

# ***DRAFT***



## **WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT SCHOOL BOARD SUBCOMMITTEE ON FACILITIES**

School Board Subcommittee on Facilities Mission Statement:  
*To provide the District with a Standard of Quality and Educational  
Program at the lowest possible cost*

### **MEETING MINUTES**

Board Subcommittee on Facilities

**MEETING DATE:** January 8, 2012

**Attendees:** Chair Charles Ramsey, Madeline Kronenberg, Dr. Bruce Harter, Bill Fay, Sheri Gamba, Magdy Abdalla, Luis Freese, Keith Holtslander, Martin Coyne, Lance Jackson, Karim Nassab, Juan Garrahan, Hector De Leon, David Page, Rod Sias, Alaric Robinson, Winson Thai, Yvonne Lemmonshih and Cornell Green.

Cate Boskoff of Orbach, Huff & Suarez; Wally Gordon & Scott Berge of DLM; Dave Olson of KNN Public Finance; Krishna Pettitt of GCR; Scott Henry of E. J. De La Rosa; Jeff Baratta of Piper Jaffray; Matt Pettler of School Facility Consultants; and Marcus Hibser of HY Architects.

#### **A. OPENING PROCEDURES**

##### **A.1 Call to Order**

The meeting was called to order at 2:00 p.m. by Mr. Ramsey, Board member.

Mr. Ramsey acknowledged the presence of Ms. Cecelia Valdez, Mayor of the City of San Pablo, and Mr. Antonio Medrano.

Mr. Ramsey welcomed Ms. Madeline Kronenberg as the new Facilities Subcommittee member.

##### **A.2 Roll Call**

Board members, Charles Ramsey and Madeline Kronenberg were present.

##### **A.3 Approval of Agenda**

Agenda was approved with the following changes:

- Began with D.4, D.1, C.2, D.3, and C.3

Ms. Kronenberg approved the changes to the agenda.

##### **A.4 Approval of Minutes**

No minutes were approved.

Mr. Ramsey stated he wants the minutes current and ready for review prior to the next meeting.

Mr. Fay agreed that this will be taken care of.

##### **A.5 Next Meeting**

There will be a special meeting of the Facilities Subcommittee on Tuesday, January 22, 2013 at 2:00 PM, at the Facilities Operations Center (FOC), 1300 Potrero Avenue, Richmond, CA 94804. The next regular Facilities Subcommittee meeting will be on Tuesday, February 12, 2013.

## **B. PUBLIC COMMENT**

No public comment

### **C.1 Approve Recommendation of Debarment Process Procedures of Contractors to the Board of Education**

This item has been tabled to the next regular Facilities Subcommittee meeting.

## **D. DISCUSSION ITEMS**

**D.4 Portola Middle School bid Schedule: Presenters:** Magdy Abdalla, District Engineering Officer; Juan Garrahan of SGI; Matthew Burnham, Principal of Portola Middle School; and Marcus Hibser of HY Architects

Mr. Ramsey asked for a complete update on Portola Middle School project.

Mr. Hibser stated the Portola Middle School project had been signed off by Division of State Architects (DSA) today, January 8, 2013. The original project was approved in 2012, but there have been two (2) revisions (addendums) that needed to be approved by DSA, and that was completed today. The complete project including demolition, safety, access, structure, traffic, etc. was approved today. The project is ready to be turned over to SGI.

Mr. Ramsey asked about the bid schedule for Portola Middle School.

Mr. Miller will begin the bid process for Portola Middle School. RGA is the company that will be handling the hazardous materials for Portola Middle School.

Mr. Ramsey asked about the secondary school standards (Ed. Specs.).

Mr. Abdalla stated department members will be working on the secondary school standards (Ed. Specs.) for the project.

Mr. Ramsey was concerned about the length of time (ten years) it has taken to get this project started.

Mr. Miller stated the project will go out for bidding the 1<sup>st</sup> week in March. It will go to the Board of Education for contract approval as soon as the bid has been approved.

Dr. Harter anticipated the project would go out for bidding the week of March 4<sup>th</sup>, and if there were any changes that the Board and he would be notified.

Ms. Kronenberg stated it was important to notify the public of the next milestone concerning the project and to be as transparent as possible. Mr. Ramsey agreed.

Mr. Abdalla mentioned the bid process may not take place until the middle of March 2013.

Mr. Fay stated that the Bond Team is going into Primavera production mode and that all the projects will be listed on the bond web site, with dates, and that any changes will have an explanation.

Mr. Ramsey asked about how many site walks there would be.

Mr. Miller said there will be one (1) site walk.

Mr. Fay stated they are ready and able to award the project in April 2013.

Mr. Ramsey informed late comers to the meeting that item C.1 and C.2, on the agenda, was tabled.

Mr. Ramsey stated the Board should have a bid, by the lowest responsive bidder, by mid to late March for ratification in April. In one hundred twenty (120) days the district should be able to start construction on the project.

Mr. Fay stated that there will be an outreach meeting aka, Contractors Coffee Talk. They will invite the large contractors to get together and at this time the district can get an impression of the climate and answer their questions up front.

Mr. Ramsey asked if the \$100,000 Million had any expenditure for Portola or does it need an infusion of money from Measure D and Measure E.

Mr. Fay said it has money for Portola is fine at this point and they don't anticipate needing additional money.

Mr. Ramsey asked about splitting the bid.

Mr. Miller responded by saying when you have two (2) contractors on the same project scheduling can become a problem. There is no reason to split the package anymore because it is not cost effective.

Mr. Ramsey asked Dr. Harter since the budget is not being discussed today can it be brought back along with the technology budget in two (2) weeks at the January 22, 2013 meeting? Dr. Harter agreed.

Mr. Ramsey stated on Saturday the Board of Education gave a consensus that Security Camera's are not a part of the \$35 Million budget.

Ms. Kronenberg stated the Board was talking about Educational Instructional Technology and not Security Technology in the \$35 Million.

Dr. Harter thanked Mr. Ramsey for the clear direction regarding Security technology.

Mr. Ramsey announced again the FSC special meeting, scheduled for Tuesday, January 22, 2013, 2:00 PM, will be held at the FOC.

**D.1 Peres Elementary School Dental Clinic: Presenters:** Magdy Abdalla, District Engineering Officer; Jawan Eldridge, Principal Peres Elementary School; Dr. Tanita, DDS; and Marcus Hibser and Craig Durand of HY Architects

Mr. Hibser stated there had been some issues completing the lab. Most of the issues were around technology inside the lab. These issues have been resolved.

Mr. Green stated the site can now hook up with the dentist office online and bill insurances. They are able to upload the student's files and share the files with the dentist.

Mr. Ramsey stated that he will ask Dr. Tanita the same questions, when he arrives.

Mr. Eldridge mentioned how the clerk is able to work more effectively with Dr. Tanita. They are now able to do prep earlier and know who has been scheduled for appointments.

Mr. Ramsey asked Mr. Fay what the problem was in the lab at Peres Elementary. Mr. Fay referred the question to Dr. Abrego.

Dr. Abrego said in the beginning they were told it was a closed system. After the IT department received the request for access to the internet IT talked to David Houser, Henry Schein Dental Supply Company, and David said that they needed access to the internet.

Mr. Fay said they now have a DSL line for the internet.

Mr. Ramsey asked about the Customer Care Package. What does the program do?

Mr. Green of Peres Elementary School, explained the Customer Care Package (VISTECH) is the support system for the dental program. They will be coming out and troubleshooting the system on Thursday, January 10, 2013. This program helps with the exchanging of files and sharing information with the Dental Office.

Mr. Fay stated the district was responsible for installing the DSL line, but any further support or programming issues need to come from the group they are using to manage their IT network needs, not the district.

Dr. Abrego stated that David Houser with Henry Schein is coming over to install the program and troubleshoot on Thursday.

Mr. Green of Peres Elementary School, mentioned the information shared online is the same information that is at the school site and Dental Office. The information gets to its destination faster through this program.

Mr. Abrego stated they need to be careful about the information they share as there are very strict HIPPA requirements as far as student information.

Mr. Ramsey asked Mr. Fay if he will be having a meeting with the principal, team, and site.

Mr. Fay will be having a meeting with David Houser from Henry Schein.

Mr. Ramsey stated the meeting needs to include the principal, team, and site.

Mr. Fay agreed.

Ms. Kronenberg agreed with Mr. Ramsey regarding the meeting with the staff at the school site.

Mr. Ramsey has been watching the program, and how well the dental program works at Peres, and other sites in the district would like to have this program at their sites.

Mr. Hibser stated they need a punch list from the contractors. A solenoid switch (emergency shut off) must be installed, so the water supply can be shut off in the Dental Clinic to prevent a flood. A meeting was held last Friday, and everyone is on the same page. I need the signage and tags, from the contractors. The solenoid switch will be installed and the project can be signed off with DSA soon.

Mr. Ramsey would like to have these services follow the students to Helms. How often is the Dental Clinic used?

Mr. Eldridge said the clinic is used weekly. The students are happy with the clinic and the community is very pleased with the clinic, and its results.

Ms. Kronenberg is planning on submitting an application for the Golden Bell Award with CSBA.

Mr. Ramsey stated that painting and bathrooms at other school sites needs to be agendized for a future meeting.

**C.2 Approval of a Proposed 2013 Program Budget; Presenters:** Magdy Abdalla, District Engineering Officer; Martin Coyne, District Executive Director Business Services; and Juan Garrahan of SGI

Mr. Ramsey asked Dr. Harter to discuss the 2013 Program Budget.

Dr. Harter said they need to bring the Facilities Subcommittee up to date on the status of the budget development and have the Facilities Subcommittee make a recommendation back to the Board for approval of the overall bond program budget. We will bring the recommendation back to the Board at the special meeting in two (2) weeks.

Mr. Ramsey wanted to reconcile some of the inconsistencies.

- Pinole Valley High
- El Cerrito High - stadium

Mr. Ramsey asked about the Deferred Capital Projects.

Ms. Gamba referred the question about the Deferred Capital Projects to Mr. Coyne. The amount of \$4.6 Million was approved by the Board and we have spent \$2.6 Million of the \$4.6 Million. There remains approximately \$5,400,000 left for the project and the Board hasn't approved any further expenditure. Why is this in there? We need to clear that type of thing up. The Board needs to look at the projects for Highland Elementary, Wilson Elementary and Richmond High, and schools that are listed that we are not going to proceed with.

Mr. Abdalla mentioned this has nothing to do with the schedule or budgets. These can go up or down and we had to include Stege and Fairmont in the process.

Mr. Ramsey stated he doesn't want to have budgets for projects that are not going to out for bidding. The Board needs to be given options. The Board decided to move Valley View up. The Board will be looking at Highland Elementary, Wilson Elementary and Richmond High to see if they can be moved ahead or remain where they are. Ms. Kronenberg agreed.

Mr. Gordon mentioned they are working on Valley View's main campus, and the temporary campus. They are in DSA now for both the main and temporary campuses. Structural Safety is looking at it now. He believes it should take two (2) to three (3) months to review. The projects should be able to go forward this summer.

Mr. Ramsey would like to look at the process for Cameron, Lake Elementary and Olinda Elementary.

Mr. Ramsey asked if Portola gets a final estimate or are we going to have to look at the budget again.

#### **D.1 Peres Dental Clinic Continued:**

Dr. Tanita arrived and Mr. Ramsey proceeded to ask him questions about the Dental Clinic.

Dr. Tanita, Dentist at Peres Elementary School, thanked the school district for building Peres a beautiful Dental Clinic, and the Grand Opening. There have been some small computer glitches, but being able to do everything electronically has really made a difference. We have seen about fifty (50) – seventy (70) students so far. We have done about \$20,000 worth of dental work so far this year. The students may go to office staff, school nurse or teacher and report tooth pain. They are then referred to the dental clinic. The dental community is now recognizing what the school district is doing for the students.

Mr. Ramsey asked if the computer program is working.

Dr. Tanita said the computer program is working beautifully. It is better than what he has in his own practice.

#### **D.3 Leadership Public Funding Eligibility Update: Presenters:** Magdy Abdalla, District Engineering Officer; Matt Pettler of School Facility Consultants; and Sheri Gamba, and Chief Business Officer

Mr. Ramsey started the conversation on Leadership Public School. Are the architects going to meet with Highland Elementary School, Wilson Elementary School and Richmond High?

Mr. Fay mentioned the architects are going to meet with Highland Elementary, Wilson Elementary and Richmond High. We can do a status update on the other projects at the next FSC special meeting in two (2) weeks. He met with the Lake Elementary School parents and community to do some brain storming last night, and talk about their vision for their school site. The architects will be going out to all the schools to find out what their visions are and checking with staff for their concerns, and specific needs.

Mr. Pettler stated we have been working with Mr. Fay, Mr. Abdalla and Soo Zee Park on getting through the state process. Because the State is running out of money they are talking about meeting quarterly instead of monthly. This will impact the length of time it takes to process applications.

- Leadership Public School
- Estimated funding \$13.4 million
- \$2.4 million received in June 2012
- Estimated \$11 million balance is reserved out of current State Bond Authority
  - “Conversion” application submitted to OPSC on 12/27/12
  - State application review will be over the next few months
  - “Unfunded” approval anticipated in 5-6 months
  - Estimated to receive funding in 2014/15; could be sooner if the State makes cash available specific to charter schools based on getting approval
- \$3 million of estimated \$13.4 million is a loan to be repaid by Leadership Public Schools.

Mr. Ramsey mentioned that each year you can resubmit and you could get a bump.

Mr. Pettler said there is a chance we could get a bump on this one at the January 24, 2013 Allocation Board meeting. They will be moving forward with the Construction Cost Adjustment Index and we are hoping it will be up.

- Gompers Continuation High School
- Estimated Funding - \$1.8 million
  - Submitted to OPSC on July 23, 2012
  - Approximately \$102.3 million beyond the bond authority
- Approximately \$224 million in other district projects that have passed on cash
- Pursuing additional funding from State Water Resources Board for underground storage tank removal

Mr. Pettler mentioned there has been some cleanup site work done and we are working with SGI, District Staff and the State Water Resources Board for the cost of the removal. They are estimating \$400K for cleanup.

Mr. Ramsey asked if they remembered to check on the removal of storage tanks at Helms and Portola. De Anza High School also needs to be looked at for contamination, because they had a large auto shop on site.

Mr. Abdalla mentioned that this check is only for the contamination of the soil.

Mr. Ramsey asked about the hydrocarbon plume at Helms.

Mr. Abdalla mentioned Helms is a completed project and no contamination was found.

Mr. Villar stated there was no contamination at Helms. The hydrocarbon plume was associated with the gas station. Again, there is no contamination at Helms, Coronado or Portola.

Mr. Pettler updated the following three (3) schools.

- Portola Middle School
  - Received seismic unfunded approval in the amount of \$13.9 million
  - Estimated to receive cash from March 2013 bond sale in July/August 2013

Mr. Pettler mentioned Portola is good position to access some cash with the construction schedule the district already has in place.

- Nystrom Elementary School
  - Received a modernization apportionment approval in the amount of \$775 K
  - Cash anticipated from Fall 2012 bond sale in February/March 2013
- Kennedy High School
  - Received a modernization apportionment approval in the amount of \$6.5 Million
  - Cash anticipated from Fall 2012 bond sale in February/March 2013

Mr. Ramsey stated we didn't anticipate the additional \$6.5 Million at Kennedy.

Mr. Pettler said the money for Kennedy should be coming through in the next 90 days.

Mr. Ramsey would like more information on Highland Elementary School, Wilson Elementary School and Richmond High and if there is any more money available for these sites.

Mr. Pettler stated at Richmond High we qualify for about \$300,000, Highland Elementary School about \$750,000, and Wilson Elementary School about \$2 Million additional money.

**C.3 Adopt an Investor Outreach process for Measure D, (2002), Series C Refunding Bond, Measure D (2010), Series B, and Measure E (2012), Series A: Presenters:** Magdy Abdalla, District Engineering Officer; Dave Olson of KNN Public Finance, Jeff Baratta of Piper Jaffray, Scott Henry of E.J. De La Rosa, Davis Casnocha, Esq. of Stradling Yocca Carlson, and Krishna Pettit, Esq. of GCR.

Mr. Olson presented the following information on the Investor Outreach process. Interest rates are established through a negotiation with selected underwriters.

- Rates need to be high enough to attract investors.
- The rate it takes for a prospective investor to become a buyer is based on a wide variety of factors, and varies from investor to investor.
- The underwriting firm needs to know the investors and be able to seek ones who are interested in buying the District's bonds at the lowest interest rates.
- There is significant subjectivity in determining the value of a bond, and individual members of the financing team play a role in providing the lowest borrowing cost to the District.

If the District is able to negotiate lower interest rates, the debt service required to pay back the bond is lower.

- California general obligation bonds lower debt service translates to lower taxpayer costs.
- The program the District has will lower taxpayer costs and are likely to accelerate payments and build future flexibility.
- Robust tax base growth returns, lower interest rates may contribute to the District's ability to accelerate issuance or de-escalate future payment.
- The District has a responsibility to its taxpayers to provide the lowest possible interest rates.

Mr. Ramsey felt the interest rates have been high. We really need to find the lowest rates possible for our taxpayers. Historically it is at 1.85% now.

Mr. Olson mentioned they try and get the lowest rates possible for the District. There are several factors that impact the interest rates. Market conditions – both for markets generally and the California municipal market in particular.

- Average weighted maturity of a bond or term of individual maturity of bonds.
- Ratings and other credit factors.
- Investor appetite for bonds.

We have been stepping out and reaching out for investors depending on the circumstances.

Mr. Ramsey asked about better prices in terms of the underwriter spread, better terms and conditions.

Mr. Baratta said this is a difficult question to answer. Generically in a competitive deal the underwriters are taking a risk in the sense of whether or not they can sell the bonds because they really can't do any premarket. The District is not paying the lowest spread and you are not paying the highest spread.

Mr. Olson stated they are trying very hard to get as close to the rate they want for the District. It is okay to have Road Shows, and One-to-One Investor meetings between bond sales.

Mr. Ramsey wanted to go over the last two (2) items on page 4 of the presentation, ratings and other factors and investor appetite for bonds. How do you know who the investor is when you do the Road Shows and One-to-One Investor meetings?

Mr. Olson stated it would be somewhat restrictive to have the names of the investors to present to the Board because the investors names evolve over time.

Ms. Kronenberg asked what the procedures in other Districts are. Do they have Board approval?

Mr. Olson said there is a small group of Districts that do Investor Outreach. They do some traveling around the country meeting with investors.

Mr. Baratta said for West Contra Costa Unified School District it is absolutely imperative to do the Investor Outreach Program.

Mr. Olson stated they have started posting on Emma this year. We post specific formal financial documents following Board approval. There should be public information available on Emma and we know we will have a second interim report, in turn we are hoping for a broader table to have a conversation with investors. Districts are also posting on their own websites and that's okay.

Ms. Kronenberg asked about the follow up questions. Does everyone get a copy of the follow up questions? Is everyone posting on Emma?

Mr. Baratta stated he liked the FAQ process for follow up questions and have them posted on Emma.

Mr. Henry stated he hadn't heard of other districts posting their budgets, etc. on their own websites.

Mr. Ramsey talked about the District's rating and was curious as to why we hadn't been upgraded recently.

Mr. Baratta stated the District was upgraded to A+ in 2010, but didn't get an upgrade in 2011. Moody gives the District the highest rating.

Ms. Gamba spoke to our finance team about drafting a Board policy on Investor Outreach. This way the District would have a guideline on what the practices are going to be and it is clear to the Board, investors, and the public about the policy. Chris will be getting back to me next week regarding a policy.

Mr. Ramsey asked when the policy would be ready to go before the Board. Ms. Gamba thought it would be ready the second meeting in March.

Mr. Baratta stated to have your interest rate low depends on your AB growth.

Dr. Harter stated we need to do it all. It isn't that we just want AB growth we want to have the interest rate as low as we can get it.

Mr. Ramsey moved they continue forward what Christian is providing in terms of the verification between bonds and when the bond goes out on the POS and gets issued. I would like to have the policy brought back to the Board on March 20, 2013. Ms. Kronenberg agreed.



**Future Agenda Topics**

In March or April the sizing of the bond, what do we want to sell? What projects do we want to include. And what is the impact.

Mr. Coyne mentioned we are spending \$7.9 Million per month.

The next meeting is a special meeting scheduled for January 22, 2013, at 2:00 p.m.

Items on the agenda:

Budget and Technology

The Debt Limit Waiver

**ADJOURNMENT**

The meeting was adjourned at 6:10 p.m.

MA:wb