



CHINO VALLEY UNIFIED SCHOOL DISTRICT Facilities/Planning Department

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CITIZENS' OVERSIGHT committee MEETING MINUTES January 10, 2005

The meeting was called to order at 5:07 p.m. with committee members Roger Larkin, Gary Larson, Alan Wapner, Gerald Bruce, Michael Payne, Paul Rodriguez, Darrin Dalton, Andy Anderson, and Paul Andersen present. Maurice Ayala, Steven Elie and Michael Payne arrived after the start of the meeting.

1. Approval of Minutes from November 15 and 22, 2004

At the end of the meeting it was established that there was a quorum present to approve minutes for the November 15th and 22nd meetings. Mr. Ayala moved to approve the minutes of the November 15, 2004 meeting. Mr. Elie seconded the motion. The motion carried unanimously. Mr. Elie moved to approve the minutes for November 22, 2004 with corrections of the spelling of the names of Mr. Elie, Mr. Larkin, and Mr. Dalton. Mr. Ayala seconded the motion. The motion carried unanimously.

2. Comments from the Public

Kathy Gassen introduced herself as a teacher at Don Lugo High School. She stated that she was addressing the committee with the full support of her Principal, Preston Carr. She expressed concerns about the lack of communication between the school site and the district office regarding the construction budget. Her concerns included:

- Numerous cuts to the construction budgets.
- In 2003 the budget was \$25 million. Now, it appears the budget is down to \$22.8 million.
- Confusion about modernization versus Measure M project items.
- Don Lugo was asked to submit a list of priorities when the construction dollars became available. The project list returned to Don Lugo by the district office had changed from the list submitted.
- Concern about the changes in the money allocation.
- Acknowledged that construction costs have increased but stated that cuts that directly affected students such as shade structures would increase tensions among student groups and adversely affect the site.
- Reiterated the fact that it is essential to get site input about which projects are necessary and what changes should be made.
- Some of the projects that need to be discussed are lights, restrooms and a storage area by the football field, the ASB office, and an overhang to protect the gym floor.
- She has 520 students in the Ag program, and the Ag Department is the only one receiving no improvements.
- She has a grant that funded a computer lab for the Ag Department and had offered her grant money to wire the computer lab. She was not taken up on her offer.
- Items moved from the Red Phase to the Blue Phase of construction.
- Requested a meeting and an itemized budget of construction funds for each school.
- As the site construction coordinator, she should be informed of the planned projects.
- She said she addressed the board of Education at the January 6, 2005 citing her concerns about the construction projects at Don Lugo and then she was informed that although in the past she was informed about the scope of the current project, since she addressed the board, she would no longer receive this information.
- Staff at Don Lugo has asked if funds for Don Lugo construction projects were being reallocated to other sites.
- Staff is questioning the choice of building a stadium rather than classrooms.
- Poor equity between the different phases of construction.
- Acknowledged the unanticipated difficulties that have occurred as construction progressed.
- Requested that Don Lugo be informed of the actual construction budget and the amount of money that needs to be cut from the original budget.
- Requested a list of what options are available to make the necessary cuts. She reiterated the need for site input when cuts are necessary and stated that Mr. Carr will not sign off on the changes to construction projects currently planned.

Mr. Anderson stated that he was not surprised by her comments. He said that the bond money is not enough to accomplish everything and that the stakeholders should have input. Since PCM3 is working on prioritizing the projects, he would like to see some follow up regarding this matter.

Dr. Andersen explained that district staff met with Don Lugo staff for approximately one year before construction began to solicit input from staff, who submitted a comprehensive design totaling approximately \$43 million. Funding allocated for Don Lugo includes \$15.5 million for Measure M projects, \$4.8 million for red phase modernization, and approximately \$5 million for yellow phase modernization. He said that in any modernization/construction project there are a multitude of unanticipated requirements imposed by the Division of the State Architect (DSA) to comply with before starting the project. With a total of \$25.5 million in actual funding, the total allocation to Don Lugo was conservatively estimated at \$30 million for the total budget after considering the upswing in construction costs. Planning staff typically allocates 70-75% of the money for the actual construction costs with the balance of the money in reserve for "soft" costs. The original budget, after deducting the "soft" costs was \$22.8 million for all phases. Construction cost of the projects requested by Don Lugo staff totaled \$43 million. When you add "soft" costs, the total dollars needed to complete the requested projects is \$50 million. Obviously, when you are required to cut the total budget from \$50 million to \$30 million, major cutbacks must be made to stay within the allocated budget.

Mr. Anderson said he realized there was not enough money to complete all of the projects but felt that lack of communication with the sites is a problem. Dr. Andersen acknowledged that perhaps that was true. The initial intention was to assess all of the needs of the sites. He pointed out that there are many unanticipated variables in dealing with the bidding process, and it is very difficult to maximize the number of projects that can be completed when, due to the fluctuations in the bidding process, the actual cost can't be pinpointed. He said that the \$22.8 million budget is a reasonable allocation for Don Lugo. The Planning office received the request for a meeting from Don Lugo about a week before the winter break, and there hasn't been time to respond to the school since there has only been 10 actual workdays since the request was made.

Mr. Larkin asked if there is a process in place to address the concerns of the sites. Dr. Andersen asked Mr. Bachor to respond. Mr. Bachor pointed out that there are 30 more schools that need modernization. He gave the example of teaching walls, which were included in the design for Don Lugo. Teaching walls cost \$8,000 per classroom. If these walls were installed at every site it would be too expensive, therefore they had to be removed from the plans. Mr. Bachor stated that a "Laundry List" has been formulated. It has been sent to the estimators so that we can get clear numbers. When the Blue Phase for Don Lugo goes to bid and clear numbers are received from contractors, it can be determined which of the "Laundry List" items can be included in the plans.

Mr. Wapner stated that, although this is an important item, it is not on the agenda and therefore not appropriate for discussion at this time. Mr. Larkin said the topic will be put on the agenda for the next meeting and in the interim, Dr. Andersen and Mr. Bachor can gather more up-to-date information. Mr. Ayala stated that he had requested that Don Lugo construction be on the agenda for this meeting. Mr. Larkin said Don Lugo construction concerns would be included in the project updates agenda item. Mr. Elie requested the agenda item also include an explanation of the process involved in determining selection of which projects will be included, how monies will be spent and how the stakeholders are involved in each step of the decision-making process. Mr. Anderson suggested that this discussion could take place under project updates and encouraged soliciting input from the school sites.

Stuart Holland informed the committee that the website has not been updated recently because of difficulty accessing the district website, and he will contact technology to resolve the problem. Mr. Bruce told Mr. Holland that he has some of the forms on his computer and he will email them to save time. Mr. Holland questioned the wisdom of cutting classrooms in order to build a fourth stadium at Don Lugo and objected to retaliation by the district against Ms. Gassen because she voiced her opinion at the board meeting. Mr. Ayala agreed with Mr. Holland and suggested that the committee should revisit the priority list in place when the Measure M Bond was passed.

3. Second Quarterly Report

Mr. Bruce said he emailed the report to all of the committee members, but apparently Mr. Ayala and Mr. Elie did not receive the email. He would check to be sure he had the correct addresses and re-send the report. Mr. Larkin said the committee would have to meet again to vote on the quarterly report.

4. School Visit Reports

Mr. Larkin asked for reports from any member who visited school sites. Mr. Wapner visited Woodcrest and he said that construction seemed to be going very well. He was impressed with the relationship between the Principal at Woodcrest

and the construction manager. The project seems to be on target for completion in March. Mr. Ayala reminded members to get permission from Dr. Andersen before they visit sites so that he can make arrangements with the principals.

5. Vacant Committee Positions

Mr. Larkin explained that there are two vacancies on the committee: one, a member of a taxpayer's organization and two, a parent of a student in the district who is also an active member of a parent organization. He said there is a member currently serving who is a parent but not an active member of a parent organization. The committee bylaws require review of the applications by an independent entity, the names are submitted to the board and the board makes the appointments. Dr. Andersen stated that the bylaws do not stipulate a maximum number of members; a minimum of seven members is required and six of those positions must represent particular groups. Dr. Andersen received direction from the board to see if a current member could fulfill either of the vacancies without conflicting with their current assignment. Discussion followed about either Mr. Payne, the parent representative, or Mr. Elie, a member at-large, filling the active member of a parent organization position. Mr. Payne preferred to remain as the parent representative. Mr. Larkin said two people have expressed interest in the open positions. Dr. Andersen told the committee that he would report to the board that there are two open positions that need to be filled. The taxpayer's representative would serve for the remainder of Mr. Calta's term. The PTA representative would serve for two years.

6. Chaparral School

Mr. Larkin said this topic is on the agenda to inform the committee of a recommendation to delay opening the school due to budget constraints the district is under in order to save operational funds for fiscal year 2005-06, but the school will be completed. He also said the recommendation included the suggestion that the district look into the possibility of leasing it or make some kind of agreement with another school district or the county to utilize the facility for the year.

Dr. Andersen explained that the district is short on operational funds and when looking at the necessary staffing for a new school: principal, assistant principal, school secretaries, clerks, custodial staffing, grounds workers, as well as special education services, the estimate is ranging from \$400- to \$600,000 of additional operating expenses needed to open the school. He said there has been some consideration with alleviating that expense; finish the construction of the school, and wait until the following year to open it up. He said some creative ideas about how the school could be utilized for a year's period of time in a constructive fashion.

Mr. Larkin asked if there are any other new schools that are going to be built. Dr. Andersen said there is a provision for the Richland site, but that wasn't anticipated until much later in the bond program. Mr. Larkin thought that building that school was dependent upon if construction monies were available at the time. Mr. Dalton commented that the district built the school that was needed but can't afford to staff it.

Mr. Ayala commented that we're getting another football stadium and he receives a lot of comments from the public that are critical of this and asked how it happened, who dropped the ball, why are we building a stadium and we can't staff the school that's already taken a lot of money to build. He thinks it's fair criticism and asked what to tell these people. Dr. Andersen said to tell them that the money is earmarked and it's just not one big pot that we access for all purposes. He said we are in an era where we have capital funding but we don't have operational funding. Mr. Ayala asked if this explanation would mollify the people it upset. Dr. Andersen said that this is the reality and that every governmental agency is faced with that challenge. Mr. Dalton asked if the school was planned knowing that was going to happen, and Dr. Andersen said no.

Mr. Wapner said he thinks people understand the difference between one-time revenue and ongoing revenue, that you can't use one-time revenue for staff costs. Mr. Ayala said that what they don't understand is building a stadium and Mr. Wapner agreed with him that we're not building classrooms but we're building a stadium, but those are both construction dollars; staff will cost the district more dollars.

Mr. Elie asked if the projected opening was this fall and now it will be fall 2006 and Dr. Andersen said yes. Mr. Elie asked if it is a decision being made at the board level; Dr. Andersen said it's being discussed and brought to the attention of board members. He said they are waiting to see what happens in the next couple of months with the budget. He said there is also a valid concern about getting the school completed and that if there is another month or so of the current weather, it may be difficult to complete construction. Mr. Bruce asked if the opening date might extend beyond 2006. Dr. Andersen said he hesitated to speculate on that. He thought Business Services might have an estimate on the budget issues.

Dr. Andersen said another consideration is that the district is not growing very quickly in K-6; in fact, in the last couple of years surprisingly the population has been declining. He said K-6 numbers are not as large as they were a few years ago, and consequently the housing situation is not as critical as it was before. He believes that there is enough residential construction in the hills area that the numbers will materialize at some later date. Areas need to mature, and when they mature then the student generation factor truly begins to set forth. He said that Chaparral is definitely needed because Wickman will have anywhere from 100 to 150 students more than they can handle next year, and if Chaparral is not opened, those students will have to be transported elsewhere.

Board member, Michael Calta, was present and explained that the idea was presented to the board by an independent budget review committee from the county as a cost-saving measure. Mr. Larkin agreed that at this point it's still being discussed and a decision hasn't been finalized. If the opening is postponed, within a couple months the district will have a better idea of the financial and operational condition.

Mr. Dalton thought it might be a planning issue or problem. His experience within his family is that at first his children had a year-round schedule because of extreme over-crowding, and then there was more funding and they're back to a normal schedule. He said it seems we're building a school that apparently we can do without, and then we have schools that are asking for things and can't get them. Mr. Ayala asked why the answers the committee members are seeking are not available now and why they have to wait another two or three months. Dr. Andersen explained that the district has to wait to see what the Governor's budget is proposing. Mr. Ayala asked why we didn't have to wait before we started construction. Dr. Andersen said the Governor's budget doesn't come out until January and a school can't be built between January and September.

Mr. Ayala said he's trying to justify building the school. He thought that it would be hard to find someone to move in, set up everything and pay rent for only one year. Dr. Andersen agreed that that might be difficult. Mr. Larkin felt that the district's operating budget has been in turmoil for a number of years, and lacking good, solid information it was difficult to know if there was going to be monies available to do operate the school. He thinks that's why the district is in the financial crisis that it is today because things were kept under the table instead of putting them on top of the table so everybody could see and everybody could assist in making an effective use of those funds rather than what actually took place over the past several years.

Mr. Ayala asked if these people were under the assumption that funds would be available. Mr. Larkin thought it would be reasonable to believe that if there were money to build schools then the capital would be available to effectively staff those schools. He thought that over the past several years the district has "screwed it up so bad and they lied about so many aspects of the budget that it's hard to know who was telling the truth and who wasn't."

Mr. Payne asked if the boundary issue would be tabled as well. Dr. Andersen thought the boundary approval would move forward because in the event that the decision is to open Chaparral, the boundaries need to be approved so that we know what students will be scheduled to go to Chaparral. Mr. Anderson asked if there is any possibility that state funding will be at risk by not opening it within a prescribed period of time, and Dr. Andersen said no.

Mr. Rodriguez said that what Dr. Andersen mentioned before about waiting for the Governor's budget is that our Governor, the "Terminator," may terminate quite a bit of money from education, over \$2 billion. He sees the plight of the district and feels they are being cautious with the recommendations of the county and the state. He said that the committee does not have authority to decide whether Chaparral should open or not open, and the committee needs to follow the recommendations that depend on the budget. Mr. Ayala thought the committee was supposed to look and make sure the Measure M funds are spent properly and with the most advantage. Mr. Rodriguez said they don't decide to open the school or not open the school. Mr. Dalton said the decision was made to build the school and now all of the sudden can't be used because the funding source and he felt the questions need to be asked.

Mr. Anderson, speaking as a long-term member, said that he and Gerald Bruce brought up concerns about the operating budget as to whether there were going to be sufficient funds to be able to staff those schools. He thought it was more than a year ago, and there was an article in the Chino Champion that discussed the financial concerns of the school district and at that point in time it was indicated that the school was very much needed and that there would be appropriate funding to staff the school. Mr. Larson said there have been two major cuts from the state since that time and no one can anticipate that no matter how good of a "crystal ball" you have; it's just impossible.

Mr. Ayala asked if there is a problem that can be corrected or if it is something that no amount of proper planning and proper procedure could avoid. Mr. Larkin thought that better management might have taken care of the problem. Mr. Elie added that the committee should recognize that it is not a regulatory agency, but an oversight committee that doesn't have power over the school board other than the power of the public. He said that what the committee says

carries some weight and they should make sure it is meaningful. Mr. Anderson agreed and said they have the opportunity to share their thoughts and concerns or kudos and to include this information in the upcoming quarter's narrative.

7. District Response to County Audit

Dr. Andersen gave committee members the final, formal district response to the county sent on November 10, 2004. Mr. Larkin suggested that the committee members review the response and it would be put on the next agenda for discussion. Mr. Elie asked that the members be provided with the matrix exhibits referred to in the response. Mr. Bruce asked for an estimate of how long before the district receives a response from the county. Dr. Andersen said that it was possible that there would be no further written response from the county. He explained that a meeting was held between the district and the county regarding some of the questionable contracts and procedures for handling some of the claims cited in the audit. The county advised the district about how to proceed and the district is taking that advice under consideration. Mr. Bruce asked if the district felt the county would be satisfied with the district response. Dr. Andersen stated that the county was informed that when the district feels a particular billing is appropriate, it would be processed as a claim and brought to the board for approval. If the board approves it, the county will process the claim. Mr. Bachor told Mr. Larkin that he would email the matrix to him and he could forward it to the rest of the committee.

8. DSA Approval for Measure M Projects

Mr. Larkin asked the committee members if they had suggestions to speed up the approval process. Dr. Andersen told the committee that the CASH (Coalition for Adequate School Housing) program is a statewide organization formed after the passage of Proposition 13 to help develop an ongoing program to finance school construction statewide. CASH is well represented throughout the state and has various committees to address various construction issues. He said that CASH has an architect's committee that may be able to help expedite DSA approval. He suggested that the committee send a letter to CASH requesting their assistance. Mr. Larson asked if we currently have any projects held up because of DSA approval. Dr. Andersen responded that we do not have any projects held up at the present time. Mr. Larson asked why this was an issue if no projects were being held up. Mr. Elie responded that there were past projects that were delayed because of lack of DSA approval. Mr. Dalton stated that there had been some instances with change orders where the district had to re-sheet the roofs and re-do other projects. Mr. Larkin said his understanding is that DSA approval is an ongoing problem. Dr. Andersen said that plans are usually not approved the first time they are submitted. Mr. Larkin questioned why the district is paying an architect to design projects but when the plans are submitted to the architects at DSA the plans are rejected. Mr. Larkin and Mr. Elie asked if the district was paying architects additional fees to redo the original plans. Mr. Bachor responded that the architects are paid flat fees for the projects. Mr. Larkin said his understanding is that DSA approval takes so long because so many bond issues passed throughout the State that DSA is overloaded and wondered if there is something more that the committee could do to expedite approval. Mr. Ayala asked if the plans are being rejected because they are substandard or for frivolous reasons. Mr. Wapner expressed his frustration with the inconsistency of the approval process. Mr. Ayala agreed and added that it was entirely possible that the district architects had far more experience than some of the DSA architects. Mr. Dalton asked whether the problem is that the district is submitting substandard plans or that projects are started before the district has received DSA approval. Mr. Bruce stated that his understanding was that the problem arose because the district did not seek DSA approval when they should have. Mr. Anderson stated that the subject came up in a previous discussion of the matrix and the fact that projects were delayed because DSA approval was taking so long. Mr. Bachor added that the district is now focusing on planning schedules; the architects are included in the planning schedules, which should give a more realistic timeline for projects.

9. Performance Audit Update

Dr. Andersen introduced Warren Hennagin of Glenn M. Gelman & Assoc., the performance auditor hired by the district. Mr. Hennagin stated that they have completed approximately 85% of their fieldwork, reviewing every transaction and are in the process of finishing interviews. He anticipates having a draft report by the end of January. He stated that they did not send out surveys this year because he did not feel that they were meaningful. Instead, they spent that time looking at documentation.

Mr. Hennagin stated that he had reviewed the August 23, 2004 minutes and wanted to add that in the responses to the original RFP there were no firms who were experienced in performance audits. He stated that only governmental agencies conducted performance audits. He told the committee that he is the chairman of the Placentia/Yorba Linda Bond Oversight committee and added that his firm's fees were not the highest submitted.

10. Litigation of Measure M Projects Cost Update

Mr. Larkin said that Mr. Anderson had previously asked if Measure M funds were used to pay for litigation. Dr. Andersen explained that there have been some attorney fees paid with Measure M funds, but not all attorney fees are the result of litigation. He said attorneys have been used in some contract negotiations and claim resolutions; the only potential litigation now is with Shawnan Construction at Rhodes Elementary, and the attorney fees in this litigation total approximately \$7,500 to \$8,000. Litigation regarding Chino Hills High School does not involve Measure M funds. He said the total amount spent on attorney fees as of August 2004 is approximately \$31,000.

Mr. Bruce asked Dr. Andersen if he had gotten information from the Office of Public School Construction (OPSC) regarding the use of bond money for attorney fees. Dr. Andersen stated that the OPSC responded that it is appropriate to use local and state bond money to pay attorney fees that fall within the preview of the Measure M projects because it is a 50/50 split. He said his goal is to keep all attorney fees and professional service fees within the interest earned on the principal to minimize those expenditures because it will affect future projects. Mr. Ayala asked Dr. Andersen to explain what he meant by a 50/50 split. Dr. Andersen explained that Rhodes, Wickman, and Liberty were new construction and were subsidized by the state at 50%. He said the district is following the guidelines of OPSC, which provides for use of state funds for legal fees. Modernization projects are a 60/40 split so the costs would be split appropriately. Mr. Ayala asked if there are district employees who are qualified to negotiate the contracts the district is currently paying attorneys to negotiate. Dr. Andersen stated that the district does not have in-house counsel. Mr. Anderson asked if attorney fees would be a line item in the financial statements from PCM3. Mr. Bachor responded that there are three line items for attorney fees. Mr. Anderson stated that there is public concern about money taken away from projects and used for attorney fees. Mr. Elie pointed out that \$31,000 in attorney fees was very reasonable considering the bond is \$150 million.

11. Attorney General Opinion Regarding Prop 39 Bond Expenditures

Dr. Andersen explained that the district has been unable to fill the position of Facilities Planner/Fiscal Analyst because the position requirements are intimidating. He said the applicants had competence in some of the areas required, but no single applicant had competence in all areas. He said it is necessary to fill the position in order to file all of our applications with the state in a timely manner and not lose funding opportunities. He explained that a recent opinion by the Attorney General indicates that, where appropriate, administrative staff can be paid by Prop 39 type bonds. His proposal is that this position be upgraded to a higher level to attract qualified candidates who are equipped to handle the all of the responsibilities of the position and be advertised as a Senior Facilities Planner/Analyst. A job description has been developed that incorporates some additional duties. In order to elevate this position, the district would fund the original, base salary, and Measure M would supplement approximately \$17,000 to make up the difference.

At the present time, the district is relying heavily on PCM3 for program management. Dr. Andersen would prefer to have this task accomplished "in house", however, if that is not possible, he will have to hire an outside consultant. He said the money will be spent either way but a district employee would be more cost effective. He said that all money being used for program management and the planner/analyst position would come from the interest earned from the bond money, the principal would not be touched.

Mr. Elie asked what would happen to the position after all of the Measure M projects are complete. Dr. Andersen replied that at that point the district would have to decide if the position would be eliminated. Mr. Bruce asked if the entire salary would be shifted to Measure M if there were no money in the general fund. Dr. Andersen stated that the salary would not be shifted to Measure M because the person would also be working on non-Measure M projects, such as the development in the Chino Ag Preserve. Mr. Larkin added that the money could be spent on salaries as long as you can document which projects the person works on, and there needs to be a system of checks and balances.

Mr. Wapner said that in spite of this decision, it was not the intent of the voters that Measure M funds be spent in this way. Mr. Larkin stated it is the same as paying a construction manager and if an in-house person is working directly on Measure M projects, a portion of the salary can be paid by Measure M funds. Mr. Wapner stated that this is a board decision. Mr. Bruce asked who has been doing this work up to this point. Dr. Andersen replied that the district already has applications submitted for Cortez, Dickson, and Buena Vista and the district has already received state monies for those projects. He is concerned about the modernization applications for El Rancho, Newman, Marshall, Los Serranos, Gird and Ramona Jr. High, which have not been submitted yet. Mr. Hennagin stated that the district needs a planner/analyst and fully supported Dr. Andersen's suggestion of filling this position. He reminded the committee that the state performs an audit after the funds have been spent and Measure M funding would have to be used to pay PCM3 to handle the state audit. Mr. Dalton expressed concern about the public perception of using Measure M money

to pay an administrative salary. Mr. Ayala stated that the committee must be vigilant in ensuring that Measure M money is spent on Measure M projects.

12. Project Updates

Mr. Ayala asked about the rumors about Don Lugo being over budget, projects being cut and staff being unhappy about the cuts. Mr. Anderson asked for a commitment from staff to solicit ongoing involvement for site staff and the public and encouraged district staff and the board to communicate with the involved parties. He suggested looking at the current timeline and perhaps re-prioritizing projects based on site input. Dr. Andersen stated that would happen at Cortez, Dickson and Buena Vista. Mr. Larson asked that an update on these issues be put on the agenda for the next meeting. Mr. Elie asked if there was an overall summary of site allocations.

Dr. Andersen stated that the voters passed a \$150 million bond with five issuances of bond money. There is over \$200 million of project work identified. It was designed that way to avoid having excess bond money. The district has committed to fulfilling projects to the best of their ability, but in some cases, if the budget is not sufficient, cuts will have to be made.

Mr. Bachor stated that there would be a summary within the implementation plan available in March. He distributed a handout showing a schedule of the seven schools to be reviewed, four of which are currently under construction. There are 30 upcoming school modernization projects. Mr. Bachor stated that the intent was to ensure that commitments made during construction projects at the first seven schools had been closed out. Each of the contractors for the seven schools was listed with a notation if their notice of completion was filed and their account was closed. Glenmeade and Magnolia have been closed out and the closeout documents have been submitted to the architects who in turn submit the closeout documents to DSA to closeout the school. All of the contractors associated with Ayala are closed out. All contractors associated with Chino Hills High School have been closed out except for Applied Roofing, which is a litigation issue and not associated with Measure M funds. By March, PCM3 should be able to have very specific financial reports prepared. He stated that in the last 18 months, construction costs have gone up 30%, which means that cuts will be necessary.

Mr. Bruce asked if all work has been completed on the projects listed as closed out. Mr. Bachor replied that all work was completed, paperwork had been submitted, processed and turned over to the architects and warranty periods had begun. Signatures from principals, architects, engineers, inspectors were in place. Mr. Elie stated that these documents were very helpful. Marti Taylor asked how long it takes to obtain DSA approval after notice of completion is filed. Mr. Bachor stated that it could take four to six weeks on small projects or four to six months on larger projects with a lot of change orders. Mr. Bruce asked if Don Lugo was being asked to cut based on an original budget of \$50 million. Mr. Bachor stated that Don Lugo was being asked to cut projects from \$43 million down to \$30 million for the entire project, including soft costs. Mr. Bachor stated that the original budget was \$32 million in hard costs, which Don Lugo is now being asked to reduce to \$22.8 million. He stated that there are serious drainage issues at Don Lugo which the original plans did not address. Re-grading will cost up to \$500,000, which will require making cuts elsewhere. Mr. Bruce asked if the \$22 million includes construction of the stadium at Don Lugo. Mr. Bachor stated that \$22 million is inclusive of all four construction phases. It has not been established that the fourth phase includes the stadium project. Mr. Dalton reiterated the importance of communication with the sites. Mr. Bachor stated that his goal in preparing the handout is to open communication before construction begins.

13. Other Topics/Comments

Mr. Larkin suggested that a tentative agenda for the next meeting be set at the present meeting.

Mr. Bruce suggested that the committee petition the board for a more realistic project list and budget for upcoming projects. Mr. Bachor stated that the documentation he will provide in March would satisfy that request. Mr. Bruce asked about the Richland project. Mr. Bachor stated that at this point, no schools have been dropped from the list. Mr. Larkin suggested that the committee wait until March, review the PCM3 overview, and then address any question they may still have regarding construction project status.

The next meeting will be held on January 24, 2005 at 5:00 p.m. in the board room to approve the Second Quarterly Report.

Mr. Larkin moved to adjourn the meeting. Mr. Anderson seconded the motion.

The meeting was adjourned at 7:10 p.m.