

CHINO VALLEY UNIFIED SCHOOL DISTRICT

MEASURE M

PERFORMANCE AUDIT

PERIOD ENDED JUNE 30, 2006



TOTAL SCHOOL SOLUTIONS
2969 VISTA GRANDE
FAIRFIELD, CA 94534

Chino Valley Unified School District

BOARD OF EDUCATION

June 30, 2006

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INTRODUCTION

On March 5, 2002, the Chino Valley Unified School District submitted for voter approval a bond measure to authorize the sale of \$150 million in bonds to improve school facilities. Because the bond required only 55 percent of the vote in accordance with Proposition 39 (Article XIII of the California State Constitution), the District was required to establish a citizens' bond oversight committee and to conduct two independent audits. The first audit is a financial audit similar to a district's annual financial audit; the second is a performance audit, which measures the effectiveness, economy and efficiency of a bond facilities program. The report contained herein represents the fourth annual performance audit of the Chino Valley Unified School District's Proposition 39 facilities program. This report covers the bond program and activities from July 1, 2005, through June 30, 2006.

The District engaged the firm Total School Solutions (TSS) to conduct the annual independent performance audits for bond program beginning with the fiscal year 2004-05 and report its findings to the Board of Education and to the Independent Citizens' Bond Oversight Committee.

Besides ensuring that the District uses bond funds in conformance with the provisions listed in the Measure M ballot, the scope of this examination includes a review of design and construction schedules and cost budgets; change orders and claim procedures; compliance with law, District policies and guidelines regarding facilities, construction and procurement; and compliance with the funding formulas.

In accordance with the state constitution, the District intends to have a performance audit completed annually until all Measure M funds have been expended. These reports are designed to meet the requirement of Article XIII of the California State Constitution and to inform the community of the appropriate use of funds generated through the sale of bonds authorized by Measure M. The scope of this audit has been defined by the district management who has also taken responsibility as to the adequacy of the defined scope.

EXECUTIVE SUMMARY

The performance audit, conducted during the period of June 2006 through November 2006, includes an examination of the following components:

- Design and construction schedules and cost budgets
- Change order and claims procedures and results
- Current programmatic goals to ensure compliance with state law, guidelines, and funding formulas
- District guidelines for bidding and procurement
- Compliance with program provisions, restrictions in the bond initiative, and legal requirements such as prevailing wages.
- Payment procedures

Total School Solutions (TSS) reviewed all Measure M projects in the course of this examination and selected several modernization and growth projects for more detailed examination.

Through the examination of numerous documents, interviews with personnel involved in this process and an evaluation of related documentation, assessments were made and conclusions were reached which are summarized in this report.

Data produced by District staff and representations made by the District administration have been used where appropriate, to perform this audit work and to formalize conclusions. Each audit component was evaluated, separately and collectively, based on the materiality of each activity and its impact on the total bond program.

It should be noted that this work has been performed to meet the requirements of a performance audit in accordance with Article XIII of the Constitution of the State of California. Any known significant weaknesses and substantial noncompliance items have been reported to the District's management. This performance audit is not a fraud audit, which would be much wider in scope and more significant in nature than this examination.

The readers of this report are encouraged to review the report of the independent financial auditors in conjunction with this report before forming opinions and drawing conclusions about the overall operations of the bond program.

The scope of this audit has been defined by the District administration, reportedly in collaboration with the Independent Citizens' Bond Oversight Committee which by law is responsible to determine the scope of the performance audit. The scope of this audit varies from that included in our initial proposal. The changes have been discussed with the District administration and the report presented herein is deemed complete by the district management.

INDEPENDENT PERFORMANCE AUDITOR'S REPORT

**Board of Education
Chino Valley Unified School District
Chino, CA 91710**

We have conducted a performance audit of the Measure M funded bond program of the Chino Valley Unified School District (the "District") as of and for the year ended June 30, 2006. The information provided herein is the responsibility of the District's management. Total School Solutions' responsibility is to express an opinion on the pertinent issues included in the scope of this audit work.

In our opinion, the Measure M funds are being expensed in accordance with Resolution No. 2001-39, inclusive of Appendix A, passed by the Board of Education on December 6, 2001. It is also our opinion, for the period ending June 30, 2006, the expenditures of the funds raised through Measure M bonds were only for the projects listed in the District's Facilities Assessment Report adopted by the Board on December 6, 2001 (which was included in Resolution No. 2001-39 by reference, establishing the scope of work to be completed with Measure M funds). We have also determined that the representations made to the public regarding the availability of state funds for new construction and modernization projects were true and reasonable. Furthermore, we have determined that management's estimates were reasonable and complied with the best practices in modernization and new construction of school facilities.

This performance audit was conducted in accordance with the district defined scope of performance audit of the bond program. The District, however, is required to request and obtain an independent financial audit of Measure M bond funds. The financial auditor is responsible for evaluating conformance with generally accepted auditing principles and auditing standards pertinent to the financial statement. The financial auditor also evaluates and expresses an opinion on such matters as the District's internal controls, controls over financial reporting and its compliance with laws and regulations. Our opinion and accompanying report should be read in conjunction with the independent financial auditor's report when considering the results of our performance audit and forming opinions about the District's bond program.

This report is intended solely for the use of the management, the Board of Education and the Independent Citizens' Bond Oversight Committee of the Chino Valley Unified School District, which have taken responsibility in regard to the sufficiency of the scope of work deemed appropriate for this audit.



Total School Solutions

December 7, 2006

DISTRICT FACILITIES PROGRAM

The Superintendent and the Chair of the Citizens' Oversight Committee have requested that Total School Solutions provide "transparency" in conducting the annual performance audit; therefore, while the scope of the performance audit is limited to Measure M, and, by reference, State funds, it is useful to review the District's entire facilities program and other sources of funds to place Measure M into its proper context. The text of Measure M included the intent to "...obtain eligibility for state funding...", and the County School Facilities Fund is therefore, incorporated by reference.

In addition to Measure M and State funds, the District receives funds from the state, local developer fees, and local community facilities districts (Mello-Roos). Certificates of Participation, which are loans and not a source of revenue, have also been used to obtain up-front cash, to be repaid over time from a designated revenue stream. Local funds such as Developer Fees and CFD Funds are not included in the scope of this audit as defined by the District.

The tables below present the financial status of the District's facilities program for the past five (5) years as documented in the fiscal year 2001-02 through 2004-05 audit reports and the fiscal year 2005-06 Unaudited Actuals.

As of June 30, 2006, \$100,000,000 of Measure M bonds had been issued. The June 30, 2006, Measure M ending balance was \$21.9 million, and 54.8 percent of the total voter approved bond had been expended or appropriately transferred to other funds as of that date.

Over the past five (5) fiscal years, the following facilities expenditures have been made:

Measure M Bond Fund	\$82,201,520	(45%)
Other Capital Outlay Funds	98,842,982	(55%)
Total	<u>\$181,044,502</u>	<u>(100%)</u>

From the above, it can be seen that funds from sources other than Measure M have represented over half of the total expenditures on capital outlay projects.

Commendation

- The District is commended for its continuing efforts to aggressively pursue other sources of revenues to enhance the District's ability to meet its facilities needs.

Revenues and Expenditures for Facilities Program, FY 2001-02 - FY 2005-06

Fiscal Year Ending June 30, 2002	Fiscal Year Ending June 30, 2003	Fiscal Year Ending June 30, 2004	Fiscal Year Ending June 30, 2005	Fiscal Year Ending June 30, 2006
Measure M Building Fund¹ (21)				
Beginning Balance	\$0	\$40,000,000	\$25,617,691	\$40,984,877
Revenues	0	1,018,660	973,911	756,379
Expenditures	0	15,400,969	20,606,725	22,797,613
Transfers (Net)	40,000,000	0	35,000,000	0
Net Change	40,000,000	(14,382,309)	15,367,186	(22,041,234)
Ending Balance	\$40,000,000	\$25,617,691	\$40,984,877	\$18,943,643
Other Capital Outlay Funds²				
Beginning Balance	\$63,7013,176	\$47,150,632	\$47,864,441	\$39,754,676
Revenues	14,129,439	32,158,770	8,949,580	19,583,210
Expenditures	27,145,601	27,117,674	14,852,849	16,732,883
Transfers (Net)	(3,536,382)	(4,327,287)	(2,206,496)	(2,267,664)
Net Change	(16,552,544)	713,809	(8,109,765)	582,663
Ending Balance	\$47,150,632	\$47,864,441	\$39,754,676	\$40,337,339
Measure M & Other Capital Outlay Funds				
Beginning Balance	\$63,703,176	\$87,150,632	\$73,482,132	\$80,739,553
Revenues	14,129,439	33,177,430	9,923,491	20,339,589
Expenditures	27,145,601	42,518,643	35,459,574	39,530,496
Transfers (Net)	36,463,618	(4,327,287)	32,793,504	(2,267,664)
Net Change	\$23,447,456	(\$13,668,500)	\$ 7,257,421	(\$21,458,571)
Ending Balance	\$87,150,632	73,482,132	\$80,739,553	\$59,280,982

Outstanding Capital Outlay Debt				
Measure M Bonds	\$40,000,000	\$40,015,000	\$73,365,000	\$96,560,000
CFD Bonds	660,000	555,000	440,000	130,000
COP - 1995	33,350,000	32,710,000	32,040,000	56,700,000 (1995 & 2001)
COP - 2001	29,800,000	28,925,000	28,025,000	27,100,000
Capital Leases	1,248,707	862,761	0	0
Total Debt	\$105,058,707	\$103,067,761	\$133,870,000	\$153,390,000

¹ Measure M bonds issued against the \$150 million authorized include the following:

Series A: June 2002	\$ 40,000,000
Series B: February 2004	35,000,000
Series C: 2006	<u>25,000,000</u>
Total bonds issued	\$100,000,000

Note: Bond capacity is 2.5% of 2005-06 A/V (\$14,308,764,456), which equals \$357.7 million – substantially higher than current debt.

² Other capital outlay funds include the Capital Facilities Fund (developer fees), the Capital School Facilities Fund (state monies) and the Deferred Maintenance Fund. See the "Other Capital Outlay Funds" table for detail.

OTHER CAPITAL OUTLAY FUNDS¹
FISCAL YEARS 2001-02 THROUGH 2004-5 (AUDITED) AND FISCAL YEAR
2005-06 (UNAUDITED)

Fiscal Year Ending June 30, 2002	Capital Facilities Fund²	County School Facilities Fund³	Deferred Maintenance Fund⁴	Totals
Beginning Balance	\$16,338,620	\$ 44,984,691	\$ 2,379,865	\$ 63,703,176
Revenues	7,245,758	5,983,056	900,625	14,129,439
Expenditures	1,696,859	23,778,383	1,670,359	27,145,601
Transfers (Net)	(4,621,325)	0	1,084,943	(3,536,382)
Net Change	927,574	(17,795,327)	315,209	(16,552,544)
Ending Balance	\$17,266,194	\$27,189,364	\$2,695,074	\$47,150,632

Fiscal Year Ending June 30, 2003	Capital Facilities Fund²	County School Facilities Fund³	Deferred Maintenance Fund⁴	Totals
Beginning Balance	\$17,266,194	\$ 27,189,364	\$ 2,695,074	\$ 47,150,632
Revenues	5,096,115	26,373,400	689,255	32,158,770
Expenditures	3,209,344	23,272,979	635,351	27,117,674
Transfers (Net)	(4,539,626)	212,339	0	(4,327,287)
Net Change	(2,652,855)	3,312,760	53,904	713,809
Ending Balance	\$14,613,339	\$30,502,124	\$2,748,978	\$47,864,441

Fiscal Year Ending June 30, 2004	Capital Facilities Fund²	County School Facilities Fund³	Deferred Maintenance Fund⁴	Totals
Beginning Balance	\$14,613,339	\$ 30,502,124	\$2,748,978	\$47,864,441
Revenues	7,014,027	1,929,771	5,782	8,949,580
Expenditures	10,689	13,872,546	969,614	14,852,849
Transfers (Net)	(2,990,977)	(523,755)	1,308,236	(2,206,496)
Net Change	4,012,361	(12,466,530)	344,404	(8,109,765)
Ending Balance	\$18,625,700	\$18,035,594	\$3,093,382	\$39,754,676

Fiscal Year Ending June 30, 2005	Capital Facilities Fund²	County School Facilities Fund³	Deferred Maintenance Fund⁴	Totals
Beginning Balance	\$18,625,700	\$18,035,594	\$3,093,382	\$39,754,676
Revenues	5,458,799	12,833,340	1,291,071	19,583,210
Expenditures	526,745	15,080,199	1,125,939	16,732,883
Transfers (Net)	(3,113,023)	841,883	3,476	(2,267,664)
Net Change	1,819,031	(1,404,976)	168,608	582,663
Ending Balance	\$20,444,731	\$16,630,618	\$3,261,990	\$40,337,339

Fiscal Year Ending June 30, 2006	Capital Facilities Fund²	County School Facilities Fund³	Deferred Maintenance Fund⁴	Totals
Beginning Balance	\$20,444,731	\$16,630,618	\$3,261,990	\$40,337,339
Revenues	8,964,288	7,371,654	1,397,460	17,733,402
Expenditures	621,844	10,955,595	1,416,536	12,993,975
Transfers (Net)	(2,520,358)	1,478,644	1,045,502	3,788
Net Change	5,822,086	(2,105,297)	1,026,426	4,743,215
Ending Balance	\$26,266,817	\$14,525,321	\$4,288,416	\$45,080,554

- ¹ The Other Capital Outlay funds do not include three (3) debt-service funds: Bond Interest and Redemption Fund, Blended Component Unit, and Certificates of Participation. The District issued Certificates of Participation (COP), to be used for various capital project needs. In fiscal year 2004-05, funds for CFD #1, CFD #2 and CFD #3 were combined into a Blended Component Unit. (A certificate of participation is a loan, not a source of revenue, repaid over time from other District revenues, usually from a designated revenue stream such as developer fees.) Community Facilities Districts No. 1 and No. 2 (CFD) (Fund 91) issued bonds to fund site acquisition and building construction projects.
- ² The Capital Facilities Fund (Fund 25) is used for developer fees.
- ³ The County School Facilities Fund (Fund 35) is used for State Allocation Board (SAB) funds received for modernization, site acquisition and new construction projects for which the District is eligible.
- ⁴ The Deferred Maintenance Fund (Fund 14) is used for major repair or replacement of District property. It is included in the table of "Other Capital Outlay Funds" because the Bond Oversight Committee role includes oversight of deferred maintenance (See Appendix B).

COMPLIANCE WITH BALLOT LANGUAGE

Processes Utilized

In this examination, Total School Solutions (TSS) reviewed files and conducted interviews with various staff members. TSS also referenced files from various outside agencies to obtain information from independent sources.

Examination

TSS reviewed all current District projects and selected several modernization projects and proposed new school projects for more extensive examination.

Background

On December 6, 2001, the Board of Education of the Chino Valley Unified School District unanimously approved placing a \$150 million bond measure (Measure M) on the ballot with the adoption of Resolution No. 2001-39. The bond measure was placed on the ballot for voter approval on March 5, 2002. Article XIII of the California State Constitution, amended through Proposition 39, states "that every district that passes a 'Proposition 39' bond measure must obtain an annual independent performance audit."

In accordance with the state constitution, Section 2(4)(iii) of Resolution 2001-39 states that "the Board shall conduct annual, independent financial and performance audits until all Bond proceeds have been spent to ensure that the proceeds of the Bonds shall have been used only for the projects listed in the Bond Measure."

The District's Facilities Assessment Report, included in Resolution No. 2001-39 (Appendix A) by reference, (Appendix A-1) establishes the scope of work to be completed with Measure M bond funds. That report provides a comprehensive list of improvements to be completed at the existing schools. The report also specified that new school construction would occur at five (5) elementary schools and three (3) junior high schools.

District voters approved Measure M with a 61.8 percent vote on March 5, 2002. A 55 percent vote was required for the passage of this measure.

The scope defined by Resolution No. 2001-39 provides the range of projects subject to this performance audit, as authorized by the state constitution. As of June 30, 2006, the District is in compliance with all provisions in Resolution No. 200 -39, which authorized the \$150 million Measure M bond issue.

CITIZENS' BOND OVERSIGHT COMMITTEE

Statutes governing a Citizens' Oversight Committee (Education Code Sections 15278-15282) were included in Assembly Bill 1908 (2000), and took effect upon passage of Proposition 39 on November 7, 2000. (See Appendix B).

In compliance with statute, on July 1, 2004, the District created a Citizens' Bond Oversight Committee (CBOC) which consists of thirteen (13) members of the District, as follows:

Statutory Requirements (Seven [7] Members Minimum)

- Business Community
- Senior Citizens' Organization
- Taxpayers' Organization
- Parent or Guardian of child enrolled in the district
- Parent or Guardian of child enrolled in the district, plus Active in a Parent-Teacher Organization

Other Members of Citizens' Bond Oversight Committee

- City of Chino Representative
- City of Chino Hill Representative
- City of Ontario Representative
- Chino Chamber of Commerce Representative
- Members at Large (four)

The Citizens' Bond Oversight Committee meets regularly, makes regular oral reports to the Board, prepares at least annually a report to the community, and regularly posts its meeting notices, agendas and minutes on an internet website.

As of June 30, 2006, the District and its Citizens' Bond Oversight Committee were in compliance with the law.

STATE SCHOOL FACILITIES PROGRAM

Background

The text of Measure M stated:

“To relieve severe overcrowding, improve safety for children, repair/renovate local schools, shall Chino Valley Unified School District acquire, construct, and improve school sites and facilities, obtain eligibility for state funding, add classrooms, build schools, repair roofs, eliminate asbestos/other safety hazards, upgrade electrical, plumbing, heating/cooling systems, improve security and provide for technology, issue \$150 million of bonds, at legal interest rates, with independent Citizens Oversight and annual audit of expenditures, with no money for administrators’ salaries?”

The District has filed facilities applications under the following programs:

50 - New Construction
57 - Modernization

As of June 30, 2006, the District has received the state grant amounts under the State School Facility Program (SFP) summarized in the following table. (Note: The table does not include any projects filed under the previous State Lease-Purchase Program (LLP) or prior funds received. All District LLP projects were closed out prior to any SFP funding.)

All of the following financial data came from the OPSC/SAB internet site which maintains current project status for all school districts.

State Program	SAB#	State Grant Amounts	District Match
New Construction	50/001 ¹	\$70,073,328	\$388,694
New Construction	50/002-50/008 ²	36,676,398	36,162,041
Modernization	57/002-57/004 ³	7,681,889	192,938
Modernization	57/001 ⁴	4,565,679	2,770,936
Modernization	57/005 – 57/007 ⁵	6,812,691	4,541,794
Total State Grant Amount		\$125,809,985	\$44,056,403

¹ Chino Hills High School was funded by the state in 2000 as a financial hardship project, prior to the passage of Measure M, and therefore received 100 percent state funding. The State match was paid to the District in two (2) installments: \$3,402,786 on March 3, 2000, and \$66,882,542 on October 27, 2000. The District subsequently rescinded a portion of the site acquisition funding for site not acquired (\$212,000).

² Rhodes, Chaparral, Woodcrest Jr. High, Liberty and Wickman were originally approved as financial hardship projects in 2000, but after passage of Measure M on March 5, 2002, they were converted to 50/50 projects.

³ These three (3) projects were approved and were funded by the state under financial hardship, prior to the passage of Measure M, and therefore received 100 percent state funding. According to OPSC/SAB records, the Walnut Elementary School modernization project (57/002) was approved for funding by the SAB on April 26, 2000, as follows: State \$2,749,326 (93.4%) and District \$192,938 (6.6%). The District received the State match of \$2,749,326 in two (2) installments: \$388,661 on May 16, 2000, and \$2,360,665 on July 7, 2004. However, according to the District, the project was not considered a financial hardship by OPSC, and was converted back to 80/20 at the time of the last funding. Updated OPSC records are not available on its website.

⁴ Don Lugo High School was converted to a 50/50 project after the passage of Measure M.

⁵ Dickson (005), Cortez (006) and Buena Vista Continuation High (007) are Measure M projects.

By utilizing the various State programs available to the District, State grant amounts received to date total \$125,809,985, not including any previous funding received under the prior LLP.

STATE NEW CONSTRUCTION STATUS

The eligibility for new construction was submitted to the Office of Public School Construction/State Allocation Board (OPSC/SAB) on April 26, 1999, based on CBEDS enrollment data for the 1995-96 to 1998-99 school years (SAB Forms 50-01, 50-02 and 50-03). Based on those data, eligibility for new construction as presented in the table below was approved by the SAB on September 22, 1999. Subsequent to the establishment of new construction eligibility, six (6) new schools were approved and funded, thereby reducing the available eligibility accordingly.

New Construction Baseline Eligibility: (1998-99 CBEDS)

District	Eligibility				
	K-6	7-8	9-12	Non-Severe	Severe
Total	3,830	1,507	3,844	103	0

Six (6) school projects have completed Forms SAB 50-04 and SAB 50-05 processes to date, for which the District has received \$106,961,726. Chino Hills High School was approved and funded under financial hardship regulations prior to the passage of Measure M, and therefore received 100 percent state funding. Five (5) additional projects had applications (Form SAB 50-04) approved under financial hardship regulations prior to the passage of Measure M, but were converted to 50/50 applications when the District no longer qualified for financial hardship.

Subsequent to the establishment of baseline new construction eligibility based on CBEDS data for 1995-96 through 1998-99, the District has updated its eligibility with 1999-00 CBEDS enrollments (SAB 50-01) and again with 2002-03 CBEDS enrollments (SAB 50-01).

Recommendation

- It is recommended that the District update its construction eligibility documents annually after CBEDS enrollment data are available. (Note: Updated eligibility documents need not be submitted until a new construction application (SAB 50-04) is filed, but annual updates to ascertain eligibility enable plans and funding sources to be clarified.)

District Response

The District's baseline eligibility is only required to be updated when a new application is submitted to the State. The District consistently keeps track of its eligibility internally until a formal application is submitted. It is not always advantageous for a school district to update its eligibility each year when CBEDS are updated due to the rapid changing factors. As an example, leased portables after the baseline eligibility are required to be reported, however, once they're reported, they become part of the baseline. If these leased portables are removed prior to the district's filing of an application, then the eligibility will not be lost. The District can maximize its eligibility at the State by timing its applications to the State adequately.

New Schools. Updated June 30, 2006.

New School	Grade	SAB# ¹ (50/)	SAB Eligibility Approval (50-03) ²	Eligibility Enrollment	SAB Project Approval (50-04)	SAB Fund Release (50-05)	SAB Grant Amount (%) ³
Elementary Schools							
Chaparral Elementary	K-6	004	09/22/99	900	04/26/00	05/16/00 07/07/04	\$986,400 (54%) 6,120,901
Edwin Rhodes Elementary	K-6	002	09/22/99	900	04/26/00	05/16/00 01/31/03	986,400 (53%) 6,685,340
Liberty Elementary	K-6	006	09/22/99	1,050	04/26/00	05/16/00 01/31/03	515,463 (48%) 6,046,038
Michael G. Wickman Elementary	K-6	007	09/22/99	900	04/26/00	05/16/00 01/31/03	548,484 5,247,515 (49%)
Richland Elementary Site	K-6	003	09/22/99	Withdrawn			
Preserve K-8 ⁴	N/A	009	09/22/99				
Junior High Schools							
Woodcrest Junior High	7-8	005	09/22/99	1,200	04/26/00	05/16/00 04/02/03	617,898 (48%) 7,485,005
High Schools							
Chino Hills High	9-12	001	09/22/99	3,000	01/26/00	03/03/00 10/27/00	3,402,786 (99%) 66,882,542
Total (Seven schools)							\$106,961,726

¹ A project number is assigned when form SAB 50-04 is filed, which requires DSA-stamped plans and California Department of Education (CDE) approval

² SAB eligibility is based on Forms SAB 50-01 (Enrollment Certification/Projection), SAB 50-02 (Classroom Inventory) and SAB 50-03 (Eligibility Determination). Updated forms SAB 50-01 with current CBEDS enrollments are to be submitted when SAB 50-04 project applications are filed.

³ The State grant amount is 50 percent of the total state new construction budget, unless facility or financial hardship applications have been filed and approved. Chapparral Elementary (50/004), Chino Hills High (50/001), Edwin Rhodes Elementary (50/002), Liberty Elementary (50/006), Wickman Elementary (50/007) and Woodcrest Junior High (50/005) all included financial hardship requests with their applications.

⁴ According to the OPSC website, a Form SAB 50-04 was filed based on thirty-nine (39) classrooms and the acquisition of a 12.85 acres site based on site acquisition costs of \$9,360,000 and service/off-site/utilities costs of \$1,479,273. The project was not given an SAB apportionment at the time of the original filing, and according to the District, a new funding application was filed in April 2006. The Preserve project is a partnership involving the District, County, City and developer. The developer will build the school; the County will support the construction of a larger library and the City will support the construction of a larger gym.

NEW CONSTRUCTION PROJECTS

School	Board 12/06/01 Original Estimate	Application Approved (SAB 50-04)	SAB#	SAB Approved Budget	
				District	State
Wickman Elementary	\$12.2	04/26/2000	007	\$6,123,347	\$5,795,999
	2.0	07/23/03	008	1,436,954	1,436,954
Rhodes Elementary	12.4	04/26/2000	002	6,685,340	7,671,740
Woodcrest Elementary (Liberty)	14.5	4/26/2000	006	6,987,912	6,561,501
Woodcrest Jr. High	17.2	04/26/2000	005	8,876,045	8,102,903
Bird Farm Elementary (Chaparral)	12.0	04/26/2000	004	6,052,443	7,107,301
Bird Farm Jr. High	5.0				
Richland Elementary/Junior. High	16.0-20.0	Withdrawn	003		
Chino Hills High		01/26/2000	001	388,694	70,073,328
Total	\$91.3 - \$95.3 Million			\$36,550,735	\$106,537,726

STATE MODERNIZATION STATUS

Eligibility for a modernization project is established when Form SAB 50-03 is filed with the state, and the State Allocation Board (SAB) approves it. A school district designs and submits a project to the Division of State Architect (DSA) and the California Department of Education (CDE). The district awaits both agencies' approvals before filing an application (Form SAB 50-04), which establishes funding for a project. If beneficial, a district may file a revised Form SAB 50-03 to reflect recent enrollment data. After a project has been bid, the district files Form SAB 50-05 to request a release of state funds for the project.

Seven (7) school projects have completed the SAB 50-03, SAB 50-04, and SAB 50-05 processes to date, for which the District has received \$19,060,259. Two (2) of the funded projects were approved and funded under financial hardship regulations prior to the passage of Measure M, and therefore received 100 percent state funding.

The original list of modernization projects that were included in the Board approved Facilities Assessment Report on December 6, 2001, and the status of modernization projects as of June 30, 2006, are presented in the Modernization Projects table. From that table, it can be seen that two (2) schools, not on the list, (Glenmeade Elementary and Magnolia Jr. High), have completed the state process and were funded. There are six (6) schools on the original list that have not yet had applications (Form SAB 50-04) filed.

When the District files additional modernization documents with OPSC/SAB, additional state funding could be received by the District, assuming that state modernization funding is available. The amount and timing of any potential future state modernization funding cannot be determined until the District files actual project applications for funding (Form SAB 50-04).

Commendation

The District is commended for its successful efforts to enhance its eligibility for state matching funds by utilizing hardship provisions as permitted by the State Allocation Board regulations.

Existing Schools. Updated June 30, 2006.

Existing School	Grade	SAB# ¹ (571)	SAB Eligibility Approval (50-03)	Eligibility Enrollment	SAB Project Approval (50-04)	SAB Fund Release (50-05)	SAB Grant Amount (%) ²
<u>Elementary Schools</u>							
Borba (Anna A.) Fundamental Elementary	K-6	000	07/02/03	319			
Cortez Elementary	K-6	006	07/02/03	966	04/28/04	11/29/05	\$3,317,566 (60%)
Dickson Elementary	K-6	005	07/02/03	775	04/28/04	11/29/05	2,276,422 (60%)
El Rancho Elementary	K-6	000	07/02/03	237			
Gird (Richard) Elementary	K-6	000	07/02/03	350			
Glenmeade Elementary ³	K-6	003	04/26/00	646	04/26/00	05/16/00 01/08/02	305,816 1,818,448 (100%)
Los Serranos Elementary	K-6	000	07/02/03	293			
Marshall (E.J.) Elementary	K-6	000	07/02/03	250			
Newman Elementary	K-6	000	07/02/03	275			
Walnut Avenue Elementary ³	K-6	002	04/26/00	811	04/26/00	05/16/00 07/07/04	388,661 2,360,665 (93%)
<u>Junior High Schools</u>							
Magnolia Junior High ³	7-8	004	04/26/00	864	04/26/00	05/16/00 01/08/02	432,691 2,375,608 (100%)
Ramona Junior High	7-8	000	07/02/03	512			
<u>High Schools</u>							
Buena Vista Continuation High	9-12	007	07/02/03	310	05/26/04	11/29/05	1,218,703 (60%)
Don Antonio Lugo High ³	9-12	001	04/26/00	1026	04/26/00	05/16/00 08/13/04	725,749 3,839,930 (62%)
		008	04/26/00	162			
		010	04/26/00	756			
Total (Fourteen schools)							\$19,060,259

¹ A "000" indicates that the District filed form SAB 50-03 to establish eligibility. A project number is assigned when form SAB 50-04 is filed, which requires DSA-stamped plans and CDE approval.
² The state grant amount is 60 percent of the total state modernization budget for project applications (SAB 50-04) filed after April 29, 2002 unless facility or financial hardship applications have been filed. (Applications filed before April 29, 2002, receive 80 percent in state matching funds.) State funding is released to the District after the project has gone to bid, a construction contract has been awarded, and form SAB 50-05 has been filed. The District must provide its matching share of the project budget. All modernization projects funded as of June 30, 2005, (57/001 through 57/004) included financial hardship requests with their applications.

³ Glenmeade Elementary (003), Walnut Avenue Elementary (002) and Magnolia Junior High (004) were originally approved as Financial Hardship applications before the March 5, 2002, passage of Measure M; however, Walnut Avenue Elementary was later converted to an 80/20 match project. Don Antonio Lugo High (001) was originally approved as a Financial Hardship application, but was converted to a 60/40 match project before funding.

MODERNIZATION PROJECTS

School	Board 12/06/01 Original Estimate		Application Approved (SAB 50-04)	SAB#	SAB Approved Budget	
	District	State			District	State
Cortez Elementary	\$1,400,000	\$2,000,000	04/28/2004	006	\$2,211,710	\$3,317,566
Dickson Elementary	1,100,000	1,600,000	04/28/2004	005	1,517,614	2,276,422
El Rancho Elementary	400,000	700,000				
Gird Elementary	500,000	700,000				
Glenmeade Elementary	-	-	04/26/2000	003	0	2,124,264
Los Serranos Elementary	400,000	600,000				
Marshall Elementary	300,000	600,000				
Newman Elementary	300,000	500,000				
Walnut Elementary	1,200,000	1,700,000	04/26/2000	002	192,938	2,749,326
Magnolia Jr. High	-	-	04/26/2000	004	0	2,808,299
Ramona Jr. High	700,000	1,000,000				
Buena Vista Continuation High	500,000	900,000	05/26/2004	007	812,469	1,218,703
Don Lugo High	1,900,000	2,900,000	04/26/2000	001 008	2,770,936 508,097	4,565,679 762,146
Total	\$8,700,000	\$13,200,000			\$8,013,764	\$19,822,405

DESIGN AND CONSTRUCTION BUDGETS

Process Utilized

In this examination, Total School Solutions (TSS) reviewed records and conducted interviews with various staff members. TSS also referenced files from various outside agencies to obtain information from independent sources.

Background

The District's original program estimate document, the Facilities Assessment Report, Board Adopted December 6, 2001, is summarized in the following table and presented in its entirety in Appendix A-1. In that document, there are eight (8) new construction projects, eleven (11) modernization projects and thirty (30) school improvement projects listed with an amount shown for each. The total of the eight (8) new construction projects is listed as \$91,300,000 to \$95,300,000, the eleven (11) modernization projects total \$21,900,000 (\$13,200,000 in state funding and \$8,700,000 in District match) and the thirty (30) school improvement projects total \$89,695,151.

Subsequent to the original Facilities Assessment Report, the District's program manager produced updated facilities costs in a report submitted to the District on April 21, 2005. That document was presented to and approved by the Board on April 21, 2005, and was subsequently presented to the Citizens' Oversight Committee on May 16, 2005.

A summary of the facilities project costs, identified in that report, is presented in the following table. The total projects cost identified include the following:

State Funds	\$138,007,465
Measure M Funds	<u>150,000,000</u>
Total Projects Cost	\$288,007,465

In addition to the above discussed reports, the District program manager issues a Construction Program Monthly Report. This report provides an update of each project, month by month, as well as construction cost updates. In addition, the District administration and Citizens' Bond Oversight Committee made regular oral reports to the Board. (Note: The District has indicated that although printed reports are regularly provided to the Board, they are not included in the Board packets or minutes.)

Discussion

Proposed work in the Facilities Assessment Report, both new construction and modernization, provides prioritization of the projects and organizes "Total Cost" by site. While it is an apparently adequate document for initial planning purposes, it lacks sufficient detail to provide guidance in regard to ongoing decision-making. Furthermore, since it was prepared in late 2001, it is already over 3½ years old at the beginning of the 2005-06 year.

The project costs presented in the April 21, 2005 Implementation Plan provides an adequate overview of the program. However, the District still lacks a comprehensive and Board adopted Facilities Master Plan and accompanying project budgets.

Findings

- The District does not have a Comprehensive Facilities Master Plan, either as an internal document or Board adopted, to direct the overall facilities program.
- The District does not have a detailed budget of Measure M projects, either as an internal document or Board adopted, to direct the Measure M bond program.

Recommendations

- District staff should develop a Comprehensive Facilities Master Plan with an overall program budget that includes the total cost (construction and soft costs) for the entire facilities program. This budget should provide a simple and easy to understand presentation of the scope (all planned projects, program management costs, etc.), total project costs (construction and soft costs), and a implementation schedule organized on a fiscal year basis. This program budget should, in addition to presenting all expenditures, include all reasonably anticipated revenues. This document should be presented to the Board of Education for approval. It should be updated at least annually and the updated version approved by the Board on a regular basis.
- District staff should develop individual project budgets for each project listed in the facilities program budget. These project budgets should be presented for Board approval as projects are developed. This process should include updates at key points in project development:
 - Conceptual.
 - Preliminary Plan.
 - Working Drawing (at bid time).
 - As awarded (actual amounts).
 - Regular updates as change orders are approved.
 - Final close out total costs.

Content of these project budgets should include all reasonably anticipated expenditures. Although the list may vary from project to project, a typical list of budgeted expense items should include:

- Site Acquisition.
- Construction.
- Architecture and Engineering.
- Plan Approval Fees.
- Construction Management
- Lab and Testing.
- Inspection.
- Labor Compliance.
- Furniture and Equipment.
- Move-in.
- Contingency

District Response

- District's response to the second bullet under the Findings and Recommendations: The District maintains an updated budget and expenditure report for every state funded and Measure M funded project. This report is created in addition to the reports produced by the County office. Because the County reports are more fiscal year driven and most construction projects run multi-year, the District customized its reports to accurately capture multi-year transactions and activities. These reports display a complete picture of the project's funding and spending, thus, enabling staff to plan ahead accordingly.

FACILITIES ASSESSMENT REPORT¹

NEW CONSTRUCTION COST ESTIMATES

School

Wickman Elementary	\$12.2
Rhodes Elementary	12.4
Woodcrest Elementary	14.5
Woodcrest Jr. High	17.2
Bird Farm Elementary	12.0
Sub-Total	\$68.3

Super-Wickman Elementary	\$2.0
Bird Farm Jr. High	5.0
Richland Elementary/Jr. High	16.0 - 20.0
Total	\$91.3 - \$95.3

MODERNIZATION/RENOVATION COST ESTIMATES

School	Priorities Estimate	Modernization Est. - District	Modernization Est. - State
Borba Fundamental	\$2,179,726		
Briggs Fundamental	1,414,025		
Butterfield Ranch Elementary	946,998		
Cattle Elementary	1,236,125		
Cortez Elementary	1,760,587	\$1,400,000	\$2,000,000
Country Springs Elementary	1,927,884		
Dickey Elementary	2,023,655		
Dickson Elementary	1,464,875	1,100,000	1,600,000
Eagle Canyon Elementary	1,151,450		
El Rancho Elementary	2,485,974	400,000	700,000
Gird Elementary	1,509,084	500,000	700,000
Glenmeade Elementary	600,533		
Hidden Trails	194,900		
Litel Elementary	685,937		
Los Seranos Elementary	1,289,896	400,000	600,000
Marshall Elementary	5,297,450	300,000	600,000
Newman Elementary	2,055,455	300,000	500,000
Oak Ridge Elementary	1,398,046		
Rolling Ridge Elementary	1,736,100		
Walnut Elementary	6,367,503	1,200,000	1,700,000
Canyon Hills Jr. High	3,990,600		
Magnolia Jr. High	3,298,958		
Ramona Jr. High	7,885,431	700,000	1,000,000
Townsend Jr. High	1,509,041		
Woodcrest Jr. High	1,334,950		
Ayala High	8,380,361		
Buena Vista Continuation High	1,385,280	500,000	900,000

Chino High	6,438,165		
Chino Hills High	2,205,000		
Don Lugo High	15,541,162	1,900,000	2,900,000
Total	\$89,695,151	\$8,700,000	\$13,200,000

<u>Summary</u>	<u>District</u>	<u>State</u>
New Construction	\$91.3 - \$95.3	
Modernization	8.7	\$13.2
School Priorities	89.7	
Total	\$189.7 - \$193.7	\$13.2
	Million	Million

¹ This document was adopted by the Board on December 5, 2001, concurrently with the adoption of Resolution No. 2001-39 calling for the Measure M election on March 5, 2002. It is assumed that all estimated costs include "soft" costs (planning, inspection, tests, etc.) and "hard" costs (construction, contingency, furniture and equipment).

FACILITIES PROJECT COSTS¹

New Construction Projects

School	State Funds	Measure M Funds	Measure M Funds (Additional)	Total
Chino Hills High	\$70,808,355			\$70,808,355
Woodcrest Jr. High	11,288,752	\$8,876,045	\$4,623,955	24,788,752
Liberty Elementary	9,079,722	6,987,912	2,345,866	18,413,500
Wickman Elementary	9,044,415	6,123,347		15,167,762
Rhodes Elementary	7,671,740	6,685,340		14,357,080
Chaparral Elementary	7,107,301	6,052,443		13,159,744
Wickman Addition	1,436,954	1,436,954		2,873,900
Total	\$116,437,239	\$36,162,041	\$6,969,821	\$159,569,101

Modernization Projects

School	State Funds	Measure M Funds	Measure M Funds (Additional)	Total
<u>First Series</u>				
Glenmeade Elementary	\$2,124,264			\$2,124,264
Magnolia Jr. High	2,808,299			2,808,299
Walnut Elementary	2,749,326	\$192,938	\$207,062	3,149,326
Don Lugo High	4,565,679	2,770,936	229,064	7,565,679
Sub-Total	\$12,247,568	\$2,963,874	\$436,126	\$15,647,568
<u>Second Series</u>				
Cortez Elementary	\$3,293,108	\$2,195,405		\$5,488,513
Dickson Elementary	2,255,039	1,517,614		3,772,653
Buena Vista Elementary	1,199,511	799,674		1,999,185
El Rancho Elementary	600,000	537,992		1,137,992
Gird Elementary	1,000,000	678,439		1,678,439
Los Serranos Elementary	375,000	515,453		890,453
Newman Elementary	600,000	389,804		939,804
Marshall Elementary		396,167		397,167
Ramona Elementary		986,714		986,714
Sub-Total	\$9,322,658	\$8,017,262	\$0	\$17,339,920
Total	\$21,570,226	\$10,981,136	\$436,126	\$32,987,488
School Projects	\$0	\$90,000,000	\$0	\$90,000,000
Remaining Funds	0	5,454,876	0	5,454,876
Total Funding	\$138,007,465	\$142,598,053	\$7,401,947	\$288,007,465

¹ Facilities project costs were extracted from a document entitled "Implementation Presentation Overview, Volume 1 of 5," prepared by PCM3, which was submitted to the District on April 21, 2005. It is assumed that all project costs include "soft" costs (planning, inspection, tests, etc.) and "hard" costs (construction, contingency, furniture and equipment). (Note: This document was presented to and unanimously approved by the Board on April 21, 2005 (II.A.2). It was subsequently presented to the CBOC on May 16, 2005, as reflected in the minutes of that meeting.)

CONSTRUCTION MANAGEMENT COSTS

Process Utilized

In this examination, Total School Solutions (TSS) reviewed District records/documents and conducted interviews with various staff members.

Background

The table below outlines the total contracted costs for the program manager and each of the three (3) construction management firms currently engaged by the District. The costs for program management services, and construction management (CM) services as of June 30, 2006 are as follows:

Program Management		Total Fees	
PCM3		\$2,491,403.40	
CM Firms	Construction Cost	CM/GC Fees	CM Percent of Construction Costs
Vanir	\$13,675,277	\$1,600,911	11.71%
Bernards Brothers	15,947,273	1,622,755	10.18%
Neff	12,270,088	1,366,288	11.14%
Totals	\$41,892,638	\$4,589,954	10.96%

Program management services are not reported as a percentage of the total construction cost due to the fact that PCM3 initially provided services including assistance with close-out of projects that initiated prior to the contract date.

The District funds only 0.2 Full Time Equivalent (FTE) position of the facilities program administrative employees through bond funds. All other District staff positions (6.8 FTE), utilized to manage the District facilities program, are funded through the general fund. Data for this component are summarized as follows:

Funding Source	FTE	Total Cost for 2005/06
Measure M	0.20	\$46,187

Although Proposition 39 initially required that no bond funds be spent on "Administrative" staff, the California Attorney General has subsequently opined that it is permissible to utilize bond funds to pay the compensation for employees directly engaged in the delivery of the bond program.

Observations

- Although the scope of services provided by the CM firms is within the standard CM spectrum of service, the CM costs experienced appear to be higher than those typically found in the industry.
- The salary and benefit costs for most of the District staff engaged in the District facilities program are funded through the District general fund. The District should consider allocating the cost of staff engaged in the delivery of the bond program to the bond fund. For those employees engaged in multiple programs, such allocation should be proportionate to the percentage of the time spent in carrying out the responsibilities involving the bond program.
- There appears to be some redundancy in program management services between District staff and consultants.

Recommendations

- It is recommended that the District's CM structure be analyzed to determine whether a more cost-effective approach could be utilized on future projects.
- It is recommended that the "multiple-prime" construction projects be analyzed upon completion to determine if these projects have realized any savings as compared to the traditional "general contractor" construction process.
- It is recommended that the District review and reassess the cost allocation/distribution between the bond funds and the general funds

District Response

- The District follows the guidelines and policies established by the Office of Public School Construction regarding the use of construction management services and fee calculations. Most of the salary and benefit costs of staff engaged in the District facilities program are funded out of the general fund in an effort to maximize available bond funds for construction project that directly benefit the students.

CHANGE ORDER AND CLAIM PROCEDURES

Process Utilized

In the process of this examination, relevant documents were analyzed. Interviews were also conducted with the Facilities and Construction Management Team.

Background

During the course of construction work, some additional work may be required to mitigate unforeseen conditions or conflicts in plans and specifications. Typically, change orders for modernization cannot be avoided because the age of the buildings. The average industry-wide percentage for change orders in modernization is six to eight percent of the original contract amount. (The change order standard for new construction is three to four percent.).

Due to the urgent nature of school construction work, issues are sometimes resolved verbally at the weekly construction meetings where the architect, construction manager, inspector and contractor's job superintendent are present. These decisions are formalized in the meeting minutes and, if appropriate, followed up with a change directive to authorize the work and eventual payment. The District is not liable for the cost of any extra work or substitutions, changes, additions, omissions or deviations from the drawings and specifications unless the District authorizes the work and the cost is approved in writing through a change order or through a construction change directive.

To initiate a change resulting from unclear or conflicting drawings, the contractor writes a Request for Information (RFI). The Architect of Record (AORs) reviews the RFI and submits an answer to the contractor indicating whether any additional work is warranted. To avoid contractor's claims for delay, the construction manager must minimize the distribution time of RFIs and follow-up with the Architect.

An important part of the change order process is price negotiation. A contractor submits a Proposed Change Order (PCO) to the construction manager. The construction manager reviews the proposal with the inspector, architect of record and the District's project manager. If PCO is accepted, the construction manager issues a change directive or a change order. The increase or decrease in the contract price caused by a change order may be determined at the District's discretion through the acceptance of a PCO, through unit prices from the original bid or by utilizing a time and materials method as agreed upon by the District and the contractor. At times, the process may go through several cycles due to a disagreement over price.

When a contractor makes a claim for a contract price increase or time extension, he or she notifies the District but continues to execute the work even if the adjustment has not been agreed upon. By having this language in the general conditions of the contract, the District is protected from work stoppage due to a disagreement over the price of a change order.

As part of the payment process, contractors are asked to submit a schedule of values to determine the appropriate progress payment for their work. The schedule of values may be used as a tool in determining credits when work is no longer necessary. It can also serve as a measure of payment for any additional work.

During construction, contractors may request to substitute their subcontractors listed in their original bids. The process of replacement outlined in the Public Contract Code must be followed, and the replacement subcontractors must be properly licensed and meet the criteria established by the contract.

Findings

- One (1) of the change orders sampled was over ten percent of the original contract amount. Six (6) were found to be over nine percent. All of the change orders were over the norm of six to eight percent of the industry standard on change orders.

School	Contractor	Original Contract	Change Order	Percentage
Cortez ES	Gould Electric	\$1,300,000 ¹	\$0	-
Woodcrest JHS	Responsive Internet	2,340,233	316,586	13.53%
Ayala HS	KAR Construction	1,354,000	134,187	9.9%
Don Lugo HS	Rosetti Construction	1,816,000	181,453	9.99%
Walnut ES (Add)	Edwin G Bowen	64,000	4,787	9.97%
Walnut ES (Mod)	Edwin G Bowen	241,000	25,609	9.97%
Don Lugo HS	United Contractors	123,497	12,045	9.76%
Don Lugo HS	Continental Plumbing	\$330,697	\$30,241	9.14%

¹ The original Cortez contract was \$983,000 but was later amended to \$1,300,000.

- Constructability review services is a part of the construction management scope of services.
- Staff recommended that the electrical work and the Public Address system for Cortez Elementary, Dickson Elementary and Buena Vista High School Modernization be re-bid due to budget overrun. Additionally, staff recommended to reduce the scope of the project. The electrical work was reduced by 71% but the cut was so drastic that it resulted in a \$317,000 amendment to the Cortez contract by the time the project was finished.

Recommendations

The District should limit the change orders to under ten percent and evaluate the type of change orders and their cause. Efforts should be made to control change orders by adequate planning. Additional scope of work during construction is more expensive because of the added coordination, premium added by the contractors and absence of competitive bids.

It is recommended that staff participate in constructability review to provide input on standards, common practices of District Maintenance and Operation and insight in terms of the educational uses.

District Response

- The District makes every effort to contain the change order costs down. However, in the event that unforeseen changes cause change orders to be more than 10% of the original contract amount, the District consults with the County counsel for approval prior to processing the change order to the Board of Education.
- The District does participate in constructability reviews. The constructability review service is a part of the construction management scope of services.

**COMPLIANCE WITH DISTRICT POLICIES
AND ADMINISTRATIVE REGULATIONS**

The District has adopted the following Board Policies (BP) and Administrative Regulations (AR) for its facilities program, New Construction – Series 7000.

BP	AR	Description	Date of Adoption	Date of Revision
7000		Concepts and Roles	11/2/95	
7010		Goals and Objectives – Facility Expansion Program	11/2/95	
7100		Facilities Master Plan	11/2/95	
7110	7110	Determining Needs	11/2/95	6/3/99
7111		Evaluating Existing Buildings	11/2/95	
7120		Participation in Planning	11/2/95	
7140		Relations with the Public	11/2/95	
7150		Relations with other Governmental Units	11/2/95	
7151		Relations with the City/County Regarding Land Development	11/2/95	
7200		Designing		
7210	7210	Architectural and Engineering Services	11/2/95	
7220	7220	Site Selection and Development	11/2/95	4/19/01
	7220.1	Site Acquisition Procedures	11/2/95	
7300		Financing	11/2/95	
7310		Methods of Financing	11/2/95	
7310.1	7310.1	Use of Mello-Roos Community Facilities Districts	11/2/95	
7310.2	7310.2	Collection of School Facility Special Taxes and Fees	11/2/95	
7310.3	7310.3	Allocation of Capital Facilities Funds	11/2/95	
7310.4		Facilities Financing	6/3/99	
7310.5	7310.5	Issuance of Debt	6/3/99	
7500		Acceptance/Dedication of Project		
7511	7511	Naming of Facility	11/2/95	9/18/03

Most of the board policies and administrative regulations listed were first adopted in 1995, with some revisions within the past seven (7) years. These policies and regulations have not kept pace with rapidly changing state statutes and State Allocation Board (SAB) regulations. For example, SB 50, which was enacted in 1999, made major modifications to the state's School Facilities Program, imposed developer fees (Level 1 and 2) and eliminated Mira fees. In 2000, Proposition 39 enabled school districts to pass facility bonds with 55 percent approval. The state also created the Department of Toxic Substances Control (DTSC) to regulate environmental issues related to new school sites. The board policies and regulations are too outdated to account for these changes.

Locally, the District provides project/construction management services to oversee its projects through the construction phase. The District has a number of school construction projects under a "multiple-prime" approach rather than the traditional "general contractor" approach.

The alternative methods of implementing a facilities construction program should be referenced in local policies and regulations.

Finding

- There are no findings in this section.

Observation

- The District is in the process of utilizing the model policy and regulation documents developed by the California School Board Association (CSBA) and other school districts to develop and update facilities program policies and regulations. In developing District policies and regulations, emphasis should be placed on local District conditions and needs.

PAYMENT PROCEDURES

Process Utilized

The appropriate District staff was interviewed about payment procedures; documentation was reviewed; and processes were observed in the course of work. Follow-up interviews were also held to address any unanswered questions.

Background

Construction invoices/payment applications are first sent to the Architect and the Inspector of Record for verification and approval of the percentages of work completed. They are then forwarded to Construction Manager for review and approval.

The invoices/payment applications are sent directly to the Facilities Planning Division. Upon receipt the Facilities Administrative Assistant date stamps the invoices and forwards them to the Facilities Accountant II or Accounting Clerk III for processing. Both positions are located in the Facilities Office. The Accountant II or Accounting Clerk III verifies that the amount of the invoice/payment application is correct and that all of the proper approvals are in place. If the invoice or payment application reflects a change order, staff verifies that the change order has been approved by the Board of Education. If the change order has not yet been approved by the Board, the invoice is not processed until the change order is approved. The staff prepares the summary of projects form; the form accompanies the invoice. The form contains the following information: Project name, vendor name(s) and number(s), category, contract award amount(s), board approval date(s), purchase order number(s), invoice number, invoice date, description, invoice amount, previous payment history, total billed and the amount available on the contract/purchase order. The project summary form and invoice are then forwarded the Director of Director of Facilities and Construction and/or Assistant Superintendent of Facilities and Planning for final approval. Once approved, the invoice is processed for payment.

Accounts Payable batches are processed daily. The normal processing time for a check to be released from the County Office of Education is five days.

The County Office of Education (COE) audits all of the first payments made on a construction contract in order to make sure all of the legal documentation is in order. This process takes approximately two weeks.

When a change to the original contract occurs, the COE requires the following documentation or information to accompany the payment request: Escrow in Lieu of Retention P.C.S. code (reduction of retention or change of escrow agent), Change Order Number (DSA approval letter when applicable, letter from architect if nature is non structural), Board Acceptance of Change Order, Stop Notice, Release of Stop Notice, Pending Change order and Board Approval Date.

All final payments on construction contracts are audited by the County Office of Education prior to the release of the warrant. For the final payment request, the COE requires that the Notice of Completion and/or Board Acceptance and the Release of Retention documentation accompany the payment request. Throughout the year progress payments may be selected at random for audit by the COE.

Sample

The following school sites which had projects funded through bond proceeds, during the period of this audit, were selected in the payment procedures scope of the performance audit: Chaparral Elementary School, Walnut Elementary, Woodcrest Junior High School, Buena Vista High School and Don Lugo High School. From that selection, a sample of twenty invoices was reviewed. The review consisted of verification of approvals (i.e. Owner, Architect, Inspector of Record, Construction Manager, Director of Director of Facilities and Construction, and/or Assistant Superintendent of Facilities and Planning), verification that the amount of the invoice and the actual amount paid were in agreement, and amount of time it took for vendors to be paid.

Commendation

- It appears the District has good controls in place for the approval of payments and is abiding by the policy of making payments to vendors within thirty business days.
- All of the payment applications reviewed included the appropriate approvals for processing.

Observation

- Items purchased on purchase order 603394, from Peacock Systems were shipped separately. It appears the warehouse held all of the receipts until the entire order was received, thus causing a delay in the payment of two invoices of over 45-days. Partial payments could have been made on the items received to avoid a delay in payment.

Finding

- No findings in this section.

BIDDING AND PROCUREMENT PROCEDURES

Process Utilized

In the process of this examination, numerous purchasing records and payment documentation pertaining to new construction and modernization projects were reviewed and analyzed. Interviews with various staff members were also held.

Background

Bids are verified for compliance and completion. In addition, licenses, bonds, insurance and fingerprinting are verified before recommendation for Board approval. After bid opening, bidders are allowed to submit data and documentation for final approval of substitution of materials. Contingent approval is given during the bid process with no guaranty that final approval will be given for the substitution.

The District utilizes pre-qualification process for its bidders. The approval for the pre-qualification is taken to Board of Education for concurrent approval with the bid award.

The construction contracts are executed after bid award.

Commendations

- District required its bidders to certify site visitation and acknowledge the project schedule for the Cortez Elementary, Dickson Elementary and Buena Vista High School Modernization. These two steps, although not a requirement of the Public Contract Code, constitute a good practice in ensuring the contractor's awareness and understanding of the work involved. This certification can minimize claims on potential change orders, prevent construction delays and shorten the time needed for the requests for information.
- The addition of the bid submittal checklist is also a good practice. It was noted, in the prior year's audit report, that bids were rejected for non-material reasons such as failure to affix corporate seal, and failure to sign certain attachments. In the current construction environment where there are few bidders, the bid submittal checklist ensures that all submitted bids will be considered and not rejected on technical and non-material grounds.
- The District is commended for requiring the contractor to submit a schedule of values and further requiring the contractor to breakdown his/her prices. This action prevents the contractors from using subcontractors not listed in the bid document. It is also an effective tool for the District in making appropriate progress payments. The schedule of values helps determine the correct credit amount, should the District decide to seek credit for a portion of work.

Findings

- Change Order number 5 and 6 for Rossetti Construction's purchase order was processed on the date of the Board meeting. Since the Board meetings begin at 7:00 PM, it has to be assumed that this purchase order was processed prior to Board Approval.

- After bids are received, the construction manager checks the bid for completeness and verifies the license and experience of the contractor. There is, however, no indication whether the surety bond is verified by either the construction manager or the Purchasing Department. The experience and reputation of the surety is important in case the project runs into default.
- The District utilizes a pre-qualification process to qualify bidders. It was also noted that pre-qualifications are performed for contractors that qualify for projects for an amount of \$300,000 or more. The process of prequalification is lengthy and time consuming. Smaller contractors may be intimidated by such a process and prefer not to participate in the bidding process resulting in a decrease in the competitive pool for smaller bids.

Recommendations

- The bid submittal checklist is a good practice and should be included for all bids. The requirement for the certification of site visitation and project schedule acknowledgment should also be expanded to all bids.
- The concept of pre-qualification is sound. Qualifying a contractor based on the financial capacity, ability to pay subcontractors as well as previous job performance, protects the District against the contractor default, claims and/or substandard work. Because of the current competitive market and the shortage of bidders, it would make more sense to limit the pre-qualification process to projects over \$500,000. Increasing competition and expanding the bidder pool can maximize cost savings for the District.

District Response

- No District response

**EFFECTIVENESS OF THE PUBLIC OUTREACH PROGRAM AND
COMMUNICATION CHANNELS AMONG ALL STAKEHOLDERS WITHIN
THE BOND PROGRAM**

Process Utilized

During the course of this audit, Total School Solutions (TSS) conducted interviews with key personnel in the facilities, purchasing and other departments; with consultants; and other individuals related to, or involved with, the facilities program.

As previously noted in the 2004-05 annual performance audit report, the District has adopted three Board policies related to its public outreach program:

BP 7140	Relations with the Public
BP 7150	Relations with other Government
BP 7151	Relation units with the City/County regarding land development

In addition to Board policies, the District has developed and maintains a website that provides detailed information about the Measure M and the entire facilities program.

As a part of the District's effort to keep the community informed in regard to its facilities program and related issues, the Superintendent prepares a quarterly newsletter; reports are published in the local newspaper and the local Channel 17 also utilized.

Discussion

Personnel who were interviewed during the period of the last few months, expressed satisfaction with current communication structure within the Measure M bond program. It appears that the current team (District Facilities Department, program manager, architects and construction managers) works collaboratively and flow of information has been reported to be satisfactory.

Those interviewed, however, expressed the need for an on-going effort to keep the community informed about Measure M.

The opinions of end users could not be ascertained because a survey of the school community and the community at large was not conducted due to inadequate time available for a comprehensive and reliable survey.

Findings

- There are no findings in this section.

APPENDIX A

BOND PROPOSITION

RESOLUTION NO. 2001-39

A RESOLUTION OF THE BOARD OF EDUCATION OF THE
CHINO VALLEY UNIFIED SCHOOL DISTRICT
REGARDING AN ORDER OF BOND ELECTION UNDER
SECTIONS 15100 AND 15120 OF THE EDUCATION CODE AND
SPECIFICATIONS OF THE ELECTION ORDER

SECTION 1. WHEREAS:

1. Educational program demands upon the Chino Valley Unified School District (the "District") have caused its existing facilities to become inadequate and obsolete;
2. The District currently needs to increase the capacity of and otherwise improve its existing facilities in order to accommodate students and to provide for certain other educational program and safety needs;
3. Section 1(b) of Article XIII A of the California Constitution excepts from the general one percent (1%) of full cash value limitation those *ad valorem* taxes used to pay for 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 voters on the proposition, or as an alternate, in accordance with Proposition 39 ("Proposition 39"), passed at the election held on November 7, 2000, to pursue authorization of such bonds by a 55% vote of the electorate in accordance with the requirements of Proposition 39;
4. The Board of Trustees of the District (the "Board") requests the San Bernardino County Superintendent of Schools to call an election in the County of San Bernardino (the "County") on March 5, 2002, on the question whether bonds shall be issued and sold for purposes set forth below; and
5. A Notice of Bond Election, containing specification of the order for such bond election, is attached hereto as Exhibit "A," and by this reference incorporated herein and with all the contents thereof by this reference made a part hereof as if fully set forth in this Resolution.

SECTION 2. NOW, THEREFORE, IT IS HEREBY RESOLVED AND ORDERED BY THE BOARD OF TRUSTEES OF CHINO VALLEY UNIFIED SCHOOL DISTRICT OF SAN BERNARDINO COUNTY, STATE OF CALIFORNIA, AS FOLLOWS:

1. All of the foregoing recitals are true.

2. This Board of Trustees does hereby order and request that the Superintendent of Schools (herein called the "County Superintendent") of the County (in the performance of his duties and in the exercise of his power, alone, or by and through contract with the Clerk of the County Board of Supervisors (the "County Clerk") on the question of whether bonds of the District shall be issued and sold for the purpose of raising money in the amount and for the purposes specified in the attached and incorporated formal Notice of School Bond Election. The County Superintendent shall call said election for the District pursuant to and in accordance with this Resolution and the specification of the election order in said Exhibit "A," the authority for which Resolution and specifications is found in Education Code Sections 5322, 5324, 15100 15120 and 15266 and Article XIII A of the Constitution.

3. The purpose of said Bond Election shall be for the voters of the District to vote on the following proposition (the "Bond Measure") which is to appear on the card notice of election and upon the ballot as follows:

"To relieve severe overcrowding, improve safety for children, repair/renovate local schools, shall Chino Valley Unified School District acquire, construct, and improve school sites and facilities, obtain eligibility for state funding, add classrooms, build schools, repair roofs, eliminate asbestos/other safety hazards, upgrade electrical, plumbing, heating/cooling systems, improve security and provide for technology, issue \$150 million of bonds, at legal interest rates, with independent Citizens Oversight and annual audit of expenditures, with no money for administrators' salaries?"

4. In accordance with Proposition 39, which is hereby determined to cover this order for a March 5, 2002, Bond Election, the Bond Measure is subject to the following requirements and determinations:

(i) proceeds of the general obligation bonds to be issued by the District under the Bond Measure (the "Bonds") shall be used only for construction, rehabilitation, and equipping of District facilities, or the acquisition or lease of real property for District facilities;

(ii) a specific list of District projects to be funded by the Bonds under the Bond Measure shall be prepared by District officials prior to the Bond Election and shall be approved by this Board, and the Board shall evaluate safety, class size reduction and information technology needs in developing the list;

(iii) the Board shall conduct annual, independent financial and performance audits until all Bond proceeds have been spent to ensure that the proceeds of the Bonds shall have been used only for the projects listed in the Bond Measure;

(iv) the tax rate levied as the result of the approval of the Bond Measure at the Bond Election shall be no more than \$60 per \$100,000 of taxable property value within the District; and

(v) the Board shall appoint a citizens' oversight committee to inform the public concerning the spending of the proceeds of the Bonds.

5. Pursuant to Section 1258 of the Education Code, the Superintendent of the District is hereby authorized to contract with the County Clerk for the performance of any or all duties incident to the holding or conducting of said Bond Election. The County Clerk is hereby requested and authorized to perform such duties as may be required by law, necessary or useful, or customary and appropriate in the conduct of said Bond Election.

6. The precincts, polling places for said precincts in the County, and persons appointed and designated to serve as election officers for said Bond Election will be those determined, designated, and appointed pursuant to state law by the County Clerk.

7. The County Superintendent, the County Clerk and the Board of Supervisors of the County are requested and hereby authorized to consent to and order the consolidation of said Bond Election with such other elections as may be held on March 5, 2002, under state law within the territory of the District.

8. The County Counsel for the County is requested to prepare an analysis of the measures and to supply it to the County Clerk for use in the sample ballot.

9. Pursuant to Section 22003 of the California Elections Code (the "Elections Code"), the Board of Supervisors is requested to permit the County Clerk to render all services relating to the election, for which services the District agrees to reimburse the County, such services to include the publication of the Formal Notice and a Tax Rate Statement containing the information required in Section 5300-5304 of the Elections Code.

10. This Board finds and determines that the action herein taken is categorically exempt from the provisions in the California Environmental Quality Act ("CEQA") pursuant to Sections 15061(b)(3) and 15378(b)(4) of Title 14 of the

California Administrative Code. The District Superintendent shall cause the Notice of Exemption attached as Exhibit "B" to be filed with the County Clerk, pursuant to CEQA and said Title 14.

11. The Superintendent of the District shall, not later than 88 days prior to the date of the Bond Election, cause a certified copy of this Resolution to be mailed or delivered to the following officers in the County:

- (1) Registrar-Recorder, Elections Division
- (2) County Counsel
- (3) County Superintendent of Schools

12. The District hereby confirms the hiring of consultants to provide for special services in connection with the proposed issue(s) of Bonds which may be authorized at the Election, to wit, the firm of Sutro & Co. Incorporated as Underwriter for the District (the "Underwriter") and the law firm of Fulbright & Jaworski L.L.P, as Bond Counsel to the District, upon conditions as may be set forth in fee agreements heretofore negotiated and executed on behalf of the District by the Superintendent. Payments of the fees and expenses of the Underwriter and Bond Counsel shall be paid from the proceeds of the Bonds of the District which may be authorized following a successful Bond Election, and not otherwise, unless this Board shall take further action.

PASSED AND ADOPTED by the Chino Valley Unified School District Board of Education on December 6, 2001, by the following vote:

AYES: 5
NOES: 0
ABSENT:

I, George H. Bloch, Ed.D., Secretary of the Board of Education of the Chino Valley Unified School District of San Bernardino County, California, do hereby certify that the foregoing Resolution was duly and regularly adopted by the said Board at the regular meeting hereof held on the 6th day of December, 2001 and passed by a 5 - 0 vote of said Board.



Secretary of the Board of Education

EXHIBIT "A"

NOTICE OF SCHOOL BOND ELECTION

NOTICE IS HEREBY GIVEN to the qualified electors of Chino Valley Unified School District of San Bernardino County, State of California, that in accordance with law, an election will be held on Tuesday, the 5th day of March, 2002, in said District, between the hours of 7:00 a.m. and 8:00 p.m., during which period and between hours the polls shall remain open, at which election there will be submitted the question of:

Issuing and selling bonds of said District in the principal amount of not to exceed \$150 Million Dollars. The need for the issuance of such bonds and the purposes for which it is intended that the proceeds of the bond issue will be expended are: listed in the Facilities Assessment Report.

Said bonds proposed to be issued and sold shall bear interest at a rate or rates not exceeding the maximum interest rate per annum set by law for such bonds, with interest payable annually for the first year the bonds are outstanding, and semiannually thereafter. The maturity of the bonds shall not exceed the maximum established by law for general obligation bonds of a California school district under the Government Code of the State.

All of the foregoing purposes and provision enumerated herein shall be voted upon as one proposition to appear on the ballot as follows:

"To relieve severe overcrowding, improve safety for children, repair/renovate local schools, shall Chino Valley Unified School District acquire, construct, and improve school sites and facilities, obtain eligibility for state funding, add classrooms, build schools, repair roofs, eliminate asbestos/other safety hazards, upgrade electrical, plumbing, heating/cooling systems, improve security and provide for technology, issue \$150 million of bonds, at legal interest rates, with independent Citizens Oversight and annual audit of expenditures, with no money for administrators' salaries?"

The polls for this election shall open at 7:00 a.m. and close at 8:00 p.m. The precincts, places for holding the election, and officers appointed to conduct the election shall be those determined, specified or appointed by the County Clerk pursuant to state law.

Dated this ____ day of _____, 2001.

SUPERINTENDENT OF SCHOOLS OF THE
COUNTY OF SAN BERNARDINO, STATE OF
CALIFORNIA

NOTICE OF EXEMPTION

TO: / Secretary for Resources
District

FROM: Chino Valley Unified School

/ County Clerk
County of San Bernardino

Project Title:

Bond Election (Education Code Sections 15100 and 15120)

Project Location--Specific:

Chino Valley Unified School District

Project Location

City: Chino

County: San Bernardino

Description of Nature, Purpose, and Beneficiaries of Project:

To repair and rehabilitate school facilities, provide seismic upgrades, renovate classrooms and other facilities, construct business and computer technology classrooms and laboratories and renovate plumbing, heating and electrical facilities within the Chino Valley Unified School District.

Name of Public Agency Approving Project:

Chino Valley Unified School District

Name of Person or Agency Carrying Out Project:

Chino Valley Unified School District

Exempt Status:(Check One)

☐ Ministerial (Sec. 15073)
☐ Declared Emergency (Sec. 15071(a))
☐ Emergency Project (Sec. 15071(b) and (c))
☒ X Categorical Exemption. State type and section number:

Title 14. Cal. Admin. Code 15378 (b)(4) CEQA Form 3

Reasons why project is exempt:

a. Bond elections have categorical exemption

Contact Person: Area Code: Telephone:

Maureen Saul, Ph.D. (909) 628-1201 xt.1215)

If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a notice of exemption been filed by the public agency approving the project?

Yes _____ No _____

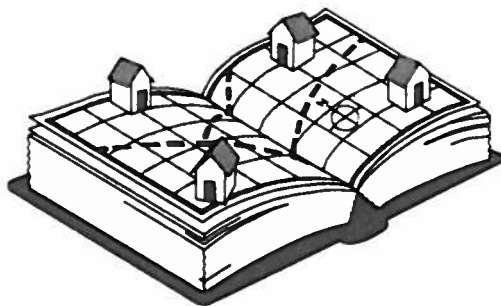
Date Received for Filing: _____
Signature

Title

EXHIBIT A-1

FACILITIES ASSESSMENT REPORT

Chino Valley Unified School District



FACILITIES ASSESSMENT REPORT

Board Adopted 12/6/01

CHINO VALLEY UNIFIED SCHOOL DISTRICT PROPOSITION 39 PROJECT LIST

Funds from the Chino Valley Unified School District's Bond Measure shall be used to improve educational opportunities, raise student achievement, improve health and safety conditions of educational facilities, replace aging classrooms, provide permanent classrooms, laboratories, improve libraries, provide new schools, provide for structural integrity, acquire furniture and equipment for instruction, construct athletic/physical education facilities, provide program enhancements, improve energy conservation, and reduce overcrowding by implementing the following list of projects:

- Renovate and remodel buildings and classrooms, provide additional classrooms to relieve overcrowding, remodel and renovate student service areas, improve safety systems, buildings systems, building surfaces, upgrade wiring for electrical systems and technology, improve plumbing and heating/cooling/ventilation systems and improve access for disabled persons; and
- Acquire sites, as necessary, and plan and construct buildings at various sites for instruction and support services including science and computer laboratories; and
- Acquire sites, as necessary, and plan and construct new school facilities to accommodate enrollment growth throughout the District, including a stadium at Ayala High School, stadium support facilities at Chino High School, expansion of parking and student drop-off zones to reduce safety hazards, installation of monitored security systems, installation of exterior lighting for safety and security, repair roof systems, installation of lunch shelters, replacement of unsafe playground equipment; and
- Improve fire security and emergency communication systems, install covered walkways, renovate restrooms, paint interior and exterior surfaces, install security fencing, replant lost vegetation and improve landscaping, repair sewer systems and plumbing, remove asbestos and dry rot, repair uneven and unsafe ground surfaces, replace drinking fountains; and
- Furnish and equip all facilities constructed or improved with bond proceeds.

With respect to these projects, the District has evaluated facility needs to continue to provide for safety, class size reduction and information technology; and the District shall appoint an independent citizen's oversight committee to oversee the implementation of this Project List.

The allocation of bond proceeds and the timely completion of projects could be affected by the District's ability to receive matching funds as well as the final costs of each project. The estimated costs for each project may be affected by outside factors beyond the District's control. The timing of projects will be established and shall be subject to revision by the Board of Education and will be subject to review by the citizen's oversight committee.

New Construction Cost Estimates

- | | |
|-----------------------------|-----------------------|
| ▪ <i>Wickman Elementary</i> | <i>\$12.2 Million</i> |
| ▪ <i>Rhodes Elementary</i> | <i>\$12.4 Million</i> |

- *Woodcrest Elementary* *\$14.5 Million*
- *Woodcrest Junior High* *\$17.2 Million*
- *Bird Farm Elementary* *\$12.0 Million*

Sub-Total: \$68.3 Million

- *Super-Wickman Elementary* *\$2 Million*
- *Bird Farm Junior High* *\$5 Million*
- *Richland Elementary/Junior High* *\$16 Million/\$20 Million*

TOTAL: \$91.3 Million/\$95.3 Million

Modernization Needs

▪ ***Eligible Schools***

Major Work	Total Cost	District Share
Walnut Elementary	\$2.9 Million	\$1.2 Million
Don Lugo High	\$4.8 Million	\$1.9 Million
Cortez Elementary	\$3.4 Million	\$1.4 Million
Dickson Elementary	\$2.7 Million	\$1.1 Million
Buena Vista High	\$1.4 Million	\$.5 Million
<u>TOTAL</u>	<u>\$15.2 Million</u>	<u>\$6.1 Million</u>

Partial Work	Total Cost	District Share
El Rancho Elementary	\$1.1 Million	\$.4 Million
Marshall Elementary	\$.9 Million	\$.3 Million
Gird Elementary	\$1.2 Million	\$.5 Million
Los Serranos Elementary	\$1.0 Million	\$.4 Million
Newman Elementary	\$.8 Million	\$.3 Million
Ramona Junior High	\$1.7 Million	\$.7 Million
<u>TOTAL</u>	<u>\$6.7 Million</u>	<u>\$2.6 Million</u>

The Facilities Advisory Committee for the Chino Valley Unified School District has developed the following priority listing for projects proposed for funding from the successful passage of a local General Obligation Bond on March 5, 2002.

Priority Recommendations

1. **New Construction for Growth Needs**
2. **Health & Safety Issues**
3. **Infrastructure Repair/Structural Integrity/Energy Conservation**
4. **Upgrade/Renovate Classrooms**
5. **Site Improvements/Program Enhancements**
6. **Furniture/Equipment for Instruction**

Borba Fundamental

	RANK	PRIORITY
A	2	Revise and expand parking and student drop-off zones to reduce safety hazards.
B	2	Install monitored security system/phones in classrooms.
C	2	Add exterior lighting for safety and security.
D	3	Repair dry rot/moisture damage – Kindergarten.
E	3	Repair rusted plumbing pipes and fixtures.
F	4	Renovate aging classrooms and multipurpose room.
G	5	Expand student service areas (school office and nurse's office).
		TOTAL COST: \$2,179,726

Briggs Fundamental

	RANK	PRIORITY
A	2	Update exterior lighting for safety.
B	3	Updated electrical wiring and plumbing in all of the classrooms.
C	3	Replace or repair leaky roofs.
D	3	Repair covered walkways throughout the school.
E	5	Extra classroom for a computer lab and future student growth.
F	5	Five specialized classrooms for labs and elective classes.
G	5	Extra sidewalks, planters, and cement work.
H	5	Larger workspace for staff.
		TOTAL COST: \$1,414,025

Butterfield Ranch Elementary

	RANK	PRIORITY
A	2	Install covered shade area.
B	5	Upgrade electrical service in classrooms for access to technology.
C	5	Create specialized instructional space.
D	5	Install covered walkways throughout the school.
E	5	Expand and upgrade hard space area for safety.
F	6	Replace playground equipment for safety.
		TOTAL: \$946,998

Cattle Elementary

	RANK	PRIORITY
A	2	Revise parking zones/bus zones for safety and security reasons.
B	4	Replace seven older portable classrooms.
C	5	Construct multi-use room with computer lab capabilities.
D	5	Remodel/expand teacher preparation work area to provide more counter and storage space due to the increase in the number of teaching staff.
E	6	Additional equipment for outside play areas.
		TOTAL COST: \$1,236,125

Cortez Elementary

	RANK	PRIORITY
A	2	Update/repair public address, emergency, and fire communication systems.
B	2	Install telephones in each classroom.
C	4	Install additional relocatable classrooms.
D	4	Install/repair adequate electrical wiring and outlets in classrooms.
E	5	Build storage space to house supplies and off-track materials and cabinets.
F	5	Build enclosed eating area (cafeteria) for students.
G	5	Purchase and install portable to house library/computer lab.
H	5	Construct/enlarge additional student and adult restrooms.
		TOTAL COST: \$1,760,587

Country Springs Elementary

	RANK	PRIORITY
A	2	Change sand to wood chips in playground equipment area.
B	2	Revise student drop-off zones to reduce safety hazards.
C	3	Renovate air conditioning and ventilation systems for energy efficiency.
D	3	Replace deteriorated ceiling tiles.
E	4	Upgrade telephone and communication systems.
F	5	Renovate and expand library.
G	5	Construct access ramps and walkways to main buildings. Add stairs on the north and south of campus for ease of access.
H	5	Raise kindergarten fence.
I	5	Cabinets with counter tops built into permanent portable classrooms.
J	5	Provide permanent outdoor covered eating area.
K	5	Enlarge parking lot.
		TOTAL COST: \$1,927,884

Dickey Elementary

	RANK	PRIORITY
A	2	Remodel all restrooms.
B	4	Install telephones in all classrooms.
C	5	New staff lounge to accommodate a staff of 50+.
D	5	Enlarge and expand parking lot.
E	5	Install new playground equipment in kindergarten playground.
F	5	Remove existing computer area partitions between classrooms and media center and replace with walls to reduce noise.
G	5	Remodel and enlarge cafeteria and kitchen with new tables and benches to accommodate 1000.
H	5	New staff workroom.
I	6	Replace existing curtains.
		TOTAL COST: \$2,023,655

Dickson Elementary

	RANK	PRIORITY
A	3	Repair roof leaks.
B	3	Repair water damaged ceilings, floors and walls.
C	3	Replace wooden foundations, building frames, etc.
D	3	Paint outside buildings.
E	4	Install adequate electrical service and outlets in classrooms.
F	5	Covered/enclosed eating area.
G	5	Install covered walkways from portables located a distance from main building.
H	5	Additional space for parent workshops, counseling, school programs, etc.
		TOTAL COST: \$1,464,875

Eagle Canyon Elementary

	RANK	PRIORITY
A	2	Replace sand under playground equipment with compliant material.
B	3	Repair roof leaks.
C	3	Replace old lunch tables and playground benches.
D	3	Repair load-carrying beam in Multipurpose Room so that the folding wall becomes functional again.
E	4	Replace intercom system and old telephone system.
F	4	Replace public address system in the Multipurpose Room.
G	5	Widen front gates for additional traffic exit lane.
H	5	Increase blacktop play area to recover area lost to portable classrooms.
I	5	Walk-through gate and entry stairs from Eagle Canyon Drive.
J	5	Create staff parking area for 8 to 10 cars behind rooms 28 and 29.
K	5	Expand teacher's workroom area using adjacent unused patio.
L	5	Extend walkway covering to include new portables.
M	5	Extend overhead cover in student outside eating area.
N	6	Replace outdated classroom computers.
O	6	Replace worn classroom/office furniture.
		TOTAL COST: \$1,151,450

El Rancho Elementary

	RANK	PRIORITY
A	2	Provide permanent covered eating area outside.
B	2	Remove and replace playground equipment for safety.
C	2	Add exterior lighting to meet safety standards.
D	2	Revise student drop-off zone in front of school to reduce safety hazards.
E	3	Replace clogged pipes and plumbing system.
F	4	Install adequate electrical service and outlets in classrooms.
G	4	Remodel interiors of bathrooms, including fixtures.
H	4	Renovate Multipurpose room; redo stage, food service area, lighting and lowered ceiling.
I	4	Renovate kindergarten classrooms (two permanent structures).
J	5	Install covered walkway.
		TOTAL COST: \$2,485,974

Gird Elementary

	RANK	PRIORITY
A	2	Remodel interiors of restrooms, including fixtures.
B	2	Repair uneven/eroded surfaces on playgrounds for safety.
C	2	Add exterior lighting to meet safety standards.
D	3	Paint exterior and interior of site.
E	4	Reconfigure and renovate cafeteria and kitchen area.
F	5	Improve drainage and re-landscape.
G	5	Increase office space and student service areas.
H	5	Create specialized instructional space.
I	6	Computers for classrooms/computer lab, laptops for Power Point presentations and programs.
		TOTAL COST: \$1,509,084

Glenmeade Elementary

	RANK	PRIORITY
A	2	Security alarm system.
B	2	Enclose fence to secure campus.
C	5	Enclose covered eating area.
D	5	Re-landscape grounds and renovate irrigation system to improve drainage.
E	5	Remodel/expand teacher preparation area to provide counter and storage space.
F	5	Replace movable walls.
G	5	Replace old Plexiglas with glass.
H	5	Concrete walkway on top playground at bus pick-up and drop-off.
I	6	Replace old desks and chairs (classrooms).
		TOTAL COST: \$600,533

Hidden Trails

	RANK	PRIORITY
A	1	Portable kindergarten room.
B	2	Security fences.
C	5	Expand parking lot.
D	6	Replace all chalkboards with dry erase boards.
		TOTAL COST: \$194,900

Litel Elementary

	RANK	PRIORITY
A	2	Revise parking and student drop-off zones to reduce safety hazards.
B	2	Add exterior lighting.
C	5	Install water to seven portables.
D	5	Install wiring for telephone service for all classrooms.
E	5	Additional portable for computer lab.
F	5	Increase size of eating area overhand and install weatherproof, drop-down vinyl enclosure.
G	5	Add covered walkways to portables.
H	6	Replacement of chalkboards with white boards.
I	6	New computers with CD Rom for the classrooms.
		TOTAL COST: \$685,937

Los Serranos Elementary

	RANK	PRIORITY
A	2	Security alarm system for selected buildings.
B	2	Remove and replace all cracked concrete walkways – safety concern.
C	2	Improve drop-off/pick-up zone in parking lot.
D	3	Remove/replace damaged and broken bathroom stalls and doors.
E	3	Repair and/or replace leaking hallway awnings and extend awnings to include uncovered walkway to upper ramps.
F	4	Install additional electrical outlets in classrooms for technology.
G	4	Enlarge and reconfigure office area for safety and security of entire population. Need better positioning for security of school entrance.
H	5	Install phones in all classrooms for teacher/student safety.
I	5	Install awnings/overhead covering for portables and rooms 24, 30 and 31.
		TOTAL COST: \$1,289,896

Marshall Elementary

	RANK	PRIORITY
A	2	Extend parking area to alleviate safety hazards.
B	2	Renovate restrooms.
C	3	Upgrade electrical systems in classrooms.
D	4	Modernize 20's wing, rooms 30 – 32.
E	4	Upgrade fire, public address, security, and communications systems.
F	5	Remodel/expand teacher preparation area to provide counter and storage area.
G	5	Increase office space and student service areas.
H	5	Expand library.
I	5	Construct permanent classrooms (10).
		TOTAL COST: \$5,297,450

Newman Elementary

	RANK	PRIORITY
A	2	Upgrade restrooms.
B	3	Repaint entire school.
C	4	Upgrade public address system.
D	4	Modernize Rooms 25 – 33.
E	5	Upgrade water line system.
F	5	Upgrade main asphalt areas.
G	5	Install outside covered eating area.
		TOTAL COST: \$2,055,455

Oak Ridge Elementary

	RANK	PRIORITY
A	2	Additional security fencing/gates.
B	3	Repair cracks in existing foundation.
C	3	Repair/replace water damaged ceiling tiles.
D	4	Upgrade communications systems for school-wide use.
E	4	Replace existing carpeting.
F	5	Increase capacity of Media center.
G	5	Replace existing skylights.
H	5	Re-landscape grounds to improve drainage/erosion areas and provide shade.
I	5	Install covered walkways.
		TOTAL COST: \$1,398,046

Rolling Ridge Elementary

	RANK	PRIORITY
A	2	Sidewalk in parking lot area from stairs to entrance (safe exit to north).
B	3	Replace/repair tile and carpet in Media Center.
C	4	Install phones in every classroom.
D	5	Extend perimeter chain link fences from 6 feet to 10 feet separating the field/slope and playground.
E	5	Additional classrooms to accommodate classroom, music and library.
F	5	Develop empty field area on the south end of playground.
G	5	Renovate air conditioning/heating.
H	5	Add trees to playground for shade.
		TOTAL COST: \$1,736,100

Walnut Elementary

	RANK	PRIORITY
A	1	Additional portables to allow school to return to standard track.
B	2	Install covered outdoor eating area.
C	2	Revise parking and student and bus drop-off zones to reduce safety

		hazards.
D	3	Repair covered walkways.
E	4	Renovate aging buildings, 38 classrooms, MPR, 8 restrooms + 4 kindergarten, 7 small specialty rooms.
F	5	Provide computer lab.
G	5	Build additional student restrooms.
H	5	Remodel/enlarge office and student service areas.
I	5	Provide coverings for Rooms 35-41 for protection from inclement weather.
		TOTAL COST: \$6,367,503

Canyon Hills Junior High

	RANK	PRIORITY
A	1	Construct 3+ permanent classrooms.
B	3	Install new ceiling tiles.
C	4	Remodel science classrooms installing two lab stations.
D	5	New lockers in locker rooms.
E	5	Create specialized instructional and meeting space.
F	5	Add adult restrooms in English channel.
G	5	Reconfigure library and computer lab for large group instruction.
		TOTAL COST: \$3,990,600

Magnolia Junior High

	RANK	PRIORITY
A	2	Update security (\$2.39/Sq.Ft.), communication (\$2.18/Sq.Ft.), and bell systems.
B	2	Repair exterior lighting, motion detectors, accessible by site administrator.
C	3	Replace portable classrooms.
D	5	Provide covered eating area.
E	5	Install covered walkways throughout the school.
F	5	Increase office space and student service areas.
G	5	Remodel library.
H	5	Remodel/expand teacher preparation area to provide counter and storage space.
		TOTAL COST: \$3,298,958

Ramona Junior High

	RANK	PRIORITY
A	2	Update emergency/public address/communication system throughout school.
B	2	Add exterior lighting for safety.
C	3	Construct permanent classrooms.
D	3	Repair antiquated plumbing and sewer system.
E	3	Renovate air conditioning system.
F	3	Remove asbestos and dry rot.
G	5	Renovate and expand existing locker room facilities.
H	5	Upgrade electrical wiring and outlets.
I	5	Install covered walkways throughout the school.
		TOTAL COST: \$7,885,431

Townsend Junior High

	RANK	PRIORITY
A	2	Repair uneven and unsafe ground surfaces.
B	3	Repair leaky roofs and deteriorated ceiling tiles.
C	3	Repair covered walkways throughout the school.
D	4	Update telephone and communication systems for safety.
E	5	Create specialized instructional space.
F	5	Install wiring for access to technology.
G	5	Add computer/technology lab for students.
H	5	Provide shelving for library books.
		TOTAL COST: \$1,509,041

Woodcrest Junior High

	RANK	PRIORITY
A	2	Add exterior lighting for safety and security.
B	2	Peepholes for security.
C	2	Renovate student restrooms, including fixtures.
D	3	Repair worn-out and unsafe flooring.
E	5	Add storage space.
F	5	Resurface the site.
G	5	Expand PE locker rooms.
H	5	Replace drinking fountains.
I	5	Expand library to accommodate increasing student population.
		TOTAL COST: \$1,334,950

Ayala High

	RANK	PRIORITY
A	2	Revise parking zones to reduce safety hazards.
B	3	Repair leaky roofs.
C	3	Renovate heating and air conditioning systems.
D	5	Stadium with seating for 5,000 people.
E	5	Provide covered eating area and outside shelter.
		TOTAL COST: \$8,380,361

Buena Vista Continuation High

	RANK	PRIORITY
A	3	Paint and weatherproof entire school.
B	3	Replace drinking fountains.
C	5	Patio cover for quad/eating area.
D	5	Reconfigure Children's Center playground and install equipment.
E	5	Add a portable science classroom with lab station.
F	5	Upgrade and expand athletic facilities.
G	5	Remodel and expand library
H	5	Install marquee.
		TOTAL COST: \$1,385,280

Chino High

	RANK	PRIORITY
A	2	Revise parking zone to reduce safety hazards.
B	2	Reconfigure office area for safety and security.
C	3	Replace portable classrooms due to dry rot damage.
D	5	Complete stadium facilities.
E	5	Add science classrooms with lab stations.
F	5	Provide covered eating area outside.
G	5	Provide covered walkways through the school.
H	5	Build additional classroom and storage space for music program.
		TOTAL COST: \$6,438,165

Chino Hills High

	RANK	PRIORITY
A	2	Security system.
B	5	Library books.
C	5	Complete athletic/physical education classroom facilities.
		TOTAL COST: \$2,205,000

Don Lugo High

	RANK	PRIORITY
A	2	Renovate existing restrooms and locker rooms, including flooring, toilets, stalls, and fixtures.
B	2	Add exterior lighting for security and safety.
C	3	Upgrade electrical wiring and outlets.
D	3	Renovate drainage system to alleviate flooding.
E	3	Paint school uniform colors.
F	4	Construct permanent classrooms (30 portable buildings).
G	5	Add science classrooms with adequate lab workstations.
H	5	Increase office space and student service areas.
I	5	Install covered shade area.
J	5	Upgrade and expand athletic facilities, including gym foyer and football facility.
		TOTAL COST: \$15,541,162

SCHOOL	AMOUNT
Borba	\$2,179,726
Briggs	\$1,414,025
Butterfield Ranch	\$946,998
Cattle	\$1,236,125
Cortez	\$1,760,587
Country Springs	\$1,927,884
Dickey	\$2,023,655
Dickson	\$1,464,875
Eagle Canyon	\$1,151,450
El Rancho	\$2,485,974
Gird	\$1,509,084
Glenmeade	\$600,533
Hidden Trails	\$194,900
Litel	\$685,937
Los Serranos	\$1,289,896
Marshall	\$5,297,450
Newman	\$2,055,455
Oak Ridge	\$1,398,046
Rolling Ridge	\$1,736,100
Walnut	\$6,367,503
Canyon Hills	\$3,990,600
Magnolia	\$3,298,958
Ramona	\$7,885,431
Townsend	\$1,509,041
Woodcrest	\$1,334,950
Ayala	\$8,380,361
Buena Vista	\$1,385,280
Chino High	\$6,438,165
Chino Hills High	\$2,205,000
Don Lugo	\$15,541,162
TOTAL:	\$89,695,151

APPENDIX B

CITIZENS' BOND OVERSIGHT COMMITTEE

**CALIFORNIA EDUCATION CODE
SECTION 15278-15282
CITIZENS' OVERSIGHT COMMITTEE**

15278. (a) If a bond measure authorized pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution and subdivision (b) of Section 18 of Article XVI of the California Constitution is approved, the governing board of the school district or community college shall establish and appoint members to an independent citizens' oversight committee, pursuant to Section 15282, within 60 days of the date that the governing board enters the election results on its minutes pursuant to Section 15274.

(b) The purpose of the citizens' oversight committee shall be to inform the public concerning the expenditure of bond revenues. The citizens' oversight committee shall actively review and report on the proper expenditure of taxpayers' money for school construction. The citizens' oversight committee shall advise the public as to whether a school district or community college district is in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The citizens' oversight committee shall convene to provide oversight for, but not be limited to, both of the following:

(1) Ensuring that bond revenues are expended only for the purposes described in paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.

(2) Ensuring that, as prohibited by subparagraph (A) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution, no funds are used for any teacher or administrative salaries or other school operating expenses.

(c) In furtherance of its purpose, the citizens' oversight committee may engage in any of the following activities:

(1) Receiving and reviewing copies of the annual, independent performance audit required by subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.

(2) Receiving and reviewing copies of the annual, independent financial audit required by subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.

(3) Inspecting school facilities and grounds to ensure that bond revenues are expended in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.

(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 Section 17584.1.

(5) Reviewing efforts by the school district or community college district to maximize bond revenues by implementing cost-saving measures, including, but not limited to, all of the following:

(A) Mechanisms designed to reduce the costs of professional fees.

(B) Mechanisms designed to reduce the costs of site preparation.

(C) Recommendations regarding the joint use of core facilities.

(D) Mechanisms designed to reduce costs by incorporating efficiencies in school site design.

(E) Recommendations regarding the use of cost-effective and efficient reusable facility plans.

15210. a The governing board of the district shall, without expending bond funds, provide the citizens' oversight committee with any necessary technical assistance and shall provide administrative assistance in furtherance of its purpose and sufficient resources to publicize the conclusions of the citizens' oversight committee.

b All committee proceedings shall be open to the public and notice to the public shall be provided in the same manner as the proceedings of the governing board. The citizens' oversight committee shall issue regular reports on the results of its activities. A report shall be issued at least once a year. Minutes of the proceedings of the citizens' oversight committee and all documents received and reports issued shall be a matter of public record and be made available on an Internet website maintained by the governing board.

15282. (a) The citizens' oversight committee shall consist of at least seven members to serve for a term of two years without compensation and for no more than two consecutive terms. While consisting of a minimum of at least seven members, the citizens' oversight committee shall be comprised, as follows:

(1) One member shall be active in a business organization representing the business community located within the district.

(2) One member shall be active in a senior citizens' organization.

(3) One member shall be active in a bona fide taxpayers' organization.

(4) For a school district, one member shall be the parent or guardian of a child enrolled in the district. For a community college district, one member shall be a student who is both currently enrolled in the district and active in a community college group, such as student government. The community college student member may, at the discretion of the board, serve up to six months after his or her graduation.

(5) For a school district, one member shall be both a parent or guardian of a child enrolled in the district and active in a parent-teacher organization, such as the Parent Teacher Association or schoolsite council. For a community college district, one member shall be active in the support and organization of a community college or the community colleges of the district, such as a member of an advisory council or foundation.

(b) No employee or official of the district shall be appointed to the citizens' oversight committee. No vendor, contractor, or consultant of the district shall be appointed to the citizens' oversight committee. Members of the citizens' oversight committee shall, pursuant to Sections 35233 and 72533, abide by the prohibitions contained in Article 4 (commencing with Section 1090) and Article 4.7 (commencing with Section 1125) of Division 4 of Title 1 of the Government Code.

CALIFORNIA EDUCATION CODE

17584. (a) The State Allocation Board shall apportion, from the State School Deferred Maintenance Fund, to school districts an amount equal to one dollar (\$1) for each one dollar (\$1) of local funds up to a maximum of 1/2 percent of the district's second prior fiscal year revenue limit average daily attendance multiplied by the average, per unit of second prior fiscal year average daily attendance, of the total expenditures and ending fund balances of the total general funds and adult education funds for districts of similar size and type, as defined in subdivision (b) of Section 42238.4, for the second prior fiscal year, exclusive of any amounts expended for capital outlay, debt service, or revenues that are passed through to other local education agencies, to the extent of funds available.

(b) In order to be eligible to receive state aid pursuant to subdivision (a), no district shall be required to budget from local district funds an amount greater than 1/2 percent of the district's second prior fiscal year revenue limit average daily attendance, multiplied by the average, per unit of second prior fiscal year average daily attendance, of the total expenditures and ending fund balances of the total general funds and adult education funds for districts of similar size and type, as defined in subdivision (b) of Section 42238.4 for the second prior fiscal year, exclusive of any amounts expended for capital outlay, debt service, or revenues that are passed through to other local educational agencies.

(c) The apportionment of funds specified in subdivision (a) shall be made by the State Allocation Board after December 1 of each fiscal year.

17584.1. (a) The governing board of a school district shall discuss proposals and plans for expenditure of funds for the deferred maintenance of school district facilities at a regularly scheduled public hearing.

(b) In any year that the school district does not set aside 1/2 of one percent of its current-year revenue limit average daily attendance for deferred maintenance, the governing board of a school district shall submit a report to the Legislature by March 1, with copies to the Superintendent of Public Instruction, the State Board of Education, the Department of Finance, and the State Allocation Board.

(c) The report required pursuant to subdivision (b) shall include all of the following:

(1) A schedule of the complete school facilities deferred maintenance needs of the school district for the current year, including a schedule of costs per schoolsite and total costs.

(2) A detailed description of the school district's spending priorities for the current year, and an explanation of why those priorities, or any other considerations, have prevented the school district from setting aside sufficient local funds so as to permit it to fully fund its deferred maintenance program and, if eligible, to participate in the state deferred maintenance funding program as set forth in Section

17584.

(3) An explanation of how the governing board of a school district plans to meet its current-year facilities deferred maintenance needs without setting aside the funds set forth in Section

17584.

(d) Copies of the report shall be made available at each schoolsite within the school district and shall be provided to the public upon request.

(e) The purposes of this section is to inform the public regarding the local decisionmaking process relating to the deferred maintenance of school facilities, and to provide a foundation for local accountability in that regard.