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August 20, 2014

To: President John McCann
Board Member Mark Anderson
Board Member Sharon C. Jones
Board Member Susan Hartley
Board Member Lyn Neylon

Dear President McCann:

Greetings President McCann, Board Members and Superintendent Glover. This monthly Chair Report will present a brief overview of our Citizen's Bond Oversight Committee (CBOC) discussions and actions since your last Board meeting.

Meetings and Conferences

Subsequent to the last Board of Trustees meeting but prior to the CBOC meeting the following occurred:

1. Meeting with Superintendent Glover. I had a positive meeting with the Superintendent on Thursday July 24. He was supportive of education and training resources for our Committee members (e.g. California League of Bond Oversight Committees).

Subsequently Tom Calhoun sent me an email stating: "I spoke to Dr. Glover about a budget for the CBOC and he said that the use should be restricted to Prop 39 specific CBOC duties and he was thinking about \$5k for the CBOC to use. He also wanted it to be discussed by the entire committee so all could have input to specific items."

2. Meeting with the State Architect. The President of the California League of Bond Oversight Committees arranged a meeting with the State Architect on August 8 and I attended while in Sacramento. The primary purpose of the meeting was to go over the potential for cost savings associated with Reusable Plans (Plans that can be used as standards for similar District facilities) and methods to reduce design costs.

We also discussed the merits of design build construction procurement. Mr. Widom (State Architect) said he has an internal task force coming forward with recommendations that would be intended to facilitate design build and other non-traditional procurement approaches.

3 California League of Bond Oversight Committees Quarterly Meeting. The meeting was well attended. We welcomed a new member Janine Kloss, an Auditor who had extensive experience with the California Department of Education. She will be a resource in the development of Performance Audits. We spent a considerable amount of time on Best Practices, which will be published in the near future.

One item that Ms. Kloss recommended was that the CBOC, was to get copies of all fieldwork documents as part of its annual audit. I prepared the draft best practices relative to training of new Committee members, the content of the Annual Report, and the scope of the Performance Audit.

4. National City Middle School Roofing Change Order Data Request. Subsequent to the last Citizen's Bond Oversight meeting several committee members raised concerns regarding a \$186,882 change order for an upgrade to a 40 year warranty roof manufactured by Garland approved by the Board on July 17, 2014. The Change Order was a ratification of expenditures that had already been committed.

On Friday August 8, 2014 we all received an extensive amount of material requested on the Roofing Change Order for National City Middle School. Issues included but were not limited to life cycle cost analysis, warranty conditions, and the degree to which this 40-year was a District Standard.

August 13, 2014 Citizen's Bond Oversight Committee Meeting

On August 13, 2014 there was a meeting held of the Bond Oversight Committee at Castle Park High. Highlights are as follows:

1. There was public input on the conditions at Bonita Vista High School and Bonita Vista Middle School. Several citizens outlined their concerns about the physical conditions at both schools and the perceived lack of attention needed and promised for these schools. The CBOC decided that our next meeting would

be held at Bonita Vista High School with a tour of conditions led by the citizens.

District staff will coordinate this meeting, which will proceed at 5:30. Prior to this meeting, there will be grand opening of the Sweetwater High Welding Facility at 4:00. This CBOC clearly intends to listen to the public and review their concerns in an active manner as required by the Education Code that governs our Committee.

2. Significant attention and discussion centered around the need for more Deferred Maintenance and the need for more transparency on existing conditions and future spending proposals. The Education Code governing the CBOC states in part regarding our mission:

(4) Receiving and reviewing copies of any deferred maintenance proposals or plans developed by a school district or community college district, including any reports required by Education Code Section 17584.1."

The need for Deferred Maintenance continues to be a major issue with this Committee.

Paul Woods of the District briefed the CBOC on the history of the District's deferred maintenance fund. We strongly feel the District should place a greater emphasis on funding of deferred maintenance, particularly in view of spending the money now will avoid future added costs of repairs. Our CBOC for the foreseeable future will have an agenda item each meeting specifically focusing on deferred maintenance. The CBOC requested more information on Deferred maintenance proposals and expenditure by school be posted on the District web site.

3. It was recommended that an Expanded Performance Audit for FY 2013/2014 be competitively bid with specific focus including a review of Change Orders and an analyses of alternative procurement methods (design build, lease leaseback) for projects. The expanded Performance Audit and funding is at the sole discretion of the District. The District has had an expanded Performance Audit the past two years and complied with the Best Practices of the San Diego County Taxpayers Association. Compliance with these Best Practices was one of the major reasons why this District received the recent accolades by the SDCTA for transparency.

Subsequent to our CBOC meeting I met with District staff on August 19, 2014 to go over logistics, RFQ solicitation process, and project scope. It was a productive meeting and we will be working with District staff in this effort.

It was recommended by the Audit Subcommittee as delegated by the full CBOC, that the scope of the audit include the following:

- A specific review of the National City Middle School Change Order process
- An analysis and recommendations relative to a review of the National City Middle School procurement process (lease leaseback) vs. the Montgomery High School (design build).
- An assessment over the past two years of the appropriateness of change orders for a select number of projects.

The CBOC looks forward to actively working with the District for successful completion of this Audit.

4. The National City Middle School Roof Change Order was discussed further and it is clear the CBOC wants to delve into this issue much further after we have time to review and discuss the massive amount of data provided to us by District staff. Roof construction and repair has been and will be a significant cost item for this District. The cost effectiveness of the decision will require much more review by the CBOC. The 40-year roof is the Construction Standard for the District.

5. The Power Purchase Agreement Change Order was a source of concern to the CBOC. At the last Board meeting, you approved a \$338,000 price increase to the Power Purchase Agreement. The CBOC is concerned, as this seems to be a wholly preventable expenditure that resulted from an internal failure of staff to coordinate the location of Photovoltaic Arrays at four campuses. The CBOC has referred this issue to a subcommittee and will return with its findings and recommendations to avoid future waste.

In conclusion, it is clear that the CBOC intends to delve further into specific cost issues including the justification for change orders and construction standards. We also fully intend to pay attention to the concerns of the public and take proactive action, as evidenced by the scheduling of meeting at Bonita Vista High School to go over issues raised at the meeting.



Nick Marinovich, Chair
Sweetwater Union High School District Bond Oversight Committee

Cc: Superintendent Tim Glover