

**CITIZENS' OVERSIGHT COMMITTEE  
MEETING MINUTES  
November 17, 2003**

Roger Larkin called the meeting to order at 5:06 with Gerald Bruce, Andy Anderson, Michael Calta, Stuart Holland, Glenn Duncan, Roger Larkin and Geoffrey Vanden Heuvel and Dr. Andersen present. Maurice Ayala, Gary Larson, Al Valdez and Gary Ovitt were absent.

1 and 2. Review/approval of minutes from September 15 and 29, 2003

Mr. Vanden Heuvel moved that the minutes from each meeting be approved and Mr. Anderson seconded the motions. All were in favor.

3. Summary Update on Measure M Projects

Dr. Andersen presented an update on current and future Measure M projects as follows:

Wickman:

- Primary remaining issue at Wickman is irrigation system final connection to city service. In mid-summer the District was informed a separate tap into the water delivery system for irrigation requiring an additional vault. Vault fabrication and installation in progress. Irrigation piping is installed. When the vault installation is complete, the water can be turned on and the landscaping will be completed.
- Phone system at Wickman not completely operative. Verizon is responsible for the system. District staff is working with them to get it completed. They were scheduled to have it done in October. Mr. Vanden Heuvel said Gary George, a trustee for Chaffey Community College District, works for Verizon for this area, might be able to help expedite the completion.
- Kitchen facilities have passed inspection and can now be operated.
- Remaining issues regarding Modtech buildings. The roof of the kindergarten building at Wickman leaks. Modtech has attempted repairs but it still leaks.
- Additional work is needed at Wickman that was not in the original scope:
  - A kindergarten classroom needs a learning wall and cabinetry that was not part of the piggyback bid from Modtech. Architect is developing plans.
  - Additional asphalt paving for the playground area.
  - Additional sidewalk that runs along current property line. Students coming from the east have to cross in front of the driveways to get into the school. This sidewalk would re-route them out of the driveway pattern, helping traffic flow and creating a safer entrance.
  - Ball walls were not in the original bid and are needed on the playground. School was originally bid as a hardship school, so plans did not include some extras normally expected.

#### Rhodes:

- Irrigation system is completed. Landscaping is being installed.
- Phone system is also not completely operative. Verizon is in process of completing.
- Kitchen facilities passed inspection and can be used.
- Street improvements are in process. There was an error in calculation in the elevation of the street height. The engineer has realized their error and will be responsible for costs relating to the error. When it is corrected, the final paving will be completed.
- Issues with expectations of the City of Chino Public Works Department as far as requested off-site improvements. They have asked for additional paving beyond what the State typically funds as well as improvements to an adjoining park site on a cul-de-sac feeding from the south into the park site. Need further discussions with the city. The list from the city included 18 issues; there are three remaining issues to resolve.
- Mr. Larkin asked if it was questionable whether those issues are covered under Measure M funds. Dr. Andersen said the message to electorate has been that the schools are built within State standards. The State typically only funds improvements for half of the road and other residents need to pay for the other half. The District is actually planning to improve more than half of the road, two and a half maybe three lanes of a four-lane roadway on Schaefer Avenue, and the city is asking for a complete asphalt installation.
- Additional items listed above for Wickman are also needed at Rhodes and the architect is preparing plans for bid.
- Mr. Anderson asked if the additional items needed at the sites would be funded from Measure M. Dr. Andersen said these items will have to fit within the existing overall budget set aside for the schools, which is a combination of Measure M and State funds.

#### Liberty:

- Basic classrooms are completed. Multi-purpose room recently completed. Outstanding work needed on the stage.
- Remaining work is finishing the library and the teachers' work area, meeting area and restrooms on the second floor of the administration building. Elevator installation is holding up the completion. Elevator was to be shipped on November 15th and is in transit.
- Grading of playground area was not acceptable to the District. Adjustments to the grading were made and are now acceptable to the District.

#### Woodcrest:

- Project will require aggressive schedule to complete by August 1st. Approximately halfway into the project schedule but the project is not halfway completed. A dry winter will be essential to completion by August 1st. Construction management firm has assured the District that it can be done.

- School has space to accommodate the projected population, approximately 600 students. Principal feels with the use of remaining existing classrooms and traveling teachers, they should be able to house the 600 students.
- Traffic circulation issues have been resolved with the City of Ontario.

Ayala:

- Stadium project is in punch list process. District has received punch list for wrestling room electrical work.
- Mr. Calta asked why the cost for the bleachers increased. Are they just a manufactured item or was there additional service related to that.
- There are more change orders to be processed on this project.

Dr. Andersen said there is board policy for pre-qualification of bidders and a consultant has been retained to perform this service. This process is expected to be completed by the end of December to present a list of qualified contractors to the Board. For Walnut and Don Lugo, bidding is anticipated in winter to begin construction late winter, early spring. Bidding for Bird Farm school is anticipated in the winter to begin construction in April to possibly avoid winter rains. This would allow 17 months to build the school to open in September 2005. Mr. Vanden Heuvel asked if Bird Farm was a questionable project. Dr. Andersen said it was always on the list, but the district hadn't decided whether it would be an elementary or a junior high school. He said the location is not good for a junior high school because it is extremely difficult to form an attendance area for a junior high school there. He felt a third junior high school should be located further south in the community. Bird Farm will be a reuse of the Wickman/Rhodes plans. Mr. Vanden Heuvel asked if there were still environmental issues. Dr. Andersen said an endangered bird species was seen at the site. The district waited a year to see if the bird returned and nested. The bird did not return and the site was given a clean bill of health.

Mr. Bruce asked if planning a Richland school is going too far ahead since it is questionable that there will be adequate funds. Dr. Andersen said he is not proposing or planning to build a school at that site anytime in the near future. He said space is adequate at the two junior highs in Chino Hills for the projected population for quite a few years. The biggest space issue they have at this time is not enough P.E. lockers. He feels that the maximum capacity at the schools is 1500 students. Beyond that number the population would be difficult to manage.

WLC Architects is working on the Cortez, Dickson and Buena Vista modernization plans to be bid in summer/fall of 2004. He explained the strategy recommended by the board, which is to do new construction first followed by modernizations. The modernizations being done first are those that are grand in scale, virtually the entire campus needs modernization. Then another contingent of schools having a wing or two eligible for modernization will be next and move on from there. Mr. Bruce commented that it seemed as though the size of the project is taking priority over safety and health issues at some of the other schools. Dr. Andersen said over the past year, staff has been going to the principals and asking them specifically if there were any health or safety issues that they

were keenly interesting in getting done. There were one or two issues that district staff has handled already. He said that invitation is always there: if the principals have a project that is on the Measure M list and it becomes a health/safety priority, they're invited to bring it to staff attention and it will be evaluated.

#### 4. Change Orders for Woodcrest, Liberty, Wickman, Rhodes and Ayala Stadium

Dr. Andersen stated that a packet had been mailed to the committee members including copies of all of the approved change orders that have been processed by the board. It was divided into the five projects. He had requested that committee members contact him a few working days before the meeting with questions so there would be time to adequately prepare to answer them.

Mr. Calta asked regarding the Woodcrest Junior High School recap sheet if the \$16,813,906 figure is the amount that has been awarded in bids, and if there was more to come in construction. Dr. Andersen said there might be some off-site improvement bids. He asked if the soft costs for each project would be added in for the next meeting.

Dr. Andersen remarked about a recent article in the Chino Champion regarding the elementary schools estimated costs. The estimated costs were the estimated construction costs only, but the actual expenditures listed in the article included the soft costs, such as engineering, architectural services, etc. It appeared that the expenditures far exceeded the estimates. Dr. Andersen reported that the Wickman and Rhodes projects are well within their budget. The Liberty cost is exceeding their budget at this time. He said that typically 25% of budget goes for soft costs and 75% for construction. The Liberty project is not closed out because there is still work to be completed. The district knew from the beginning that the Liberty and Woodcrest schools were going to be more expensive to build than the State budget provided, but the decision was made to go ahead with building them.

Mr. Bruce thought there were large quantities of change orders, particularly for Rossetti Construction that were not defined as part of the original contract, and not requested by the district as additional items. He wondered how so many things fell through the cracks, like projection rooms, etc. He said there were numerous examples throughout the change orders. He said each individual item may not have been very expensive but the cumulative effect is substantial. If those items had been included in the original contract, the project may not have cost less, but the overhead associated with processing the change orders also added cost. Dr. Andersen said he would review them. Mr. Calta asked if 15% was a normal markup for overhead and profit, and Dr. Andersen confirmed that it was.

Mr. Bruce said at Liberty there was a \$23,067 change order to provide county-run classrooms and wondered why it was a change order for the district. Dr. Andersen said the county is paying for their facilities. The district is processing it but the county will pick up all of the costs for their installation. The district will be reimbursed.

Mr. Bruce thought that a little foresight would have avoided many of the change orders. He said another thing that stood out was the number of changes requested by the district, but they were not items that were necessary so that construction could continue. They were "nice to have" items like wireless headsets. He thought there should have been a date by which these types of items should have been ordered rather than have them included as change orders. Mr. Vanden Heuvel said they possibly didn't know they would have extra money to purchase some items. Dr. Andersen said sometimes there's an addendum to the bid including certain additional items and the district can accept or reject the addendum as needed.

Mr. Vanden Heuvel asked if there was a rule of thumb overhead-wise in terms of the difference in costs in doing something as a change order as opposed to having it in the original bid. Dr. Andersen said if you can keep your change orders to less than 1%, you've done an excellent job; 2% is good; 3%, average; 4% or more, you've left too much out. Public Contract Code allows changes up to 10%, but if it goes to 10%, it's saying you didn't put enough in the bid to get a competitive environment to bid.

Dr. Andersen calculated where the projects were on change orders: Liberty, 1.8%; Second District Stadium, 6.7%; Rhodes, 2.4%; Wickman, 3.8%; Woodcrest is too early to tell. At Wickman it was necessary to make a field decision regarding the extra modular classrooms, causing approximately \$67,000 in additional change orders to accommodate those classrooms.

Mr. Bruce asked for clarification on Change Order No. 1 for Category No. 23, where the justification said "actual cost exceeds allowance." He asked if it meant the contractor underbid. Dr. Andersen said he would have to research the question and get back to the committee with an answer via email. Mr. Bruce asked when a contractor underbids a contract, are they able to increase it with a change order or do they have to eat the cost. Dr. Andersen thought that if the contractor underbids a project, they would have to eat the cost. They're obligated to stick to that sum.

Mr. Calta said there was a large credit for \$71,000 (Change Order 1, Category 14) to delete epoxy coating and add Creteseal concrete additive at Liberty. He asked if that was a new product, new strategy. Dr. Andersen thought that it since the request came from NTD and McMurray, it would be a strategy they would propose. It didn't come from the district. Mr. Calta asked if it's a good strategy or a viable product. Dr. Andersen said that Creteseal has been used on gym floors and it's been successful.

Mr. Calta asked about the change order for the Ayala Stadium bleachers for \$13,699, but there were no attachments for it. His understanding is that it's a manufactured product and he wondered why there was a change. Dr. Andersen said there were some field adjustments that needed to be made to clear the existing electrical room and they had to make some modifications to the bleachers. This issue will require some research. There was a question regarding the use of hand dryers rather than paper towels. Dr. Andersen thought the hand dryers are seen as a way of expediting people entering and exiting as quickly as possible and the trash from paper towels at football games is phenomenal.

Mr. Bruce wanted to know the purpose of changing the size of the marquees by approximately a foot at Wickman and Rhodes as reflected in the change order documents. Dr. Andersen thought that there were some drawbacks to the smaller size; they couldn't get nearly as much information on the smaller one. He will check on that and report back to the committee.

#### 5.Subcommittee for Quarterly and Annual Reports

Mr. Holland said he brought up at the last meeting he thought there should be a formal annual report to submit, not a copy of the minutes from the last quarter. He suggested forming a subcommittee to create the required reports as well as adding a summary page. Mr. Larkin agreed and Mr. Calta suggested making a motion. Mr. Holland made a motion to form a subcommittee to generate both the quarterly and annual reports and Mr. Calta seconded the motion, and all were in favor. Mr. Larkin asked for volunteers for the subcommittee. There was discussion about when the reports would be made and what would be included. Mr. Larkin understood there would be a verbal summary report given to the board and the details would be given to them in writing. Mr. Holland, Mr. Calta, and Mr. Bruce volunteered to be on the subcommittee.

#### 6.District Response to the Performance Audit Report Recommendations

Dr. Andersen explained that when Mr. Hennagin addressed the committee, he outlined a variety of topics for the committee to consider. He said the district has moved forward on many of them and implemented an action plan that he presented to the board in October, including some of the following:

Seek additional project management support. A potential candidate has been found to provide services for the Walnut modernization. He has extensive background in business support services, former school district CBO, worked recently with architectural firm based on knowledge and skills in construction and facilities improvements.

Construction management master contract. This matter has been referred to district counsel. Counsel has recently submitted an oversight contract. A master contract is supposed to cover the parameters of all future projects with McMurray that they are contracted to do to avoid having different rules for each project. Mr. Larkin asked if the district could set up a master contract where regardless of what construction management firm the district is working with, any and all of them would have these guidelines to go by. He said he didn't want to see a master contract just for McMurray. Mr. Vanden Heuvel asked about the oversight contract. Dr. Andersen said they are working on an oversight contract as well, in addition to the master contract. Mr. Vanden Heuvel said the purpose of the September 29th meeting was to send a letter to the board asking them to open it up to seek additional construction management firms. He asked if the board had decided to follow the committee's recommendation. Dr. Andersen said he submitted a request that the board specifically respond in some form to the committee's request. He said he hadn't received a response back from the board at this time. Dr. Andersen said that regardless of whether the district was to go with another company for some projects, a master contract for the work with McMurray would still be needed. Mr. Vanden Heuvel

asked if it is a master contract as opposed to site-specific and Dr. Andersen said it was a master. Mr. Vanden Heuvel said the execution of a master contract does not obligate the district to use that particular firm on all future projects, and Dr. Andersen agreed. Mr. Anderson asked what mechanism there would be to determine which CM firm is going to oversee a project. He asked if there's a master contract and there is no direction from the school board to solicit another firm, would the projects continue to be overseen by B.E. McMurray. Dr. Andersen said right now we have three projects coming up, Walnut, Don Lugo, and Bird Farm, and we have not hired a CM for those projects at this point. The board hasn't responded to him and told him how to respond back yet. Mr. Bruce asked if the comments attributed in the Champion to Mr. Truett were his own comments saying, "we're happy" with McMurray and not going to get any others. Dr. Andersen reiterated that he informed the board that the committee is expecting a response to their recommendation. He gave the superintendent some suggested responses but hadn't received a response. Mr. Larkin said he read the letter to the board and he received no comments or responses from them at that time. He thanked Dr. Andersen for going a step further and asking for a response from the board. He said he thought it was in the district's best interest to take a look at their recommendation and receive a lot more expertise. Mr. Larkin said he's looking for better management, better oversight, less change orders. He had heard this might be normal for a school district, but in other parts of the world, people would be out looking for new jobs. He thought that a \$12 million project with 25 - 30 change orders tells him that B.E. McMurray isn't doing the job that they want the district to believe they're doing. He said whether or not McMurray makes additional money off of the change orders is irrelevant, it's still costing the district a lot of money because somebody at McMurray didn't go over the plans and specs very well, in his opinion. Mr. Duncan said he didn't disagree but he said they're missing some of the underlying issues of what's going on. Mr. Vanden Heuvel said that's probably true but all the committee can do is let the board know the members are watching and they are very keenly interested in this particular subject. He said he doesn't know enough about whether Mr. Larkin's comments were correct, but he feels that competition is the way that man has created to ferret out and squeeze out efficiencies and he felt we don't have enough competition in construction management. Mr. Bruce asked whose responsibility is it to generate the statement of work, if it was WLC Architects. Dr. Andersen said McMurray generates the scope of work, after the plans and specifications are delivered to them by WLC or whoever the architect happens to be. Mr. Bruce said the omissions in the contract of the work that's expected to be done would be the responsibility of WLC. Dr. Andersen said there is a possibility that an architectural error or omissions could take place. Mr. Larkin said one of the main responsibilities of McMurray is they get the plans and specifications and they go through them before they go out to bid. He thought a recommendation of taking more time would have been cost effective.

Community outreach goal. Mr. Hennagin recommended some "quick-start" projects at each school to deliver a message that we are working on all the schools throughout the district. Dr. Andersen cautioned that a couple things could happen in this strategy; the district could pay a great deal more for a project because contractors don't give the best bid on a small project and it wasn't the board-adopted strategy. Signs are up, bought and paid for by B.E. McMurray and posted at new construction sites. State of California has a new logo for "Build California" and those signs are being distributed as well. Mr. Vanden

Heuvel concurred with Dr. Andersen's response to the quick-start suggestion. He thought it was not about public relations; it was about getting the most bang for our buck in the most efficient way possible. Dr. Andersen said another drawback to quick-start is that the campus is disrupted more than is necessary. Mr. Larkin asked if painting could be done when the schools are out of session. Dr. Andersen shared that he had just finished visiting all of the campuses and he's proud of the paint situation; it's not perfect, but the schools are in good shape. Mr. Larkin asked if there were some other easy projects that could be accomplished when the schools are vacant. Dr. Andersen said it has been discussed and is possible to look at where work has been done and pinpoint areas that have been missed and focus on those areas. He mentioned that since most of the schools in Chino Hills are newer, it would be awhile before Measure M work is done on the newer schools.

District representation. Dr. Andersen has encouraged board members to attend oversight meetings. He invites principals to attend when their school comes up for discussion.

Updating Facility Assessment Report. One goal is to have architects assess the situation at each school if tentative budget is adequate to cover construction costs and soft costs. He's expecting to receive the updates from architects at the end of the year and will be in a better position to make total assessment about where we stand with projects completed and what the future projects will cost and how to schedule remaining schools. He hopes to bring better game plan in January or February. He suggested that after a revised assessment report is received that he and the committee present the information to the board about where we've been, where we're going, what it looks like ahead. Joint effort would be a good meeting with school board members.

Mr. Calta asked for information regarding the financial audit. Dr. Andersen agreed that it is to be presented and he would check into it. Mr. Anderson asked if there had been any public communication regarding Measure M projects that have been received by Dr. Andersen since the last meeting. Dr. Andersen said he hadn't received any public requests. Mr. Calta said they should look at the bylaws regarding the chairman's term of service, which is two years, and whether a person could serve if their term of service doesn't allow them to serve for two years. He suggested a one-year term for chairman. A request was made to have this topic as an agenda item for the next meeting. Mr. Larkin asked if the recommendation regarding non-attending members had been forwarded to the board. Dr. Andersen said Mr. Valdez had presented the request to the board at the same time he presented the annual report but there has been no direction yet. He said he would need to pursue it.

The next meeting was scheduled for January 12, 2004 at 5:00 p.m.