

“What we do, we do for the children!”



West Contra Costa Unified School District Citizens' Bond Oversight Committee Annual Report 2016

August 2017



**WCCUSD Citizens'
Bond Oversight
Committee
2016***

*Executive Subcommittee,
2016*

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**Annual Report 2016
Subcommittee**

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* Members who served at least one month in 2016. The CBOC has 17 authorized members.

** New CBOC Members in 2017.

Annual Report 2016
January to December 2016

**To Promote Bond Fund
Economy and Efficiency**

The State of California requires Citizens' Bond Oversight Committees to inform the public and taxpayers concerning the Proposition 39 (55% school bond measures) expenditures and use of bond funds at least once a year.

This is the West Contra Costa Unified School District's Citizens' Bond Oversight Committee (CBOC) Annual Report 2016 approved by the CBOC on August 16, 2017.

The CBOC expresses its sincere thanks and appreciation to the following persons for their support: Mark Bonnett, Dennis Clay, Adam Ferber, Luis Freese, Sheri Gamba, Silvia Garfield, Christina Hanson, Nancy Ingram, Lisa LeBlanc, Vince Meyer, David Page, Melissa Payne, Chet Ratliff and Winson Thai.

A special thanks to Don Gosney for photo selection, layout and composition.

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www.wccusd-bond-oversight.com

Introduction

The Purpose of this Report

The State of California requires Citizens' Bond Oversight Committees (CBOCs) to inform the public and taxpayers concerning the expenditures and use of bond funds at least once a year¹. This is West Contra Costa Unified School District's (WCCUSD's) CBOC Annual Report 2016. It is meant to inform and be read by, in particular, the school community, local student families, teachers and other District staff, the Board of Education, local property owners, as well as any other interested parties.

The Focus of this Report

This report covers actions taken and events related to WCCUSD's bond fund which took place in calendar year 2016. Historic context leading up to 2016, or subsequent events which took place after 2016, are included only as needed to explain and give context to actions and events in 2016.

The Organization of this Report

This main body of this report is organized into four major sections:

- **The Forensic Accounting Investigation Phase II**, approved by the Board of Education in September, 2016.
- **The Use of Bond Funds in 2016**, and the long-term cash projection for the bond fund.
- **The District's Long Range Facilities Master Plan**, approved by the Board of Education in June, 2016.
- **The CBOC's Annual 2016 Compliance Statement**, legally required.

Additionally, there are nine Appendices at the back, alphabetically labeled A-I, for readers seeking further details and reference material.



¹ **California Education Code Section 15278 (b)**: "The citizens' oversight committee shall advise the public as to whether a school district or community college district is in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution" and **Section 15280 (b)**: "The citizens' oversight committee shall issue regular reports on the results of its activities. A report shall be issued at least once a year."

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Glossary of Terms

1. Board = the WCCUSD Board of Education.
2. CBOC = the WCCUSD Citizens' Bond Oversight Committee.
3. District = the West Contra Costa Unified School District.
4. FSC = the Facilities Subcommittee of the Board of Education.
5. LLP = Limited Liability Partnership.
6. VLS = Vicente, Lloyd & Stutzmen, LLP.
7. WCCUSD = the West Contra Costa Unified School District.

Executive Summary

The Purpose and Scope of this Report

The State of California requires Citizens' Bond Oversight Committees (CBOCs) to inform the public concerning the expenditures and use of bond funds at least once a year². This is the West Contra Costa Unified School District (WCCUSD) CBOC Annual Report 2016. It concerns WCCUSD's \$1.6 billion bond program which began in 1998. This report covers actions and events in calendar year 2016. History prior to that or subsequent events after 2016 are included only as needed to explain and give context to the actions and events described in this report.



The Forensic Accounting Investigation Phase II

Background

In 2015, District staff project analyst Dennis Clay, after eleven years working on the bond program, came forward with concerns about cost controls. Late in 2015, the Board of Education directed forensic accounting investigators to review Dennis Clay's complaints and assess the risk of fraud, corruption and waste in the bond program.³

Final Phase II Report⁴

On September 21, 2016, the Board of Education approved the final report of the "*Forensic Accounting Investigation*" by Vicenti, Lloyd & Stutzman, LLP (VLS).⁵ Approval of this report was a key event in 2016 related to the bond program. Direct, out-of-pocket expenses for the "*Forensic Accounting Investigation*" totaled just over \$1 million.⁶

In their final report, VLS tested and assigned "high", "medium" or "low" risk scores to 65 allegations. Ten allegations received "high" risk scores⁷ indicating "...a high likelihood that the District may be at

² **California Education Code Section 15278 (b)**: "The citizens' oversight committee shall advise the public as to whether a school district or community college district is in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution" and **Section 15280 (b)**: "The citizens' oversight committee shall issue regular reports on the results of its activities. A report shall be issued at least once a year."

³ The "*CBOC Annual Report 2015*", released in June 2016, is especially comprehensive concerning key events leading up to calendar year 2016.

⁴ "*Final Report – September 16, 2016, Phase II – Forensic Accounting Investigation*".

⁵ For future reference: Vicenti, Lloyd & Stutzman, LLP was merged into CliftonLarsonAllen LLP, effective June 1, 2017.

⁶ For additional details: Refer to the "*Use of Bond Funds and Long Term Cash Projections*" section of this Annual Report.

⁷ Ibid., Final Risk Assessment Matrix - Phase II, Exhibit II-B, page 8.

risk for waste, improper expenditure or fraud (financial irregularity). The dollar impact ... and the impact on public perception/trust would be significant.”⁸

Of these ten allegations assessed as presenting “high” risk to the District, five were categorized as “Budgeting Practices”. For example, “There is no system, process or individual, responsible or capable of controlling project spending” and the “District increases budgets to match actual costs.”⁹

VLS acknowledged that the District made significant progress reducing risk scores in 2016. But, they cautioned, this mostly meant “high” risk allegations were reduced to “medium” risk and added, “... the District still needs to continue to address these Medium risk areas.” Moreover, VLS singled out “Budgeting Practices” as “... one risk area category that remains High”, and noted that “...the District has considerable work in this area [to lower] risk scores...and the implementation of the related specific recommendations [should] be a high priority of the District.”¹⁰



VLS also made 112 recommendations to reduce risk related to the allegations and improve organizational efficiency.¹¹ The final recommendation was to set up a Recommendations Implementation Task Force. The Board of Education approved the formation of this Task Force on September 21, 2016. This effectively established a process and a road map – plus a reporting tool which is also available to the general public – to ensure and gauge the success and long-term sustainability of the implementation.

CBOC Recommendations Related to the Forensic Accounting Investigation

In 2016, the CBOC recommended to the Board of Education that the District’s fiscal year performance audits be expanded to include program effectiveness and results, which goes beyond simple compliance with Proposition 39 legal requirements. The Board of Education initially rejected this recommendation for the fiscal year ending June 30, 2016, but then reconsidered and approved it in 2017, for three years, starting with the subsequent fiscal year.

The CBOC also recommended in 2017 that these performance audits be further expanded to include a review of the implementation of the 112 “*Forensic Accounting Investigation*” recommendations approved by the Board of Education in September, 2016.

⁸ Ibid., Final Risk Assessment Matrix - Phase II, page 11.

⁹ See Appendix F for a full list of high risk allegations with reference to the “*Final Report – September 16, 2016, Phase II – Forensic Accounting Investigation*”, Exhibit II-B.

¹⁰ “*Final Report – September 16, 2016, Phase II – Forensic Accounting Investigation*”, Executive Summary, page 12.

¹¹ Ibid., Recommendations listed in Sections II C and IV C.

Criminal Investigations and Related Legal Proceedings

Criminal investigation and related legal proceedings were out of scope in the forensic investigation, given specific professional standards and prohibitions.¹² This means VLS did not test for criminal behavior, such as fraud, corruption or negligence. Nevertheless, selected VLS recommendations refer to the need for legal counsel to provide guidance as to whether criminal investigations should be pursued by the Board or District staff.¹³ To date, such matters have been dealt with in closed sessions and have not been made public. As far as is known, then, the Board of Education has not yet taken (or officially foregone) any action to pursue criminal investigations stemming from the “*Forensic Accounting Investigation*”.

Use of Bond Funds and Long Term Cash Projections

By the end of 2016, approximately \$1.3 billion had been spent on WCCUSD school facilities projects since it began in 1998, out of a total \$1.6 billion authorized by voters. In 2016, just over \$63 million was expended on all projects conducted by the District during the calendar year.¹⁴

The District’s most recent five-year cash projection anticipates a small shortfall in funds through 2021, approximately \$5.5 million, pending receipt of \$21 million in State funding. Two bond sales are planned, one in 2018 and the second in 2019, the last of the previously authorized but unissued WCCUSD bonds (ballot Measures E and D). The sale of these bonds will add a few hundred to almost a thousand dollars per year to the average property owner’s County tax bill, depending on the assessed value of their property. These increases will only be partially offset by decreases in property taxes from previous school bonds which are paid off during the term of the new bonds.¹⁵

Long Range Facilities Master Plan

The Board of Education approved an updated “*Long Term Facilities Master Plan*” on June 15, 2016, after extensive community meetings. Revised “*Educational Specifications*” and “*Materials and Product Standards*” to guide development and reduce construction costs of Master Plan school projects were approved early in 2017.¹⁶



These are integral parts of the “*Long Range Facilities Master Plan*”.

Master Plan projects total approximately \$1.3 billion. To date the Board of Education has approved \$181.8 million to cover a small portion of these projects during the first 5-years of the Plan. Funding for these projects includes cash on hand and the sale of bonds previously authorized by the voters.

¹² Ibid., Executive Summary, page 4.

¹³ Examples: Ibid., page 364, FI 1-4 and 1-5; page 368, FI 3-6, 3-7, 3-8 and 4-1.

¹⁴ WCCUSD “*Bond Program KPI (Key Performance Indicator) Summary*”, Report 31, Table 4 – Average Monthly Spending for 12-months as of December 31, 2016. [See Appendix I for further details.]

¹⁵ Projected tax rate for each bond sale is expected to be \$48 per \$100,000 of assessed property value.

¹⁶ “*Long Range Facilities Master Plan, July 2016*”, by Darden Architects and by Integrated Educational Planning & Programming.

Funding for the remaining Master Plan projects, now estimated to cost \$1.1 billion, has not yet been specified by the Board of Education. Presumably funding for these will come from the State or future bond measures, or a combination of the two.

CBOC’s Annual Compliance Statement, Legally Required

Opinion: Based on our knowledge and belief at this time, information provided by the District and the Vavrinek, Trine, Day & Co., LLP Independent Auditors Report of Performance General Obligation Bonds Measure D (2010) and Measure E (2012) Performance Audit, June 30, 2016, it is the opinion of the CBOC that the District is in compliance with the provisions of the California Constitution except the project lists are not well-defined so that the CBOC could state an opinion whether expenditures of bond funds were made in accordance with the voter approved project lists. Therefore, the CBOC states no opinion on whether expenditures of bond funds were made in accordance with the voter approved project lists.

PINOLE VALLEY HIGH SCHOOL

CONSTRUCTION NEWS

August 12, 2016
Edition 1

CONSTRUCTION MANAGER’S CORNER

This is the 1st edition of a monthly newsletter written to keep neighbors informed of construction activities at Pinole Valley High School. Construction kicked off in June and is well underway. In addition to completing the construction, we are monitoring activities that are reported below. We understand that a construction project does not make the best neighbor. While we strive to make this as pleasant as possible, we work toward the long-term goal of a new high school for Pinole. We hope you enjoy reading about our progress and if you do not want to receive newsletters, please do not hesitate to email richard.miller@wccusd.net, and let him know to remove you from the mailing list.

UPCOMING CONSTRUCTION ACTIVITIES

Next month you will notice that the overall site grading continues and building pads will be visible. Additional trucking will occur as we continue to off-haul excess grading material. The soil will be lime-treated at the building pad locations. The storm water and sewer drain piping will be laid-out and installed and emergency vehicle access will be created.

POTENTIAL IMPACT TO NEIGHBORS

Impacts this coming month will be similar to what occurred last month. They will include the following:

Activity
Noise from the grading equipment
Dust during grading
Trucks on Pinole Valley Road arriving and leaving the site with off-haul material
Potential work on Saturdays

WORK COMPLETED TO DATE

The temporary trailers to house the construction team were put into place at the onset of construction. Immediately following, site grading began in an effort to prepare the building pads. The excess grading material was removed from the site. The PVHS building pad corners and grid lines were laid out by the site surveyor and work started on sanitary sewer lines. Sewer line work took place at the north end of the site, closest to the temporary construction trailers. Sanitary sewer manhole bases were placed and the manholes were constructed and backfilled.

MONITORING AND STATISTICS

Street Sweeping Dates
Street sweeping occurred in conjunction with site off-haul operations from 6/30 – 7/18 and again 8/1 – 8/3. Street sweeping will continue this month with off-haul operations.

Air Monitoring (Dust)
Air Monitoring samples were taken between 6/27 – 6/30. Actionable limits are 0.150mg/m³. Readings were taken from 5 set locations around the site and readings ranged from 0.020 – 0.05mg/m³. No readings exceeded the actionable limit of 0.150/mg/m³.

Storm water and sewer drain piping trench

Site photo

Beginning in August the Pinole Valley HS community started receiving monthly project updates

Forensic Accounting Investigation

2016 Milestones

- Beginning in October 2015 and concluding in September 2016, at the behest of the WCCUSD Board of Education and under the guidance of its ad hoc Subcommittee for the Clay Investigation, the investigative firm Vicenti, Lloyd & Stutzman, LLP (VLS)¹⁷ conducted the initial Phase I and the final Phase II of a “*Forensic Accounting Investigation*” for the District.
- VLS’ Phase I report was delivered to the District on January 21, 2016.
- VLS’ Phase II report was accepted in full by the WCCUSD Board of Education on September 21, 2016.
- The Board of Education also accepted the strong recommendation from Vicenti, Lloyd & Stutzman, LLP that they establish a “*Recommendations Implementation Task Force*” to ensure that all 112 recommendations in the “*Forensic Accounting Investigation*” final report are effectively implemented.

Allegations, Risk Scores, Recommendations in the Forensic Accounting Investigation

At the end of Phase I of the “*Forensic Accounting Investigation*”, on January 21, 2016, VLS delivered a Risk Assessment Matrix which “...measured the risk of waste, improper expenditure or fraud (financial irregularity) to the District...” associated with 65 allegations in nine different categories.¹⁸ The veracity and risk to the District of each allegation was given a “High”, “Medium” or “Low” Risk Score.¹⁹ During Phase II, from January through September, 2016, VLS reassessed the Risk Scores for all 65 allegations, and also made 112 recommendations which, if implemented, were intended to further lower risk in each category or improve operations and efficiency.

In their final Phase II report VLS acknowledged work done by the District during 2016, to correct problems identified early on, during Phase I of the investigation. They added a cautionary note that, despite progress made, additional work was still called for:

- “There has been a significant decrease in the number of High risk areas from Phase I. In Phase I, there were a total of 36 High risk area categories. For Phase II, the



¹⁷ For future reference: Vicenti, Lloyd & Stutzman, LLP was merged into CliftonLarsonAllen LLP, effective June 1, 2017.

¹⁸ “*Final Report – September 16, 2016, Phase II – Forensic Accounting Investigation*”, Executive Summary, page 11.

¹⁹ *Ibid.*, Final Risk Assessment Matrix - Phase II, page 11:

- “**High** - *There is a high likelihood* that the District may be at risk for waste, improper expenditure or fraud.... The dollar impact ... and the impact on public perception/trust would be significant.”
- “**Medium** - *It is possible* that the District may be at risk for waste, improper expenditure or fraud....”
- “**Low** - *There is a low likelihood* that the District may be at risk for waste, improper expenditure or fraud....”

number decreased to 10. This result indicates that, overall, the District has significantly improved in addressing the High risk areas identified in Phase I. However, the District still needs to continue to address these High risk areas and implement the specific recommendations to lower the New Risk Score.

- “VLS’s assessment determined the majority of the High risk areas that decreased were assigned a New Risk Score of Medium. This indicates that the District still needs to continue to address these Medium risk areas and implement the specific recommendations to lower the New Risk Score.”²⁰

Summary of Forensic Investigation Phase II Risk Assessments and Recommendations

Risk Category	Allegations, Concerns and Questions	Final Risk Assessment			Recommendations			
		High	Medium	Low	Total	To Lower Risk	Operational Efficiency	Task Force
Conflict of Interest	8		7	1	11	6	5	
Compliance with Legal Requirements and Board Policies	6	1	4	1	20	9	11	
Budgeting Practices	8	5	2	1	19	15	4	
Vendor Contract Administration	16	2	10	4	24	13	11	
Billings and Performance of Outside Construction Manager	7		7		5	5		
Change Order Approval and Accounting Practices	7		7		12	10	2	
Project Accounting Systems	9	2	7		10	10		
Financial Reporting	4		4		10	10		
Implementation Task Force Recommendation					1			1
TOTALS	65	10	48	7	112	78	33	1

²⁰ “Final Report – September 16, 2016, Phase II – Forensic Accounting Investigation”, Executive Summary, page 12.

VLS noted the need for “considerable work” with respect to the District’s “Budgeting Practices” (refer to the items highlighted above in red, and circled above for referral below):

“One risk category that remains High is “Budgeting Practices”. There are five High risk areas. This is a decrease of just one from Phase I. The District has considerable work in this area to address lowering the risk scores. VLS has made 15 specific recommendations for the District to consider implementing to lower the New Risk Score in the “Budgeting Practices” area. VLS recommends that addressing the “Budgeting Practices” risk area category and the implementation of the related specific recommendations should be a high priority of the District.”²¹

Forensic Accounting Investigation Implementation Plan

The 112th (and final) recommendation states in part that “Vicenti, Lloyd & Stutzman strongly encourages the establishment of a ‘Recommendations Implementation Task Force’ so accountability measures are put in place by the District to ensure all recommendations from the work performed in Phase II are implemented. The Task Force concept has proven to be a best practice and a valuable and critical tool to ensure all recommendations from Phase II are adequately assessed and implemented”.²² The Board of Education approved the formation of an Implementation Task Force on September 21, 2016 and the Task Force began its work in October of that year.

The Implementation Task Force’s work plan commits it to regular quarterly updates for the Board of Education’s Facilities Subcommittee (the FSC) during January, April, July and October 2017. Two official reports are scheduled for the full Board of Education in February and November 2017. Some of these checkpoints have already occurred, resulting in further guidance for the Task Force. The Task Force is currently targeting October 2018 for the completion of most of its work.

In particular, the Task Force’s “Appendix B: Matrix of Recommendations” has become a major tracking and reporting tool, incorporating several successive suggestions to improve its usefulness to the Board, to District management and staff, and to the public. The Task force itself has recognized that, “Once a recommendation is implemented the status will be labeled ‘implemented’ [rather than “completed”]. Many recommendations require ongoing implementation, adjustment or refinement to ensure continuation of best practices and controls”. This represents a positive evolution in the Task Force’s assessment of what it means for a recommendation to be “implemented”.²³



²¹ “Final Report – September 16, 2016, Phase II – Forensic Accounting Investigation”, Executive Summary, page 12.

²² Ibid., see Recommendations listed in Section II C.

²³ See the Implementation Task Force’s report to the WCCUSD Facilities Subcommittee, July 18, 2017, agenda Discussion Item D.4, “Implementation of Long range Facilities Master Plan Update”.

Criminal Investigations and Related Legal Proceedings

Specific professional standards prohibited VLS from rendering an opinion on matters involving criminal investigations and related legal proceedings. Thus, no allegations concerning criminality were chosen for testing in Phase I, and VLS expressed no opinion on such matters in their final Phase II report.²⁴

Nevertheless, selected VLS recommendations called for either the Board of Education or District staff to request legal counsel guidance as to whether legal action should be pursued.²⁵ To date, legal counsel's direction to the Board of Education on such matters has not been made public, nor has the Board of Education taken any known action to pursue (or to officially forego) any criminal investigations or other related legal proceedings stemming from the "*Forensic Accounting Investigation*".

Special Note: CBOC Recommendations Concerning Fiscal Year Performance Audits and the Forensic Accounting Investigation Implementation Plan

In March, 2016, the CBOC recommended to the Board of Education that the scope of the annual performance audit for the District's fiscal year ending June 30, 2016 be expanded to include compliance plus program effectiveness and results. The Board of Education initially rejected the CBOC's recommendation for the fiscal year 2016 audit.²⁶ But, in March, 2017, the Board of Education reconsidered and approved the expanded scope specifications for three years, starting with the performance audit for the fiscal year ending June 30, 2017. Thus, for the first time in the history of the bond program, performance audits including program effectiveness and results were approved by the Board of Education.

In addition, in June, 2017, the CBOC recommended to the Board of Education that this 3-year commitment for performance audits be further expanded to also include a review of the implementation of the 112 "*Forensic Accounting Investigation*" recommendations approved by the Board of Education in September, 2016.

²⁴ "*Final Report – September 16, 2016, Phase II – Forensic Accounting Investigation*", Executive Summary, page 4; also Recommendations FI 1-4 and FI 3-6 state, in part, "... professional standards promulgated by the American Institute of Certified Public Accountants (AICPA) and the Association of Certified Fraud Examiners (ACFE) prohibit VLS from rendering an opinion as to whether there has been any fraud, criminal activity, corruption or bribery by anyone associated with this engagement. Therefore, VLS renders no opinion as to whether there has been any fraud, criminal activity, corruption, or bribery by anyone associated with this engagement....."

²⁵ *Ibid.*, Examples: FI 1-4 and FI 3-6 state, in part, "... VLS recommends that legal counsel provide guidance and counsel to the Subcommittee for the Clay Investigation and the Board to determine whether this report should be referred to appropriate law enforcement agencies for appropriate action." FI 1-5 states, "The District should consult with legal counsel to determine whether further course of action is appropriate. Specifically, the failure of SGI to provide requested documents and allow interviews of SGI personnel, which resulted in a scope limitation of the work VLS was able to perform. Therefore, SGI may have been in breach of the Right to Audit Clause of the contract between the District and SGI by failing to provide VLS access to requested documents after reasonable notice was provided." Completion of FI 3-7 and FI 3-8 also depend on action by District staff to "...consult with legal counsel to determine whether further course of action is appropriate [concerning SGI.]"

²⁶ See Appendix H for a full list of all CBOC 2016 recommendations to the Board of Education as well as subsequent actions taken by the Board.

Use of Bond Funds and Long Term Cash Projections

Approximately \$1.3 billion has been spent so far on WCCUSD school facilities projects since the bond program began in 1998. This is out of a total of \$1.6 billion in total debt authorized by the electorate over the six voter-approved bond measures since that time.²⁷

In 2016, just over \$63 million was expended on all projects conducted by the District during the calendar year.²⁸ For a complete listing of projects completed in 2016 and the dollars associated with them, please refer to Appendix I for details.

As of the end of May 2017, the District’s five-year *Projected Ending Cash Balance* for the bond fund shows a \$27 million shortfall between its *Projected Available Funds* (\$339 million) and its *Total Projected Expenditures* (\$366 million for approved projects – i.e., projects currently in process and future *Master Planning Projects*²⁹). If overruns occur on current projects; or if cost reductions, efficiencies and State funding fail to materialize, then future projects may have to be deferred and/or re-prioritized. This is summarized below.³⁰

Bond Fund Components	Fund Balance	Main Fund Contributors & Commentary	
<i>Projected Available Funds</i>	\$ 339 million	Cash on Hand Bond Revenue (net) Earned Interest	\$ 82 million \$ 254 million \$ 3 million
<i>Total Projected Expenditures</i>	\$ 366 million	Projects in Process Master Planning Projects Admin & Other	\$ 167 million \$ 182 million \$ 17 million
<i>Projected Ending Cash Balance</i>	\$ (27) million	5-year Cash Shortfall, before State funding.	
<i>Expected State Funding</i>	\$ 21 million	Pending approval and release of funds to the WCCUSD by the State Allocation Board.	
<i>Expected Ending Cash Balance</i>	\$ (6) million	This 5-year Shortfall of \$ 6 million, after Expected State Funding of \$ 21 million, may require scaling back of current projects and/or re-prioritization of <i>Master Planning Projects</i> .	

²⁷ Refer to Appendix G, the WCCUSD’s “*Bond Fund Portfolio*”, for full details of overall bond funding authorizations (including local bonds and State funding) and actual bond issues-to-date.

²⁸ WCCUSD “*Bond Program KPI (Key Performance Indicator) Summary*”, Report 31, Table 4 – Average Monthly Spending for 12-months as of December 31, 2016. [See Appendix I for further details.]

²⁹ “*Long Range Facilities Master Plan, July 2016*”, page 110. Board approved Master Planning Projects total \$181.8 million.

³⁰ “*West Contra Costa Unified School District, Five-Year Cash Projections as of May 31, 2017, Report #13*”, Appendix D.



Bond Sales and Local Property Taxes

Bonds previously authorized by voters but not yet issued – Measure D bonds in the 2010 election and Measure E bonds in the 2012 election – total \$255 million. The District plans to issue these remaining bonds over the initial 5-year Master Plan period. Subsequent to each bond sale, local property owners are expected to be charged at the rate of \$48 per \$100,000 of assessed value on their County tax bill. Refer to the following Table (including its Notes) for details.

The WCCUSD has historically issued debt (i.e., sold bonds) which have consisted of several separate notes with terms (or “maturities” to full payout) varying between 1-40 years. The combination of these various short- to long-term notes has typically had an overall average maturity of around 20-25 years.

Examples of possible upcoming WCCUSD bond sales and the impact on local property taxes are shown below for an average household in the County. These are for illustration only; actual results may vary, depending on details of the bond sales, property tax rates and assessed values at the time they are actually concluded.

Bond Sale Date	Bond Sale Amount	Property Tax Rate ¹	Property Taxes for a Typical Household If Assessed Value is		
			\$250,000	\$500,000	\$1,000,000
mid-2018	\$125 million	\$ 48 ²	\$ 120/yr	\$ 240/yr	\$ 480/yr
mid 2019	\$130 million	\$ 48 ²	\$ 120/yr	\$ 240/yr	\$ 480/yr
TOTAL	\$255 million	\$48	\$ 240/yr	\$ 480/yr	\$ 960/yr
<i>Estimated Total Tax Payments over Full Term of the Bonds</i> (Based on Average Maturity = 20 years)			\$ 4,800	\$ 9,600	\$ 19,200

Note 1 re Property Tax Rate: The “Tax Rate” is the annual property tax amount paid by County tax payers, per each \$100,000 of their property’s assessed value, to pay off each bond measure. For any given property, the “assessed value” (which is set by the County Assessor) is not necessarily the same as the “original purchase price” or the “current market value”.

Note 2 re \$48: “On issuing bonds, the District must certify that the tax rate for the bonds will not exceed \$ 60 per \$ 100 thousand of property value. In addition, the District has a publicly stated goal for the 2010 – D and 2012 – E bonds of maintaining the tax rate at \$ 48 per \$ 100 thousand”.³¹

Further Information on School Bonds

Additional guidance about the issuance of school bonds can be found in the Little Hoover Commission’s February 2017 report³². The Little Hoover Commission is a bipartisan California State oversight agency created in 1962 to promote economy and efficiency in the transaction of public business.

Bond Funds for the Forensic Accounting Investigation

The District’s total out-of-pocket costs for the “*Forensic Accounting Investigation*” totaled slightly more than \$1 million for the investigators (Vicenti, Lloyd & Stutzman, LLP) plus its Special Legal Counsel (James K. Kawahara). This is summarized below, based on data provided by the District, and shows an approximate 50/50 split of the total cost between the General Fund and the Bond Fund.

This table does not include District staff time or any charges by District legal counsel (as opposed to Special Legal Counsel, below) or other vendors, if any, for the “*Forensic Accounting Investigation*”. Also, this table does not include bond interest cost estimated at \$60,000, based on short-term bonds that mature in three years.

Description	General Fund	Bond Fund	Total
Phase I of Assessment of Risk			
Vicenti, Lloyd & Stutzman, LLP		127,010	127,010
James K. Kawahara, Special Legal Counsel	50,000		50,000
Total Phase I	\$ 50,000	\$ 127,100	\$ 177,010
Phase II Forensic Investigation			
Vicenti, Lloyd & Stutzman, LLP	290,035 *	435,053	725,088
James K. Kawahara, Special Legal Counsel	168,724		168,724
Total Phase II	\$ 458,759	\$ 435,053	\$ 893,812
Grand Totals			
Vicenti, Lloyd & Stutzman, LLP	290,035	562,063	852,098
James K. Kawahara, Special Legal Counsel	218,724		218,724
Grand Total	\$ 508,759	\$ 562,063	\$ 1,070,822

* As a result of CBOC Member Don Gosney’s efforts with District staff, \$290,035 of the cost for the forensic investigators during the Phase II Forensic Investigation was properly charged to the General Fund (as shown), rather than to the Bond Fund, thus saving the Bond Fund \$290,035.

³¹ WCCUSD “*Bond Program KPI (Key Performance Indicator) Summary*”, Report #1, Table 1 – Bonds Authorized, Note 4.

³² **Little Hoover Commission Report #236**, February 2017, “*Borrowed Money: Opportunities for Stronger Bond Oversight*”, pages 14 – 15.

Long Range Facilities Master Plan

2016 Milestones

The *Facilities Master Plan* is a key set of documents for the District, representing its main statement of strategy for school facility upgrades and replacements over the next 5-years and beyond. It is comprised as follows:

- The 200-page WCCUSD “*Long Range Facilities Master Plan, July 2016*”, prepared by Darden Architects and by Integrated Educational Planning & Programming, which was approved by the Board of Education at its meeting on June 15, 2016.
- The WCCUSD “*Educational Specifications*” and “*Materials and Product Standards*” – which were still in draft form as of the Board’s meeting on June 15, 2016 – were subsequently finalized and then approved by the Board of Education at its meeting on April 12, 2017. Both were also prepared by Darden Architects and Integrated Educational Planning & Programming.

The “*Long Range Facilities Master Plan*”, the “*Educational Specifications*” and the “*Materials and Product Standards*” are hereafter collectively referred to as the *Facilities Master Plan*.

Facilities Master Plan

“On June 15th, 2016, the Board approved the *Facilities Master Plan* and the associated implementation plan. The implementation plan included the direction to update the District’s *Educational Specifications*, which were last approved in 2011. The *Educational Specifications* guide the District’s architects to design and align school facilities to the educational program. The architect uses the specifications to translate the curriculum and instructional program into an aesthetic, economical and functional educational environment. The update of the *Educational Specifications* also includes comprehensive review of the *Materials and Product Standards* that are incorporated into the school facilities. The entire process was needed to provide consistency, alignment with current and future program needs and objectives, along with an emphasis on cost efficiency and effectiveness.”³³

Implementation Plan

The *Facilities Master Plan* includes an “Implementation Plan”³⁴, with a detailed list of projects for the next 5-years and beyond (by individual school site and by work category within each site); site plans; and estimated costs; plus timelines and potential funding only for those projects planned for the next 5-years. NOTE: This implementation plan should not be confused with the one developed by the Implementation Task Force charged solely with implementing the 112 recommendations from the “*Forensic Accounting Investigation*”.

Although there’s a strategic planning option for a new local bond measure to be placed before the electorate in 2018, it is not currently part of the Board-approved implementation plan projects. Furthermore, no new source of funds is currently planned for projects beyond the next 5-years.

³³ From an agenda item for the Board of Education meeting on April 12, 2017 seeking approval of the “*Educational Specifications*” and the “*Materials and Product Standards*”.

³⁴ “*Long Range Facilities Master Plan, July 2016*”. The “Implementation Plan” is Sections 7 and 8, pages 105 – 116 and 117 – 200, respectively.

C B O C A N N U A L R E P O R T 2 0 1 6

Since no decision regarding a new 2018 (or later) local bond measure has been made by the Board of Education at this time, it has only officially approved new projects in the amount of \$181.8 million for the next 5-years to 2021. This therefore marks the totality of the Board’s current commitment to funding for *Facilities Master Plan* projects and rests solely on issuing those bonds remaining under its current remaining Measure D and Measure E authorizations. This is clarified below:

Facilities Master Plan Line Items	Cost Estimates ¹
<i>Board of Education Approved Implementation Plan Projects</i> (comprising 21 specific school site projects over the next 5-years)	\$ 181.8 million *
<i>New 2018 Local Bond</i> (if any)	ZERO (no voter Measure)
<i>Future Funding/Needs Projects</i> (beyond the next 5-years)	\$1,119.9 million **
GRAND TOTAL Funding Required	\$1,301.7 million

Italics in the table above are line-item phrases lifted directly from the *Facilities Master Plan* source document. All figures shown are also as they are printed in the *Facilities Master Plan* source document.

Note 1 re Cost Estimates: These are “Rough Order of Magnitude (R.O.M.) Cost” estimates, transcribed directly from the *Long Range Facilities Master Plan* (Section 7, Implementation Plan, page 111). As defined by the District, such estimates are “based on general cost per square foot and do not include escalation or cost for temporary housing. Further Architecture and Engineering studies are required, including scoping and budgeting”.³⁵

* *Board of Education Approved Implementation Plan Projects:* \$181.8 million is the number being tracked monthly by the District to the CBOC³⁶ for the cost of its 21 “*Master Planning Projects*”. It is funded, in part or in whole, from the total of the “*Fund Balance*” (i.e., funds already “on hand” for this 5-year plan) + “*Projected Bond Sales*” of \$255 million (remaining from previously-authorized funding capacity from bond measures approved earlier by the WCCUSD electorate and to be issued during this 5-year plan). Refer to the “*Use of Bond Funds and Long Term Cash Projections*” section of this Annual Report for more discussion. REFER to Appendix C (Project Status Report) for further details.

***Future Funding/Needs Projects:* The WCCUSD currently has no authority from the local electorate to issue any new local bonds for school upgrades or new construction. Therefore, in order to fund these projects beyond the next 5-years, the District will—at some as yet undetermined time—have to present ballot Measure(s) to the electorate for new local bond authorizations. REFER to Appendix E (Unfunded Master Plan Projects) for further details.

³⁵ “*Long Range Facilities Master Plan, July 2016*”, pages 101 – 103.

³⁶ “*West Contra Costa Unified School District, Five-Year Cash Projections as of May 31, 2017, Report #13*”, Appendix D.

Context Moving Forward

The Next 5-Years:

“Board of Education Approved Implementation Plan Projects”

The Board of Education has officially committed itself only to 21 named school site projects, estimated to cost \$181.8 million over the next 5-years. However, at this level of commitment, the bond fund will be short of cash (by at least \$5.5 million, depending on receipt of State funds over this period) according to current projections. This shortage will need to be closed in order to meet the Board’s 5-year commitment. Refer to the “*Use of Bond Funds and Long Term Cash Projections*” section of this Annual Report for further details.



Nystrom Elementary

Additionally, the District has re-committed itself to managing its remaining current projects, as well as this \$181.8 million portfolio of “*Master Plan Projects*” over the next 5-years, to its own strict budgeting, scheduling, contracting and project management standards. The “*Educational Specifications*” and the “*Materials and Product Standards*” are key elements of this commitment.

Any cost overruns resulting in budget supplements, for whatever reason (e.g., market conditions, weather delays, contract disputes, labor stoppages, demographic changes, legislation, supply chain disruptions, safety standards, etc), will increase the gap in funding for the approved *Master Plan Projects* over the next 5-years. This will require continued monitoring, planning, forecasting and discipline from the District and the Board, as well as vigilant oversight from the CBOC.



Nystrom Elementary

Beyond the Next 5-Years:

“Future Funding/Needs Projects”

The Board of Education has planned for additional projects after the first 5-years, totaling over \$ 1.1 billion in estimated cost. To make such a funding commitment in the future, the District will need to tap new authorizations significantly in excess of their current remaining bond authorization of \$255 million.

The risk that future bond measures may not be approved by voters obviously imperils this portion of the *Facilities Master Plan*. Success in passing any new local bond authorizations may depend on effective budgeting and project management on the currently authorized 5-year projects.

To this end, successful and ongoing implementation of the “*Forensic Accounting Investigation*” recommendations is likely to be one of the many keys for the District to successfully promote access to any additional funds required beyond the “*Board of Education Approved Implementation Plan Projects*”.



Mitigations

The *Facilities Master Plan* does recognize several (although possibly not all) of the challenges discussed in this section of the CBOC’s Annual Report and recommends possible mitigation strategies as follows:

- “State Funding”.
- “Change Critical Need Expenditures”.
- “Additional Savings from [further] revising *Educational Specifications* and *Materials/Products Standards*”.
- “A change in escalation, deflation or the reduction of construction costs”.³⁷

These mitigations represent potential upsides for the District, but only to the extent that they choose to actively pursue them; and that they are successful in managing them consistently over the long-term.

³⁷ “*Long Range Facilities Master Plan, July 2016*”, page 109.

Compliance Opinion

West Contra Costa Unified School District, Citizens' Bond Oversight Committee

2016 Compliance Opinion

General Obligation Bonds Measure D (2010) and Measure E (2012)

California Education Code Section 15278 (b) requires, "The citizens' oversight committee shall advise the public as to whether a school district or community college district is in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution." California Education Code Section 15280 (b) requires, "The citizens' oversight committee shall issue regular reports on the results of its activities. A report shall be issued at least once a year."

This is the Citizens' Bond Oversight Committee (CBOC) 2016 Compliance Opinion as to whether the WCCUSD is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution (see attached) as follows:

Reference	Requirement	In Compliance?
(A)	Bond funds are expended only for the construction, reconstruction, rehabilitation, or replacement of school facilities including the furnishing and equipping of school facilities.	Yes
(A)	No bond funds are used for any teacher or administrative salaries or other school operating expenses.	Yes
(B)	A list of specific projects to be funded was included on the ballot.	No. See below.
(C)	An annual independent audit is performed.	Yes
(D)	An annual independent financial audit is performed.	Yes

It is the opinion of the CBOC that the projects list for Measure D (2010) and Measure E (2012) are so general in nature that it is impossible to determine what specific school facilities were approved and the amount of bond funds allocated for each specific school facilities projects.

Opinion: Based on our knowledge and belief at this time, information provided by the District and the Vavrinek, Trine, Day & Co., LLP Independent Auditors Report of Performance General Obligation Bonds Measure D (2010) and Measure E (2012) Performance Audit, June 30, 2016, it is the opinion of the CBOC that the District is in compliance with the provisions of the California Constitution except the project lists are not well-defined so that the CBOC could state an opinion whether expenditures of bond funds were made in accordance with the voter approved project lists. Therefore, the CBOC states no opinion on whether expenditures of bond funds were made in accordance with the voter approved project lists.

Concluding Remarks

Steps Forward in 2016

As discussed throughout this year's Annual Report, there were significant and promising steps forward in 2016 by the District and the Board of Education, including but by no means limited to the following:

- An Implementation Task Force was approved by the Board of Education in 2016 to address and track implementation of all 112 recommendations in the *"Forensic Accounting Investigation"*. This provides the Board of Education with a road-map forward and a tracking mechanism to gauge progress. The Task Force includes a CBOC member.
- An updated *"Long Term Facilities Master Plan"* was approved by the Board of Education in 2016, following extensive community meetings. A revised list of *"Educational Specifications"*, as well as revised *"Materials and Product Standards"* to guide development and reduce construction costs of school projects were approved early in 2017 as integral parts of the *"Long Term Facilities Master Plan"* approved in June 2016.
- The *"Forensic Accounting Investigation"* final report acknowledged that several positive changes were made by the District in internal systems and processes to either eliminate or reduce some risks identified by the investigators.



Looking Ahead

Events leading up to and including 2016, capped by the Board's approval of the *"Forensic Accounting Investigation"* on September 21, 2016, indicated WCCUSD's internal systems, expertise, procedures, and policies were not up to task in several key areas.

Perhaps most important, looking ahead, will be to see if, over time, the District improves its ability to take on large multi-million dollar school construction projects and bring them in on time and on budget against competitive benchmarks.

Equally important will be its ability to sustain such a level of excellence throughout the duration of its *"Long Range Facilities Master Plan"*, particularly for at least the next 5-years.

To measure its progress; to make it transparent to the public; to make sure it is sustained; and to facilitate effective oversight by the CBOC: The Board of Education has approved robust “results and effectiveness” performance audits by Moss Adams LLP, an independent third party auditor with expertise in project management, for the next three years, starting with the fiscal year ending June 30, 2017. And the CBOC has recommended that the scope of these performance audits be expanded to include a review of the implementation of the 112 recommendations from the 2016 “Forensic Accounting Investigation”.



Korematsu Middle School

It should be noted that, between 1998 and 2012, District voters enthusiastically supported every school bond measure presented, one after the other every two or three years. These bond measures were presented to improve school facilities and educational opportunities for all its students. Before the bond program began, WCCUSD’s facilities were in poor shape; teachers and students typically worked in run down, old and decrepit structures. Thanks to the bond program, new schools have been built and many of the worst of these facilities have been rehabilitated. This has benefitted many local student families and educators.



Nystrom Elementary

But then, in 2014, under mounting pressure on several fronts, for the first time in sixteen years, voters rejected yet another new WCCUSD school bond measure (Measure H in the amount of \$270 million).

Since then, the WCCUSD has released no firm plans to place additional new school bond measures before voters in the foreseeable future. However, the District’s “Long Term Facilities Master Plan”, arrived at with the help of many in the community, includes over \$1.1 billion worth of new (as yet unfunded) projects beyond those funded by already authorized bond measures.

**De Anza HS
Linked Learning Building**



**Valley View Elementary School
Interim Campus – Admin Office**



The release of this plan was one of the high points of 2016, something the community was proud of and is looking forward to. But until the WCCUSD re-establishes credibility and trustworthiness in the eyes of many local voters, full implementation of this plan is clearly threatened by a lack of new local bond funding authorizations.



**Korematsu Middle School
Administration & Lobby**

The WCCUSD community began this bond program because it wanted better schools for its students. “What we do, we do for the children!” is how the CBOC tags all of its agendas. This is an important reminder, as all parties work to correct past missteps and re-establish WCCUSD’s credibility. Success depends on a determined effort on the part of the Board of Education, the Superintendent and his Staff and the District’s CBOC. And it will take time. Local voters have stood behind the District in the past. Conceivably they will again once it’s clear the District has gotten itself back on track.

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**Nystrom Elementary
Kindergarten Play Structure**



**El Cerrito HS
Sports Stadium**

Appendix A – Citizens’ Bond Oversight Committee Members

West Contra Costa Unified School District

DISCLAIMER

Each CBOC Member has prepared their own bio, as shown below, with no editing by the Annual Report Subcommittee. Each Member also had the option to add personal contact information for public reference. Members whose bios are not displayed decided not to submit one for inclusion in the CBOC Annual Report 2016.

Jon Ames, Parent Representative, 2015-2017

Subcommittee: Site Tours

Jon has three young children and his oldest daughter is a student at Valley View Elementary School. He grew up in Massachusetts, where he received an excellent public education. Jon then earned a Bachelor's degree in Mechanical Engineering from Carnegie Mellon in Pennsylvania. After this, he moved to Berkeley, where he completed a Master's Degree from UC Berkeley in Mechanical Engineering. Jon has designed industrial machinery for the Geo. M. Martin Company of Emeryville for the past 10 years. He thinks both creatively and technically, and can focus on both details and the big picture, making him an asset to the CBOC.

Rhem Bell, Employee Unions Representative, 2016-2018

Mark Bordas, Student Representative, 2016-2017³⁸

Mark was appointed March 16, 2016 to the Citizens Bond Oversight Committee. Outside of his involvement with the CBOC, Mark is currently a junior at the newly constructed De Anza High School in Richmond, CA. At De Anza, Mark is concluding his first term as the Associated Student Body President and his second and last as the JROTC cadet corps commander. In addition to his activities within De Anza, he is also a representative on the WCCUSD Youth Commission, representing not only the voices of De Anza, but the voices of all students across our school district. As a newly appointed member on the CBOC, he hopes to provide powerful insight that can be beneficial to our WCCUSD student body; creating both a sense of unity and trust between our students and our district.

Margaret Browne, Richmond Resident, 2014-2016

Margaret has a BS from Knoxville College, Knoxville, Tennessee and an MA and M. ED from Teachers College, Columbia University, New York, New York. Margaret taught for 20 years in Oakland and Richmond public schools and retired in 2008 after 18 years in the WCCUSD. Her last positions were at JFK High School and Kappa Continuation High School. She was active in the United Teachers of Richmond (UTR) and the California Teachers Association (CTA), serving on the UTR Executive Board and the CTA State Council of Education. Margaret is a CTA/NEA life member. She volunteers in the Writer Coach Connection and is on the boards of the West Contra Costa Retired Educators Scholarship Fund and Saffron Strand. She serves on the CBOC to support public schools.

³⁸ Resigned July 21, 2017 as he graduated from high school.

Leisa Johnson, Richmond Resident, 2016-2018

Subcommittee: Bylaws (Chair)

Peter Chau, Richmond Resident, 2014-2018

Subcommittees: Bylaws, Pinole Valley High School

CBOC Secretary 2015

Former Subcommittees: Bylaws (Chair), Clay Investigation

Peter was first appointed to in April 2014. He is a 12-year volunteer for public schools. Peter's interest in the CBOC is in holding the District accountable to promises made to voters

Charles Cowens, Unincorporated Area Resident, 2016-2018

CBOC Chairperson (2017)

Charley works as a technical writer for a software company. He graduated from UC Berkeley with a BA in Legal Studies Both of his children attended WCCUSD schools through graduation. Charley is returning to CBOC after previously serving on CBOC for two terms, including holding the office of Secretary. His past school district involvement includes serving for 5 years as chair of the WCCUSD Community Budget Advisory Committee; working as an officer on PTA executive boards at the site, district, and county levels; and volunteering for school district parcel tax campaigns and a bond campaign. Charley is a member of the El Cerrito Democratic Club and the Contra Costa Taxpayers Association. He wants the CBOC to be a better watchdog and a better source of useful information for the public.

Sallie DeWitt, Business Organizations, 2017-2019

salliedewitt@gmail.com

Subcommittees: Annual Report (Chair), Audit

Sallie attended public schools in the Bay Area and then received two degrees from UC Berkeley, a BA in History (Phi Beta Kappa) and an MBA. She and her husband, Jim DeWitt, have lived in Richmond since 1975. Their children and grandchildren attended WCCUSD schools, and, now, two great grandchildren are at Washington School. Sallie is an ardent supporter of public education. In the 1990s, she founded the Many Hands Project at Washington School and served on the Board of the West Contra Costa Ed Fund. Starting in 1995, she worked at Chevron as an Education Outreach Coordinator and budget analyst, until she retired in 2015. She is motivated to ensure all public-school students have an opportunity to achieve their full potential. Sallie joined the CBOC in January 2017, wanting to put her experience in business planning, budgeting and variance analysis to work overseeing WCCUSD's bond program.

Kathy Fleming, El Cerrito Resident, 2017-2019

Kathy was appointed to the CBOC in June of 2017. She is a resident of El Cerrito and a parent of two children who will soon be attending WCCUSD schools. Kathy brings over 27 years of public education experience as a teacher and administrator, currently in San Francisco Unified School District (SFUSD) and formerly in the Public School District of Philadelphia. For the last eight years, Kathy has served as the Director of the SFUSD Public Education Enrichment Fund (PEEF) which is a \$68 Million voter-approved San Francisco general fund set-aside for enrichment, student & family support, and academic support programs. In this role, Kathy is responsible for leading accountability activities to ensure funds are expended per legislation and school board approved annual budgets and plans. Kathy welcomes her opportunity to serve on the CBOC.

Denise Gianni, Taxpayers Organization, 2017-2019

Subcommittee: Site Tours

My husband, son and I have been Richmond residents since 1985. Our son attended Valley View Elementary, for two years, then Carquinez Middle School, and his Freshman year at John Swett high school. Dissatisfied with the education there, he/we used the Independent Study Program, through the WCCUSD, and a local homeschool group for his sophomore, junior and senior years. He had two graduations, in 2001, and had a most memorable high school experience! I was involved with the PTA's in Richmond and Crockett, and of course with the homeschool group. I KNOW what a good education is, and it stems from the basics: reading, writing (spelling and punctuation included!) and arithmetic! No social engineering or politics. As our property tax bill increased, significantly, over the years, I became involved in local citizens groups, and joined CoCoTax in 2016. I was appointed to the CBOC, this year, to fill the position of Tax Payer Organization, and I take the job VERY seriously!! The taxpayers, in WCCUSD have paid enough taxes. Let us work with the district to spend those millions of dollars wisely and efficiently! Our school are tied to our property and its value, and I want the most for us, and the taxpayers in this district.

Don Gosney, Richmond Resident, 2008-2012 and 2015-2019

Former Subcommittees: Bylaws (Chair), Audit (Co-Chair), Website (Chair), Nystrom Subcommittee

Don was first appointed to the CBOC in 2008, and he served two terms before terming out. He was reappointed in 2015 and since 2016 represents Richmond. Don attended high school in West County and graduated from JFK in 1972. He later studied theoretical physics at UC Berkeley and then worked for 47 years building petro-chemical complexes. Don is interested in serving on the CBOC because he says that every project needs another set of eyes looking at it to make sure it's done right, done economically, and done serving the best interests of the owner (in this case, the people). Don has worked with the Bond Program since before it first went to the voters in 1998.

Charlene Harlan-Ogbeide, Ed.D. San Pablo Resident, 2014-2016

Charlene earned a BA in Liberal Studies at San Francisco State University and a Masters' in Public Administration from Golden Gate University She completed her Doctor of Education degree from Nova Southeastern University in Fort Lauderdale, FL, focusing on Educational Leadership. Charlene worked for over 20 years as a college professor and a Public-School Administrator with the San Francisco Unified School District. She has also consulted for the California State Department of and spent eight years as the Director of Early Education with the Peralta Community College District in Oakland. At present, Charlene is an Educational Consultant and a classroom substitute teacher. She is actively involved in supporting her city of San Pablo and other communities in West County, where she sits on various boards and committees.

Dennis Hicks, Building Trades Council, 2016-2018

Subcommittee: Site Tours (Chair), Pinole Valley High School

Dennis previously served one term on the CBOC from August 2013 to July 2015. He is a graduate of El Cerrito High School and earned an AA from Contra Costa Community College. Dennis has 41 years of experience working as an Electrician. He has been a Member of the IBEW and Contra Costa Building and Construction Trades. During the last 16 of those years, he was working as a Construction Coordinator at a local Refinery. Dennis is a firm believer that our schools must be well built and maintained, without overburdening the taxpayers.

Auna Harris, San Pablo Resident, 2016-2018

Subcommittees: WCCUSD Forensic Investigation Implementation Task Force

Former Subcommittee: Audit (Chair)

An accomplished finance and administration executive successful at leveraging career experience to enhance organizational effectiveness overseeing administration specializing in accounting and finance operations, payroll and human resources administration, IT processes and facilities management. An internal consultant to executive and management teams in decision analysis, financial analysis, business process analytics, organizational process improvement and change management. Talented in creating strategic alliances and building effective coalitions to support key organizational initiatives. With more than 15 years of professional finance administration revenue allocation and cost recovery experience working both for Marin County as Chief of Sheriff's Fiscal Services and Director of Finance and Facilities with the Superior Court of California, Alameda County, and as Director of Human Resources for the California HealthCare Foundation, HR Senior Manager with the San Francisco Chronicle and Payroll Personnel Manager with UC Berkeley, Ms. Harris brings a broad and diverse range of skills to the CBOC and previous advisory experience serving on appointments with West Contra Costa Economic Opportunity Council and previously with the City of San Pablo Community Foundation and currently serving on Board of Directors for Girls Inc. of West Contra Costa County. Auna is the proud mom of 17-old son Joshua a West Contra Costa Unified Hercules High School Student

Anton Jungherr, Contra Costa Taxpayers Association Representative, 2004-2006, 2009-2011, 2015-2019

Jungherr3@aol.com, 510.697.7212

CBOC Secretary 2016

Subcommittees: Annual Report, Audit, Bylaws

Former Subcommittees: Annual Report (Chair), Secretary (2016), Training (Chair), Website

Anton was first appointed to the CBOC in 2004 and served as Secretary and Executive Director (volunteer) and Audit (co-chair). Anton is a Co-Founder of the California League of Bond Oversight Committees and has served as Board Director, and Executive Director. Anton served as Associate Superintendent Berkeley Unified School District, CA; Deputy Superintendent for San Francisco Unified School District, CA; Deputy Superintendent of Yonkers School District, NY. Anton is the coauthor of *Operational PPBS (Planning -Programming-Budgeting-Systems for Education)* He earned his Master of Education degree in Educational Administration from Columbia University, received a Master of Public Administration degree from Syracuse University and a B.S. in Business Administration from the University of Connecticut.

Chris Kelley, Hercules Resident, 2015-2017

CBOC Vice Chairperson 2016

Subcommittees: Annual Report, Reports, Executive, Bylaws

Chris was nominated to the CBOC by the Hercules City Council. Early in her career, she taught English as a Second Language in Taiwan & San Francisco, later becoming a foreign student advisor. For the past 25 years, Chris has worked in human resources and administrative management for various small businesses in the fields of finance, marketing, design, and technology. She currently serves on the Hercules City Council, and co-chairs city subcommittees on public safety/traffic and economic development. Chris attended public schools K-12 in West L.A. She graduated from U. C. Berkeley with a B. A., majoring in Political Science, with a concentration in Chinese politics; and a minor in Western Philosophy.

Antonio Medrano, Senior Citizen Organization, 2015-2017

Subcommittee: Audit

Antonio is a Retired Teacher, at both college and high school levels. He is also a former School Board Trustee (2008-2012), community activist, and ACLU chapter chair for Berkeley/West County. Antonio is a Member of the WCCUSD Budget Advisory Committee and the Coalition for Immigrant Rights. He is a resident of Montalvin Manor in San Pablo.

Cameron "Mac" Moore, Parent and PTA, 2016-2018

CBOC Secretary 2017

Mac has lived in West County for 15 years and has two kids in WCCUSD schools. He has a B.A. in Mathematics and Anthropology from Middlebury College in Vermont, and an M.B.A. in Finance from New York University. After a career in finance in New York City, Mac has worked in the solar energy industry for over 20 years, most recently for a company that develops and operates large solar power projects. He joined the CBOC because he believes that all children should be able to attend safe and attractive public schools.

Tom Panas, El Cerrito Resident, 2015-2017

CBOC Chairperson 2016

Subcommittees: Audit (Chair), Executive (Chair), Reports

Tom has extensive experience with bonds and finance. He has a BS in Computer Science from Cal Poly and an MBA in Finance from UC Berkeley. Tom was awarded his CPA certificate in 1980 and has been the CFO at two software companies. In the community, Tom serves on the County Library Commission and is the treasurer and a board member of the Richmond Emergency Food Pantry, the El Cerrito Historical Society, and the Friends of the El Cerrito Library. He also serves on the Board of the El Cerrito Library Foundation. He has lived in West County since 1975 and was added to the El Cerrito Wall of Fame in 2014. He serves on the CBOC to help support West County schools.

Stephen Purser, Unincorporated Area Resident, 2014-2018

CBOC Vice Chairperson 2017

Liaison to WCCUSD Facilities Subcommittee

Subcommittees: Pinole Valley High School (Chair) Subcommittee: Website (Chair), Site Tours

Stephen is currently serving his second two-year term as a representative from unincorporated Richmond. After receiving his public education in local public schools, he attended Contra Costa College and then transferred to San Jose State where he received his BA in health science and later a Masters' degree in Public Health and School Health. Stephen worked in the field of community health administration for 30 years and recently retired from the California Department of Public Health. Stephen is married and enjoys traveling and working in his garden.

Ivette Ricco, Pinole Resident, 2010-2016

CBOC Chairperson, 2013-2016

Subcommittees: Website (Chair), Change Order, Clay Investigation, Pinole Valley HS (Chair)

During her 30-year professional career, Ivette held the position of Vice President of Operations for Capital Company, a financial services corporation. Prior to this she was the National Coordinator for Student Loan Collections at Capital Credit Corporation. After retiring from her professional career, Ivette became a community and small business advocate. Ivette served as the Executive Director of the Pinole Chamber of Commerce and subsequently as President of the Pinole Chamber of Commerce. Ivette is a product of the New York City Public School System. Ivette believes that public education in the USA should be the best in the world and has worked to make a difference in the West Contra Costa School District.

Devin Murphy, Pinole Resident, 2016-2018

Subcommittee: Pinole Valley High School, Website (Chair)

Devin was first appointed to the CBOC in November 2016. He serves as the representative for the City of Pinole. His interest in serving the CBOC stems from his clear investment in educational equity and access and his passion to serve the greater Contra Costa community. He received his BA from the University of California, Los Angeles (UCLA) and is a business and community leader.

Gregg Visineau, Senior Citizen Organization, 2017-2019

gvisineau@gmail.com, 510.236.0761

Subcommittees: Annual Report, Audit

I have been a member of the CBOC since April 2017. I have been involved in District affairs much longer. My family and I are 35-year residents of El Cerrito, with two grown sons who attended Castro Elementary, Portola Middle and El Cerrito High Schools beginning in 1993. We have been active PTA members, Site Council members and school parents throughout that time. We have witnessed firsthand an activist Superintendent (with a quiescent Board) lead the District to bankruptcy in the late 1980's. Recently we have witnessed activist Board members (with a laissez faire Superintendent) lead the District into Grand Jury, Securities & Exchange Commission and Forensic Accounting investigations. I have regularly attended Board of Education, CBOC, Audit, Facilities Subcommittee and Governance Subcommittee meetings. I have presented written and oral Public Comments to all of them on topics as diverse as bond funding for technology purchases; conflicts of interest for Board members; and learning from past school design and construction errors to improve on future projects. My education includes degrees in mechanical engineering, naval architecture and business. My professional skills reflect time spent in mergers and acquisitions; economic and project analysis; strategic planning; emergency response; project finance; supply chain management; logistics and trading; and asset management.

Tom Waller, Business Organization, 2012-2016

Subcommittees: Reports (Chair), Audit, Change Order (2014-15) and LRFMP Steering Committee LRFMP Prioritization Committee

Tom is a WCCUSD graduate of Portola Middle and Harry Ells High (was located where DeJean is now). He earned mechanical engineering degrees (B.S. from the US Naval Academy, Annapolis, MD and M.S. from Georgia Institute of Technology (Georgia Tech), Atlanta, GA) and served as a naval officer on nuclear submarines before having a diversified general management business career in large and small companies. His broad functional experience includes manufacturing operations, sales, marketing, international business development, strategic planning and consulting. Upon returning to the Bay Area in the early 2000's, Tom volunteered in WCCUSD high school career academies. Interest in further service led to his appointment to the CBOC.

Orlandus Waters, El Cerrito Resident, 2013-2016

CBOC Vice-Chair (2013-2015)

Subcommittees: Audit (Chair)

As Executive Vice President Downey Federal Credit Union, Orlando was the primary contact for the Downey Unified School District's Bond Program 2009-2010. He also served as a Board Member of Cerrito College's Foundation, supporting their Bond Initiative for their Master Plan. As a Senior Vice President of Mergers & Acquisitions, Financial Partners Credit Union, his company provided the College's students, faculty and elected Board Members with comprehensive financial services. Orlando graduated from Sterling College and attended Washburn University School of Law. His first credit union experience was with California Teachers Credit Union, now Provident. He is currently the CFO and Partner at Minty Fresh Digital, LLC. Orlando says that serving on the CBOC has been a thoroughly enjoyable experience.

Appendix B – References and Links

West Contra Costa Unified School District

Purpose: To provide references and online links to documents that support the work of the West Contra Costa Unified School District (WCCUSD) Citizens' Bond Oversight Committee (CBOC).

- The purpose, role and responsibilities of the Citizens' Bond Oversight Committee is governed by California Constitutional Amendment Proposition 39 (2000)³⁹, California Education Code⁴⁰, WCCUSD Board of Education Policy⁴¹ and the CBOC's Bylaws⁴².
- Various bond resolutions approved by the Board of Education and various ballot measures approved by the voters authorized \$1,630,000,000 of general obligations bonds the principal and interest to be paid by the taxpayers of the WCCUSD (ref: WCCUSD Bond Measure Information⁴³.)
- The Board of Education, on June 15, 2016, approved a Five Year 2016-2021 Master Facilities Plan⁴⁴ for twenty-one (21) projects in an amount of \$181,800,000 based on the available bond monies that had been previously approved by the voters.
- The actual and planned construction for each school site is displayed on the District's website. Project Status Reports are posted on the District's website under Staff Reports⁴⁵.
- A forensic accounting investigation⁴⁶ of the school construction program was performed by an independent auditor in 2015-16. The District has established a Task Force to implement the 112 recommendations made by the forensic auditor.

³⁹ www.calboc.com/proposition-39.html or

www.wccusd.net/cms/lib/CA01001466/Centricity/domain/1873/Regulatory%20Documents/Prop39.pdf

⁴⁰ www.calboc.com/education-code.html

⁴¹ www.wccusd.net/cms/lib/CA01001466/Centricity/domain/1873/Regulatory%20Documents/Board%20Policy%207214.2.pdf

⁴² www.wccusd.net/cms/lib03/CA01001466/Centricity/Domain/1873/Regulatory%20Documents/CBOC%20By-Laws%20Rev%2014.pdf

⁴³ www.wccusd.net/domain/1873

⁴⁴ www.wccusd.net - **Main Menu** / About WCCUSD / Facilities Master Plan

⁴⁵ www.wccusd.net/domain/1837 or call WCCUSD Facilities Planning 510-307-4542.

⁴⁶ www.wccusd.net/domain/1723

- CBOC activities including agenda packets, minutes and voice records are available on the CBOC website⁴⁷. Subcommittee agenda, minutes, voice recordings and reports are also available on the Subcommittee website. Information on how to join the CBOC is also available.
- The California League of Bond Oversight Committees (CalBOC)⁴⁸ has an excellent website with training resources for CBOC members. They also publish a free newsletter on CBOC activities throughout California.
- The California Little Hoover Commission⁴⁹, a State Agency to promote economy and efficiency in State and local governments, issued a report in February 2017⁵⁰ with recommendations to improve the effectiveness of CBOCs. The California's Coalition for Adequate School Housing⁵¹ issued in 2014 an important report on school construction costs in California.

⁴⁷ www.wccusd.net/Domain/1819

⁴⁸ www.calboc.com

⁴⁹ www.lhc.ca.gov

⁵⁰ www.lhc.ca.gov/studies/236/report236.html

⁵¹ www.cashnet.org/

Appendix C - Project Status Report

West Contra Costa Unified School District

Current, Budgeted and Planned Projects

	Site	Project	Master Plan *	Original Contract Amount	Status
Construction	Grant ES	Critical Needs	X	\$900,000	
	Korematsu MS	Food Service Delivery Ramp	No	\$165,000	Anticipated Completion August 2017
	Korematsu MS	Roof Eqpt Screens, Bldg G	No	\$215,000	Anticipated Completion September 2017
	Korematsu MS	Library Patio Decking	No	\$53,600	Anticipated Completion August 2017
	Pinole Valley HS	New Campus	No	\$129,894,002	Change Orders # 1- 11 Board Approved
	Site	Project	Master Plan *	Budget Amount	Status
Procurement	Harmon Knolls	Critical Needs... Demolition	X	\$200,000	Total Bid \$374,000
	Valley View ES	Critical Needs... Demolition	X	\$1,000,000	Total Bid \$893,000
	Ohlone ES	Critical Needs... Demolition	X	\$800,000	Total Bid \$415,000
	Korematsu MS	Fall Protection Bldgs B & D	No	\$198,000	Preparing Bid Documents
Design	Crespi MS	Gym Seismic Retrofit	X	\$3,100,000	Construction Documents 50%
	Harmon Knolls	Soils Testing	X	\$100,000	
	Wilson ES	Replacement	X	\$40,300,000	Temp Campus
Pre-Design Planning	Chavez MS	Critical Needs	X	\$600,000	AOR RFQ/P
	Fairmont ES	Critical Needs	X	\$3,000,000	AOR RFQ/P
	Highland ES	Critical Needs	X	\$800,000	AOR RFQ/P
	Olinda ES	Critical Needs	X	\$1,000,000	AOR RFQ/P
	Richmond HS	Critical Needs	X	\$15,100,000	AOR RFQ/P
	Riverside ES	Critical Needs	X	\$6,900,000	AOR RFQ/P
	Stege ES	Critical Needs	X	\$2,900,000	AOR RFQ/P
Future Facilities Master Plan Projects	Cameron School	Critical Needs	X	\$1,300,000	Future Year Not Funded
	Collins ES	Critical Needs	X	\$3,500,000	Future Year Not Funded
	Hercules HS	Critical Needs	X	\$7,200,000	Future Year Not Funded
	Hercules MS	Critical Needs	X	\$7,500,000	Future Year Not Funded
	Kennedy HS	Critical Needs	X	\$12,200,000	Future Year Not Funded
	Lake ES	Replacement	X	\$66,100,000	Future Year Not Funded
	Shannon ES	Critical Needs	X	\$7,100,000	Future Year Not Funded

- NOTE: X denotes a "Board – Approved Master Plan Project" (catalogued immediately below, taken directly from the "Long Range Facilities Master Plan").

Board – Approved Master Plan Projects

School Site	Project Type	Approved Funding ¹
Harmon Knolls	Soils Testing	\$ 0.1 million
Valley View Elementary	Critical Needs	1.0
Crespi Middle	“	3.1
Riverside Elementary	“	6.9
Richmond High	“	15.1
Kennedy High	“	12.2
Highland Elementary	“	0.8
Grant Elementary	“	0.9
Olinda Elementary	“	1.0
Chavez Elementary	“	0.6
Ohlone Elementary	“	0.8
Harmon Knolls	“	0.2
Fairmont Elementary	“	3.0
Stege Elementary	“	2.9
Cameron School	“	1.3
Hercules Middle	“	7.5
Hercules High	“	7.2
Collins Elementary	“	3.5
Shannon Elementary	“	7.1
Wilson Elementary	Replacement	40.3
Lake Elementary	Replacement	66.1
21 Board - Approved Projects		\$ 181.8 million

“Board-Approved Projects” are listed above in their order of prioritization and timeline scheduling, within the *Long Range Facilities Master Plan*, over the first 5-years of the Plan. Total \$ amount includes \$0.2 million for “Ed Specs & School Size”.

Note 1 re Approved Funding: These are “Rough Order of Magnitude Cost” estimates, transcribed directly from the *Long Range Facilities Master Plan* (Section 7, Implementation Plan, page 110). Such estimates are “based on general cost per square foot and do not include escalation or cost for temporary housing. Further Architecture and Engineering studies are required, including scoping and budgeting”.⁵²

⁵² “*Long Range Facilities Master Plan, July 2016*”, pages 101 – 103.

Appendix D - Bond Fund Five-Year Cash Projection

West Contra Costa Unified School District
 Cash Projection through June 30, 2021
 From balances effective as of May 31, 2017
Report #13, REVISED (as of 6/21/2017)

Fund Balance		
Cash in County Treasury		82,025,566
Net Contract Retentions		<u>(102,789)</u>
Other Payables		
Ending Balance		81,922,778
Revenues		
Projected Bond Sales	255,000,000	
Less: Cost of Issuance	<u>(1,000,000)</u>	
Total		254,000,000
Other Revenues		<u>2,694,830</u>
Projected Available Funds		338,617,607
Projected Costs		
Nystrom Elementary	6,295,248	
Korematsu Middle School	1,716,661	
El Cerrito High School	901,056	
Pinole Valley High School	152,754,018	
2012E Technology	3,227,664	
Other Current Encumbrances	<u>2,292,247</u>	
Total		167,187,555
Administrative Salaries		
Fiscal 2017 Salaries	165,736	
Fiscal 2018-2021 Payroll Estimate	<u>10,326,247</u>	
Total		10,491,983
Program Cost through Fiscal 2021		5,847,804
Master Planning Projects ⁵³		<u>181,676,595</u>
Total Projected Expenditures		365,203,937
Projected Ending Cash Balance		<u>(26,586,329)</u>
Expected State Funding		<u>21,009,681</u>
Expected Ending Cash Balance		<u>(5,576,648)</u>

⁵³ \$181,800,000 is the original estimate from the June 15, 2017 Board-approved "Long Range Facilities Master Plan".

Appendix E - Unfunded Master Plan Projects

West Contra Costa Unified School District

School Site	Project Type	Future Funding ¹
Alvarado Adult	Critical Needs	\$ 4.2 million
Sierra Adult	"	3.4
Stege Elementary	Replacement	86.4
Highland Elementary	Replacement	121.9
Valley View Elementary	Replacement	108.5
Grant Elementary	Modernization/Partial Replacement	46.6
Richmond High	"	119.2
Shannon Elementary	"	28.1
Olinda Elementary	Replacement	89.6
Fairmont Elementary	Replacement	102.4
Crespi Middle	Modernization/Partial Replacement	65.5
Collins Elementary	"	37.2
Kennedy High	"	110.4
Riverside Elementary	"	58.1
Chavez Elementary	"	24.6
Hercules Middle	"	7.2
Hercules High	"	15.9
Ohlone Elementary	"	10.2
Cameron School	"	37.4
Alvarado Adult	"	25.7
Sierra Adult	"	17.4
21 Unfunded Projects		\$ 1,119.9 million

"Unfunded Projects" are listed above in their order of prioritization and timeline scheduling, within the *Long Range Facilities Master Plan*, beginning after the first 5-years (the "Board-Approved" projects) of the Plan.

Note 1 re Future Funding: These are "Rough Order of Magnitude Cost" estimates, transcribed directly from the *Long Range Facilities Master Plan* (Section 7, Implementation Plan, page 111). Such estimates are "based on general cost per square foot and do not include escalation or cost for temporary housing. Further Architecture and Engineering studies are required, including scoping and budgeting".⁵⁴

5 school "Replacement" projects comprise \$ 508.8 million or 45% of the total for "Unfunded Projects"

> \$ 100 The 5 largest projects comprise \$ 562.4 million or 50% of the total for "Unfunded Projects". There is overlap between the 5 "Replacement" projects and the 5 largest projects, above. Combined, the 7 highlighted + circled projects comprise \$ 738.4 million or nearly two-thirds of the total for "Unfunded Projects".

⁵⁴ "Long Range Facilities Master Plan, July 2016", pages 101 – 103.

Appendix F - Forensic Accounting Investigation Phase II, High Risk Allegations

West Contra Costa Unified School District

High Risk Allegations, Questions and Concerns (Exhibit II-B FINAL RISK ASSESSMENT MATRIX - PHASE II)

Number	Risk Category	Risk Area		New Risk	Recommendations
		Sub Category	Risk to District	New Risk to District (based on current controls that were tested in Phase II)	Recommendations to Lower New Risk Score
This column identifies the number assigned by VLS. Not ranking by priority	This column identifies the Risk Area categories assigned by VLS based on the allegations, concerns and questions provided to VLS in Phase I	This column summarizes the allegations, concerns, and questions as provided to VLS in Phase I - These are not findings of VLS	This column identifies, as defined by VLS in Phase I, the potential impact to the District if controls were not in place to prevent the allegations/concerns identified in the risk sub-category - This is the potential impact based on the information that was provided to VLS in Phase I	This column identifies the new overall level of risk to the District based on the results of Phase II "Test of Controls" See footnote (1) description on last page.	This column contains the identifying number of the corresponding recommendations to lower the New Risk Score. See Sections II C & IV C for the recommendations
3	Compliance with Legal Requirements and Board Policies (GOV)	The CBOC has overstepped its legal responsibilities in providing oversight of the bond program	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 resource	<p>All received a "High" Risk Score meaning: "There is a high likelihood that the District may be at risk for waste, improper expenditure or fraud (financial irregularity) related to the Bond Program expenditures, the dollar impact would be significant, and the impact on public perception/trust would be significant."</p>	FI 6-1, FI 6-2, FI 6-3
2	Budgeting Practices (BUD)	District increases budget to match actual costs	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.		TC 6-1, TC 6-2, TC 6-3, TC 6-4, TC 6-5, TC 6-6, TC 6-7, TC 6-8, TC 6-9
3	Budgeting Practices (BUD)	Project budgets in Munis do not match Board approvals	Project costs may exceed budgets/contracted amounts approved by the Board. There is weak or limited financial accountability within the bond program.		TC 14-1, TC 14-2, TC 14-4
4	Budgeting Practices (BUD)	There is no system, process, individual, responsible or of controlling project spending	There is no mechanism in place to project costs. The District has weak or fiscal accountability within the bond may not be able to complete all projects with available funds, and may be the public		TC 6-1, TC 6-2, TC 6-3, TC 6-4, TC 6-5, TC 6-6, TC 6-7, TC 6-8, TC 6-9
5	Budgeting Practices (BUD)	Bond program budgets submitted to the Board are one page summaries; The beginning balance does not match the prior report's ending balance	There is weak or limited fiscal accountability within the bond program. Decisions may have been made based on incomplete and/or inaccurate information presented to the Board.		TC 6-1, TC 6-2, TC 6-3, TC 6-4, TC 6-5, TC 6-6, TC 6-7, TC 6-8, TC 6-9

C B O C A N N U A L R E P O R T 2 0 1 6

Number	Risk Area			New Risk	Recommendations
	Risk Category	Sub Category	Risk to District	New Risk to District (based on current controls that were tested in Phase II)	Recommendations to Lower New Risk Score
This column identifies the number assigned by VLS. Not ranking by priority	This column identifies the Risk Area categories assigned by VLS based on the allegations, concerns and questions provided to VLS in Phase I	This column summarizes the allegations, concerns, and questions as provided to VLS in Phase I - These are not findings of VLS	This column identifies, as defined by VLS in Phase I, the potential impact to the District if controls were not in place to prevent the allegations/concerns identified in the risk sub-category - This is the potential impact based on the information that was provided to VLS in Phase I	This column identifies the new overall level of risk to the District based on the results of Phase II "Test of Controls" See footnote (1) description on last page.	This column contains the identifying number of the corresponding recommendations to lower the New Risk Score. See Sections II C & IV C for the recommendations
6	Budgeting Practices (BUD)	Pinole Valley HS budget approved was \$180 million; Current budget is \$181.9 million	Actual project costs may exceed approved budgeted amounts. There is weak or limited fiscal accountability within the bond program.	<p>All received a "High" Risk Score meaning: "There is a high likelihood that the District may be at risk for waste, improper expenditure or fraud (financial irregularity) related to the Bond Program expenditures, the dollar impact would be significant, and the impact on public perception/trust would be significant."</p>	TC 14-1, TC 14-2, TC 14-4
6	Vendor Contract Admin (VCA)	The Board is not told if a project has sufficient budget for a contract	The District may have entered into contracts without proper Board approval.		TC 14-3
9	Vendor Contract Admin (VCA)	There is no mechanism to stop a purchase order, contract, or invoice from being paid if there is no Board approved budget for it	The District may have incurred expenditures in excess of Board approved budgets.		TC 14-3
1	Project Accounting Systems - Munis (PAM)	Munis general ledger and Munis project ledger do not reconcile and are "off by \$7.7 million"	The District is not able to use its financial system to generate reports that accurately present bond program expenditures on a project level. The District must expend additional monies to either (1) manually compile the necessary financial information from various systems or (2) use a separate system to track project costs at the appropriate detailed level.		TC 14-5, TC 14-6, TC 14-7, TC 14-8, TC 14-9
2	Project Accounting Systems - Munis (PAM)	Munis does not have the ability to control costs to budgets	There is no mechanism in place to control project costs and ensure they do not exceed approved budgets. 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.		TC 14-5, TC 14-6, TC 14-7, TC 14-8, TC 14-9

Vendor Contract Administration (VCA) Allegations

Allegation, Question, Concern		Recommendations	
Allgtn Qty*	Allegation - Risk Score (<i>Direct</i> assoc w/Risk Score)**	Recommendation to reduce allegation risk (<i>Indirect</i>	Recmtn Qty****
2	HIGH 6 - The Board is not told if a project has sufficient budget for a contract 9 - There is no mechanism to stop a purchase order, contract, or invoice from being paid if there is no Board approved budget for it	FI 6-1, FI 6-2, FI 6-3, TC 14-3	13
10	MEDIUM 2 - SGI worked without a contract for some years. What is termination date of 2013 contract with SGI? 3 - The Facilities Subcommittee recommended to the Board that SGI be selected against staff recommendation 4 - Board does not approve contracts or approves contracts after they have been entered into 5 - Discrepancies in single contract amounts 8 - SGI using the District Facilities Operation Center without paying portion of lease. SGI contract may allow for some items that should not be allowed 10 - Contracts and information was lost because server went down 11 - SGI/Architects told to help with promotion of Bond campaign 13 - SGI forced out subcontractors by not paying them 15 - Who paid for the Primavera system and who owns the rights to Primavera? 16 - District's bond program has not been a timely pay for vendors	TC 4-5, TC 7-1, TC 7-2, TC 7-3, TC 7-4, TC 8- 6, TC 8-7, TC 8-8, TC 11-1, TC 11-2, TC 11-3, TC 15-1, TC 15-2, TC 15-3, TC 15-4	
4	LOW 1 - Architects hired to begin conceptual plans for schools decades in advance 7 - No Board approval of bidding and/or no Board action to approve one award and rescind another 12 - SGI did not do reporting as required by contract 14 - Contract retention was released (paid) earlier than in past (Gompers/Greenwood Project)	TC 2-1, TC 2-2, TC 9-1	11
NA	Other Recommendations - Org Efficiency		
16	Total Allegations & Risk Scores	Total Associated	24

Project Accounting - Munis (PAM) Allegations

Allegation, Question, Concern		Recommendations	
Allgtn Qty*	Allegation - Risk Score (<i>Direct</i> assoc w/Risk Score)**	Recommendation to reduce allegation risk (<i>Indirect</i> assoc	Recmtn Qty****
2	HIGH 1 - Munis general ledger and Munis project ledger do not reconcile and are "off by \$7.7 million" 2 - Munis does not have the ability to control costs to budgets	TC 14-5, TC 14-6, TC 14-7, TC 14-8, TC 14-9	6
4	MEDIUM 3 - Munis does not have the ability to control payments to contract amounts - multiple purchase orders were written for a single contract and there is no control to prevent this 4 - Munis project ledger was not set up correctly 5 - Does Munis record change orders? 6 - Who controls the data input into the Munis and Primavera systems? (Amanco, SGI)	TC 8-2, TC 13-11, TC 15-1, TC 15-2, TC 15-3, TC 15-4, TC 16-1, TC 16-2, TC 16-3, TC 16-4, TC 16-5, TC 16-6, TC 16-7, TC 16-8, TC 16-9, TC 16-10	
0	LOW - None		0
NA	Other Recommendations - Org Efficiency		
6	Total Allegations & Risk Scores	Total Associated Recommendations	6

* VLS Phase II Forensic Audit Investigation, Executive Summary Pg 11

** VLS Phase II Forensic Audit Investigation, Exhibits Section IIB, Column C and H

*** VLS Phase II Forensic Audit Investigation, Exhibits Section IIB, Column I

**** VLS Phase II Forensic Audit Investigation, Executive Summary, Pg 11 and 13

Compliance with Legal Requirements and Board Policies (GOV) Allegations

Allegation, Question, Concern		Recommendations	
Allgtn Qty*	Allegation - Risk Score (<i>Direct</i> assoc w/Risk Score)**	Recommendation to reduce allegation risk (<i>Indirect</i>	Recmtn Qty****
1	HIGH 3 - The CBOC has overstepped its legal responsibilities in providing oversight of the bond program	FI 6-1, FI 6-2, FI 6-3	9
4	MEDIUM 1 - Approval votes in the Facilities Subcommittee were treated as sufficient 2 - Charles Ramsey told District staff and SGI what to do 4 - SGI was slow to adopt and enforce the use of Primavera 5 - District employees were negligent in fulfilling their roles and responsibilities to the District related to the bond program	TC 4-1, TC 4-2, TC 4-6, TC 8-1, TC 8-3, TC 8-4, TC 15-1, TC 15-2, TC 15-3, TC 15-4	
1	LOW 6 - What is the legal rationale for using bond funds to purchase computer supplies or limited life products?	TC 5-1, TC 5-2	11
NA	Other Recommendations - Org Efficiency		
6	Total Allegations & Risk Scores	Total Associated	20

Budgeting (BUD) Allegations

Allegation, Question, Concern		Recommendations	
Allgtn Qty*	Allegation - Risk Score (<i>Direct</i> assoc w/Risk Score)**	Recommendation to reduce allegation risk (<i>Indirect</i>	Recmtn Qty****
5	HIGH 1 - District increases budgets to match actual costs 2 - Project budgets in Munis do not match Board approvals 3 - There is no system, process, or individual, responsible or capable of controlling project spending 4 - Bond program budgets submitted to the Board are one page summaries; The beginning balance does not match the prior report's ending balance 5 - Pinole Valley HS budget approved was \$180 million; Current budget is \$181.9 million	TC 6-1, TC 6-2, TC 6-3, TC 6-4, TC 6-5, TC 6-6, TC 6-7, TC 6-8, TC 6-9, TC 14-1, TC 14-2, TC 14-4	15
2	MEDIUM 1 - Unbudgeted/under budgeted projects 7 - Contracts approved by the Board are in excess of budgeted amounts	TC 8-2, TC 5-1, TC 5-2	
1	LOW 8 - Bond money received from later measures were used to fund projects promised in previous measures	TC 2-1, TC 2-2	4
NA	Other Recommendations - Org Efficiency		
8	Total Allegations & Risk Scores	Total Associated	19

* VLS Phase II Forensic Audit Investigation, Executive Summary Pg 11

** VLS Phase II Forensic Audit Investigation, Exhibits Section IIB, Column C and H

*** VLS Phase II Forensic Audit Investigation, Exhibits Section IIB, Column I

**** VLS Phase II Forensic Audit Investigation, Executive Summary, Pg 11 and 13

Appendix G - Bond Fund Portfolio

West Contra Costa Unified School District

From balances effective as of May 31, 2017

Source: WCCUSD's "Bond Program KPI (Key Performance Indicator) Summary", Report #1, Table 1 – Bonds Authorized.

Bond Measure	Election Month, Year	Authorized Amount	Issued-to-Date	Remaining Amount	Tax Rate ¹
1998 – E	June, 1998	\$ 40 million	\$ 40 million	-	\$8.70 / year
2000 – M	November, 2000	\$ 150 million	\$ 150 million	-	\$ 55.60 / year
2002 – D	March, 2002	\$ 300 million	\$ 300 million	-	\$ 60 / year
2005 – J	November, 2005	\$ 400 million	\$ 323 million	\$ 77 million ³	\$ 60 / year
2010 – D	June, 2010	\$ 380 million	\$ 250 million	\$ 130 million	\$ 48 / year
2012 - E	November, 2012	\$ 360 million	\$ 235 million	\$ 125 million	\$ 48 / year
Current Local Bond Fund Totals		\$ 1,630 million	\$ 1,298 million	\$ 255 million	\$ 280.30 per year
Pending: California State School Facility Fund		\$ 21 million, in process	See Note 2	\$ 21 million	State Bond
Paid Out: California State School Facility Fund		\$ 169 million	\$ 169 million	--	--
Total Local + State Bond Funding		\$ 1,820 million	\$1,467 million	\$ 276 million	--

NOMINAL DATA ONLY; EXCLUDES "Interest Earnings", "Net Transfers", "Other Revenue" and "Fund Adjustments".

PROJECTED BOND FUND REQUIREMENTS

Source: WCCUSD's "Long Range Facilities Master Plan, July 2016"

Board-Approved Expenditures, next 5-years	\$ 181.8 million	Funded from above	N.A.	N.A.
Unfunded Projects, beyond next 5-years	\$ 1,119.9 million	N.A.	N.A.	N.A.
Total Master Plan Requirements	\$1,301.7 million	N.A.	N.A.	N.A.

NOMINAL DATA ONLY; EXCLUDES "Interest Earnings", "Net Transfers", "Other Revenue" and "Fund Adjustments".

Note 1 re Tax Rate: The "Tax Rate" is the annual property tax amount paid by County tax payers, per each \$100,000 of their property's assessed value, to pay off each bond measure. For any given property, the "assessed value" (which is set by the County Assessor) is not necessarily the same as the "original purchase price" or the "current market value".

Note 2 re State Funding: Source: "Facilities Subcommittee Meeting Packet for: July 18, 2017", Agenda Discussion Item D.2, "State Funding Update", pages 43, 45 and 46 of 153 in the meeting packet. These data should be compared to those in WCCUSD's "Bond Program KPI (Key Performance Indicator) Summary", Report #1, Table 2 – Funds from Other Sources (including notes 6-11 and 13).

Note 3 in Red: “On issuing bonds, the District must certify that the tax rate for the bonds will not exceed \$ 60 per \$ 100 thousand of property value. In addition, the District has a publicly stated goal for the 2010 – D and 2012 – E bonds of maintaining the tax rate at \$ 48 per \$ 100 thousand”.⁵⁵

As a result, the remaining \$ 77 million from the 2005 Measure J bond authorization cannot currently be issued: The property tax rate for it is already maxed out at \$ 60 per \$ 100 thousand of assessed value to pay off the \$ 323 million in 2005 Measure – J bonds which has been issued-to-date.

“**N.A.**” indicates that no new local bond measure has yet been placed before the electorate for funding any of the “*Long Range Facilities Master Plan*” projects.

⁵⁵ WCCUSD’s “*Bond Program KPI (Key Performance Indicator) Summary*”, Report #1, Table 1, Note 4.

Appendix H - CBOC 2016 Recommendations

West Contra Costa Unified School District 2016 Recommendations Made to the Board of Education

Recommendations to Board of Education: “All recommendations approved by the Committee (CBOC) shall be presented to the Board of Education. The Board shall respond to the Committee’s recommendation(s) within sixty (60) days after receipt of the recommendation(s).” (Board Policy BP 7214.2)

The purpose of this report is to document the recommendations made by the CBOC to the Board of Education and to record the action taken by the Board, if any, on each recommendation.

Open Recommendations (No Official Response)

5.18.16	Recommendation	Board of Education Response
5.18.16	Display original budget and current budget for each project on various financial reports.	Discussed, not implemented
12.21.16	Proposed Board Policy 7160 Lessons Learned be forwarded to the Board Facilities Subcommittee for their action.	No response

Rejected Recommendations

Date CBOC Approved	Recommendation	Board of Education Response
3.23.16	Request Christy White Associates to provide the District with a copy of their FY2015 bond financial audit plan for the audit. Further that the District provide said audit plan to the CBOC Audit Subcommittee.	“Providing the audit plan was not within the scope of the contract with Christy White Associates.” LLB 8.18.16

Accepted Recommendations

Date CBOC Approved	Recommendation	Board of Education Response
1.27.16	Follow-up on Vavrinek, Trine, Day & Co. LLP FY2014 Agreed Upon Procedures Examination recommendations.	At the July 14, 2016 Audit Subcommittee, it was agreed not to review these recommendations as the Subcommittee was currently reviewing the FY2015 recommendations. “The District provided a response to the FY2014 recommendations to the Audit Subcommittee.” LLB 8.18.16 (District response provided in August 2016)
1.27.16	Support full funding of Phase II of bond construction program forensic investigation.	accepted
1.27.16	Provide link to CBOC and Board Subcommittees on the WCCUSD website home page.	accepted

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Date CBOC Approved	Recommendation	Board of Education Response
1.27.16	Report on unobligated bond funds available through December 31, 2021.	Done 9.14.16 Joint CBOC/Board meeting
1.27.16	Resolution recognizing retiring CBOC Chair Ivette Ricco.	Do during monthly committee report to Board LLB 8.18.16
1.27.16	Resolution recognizing CBOC Members retiring from the Committee during 2015.	Do during monthly committee report to Board LLB 8.18.16
2.24.16	Accept 2010 Measure D and 2012 Measure E Bond Building Fund WCCUSD Financial Audit Report FY2015	accepted
2.24.16	Monthly reports (11) for CBOC	In progress
2.24.16	Independent legal services agreement (revised) for Adam S. Ferber	accepted
2.24.16	Bond performance audit FY2016 scope	Rejected at April 27, 2016 Board meeting. (subsequently approved for FY2017)
3.23.16	Long Range Facilities Master Plan, Resolution 16-3.	accepted
3.23.16	That the FY2016 performance audit and financial audit include all Proposition 39 Ballot Measures (D-2002, J-2005, D-2010, and E-2012) revenues and expenditures incurred during FY2016.	"The District agrees with this recommendation." LLB 8.18.16
3.23.16	Performance Audit Scope FY2016 (Resolution 16-4)	Rejected at April 27, 2016 Board meeting. (subsequently approved for FY2017)
4.20.16	That the District prepare a report to the Board of Education and CBOC Audit Subcommittee the action taken to implement each VTD recommendation made in their June 30, 2015 AUP Engagement Report.	"An implementation plan will be taken into consideration after review of the recommendations in the upcoming forensic audit." LLB 8.18.16
4.20.16	That the District voluntary release the legal opinion supporting the use of bond funds to pay \$875,443 for the forensic audit.	Done 9.14.16 Joint CBOC Board meeting
7.27.16	Resolution of Appreciation of CBOC Member Tom Waller	Do during monthly Committee report.
7.27.16	Accept Performance Audit Report June 30, 2015	done
7.27.16	Accept Agreed Upon Procedures Engagement June 30, 2015	done
7.27.16	That the CBOC Audit Subcommittee with the District perform the joint evaluation of the two June 30, 2015 auditors (Christy White Associates and Vavrinek, Trine, Day & Company, LLP) and report the results of said evaluation to the CBOC.	District agreed. Need to schedule.

Date CBOC Approved	Recommendation	Board of Education Response
8.24.16	Resolution 16-7 approved performance audit objectives, June 30, 2017	At 9.14.16 Joint CBOC/Board meeting staff indicated that the request for proposals for the June 30, 2017 performance audit would have an option for this type of performance audit in addition to the compliance only performance audit.
8.24.16	Resolution 16-8 recommending that the Clay Investigation Subcommittee monitor the implementation of the forensic accounting investigation recommendations	The Board on 9.21.16 approved the formation of Recommendations Implementation Task Force.
10.28.16	<p>Request for Proposals (RFP), Performance Audit, June 30, 2017</p> <p>Proposed timeline:</p> <ul style="list-style-type: none"> • Prepare RFP October 2016 (CBOC Audit Subcommittee review) • Distribute RFP – November 1, 2016 • Evaluate RFP – December 2016 (include CBOC representative on Evaluation Committee) • Board of Education Award – January 2017 <p><i>Requested Motion:</i> To recommend the timeline and participation of the CBOC as described above.</p>	Accepted. RFP received in January 2017. A member of Audit Subcommittee will participate in the vendor interviews.
10.28.16	<p>Post Primavera Data File to CBOC Website</p> <p><i>Requested motion:</i> That the Primavera data base, currently in the possession of the CBOC, be posted to the CBOC website</p>	Accepted
10.28.16	Contents of FY 2015 Bond Financial Audit Report	mostly accepted
12.21.16	Format for Bond Funds Remaining Through 2017 (CBOC standard report 13) and issuance of this report monthly.	Accepted
12.21.16	“That the District be requested to provide information on how IT supplies are financed by bond monies, the legal basis for paying for IT supplies with bond funds, and the policy rational for using bond funds to pay for IT supplies.”	Accepted
12.21.16	That the CBOC response to the Forensic Investigation Report in regards Access the Responsibilities of the CBOC and Selection and Appointment of CBOC Members be posted on the WCCUSD website, Forensic Audit Comments.	Accepted

Appendix I - Projects Completed in 2016

West Contra Costa Unified School District

School Site	Description	Scope	Construction Contract Value	Approved Change Order Amount	Adjusted Contract Amount	Notice Of Completion
PVHS	Hillside Stabilization Increment 1 and 2	Selective demolition and construction necessary for the Hillside Stabilization, including associated geotechnical, civil, structural, and/or landscaping work as indicated in the Drawings and geotechnical report and Specifications. Generally, these categories of work involve soil remediation to include: steel and concrete shoring piers at the existing hillside to facilitate excavation and compaction of the existing soil, installation of a geo-grid system, formation of a soil buttress with storm drainage at the buttress keyway. The Project will be phased into two increments, Increment 1 - Pier Shoring Work and Increment 2 - Excavation, Compaction, Subgrade Storm Drainage and Landscape Hydro Seed Planting. Increment 2 will not proceed until a separate scope of work, not in this contract, is complete. Areas of construction, equipment and truck routes to be barricaded from the remaining school campus. Plan for barricade to be approved by the District.	\$1,722,600	\$20,890	\$1,743,490	1/20/16
Ohlone	Parking and Landscape Completion Phase 4	Removal of Interim AC paved driveway and turnaround, with AC paved parking inclusive of roadway/parking striping, installation of new concrete walkways, limited utility scope of work, installation of new fencing with gates, completion of landscaping scope inclusive of planting material and irrigation.	\$239,950	\$23,686	\$263,636	1/20/16
Dover	Synthetic Playfield	Replacement of existing grass play field with synthetic turf play field system and associated drainage for synthetic turf system. Scope also includes landscape and irrigation and associated site work and grading.	\$480,357	\$42,923	\$523,280	1/20/16
New Gompers & LPS Richmond Schools	New School	Work of this contract comprises construction of the New Gompers High School and LPS Richmond School, including construction of one (1) three-story classroom building, one (1) two-story classroom building, and a gym. Site work includes site grading, public sidewalk upgrades per city planning requirements, concrete and asphaltic concrete paving, landscaping & irrigation, site lighting, site amenities, site walls, and fences and gates.	\$53,887,350	\$3,689,508	\$57,576,858	1/20/16

School Site	Description	Scope	Construction Contract Value	Approved Change Order Amount	Adjusted Contract Amount	Notice Of Completion
Coronado	Reconstruction	Demolition of all existing hardscape, and on-site and off-site utilities. Work also includes but is not limited to paving and grading, construction of 64,738 square feet of new classroom, administrative, multipurpose and support facilities, covered walkways, landscaping, sod playfield, running track, paving, parking, striping, site lighting, city side walk improvements, the provision and installation of utilities, low voltage systems, and miscellaneous materials and equipment.	\$26,974,910	\$1,289,769	\$28,264,679	2/10/16
District Wide Technology	Security Unified Platform	Scope of work includes purchasing and installing surveillance system and access control for the FOC and ITC buildings. In addition, it includes purchasing and installing the Genetec management component and the related District Standard network equipment utilizing Cisco and NetApp equipment.	\$377,494	\$17,330	\$394,824	2/10/16
Valley View	Interim Campus	Construction of temporary interim housing for Valley View ES. Work includes rough and finish grading, connection of portables to new and existing utilities, site improvements, landscaping, striping; provision and installation of playground equipment, play structures, and site furnishings. Work also includes, but is not limited to, demolition/excavation as required to construct new paving; sewer domestic water, mechanical/plumbing; electrical/ fire alarm connection to portables; installation of site lighting and intrusion alarms.	\$3,466,000	\$224,377	\$3,690,377	3/16/16
DAHS	Component #7: Building 10 Linked Learning	Construction of a new Building 10 Linked Learning classroom and maintenance building, miscellaneous site work including, but not limited to, rough and finish grading; complete with new concrete slab, new flooring, doors, frames, hardware; heating, ventilating and air conditioning system, plumbing fixtures, plumbing system, electrical system, low-voltage systems/equipment; in addition to related site work, ac paving, parking improvements, striping, concrete curbs, lighting, landscaping, artificial turf playfields and playground equipment; fire protection system, fixtures and equipment; low-voltage systems/equipment and demolition of selected structures and ac paving.	\$17,750,953	\$618,020	\$18,368,973	4/13/16

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School Site	Description	Scope	Construction Contract Value	Approved Change Order Amount	Adjusted Contract Amount	Notice Of Completion
Lincoln	Building A Exterior Repairs	Project consists of building "A", only removal and replacement of exterior cement plaster finish, sheet metal seismic joint assembly; removal and reinstallation of existing windows, storefronts, louvers and hollow metal doors to allow for installation of new sheet metal flashing assemblies, sealant and backer rod; as well as painting of new and existing building exterior surfaces, existing exterior metal, and wood surfaces.	\$352,000	\$29,960	\$381,960	5/25/16
ECHS	Stadium	Abatement and demolition of existing buildings, removal of all existing wooden and aluminum bleacher seats, and hazardous material abatement. New construction includes, but is not limited to, site cut and fill, import and export of soil, rough and finish grading, installation of artificial turf and an all-weather track, concrete paving, reinforced concrete retaining walls, drinking fountains, overhead canopy, ticket booths, prefabricated metal bleachers with Press box and ADA lift, chain-link fences and gates, new utilities, stadium and security lighting, security system, fire alarm, communications system, new radio antennae, new drainage system throughout site as well as miscellaneous landscaping and field accessories. \$13,438,000.00	\$13,438,000	\$1,227,436	\$14,665,436	7/20/16
RHS	Fire Alarm and Intrusion	Installation of new Gamewell-FCI E3 voice evacuation fire alarm system and removal of existing fire alarm systems throughout the Richmond High School campus. Project also includes the installation of a new intrusion alarm system with associated conduit, wiring, and devices as shown in both bid packages. Minor hazardous materials abatement will be associated with the installation of the new systems. Existing systems to remain fully operational until new systems are complete, tested and activated.	\$1,750,000	\$19,297	\$1,769,297	11/16/16