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Board of Education  
West Contra Costa Unified School District  
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October 20, 2016

## **Re: Phase II PRELIMINARY DRAFT Report of Forensic Accounting Investigation**

Dear Board:

Please accept these comments on the Preliminary Draft of the Forensic Audit of the WCCUSD Bond Program.

These comments are broken into sections where they will describe, among other things, the process, the information gathered, analysis, missing information, erroneous information and other categories.

### **THE PEOPLE'S RIGHT TO COMMENT**

Typically, when a public document of any consequence or controversy is released to the public—**especially when it's a draft version**—the public is given, at a minimum, a 45-day period in which the issuing body seeks commentary from the public.

Often these comments correct errors, ask questions about what's been provided and offer suggestions for areas not covered in the report.

The authors are then required to address each of those comments. The public comments are included part and parcel in the FINAL version of the document and the authors are required to address these comments.

In a recent Draft Environmental Impact report on Point Molate (5,445 pages), because of the length and controversy associated with this report, the period of comment was extended to 120 days.

# D O N G O S N E Y

When Vicente, Lloyd and Stutzman, LLP, (VLS) the auditing firm hired to conduct the audit, appeared before the Clay Subcommittee on 15 September 2016 to present the DRAFT audit, the public was required to make their comments **BEFORE** the audit was even presented to the public. How can anyone comment on a report when they haven't even heard the report yet? When asked about this (by me), Chairperson Liz Block went on record to say that was the way they always did things. It's bad enough that the public was required to proffer their comments before they were allowed to know what they were commenting on, but the Board's representative went on record to tell us that this was their normal practice.

During the middle of their presentation, VLS declared that their DRAFT report was now a FINAL. How is it that the author is allowed to decide when the report has been finalized? This wasn't even the full Board and yet the report was finalized. Shouldn't this have been the prerogative of the full Board to decide whether it was a FINAL or not? Isn't the Board the deciding body that decides whether the report is sufficient and worthy of being accepted by the people that commissioned the report?

When the audit was presented by VLS to the Board at their meeting on 21 September, once again I asked that the public be given an opportunity provide written comments. I pointed out that the audit was factually flawed, there were numerous omissions and many of the conclusions were also flawed. I asked that the public be afforded the same opportunities that are normally given to the public and that public comments be solicited and included in the FINAL version of the audit.

I also pointed out that there were 112 recommendations included in the agenda item yet the public as allowed only 90 seconds to address the 1,485 report **AND** the recommendations. It came across then and it comes across now as if the comments and thoughts of the public were secondary—if that.

After the Board had accepted the audit, a motion was approved to give the public until 20 October to provide written comments. But how long did it take before the District placed anything on their web site to let the public know that their comments were being solicited and that the deadline was on 20 October?

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How is the public supposed to provide comments when they don't even know that the Board and/or the District would accept them?

What was on the District's web site is:

## Comments Being Accepted on Forensic Audit Report

The Board of Education is taking comments from the public on the final report of the [Phase II Forensic Accounting Investigation](#) of the District's school construction bond program. Comments will be accepted until Thursday, October 20, 2016.

You can send comments [via email](#).

Why has the Board been so reluctant to hear commentary from the public and why has VLS fought so hard to keep from having the public involved in any way? I still believe that this audit is seriously flawed yet VLS turned their audit from a DRAFT into a FINAL without the public even being allowed to show them where the factual errors were.

Board members sometimes forget that when they tell people something off the record, it doesn't always stay off the record. In this case, several Board members have commented off the record that they won't be reading these comments anyway. They claim that as far as they're concerned, this issue has been concluded.

That sends a clear message to the public that while their comments are being solicited, they'll be filed without even being read. And even if they're read, why would the public think that anything would be done to address the comments?

**Why would the Board waste the public's time and any good will they might have when the Board's intent is to ignore these contents?**

## TRANSPARENCY

While it may seem petty to WCCUSD staff and Board members, what was presented to the public was presented in such a manner making it difficult to print and difficult to work with.

The way this report was presented to the PUBLIC made it VERY difficult for the public to print and work with. I'm not referring to the hard copy versions presented to the Board members. I'm referring to the version presented to the public.

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There are numerous technical aspects of the PDF that would have made it much easier to print a usable document. If this is going to be used as the Bible for the Board and the District and will be accessible to the public on the District's web site, shouldn't it be in a user-friendly format?

First, the PDF is SECURED which means that readers **cannot highlight it on their computers**, they can't pull segments for copying and pasting (such as the 22 pages of recommendations) or even converting a page to a different format (such as Microsoft Word).

Second, the majority of the report is formatted in a normal standard letter size format but several sections—such as the matrix of recommendations—is in legal page size format. When printed out, this means that more than 50 pages are of a different size paper and cannot be bound into the same book or binder without shrinking them even smaller than the microprint used by VLS. When these are printed onto standard letter sized paper, the font size approximates 4-point font—hardly readable. [These concerns were expressed in a 17 page letter to VLS last February—the same letter they seemed to ignore.] Were they even considering the public? **Were the Board and the District even considering the public?** It's hardly been a secret that VLS voiced their displeasure when they learned that the public would even be a part of the Clay Subcommittee presentation.

Third, it appears as if VLS never intended for the public to be able to print out their report. After each title page there should have been an intentionally blank page so the printing could be handled seamlessly. Likewise, blank pages should have been inserted in appropriate locations to allow for the title pages (more than 50) to be printed without the end of the previous section being on the opposite side of the page. This failure to consider something as simple and standard as this added more than an hour to the printing of the report (which already took nearly a full day to print even with a fast laser printer).

Fourth, there are two exhibits that are referenced but are empty (begs the question why these exhibits were even referenced).

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## **A FACTUALLY FLAWED AUDIT**

There are numerous factual errors included in this audit—including a middle school that no one in the District or the community knows anything about. There are also dates and other locations as well as applicable standards that are incorrect.

Many of these factual errors will be delineated on the page-by-page delineations.

I write to Board members and spoke on the record to point out some of these factual errors yet the Clay Subcommittee and the full Board chose to accept the audit **WITH** those errors intact. Why would they accept a report that they've been shown to be factually erroneous?

Once accepted, this audit report will be accepted as the Bible for the Bond Program in that everything included therein. It wouldn't matter what information might be brought up at a later time and date, the official audit report is what will take precedence.

Even when informed that this report is factually flawed—and provided with the specifics—members of the community and members of the media have already cited this audit report as fact and used it as a basis to pass judgment on the program and on people associated with the Program. I've been one of those victims when Dan Borenstein and Joyce Tsai of the Bay Area News Group cited this audit report to pass judgment against the Ivy League Connection scholarship program and me.

## **FAILURE TO SPEAK WITH KEY STAKEHOLDERS**

With an audit of this nature, the traditional investigative model is to gather information starting with persons having lesser roles in the program. The auditors gather information so that as they get to persons with a greater involvement, they have more information to work with. The last people spoken with are the key stakeholders.

With this audit, however, many of the key stakeholders weren't spoken with and with some, VLS **NEVER EVEN ATTEMPTED TO SPEAK** with some of the most important people.

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In particular, VLS **NEVER** approached the architect of the Bond Program Charles Ramsey. The one person who could provide more information than any other person—**was never approached**. Since this audit has also been known in some circles as the **“Let’s Put Charles Ramsey in Jail”** audit, why wouldn’t VLS even try to contact him? Why would they charge the District a million dollars for an audit and fail to speak to the person who could answer their questions?

Another example is their failure to the one person who has been administering the Ivy League Connection for most of the period under investigation. I am that person. I’ve raised the funds, worked with the sponsors and have handled the day-to-day operation of the ILC for a great many years.

VLS scheduled an interview with me for Friday 8 July but the day before, Ernest Cooper [VLS Partner, Forensic Services] emailed me canceling the interview. He continued in this email telling me that he would reschedule the interview. **I’m still waiting**. [A copy of this email thread has been attached as Exhibit A.]

Here VLS had a chance to learn from **the one person** who could answer all questions about the ILC and, although they made an initial attempt to schedule an interview, they blew off that appointment and never followed up with an effort to gather the information that would be critical for the analysis and the allegations of wrongdoing they inserted into this audit report.

Since there is no place in this audit where VLS ever explains who exactly they spoke with or who is responsible for “comments” included in the report, wouldn’t the Board like to know that before VLS made comments or allegations in their report, that they had spoken to Charles Ramsey, Sheri Gamba, Bill Savidge, Magdy Abdallah, Bill Fay, Joe Mackey and others who had first hand knowledge of the Bond Program or the programs referenced in this audit report and how extensive these interviews might have been? And let’s not forget their failure to speak with me as the sole administrator of the Ivy League Connection scholarship program. Common sense would tell us that these are the people that VLS **NEEDED** to speak with—**YET THEY SEEM TO HAVE FAILED MISERABLY**—and still they were paid their million-dollar fee. So why did they ignore these people when seeking to gather information?

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**AND**, from my discussions with several of the vendors and key stakeholders, not only were many of them not contacted but some of the larger vendors told me their conversations were as brief as 15 minutes and over the phone.

So VLS made zero attempts to speak with many of the key stakeholders and they made zero or minimal efforts to speak to the vendors.

## SO WHAT DID OUR MILLION DOLLARS ACTUALLY BUY?

### **FAILURE TO CITE SOURCES ~ LACK OF ATTRIBUTION**

If VLS included citations for their sources, they hid them very well. How can anyone defend themselves against the negative comments and allegations made against them if there is no citation of where the information was gathered, from whom the information was gathered, the position of the person providing the comments and the time frame of the comments?

In particular in several locations in this report—especially on pages **143-146**, there are lists of “quotes” that aren’t quotes at all.

In several locations VLS “quoted” vendors but, in the small print at the bottom of the page, they admitted that **these weren’t really quotes**. To quote their footnotes, “These statements represent summaries of some of the statements provided to VLS and are not meant to be exact quotes of individuals interviewed or documents reviewed.”

Why didn’t this Board even question VLS about why, for a million dollars, they needed to “summarize” the quotes instead of quoting their sources and providing attribution? How hard would it have been for them to use exact quotes? Surely their interviews were recorded so VLS could defend themselves later. Considering the damage done to organizations and individuals based on the contents of this audit report, shouldn’t the people of this District be given more?

One quote in particular actually comes across as a quote and is quite damaging yet no name is attached and no time is referenced. [“It was pretty well known that if didn’t contribute to what Ramsey says; you’re not going to get work with the district.” (sic)] This is a VERY damning statement that severely impugns

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the integrity of Mr. Ramsey **yet it's 100% unattributed**. VLS—and by proxy—the District—is accusing Mr. Ramsey of some serious charges yet they're condemning him without giving him the opportunity to defend himself. How can he or anyone else defend themselves against these serious allegations if they don't know who made the statements, the time frame being referenced and even the position of the person making the allegation? That is, did Joe Blow of the Joe Blow Architects firm make the statement about something that happened today or did the intern that was discharged in 2005 for being incompetent make the statement? Seeing as how the key stakeholders were rarely questioned, this latter supposition doesn't sound all that implausible. But none of us knows because there is zero data in this report to give us the information we need.

**Since there is still a possibility that some of the people that have had their reputations sullied by this report may turn litigious, wouldn't the Board have wanted the kind of information that might stand up in court to absolve the District from having to pay a settlement? Why wouldn't the Board have demanded this information as it was being drafted? Where was the Clay Subcommittee when they were receiving periodic reports?**

## **COMMENTS ON PHASE I RISK ASSESSMENT**

When the Phase I Risk Assessment was issued early in 2016 I provided a 15-page set of draft comments to the Citizens Bond Oversight Committee (CBOC) where it was discussed and affixed to the minutes of the CBOC.

Afterwards, a revised version of these comments was forwarded by mail to the Board and VLS. There was never any acknowledgment that these comments were received and it does not appear as if VLS took these comments into account as they continued with their investigation.

A copy of these comments is affixed as Exhibit B.

In particular, these comments made note of the failure of VLS to attribute their comments and allegations. VLS and the Board was made aware, at least by me, that there was a problem that needed to be addressed—yet nothing seems to have been done. **WHY WERE THESE COMMENTS IGNORED WHEN THEY COULD HAVE AFFECTED THIS REPORT AND MADE IT MORE CREDIBLE?**

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## **FLAWED ANALYSIS**

Because VLS did not have sufficient or accurate information, their analysis is flawed. In particular, there are allegations of waste, mismanagement and even corruption. Why should the Board want to accept these allegations as gospel when the data used to back up these allegations is incomplete, incorrect, flawed and erroneous? Of course, the Board needs to remind themselves of why VLS did not have the kind of information they needed—**BECAUSE THEY FAILED TO SPEAK TO THE PEOPLE WHO COULD PROVIDE THEM WITH THE REQUIRED INFORMATION.** And the Board was aware that they were not speaking to the key stakeholders and that the report that VLS presented to them was flawed—**yet the Board accepted it nonetheless.**

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## **PAGE-BY-PAGE COMMENTS**

**[Sadly, because this audit was ‘secured’ background text could not be copied and pasted here. Retyping the text—especially the volume referenced here—is an unreasonable expectation. This requires readers to read each referenced page to determine what on that page is being written about.]**

### **Page 4**

Considering the amount of discussion **before during and after** the audit was commissioned about suing vendors, staff members and Board members and even putting some of them in jail because of their criminal and corrupt activities, why was an auditor chosen that could not render an opinion on the legality of actions made by these people and firms?

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### **Page 19 ~ TC 1-1**

The District’s web site is difficult to navigate with numerous dead links, out of date documents and forms, some pages printed in gibberish, missing items and a poor ability to search for items. It’s as if the people who are in charge never speak to the people who might actually try to use it.

The District’s new software used for the Board meeting agendas **REQUIRES** a user to be online in order to see the entire agenda. The attachments are online only. There is no such thing as an agenda packet that can be archived as a PDF. As an example of agenda packets that are very user friendly, please look at the Richmond City Council’s web site. Examples start here:

<http://sireweb.ci.richmond.ca.us/sirepub/meet.aspx>

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[http://sireweb.ci.richmond.ca.us/sirepub/meeting.aspx?cabinet=published\\_meetings&docid=51322](http://sireweb.ci.richmond.ca.us/sirepub/meeting.aspx?cabinet=published_meetings&docid=51322)

<http://sireweb.ci.richmond.ca.us/sirepub/cache/2/kp4vidboba13pzag2vozfpip/47725110202016022636428.PDF>

<http://sireweb.ci.richmond.ca.us/sirepub/cache/2/kp4vidboba13pzag2vozfpip/47731510202016022711434.PDF>

The last link shows an archivable PDF that can then be viewed on a laptop, tablet or smart phone regardless of Internet access. Keeping in mind that difficulty of the public to access the Internet while attending Board meetings, continuing to use an agenda application that makes it so difficult to access the agenda packet makes the District appear as if they are only complying with the demand for transparency without actually accomplishing this task.

As a suggestion, perhaps the District should use social media better than they have and take advantage of local media outlets such as the El Cerrito and Pinole/Hercules Patch, and newspapers such as the East Bay Times, the Pulse, the Post, the Standard and Radio Free Richmond.

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**Page 19 ~ TC 4-1**

There needs to be an established chain of command so Board members, staffers and even vendors know who has the authority to give directions and orders. This is a common practice but seems to be absent in the WCCUSD.

On the other hand, if the people elect Board members to be their representatives, denying them access to District offices, schools and facilities would be a HUGE mistake. Board members should have unfettered access but they still need to go through an established chain of command.

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**Page 19 ~ TC 4-2**

Is this one of those instances where a solution is going in search of a problem? If VLS is making such a suggestion, why won't they cite examples where the Brown Act has been violated?

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**Page 20 ~ TC 4-4**

The appearance of a conflict of interest is subjective and depends on whose eyes are being used. The district currently has Board members and members of the community who seem to believe that everyone except them and their friends are

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corrupt. A few years back there was a prominent member of the community that insisted that when SGI provided bottled water for the CBOC meetings, that this was the same as trying to buy influence—as if otherwise solid members of the community could have their integrity purchased for the price of a bottle of water.

Having a Board that works hand in hand with members of the community, labor unions, businesses and even vendors—often benefits the District. Developing rules that prohibits such contact will hurt the District.

Open disclosure is acceptable but using an easily accessible form may be a better way of going rather than using valuable Board/Public time during meetings.

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**Page 20 ~ TC 4-5**

I don't know where VLS is used to conducting their affairs but in this community the people seem to think that their elected officials should have the authority over the business of the District. If the Board chooses to amend a contract it should be the duty of staff to follow that directive. They can advise on these amendments but as long as staff is hired to carry out Board directives and the Board is elected to make those directives, then that's what needs to be the policy of this District.

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**Page 29 ~ TC 16-8**

Did VLS look into exactly what part of the Common Core Technology expenses should/could be paid from the Bond Program? There have been numerous complaints that the District—through the Board—has overstepped their authority by using Bond Program funds for technology that should otherwise be paid for from the General Fund.

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**Page 32 ~ TC (1)**

Exactly how are loyalties determined? Is there a litmus test to help validate that a CBOC applicant does not have a hidden loyalty in line with that of someone else?

Where VLS seems to have misunderstood the process is in their supposition that Board members appointed CBOC members. The reality is that now—and since the beginning of the CBOC—CBOC members were **NOMINATED**,

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their nominations went before the Board and the Board discussed and voted— at a public meeting—on whether to approve of the nomination or not. While most nominations have been approved, others have been rejected.

The process since this audit started has been that applications are routed before the Facilities Subcommittee, reviewed and then the applications—with a possible recommendation—were then routed to the full Board for public discussion and vote.

Perhaps VLS should have given suggestions on how to make this more transparent and void of allegiances and loyalties.

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## **Page 37**

As pointed out in the previous set of comments, the Board never appointed members to the CBOC. They applied, and their applications were reviewed, discussed and voted upon.

However, it's been apparent that some members of the Facilities Subcommittee have allowed their personal bias to interfere with what otherwise would have been good judgment as the FS discussed their recommendations. It's impossible to prevent personal judgments from sneaking into the discussion but if the people were to elect Board members who could control their own personal animus and put the community ahead of their personal feelings, wouldn't the community be better served?

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## **Page 46**

Richmond Middle School? Is this some new school that's been kept from the public?

This is, of course, a mistake. If VLS would allow this simple mistake to stay in after proofing their report and even after being made aware of it before turning the DRAFT report into a FINAL, then what other errors have they allowed to stay in that may not be so obvious?

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## **Page 53 ~ TC 4-1**

Board members should refrain from directing staff and vendors. Staff and vendors should be directed to refer Board members to the appropriate staffer

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that they report to. A strict chain of command needs to be established and followed.

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**Page 135 ~ 4**

While the Ivy League Connection works under the 501(c) umbrella of the ed fund, the ed fund has zero control over the operations of the ILC. The ILC pays a hefty fee to the ed fund to process checks (in and out) but that is the limitation of their authority.

For the uninformed, “fiscal sponsorship” suggests more than what it is.

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**Page 136**

Had VLS spoken to me about how school administrators volunteer their time, they would have learned that it was more accurate to say that members of the community—some of whom happen to be administrators of the District—volunteer their time to give back to the community. There was no quid pro quo that benefitted their school or their students. It’s difficult for some people to grasp but some people give back to their community without expecting anything in return. That’s actually what ‘volunteer’ means.

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**Page 137**

Charles Ramsey does NOT administer the ILC. When the program was first started he played a large role in the administration but as time progressed, his role—as was Madeline Kronenberg’s role—diminished. In recent years Don Gosney has administered the ILC almost in tis entirety.

The ILC takes no orders from Charles Ramsey. His advice has been sought out when deciding which highly selective universities to visit but that’s been the limitation of his input. To suggest otherwise is a disservice and shows the ignorance of those making the allegations.

Had VLS spoken to me at all, they would know this.

Why do you suppose that VLS forgot to show in Table 7 that Charles Ramsey donated \$17,000 to the ILC—more than enough to cover the cost of the scholarships used for his daughters?

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Why did VLS fail to show so many other contributions from businesses and persons who were not a part of the Bond Program?

Why did VLS fail to show the nearly three quarters of a million dollars in aid provided by the partner schools?

Why did VLS fail to show the several tens of thousands of dollars donated by myself?

And why did VLS fail to indicate which vendors donated long after their contracts were completed and there was little to no hope of securing additional work?

Doesn't this suggest a bias on the part of VLS to show corruption or a quid pro quo atmosphere when none existed?

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**Page 137**

There are two errors in one sentence at the top of this page. The sentence reads as follows: "...and some Board members have had their children benefit from this program. Specifically, Charles Ramsey's two children benefitted from the program and Todd Groves' daughter benefitted from the program."

Please bear with me as I explain about these two Board members and then ask yourself, if this were you, would you appreciate the suggestion of corruption based on erroneous information?

With both of Boardmember Ramsey's daughters, as the ILC administrators, Ms. Kronenberg and I discussed whether they should be allowed to participate in the program. Both were students in the District and **we decided that we would not discriminate against them.** Numerous District employees have benefitted from the many programs offered by the District with NO ONE ever suggesting that they received those benefits because one of their parents was an employee of the District.

Trustee Ramsey was never even consulted about the matter and Ms. Kronenberg and I decided that since **the ILC has NEVER discriminated**

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against any applicant in the past, we were unwilling to start with his children simply because Mr. Ramsey was unpopular in some arenas.

We normally redact on the application all references to an applicant's school and city of residence to ensure that there is no discrimination for or against them based on this. For the interviews with his daughters, though, we also removed all references to the applicant's last names.

For each of the three sets of interviews, the interview panelists never knew that any of the applicants were related to Mr. Ramsey.

And, to help ensure the appearance of propriety, Mr. Ramsey was not even allowed in the area on the day of the interviews.

With Mr. Groves, his daughter was awarded her scholarship in the second week of January. Her father wasn't convinced to run for the Board until the following July and he was sworn in at the Board meeting the following December. She had earned her scholarship, attended her class at Brown University and returned home before her father finally made up his mind to run for a seat on the Board.

Isn't the order of this alleged benefit backwards? If the ILC was influenced by Mr. Groves' stature, were we supposed to have guessed that he might run and be elected nearly a year later? Really? Isn't this pretty much what is being suggested in this flawed report?

When the FBI investigated this in November of 2014 their response was to roll their eyes and laugh at how they had been set up with allegations of corruption that were only in the minds of the people pointing their fingers at their political enemies. [The FBI reviewed all of the applications and interview videos for every applicant for those four sets of interviews and saw that EACH of the three applicants **EARNED** their scholarships.]

Had VLS even bothered to speak with me (as the person who knew more about the day to day operations of the ILC than anyone else) about this or anything else associated with the ILC, perhaps those sentences never would have made it into their report and the reputations of Mr. Ramsey and Mr. Groves would not have been sullied by VLS and, by extension, this Board.

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Had VLS spoken to me about this they would have learned about the FBI investigation and their reaction to these totally unfounded allegations.

By the way, had they bothered to ask, they also might have learned that Mr. Ramsey donated \$17,000 to the ILC, which more than covered the expense of his daughters' scholarships. So where was the benefit to Mr. Ramsey and Mr. Groves that the rest of the world was not also privy to?

**People's names and reputations were damaged because of the faulty reporting in this audit. Should the District sanction this kind of shoddy work by accepting this report as written and paying a fortune for it?**

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## Page 137

Footnote 122 cites the ILC web site as the source for funding. Had they spoken to the ILC administrators they would have learned that this was a partial list and only for a specific time period. Once, again, because of their failure to reach out, they based their analysis on incomplete data.

The notes under Table 7 refer to a fiscal sponsorship agreement between the ILC and the ed fund. This was the initial agreement and is so seriously out of date that virtually none of it is applicable or enforced. Had VLS interviewed ILC administrators they would know this.

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## Page 138

The notes under Table 9 explain that Charles Ramsey was the fundraising chair of The Children of West County but it does not explain that he had no input in the administration of the PAC. Had they spoken with him or anyone else associated with this PAC, they might have known this—but they didn't. And what documentation did VLS obtain? Where is it? What, specifically, does it say?

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## Page 139

Why do you suppose that VLS included in Table 10 contributions to campaigns for Charles Ramsey's bid for the Richmond City Council and the Mayo of Richmond but failed to point out that Charles Ramsey never accepted a single dime from anyone affiliated with the Bond Program for any of his Board races?

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**Page 140**

VLS writes: “Form 700 provides transparency and ensures accountability.” Surely VLS knows and understands that this is patently false. Form 700 only provides information that an elected official chooses to report. If the elected official fails to report gifts from vendors, there is no transparency or accountability. Was this the case with WCCUSD Board members? What did VLS do to validate the accuracy of this Form 700’s? What I’m seeing here is so obviously inaccurate due to multiple omissions.

VLS wrote in Footnote 124 that they were not provided information by the vendors but they fail to indicate whether they even asked.

VLS contends that it was “possible” that District staff solicited contributions to certain organizations. Isn’t it also “possible” that District staff **DID NOT** solicit contributions? Because VLS failed to cite any examples one way or the other, they should not have offered any analysis on this at all. Without evidence to back up their claims, they should have stayed silent. But the Board accepted these suppositions as fact—and now the media and the public have accepted them as fact.

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**Page 141**

Why has VLS lumped the ed fund and the ILC together as if they were one and the same? Had they spoken to the administrators of the ILC they would know the relationship and the independence of the two.

During the time period being investigated, I solicited far more contributions than Charles Ramsey did and I have the written proof to back up my claim. What proof is VLS providing? Which vendors did they speak with? Was it a couple or a much larger number of vendors? How do they know who the ILC contacted? How can they possibly know since they never spoke to me?

Which District Executives are being cited to validate VLS’s claims? How can this be validated without their names? And how would these ‘District Executives’ know of the day-to-day business of the ILC when they were never a part of the process?

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What is the relevance of Charles Ramsey paying a personal call on the vendors to pick up the contributions instead of them being mailed? Not only did this help to ensure that the checks were delivered to the right person but it promoted positive good will where Charles Ramsey could personally thank them for their contribution. So why does VLS include this in this audit report as if it was something nefarious?

Thus report writes of “mass emails, letters, and phone calls” being sent out to vendors soliciting contributions for *For the Children of West County*. Since, over a period of 6+ years, there were only 26 vendors listed in this report, can this really be considered a “mass” communication? Since these emails and letters were sent out individually and the phone calls were made one at a time, isn’t the use of “mass” disingenuous and prejudicial?

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## Page 142

When VLS claims that District employees solicited contributions, shouldn’t VLS be required to state who these employees were?

At least VLS made it clear that these were not District employees making the calls but regular citizens who happen to work for the District in their day jobs. There is a difference even if VLS cannot bring themselves to point this out.

Why did VLS fail to point out that Interactive Resources, aside from being an occasional vendor of the Bond Program, is owned by Richmond City Councilmember Tom Butt who has volunteered his time and resources for a great many local causes over the decades. By VLS’s failure to disclose this, what they’ve written suggests not that it was a civic minded citizen helping the school district but a greedy vendor looking after his won pocket.

Once again, when VLS chose to provide summaries instead of real quotes, they do the report a disservice and make readers question the validity of what’s being presented.

When VLS tells the Board that WLC provided a fruit plate, was this to suggest that they were bribing people or were they suggesting that WLC went on the cheap by only providing a fruit plate? What was the point to this?

# D O N G O S N E Y

## Page 143

Since only a few vendors provided VLS with “relevant financial information”, how could VLS write with authority about any gifts that were given or received. With the limited information they had, perhaps they should have simply stated that they didn’t have enough information to speak with authority on this subject. Instead, they speculated (in the vernacular this is known as ‘faking it til you make it’).

What conclusions does VLS make over the discrepancies between what the vendors believe they gave as ‘gifts’ as opposed to what the Board members and staff recall having received?

In VLS’s Conclusion, when they determined that contributions had been solicited, did they determine and conclude that they were made by Board members and/or District staff or by citizens who happen to be Board members and/or District staff at other times. It appears that there was a firewall in place and that Board members and District staff stayed on the right side of that firewall when they were soliciting contributions. VLS’s text in the previous pages shows this but their conclusion here seems to have missed that important point.

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## Page 143-146

In several locations VLS “quoted” vendors but, in the small print at the bottom of the page, they admitted that these weren’t really quotes. To quote their footnotes, “These statements represent summaries of some of the statements provided to VLS and are not meant to be exact quotes of individuals interviewed or documents reviewed.”

Will this Board even question VLS about why, for a million dollars, they needed to “summarize” the quotes instead of quoting their sources and providing attribution? Considering the damage done to organizations and individuals based on the contents of this audit report, shouldn’t the people of this District be given more?

One quote in particular actually comes across as a quote and is quite damaging yet no name is attached and no time reference. [“It was pretty well known that if didn’t contribute to what Ramsey says; you’re not going to get work with the

# D O N G O S N E Y

district.”] This is a VERY damning statement that severely impugns the integrity of Mr. Ramsey yet it’s 100% unattributed. VLS—and by proxy—the District—is accusing Mr. Ramsey of some serious charges yet they’re condemning him without giving him the opportunity to defend himself.

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## Page 145

One of VLS’s summarized quotes: “ We have an annual budget set aside for contributions to clients. We have policies about how much we donate. Generally, we don’t donate to people we don’t know. We make budgets at the beginning of the year. We are a big firm, and we get a lot of requests. We can’t donate to all and not to the level they request. It’s common for districts to contact the companies doing work for them. Other districts contact us and we donate to other school districts, so it didn’t seem unusual.”

Even in their summarized quote VLS has demonstrated that what was happening in the WCCUSD with Bond Program vendors was so common that it was an expected part of doing business. This is the kind of statement that should have been on the front page of this audit report.

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## PAGE 146

Once again, this page is full of unattributed accusations. Without attribution, there is no way for anyone to defend themselves. How can anyone debunk what has been written here when it’s summarized and unattributed? Where, except here, is the accused not allowed to face their accuser?

Furthermore, specifically which vendors failed to get contracts based on their failure to help with the bond/parcel tax campaigns or with the ILC?

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## Page 147

The ‘pressure’ referenced here—was it real or just imagined? Was anything truly said that would lead a vendor to believe that there was some sort of quid pro quo or was it more in their minds than in reality? Can anyone know for certain?

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## Page 148 ~ FI 1-2

What agreements between the District and the ILC are being referenced here. What agreements did VLS review before making this statement? It’s not unusual for non-profits to help with local students without there being a formal

# D O N G O S N E Y

agreement drawn up. If there are no agreements, how can staff tell VLS that they'll be sure that they're current?

Should the District establish a policy of discrimination against any of their students as VLS has suggested here (and that staff agreed to do)?

By the way, it has ALWAYS been the policy of the ILC to publicly state who their scholarship recipients are. Had VLS checked with the ILC they would have known this and had they done more research of Board meeting minutes they would have seen this. Not only were these recipients noted in the Board meeting agendas but they were brought before the Board, the public in attendance and to those watching on TV. There was no secrecy—never has been.

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## Page 149 ~ FI 1-3

VLS wants the District to “review and evaluate marketing materials and information brochures about the ILC to fully disclose information about the donors”. There are no marketing materials or brochures. There is a web site where all of this is clearly made available (as VLS has written about elsewhere in this report) and there are periodic reports at the Board meetings (when the ILC is allowed to report).

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## Page 166

Do the elected members of the Board have the right and authority to reject a staff recommendation or are they required to rubber stamp these recommendations made by unelected staffers? As a voter, I helped decide who best to represent me on the school board. I had no say in who the District hired to work in various departments and make recommendations. Surely VLS understands the delineation between elected officials and the people who work for them.

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## Page 170

It's important to point out that the Board approval of SGI's contract was by unanimous vote on the consent calendar. There was no comment from the Board or from the public.

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# D O N G O S N E Y

## Page 183

Did VLS really try to use email traffic as proof that someone was at work? Is there an established quota that determines whether someone is actually on the job? Why didn't VLS disclose what these magic numbers are so the District can use them in determining whether staff is on the job or not?

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## Page 184

A Construction Manager for a project has duties that may not be on the actual job site. Didn't SGI have offices off site where Gregg Smith might be working—perhaps with other SGI staffers? Or perhaps meeting with District staff in their offices? Yet VLS is using third hand testimony to determine whether he was at work or not?

And when VLS tried to question SGI employees about whether they saw Gregg Smith at a specific location on a given day two to three years before, did they expect these people to have such phenomenal memories that they could make such recollections?

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## Page 185

Yet another one of those simple errors that makes a reader question how well this report was proofed: In footnote 207, VLS has it backwards. The school was originally Gompers AND THEN became the Greenwood Academy.

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## Page 252

By all means there should be an accounting of staff time devoted to assisting with the CBOC. Oversight is important but so is the education of the kids and these costs are taking funds away from the classrooms. Costs need to be contained.

---

Throughout this report there are staff responses to the recommendations made by VLS. Who among the District's staff was given the authority to decide what to do with these recommendations? Shouldn't this have been a Board decision? Plus, these staff responses were made before the Board **AND THE PUBLIC** ever saw the recommendations. Is this the New Transparency of the District?

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This audit will never be amended and it's unlikely that these comments will be reviewed and the information included therein taken into account. We in the community know that it's window dressing and fluff so certain Board members

# D O N G O S N E Y

can tell their loyal followers that they sought out public comment. They should be embarrassed—but they're beyond that.

Nonetheless, I look forward to your response.

Sincerely,



Cc: Matthew Duffy, Superintendent of Education, WCCUSD  
Randall Enos, Trustee~WCCUSD School Board  
Valerie Cuevas, Trustee~WCCUSD School Board  
Madeline Kronenberg, Trustee~WCCUSD School Board  
Liz Block, Trustee~WCCUSD School Board  
Todd Groves, Trustee~WCCUSD School Board

# Exhibit

## A

Email correspondence between Ernest Cooper (VLS)  
and Don Gosney (Ivy League Connection)

**Subject:** RE: Request for Interview - Next Week  
**Date:** Thursday, July 7, 2016 at 8:39:03 PM Pacific Daylight Time  
**From:** Ernie Cooper  
**To:** 'Don Gosney', Jenny Dominguez  
**CC:** Ernie Cooper  
**Attachments:** image003.png, image004.png, image005.png

Mr. Gosney,  
Unfortunately, we are unable to meet with you tomorrow. We will need to reschedule. We sincerely apologize for any inconvenience. We will be contacting you at a later time to reschedule.

Thank you sir, E

**Ernest C. Cooper, CPA, CFE, CFF, JD**  
**Partner, Forensic Services**  
**Member Society of Former Special Agents FBI**

**Vicenti, Lloyd & Stutzman LLP**

CPAs and Business Advisors

555 W 5<sup>th</sup> Street, 35<sup>th</sup> Floor | Los Angeles, CA 90013  
(213) 550-5422 | [www.vlsllp.com](http://www.vlsllp.com) | [LinkedIn](#) | [Twitter](#)  
[ecooper@vlsllp.com](mailto:ecooper@vlsllp.com)



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**From:** Don Gosney [mailto:[dongosney@comcast.net](mailto:dongosney@comcast.net)]  
**Sent:** Wednesday, June 29, 2016 9:04 AM  
**To:** Jenny Dominguez  
**Cc:** Ernie Cooper; Don Gosney  
**Subject:** Re: Request for Interview - Next Week

I was wondering if you were ever going to get around to asking questions directly of the people whose lives are being the most affected by your investigation.

I can make myself available on Thursday morning of the 7<sup>th</sup> and all day of the 8<sup>th</sup>. If you choose a location somewhere in the Richmond area I can meet you.

One condition that I will insist on is the right to make an audio recording of our conversation. I have some very serious concerns with the way your preliminary reports read and I will need to cover myself in the event that this investigation turns even nastier than it currently is.

By the way, I am not “one” of the individuals that heads the ILC—I am now and have been for several years the singular person who heads and runs the ILC—in it’s entirety.

*Don Gosney*



*The Ivy League Connection*

929 Lassen Street

Richmond, CA 94805-1030

[ivyleagueconnection.org](http://ivyleagueconnection.org)

[dongosney@comcast.net](mailto:dongosney@comcast.net)

Office: (510) 233-2060    Mobile: (510) 685-2403

***When opportunity knocks, some people answer the door while others just complain about the noise.***

---

**From:** Jenny Dominguez <[jdominguez@vlsllp.com](mailto:jdominguez@vlsllp.com)>

**Date:** Monday, June 27, 2016 at 4:55 PM

**To:** Don Gosney <[dongosney@comcast.net](mailto:dongosney@comcast.net)>

**Cc:** Ernie Cooper <[ecooper@vlsllp.com](mailto:ecooper@vlsllp.com)>

**Subject:** Request for Interview - Next Week

Hello Mr. Gosney,

Vicenti Lloyd & Stutzman LLP (VLS) was retained by West Contra Costa USD to perform a review of certain allegation raised regarding its bond program. One of the areas relates to contributions made to Ivy League Connection, and we understand that you are one of the individuals that heads up this organization.

Mr. Cooper and I will be in the Oakland area next week (July 5<sup>th</sup> – 8<sup>th</sup>), and we would like to meet with you to discuss your involvement with ILC. Could you please provide some available dates and times that would work with your schedule? To make it more convenient, we can come to you.

Please let me know if you have any questions.

Thank you,

**Jenny Dominguez, CPA/CFP, CFE**  
**Senior Manager – Forensic Services**  
**Vicenti, Lloyd & Stutzman LLP**

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# **Exhibit**

# **B**

**Written comments on the Phase I Risk Assessment  
Mailed to Board of Education and Ernest Cooper with  
VLS in late February, 2016**

# Don Gosney

929 Lassen Street  
Richmond, CA 94805-1030  
Ph: (510) 233-2060 Mobile: (510) 685-2403  
dongosney@comcast.net

Board of Education  
West Contra Costa Unified School District  
1108 Bissell Avenue  
Richmond, CA 94801-3135

January 26, 2016

## Re: Phase I Bond Program Risk Assessment

Dear Board:

As a citizen serving on the Citizens Bond Oversight Committee for nearly five years, I'm troubled with the content and format of the recently submitted Phase I Bond Risk Assessment. I'm troubled with the numerous unsubstantiated allegations made against persons and vendors that are negatively impacting their reputations—**and seemingly without attribution or substantiation**. I'm concerned that these allegations are being encouraged by Board members without even asking for any backup documentation.

I'm also concerned that the Board is using Bond funds to pay for this forensic audit when voters never gave their permission for such an expenditure. What was put on the ballots that were put before the voters included authorization for the renovation and construction of the schools within the District—not expensive audits without any expressed use for the data to be collected.

As a matter of fact, the Financial Audits and the Performance Audits for the Bond Program **MUST** use District funds so how does the Board justify using bond monies for this audit? Is this legal? Shouldn't VLS be investigating this abuse of bond funds?

If it is legal, can the Board provide written documentation to validate that assertion? I've been asking this question for several months and have received nothing but the run-around from District staff.

Has the Clay Subcommittee exceeded their authority by having VLS go beyond the investigation of what was included in the report put forth by Dennis Clay? For instance, how is using bond funds to investigate the new governance policy manual related to the Bond Program?

*Life is not about waiting for the storm to pass.....it's about learning how to dance in the rain*

# D O N G O S N E Y

The format of this report is **unacceptable**. In an age where TRANSPARENCY seems to be the mantra, using font as small as 3 point—thus requiring a magnifying glass to read the report—doesn't promote transparency.

The format of this report is very disturbing in that allegations are made on almost every page **without a single sentence of corroboration**. No fewer than 10 times has the name of Trustee Charles Ramsey been brought up alleging wrongdoing **without a single word to back up the claims**.

For instance, the report alleges that **every** CBOC member, **every** Board member and **every** staff member has been under his control.

The Board voted to use borrowed bond money to pay for this audit. Shouldn't this be included in the numerous allegations of abuse that VLS is investigating? The recently approved extension of an additional \$750,000 **PLUS** an additional \$168,000 in attorney fees—for just this next phase of the audit—will require close to \$1.4 million in interest to pay the bill. And this tab doesn't not include the thousands of hours of staff time—time taken away from the education of our youth and the administration of the Bond Program. **By the time this audit is fully paid for, the total cost will approach \$3 million**. Why hasn't the Board made this clear to the public they claim to represent? What is the total tab?

**At what point will the public and the CBOC be allowed to see the proof that VLS is compiling to back up their charges?**

At what point will it be made clear to the CBOC and the public what the end game for this information will be? Exactly what does the Board expect or intend to do with this information? Are they looking to indict someone? Keep in mind that the regulatory agencies have reviewed the very same data and found it wanting. Do they expect to sue someone or some company? Tell the CBOC and tell the public exactly what their bond money is going to be used for.

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Below are some thoughts on some of the individual items included in the report of January 7.

## **Page 4    Item 1**

**Allegation:** *Ramsey Controlled the Board and agenda items presented to the Board.*

**Risk:** *A District Board member was possibly overriding and/or circumventing District controls and management decisions. The directives may not have been in the best interest of the District and its finances. This could have resulted in inappropriate payments to vendors and contractors and/or the*

# D O N G O S N E Y

*District overpaying for services rendered.*

How did Mr. Ramsey control the Board and the agenda? As President and/or Clerk, wasn't that part of his responsibility? Who on the Board is supposed to be responsible for taking a leadership position? What was the risk to the District when Board members did nothing and simply kept their seats warm? Where is the specific information that demonstrates that Mr. Ramsey hurt the District by taking a leadership position?

Exactly how did Mr. Ramsey's leadership positions result in inappropriate payments to vendors and contractors? Was the rest of the Board allowed to vote on these decisions? Is there any evidence to suggest that Mr. Ramsey used undue influence to convince the rest of the Board to take inappropriate action? If there is, what is it? Will the Board, the public and Mr. Ramsey be allowed to see it?

---

## Page 4 Item 2

**Allegation:** *Brown Act violation - Decisions were made outside of public meetings*

**Risk:** *Agreements or actions taken that are determined to be a Brown Act violation could result in invalidation of the actions taken and/or civil action against the District to prevent future violations. These actions could result in the District incurring legal fees in its defense as well as having to pay legal fees to the plaintiff, if the plaintiff is successful. There could also be delay of projects if certain contracts or decisions are deemed invalid.*

Specifically, when did these Brown Act violations take place? Who was involved with these violations and on what issues did they revolve?

---

## Page 5 Item 3

**Allegation:** *Allegations of kickbacks to Charles Ramsey*

**Risk:** *Vendors may have been hired based on willingness to pay kickbacks and not on qualifications or bids. The District may not have hired the most qualified vendors and vendor billings may have been "padded" thus creating an improper expenditure for the District.*

These are very serious allegations that may result in civil or criminal actions so VLS and the Board needs to back up these allegations with concrete proof. Simply making the suggestion of a kickback under the guise of a forensic audit is damning and suggests that the allegations are true. Where is the proof that brings VLS to include these allegations? Should VLS and/or the Board be allowed to make unfounded allegations without telling anyone who made these allegations, when they were made or the details associated with the allegations? How is anyone supposed to defend themselves when the high priced auditors behave no better than middle schoolers passing along the rumors of the day?

---

# D O N G O S N E Y

## Page 5 Item 4

**Allegation:** *Charles Ramsey controlled daily activities of the District and SGI related to the bond program*

**Risk:** *A District Board member was possibly overriding and/or circumventing District controls and management decisions. The directives may not have been in the best interest of the District and its finances. This could have resulted in inappropriate payments to vendors and contractors and/or the District overpaying for services rendered.*

What leads VLS to suggest that a Board member—Mr. Ramsey, in particular—was overriding and/or circumventing District controls by dealing directly with District staff? Has VLS spoken with Mr. Ramsey to learn if he has any recollection of these directives to staff? What are the names of those staff members who are claiming that this occurred, when did this happen and what were the directives? More unfounded rumors?

---

## Page 6 Item 5

**Allegation:** *SGI told employees they worked for the Board*

**Risk:** *Risk of fraud - individual on Board may have made management decisions*

SGI is a company and a company cannot tell anyone anything. If an employee of SGI told employees that they worked for the Board, who with SGI made such statements and to whom did they make them? When and where did this occur? Even if members of the SGI management team made such a statement, was there anyone on the Board (singular or plural) that actually directed SGI in their activities? When, where and what were those directives to SGI? How can these allegations be refuted when the details are kept secret? Why should they be believed?

---

## Page 6 Item 6

**Allegation:** *Charles Ramsey amended the SGI contract during a Board meeting so that SGI could not be terminated for convenience*

**Risk:** *The District may have agreed to specific contract clause that may be too restrictive and be against benefit to District.*

Did Charles Ramsey amend the contract or did the Board amend the contract? The former suggests that Trustee Ramsey took action on his own either without the blessing of the rest of the Board or in defiance of the Board. Either of those would be very bad but if the Board voted in agreement with a motion made and seconded, exactly who is to blame and why aren't their names listed here? When did this happen? Which SGI contract is being referenced here? How can the Board or the public verify this allegation without the details?

---

# D O N G O S N E Y

## Page 6 Item 7

**Allegation:** *Charles Ramsey controlled who was on CBOC*

**Risk:** *The CBOC, as an oversight body of the bond program, may have not questioned information or actions of the Board/District if the individuals selected had loyalties to a certain Board member or District employee. This could taint the independence of the CBOC and result in limited or no oversight.*

How did Trustee Ramsey control who was nominated or whose nominations were approved?

Which CBOC members were under his control and were incapable of thinking for themselves? What are their names? Over the past decade, exactly which CBOC members did Trustee Ramsey have any interactions with and on which subjects? Which CBOC members did VLS speak with to gather the information that backs up this serious allegation of corruption?

If VLS wants to question the integrity of all or most of the CBOC meetings, shouldn't they be required to provide detailed proof before a public crucifixion is scheduled?

Is VLS aware that various organizations such as the Taxpayers Association, the City of Hercules, PTA's, Public Employees Local 1 and others all NOMINATED potential CBOC members and then the Board voted on whether to approve or disapprove of the nominations. In each of those votes, a majority of the Board was required for acceptance and in almost all votes it was a unanimous vote. So how Did Trustee Ramsey control who was on the CBOC?

Over the past 10 years there have been no fewer than 78 different CBOC members with at least five serving under multiple capacities. This report would suggest that Trustee Ramsey controlled EVERY SINGLE CBOC member—including Antonio Medrano, Ivette Ricco, Don Gosney and Anton Jungherr—all because they were nominated by Board members (Anton Jungherr by two different Board members). The idea that he could control any of these CBOC members is ludicrous but because it's come from a multi million dollar forensic audit, the supposition is that it must be true?

---

## Page 7 Item 8

**Allegation:** *The District is spending more money on school improvements in affluent areas than in less affluent areas*

**Risk:** *The District may have expended bond funds inequitably across schools in the District. District may not complete all projects promised to voters when the measures were passed. District may lose voter confidence and not be able to pass additional bond measures, which would prevent the*

# D O N G O S N E Y

*District from obtaining necessary funds to complete additional projects.*

Even if there has been a discrepancy in where the funds were spent, can VLS go into detail about how it was decided what schools would be built/repared and in what order? El Cerrito HS was one of the larger Bond Program expenditures and some may consider El Cerrito to be more affluent than other parts of the District. Did VLS consider that ECHS was built 79 years ago and members of the public who did not have official or legitimate business with the school were not allowed to go inside the buildings because the risk was too high to satisfy the insurance underwriters and the District's attorneys?

When Hercules received a new high school, a new middle school and two new elementary schools, was it because Hercules is more affluent than San Pablo or was it because they had no schools in Hercules—at all?

When San Pablo had a new Helms Middle School built, Richmond had a new DeJean Middle School built and Richmond replaced Gompers HS with a new Sylvester Greenwood Academy and had new Coronado, Ford, Grant, Dover, Downer, Nystrom and more elementary schools, was this because they are more affluent areas than Tara Hills or could it be because these schools were falling down and it was no longer safe to send students to these schools?

When El Cerrito replaced Portola Middle School with a relocated Korematsu Middle School, was it because El Cerrito is more affluent or was it because Portola was deemed to be unsafe for students to be educated in the buildings?

If VLS were to ask people living in various parts of the District, wouldn't they expect that the opinions of these people would be that the schools in their own communities were more important than schools being considered in other areas?

Of course, VLS must have factored in that more than \$550 million had been spent on Richmond schools and that no one would confuse Richmond with any "affluent" city. And, of course, VLS surely must have noticed that nearly 60% of the students at two of these "affluent" area schools—El Cerrito HS and Korematsu MS—come from Richmond—that less affluent community.

---

## **Page 8    Item 1**

**Allegation:** *Approval votes in the Facilities Subcommittee were treated as sufficient*

**Risk:** *Circumventing of approval procedures established by the District may have resulted in inappropriate or wasteful project expenditures.*

Were the votes made in the Facilities Subcommittee not brought before the full Board

# D O N G O S N E Y

for consideration? Specifically, which votes were “treated as sufficient”? What were the dates of those meetings and what were the subjects of the votes?

---

## Page 9 Item 2

**Allegation:** *Charles Ramsey told District staff and SGI what to do*

**Risk:** *A District Board member was possibly overriding and/or circumventing District controls and management decisions. The directives may not have been in the best interest of the District and its finances. This could have resulted in inappropriate payments to vendors and contractors and/or the District overpaying for services rendered.*

What evidence does VLS have to back up their allegation that Trustee Ramsey circumvented the rest of the Board, the Superintendent and Associate Superintendents?

Did Trustee Ramsey go above and beyond his authority or did he not? Publishing a statement that he was “possibly” doing this is the same as making it a statement of fact. This is a serious allegation and needs factual evidence to back up the claim.

---

## Page 10 Item 3

**Allegation:** *The CBOC has overstepped its legal responsibilities in providing oversight of the bond program*

**Risk:** *District decision making processes are potentially being slowed, which could result in not meeting deadlines. The District is expending resources to satisfy the requests of the CBOC, which includes funds spend on outside professional services and well as internal staff time. To the extent the costs for professional services and staff time are expensed to the bond fund, these costs are depleting available bond resources.*

Can VLS be more specific about what kinds of requests the CBOC has made or is making that is costing the Bond Program? This is a legitimate complaint but needs to be backed up if it’s to be corrected. Has the CBOC overstepped its authority and directed staff or the Board to take action? Can VLS cite instances where the CBOC has forced the Board to take actions? Is VLS suggesting that the elected Board has abrogated their collective authority and allowed the CBOC to run the show?

---

## Page 11 Item 6

**Allegation:** *What is the legal rationale for using bond funds to purchase computer supplies or limited life products?*

**Risk:** *District may have used long term debt to purchase short lived assets thus paying interest on bonds for many years after the purchased items are obsolete.*

Rather than VLS suggesting that the District illegally spent Bond Program funds for

# D O N G O S N E Y

items such as computers for the computer labs or desks, tables/chairs—none of which would be expected to last the 50 year lifespan expected of these new schools—shouldn't VLS have asked someone in the District or sought out a legal opinion first? **Wouldn't this have been more appropriate than suggesting an illegality based on NOT knowing the facts?**

---

## Page 12 Item 2

**Allegation:** *District increases budgets to match actual costs*

**Risk:** *There is no mechanism in place to control project costs. The District has weak or limited fiscal accountability within the bond program, may not be able to complete all projects desired with available funds, and may be questioned by the public.*

What is the lead time between when a budget is prepared and when a project is actually built? Often this is several years with some projects being 5-7 years. There is NO ONE in the construction business that can accurately forecast the cost of labor or materials that far in advance. Furthermore, most of the District's projects revolve around existing facilities where there is a vast unknown about what will be found once buildings are demolished or holes are dug. As an example, NO ONE could have predicted the underground fuel tank found buried deep under the old Gompers Continuation School. This tank dated back to pre-World War II and did not show up on any plans. NO ONE can predict dry rot or unknown asbestos when walls are ripped open. Sometimes fault lines are found after schools are budgeted.

When construction needs in other parts of the world expand beyond all expectations, this affects budgets. For example, leading up to the Beijing Olympics the Chinese corralled the world's supply of copper, steel, concrete and plywood. This dramatically increased the cost of these vital construction components long after the budgets were made. Likewise, the cost of petroleum based products such as fuels used to transport supplies to the site or to the various dump sites (including toxic waste dumps), is something that NO ONE seems to be able to get a handle on. So why would VLS expect staff budgeters to be better at this than the rest of the world?

Did VLS speak to the people who set the original budgets to determine what criteria they used to come up with the budgets? It was widely known that when many of the elementary school budgets were set, staff erroneously assumed that the old schools would be patched while the Board took a stance that they would be replaced. If a finger is to be pointed, wouldn't knowing all of this make it easier for VLS to point the finger in the right direction?

There have also been projects where the costs decreased long after the budgets were made. Would VLS recommend that the District add to the project so the cost of the

# D O N G O S N E Y

project reflects what was budgeted?

---

## Page 14 Item 6

**Allegation:** *Pinole Valley HS budget approved was \$180 million; Current budget is \$181.9 million*

**Risk:** *Actual project costs may exceed approved budgeted amounts. There is weak or limited fiscal accountability within the bond program.*

Does VLS know how much time passed between the original \$180 million budget and the current \$181.9 million budget? Does VLS know what changes may have been authorized or required that might have demanded the revised budget? If so, why hasn't VLS expressed this here and delineated these changes?

This is a change of only 1%. Does VLS see this as a significant amount or change?

---

## Page 14 Item 7

**Allegation:** *Contracts approved by the Board are in excess of budgeted amounts*

**Risk:** *Actual project costs may exceed approved budgeted amounts. There is weak or limited fiscal accountability within the bond program. The District may not be able to complete all projects desired with available funds.*

Is there a possibility that the District's budgeters budgeted costs that did not reflect what the market would bear or what the Board wanted? If the cost of materials, labor or even the bids by the contractors exceeds what is budgeted, the District has three options: cancel the project, accept the lowest legitimate bid even if it exceeds the budgeted amount, or send the project out for rebid and hope that there are bids that are closer to what was budgeted (which rarely happens). Sometimes forecasted budgets do not reflect the real world. By the way, when that third option is exercised, it sends a clear message throughout the contractor community that dealing with the WCCUSD can be too expensive to make it worth their while. Bids of major projects like these are extremely expensive and no contractor can afford to waste their resources playing District games.

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## Page 16 Item 1

**Allegation:** *Architects hired to begin conceptual plans for schools decades in advance*

**Risk:** *The District may have used long-term debt to pay for services far in advance of need. These conceptual plans may need revisions and/or updates once the District is ready to use the plans, and this may cause the District to incur additional expense.*

Is VLS aware of how many hundreds of millions of dollars in free money the District has received because they had projects that were shovel ready? Could this be the

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reason that architects were hired in advance?

When VLS uses the term “decades in advance”, this would mean at least 20 years in advance. Which schools have had architects hired at least 20 years before it would be expected that the school would be built or repaired? This statement is so inaccurate that it should make readers question every statement made by VLS.

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## Page 16 Item 2

**Allegation:** *SGI worked without a contract for some years. What is termination date of 2013 contract with SGI?*

**Risk:** *The District may have continued to award work to SGI without a current contract.*

What caused the District’s delay in renewing/extending SGI’s contract?

Is VLS aware that it is not unusual for vendors or contractors to continue working while the details of a contract are hammered out? Didn’t the District’s teachers work for a lengthy period without a contract? Would VLS suggest that the District not allow these teachers to teach the District’s students while their contract was being worked out?

Exactly what caused this delay in extending SGI’s contract? Could it have been political manipulations instigated by some members of the Board and the people influencing them?

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## Page 17 Item 3

**Allegation:** *The Facilities Subcommittee recommended to the Board that SGI be selected against staff recommendation*

**Risk:** *Facilities sub committee may have made recommendations to board based on political influence instead of relying on expert staff recommendation.*

Surely VLS understands that the Facilities Subcommittee is comprised of elected Board members whereas staff are merely employees of the District? Don’t these two separate bodies report to completely different entities? Accepting that the elected Board members are responsible to the taxpayers in the District, shouldn’t they be allowed to reject the recommendations of staff? Otherwise, why even allow the elected Board members the opportunity voice their opinions, consider their constituents and vote accordingly?

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## Page 19 Item 8

**Allegation:** *SGI using the District Facilities Operation Center without paying portion of lease. SGI contract may allow for some items that should not be allowed*

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**Risk:** *The District may have paid in excess of contractual agreement for items that may have been vendor's responsibility.*

When VLS went over SGI's contract, did they find the clause that required SGI to pay for their portion of a facility? If SGI were to rent space from the District, wouldn't they then be expected to charge the District for this leased space and wouldn't they be expected to include a mark-up? So, wouldn't it be cost effective for the District to provide space to SGI and forego the costly charade of paying rent and recovering expenses?

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**Page 20    Item 11**

**Allegation:** *SGI/Architects told to help with promotion of Bond campaign*

**Risk:** *It may have been perceived by the public as a conflict of interest to require District vendors to promote bond measures.*

Where did VLS get this information? From whom? **Who at SGI and which architects told VLS that they were given instructions** from the District to support the Bond campaign(s)? Was this support limited to asking their employees to vote to preserve their jobs or did it extend to mandatory phone banking, precinct walking, ballot stuffing or campaign contributions?

Isn't it a common practice for contractors and vendors to support electoral issues that may benefit their businesses?

If VLS is inferring that the Bond Program vendors were encouraged to support causes that might provide more contract opportunities for them, is this considered by VLS to be illegal or even unethical?

There is a HUGE difference between lobbying vendors to participate and "telling" them they had to participate—as is suggested here.

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**Page 21    Item 14**

**Allegation:** *Contract retention was released (paid) earlier than in past (Gomper/Greenwood Project)*

**Risk:** *The District may have paid a vendor in full before a project was accepted as complete by the Board. This may have limited the District's recourse if the contractor had not satisfactorily completed the work based on the terms of the contract.*

This should be easy to determine so why didn't VLS check on this so they could point out something definitive rather than speculative? **Either the contract was paid too early or it was not.**

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## Page 21 Item 15

**Allegation:** *Who paid for the Primavera system and who owns the rights to Primavera?*

**Risk:** *District may have paid in excess of contractual agreement for items that may have been vendor's responsibility. District may not have access to or full rights to a system it paid for.*

Once again, this seems like something easily determined so why didn't VLS check into this to determine the answer?

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## Page 22 Item 16

**Allegation:** *District's bond program has not been a timely pay for vendors*

**Risk:** *The District may have incurred late fees for late payments to vendors; Vendors may have pursued legal action against the District for nonpayment; District may have gained a poor reputation with vendors.*

Once again, why didn't VLS check into this to determine whether it's an accurate statement or not? If it's accurate, then VLS should cite sources.

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## Page 23 Item 1

**Allegation:** *WLC billed existing design as new design*

**Risk:** *District paid in excess of industry standards for services received*

Where are the specifics to back up this charge? Which school design was existing and which school was the old design substituted for?

What industry standards are being referenced here? Does VLS have qualified architects that can clarify what "industry standards" should be used here?

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## Page 23 Item 2

**Allegation:** *SGI Billed for time not worked, sick and vacation time*

**Risk:** *SGI Billed for time not worked, sick and vacation time*

Where are the specifics? How can the District go after SGI without specifics and how can SGI mount a defense based on only a generic charge? What are the names of the SGI employees referenced here?

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## Page 23 Item 3

**Allegation:** *SGI employee efficiencies and staffing levels*

**Risk:** *Potential for improper expenditure billed to and paid by District*

What model did VLS use to determine how efficiently SGO employees worked? How did VLS determine whether SGI had too many employees at any given

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time?

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## Page 23 Item 4

**Allegation:** *SGI purchase of computers that were not delivered to WCCUSD but were billed to WCCUSD*

**Risk:** *Potential for improper expenditure billed to and paid by District*

Where are the specifics for these charges of fraud? What computers, which project, which invoice number? Once again, how can the District go after SGI based only on a generic charge and how can SGI defend itself? Why did the financial auditor not pick this up? Who was the auditor so the District can go after them for this egregious error?

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## Page 24 Item 5

**Allegation:** *SGI billed in excess of actual employee qualifications*

**Risk:** *Potential for improper expenditure*

Who were these employees and who was the determiner of the qualifications of these employees? And then who was the determiner on the value of these employees? What model did VLS use to determine this?

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## Page 25 Item 1

**Allegation:** *"Add services" approved for architectural firms were inappropriate (for example, \$7 Million "add service" approved for WLC Architects)*

**Risk:** *Without an adequate process in place to ensure the appropriateness of change orders (or add services), the District may expend additional funds on vendors for work that is covered by the original contract price or for additional costs that are the contractual responsibility of the vendor.*

Without an adequate process in place to ensure the appropriateness of change orders (or add services), the District may expend additional funds on vendors for work that is covered by the original contract price or for additional costs that are the contractual responsibility of the vendor.

Where are the specifics to these allegations? When VLS questioned these architectural firms, what was their response? What rationale did they give to VLS and to the District?

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## Page 26 Item 3

**Allegation:** *Change orders are not Approved by Board*

**Risk:** *If change orders are not approved by the Board when required and/or appropriate, transparency and accountability is limited, which could result in excessive project costs.*

# D O N G O S N E Y

Which change orders? Which projects? Which vendors? How can these be validated with only generic information?

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## Page 26 Item 4

**Allegation:** *Has the District had a process in place to analyze and question change orders before approving?*

**Risk:** *Without an adequate process in place to ensure the appropriateness of change orders, the District may expend additional funds on contractors for work that is covered by the original contract price or for additional costs that are the contractual responsibility of the contractor.*

Don't the change orders go before the Board for approval? If the voters elect Board members who do not understand the process or what's going on, who is to fault for that?

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## Page 27 Item 5

**Allegation:** *Change orders will be greater than what was communicated by the SGI Construction Manager*

**Risk:** *The District does not have a full understanding of potential claims and dollar impact from change orders.*

Can VLS foresee the future? How do they know what's going to happen in the future and what tools are they using to determine this?

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## Page 33 Item 3

**Allegation:** *SGI is not inputting information accurately in Primavera*

**Risk:** *Primavera may not capture complete or accurate project cost information. Inaccurate/incomplete information recorded in Primavera may have resulted in inaccurate/incomplete information submitted to the CBOC, the Facilities Subcommittee, and the Board. Potential vendor/contractor claims may be unidentified and not quantified.*

What specific information is SGI inputting incorrectly? How can this be corrected when the specifics of the charges are withheld?

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## Page 35 Item 3

**Allegation:** *Inaccurate and/or no reports were provided to CBOC and/or the Board*

**Risk:** *Decisions may have been made based on incomplete and/or inaccurate information presented to the decision making bodies (Facilities Subcommittee and Board). Inaccurate and/or incomplete information may have been provided to the public, which could tarnish public confidence. This may make it more difficult for the District to pass future bond measures, if needed to complete remaining projects.*

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There is no question about the validity of the allegation but the stated end result is speculative at best. How does VLS know whether the CBOC made decisions based on erroneous information or whether they knew that the information was incomplete and made decisions using the information available?

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I look forward to your response.

Sincerely,  


Cc: Dr. Bruce Harter, Superintendent of Education, WCCUSD  
Randall Enos, Trustee~WCCUSD School Board  
Valerie Cuevas, Trustee~WCCUSD School Board  
Madeline Kronenberg, Trustee~WCCUSD School Board  
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