

# Minutes for the Bond Oversight Committee Meeting North

September 12, 2005

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

5:00 PM – 7:00 PM

## **Attending Members:**

Michael Barsi - Fred Fischer - Marc Kirby – Doug Maher  
T. James Miller - Barbara Palmer - Christine Quinn - Mary Reed

## **Absentee Members:**

Nancy Bensen – Tere Carrubba – Vic Marani – Bruce Mathias - Michael Theriot

## **South/Central Bond Committee Liaison:**

### **Bunton Clifford Associates:**

Paul C Bunton – Dale Krahn

### **Non-committee members attending:**

Terry McHenry - Dr. Gary Woods - Rhea DeHart - Sharon Gray - Doug Keegan  
Diane Burbank - Kent Munro - Ruth Barker - Darlene Insley

**Chair Member Barbara Palmer** brought the meeting to order beginning with introductions; followed by stating who would not be attending the meeting. While making sure everyone had a copy of the Annual Financial Statement, Barbara brought up the difficult parking that Aptos High School is facing and asked for suggestions to solve this dilemma. She then handed the meeting over to **Terry McHenry**.

**Terry** directed the Committee to the Bond Fund 21 Summary Sheet and explained how Aptos High School began with \$24,036,000 and through the refinance and interest, now has \$26,517,449. He continued on with the expenditures of each site beginning February 2003 through June 2005, showing Aptos High School with the total expenditures of \$7,348,618, the revenue at \$26,517,449 giving a balance of \$19,168,831. Terry then went to the Warrants and Purchase Orders issued for each of the projects, explaining this report was set up by alpha for vendor and by date. The report shows where the money was spent, when and how much was paid out to each vendor, totaling up to the amount shown in the summary for each project.

**Question:** What is the \$145,174.09 construction expenditure for the Aptos High School Track?

**Terry** explained that the school had raised funds for the all weather track and the agreement was; if they couldn't raise the complete amount to pay for the track, the Bond would pay the remainder of the money due. This was part of the Bond.

**Question:** What is Site 90 and the payment on the COPS?

**Terry** stated that it was the "General Account" and directed the committee to go to the last page of the detail sheet, where he again explained about the \$11 million COP payment, the original \$15,000 interest due before the COPS were paid off, the issuance cost and the \$484,116.88 first

payment for the bond, plus the refinance costs. The \$11 million comes out of the bond, the issuance costs does not. The expenditure in Site 90 for 2004/05 is the refinancing costs on the bond, which was obtained from the premium, charged the bond holders

**Question:** In the Bond language it was \$11 million but here it is \$12.1 million, how come it has increased \$1.9 million? Is this okay with the people that voted for the bond?

**Terry** explained that the amount of the original bond was a total of \$59,449,000. The \$58,250,000 was the issued bond. The \$1.2 million went to pay other costs that the purchasers paid to get the bond. The \$1.2 million came out of the premium; it did not come out of the issued bond.

**Terry** added the two objectives when we began were: One, to get \$58.2 million for bonds and list where all the money would be spent by project, including the COPS. Two, never let the assessed valuation cost more than \$32.00 per \$100.00. After we refinanced we not only kept the assessed valuation at \$32.00, we managed to cut four years off the pay back, making it 21 years instead of 25.

**Terry** mentioned he would separate the Site 90 cost of processing bonds on the next financial report to clarify the processing.

Some discussion continued regarding the COPS.

An observation was made regarding payments to the original architect (LPA) totaling \$981,841.15. Terry's comment was, "Yes and we have not paid them anything since August 24, 2004 and will not."

**Question:** What is happening with getting money back from LPA?

**Terry** stated that there is still a legal situation on going and explained that the Districts position is that LPA has received their last payment, if not a return.

A telephone pole in the road was questioned. **Diane Burbank** answered by stating it was not in the road it was in a walk way and it was cut from being moved due to a money issue.

**Question:** Are there any outstanding bills from LPA?

**Terry** said, "There are at this point bills that are in contention and our position is that we do not owe LPA any further amounts."

#### **Update on Project Value Engineering:**

**Terry** gave a brief account on the steps that were taken to find ways to make a reduction in cost without significantly impacting the proposed project. He then requested **Paul Bunton** (BCA) to summarize what happened.

**Paul** briefly explained that they had a presentation for the committee, beginning with the next steps discussed at the last meeting, showing the list of items to be worked on and recommended next steps.

He reiterated the fact of being \$3.1 million over budget with the three bids received on the project and stated that **Dale Krahn** (BCA) had contacted the contractors and questioned them on their reasons to bid or not bid the project. He pointed out that there was a workshop held in their office on August 25, 2005 then gave the meeting over to **Dale Krahn** to give an update on what had taken place over the last weeks.

**Dale** began by stating that the workshop had almost twenty people attend and the idea was to develop a new list to be evaluated. Leave no idea unexplored, to modify the list without changing or affecting the program or the bond language. He went over the approach, pointing out that it was a rather lengthy meeting and who attended the meeting. He detailed "The Process", stating with *this* list they met with their estimator and priced each item.

A few days later they met with **Diane Burbank**, Principal of Aptos High School (AHS) **Dr. Gary Woods**, Assistant Superintendent of the North Zone and **Kent Munro**, BMR Representative. At this meeting they went through last meetings list of items, refined it, prioritized it and worked to develop a list that Diane was comfortable with. He then had the price updated on it, sent out a confirming review to the Stakeholders and now it is ready to be presented to the Committee.

**Dale** then went through the changed lists, beginning with items when eliminate, will not have an impact on the building or Bond language, i.e. change proprietary nature of the metal deck, eliminating redundant ladders at catwalks, these were convenient, but not a necessity.

The pool project will be bid out separately, to avoid the mark-up a general contractor would have added on top for this pool work. Going to the next page, he pointed out there were two categories of items, one being items when eliminated, will have a modest but acceptable impact on the buildings and no impact on the Bond language, i.e. reduced amount of site concrete replacing some of it with asphalt paving and simplified the paving pattern. He stated that working with **Diane**, they were able to reorganize the area around the pool, eliminate the basketball courts, allowing the pool to be pulled down from the hill, thus saving a great amount for grading and building of the retaining wall, plus allowing more room for fire traffic to get through the site. **Dale** commended **Diane** for her consideration permitting all of this to take place.

**Question:** Are you keeping the pool the same size?

**Dale** stated that the size would be the same, just relocated closer to the existing pool avoiding new excavation and the filling in of the old pool. This is a savings of 800 yards of material being moved twice.

He continued to go through the list of items from the presentation work sheets provided for the committee, noting that even though the timing system and scoreboard for the swimming pool will be eliminated, however the infrastructure will included and in place for future installation.

Moving on to the less tangible with the last two items, **Dale** pointed out that the idea of bidding out in the off-peak season may find the contractors a little more eager at this time of year. And the last item; simplifying and making the project easier and more attractive for the contractor. Bringing the tangible and intangible reductions to \$3.9 million.

**Statement:** Regarding the saving of 5% with the off-peak bidding was highly unlikely.

**Paul** concurred, stating that's why they cut more than was needed.

**Question:** regarding architect fees and construction management fees with the delay of this bid?

**Paul** stated he cannot speak for construction management, but there would be no increase in architectural fees.

**Kent Munro** (BMR) stated he would have to defer with **Brian Rasmussen** (BMR) regarding that subject.

**Question:** Is this a base bid or base bid and alternates?

**Paul** noted that this is the base bid only and the black box is not in the base bid.

**Paul** continued with the presentation, briefly going over the next steps and re-bidding schedule, beginning the week of September 13<sup>th</sup> through early December with the opening of the bids, as was set at the last meeting.

**Question:** Who contacted the contractors?

**Dale** stated he had made several calls and the responses were; too far to travel, a couple said they had reached their bond limit, another said too busy and one said they no longer did public work.

**Question:** Did any of them indicate they would be interested in re-bidding?

**Dale** said, "Yes, most of them said they were interested in bidding again." He added the only one that said a definite no was the low bidder, because his bid was not accepted. **Dale** also added that he spent the majority of a day with SJ Amoroso (second lowest bidder) and received a lot of beneficial information from them.

The committee was pleased that their suggestion to interview the non-bidding construction companies was so positive.

**Terry** added that Watsonville High School was bid out last week with an estimated amount of \$13 million and the low bid came in at \$13 million, noting the bid was one month later and with only two alternates instead of ten. There were only three bidders with one common bidder being DMC, the highest bidder with Arntz second and Fedcon as the lowest bidder on this project.

**Question:** Is there a great difference between the two projects Watsonville and Aptos?

**Terry** answered, "The twist is the Performing Arts Theatre." "There is a Gymnasium and swimming pool in both but Aptos has the theatre with it, which is more than a simple gymnasium or swimming pool."

**Question:** How can WHS come in at budget and Aptos be off by almost 20%, what are the factors that contributed to this and who made that drastic an error?

**Terry** stated that this was what was been discussed.

**Paul** answered, "No one can predict how many contractors will bid the project, or what their bids will be."

**Question:** What is your prediction of what the costs are going to be in light of recent disasters, that our government will buy up most of the construction material and has this been accounted for in the new production?

**Paul** said, "No one can predict that; when it would happen or if it will happen or what the effects would be."

**Statement:** Other architects find that a 27% increase between May and August is unheard of in the business.

**Statement:** Studies show it takes a longer period of time to rebuild from a disaster. This is unfortunate, but at the same time allows for this project, if moved on as per our schedule, to still be ahead of material needs.

**Question:** How many Performing Arts people and Swimming people have been consulted?

**Diane** stated that Doug Demuth attended the last Bond Meeting and asked her to just keep the pool as it is. The pool size is 31½ meters x 25 yards x most of the depth is 12 feet. And both Doug and Todd said the pool-timing system is not a necessity at this time.

Discussion within the committee regarding items number 36-38-39 and 41 to be eliminated took place at this time.

**Question:** Will there be enough conduit for future theatre upgrading?

**Paul** stated that most of the time the electrical engineer adds additional conduit for the future.

**Question:** Will the theatre be able to be retrofit for an Automated Fly System?

**Paul** answered that he didn't know, but would get more information.

**Question:** How much time would be added to accommodate lack of padding for liquidating Damages in overtime?

**Paul** said they are predicting a 20 to 22 month schedule.

Question: What if the bid comes in lower than our budget?

The committee discussed what would be put back in if this happened.

**Question:** Do you see DSA holding up the project?

**Dale** pointed out that at this time the only two items that may have an impact would be the elimination of the restroom and that complex because building footprints are being eliminated. Most of the other items they will not care about.

**Question:** We would like to find out whom we are going to send the bid to. Could we meet in October or November?

**Terry** thought it would be a good idea.

Kent pointed out that the practice is to get bid documents sent out to about fifteen Building Exchanges throughout the Bay Area including Monterey, Santa Cruz, Santa Clara, San Francisco, Dodge Builders Exchange, East Bay and Fresno. However, there is a lot out there up for bid right now, including private work.

A question was asked of Diane as to what anyone can do for her.

Diane asked for help regarding her music teachers, their fear is what the theatre will sound like.

It was suggested that Sharon Gray would be a great deal of help in that area for her. Sharon agreed to help Diane.

Next meeting will be October 24, 2005.  
The time will be from 5:00 pm to 7:00 pm.  
In the Aptos Career Center  
The meeting was adjourned at 6:40 pm