



Proposition O Citizens' Bond Oversight Committee May 14, 2014

TIME: 6:05 p.m.

PLACE: District Office
Board Conference Room
1130 Fifth Avenue
Chula Vista, CA 91911

MINUTES

1. Roll Call:

Present: David Butler (DB), Bob Strahl (BS), Kevin O'Neill (KO), Robert Carriedo (RC), Nick Marinovich (NM) **Arrived later @6:34pm**

Absent: Edgar Guerrero (EG), Terrance McKearney (TM), Ditas Yamane (DY),

Staff Present: Tom Calhoun, Paul Woods, Ceci Martinez

2. Pledge of Allegiance- **(DB)** *moment of silence for all the people who are fighting fires, fire fighters; pray for their safety and all people in their homes.*

3. Approval of Meeting Minutes: deferred until quorum is met

02/12/14 (Un-Adopted)*	2 nd by KO passed unanimously with DY, EG, TM absent
03/07/14 (Un-Adopted)*	2 nd by KO passed unanimously with DY, EG, TM absent
03/12/14 (Un-Adopted)*	2 nd by KO passed unanimously with DY, EG, TM absent
04/01/14 (Un-Adopted)*	2 nd by KO passed unanimously with DY, EG, TM absent
04/09/14 (Not completed)*	
04/16/14 (Not completed)*	

4. Public Comment **No** public comments.

5. Report from CBOC Chair (NM) informed BOC that he went to CaLBOC on his dime last Thursday and Friday, Board of Directors and discussion was about what CaLBOC has done in terms of getting legislative reform in accordance with the performance audit. John Chang, was key note speaker/State Controller, spoke on problem school districts have with cash flow, as it relates to the state controller responsibility and how money is juggled every which way. Mr. Chang was appalled when he became State Controller that this was how money was going in and out and making school finance a challenge. Talk about audit guidelines coming out from the State Controller on what should be an audit. Discussion about AB1971 which is bill originally mean to allow best value competition for larger construction project, sounded potential for monkey business, amended for pilot program for LAUSD. For next meeting will have a report for BOC to react to, on April 1, 2014 Special Meeting.

Finally addressing Marinovich Consulting, question raised by Bob Strahl, explained that several months ago he was asked by SD County Tax Payers Association to do a presentation on what do BOCs due, since he's this committee and Grossmont School District. He wanted to make sure that this was Nick Marinovich speaking as an individual which happens to be a member, very important distinction, Terry McKearney was there, and since he wants to be independent it was suggested that he put Marinovich Consulting on it people there where people in the business, spent a lot of time on the presentation, going thru what BOC is about, the law, role of committee is and isn't, etc. Received a lot of positive feedback

from his presentation, then had the April 1, meeting after, and without thinking thought he should hand out the copy of this presentation since it was relevant to what we were discussing “he said he made a mistake” and “made a mistake”, should of thought and not included the last page that said Marinovich Consulting. The last he does on this as committee nor appreciates the insinuations is to further his nest. It shouldn't been there, does not use this position nor appreciates that he is using this position as an “advertisement”. As chair wonders what is this about, does not want to get bogged down to this kind of stuff, like the 700 forms which diverts time and attention to doing the real job, which to advise the public whether or not there proper expenditure of money.

(BS) Thanked Mr. Marinovich for sharing the information, and agree that transparency is very important.

(NM) Commented good news, SD Tax Payer Association did a study on the websites of all schools the districts in the county, that have Bond Programs, rated transparency, completeness of information, SUHSD was among the best, scored high. There were twenty one school districts that had performance audits, and only three complied with the SD Tax Payers Association and SUHSD was one of them.

6. District Response to Performance Audit

(TC) for discussion, in member packet, responses to audit. Also noted that change order rate was half of what of what it was the previous year.

(RS) has read thru it completely, but asked about wanting to raise the minimum from \$15,000 to a higher number? **(PW)** explained, public contract code requires any public works contract to be bid if it exceeds \$15,000, if you drop the uniform construction cost accounting act, also known as CUPCAKE the bidding limit goes up to a higher number like \$25,000 or \$75,000, maintain bidders registry, by license number, almost the same of formal bidding but do it in ten days instead of 14, and you have to notify people on your list and still advertise in trade publications. **(KO)** commented with good supervision this is a good thing.

Public Comment:

Ms. Cheers, questioned staff if this would eliminate the HARs low bidder issue. **(PW)** no you still take low bid, but you don't have bid a \$16,000 contract because it's below that threshold.

7. Status of Vacant Positions – **(TC)** the Human Resources Dept. was given the two items to take to the board, this month which will probably not go, not sure where they are with the extensions for Mr. O'Neill & Mr. Marinovich, the Bylaws are not on the agenda, Dr. Grubbs' position is actively being advertised, writing letters to Senior Facilities, if anyone's of anyone that may be interested. Human Resources is the department doing the recruitments.

Public Comment:

Ms. Cheers, expressed that her feeling about the vacant position issue, and historically she has seen other peoples tenor paths and they just stayed, not big deal, would like to raise the issue that it smells, that this is a big issues, especially when she believes Mr. O'Neill and Mr. Marinovich both add so much to the BOC, so would like the minutes to show and quote her. Something is not right here, if you take a look at the minutes of the last five years BOC meetings, peoples tenor for example Mr. Vasquez. **(DB)** agreed with Ms. Cheers, he has been here a long time, its' different this time and thinks the stance at last meeting BOC was very adamant and urging staff to support putting them on to continue this work. **(TC)** will let BOC members know and public that he's turned in that request over to HR because they are the agents for the district and preparing BOC people for board appointment. **(DB)** questioned came up, what happens with board of education fills in slots for our BOT, do they have any say whether Nick and Kevin continue. **(TC)** as far as he knows, once there is a constituted board whether with replacement members from County Board of Education, they are acting as the Board of Education for Sweetwater, and would have the same power and effect as an elected board member, until a newly board member is seated.

8. Bond Project Updates **(PW)** informed BOC that all items had finally been approved. Went thru projects (see handout for details on all documents handouts)

- a. Board Items Report; b. Project Status Reports; c. Project Financial Summary
- d. Program Management Update – *Long Range Facilities Master Plan*

(PW) Commented on BVM Modernization there is a bid protest that is being dealt with, have on the board to award, 2nd place contractor might show up to meeting, they've brought in attorney as they have, we have opinion that we are on good grounds, if no board meeting Monday we will go head and award the contract so it can be done this summer and defend ourselves if they decide to sue.

HH-Title IX field upgrades were finally certified, MVH-Project 1 completed and certified also, MVH Title IX project as well, and the 3rd of the first three solar projects so first phase of Solar is all certified by DSA.

(RS) ask for clarification of what being certified means: **(TC)** when you return to DSA for permit to ask them to build something, they look you up and say okay go ahead, if you DO NOT close it out appropriately, right paperwork, sign-offs, certifications by contract inspector, e.g. design team. They will not issue you another permit to construct another facility or modification, some exceptions.

(PW) pointed out that we now are providing Construction Currents in Construction Corners of our Sweetwater District Website Currents email magazine, which highlight National City Middle School Project II, Montgomery High School and the new Soft Ball Field Dedication Title IX, and providing one article per issue.

(TC) For the record, at 6:34pm, there is now a quorum with Chair Marinovich arriving. **(DB)** informed chair minute approvals have not been done yet, due to lack of quorum.

(RC) asked staff what the status was on money being spent on attorneys. **(TC)** mediation is ongoing, there are issues and have identified that a forensic accountant, CPA type familiar construction and financing, due to the fact that there may be some issues with financing the contractor had during the project. That may be an additional cost that will be brought back to the BOT with that agreement if and when we came forth with that person. He has looked at a resume, asked committee if they know anyone who is a forensic accountant, CPA type that works in that, would like names be provided to us, we are looking to provide the best investigation in the finances in construction. **(KO)** has some names that he will submit to Mr. Calhoun. **(NM)** questions "forensic" looking at fraud related matter? **(TC)** answer it could be, and it could lead to a fraud investigating, but it's really to look at the project financials and the books of the contractor in relation to this project and how contractor was financing the project or not, or financing it with other projects.

Public Comment:

Ms. Cheers, made a statement,

1) Five years ago specifically questioned (LEED Certification) MOH PH1 project, the new classroom building, they insisted that the solar needed to go on top of the roof, and now they've come back and said the problem is because the roof was too small.

2) Regarding the Bonita, HVAC across from the office was not working. Question, Mr. Calhoun if all the HVAC at Bonita working appropriately?

(TC) As it relates to Prop O all the HVAC work at BVH has been completed and is not aware of any problems at this point, there may be an existing building that did not get the HVAC replacement and may be having a problem, asked that the specific room or building number be provided so he could investigated with our maintenance and operations people.

(PW) pointed out that we show a negative on Granger Jr. High Health Clinic and have received the cash from Operation Samahan, so this this budget will be in black next report.

(TC) Informed that the Long Range Facility Master Plan is going great, we have teams all trained for facility condition assessment, did a norming exercise, spent a full day together lead technicians, HVAC Supervisor, mechanical electrical plumbing training on the assessment components, each project manager will lead a team of trades people at each school, will take a whole day at high School and a little more, and most of the day at a middle school. This will be real no kidding snap shot in time of the conditions of all the building systems at each facility at the district which hasn't been done almost ten years, this will capture a lot of the deferred maintenance needs conditions, so when we do the master planning we can make good sense of facilities meets educational adequacy which has been assessed already, the physical conditions must be taken into account. It may be a better business decision to tear a building down then to try to re-furbish and modify a building that doesn't have much life left in it. Life cycle cost analysis will be part of this as well. This will be done in a 12 week period, and by August we will have good data, numbers will be put together and integrated with master planning on campuses and prioritizing projects. And followed by a board workshop, presentation to BOT, acceptance and use that to priorities what needs are.

(KO) asked if this was being in house **(TC)** hired Jacobs Engineering is doing it. District choose the most qualified and least costly. **(KO)** asked what the cost of this was **(TC)** \$400,000.

(NM) Recalled some kind of software that would be able to be integrated? **(TC)** SQL Software, Relational Data Base that can use elements inputted by each building and you can program projects using that software, by site or full site renovations, or building system type, etc.

(DB) asked if this was part of the plan to update the Long Range Facilities Master Plan? **(TC)** answered yes, it should be done every five years, and capital improvement plan should be done not necessarily on an annual but sometime before getting ready to sell another bond, take a look at what are we going to spend the money on and prioritize those projects, that was done on the \$180mil dollars but hasn't been done since. **(DB)** mentioned that this is what the city is doing by inventorying all assets and everything and this is what this software program will do.

9. CBOC Sub-Committee Update

- a. **Annual Report** (N. Marinovich, D. Butler)
- b. **Best Practices** (E. Guerrero, T. McKearney)
- c. **Finance** (D. Butler, T. McKearney)
- d. **Audit** (N. Marinovich, D. Butler, T. McKearney,)
- e. **Asset Management** (N. Marinovich, K. O'Neill)
- f. Sub-Committee Formation/Membership

(KO) handed out a page from Engineering Resources (April 2, 2001) see highlighted section of handout for reference on accounting group who advises public entities and came up with GASB 34.

(GASB 34 requires governments to include long-lived infrastructure assets in their annual financial statements by as early as fiscal year 2002)

Its voluntary but best practices, and Mr. Calhoun is someone who gets the first phone calls when the roof leaks, he would encourage and come back at next meeting think about it, see if we make a recommendation to a BOT when we have a board.

(RC) asked for clarification on this in simple form, is there some kind of formula?

(KO) suggested committee to read article and put on agenda for next meeting discussion.

(NM) add Mr. Strahl to the Asset Management Sub-Committee.

Public Comment:

Ms. Cheers, questioned if this would be appropriate to be added to the Long Range Facilities Master Plan?

Follow-up question, would the new bldgs. be part of that, so that a new bldg. is built, we need to make sure it's kept up.

(TC) there will be a financial section in the Long Range Facilities Master Plan, and will tell you what the current outstanding deficits are, what the cost would be in today's dollars, to bring it up to good condition of building that will be part discussion.

(PW) included 2013-14 sub-committee information, to look over now or next month, also plans on an unaudited financial and get a report out in August. **(TC)** added, which can be updated if there are changes after the audit.

(NM) read thru the district response to the performance audit. Question a mention of JPA Agreement didn't have site lease? **(TC)** feels the auditors didn't understand what procurement method was used on this. It was a design build, and they were acting as our agent, under the facility JPA Agreement, there was a lot of confusion on their part.

10. CBOC Information Request Log – **(TC)** Items was asked to provide response of performance audit, and staff did, in the packet handouts.

Public Comment:

Ms. Cheers, made comment in regards to staffing, commented on Mr. Russ Decker who does MOH project, meets every Monday, he has been able to earn her respect and a very good working relationship, and the community is very pleased with what's going on there.

(RS) commented that it is a shame that Bonita parents don't learn from what Ms. Cheers has done. (Ms. Cheers) answered that she is working toward organizing them. **(RC)** very surprised, he lives in Bonita and these parents are usually very involved, feels that's why that school is high achieving. **(RS)** not so involved that their school isn't falling about, not so involved that their school built before, MOH and yet MOH was built before MOH and MOH is being rebuilt before BVH. Not disagreeing with **(RC)** his experience in the district has been that the BVH parents were very vocal, the people on east or west were just content and they were not sophisticated enough to be able to approach the school board, in this case is the opposite.

(KO) commented he uncomfortable with area seats, National City seat runs thru Chula Vista and oxford and all chula vista west side of third avenue to the bay, they divided this up on basically 90 thousand voters registered in each place and can become very parochial. **(RS)** can agree to disagree, Important that parents as community members be involved at their sites, and let them know what they expect the Bond money for, feels that this is critical.

(RC) another request/question, we had spoken about how the district tracks projects, two different systems, have that changed yet.

(TC) 1. Prolog, project management systems, True Course is the districts' general ledger accounting software ,they could talk to each other but they don't and True Course is going away, we are the only district on the face of the earth that uses it. The SDCOE has adopted an enterprise planning tool, ERP its master software it has payroll, purchase orders, work orders, all the systems business systems including the general ledger and that is a People Soft (Oracle bought) district opted to be one of the later adopter, county is going to payroll on it which forces all other districts to go to the systems whether they want to be part of the consortiums, we opted to be part of consortiums, better financially for the district to do so, we are about a year out from the beginning of implantation and about 2 years from final implementation.

11. Committee Member Reports: *Individual members of the CBOC may make announcements or raise issues to be addressed in the future.*

(NM) mentioned Alpine School district unification hearing before the SDCOE acting as the County Committee on School District Organization, spoke in favor of unification, told them he was the chair of the Sweetwater BOC, before he even finished the chair said to him "I told ever want to hear that word again".

12. Meeting Schedule/Format

a. Calendar Additional Site Tours

(PW) Getting close to MOH, the gym should be ready June 19th and the July meeting will be in the middle of doing furniture and equipment maybe August, **(KO)** HM to see PV system? **(TC)** will check on that.

b. Schedule joint CBOC/BOT?

(NM) mentioned he got paid for his conferences.

13. Staff Announcements – Next CBOC Meeting June 11, 2014

14. Adjourn at 7:27 p.m.

DRAFT