

# Minutes for the Bond Oversight Committee Meeting South/Central

February 3, 2005

**AVCI CLASSROOM**  
**294 Green Valley Road**  
**Watsonville, CA 95076**

**5:00 PM – 7:00 PM**

**Attending Members:**

Rodney Brooks - Aurelio Gonzalez - Victor Kimura - Doug Mattos - Antonio Rivas  
Peter Stoll

**Absentee Members:**

**North Bond Committee Liaison:**

**Non-Committee Members:**

Terry McHenry, Associate Superintendent  
Brian Rasmussen, BMR Construction  
Willie Yahiro, Board of Trustee  
Dan Hankemeier, Committee Member Applicant  
Darlene Insley, Administrative Assistant

**Chair Victor Kimura** opened the meeting noting there were new people attending and suggested we introduce ourselves.

He then requested the Committee take time to read the minutes of the prior meeting. The minutes were seconded and approved.

Victor asked **Terry McHenry** to give the status report on the South/Central Projects.

**Terry** began with the financials, by going over where the bulk of the money had been spent on each of the projects, noting that “**Site 90**” is really a COP and **Aptos High School (AHS)** at \$5 .4 million, most of their money went into construction, whereas with the majority of the other schools, construction had not really begun, so a large portion of the money has gone into the planning stages. **E.A. Hall**, at \$95 thousand with engineering, surveys, construction management and with a large share going to architectural services. **Mintie White**: which follows suit with **E.A. Hall**, except for \$52.9 thousand that went for the purchase of the Library. Plans for the Multipurpose Room have been completed and submitted to the Division of the State Architect (DSA) for final approval. **Pajaro Valley High School (PVHS)**;

regarding the design of the Cafeteria, went to bid and was found to be significantly over bid. The lunch structures, equipment and the court yard have been separated from the full Cafeteria keeping it within the bond list while making it more affordable to put out for re-bid.

Questions were asked regarding when the bid would be and if there were any contingency plans if the bids come in too high?

**Terry** explained that the bids will be received on March 2, 2005 and that the reason the bids came in so high last time, was due to higher construction costs, it was winter, we were having our moisture issue at that time and our current contractor bid \$5 million to the supposedly low bid of \$3.1 million. By bidding it now, the climate is better and the Cafeteria will be bid by itself at \$2.3 million for an 8200 sq. ft. building.

It was asked how much the cost was to process the re-bid.

**Brian Rasmussen**, Project Manager answered, "About \$10,000.00, adding there are legal notices required by law, ads, reprinting and packaging to identify costs."

**Terry** then went on to **Watsonville High School (WHS)** at \$791 thousand, there are engineering fees, construction costs, architect fees, plus documents completed and submitted to (DSA) for approval. The problem is, with the high cost of construction we are over budget with this project, as we are with all the projects. We have met with an advisory staff to look at making adjustments. The major difficulty and cost is tearing down the field house, moving all the portables on the corner of Lincoln and Wildcat Way along with building a gymnasium, boy's locker room and swimming pool. Other work, which is costly and does not provide us with anything other than a different location is the moving of playfields and parking lots, plus, the upgrades on old buildings, the stadium and the field. These are the items that the staff has discussed on "what was a priority".

The primary was the gymnasium, which was over our budget. The new gym has a weight room and they want to have that which makes the field a lower priority at this time. *Not* meaning they do not get fixed, they may not get moved.

It was mentioned that it looks like every month we delay costs us. Terry answered, "If we could have started two years ago we would have be better off, but it wouldn't have made any difference whether we started this year or last year." Brian added that we are right on schedule.

**Visitor, Trustee Willie Yahiro** told the Bond Committee that (WHS) has a sub-committee, a Boosters Club, with a very positive attitude. The only question that was asked was why did Aptos begin before Watsonville? Larry Lane had explained to the committee about the portables having to be removed first, which meant (PVHS) had to be completed and ready for (WHS) students. Explaining to the committee that everything had to go in sequence.

**Terry** agreed and said that timing is everything. Aptos High School started *last* summer because they had to do site work to be ready for *this* summer to start.

Watsonville High School's site work is getting the portables off, (AHS) was to re-grade the site and make room for the new buildings that were going to go in. Both projects are on schedule.

A question was asked whether Watsonville still has a Planning Committee and a second question asked was if the removal of the portables would come out of the Bond money.

**Terry** stated that all projects had a Planning Committee to help design the project. Once the design was established, it went back to Site Committees. Currently, both at Watsonville and at Aptos the Site Committee is the high school staff, lead by the Principal as the review committee. Regarding removal of the portables, the District pays to have them removed, it does not come out of the Bond money or high school construction costs.

A brief discussion on how the bid was being worded took place.

A recommendation on getting a few inexpensive signs stating where the funding for the construction is coming from and placing them in front of the schools that are being worked on was suggested. All agreed.

Discussion concerning the Watsonville Site Committee was raised regarding parent involvement, plus ways to save money for (WHS) projects, or what can we get for the money we have? What are our options?

Going back to **Mintie White**; it looks like we can get the Multipurpose Room down to the budget. The problem is **E.A. Hall**. (DSA) is saying we cannot add on to the building. We are being told we have to build another building and have it next to, not connected to the building. Plus, we have to double-wall the original outside wall of the existing building. The architect has to add all of the items (DSA) require; and the latest, which was communicated to the district this morning, (DSA) is going to require us to equip the entire school with fire sprinkler, (at the cost of \$1 million) because we are adding on to one end of the building. We only have a budget of about one million.

Conversation regarding several ideas on E.A. Hall including the possibility of getting a freestanding building and costs were discussed. The idea that Mintie White and E.A Hall were presented as one project originally, would this change now? What would the best way to go. It was determined that by the next meeting they must make a decision.

**Terry** then went to the Financial Audit and explained to the committee about the assets being at \$27,418,289 and having an interest income of \$366,655 with expenditures from North, South and Central Zones totaling \$1,921,520. He then showed the Committee what the Bond payments would be over the years and then went to the Commitments and Contingencies, or commitment to projects. This shows where the funds are, what is left of the budget for each project and total amount.

Then Terry told the Committee he was not pleased with the Interest Income that was made last year but, by law we are required to deposit our money in the County Treasury. Last year, our County Treasury averaged 1% to 1½%, interest, which he felt, was not enough. He went on to say that the guide we have is called LAIF, Local Agency Investment Fund, run by the State Controller, which is basically a Money Market Fund and uses LAIF as a guide, which has been averaging 2% interest. The County Treasury never wanted to use LAIF before, they gave Terry excuses like, short investments, we need the money all the time, when in fact that that Treasury runs \$650 million all the time. They could invest. He continued by adding, we now have a new Treasurer, Fred Keely. So he had a conversation regarding this subject with Fred. Fred was resistant at first, but he opened up and will take a look at it.

Terry added that one way of getting more money into the project is getting more interest and to take that interest and reallocate it to the project based on the size of the project in relation to the total. Our target at this point is to sell the last \$18 million worth of Bonds within the next few months. The interest is lower than when we sold the Bonds originally two years ago. We can go out and do a refunding; basically we sell the new series of Bonds and pay off the old ones. Our old interest rate was 5¾ % current Bonds go for 4% to 4½ %. This would generate \$1 million which would help E.A. Hall and (WHS). Our target would be \$800 thousand to do this.

Next item was the Performance Audit and Terry began by saying he received a contact from San Jose Unified, who has a \$400 million project on 35 school sites. The Firm's name is Moss Adams, located in Vancouver, Washington, with offices all over the country. They do performance audits and San Jose has used them for three years now. They gave us two proposals; the base was \$ 15,000 for a look around. To look at all the controls, all contracts and everything that's being done on the projects and that is followed by \$45 to \$55,000 per year with a minimum of three years. We finally decided to try and get in touch with the local guy from Scotts Valley again and see if he can do the Performance Audit this year.

Note: Money that pays for this comes out of District funds.

A discussion regarding Committee Members, setting up an ad on the website, how many applications to accept and allowing 45 days on the website for applications.

**Trustee Yahiro** thanked Terry for all the maps, and Brian for attending the Booster Club meeting earlier and was anxious to share with the people in the Club how well the Committee was doing and all the progress that has occurred here. He thanked the Committee for doing a great job.

Chair Member Victor Kimura adjourned the meeting at 6:50 PM.  
A date was not set for the next meeting.