

Minutes for the Bond Oversight Committee Meeting North

August 21, 2006

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

5:00 PM – 7:00 PM

Attending Members: Tere Carrubba, Fred Fischer, Mark Kirby, Vic Marani, Bruce Mathias, T. James Miller, Barbara Palmer, Mary Reed

Absentee Members: Michael Barsi, Nancy Bensen, Doug Maher, Michael Theriot

Non-committee members attending: Terry McHenry, Brian Rasmussen, Darlene Insley

Chair Member Barbara Palmer thanked the group for coming and asked them to introduce themselves.

Aptos High School Construction Update

Brian Rasmussen gave an update on the construction status of Aptos High School. He said that most of the major foundations were dug and poured on the building. The swimming pool has been dug and they are scheduled to pour the bottom of the pool during the week.

Contractors are currently doing the site work around the building. There was a slight change in plan. The contractor determined that if they waited until next summer to try and build the road and the pathway, some of the utilities that fed the building across that would be problematic. They would need the utilities sooner and needed to rearrange their schedule to do the site work now which they have begun.

Brian said that the plan was to have the work done by the time school started. After about the 30 days into the project they realized that the documentation on existing utilities was not matching reality and ran into snags trying to reroute storm and sewer lines, etc. Brian said they had to stop and go back to the engineer for redesign work to make it fit what was actually in the field. That is what caused the work not be done by the time school started. Brian explained that it was an ambitious schedule and may not have made the time line anyway. He said that at this point we are hoping to pave and have the decorative concrete circle done in the next six to eight weeks.

Brian explained that they are trying to build that area complete and literally move the fence back and turn it over to the site. He said that other than needing to come back to do the irrigation for the landscaping, it will be in a final state and turned over to the district for use. The structural steel for the building is in fabrication and will soon be trucked in along with a crane for erection. Brian said he will get the schedule finalized with the contractor and review with the site so to have minimal impact with school starting and delivery times.

Brian gave the group his impressions of the contractor. He said they are probably one of the most knowledgeable and productive group of people he has dealt with. The superintendent of the project is local and has been fairly kind and cooperative, not hard-nosed. The project manager on site has been reasonable about change orders. He said that so far it has been a positive experience. We have a separate contractor building the swimming pool and their specialty is pool contracting. He said they are also very knowledgeable and there aren't any issues with them either.

There was a question as to whether the change orders have cost the district any money. Brian explained that to date we've done about \$20,000 worth of change orders which is fairly nominal with this type of contract. We have a contingency budget of 5% which is about \$700,000 or \$800,000 for change orders but hoping not to spend it. He also said that they were able to negotiate their way through the site utility issues and it doesn't look like there will be any costs. There were some delays on the part of the contractor because of the conditions but they were able to modify the scope to reduce the amount of work and offset the delay. Brian said they are trying to work it out so it's a non-cost to the district and the contractor has not been aggressive with the change orders so far.

Terry explained that the site is unique with the regard to utility lines. He said they were put in over the years and nobody kept track of them or seems to remember where they were. In addition they are close to the surface and easily dug up. He said they are working through those things and trying not to disrupt the utilities at the site too much.

Barbara Palmer asked if we were on track as far as the schedule. Brian said that if you take a hard look at the schedule we are actually close to four weeks behind. The contractor anticipates being able to make up part of that. A couple weeks of the delay is specifically related to the unknown conditions.

Barbara asked about the pool schedule. Brian commented that the pool is actually on schedule. It is a separate contract running under a separate process. He said that at this point they have gone through issues with utilities and found a mystery tank in the ground underneath where the portables were, by the retaining wall. They actually left it and flurried it in with concrete. Most of the utility work for the pool is done other than some footings to put in for the structure where the pool equipment goes.

Barbara asked what the decision was on the water tanks. Brian explained that they are not being done under the bond measure. He said the water tanks are now being put through as a deferred maintenance project and Walt Zander, Director of Maintenance and Operations is actually in charge of overseeing the project. There are plans for the replacement of the small tank and its in process with a local engineer. He said they are still looking at the time frame and DSA approval to see exactly where its going to fall. There are various issues related to it due to the tank leaking and the soil being soft. There are some soil saturation issues and stability problems and they may have to build next to the tank, adjacent to it and then tear it down. The little turn around would actually be where the small tank is. Terry said that by replacing the one tank while keeping the other one temporarily, they don't have to shut off the water.

Other Bond Projects - Updates

Brian gave an update on the other projects related to the bond measure. He said the Mintie White Multi-purpose room is done and they occupied it as of the start of school. The Pajaro Valley High School cafeteria is getting used; they are at the point that they are fully utilizing the kitchen now. The Watsonville High School gymnasium project is on-going, but behind schedule due to number of factors. They had to do some mitigation because of the soil condition last year then winter

came and there was a weather delay on the project. It is not due to be complete until the end of April and includes the gym, the pool, and the locker room building. Construction of the synthetic field has just been completed and they are waiting to do the track surface which is essentially going to be the same as Aptos High. There is a window of availability after the first few football games when there is a break in the schedule and the track surface itself will be put down.

Brian said that other projects include the modernization of the cafeteria and some work in the library due to additional funding from the state. The architect is working on those plans. There have been some meetings with the site staff. Brian said they are actually in the process of hiring an architect to do the modernization phase of Watsonville High which includes the home economics room and the science room. It will be the renovation of the old gym which will take the locker rooms out once the new building opens and convert those to other uses. There is also renovation of the art rooms. Next summer they are hoping to move the tennis courts there to expand the play fields and do the demolition of the old pool so the quad can be expanded.

Terry McHenry spoke about funding for modernization projects. He said the state now requires a 60/40 match where the state provides 60% and the district has to provide 40% of the cost. He said the district doesn't have that much extra money. He said what they've been able to do is use the existing bond funds for Aptos and Watsonville High projects that were already defined, as part of the match. Terry said we were able to get almost \$1,000,000 of modernization money and were able to use the bond money that was already programmed for the cafeteria as the match. He said that it's already a new project and we were already doing it anyway, so we counted it as the match to get the extra \$1,000,000 from the state.

Year End Financials and Bond Funding

Terry presented the year end financials. He passed out a summary which lists projects by year. He said that for the Aptos project we spent approximately \$2,000,000 for 05-06. Out of \$27,000,000 for the project we have approximately \$17,000,000 left by the end of June 30. Terry said we got approximately \$3,700,000 out of the refinance spread over the existing projects and an additional \$700,000 for district costs. Terry said the extra \$700,000 is a combination of two things, the County now has better investment practices and Fred Keely has been cooperative and has done a good job. He has been able to significantly increase the interest rate and the rate has been going up, so the combination of those things made for a significant increase over last year even though we've got less money in the bank. We got \$1,700,000 this year so we have a total of \$64,700,000 to spend on the projects instead of the original \$58,650,000.

Jim Miller said that we were supposed to get \$800,000 for the refinance and shorten the duration of the bond for the tax payers. Terry went over the figures on the spread sheet and verified that \$27,330,559 is what we have to spend for the Aptos project as of June 30 and said our money is still earning interest. He said at this point it looks like we are going to have some money left over beyond the existing contract. When we get a handle on how much money is left we should go back to the school and talk about what we want to do in addition to what's already on board.

Jim asked if we ever settled LPA. Terry said that we did. Jim asked if there was any future expense that was not calculated in the actual budget. Terry said we had some change orders that came up but we have a contingency set aside for that. Jim asked what the amount was and Brian said it was 5% of the contract amount on new construction and 10% on modernization or remodel work.

Barbara Palmer asked Terry if we were on target financially for what has been constructed. Terry said that in terms of the contract the only thing that varies are the change orders. He said that so far we have only \$20,000 in change orders and we just need to stay within the budgeted amount for change orders which is approximately \$600,000 - \$700,000.

Jim Miller had questions regarding purchase orders and billing. He asked if estimates were too high relative to expenditures. Brian said that you can't exceed the purchase order amount which is included in the budget. He explained the process from bidding to creation of a purchase order to estimates of work complete for invoicing by the contractor.

A question was asked as to whether there was a way to find out how much a contractor has been paid. Brian said there are spread sheets from finance by vendor that show payments to them. He said there shouldn't be surprises with regard to going over budget because he updates the budget as he goes along. He also said that when the contractor bids the job for a certain amount he cannot go over that amount. He has to do the job for the bid amount whatever his costs are.

Barbara Palmer says she just wants to make sure that some one is reviewing the bills monthly for progressions to see if we are going over. Terry says that is one of the reasons we hire a construction manager like BMR to review the bills monthly and make sure they are justified. Some districts try to do this themselves and they end up paying bills without checking them. We found that some contractors will likely collect 1% or 2 % more than they have due to them.

Terry says that as far as the project is concerned, there are three major parts, Granite Construction to start with, the building and the pool. Then you have the soft costs which are 15% to 20% of it. These are the architect fees, the inspection fees, etc. and those will vary from day to day depending on how much inspection and testing work you have to have done. But it's still within the budget amount. We will be looking at any additional changes or additions with the dollars we have left. Brian reminded the group that they have a long way to go and not to anticipate too soon what they might spend money on. He said in eight or nine months we will have a better picture of the amount of money we have and may want to entertain ideas for add ins like furniture or irrigation.

Gary Woods said we owe Diane Burbank and her staff a big thank you. He said it has been a bit challenging in the last couple months. We have received a lot of calls from citizens regarding the construction at Aptos High, traffic, safety, etc. We are trying to lead people in a positive direction, knowing that it is difficult to get in and out of the school and Diane has done a great job in easing people's minds.

Barbara Palmer set the next meeting on Jan 29, 2007 at 5:00 pm.
The minutes were accepted as written from the last meeting.
Meeting adjourned at 6:05.