

Minutes for the Bond Oversight Committee Meeting North

October 24, 2005

Aptos High School Career Center
100 Mariner Street
Aptos, CA 95003

5:00 PM – 7:00 PM

Attending Members:

Tere Carrubba - Fred Fischer - Marc Kirby – Doug Maher
Vic Marani – Bruce Mathias - Barbara Palmer

Absentee Members:

Michael Barsi - Nancy Bensen – T. James Miller – Christine Quinn – Mary Reed - Michael Theriot

South/Central Bond Committee Liaison:

Bunton Clifford Associates:

Dale Krahn

Non-committee members attending:

Terry McHenry - Dr. Gary Woods – Diane Burbank - Rhea DeHart - Doug Keegan
Brian Rasmussen - Ruth Barker - Darlene Insley

Chair Member Barbara Palmer brought the meeting to order at 5:15 pm, stating the minutes would be approved after the committee met the quorum. She then began with introductions, after which she handed the meeting to **Terry McHenry** with the Financial Statements.

Terry began by clarifying he hadn't changed any of the numbers on the summary sheet; he only put them in different places. He then went on to briefly explain the Summary Sheet to the committee. The top of the sheet shows the expenditures from February 2003 to April 2005, totals, revenue and the balances for each site.

The lower half of the sheet or the income side, you find the amount of money budgeted, the specific numbers of the original bond funds, a total of \$58,250,000.00 and what was allotted for each site. In addition to this money, another \$1,199,603.00 called an issue premium was added; meaning the actual cost of the bond was \$59,449,603.00. That original issue money went for closing costs and the first bond payment. The refinance, shown in the second column shows that we generated \$3,765,461.00 in additional bond funds, which was appropriately distributed to each site for their projects. Once again, the closing costs were paid out of the issue premium. Terry then stated he wanted to make clear that the \$11 million was COP, the overage was closing cost and issuance cost and to clarify that the items are in the right category. He then asked for questions.

Q. Terry, what is the \$14,000.00 in revenue for Watsonville?

Terry stated that the bond language clearly states there will be \$24,036,000.00 to Aptos and the remainder will be for the Watsonville area; dividing it up per the bond list. There is \$14,000.00 not listed on the bond other than the fact it was for the Watsonville area.

Q. How do we know the \$14,000.00 is for Watsonville?

The top left hand corner is what shows up on the bond. It states, "\$58,250,000.00." They show the \$23,036,000.00 for Aptos High School and \$34,014,000.00 for the "Watsonville school area"

A short discussion concerning the \$14,000.00 continued.

Q. Looking at the balance for Aptos High School, it appears we have \$19,161,794.00 to spend as of June 30th. What liabilities are there against that amount?

Brian answered this by listing the few items, such as the balance of architect's contract and his own contract, plus we will still incur testing and inspection costs. Then adding, "The whole key here is, until the project goes to bid and there is a known dollar amount, we are \$17 million plus under budget." He continued with, "If you take \$17.2 million and add 5% that would give you an idea of actual hard construction dollars."

Barbara then directed the meeting to "Construction Plans".

Dale Krahn, of BC/A, recapped the last meeting, reminding the committee of the changes and staying in compliance with the bond language, of the goal to simplify the phases of the project, to make the package more attractive to the bidders, possibly bidding the main project separate from the pool, thus giving more options. He went on to say, that from last meeting, their goal was to make the planned modifications of the plans and repackage the project, complete a re-estimate.

He noted that they went to the Division State Architect (DSA) with the drawings and did a quick overview with them, but due to DSA's busy schedule, we made a tentative appointment for Monday October 31^s in the hopes of an "over the counter" approval.

Dale then went to the list of items that were recommended for reduction by the committee from the last meeting, emphasizing that these were the only changes made and no additional changes. That essentially what was attempted here, was to save about \$3.9 million. He stated that they took the project after it was repackaged and had their estimator (Hanscomb F & G) reevaluate it from top to bottom. He then directed the committee to the Review of the New Estimate. Pointing out, that based on the new drawings; there is now a modest cushion of \$600,000.00, approximately 3% that under on construction budget.

Dale recapped the changes and conformance with the bond.

1. Items that should be changed and would *not* make an impact on the use of the space, like changing the specifications for the roof deck:
2. Items that could be changed with modest visibility, changing most areas from concrete to asphalt:
3. Items that would impact program and cannot be changed as to impact bond language. Such as the "Black Box" being eliminated, through the committees' authorization: *And* although the music room is a more flexible classroom site, the space is still there.

Dale continued with the review and expanding of potential bidders list; stating BC/A will be re-contacting the potential bidders, making sure the interested bidders are *still* interested, noting the plan is to put the project out on the streets as soon as possible. He reiterated they hope to have DSA's approval by next week, with a target to have the project out to bid by November 1st with a 45-day bid period receiving bids by December 15th.

Then, directing the committee to the list of contractors, Dale explained each of the three columns.

1. Contractors who bid on the project, of which there were three:
2. The five additional contractors who took the plans:
3. The fourteen additional contractors who were contacted and could not bid the project due to other considerations: (prior commitments, lack of staff, etc.)

Dale then went to the update on the re-bidding schedule.

First advertisement: Week of November 1st

Second advertisement: Week of November 8th
Pre-bid Meeting: Week of November 29th, a pre bid walk with interested contractors
Bids Due: December 15th
Present to Board: Special Board Meeting to be called, per Rhea DeHart & Terry McHenry
Project Completion: Fall 2007

Dale then asked for questions.

Q. Is there a difference between an ASB classroom and a regular classroom?

A. There is a difference; an ASB classroom must have the ability to be more flexible. There are 57 students in an ASB classroom. A regular classroom doesn't work. It's not an easy space to share.

A brief discussion on the ASB classroom took place.

Q. On Number 43, regarding the Hardi-board and if it was being used and suggested (inaudible) an economical product with good results.

A. It would be taken under consideration.

Q. Why do you think Aptos High School is having over budget problems, whereas Watsonville High School is already under construction?

Terry answered this question: WHS basically consists of a gymnasium and pool, \$13 million. The wild card in AHS is the Theatre Arts with \$17 million. That is only \$3 million more than what WHS and they cut \$4 million, by eliminating the new parking lots, keeping the old ball field where it is and focusing on the gymnasium and pool. Whereas, AHS is building a gymnasium, cafeteria and a fine arts theatre: all with only \$3 million more.

Our commitment is to provide everything the Bond states. We are trying to do the entire project and not cut corners. These items are not inexpensive. We are trying to make this happen *and* do a first class job.

A discussion relating to projects cut from WHS and the simplifying of projects from AHS to make it less complex, more competitive while keeping within the bond language. It was noted that the AHS project is very large and a contractor with the technical knowledge is needed for this project.

Other subjects discussed were, time of year for bidding. Is fall/winter better than spring/summer? The conclusion was yes. It was thought that presenting the bid as two separate projects was a possibility of saving money. The possibility of an unforeseen disaster that may impact the construction costs was a concern. Scheduling the construction period, making the first three months of winter a period in which to draw up plans and obtain materials rather than digging in the mud or have the extra costs of winterizing the site. Another concern was only one contractor in our immediate area. It was explained that not many contractors have the capacity to post a \$20 million bond. (100% claim bond and 100% performance bond)

Brian noted that it is not the realm that most contractors deal with here. Normally, a company having a \$20 million bonding capacity would bid a number of \$4 and \$5 million projects. He added that the District's bid was placed in every Builder's Exchange, from Santa Cruz to Monterey and all up and down the coast. Then he told the committee that sometimes it is not always the contractors' decision to walk away. Just six months ago, on the Pajaro Valley High School Cafeteria bid, Bustichi from Scotts Valley was standing in the hallway ready to submit the bid, when the bonding company pulled them out at the last minute. The *bonding* company decided they didn't want him to commit to a \$3 million bond. He went on to explain to the committee how it is based on a track record. The longer they are in business the larger the bonding capacity increases. He added; they also look for you to be bidding and doing the same kind of projects. Contractors may have the bonding capacity, but not want to put everything in one project, so it can also be a business decision, not necessarily a Katrina analysis.

He went on to say, if a contractor operates locally, they usually bring local people. However, if they are based out of our area, it can go either way. Sub-contractors are not that dedicated to one certain contractor and come from all over to do a job.

A discussion began about sub-contractors, contractors listing the sub-contractors at bid time, Public Contractor code regulations, State Law requirements the District is bound by and contractors material cost breakdown, or lack of it. The subject regarding the buildings being budgeted separately in the beginning was questioned.

Brian stated, this was correct, they *were* originally, but it was *not* in the bond. The Bond states, \$24,360,000.00 for Aptos High School. He added that some items would be more and some less. Bottom line is if there is enough money to get the projects completed.

Q. What if the contractor that gets the bid has never built a theatre before, how do we make sure they get the right product for the project?

Brian responded by stating there was really nothing that can be said as to who the project is awarded to other than to say “no” to everyone. He added that there are theatre consultants on the construction side and specific theatre people that are bidding this project and the general contractor would most likely build the shell and hire sub-contractors to handle the sound system and items like this. Plus, the product literature is submitted for review by the sub-contractor to the theatre consultant, who then assures quality and compliance with the documents. This process is imitated with all of the components of the project, including submittals to the architect, who will stamp and review all items affirming that the item is in compliance with the document: Making a process of checks and balances throughout the project. More discussion regarding the gymnasium and the theatre took place.

There was a consensus within the committee, to become more involved, make it a community service and call, or go see the local contractors and ask for their help in supporting their community on this project.

A question regarding the pre-bid meeting the week of November 29th and what takes place was asked.

Brian clarified the procedure by explaining that the state requires advertisement of the project at least 30-days prior to the bid date, for two consecutive weeks. This is mandatory as with the bond itself. A pre-bid meeting is an informal question and answer session in which we walk them through the project. Anyone can attend sub-contractors or general contractors and it gives them an opportunity to ask questions. There are two types of pre-bid meetings, mandatory and non-mandatory. Mandatory means a “must show” or you may not bid the project. This District does not use the mandatory to avoid the possibility of litigation.

A brief discussion regarding time allowance and advertising transpired at this time. **Brian** explained that notices and plans on the projects are sent to the Builder’s Exchange from San Luis Obispo to San Francisco to Sacramento into Fresno, dealing with approximately fourteen to sixteen exchanges. Plus using “Dodge and Construction Data”, a nationwide market and data collection service. Dodge will scan the drawings making them available to sub-contractors online electronically all over the country. We send them plan holders lists apprising them who the generals are, whom they need to submit their pricing information to.

The minutes from September 12, 2005 were seconded and approved.

Barbara thanked Trustee President, Rhea DeHart for offering to have a special Board Meeting. Rhea responded saying that the Board was glad to do it.

Brian invited everyone to the public reading of the bids on December 15th.

Next meeting will be January 23, 2006

The time will be from 5:00 pm to 7:00 pm. - Aptos Career Center

The meeting was adjourned at 6:25 pm