

Minutes for the Bond Oversight Committee Meeting South/Central

March 22, 2010

District Office – Board Room

292 Green Valley Road

Watsonville, CA 95076

5:00 PM – 7:00 PM

Attending Members: Dan Hankemeier, Rodney Brooks, Victor Kimura, Antonio Rivas, Aurelio Gonzalez, Doug Mattos, Steve Ponzio

Absentee Members: None

Non-Committee Members: Kathy Fuentes, Sandra Lepley, Rick Mullikin, Brian Rasmussen, Cathy Stefanki, Willie Yahiro

OVERVIEW OF MEETING

Ahmad Gharaibeh, the bond auditor from Vavrinek, Trine, & Day introduced himself to the committee. Ahmad explained that he completed the required Proposition 39 Financial and Performance Audits for the bond projects. Ahmad gave an unqualified opinion meaning there were no findings and both audits were considered clean audits. Willie Yahiro asked if Ahmad found any conflict between the language of the bond and how the money was spent. Ahmad said the language of the bond and expenditures were in compliance with no conflicts.

Terms for members were discussed. Sandra Lepley told the group that at the North Bond meeting questions had come up about member terms. Committee bylaws state that the Board appoints members for a two-year term. Starting dates for member service are staggered so there is some cross-over. Members can only serve two consecutive two-year terms and all membership is now expired.

It was discussed whether members should be contacted and asked to serve another two years. Rodney Brooks wanted to know if we had to amend the bylaws in order to have committee members continue serving beyond four years. Sandra replied that we might have to do that at a board meeting. Aurelio Gonzalez does not want to serve on the committee anymore. This will be his last meeting.

Brian Rasmussen reviewed the financials through Dec. 31, 2009. The contract with the new Watsonville High School gym has been finalized and a contractor from Fremont is doing the renovation of the old gym. There had been an issue with DSA because of an old modernization project which was still open. It was finally closed out, stamped and went out to bid over the summer. The contract award was for \$1.8 million which the district has supplemented money for (the budget was \$1.2 million).

The contractors hit dry rot which pushed the original schedule to finish from end of February to May. Windows had leaked and there was draining inside the walls. Abatement issues with lead paint caused additional work including framing around the outside of the locker room. This cost the district an extra two hundred thousand dollars approximately. A voluntary minor seismic upgrade was done along with the construction. With change orders the project cost will be close to \$2,000,000. District deferred maintenance money is being used to do the roofing and window replacement.

Brian said they were looking to wrap up the project in about 60 days. The bulk of the work was gutting former locker rooms, putting in the ASB office, dance room, staff lounge and storage as well as the large restrooms that open indoors as well as outdoors. There will be a raised concrete platform for meetings or band.

Brian talked about the E.A. Hall gym explaining that we went out to bid in a different manner. He explained that we are doing a lease, lease back, a delivery method allowed under the Ed code. We went through a qualification process which uses "best value" in selecting a general contractor, not necessarily the lowest bidder. An RFP is submitted to qualified bidders. This new process allows flexibility in picking the general contractor which may not be the lowest bidder, but, for example has more experience. This could help the district avoid some of the typical issues with time, claims, and change orders.

Some money from District developer fees are being put towards the project. The project bid at \$3.2 million in March three years ago. They are value engineering to cut the cost. With the current economic climate, things are bidding 20-30% lower and Brian said we are estimating it may bid in the \$2.7 million range instead of \$3.1. In addition, we have a 30% local participation requirement. The Board should award the contract in May. Construction should start in mid June with a 9-10 month construction plan.

Antonio Rivas wants to make sure we hire local people. Seven firms submitted bids including firms from Monterey and Santa Cruz counties. Aurelio Gonzalez asked about expenditures to date of \$480,000 for soil samples, wanting to know if we have to incur those charges again. Brian explained that instead of doing an addition, the district chose to do a free-standing gym. We got a new architect and now have a fixed fee with them. The soils report is still valid and DSA is granting an annual extension on the approval during this tough economy. We should avoid having to go back to DSA.

Sandra Lepley has had experience with lease, lease back. She says you solve so much upfront because you iron out things like delay costs first instead of mid-way through the project with RFI's and change orders.

Aurelio asked how green our projects are and Brian responded that they were designed some time ago, so there hasn't been focus on recycled materials. Willie said he feels uncomfortable with not having to accept the lowest bidder. He reminded the group that it is their responsibility to report having used public money responsibly. Brian added that "best value" doesn't mean we are not going to offer the job to lowest bidder. The Board will decide. He said that today people use best value, track record, etc. and all those have a cost/savings useful in the selection process. Rodney commented that this is not an Oversight Committee issue. The Committee advises as to what they are doing. The Board of Supervisors can say they don't like the recommendation. Brian added that we check references and have interviews.

Brian reported on other projects saying that Aptos High is close to being done but there are still some orchestra pit concerns. We just got DSA approval on the platform. Rodney Brooks asked if the committee could meet next March 2011 and a date for that time frame will be selected. The meeting was adjourned at 6:10 pm.