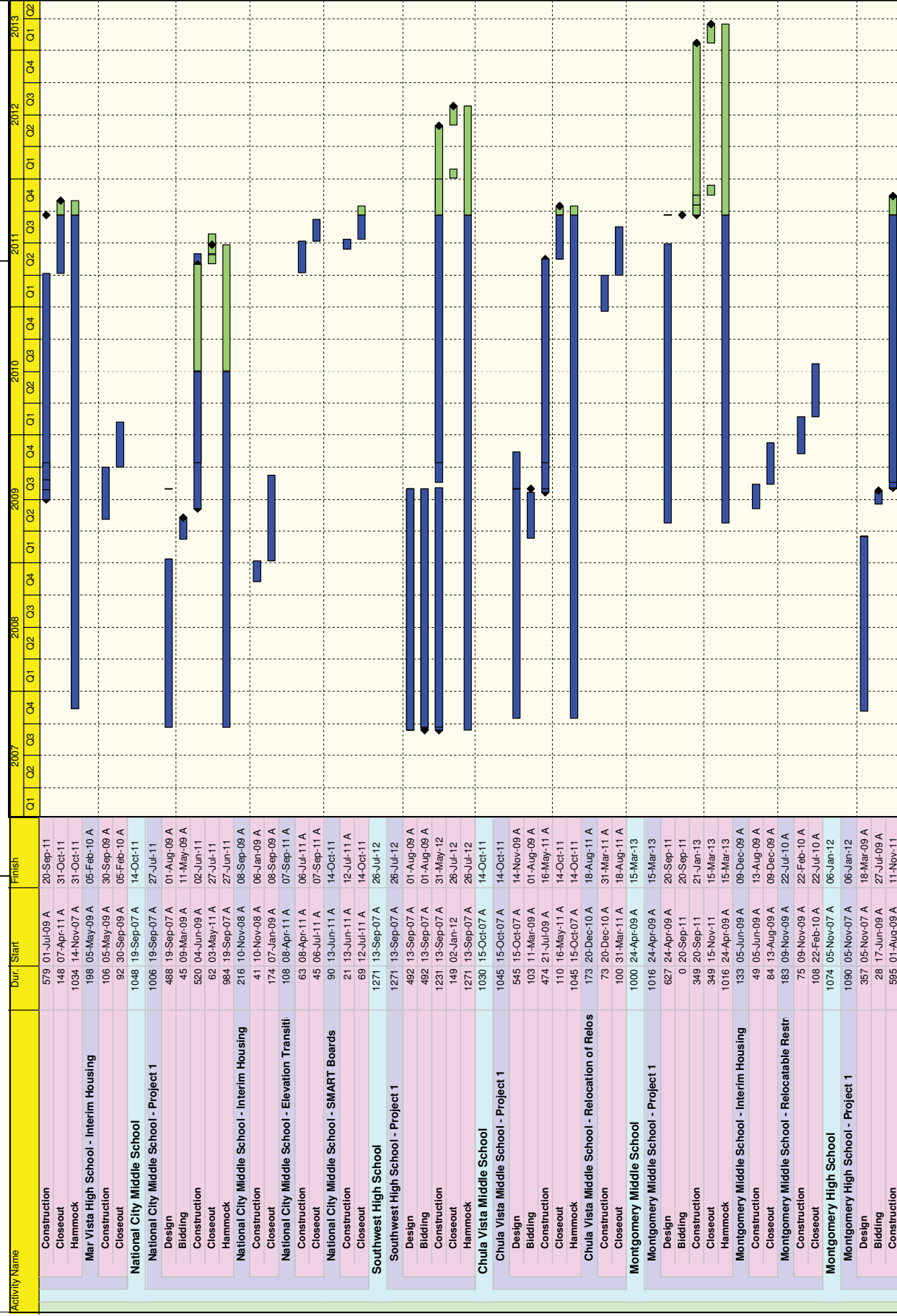
Actual Level of Effort

Remaining...

Sweetwater Union High School District

Proposition O Schedule - Bond Sale 1

19-Sep-11 19:00



Page 2 of 3

Layout: Prop O EPS/WBS Detail

(c) Primavera Systems, Inc.

TASK filter: All Activities

Remaining Level of Effort

Actual Work

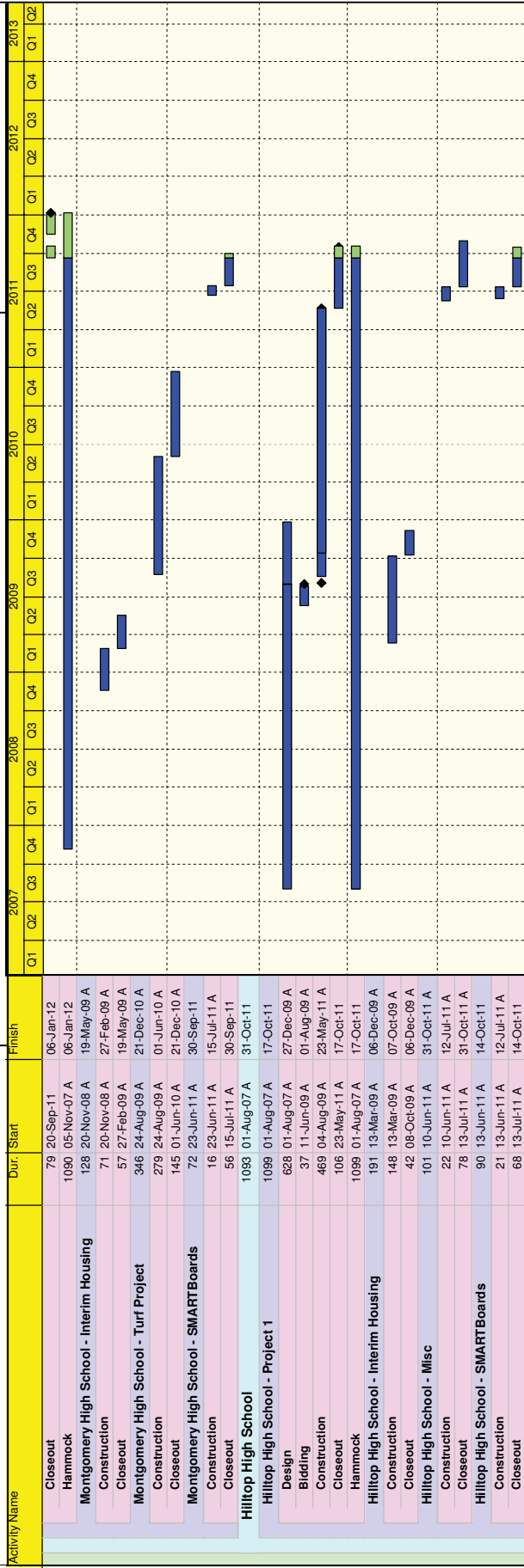
Actual Level of Effort

Remaining...

Sweetwater Union High School District

Proposition O Schedule - Bond Sale 1

19-Sep-11 19:00



Remaining Level of Effort Actual Work
Actual Level of Effort Remaining...

Exhibit 19

Survey Responses

Bond Measure O Performance Audit Principals' Survey

December, 2011

Campus: Chula Vista High School

Measure O Project(s): All projects

Your Name (Please Print): Kevin Willard

Background

1) Were you involved in the "programming" phase that provided the architect with the program needs for your Measure O project? **Yes** No

2) Are your new Measure O facilities being occupied? **Yes** No

3) If the new facilities are occupied, how long has it been? __1-2 years__ months

Please read the following statements and **bold**, mark, or **highlight** the response that best describes your opinion:

Design Process

4) "The project design meets (or will meet) our educational program needs."

Strongly Agree Agree Not Sure Disagree Strongly Disagree

5) "The new Measure O facilities provide (or will provide) a good environment for students and teachers alike."

Strongly Agree Agree Not Sure Disagree Strongly Disagree

6) "The green features improve the appeal of the project."

Strongly Agree Agree **Not Sure** Disagree Strongly Disagree

7) "The heating and ventilation system works well."

Strongly Agree Agree Not Sure **Disagree** Strongly Disagree
Don't know yet

8) "The lighting system works well."

Strongly Agree **Agree** Not Sure Disagree Strongly Disagree
Don't know yet

9) "The new Measure O technology features will improve the teaching and learning environment."

Strongly Agree Agree Not Sure Disagree Strongly Disagree
Don't know yet

10) "The buildings finishes are appealing and seem to be of good quality (durable, easy to keep looking clean)."

Strongly Agree Agree Not Sure Disagree Strongly Disagree
Don't know yet

Construction Process

11) "The Measure O project team kept us informed at all times."

Strongly Agree Agree Not Sure Disagree Strongly Disagree

12) "The project team worked hard to minimize disruption during construction."

Strongly Agree Agree Not Sure Disagree Strongly Disagree

13) "The project team made sure that students and staff were kept out of harm's way during construction."

Strongly Agree Agree Not Sure Disagree Strongly Disagree

14) "The project team answered our questions quickly."

Strongly Agree **Agree** Not Sure Disagree Strongly Disagree

15) "The project team listened to our concerns."

Strongly Agree **Agree** Not Sure Disagree Strongly Disagree

16) "The Measure O building seems to be well built, using high quality materials."

Strongly Agree

Agree

Not Sure

Disagree

Strongly Disagree

Don't know yet

Change Orders

17) "Did you ask for any added work during construction?"

Yes

No

18) "The Measure O project team was helpful when we asked to make changes."

Strongly Agree

Agree

Not Sure

Disagree

Strongly Disagree

Does Not Apply

19) "The project team did a good job of explaining the costs and benefits of the changes we discussed."

Strongly Agree

Agree

Not Sure

Disagree

Strongly Disagree

Does Not Apply

20) "Were any of your desired changes added to the scope of work?"

Yes

No

21) Were any of your desired changes rejected?

Yes

No

22) "If you had a desired change rejected, how much has that damaged the final Measure O product in your opinion?"

A lot

A little

Not significantly

Additional Comments?

AC still not working in New Library

More discussions on final designs to school staff that has to work with buildings after all is done

Overall grade: A for SGI and A+ for Turner Construction

Bond Measure O Performance Audit Principals Survey

December, 2011

Campus: Chula Vista High School

Measure O Project(s): Library, Boys and Girls PE buildings, Gym and Theaters

Your Name (Please Print): George Ohnesorgen, past Principal at CVHS

Background

1) Were you involved in the “programming” phase that provided the architect with the program needs for your Measure O project? **Yes** No

2) Are your new Measure O facilities being occupied? **Yes** No

3) If the new facilities are occupied, how long has it been? 9 months

Please read the following statements and **bold**, mark, or **highlight** the response that best describes your opinion:

Design Process

4) “The project design meets (or will meet) our educational program needs.”

Strongly Agree Agree Not Sure Disagree Strongly Disagree

5) “The new Measure O facilities provide (or will provide) a good environment for students and teachers alike.”

Strongly Agree Agree Not Sure Disagree Strongly Disagree

6) “The green features improve the appeal of the project.”

Strongly Agree Agree Not Sure Disagree Strongly Disagree

7) "The heating and ventilation system works well."

Strongly Agree Agree Not Sure Disagree Strongly Disagree
Don't know yet

8) "The lighting system works well."

Strongly Agree Agree Not Sure Disagree Strongly Disagree
Don't know yet

9) "The new Measure O technology features will improve the teaching and learning environment."

Strongly Agree Agree Not Sure Disagree Strongly Disagree
Don't know yet

10) "The buildings finishes are appealing and seem to be of good quality (durable, easy to keep looking clean)."

Strongly Agree Agree Not Sure Disagree Strongly Disagree
Don't know yet

Construction Process

11) "The Measure O project team kept us informed at all times."

Strongly Agree Agree Not Sure Disagree Strongly Disagree

12) "The project team worked hard to minimize disruption during construction."

Strongly Agree Agree Not Sure Disagree Strongly Disagree

13) "The project team made sure that students and staff were kept out of harm's way during construction."

Strongly Agree Agree Not Sure Disagree Strongly Disagree

14) "The project team answered our questions quickly."

Strongly Agree Agree Not Sure Disagree Strongly Disagree

15) "The project team listened to our concerns."

Strongly Agree Agree Not Sure Disagree Strongly Disagree

16) "The Measure O building seems to be well built, using high quality materials."

Strongly Agree

Agree

Not Sure

Disagree

Strongly Disagree

Don't know yet

Change Orders

17) "Did you ask for any added work during construction?"

Yes

No

18) "The Measure O project team was helpful when we asked to make changes."

Strongly Agree

Agree

Not Sure

Disagree

Strongly Disagree

Does Not Apply

19) "The project team did a good job of explaining the costs and benefits of the changes we discussed."

Strongly Agree

Agree

Not Sure

Disagree

Strongly Disagree

Does Not Apply

20) "Were any of your desired changes added to the scope of work?"

Don't Know

21) Were any of your desired changes rejected?

Yes

No

22) "If you had a desired change rejected, how much has that damaged the final Measure O product in your opinion?"

A lot

A little

Not significantly

Additional Comments?

The entire crew of Prop O worked well to meet the needs of the school during the construction phase of the project. Weekly meetings and updates help monitor and support the school

Bond Measure O Performance Audit Principals' Survey

December, 2011

Campus: _____ Southwest Middle School _____

Measure O Project(s): _ Boys' & Girls' PE, 6 classrooms, 1 ASB room, main offices

Your Name (Please Print): _ Oscar Medina _____

Background

1) Were you involved in the "programming" phase that provided the architect with the program needs for your Measure O project? Yes ***No**

2) Are your new Measure O facilities being occupied? Yes ***No**

3) If the new facilities are occupied, how long has it been? _____ months

Please read the following statements and **bold**, mark, or **highlight** the response that best describes your opinion:

Design Process

4) "The project design meets (or will meet) our educational program needs."

Strongly Agree ***Agree** Not Sure Disagree Strongly Disagree

5) "The new Measure O facilities provide (or will provide) a good environment for students and teachers alike."

***Strongly Agree** Agree Not Sure Disagree Strongly Disagree

6) "The green features improve the appeal of the project."

***Strongly Agree** Agree Not Sure Disagree Strongly Disagree

7) "The heating and ventilation system works well."

Strongly Agree *Agree Not Sure Disagree Strongly Disagree
Don't know yet

8) "The lighting system works well."

Strongly Agree *Agree Not Sure Disagree Strongly Disagree
Don't know yet

9) "The new Measure O technology features will improve the teaching and learning environment."

*Strongly Agree Agree Not Sure Disagree Strongly Disagree
Don't know yet

10) "The buildings finishes are appealing and seem to be of good quality (durable, easy to keep looking clean)."

*Strongly Agree Agree Not Sure Disagree Strongly Disagree
Don't know yet

Construction Process

11) "The Measure O project team kept us informed at all times."

Strongly Agree *Agree Not Sure Disagree Strongly Disagree

12) "The project team worked hard to minimize disruption during construction."

Strongly Agree *Agree Not Sure Disagree Strongly Disagree

13) "The project team made sure that students and staff were kept out of harm's way during construction."

*Strongly Agree Agree Not Sure Disagree Strongly Disagree

14) "The project team answered our questions quickly."

Strongly Agree *Agree Not Sure Disagree Strongly Disagree

15) "The project team listened to our concerns."

Strongly Agree *Agree Not Sure Disagree Strongly Disagree

16) "The Measure O building seems to be well built, using high quality materials."

Strongly Agree ***Agree** Not Sure Disagree Strongly Disagree
Don't know yet

Change Orders

17) "Did you ask for any added work during construction?" ***Yes** No

18) "The Measure O project team was helpful when we asked to make changes."

Strongly Agree Agree Not Sure ***Disagree** Strongly Disagree
Does Not Apply

19) "The project team did a good job of explaining the costs and benefits of the changes we discussed."

Strongly Agree Agree Not Sure Disagree Strongly Disagree
***Does Not Apply**

20) "Were any of your desired changes added to the scope of work?" ***Yes** No

21) Were any of your desired changes rejected? ***Yes** No

22) "If you had a desired change rejected, how much has that damaged the final Measure O product in your opinion?" A lot ***A little** Not significantly

Additional Comments?

Bond Measure O Performance Audit Principals' Survey

December, 2011

Campus: _____ Chula Vista High School _____

Measure O Project(s): _____ Performing Arts Center; Library _____

Your Name (Please Print): _____ Steven Lizarraga _____

Background

1) Were you involved in the "programming" phase that provided the architect with the program needs for your Measure O project? Yes No X

2) Are your new Measure O facilities being occupied? Yes X No

3) If the new facilities are occupied, how long has it been? _____ 12 _____ months

Please read the following statements and **bold**, mark, or **highlight** the response that best describes your opinion:

Design Process

4) "The project design meets (or will meet) our educational program needs."

Strongly Agree Agree Not Sure Disagree Strongly Disagree

5) "The new Measure O facilities provide (or will provide) a good environment for students and teachers alike."

Strongly Agree Agree Not Sure Disagree Strongly Disagree

6) "The green features improve the appeal of the project."

Strongly Agree Agree Not Sure Disagree Strongly Disagree

7) “The heating and ventilation system works well.”

<u>Strongly Agree</u>	Agree	Not Sure	Disagree	Strongly Disagree
Don't know yet				

8) “The lighting system works well.”

Strongly Agree	Agree	Not Sure	<u>Disagree</u>	Strongly Disagree
Don't know yet				

9) “The new Measure O technology features will improve the teaching and learning environment.”

<u>Strongly Agree</u>	Agree	Not Sure	Disagree	Strongly Disagree
Don't know yet				

10) “The buildings finishes are appealing and seem to be of good quality (durable, easy to keep looking clean).”

<u>Strongly Agree</u>	Agree	Not Sure	Disagree	Strongly Disagree
Don't know yet				

Construction Process

11) “The Measure O project team kept us informed at all times.”

Strongly Agree	<u>Agree</u>	Not Sure	Disagree	Strongly Disagree
----------------	---------------------	----------	----------	-------------------

12) “The project team worked hard to minimize disruption during construction.”

Strongly Agree	<u>Agree</u>	Not Sure	Disagree	Strongly Disagree
----------------	---------------------	----------	----------	-------------------

13) “The project team made sure that students and staff were kept out of harm’s way during construction.”

<u>Strongly Agree</u>	Agree	Not Sure	Disagree	Strongly Disagree
------------------------------	-------	----------	----------	-------------------

14) “The project team answered our questions quickly.”

Strongly Agree	<u>Agree</u>	Not Sure	Disagree	Strongly Disagree
----------------	---------------------	----------	----------	-------------------

15) “The project team listened to our concerns.”

Strongly Agree	<u>Agree</u>	Not Sure	Disagree	Strongly Disagree
----------------	---------------------	----------	----------	-------------------



16) "The Measure O building seems to be well built, using high quality materials."

Strongly Agree

Agree

Not Sure

Disagree

Strongly Disagree

Don't know yet

Change Orders

17) "Did you ask for any added work during construction?"

Yes

No

18) "The Measure O project team was helpful when we asked to make changes."

Strongly Agree

Agree

Not Sure

Disagree

Strongly Disagree

Does Not Apply

19) "The project team did a good job of explaining the costs and benefits of the changes we discussed."

Strongly Agree

Agree

Not Sure

Disagree

Strongly Disagree

Does Not Apply

20) "Were any of your desired changes added to the scope of work?"

Yes

No

21) Were any of your desired changes rejected?

Yes

No

22) "If you had a desired change rejected, how much has that damaged the final Measure O product in your opinion?"

A lot

A little

Not significantly

Additional Comments?

Overall, the Prop. O Team did a great job at CVHS. Construction meetings held at the site were very beneficial in helping us keep the staff informed of the progress of construction.



Bond Measure O Performance Audit Principals' Survey

December, 2011

Campus: SOUTHWEST HIGH SCHOOL
Measure O Project(s): New building
Your Name (Please Print): LEE ROMERO

Background

- 1) Were you involved in the "programming" phase that provided the architect with the program needs for your Measure O project? Yes ☐ No ☒
- 2) Are your new Measure O facilities being occupied? Yes ☐ No ☒
- 3) If the new facilities are occupied, how long has it been? N/A months

Please read the following statements and **bold**, mark, or **highlight** the response that best describes your opinion:

Design Process

- 4) "The project design meets (or will meet) our educational program needs."

Strongly Agree ☐ Agree ☒ Not Sure ☐ Disagree ☐ Strongly Disagree ☐

- 5) "The new Measure O facilities provide (or will provide) a good environment for students and teachers alike."

Strongly Agree ☐ Agree ☒ Not Sure ☐ Disagree ☐ Strongly Disagree ☐

- 6) "The green features improve the appeal of the project."

Strongly Agree ☐ Agree ☐ Not Sure ☒ Disagree ☐ Strongly Disagree ☐

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7) "The heating and ventilation system works well."

Strongly Agree Agree Not Sure Disagree Strongly Disagree
Don't know yet

8) "The lighting system works well."

Strongly Agree Agree Not Sure Disagree Strongly Disagree
Don't know yet

9) "The new Measure O technology features will improve the teaching and learning environment."

Strongly Agree Agree Not Sure Disagree Strongly Disagree
Don't know yet

10) "The buildings finishes are appealing and seem to be of good quality (durable, easy to keep looking clean)."

Strongly Agree Agree Not Sure Disagree Strongly Disagree
Don't know yet

Construction Process

11) "The Measure O project team kept us informed at all times."

Strongly Agree Agree Not Sure Disagree Strongly Disagree

12) "The project team worked hard to minimize disruption during construction."

Strongly Agree Agree Not Sure Disagree Strongly Disagree

13) "The project team made sure that students and staff were kept out of harm's way during construction."

Strongly Agree Agree Not Sure Disagree Strongly Disagree

14) "The project team answered our questions quickly."

Strongly Agree Agree Not Sure Disagree Strongly Disagree

15) "The project team listened to our concerns."

Strongly Agree Agree Not Sure Disagree Strongly Disagree

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16) "The Measure O building seems to be well built, using high quality materials."

Strongly Agree

Agree

Not Sure

Disagree

Strongly Disagree

Don't know yet

Change Orders

17) "Did you ask for any added work during construction?"

Yes

No

18) "The Measure O project team was helpful when we asked to make changes."

Strongly Agree

Agree

Not Sure

Disagree

Strongly Disagree

Does Not Apply

19) "The project team did a good job of explaining the costs and benefits of the changes we discussed."

Strongly Agree

Agree

Not Sure

Disagree

Strongly Disagree

Does Not Apply

20) "Were any of your desired changes added to the scope of work?"

Yes

N/A

No

21) Were any of your desired changes rejected?

Yes

N/A

No

22) "If you had a desired change rejected, how much has that damaged the final Measure O product in your opinion?"

A lot

A little

Not significantly

N/A

Additional Comments?

We have no idea of the status of this project.

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