



Total School Solutions

3310 Hillridge Court
Fairfield, CA 94534

March 15, 2004

Mr. Vince Kilmartin
Associate Superintendent-Operations
West Contra Costa Unified School District
1108 Bissell Avenue
Richmond, CA 94804

Dear Mr. Kilmartin:

In April 2003, West Contra Costa Unified School District engaged Total School Solutions to conduct a performance audit of Measure M and Measure D. The first annual performance audit was completed in the fall 2003 and submitted to the District and the Independent Citizens' Bond Oversight Committee in November 2003. The Board of Education discussed the report in its meeting of January 21, 2004. The bond oversight committee also reviewed and discussed the performance audit on February 11, 2004.

In accordance with our agreement for performance audit services, we have prepared a midyear report, after conducting an examination of the district's performance in the use of funds generated through the sale of bonds authorized by Measure D and Measure M for the period of July 1, 2003, through December 31, 2003.

Enclosed please find twenty (20) bound copies of the midyear performance audit report for Measure D and Measure M, as well as one loose-leaf copy for your records. At your convenience, we will be available to discuss any issues of interest you may have in regard to the midyear report. Please let me know if you wish to schedule an appointment to review this report.

We would like to thank the District staff for its cooperation and willingness to provide information and data for our examination.

Sincerely,



Tahir Ahad
President
Total School Solutions

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

MEASURE D AND MEASURE M

MIDYEAR REPORT

DECEMBER 31, 2003



**TOTAL SCHOOL SOLUTIONS
3310 HILLRIDGE COURT
FAIRFIELD, CA 94534**

West Contra Costa Unified School District

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December 31, 2003

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INTRODUCTION

On March 5, 2002, the West Contra Costa Unified School District submitted for voter approval Measure D, a measure to authorize the sale of \$300 million in bonds to improve school facilities. The measure was approved by 71.6 percent of the voters. Since the bond measure was placed on the ballot in accordance with Proposition 39, it required 55 percent of the vote for passage.

Article XIII of the California State Constitution requires an annual independent performance audit of Proposition 39 bond funds. Accordingly, the District engaged the firm Total School Solutions to conduct the independent performance audit and to report its findings to the Board of Education and the Independent Citizens' Bond Oversight Committee.

The District also decided to include Measure M funded projects in the scope of the examination even though Measure M is not subject to the Proposition 39 performance audit requirements. Voters previously approved Measure M, a \$150 million two-thirds majority general obligation bond, on November 7, 2000.

Besides ensuring that the District uses bond funds in conformance with the provisions listed in the Measure D ballot, the assigned scope of the examination included a review of design and construction schedules and cost budgets; change orders and claim procedures; compliance with state law, funding formulas and District policies and guidelines regarding facilities and procurement; and the effectiveness of communication channels among stakeholders.

The performance audit was prepared and submitted to the District on November 15, 2003. It was discussed by the Board of Education on January 21, 2004. The Independent Bond Oversight Committee also reviewed the report on February 11, 2004.

In addition to the annual report, the District has authorized Total School Solutions to prepare a midyear report for each year of this engagement. These midyear reports will reflect the performance of the bond program for the six-month period from July 1 to December 31 of each year. More importantly, these reports will follow up on findings and recommendations from the annual audits. They will offer the Board of Education and the Independent Citizens' Bond Oversight Committee an opportunity to review and monitor progress in addressing any reported weaknesses in the bond program. The first of these reports for the time period of July 1, 2003, through December 31, 2003, has been prepared and is presented under this cover.

District Facilities Program – A Historical Perspective

While the scope of the performance audit and this midyear report are limited to Measure M and Measure D, it is useful to review the history of the District's facilities program to place the current program into context.

Some of the District's major facilities projects completed over the past ten (10) years include Hanna Ranch Elementary (new, 1994), Chavez Elementary (reconstruction, 1996), Hercules Middle/High (new, 2000) and Lovonya DeJean Middle (new, 2003). To fund these projects, the District has used a combination of state and local funds. For example, the District received \$56.9 million from the state for the construction of Hercules Middle/High School. Local funds were provided from developer fees, certificates of participation and local bond measures.

The financial status of the District's facilities program, as documented in the audit and financial reports for the past three (3) years and for the current fiscal year through December 31, 2003, is presented in the table below.

Facilities Program Financial Status	Fiscal Year Ending (June 30, 2001)	Fiscal Year Ending (June 30, 2002)	Fiscal Year Ending (June 30, 2003)	Period Ending December 31, 2003
Bonds Outstanding ¹	\$54,340,000	\$122,450,000	\$216,455,000	\$215,805,000
Certificates of Participation Outstanding ²	11,875,000	11,325,000	9,960,000	9,745,000
Developer Fees Revenues ³	6,069,815	2,749,539	9,094,400	5,807,667
Developer Fees Ending Balance	3,526,019	1,293,876	8,928,225	14,184,401
State School Facilities Program New Construction Revenues	None	None	12,841,930	None
State School Facilities Program Modernization Revenues	None	None	\$3,863,449	\$9,790,039

¹Bonds outstanding include the following bond measures:

<u>Bond Measure (Passage Date)</u>	<u>Percent Yes</u>	<u>Authorized</u>	<u>Sold (December 31, 2003)</u>
Measure E (June 2, 1998)	75.9	\$ 40 million	\$40 million
Measure M (November 7, 2000)	77.3	150 million	150 million
Measure D (March 5, 2002)	71.6	300 million	30 million
Total		\$490 million	\$220 million

On July 10, 2002, the West Contra Costa Unified School District Board of Education authorized the administration to submit a waiver request to the California State Board of Education (SBE) to increase the District's bonding limit from the a maximum of 2.5 to 3.0 percent of assessed valuation (A/V). On November 13-14, 2002, the SBE approved the waiver request for measures E, M and D only. Based on a 2003-2004 secured A/V of \$16 billion, West Contra Costa Unified School District's debt limit is as follows:

<u>Percent</u>	<u>Debt Limit</u>
2.5	\$400 million
3.0	\$480 million

For purposes of determining unused bonding capacity, bonds outstanding and COPs must be considered. Because measures E, M and D bond authorization totals \$490 million and because the COP balance as of December 31, 2003, was \$9.7 million, caution must be taken to ensure that the debt limit is not exceeded.

²Certificates of Participation (COPs) are loans, not a source of funds. COPs are repaid over time from collected developer fees.

³Developer fees are imposed on residential additions and commercial projects (Level 1) and new residential construction (Level 2).

EXECUTIVE SUMMARY

The first performance audit, concluded in November 2003, included an examination of the following aspects of the District's facilities program:

- Bond Management Plan
- Master Architect/Engineer Plan
- Standard Construction Documents
- Design and Construction Schedules
- Design and Construction Costs Budgets
- Compliance with:
 - State Laws and Guidelines
 - District Policies and Guidelines for Facilities Program
- Bidding and Procurement Procedures
- Change Order and Claims Procedures
- Procedures for Claim Avoidance
- Payment Procedures
- Best Practices in Procurement
- Quality Control Program
- Scope, Process and Monitoring of Participation by Local Firms
- Effectiveness of Communication Channels Among All Stakeholders Within the Bond Program
- Overall Bond Program

Total School Solutions reviewed a sample of twenty-seven (27) projects in the course of its examination. Nine (9) of the projects were funded through Measure D, and eighteen (18) were funded through Measure M.

During the development of the annual audit, through the examination of numerous documents, interviews with personnel involved in the facilities program and the evaluation of related facilities documentation, assessments were made and conclusions were reached. These assessments and conclusions were summarized in the annual report. Most data used in the annual examination were generated by the bond management team, which consists of the Seville Group, Inc. (SGI) and WLC Architects.

Subsequently, in accordance with the scope of its assignment, Total School Solutions reviewed and examined the documentation and processes pertaining to the period of July 1, 2003, through December 31, 2003, to prepare a midyear report on the status of the facilities program. This report has been developed by applying the same methodologies utilized during the development of the annual report. The scope of this midyear examination includes a follow-up on the annual report, including the findings and recommendations outlined in the annual report, and an evaluation on the status of implementation of the actions specified in the District responses.

The scope of the performance audit was defined by the management of the District. Total School Solutions performed the annual audit and prepared this midyear report of Measure D and Measure M funded projects within the District's defined scope. Any known significant weaknesses and substantial noncompliance items have been reported to the management of the District. The annual audit and midyear review were not intended to be a fraud audit, which would be much wider in scope and more significant in nature, and should not be relied upon as such.

The midyear report provides the opportunity for the District board, its management and its independent citizen's bond oversight committee to assess corrective actions and improvements needed in processes and procedures in their formative stages. The midyear report also serves as a mechanism for management to ensure that the annual audit report's suggestions and recommendations are implemented in a timely manner to reap the benefits of those recommendations and related District actions in the current year.

Although the midyear report mainly serves as a follow-up on the previous fiscal year's annual audit and focuses on issues identified through the assessment and examination of data from that audit, the audit team has also reviewed and analyzed data in the subsequent six-month period from July 1, 2003, through December 31, 2003. This examination of more recent data is conducted in an effort to identify any areas that need the attention of District management. The midyear report provides an update of the District's effort in improving systems and controls related to the overall facilities program.

A more detailed and comprehensive discussion of the activities for the 2003-04 fiscal year, their results and their effect on the overall bond program will be presented in the second annual performance audit report, scheduled to be available for public review on or about September 15, 2004.

AUDIT SAMPLE

Measure D

To ensure a comprehensive performance audit, Total School Solutions selected nine (9) Measure D projects for examination, including seven (7) school projects and two (2) additional projects with expenses charged to the Measure D bond program. These nine (9) projects represent 65 percent of the total Measure D bond program expenditures as of December 31, 2003, as presented below.

Measure D Bond Issuance and Expenditures of December 31, 2003

Total bond authorization	\$300,000,000
Total bond issues to date (Series A)	\$30,000,000
Expenditures through December 31, 2003 ¹	\$17,828,796
	(6 percent of total authorization)

Expenditures for nine (9) projects included in the audit sample (through December 31, 2003)	\$11,579,509
	(65 percent of total expenditures)

Measure D Expenditures Report

Projects	2001-2002	2002-2003	2003-2004	Total
Total projects (25)	\$1,557,412	\$12,599,491	\$3,671,893	\$17,828,796
<i>Audit Sample Projects</i>				
Hercules Middle (1B)		\$620,973	\$2,060	\$623,033
De Anza High (1A)		686,260	817,894	1,504,154
El Cerrito High (1B)		656,699	519,299	1,175,998
Pinole Valley High (2A)		563,775	163,461	727,236
Richmond High(1B)		658,883	130,285	789,168
Hercules High (1B)	\$9,690	1,063,560	868	2,513,159
Hercules High Portables	7,600	1,431,441		
Deferred Maintenance Transfer	1,277,500		-	1,277,500
Overall Facilities Program	262,142	1,056,914	1,650,205	2,969,261
Total	\$1,556,932	\$6,738,505	\$3,284,072	\$11,579,509

Percent of total expenditures: 65 percent

¹ Based on the report dated January 12, 2004. Data as of December 31, 2003, were calculated by subtracting totals from June 30, 2003 through January 12, 2004, report totals.

Measure M

To ensure a comprehensive performance audit, Total School Solutions selected eighteen (18) Measure M projects for examination, including fifteen (15) school projects and three (3) additional projects with expenses charged to the Measure M bond program. These eighteen (18) projects represent 71 percent of the total Measure M bond program expenditures as of December 31, 2003, as presented below.

Measure M Bond Issuance and Expenditures as of December 31, 2003

Total bond authorization	\$150,000,000
Total bond issues to date (Series A, B, C)	\$150,000,000
Expenditures through December 31, 2003 ¹	\$45,514,388
	(30 percent of total authorization)
Expenditures for eighteen (18) projects included in the audit sample (through December 31, 2003)	\$22,432,998
	(71 percent of total expenditures)

Measure M Expenditures Report

Projects	2000-2001	2001-2002	2002-2003	Total June 30, 2003
Total projects (44) ²	\$426,390	\$10,986,449	\$20,084,936	\$31,497,775
<i>Audit Sample Projects:</i>				
Castro Elementary (2A) ³		\$88,836	\$280,872	\$369,708
Fairmont Elementary (2B)	\$11,076	89,406	506,461	606,943
Grant Elementary (2A)		153,701	405,478	559,179
Hercules Elementary (1A)		343,395	697,939	1,041,334
Lake Elementary (2A)		136,151	350,699	486,850
Lincoln Elementary (1A)		224,573	961,351	1,185,924
Madera Elementary (1A)		165,816	593,822	759,638
Montalvin Elementary (1A)	109,215	225,613	532,197	867,025
Olinda Elementary (2B)	68,021	88,403	269,010	425,434
Peres Elementary (1A)		261,370	1,036,846	1,298,216
Riverside Elementary (1A)		170,519	579,487	750,006
Stege Elementary (2A)		147,055	348,101	495,156
Stewart Elementary (1A)	29,791	280,366	541,981	852,138
Stewart Portables (1A)		2,896,438	131,251	3,027,689
Valley View Elementary (2B)		148,074	282,063	430,137
Overall Facilities Program	202,735	407,177	3,935,645	4,545,557
Reimbursable		853,949	1,437,622	2,291,571
Deferred Maintenance Transfer		1,222,467	1,218,026	2,440,493
Total	\$420,838	\$7,903,309	\$14,108,851	\$22,432,998

Percent of total expenditures: 71 percent

¹ Based on report dated January 12, 2004; detailed data by school were not available as of December 31, 2003.

² All thirty-nine (39) elementary school referenced in Measure M were included in the District's Quick-Start projects.

³ "1A, 1B, 2A, and 2B" respectively correspond to projects included in phases 1A, 1B, 2A, and 2B of the Measure M facilities program.

COMPLIANCE WITH BALLOT LANGUAGE

Measure M

On July 24, 2000, the Board of Education of the West Contra Costa Unified School District approved placing a \$150 million bond measure (Measure M) on the ballot with the adoption of Resolution No. 33-0001.

The ballot language contained in Measure M is presented in detail in Appendix A. The essence of the language follows in the excerpt below:

To improve the learning climate for children and relieve overcrowding by improving elementary schools through building classrooms, repairing and renovating bathrooms, electrical, plumbing, heating and ventilation systems, leaking roofs and fire safety systems, improving technology, making seismic upgrades, and replacing deteriorating portable classrooms and buildings, shall the West Contra Costa Unified School District issue \$150,000,000 in bonds at authorized rates, to renovate, acquire, construct and modernize school facilities, and appoint a citizen's oversight committee to guarantee funds are spent accordingly?

Measure M, a general obligation bond measure requiring two-thirds approval, passed on November 7, 2000, with 77.3 percent of the vote. The bond language restricted the use of Measure M funds to elementary schools and required, although not mandated by law, the appointment of a citizens' bond oversight committee.

As of December 31, 2003, a total of \$45.5 million of the \$150 million in bond funds has been expended. All of these expenditures were for projects within the scope of Measure M. The midyear report finds that the West Contra Costa Unified School District is in compliance with the language contained in the Measure M ballot.

Measure D

On November 28, 2001, the Board of Education of the West Contra Costa Unified School District approved placing a \$300 million bond measure (Measure D) on the ballot with the adoption of Resolution No. 42-0102. Measure D, a Proposition 39 bond measure requiring a 55 percent affirmative vote, passed with 71.6 percent of the vote on March 5, 2002.

Proposition 39 mandates the appointment of a citizens' oversight committee for any local bond passed under its provisions. Proposition 39 also amends Article XIII of the California State Constitution and states that "every district that passes a 'Proposition 39' bond measure must obtain an annual independent performance audit."

The ballot language contained in Measure D is presented in full in Appendix B. The essence of the language follows in the excerpt below:

By approval of this proposition by at least 55% of the registered voters voting on the proposition, the West Contra Costa Unified School District shall be authorized to issue and sell bonds of up to \$300,000,000 in aggregate principal amount to provide financing for the specific school facilities projects listed in the Bond Project List attached hereto as Exhibit A, and in order to qualify to receive State matching grant funds, subject to all of the accountability safeguards specified.....

While the Measure D ballot focused on secondary school projects, the bond language was broad, covering three categories of projects. These categories are outlined below.

I. All School Sites

- Security and Health/Safety Improvements
- Major Facilities Improvements
- Site Work

II. Elementary School Projects

- Complete any remaining Measure M projects as specified in the Request for Qualifications (RFQ) of January 4, 2001, including projects specified in the Long Range Master Plan of October 2, 2000.
- Harbor Way Community Day Academy

III. Secondary School Projects

- Adams Middle School
- Juan Crespi Junior High School
- Helms Middle School
- Hercules Middle/High School
- Pinole Valley Middle School
- Portola Middle School
- Richmond Middle School
- El Cerrito High School
- Kennedy High School and Kappa High School
- Richmond High School and Omega High School
- Pinole Valley High School and Sigma High School
- De Anza High School and Delta High School
- Gompers High School
- North Campus High School
- Vista Alternative High School
- Middle College High School

As required by Proposition 39, a citizens' bond oversight committee was established. On April 19, 2003, the Board of Education merged the two separate oversight committees for Measure M and Measure D into one body, with the caveat that the new committee would function in accordance with the more stringent Proposition 39 requirements.

As of December 31, 2003, a total of \$17.8 million of the \$300 million Measure D bonds have been expended. All of these expenditures were for projects within the scope of Measure D. Therefore, the midyear report finds that the West Contra Costa Unified School District is in compliance with the language contained in Resolution 42-0102.

FACILITIES PROGRAM HISTORY/STATUS

On January 21, 2004, Total School Solutions stated the following in its “Measure D and Measure M Performance Audit Presentation Summary” to the Board of Education:

The community, in general, does not appear to be adequately informed of the rationale of Board decisions and their impacts on the facilities program, including increased project scopes and budgets.

The District should take measures to inform the community of the chronology of events and decisions that have resulted in the increased scope and costs for almost every project.

To assist in the community’s understanding of the District’s facilities program, this report documents the historical events that have taken place from January 1, 2000, through December 31, 2003. Major actions of the Board of Education, commencing with the decision to authorize the development of a Facilities Master Plan are listed in Table 1 at the end of this section.

The Facilities Master Plan was approved by the board on October 18, 2000, prior to any board action or direction regarding construction quality standards, grade organization, school/site sizes (minimum and maximum), potential school closures/consolidation, replacement vs. modernization threshold, the impact of project labor agreements, local bidding climate, and so forth. The Facilities Master Plan provided useful information on the age and conditions of existing schools, inventory of sites and facilities, the need for new schools, replacement needs of some schools, and modernization/renovation needs. The identified need for approximately \$500 million, however, understated the total District needs. The Facilities Master Plan (approved October 2000) and the more recent cost estimates for phases M-1A, M-1B and D-1A (October 22, 2003) are presented in tables 2, 3 and 4, respectively at the end of this section:

The summary of Table 2, 3 and 4 is presented below.

Table	Phase	Master Plan Cost Estimates October 2, 2000	Capital Projects Cost Estimates October 22, 2003	Percent Increase
2	M-1A	\$ 50,775,438	\$115,310,421	127.1
3	M-1B	59,993,873	132,222,574	120.4
4	D-1A	69,165,108	338,000,000	388.7
	Totals	179,934,419	585,532,995	225.4
	Option IV	\$494,000,000	\$1,338,700,000 ¹	170.8

In light of actions and directions of the Board of Education since January 1, 2000, including recent discussions regarding redistricting and possible school closures, consideration should be given to authorizing an update of the Facilities Master Plan to more accurately reflect current and future unmet needs.

¹Future project cost estimates have not yet been fully adjusted to reflect Option 1C quality standards, and the total cost may increase in the future.

While the \$150 million in Measure M funds were supposed to address the facilities needs at thirty-nine (39) elementary schools, the total facilities needs and costs at those schools were unknown when the measure was set on July 24, 2000.

After the passage of Measure M, the District solicited proposals for Master Architect/Bond Management services, culminating in a contract with WLC/SGI on August 15, 2001. While WLC embarked on the design of Phase 1 schools, the WLC/SGI team also proceeded with Quick-Start projects at the thirty-nine (39) Measure M schools, addressing some of the more critical health and safety needs. The board authorized the Quick-Start projects on March 6, 2002, and approved construction contracts in June 2002. See Table 5 at the end of this section.

To provide direction to the WLC/SGI team and future project architects, the board considered various construction quality standards to apply to Measure M projects. At its meeting of May 15, 2002, the board was presented with a range of options ranging from \$181 million District matching funds to \$465 million. See Table 6. The board approved Option 1C (\$345 million), estimated to be sufficient for the first eighteen (18) elementary schools, with the full knowledge that work at twenty-one (21) additional schools would have to await future funding.

Even before the adoption of Option 1C standards on May 15, 2002, the board was aware that additional revenues were needed. Accordingly, the board authorized Measure D, a \$300 million measure on November 28, 2001, which passed on March 5, 2002. While the primary purpose of Measure D was to address secondary school facilities needs, the bond language allowed for funds to be used on elementary school projects.

After the adoption of Option 1C standards and passage of Measure D, projects were phased into M-1A, nine (9) schools; M-1B, nine (9) schools; and D-1, five (5) schools. Project budgets were adjusted to reflect Option 1C quality standards, and the WLC/SGI contract was amended to incorporate the new budgets.

The District administration and the board recognized that, as the facilities program approached the construction stage, a number of decisions were needed to provide proper management of the program and to facilitate construction. Accordingly, the board authorized a total of eight (8) new District contract employees; hired project architects for phases M-1A and M-1B and on-site DBA inspectors; approved a project labor agreement, a labor compliance program and portable leases for one hundred twelve (112) interim-use portables, pre-qualified general contractors; and employed the services of a materials testing laboratory, among other things.

Construction contracts for the nine (9) schools associated with Measure M-1A projects were awarded in June and July 2003. The status of the Phase 1A projects is presented in Table 7. The nine (9) school totals for the various categories include the following:

Original Option 1C Budget (June 15, 2002)	\$83,050,000
Revised Option 1C Budget (September 18, 2002)	
Construction Costs	65,799,647
<u>Soft Costs</u>	<u>25,150,353</u>
Total Budget	\$90,950,000
Budget Increase	\$ 7,900,000
Construction Contract Award (July 2003)	\$75,158,700
Budget Increase (Based on contracts)	
Construction Costs	75,158,700
<u>Soft Costs</u>	<u>28,770,685</u>
Total Budget	\$103,929,385

Table 7 and the above summary display that, as additional information became available, the budgets for M-1A projects had to be increased. The original Option 1C standard budget of \$83.1 million of June 15, 2002, was adjusted to \$91 million on September 18, 2002, and adjusted again to \$103.9 million in July 2003 based on awarded contracts.

It should be noted that bid awards for Phase M-1A included additive alternates totaling \$4,984,500, while additive alternates totaling \$6,231,000 were rejected. The board also has authorized the administration to negotiate some alternates into the contract as change orders.

Many variables have impacted construction costs, including the following:

- Establishment of Option 1C quality standards
- Inadequate state modernization and new construction fundin.
- Project labor agreements
- Higher than projected acceleration of the construction costs
- Passage of Proposition 39 and the 55 percent threshold for local bonds and resulting construction
- Passage of Proposition 1A, \$9.2 billion bonds and resulting construction
- Passage of Proposition 47, \$13.05 billion bonds and resulting construction
- Labor compliance law requirements

All Phase M-1A projects are under construction, with preliminary construction completion dates from September 4, 2004, to January 26, 2005. Eight (8) Phase M-1B projects have been submitted to DSA and have planned bid dates of April 2004. These projects are scheduled to begin construction in May 2004. See Table 8. This means that seventeen (17) elementary school construction projects will be underway concurrently.

Phase D-1A projects are still in the Master Architect planning/schematic drawing stage. It is anticipated that project architects will be selected in the near future, with the development of the detailed plans and specifications (working drawings) to commence shortly thereafter.

TABLE 1. MAJOR CHRONOLOGY OF FACILITES EVENTS SINCE JANUARY 1, 2000.

DATE	ACTION
March 15, 2000	Facilities Master Plan consultant hired.
July 24, 2000	Measure M (\$150 million, 2/3) election set for November 7, 2000.
October 18, 2000	Facilities Master Plan approved.
November 7, 2000	Measure M (\$150 million) passed.
January 23, 2001	Richmond Middle (Lovonya DeJean) construction contract awarded (\$21,515,000).
August 15, 2001	Master Architect/Bond Management Team (WLC/SGI) contract approved for Measure M Phase 1.
November 28, 2001	Measure D (\$300 million, 55%) election set for March 5, 2002.
March 5, 2002	Measure D (\$300 million, 55%) passed.
March 6, 2002	Quick-Start projects authorized thirty-nine (39) Measure M schools.
May 15, 2002	Option 1C Quality Standards approved.
June 5, 2002	WLC/SGI contract amended (Measure M – 1A/1B).
June 5, 2002	WLC/SGI contract approved (Measure D-1).
June 5, 2002	Project budgets based on Option 1C approved.
June 19, 2002	Quick-Start construction contracts approved (\$5,558,367).
June 19, 2002	District facilities positions approved (four (4) positions).
July 10, 2002	Bond limit waiver request from California State Board of Education (from 2.5% to 3.0% of A/V).
September 18, 2002	Project budgets based on Option 1C, revised.
October 16, 2002	District facilities positions approved (three (3) positions).
November 20, 2002	Measure M-1A Architects of Record (AORs) hired, eight (8).
February 5, 2003	District facilities position contracts approved.
March 5, 2003	District facilities position of Engineering Officer approved.
March 19, 2003	Labor compliance program approved.
April 9, 2003	Project labor agreement approved (M-1A projects).
April 9, 2003	Portables leasing approved for interim housing (one hundred twelve (112) portables, \$1,663,877).
April 30, 2003	General contractors pre-qualified (twenty-one (21) approved).
May 7, 2003	Measure D quality standards approved, Option 1C and 75% threshold for replacement.
June 18, 2003	Measure M-1B AORs hired, six (6).
June 18, 2003 to July 21, 2003	Measure M-1A projects construction contracts awarded nine (9) schools.
August 6, 2003	Project budgets for M-1B revised nine (9) schools.
October 22, 2003	Facilities joint study session with the Board of Education and Citizens' Bond Oversight Committee.
November 19, 2003	M-1A project scope enlargement, authorization to negotiate previously unselected alternates four (4) schools.
December 3, 2003	Project labor agreement amended (M-1B projects).

TABLE 2. MEASURE M PHASE IA PROJECTS - COMPARISON OF TOTAL ESTIMATED COSTS (CONSTRUCTION AND SOFT COSTS)

School	Year Built	Recommendation	Master Plan Cost Estimates (10/2/2000)	Capital Projects Cost Estimates (10/22/2003)	Percent Increase
Verde Elementary	1950	Modernize	\$5,926,678	\$13,355,939	125.35
Peres Elementary	1948	Modernize	7,327,773	16,840,844	129.82
Stewart Elementary	1963	Modernize	4,489,484	9,151,066	103.83
Montalvin Elementary	1965	Replace	7,726,009	10,438,086	35.103
Madera Elementary	1955	Modernize	4,253,301	10,146,098	138.55
Lincoln Elementary	1948	Modernize	5,443,645	14,728,172	170.56
Riverside Elementary	1940	Modernize	4,714,029	11,852,143	151.42
Hercules Elementary	1966	Replace	4,649,206	14,837,719	219.15
Harding Elementary	1943	Modernize	6,245,313	13,960,354	123.53
Totals			\$50,775,438	\$115,310,421	127.10

TABLE 3. MEASURE M PHASE 1B PROJECTS - TOTAL ESTIMATED COSTS (CONSTRUCTION AND SOFT COSTS)

School	Year Built	Recommendation	Master Plan Cost Estimates (10/2/2000)	Measure M Program * Budget Summary Capital Projects Cost Estimates (1/21/2004)
Bayview Elementary	1952	Replace	\$10,135,411	\$15,348,953
Downer Elementary**	1955	Modernize	13,771,976	28,000,000
Ellerhorst Elementary	1959	Modernize	4,837,389	10,591,866
Kensington Elementary	1949	Modernize	5,189,945	15,687,234
Mira Vista Elementary	1949	Modernize	8,591,907	12,129,060
Murphy Elementary	1952	Modernize	3,890,790	11,893,353
Sheldon Elementary	1951	Modernize	4,537,909	13,561,093
Tara Hills Elementary	1958	Modernize	4,765,959	11,809,574
Washington Elementary	1940	Modernize	4,272,587	13,201,441
Totals			\$59,993,873	***\$132,222,574

*Source comment for second column title.

**At its meeting of January 21, 2004, the Board of Education reduced the budget for Downer Elementary School from \$28,000,000 to \$3,600,000, which now only includes “Design/DSA and Minimum Project.” This change reduces the total Phase 2A project to \$107,822,574 and 79.72 percent above the Master Plan’s total estimate. The table above, however, does not reflect this change since it occurred after the time frame for this midyear report.

***Excludes payroll and contingencies.

TABLE 4. MEASURE D PHASE 1A PROJECTS - TOTAL ESTIMATED COSTS (CONSTRUCTION AND SOFT COSTS)

School	Year Built	Recommendation	Master Plan Cost Estimates (10/2/2000)	Measure D Program Budget Summary Capital Projects Cost Estimates (1/21/2004)
El Cerrito High	1938	Modernize	\$16,821,385	\$89,000,000
Portola Middle	1950	Modernize	12,157,716	39,000,000
De Anza High	1955	Modernize	18,298,567	107,000,000
Helms Middle	1953	Modernize	12,487,876	63,000,000
Pinole Middle	1966	Modernize	9,399,564	40,000,000
Totals			\$69,165,108	\$338,000,000*

*At its meeting of January 21, 2004, the Board of Education adjusted each of the above projects, which resulted in an overall reduction to \$234,120,901 or 238.50 percent of the Facilities Master Plan estimates. (Some projects also had reductions in project size and scope.)

TABLE 5. MEASURE M QUICK START PROJECTS
CONSTRUCTION COSTS (WITHOUT SOFT COSTS)

School	Year Built	Restrooms	Backflow Preventers	Hazard Materials Abatement	Other	Additional Work Planned Future Phase
Bayview	1952		6			1B
Castro	1950	2	3			2A
Chavez	1996		1			New School
Collins	1949	4	4		Parking lot	2A
Coronado ⁽¹⁾	1952	4	2			2A
Dover ⁽¹⁾	1958	4	1			2B
Downer	1955		5			1B
Ellerhorst	1959		3			1B
El Sobrante ⁽¹⁾	1950	4	1	x		2B
Fairmont ⁽¹⁾	1957	4	3			2B
Ford	1949	2	1			2B
Grant ⁽¹⁾	1945	4	1	x	Roof	2B
Hanna Ranch	1994		1			3
Harding	1943		1			1A
Hercules	1966		1	x		1A
Highland	1958		1			2B
Kensington	1949		1		Other	1B
King	1943	2	4	x		2B
Lake ⁽¹⁾	1956	4	3			2A
Lincoln	1948		1		Roof	1A
Madera	1955		5		Electrical	1A
Mira Vista	1949		4			1B
Montalvin	1965		8			1A
Murphy	1952		5		Electrical	1B
Nystrom ⁽¹⁾	1942	8	2		Electrical	2A
Ohlone	1970		1			3
Olinda	1957	2	1		Electrical	2A
Peres	1948		1			1A
Riverside	1940		1	x		1A
Seaview	1972	4	4			3
Shannon	1967	4	7			2B
Sheldon	1951		3	x	Electrical	1B
Stege	1943	4	1			2A
Stewart	1963		1			1A
Tara Hills	1958		8	x		1B
Valley View ⁽¹⁾	1962	4	2			2A
Verde	1950		1			1A
Washington	1940		3	x		1B
Wilson ⁽¹⁾	1953	4	1	x		2A
Total (39)		\$5,558,367 ⁽²⁾				

⁽¹⁾ Projects eligible for state modernization.

⁽²⁾ Awarded June 5, 2002, and June 19, 2002. Includes 10 percent contingency funding.

TABLE 6. MEASURE M BOND CONSTRUCTION OPTIONS PRESENTED TO THE BOARD OF EDUCATION ON MAY 15, 2002

		Million
Measure M Total Revenues (\$150 million plus interest)		\$181
<i>Measure M Estimated Expenditures</i>		
<i>Option (Quality Standards)</i>		
1	Modernization Standard (\$100/square foot)	\$181
1A	Base Standard (\$145/square foot)	246
1B	Base Standard (\$145/square foot)	319
1C	Base Standard (\$145/square foot)	345
2A	Reconstruction Standard (\$175/square foot)	387
2B	Reconstruction Standard (\$175/square foot)	440
2C	Reconstruction Standard (\$175/square foot)	465

The Board of Education selected Option 1C (\$345 million cost), estimated to be sufficient to complete eighteen (18) elementary schools. The \$164 million shortfall would need to be funded through Measure D and/or future funding sources.

TABLE 7. MEASURE M PHASE 1A, BUDGET, CONTRACTS AND SCHEDULE.

School	Madera	Stewart	Verde	Peres	Montalvin	Lincoln	Hercules	Harding	Riverside	Total Phase 1A
Original Budget (As of June 5, 2002) Total	\$7,620,000	\$6,810,000	\$7,840,000	\$14,180,000	\$6,780,000	\$10,360,000	\$13,380,000	\$8,530,000	\$7,550,000	\$83,050,000
Budget (As of September 18, 2002)										Budget Increase
Construction Costs	\$6,614,691	\$4,365,421	\$6,147,329	\$10,618,378	\$5,256,737	\$9,122,240	\$996,7254	\$8,280,121	\$5,427,476	+\$9,359,053
Soft Costs (27.65%)	\$2,528,309	\$1,668,579	\$2,349,671	\$4,058,622	\$2,009,263	\$3,486,760	\$3,809,746	\$3,164,879	\$2,074,524	+\$3,620,332
Total Budget	\$9,143,000	\$6,034,000	\$8,497,000	\$14,677,000	\$7,266,000	\$12,609,000	\$13,777,000	\$11,445,000	\$7,502,000	+\$12,979,385
SAB #	014	012	010	011	013	015	017	019	016	
SAB Revenues	\$1,161,510	\$1,448,206	\$1,128,998	\$303,687	\$1,197,753	\$1,927,340	\$1,129,032	\$1,172,709	\$320,804	\$9,790,039
Award Date	6/18/03	6/18/03	6/18/03	6/30/03	6/30/03	7/9/03	7/14/03	7/14/03	7/21/03	
Contractor	J.W. & Sons	C.Overra & Co	C.Overra & Co	Fed Con. Constr.	C.Overra & Co	West Coast Contractors	S.J. Amorosa	Fed. Con Constr	W.A. Thomas	
Base Bid	\$6,338,200	\$5,283,000	\$8,100,000	\$9,927,000	\$5,598,000	\$8,840,000	\$9,867,000	\$8,917,000	\$7,304,000	\$70,174,200
Cost of Selected Alternates (Number)	\$253,000 (3)	\$943,000 (4)	\$133,000 (2)	\$1,022,000 (3)	\$1,225,000 (4)	\$535,000 (3)	\$405,500 (10)	\$468,000 (5)	0 -	\$4,984,500
Total Bid	\$6,591,200	\$6,226,000	\$8,233,000	\$10,949,000	\$6,823,000	\$9,375,000	\$10,272,500	\$8,917,000	\$7,772,000	\$75,158,700
Schedule										
Notice to Proceed	8/11/03	8/14/03	8/4/03	8/6/03	8/4/03	8/4/03	8/4/03	8/18/03	8/18/03	
Complete Construction (Preliminary Schedule)	10/29/04	10/24/04	10/24/04	11/8/04	10/24/04	10/24/04	1/26/05	11/5/04	9/4/04	
Cost of Unselected Alternates (Number)	\$1,229,000 (13)	\$769,000 (8)	\$928,000 (10)	\$282,000 (6)	\$332,000 (6)	535,000 (7)	\$803,000 (10)	\$868,000 (10)	\$485,000 (6)	\$6,231,000
Proposed Scope Increases (Additional Alternates) 11/19/03 Board Action	Alt#9 Asphalt \$10,300		Alt#9 Covered Walkway \$150,000		Alt#4 N.End Pkg Lot \$74,000		Alt#9 Covered Walkway \$150,000			\$477,000

TABLE 8. DSA AND CONSTRUCTABILITY REVIEW SCHEDULE

Measure M 1-B Schools				WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT										2/9/2004	
DSA and Constructability Review Schedule															
No.	Name of School	(Revised) Construction Budget	Total Number of Drawings	DSA Submittal	DSA Plan Review Period	Constructability Review Schedule	Constructability Review AOR Pick-up Comments	Constructability Back-Check Review	DSA Back Back - Check	DSA Approval	Bid Post & Advertisement	Bid Opening	Board Approval	Notice to Proceed Issued	
a. CONSTRUCTABILITY REVIEW															
b. ARCHITECTS PICK-UP COMMENTS															
c. CONSTRUCTABILITY BACH-CHECK REVIEW															
1	Bayview E.S. Terese Sladowska DES Architects	\$ 9,405,907	162	December 17th	January 15th March 15th	February 2nd February 20th	February 23rd March 5th	March 8th March 12th	March 15th March 29th	March 29th	March 29th	April 29th	April 29th	May 5th May 17th	
2	Ellerhorst E.S. Jenan Abdunnur Hamilton & Altken	\$ 7,174,954	177	December 3rd	December 30th March 1st	January 12th January 30th	February 2nd February 13th	February 16th February 20th	February 20th	March 5th	March 5th	April 6th	April 21st	May 3rd	
3	Mira Vista E.S. Terese Sladowska DES Architects	\$ 7,185,077	197	December 17th	January 15th March 15th	January 12th January 30th	February 2nd February 13th	February 16th February 20th	March 8th March 22nd	March 22nd	April 20th	April 20th	May 5th	May 17th	
4	Murphy E.S. Sisi Meng Arthur Tam	\$ 7,849,457	217	December 1st	December 30th March 1st	January 19th February 6th	February 9th February 20th	February 23rd February 27th	February 16th	March 1st	March 1st	April 1st	April 1st	April 21st May 3rd	
5	Sheldon E.S. Sisi Meng Powell & Partners	\$ 6,742,033	200	December 3rd	December 30th March 1st	February 2nd February 20th	February 23rd March 5th	March 8th March 12th	February 20th	March 8th	March 8th	April 8th	April 21st	May 3rd	
6	Tara Hills E.S. Terese Sladowska Powell & Partners	\$ 7,101,918	214	December 3rd	January 2nd March 15th	January 12th January 30th	February 2nd February 13th	February 16th February 20th	March 8th March 12th	March 15th	April 13th	April 13th	April 21st	May 3rd	
**	Kensington E.S. Jenan Abdunnur Arthur Tam	\$ 9,715,913	254	December 17th	January 14th March 15th	February 9th February 27th	March 1st March 12th	March 15th March 19th	March 15th March 29th	March 29th	April 27th	April 27th	May 5th	May 17th	
8	Washington E.S. Sisi Meng Interactive Resources	\$ 8,041,363	186	December 17th	Not Assigned	February 2nd February 20th	February 23rd March 5th	March 8th March 12th	March 8th March 22nd	March 22nd	March 22nd	April 22nd	May 5th	May 17th	
TOTAL NUMBER OF DRAWINGS			1607	TEMPORARY HOUSING SCHEDULE											
Utility Hookups Only															
*	1 Bayview E.S.	\$ 835,644		March 22nd	3/15 Thru. 3/22	3/8 Thru. 3/15	3/15 Thru. 3/22	3/15 Thru. 3/22	3/15 Thru. 3/22	March 22nd	3/23 Thru. 4/20	April 20th	April 28th	May 5th	
*	2 Ellerhorst E.S.	\$ 155,447		Sept. 1st	8/2 Thru. 9/1	2/23 Thru. 2/27	3/1 Thru. 3/5	3/1 Thru. 3/5	8/2 Thru. 9/1	Sept. 1st	3/5 Thru. 4/6	April 6th	April 14th	April 21st	
*	3 Mira Vista E.S.	\$ 722,084		March 22nd	3/15 Thru. 3/22	3/8 Thru. 3/15	3/15 Thru. 3/22	3/15 Thru. 3/22	3/15 Thru. 3/22	March 22nd	3/23 Thru. 4/20	April 20th	April 28th	May 5th	
*	4 Murphy E.S.	\$ 711,261		Sept. 1st	8/2 Thru. 9/1	2/23 Thru. 2/27	3/1 Thru. 3/5	3/1 Thru. 3/5	8/2 Thru. 9/1	Sept. 1st	3/5 Thru. 4/6	April 6th	April 14th	April 21st	
*	5 Sheldon E.S.	\$ 496,498		Sept. 1st	8/2 Thru. 9/1	2/23 Thru. 2/27	3/1 Thru. 3/5	3/1 Thru. 3/5	8/2 Thru. 9/1	Sept. 1st	3/5 Thru. 4/6	April 6th	April 14th	April 21st	
**	6 Tara Hills E.S.	\$ 675,054		March 22nd	3/15 Thru. 3/22	3/8 Thru. 3/15	3/15 Thru. 3/22	3/15 Thru. 3/22	3/15 Thru. 3/22	March 22nd	3/23 Thru. 4/20	April 20th	April 28th	May 5th	
**	7 Kensington E.S.	\$ 797,663		Sept. 1st	8/2 Thru. 9/1	3/1 Thru. 3/5	3/8 Thru. 3/12	3/8 Thru. 3/12	8/2 Thru. 9/1	Sept. 1st	3/23 Thru. 4/27	April 27th	May 5th	May 17th	
*	8 Washington E.S.	\$ 549,415		Sept. 1st	8/2 Thru. 9/1	2/23 Thru. 2/27	3/1 Thru. 3/5	3/1 Thru. 3/5	8/2 Thru. 9/1	Sept. 1st	3/5 Thru. 4/6	April 6th	April 14th	April 21st	
		\$ 4,943,066													
	*	=		OPSC Project											
	**	=		Bid With Modernization Project											
		=		Task Completed											

STATE NEW CONSTRUCTION ELIGIBILITY

As reported in the performance audit report for the period ending June 30, 2003, and augmented for new dwelling units to be built, new construction eligibility has been established based on CBEDS enrollment data for the 2002-03 school year. Based on that data, new construction eligibility exists within the Hercules and Pinole Valley high school attendance areas. The individual and combined eligibilities of the Hercules/Pinole Valley attendance areas are presented in the table below.

New Construction Eligibility for Hercules/Pinole Valley Attendance Areas

Attendance Area	Eligibility				
	K-6	7-8	9-12	Non-Severe	Severe
Hercules	856	52	1,570	60	19
Pinole Valley	(831)	(70)	201	23	53
Total	25	(18)	1,771	83	72
Hercules/Pinole (Combined)	19	(83)	2,146	78	23

Based on these eligibility numbers, the total K-12 eligibility in the Hercules attendance area is calculated at 2,557, and the total K-12 eligibility in the combined Hercules/Pinole Valley attendance area is calculated at 2,266. While 9-12 eligibility is enhanced under the combined attendance area approach, the K-6 eligibility is severely eroded. However, eligibility for one grade group can be used for a project in another grade group. The state grant amount assigned to the eligibility for the original grade group determines the actual state grant.

STATE MODERNIZATION STATUS

This section highlights the current status of the modernization of the sixty-four (64) existing campuses in the District.

Eligibility for a modernization project is established when form SAB 50-03 is filed with the state, and the State Allocation Board (SAB) approves the application. A school district designs and submits a project to the Division of State Architect (DSA) and the California Department of Education (CDE). The district awaits both agencies' approvals before filing form SAB 50-04, the form which establishes funding for a project. If necessary, a revised SAB 50-03 must also be filed to reflect the most recent enrollment data. After a project has been bid, the district files form SAB 50-05 to request a release of state funds for the project.

Elementary school projects that have completed the SAB 50-03, SAB 50-04 and SAB 50-05 processes to date include the nine (9) Quick-Start projects, and the nine (9) Phase 1A projects, for which the District has respectively received \$3,863,449 and \$9,790,039.

Phase 1B elementary schools to be funded under Measure M and secondary schools to be funded under Measure D are still in architectural design stage; none of those projects has yet reached the SAB 50-04 filing stage.

The tables below summarize Quick-Start and Phase 1A projects funded under Measure M.

Measure M Quick-Start Projects
State Allocation Board Funding
Measure M

SAB#	School	SAB Fund Release Date	SAB Fund Amount
1	Valley View Elementary	4/28/03	\$290,214
2	El Sobrante Elementary	4/28/03	369,339
3	Nystrom Elementary	5/27/03	861,390
4	Coronado Elementary	5/27/03	401,400
5	Wilson Elementary	5/27/03	323,957
6	Dover Elementary	5/27/03	366,330
7	Lake Elementary	5/27/03	309,937
8	Grant Elementary	7/16/03	369,288
9	Fairmont Elementary	5/27/03	571,594
	Total		\$3,863,449

Measure M Phase 1A Projects
State Allocation Board Funding

SAB#	School	SAB Fund Release Date	SAB Fund Amount
10	Verde Elementary	9/02/03	\$1,161,510
11	Peres Elementary	9/25/03	1,448,206
12	Stewart Elementary	9/25/03	1,128,998
13	Montalvin Elementary	10/2/03	303,687
14	Madera Elementary	9/02/03	1,197,753
15	Lincoln Elementary	9/25/03	320,804
16	Riverside Elementary	9/25/03	1,172,709
17	Hercules Elementary	9/25/03	1,129,032
19	Harding Elementary	9/25/03	1,927,340
	Total		\$9,790,039

**SIXTY-FOUR (64) EXISTING CAMPUSES
(UPDATED DECEMBER 31, 2003)**

NO.	EXISTING CAMPUS	BOND (PHASE)	SAB# ²	SAB ELIGIBILITY APPROVAL (50-03)	ELIGIBILITY ENROLLMENT	SAB PROJECT APPROVAL (50-04)	SAB GRANT AMOUNT (%) ³	SAB FUND RELEASE (50-05)	FUNDING AMOUNT ⁴
104	Bayview (1952)	M(1B)	000	7/26/00	585				
108	Cameron (Spec. Ed)								
109	Castro (1950) ¹	M(2A)	000	7/26/00	372				
105	Chavez (1996)	M(3)	N/A	New school Not eligible					
110	Collins (1949)	M(2A)	000	7/26/00	498				
112	Coronado (1952) (1993)	M(Q,2A)	004	3/22/00	125	4/23/03	\$401,400 (60%)	5/27/03	\$401,400
115	Dover (1958)	M(Q,2B)	006	7/26/00	121	4/23/03	\$366,330 (60%)	5/27/03	\$366,330
116	Downer (1955)	M(1B)	000	3/22/00	943				
120	El Sobrante (1950)	M(Q,2B)	002	2/23/00	101	3/26/03	\$369,339 (60%)	4/28/03	\$369,339
117	Ellerhorst (1959)	M(1B)	000	3/22/00	430				
123	Fairmont (1957) ¹	M(Q,2B)	009	3/22/00	178	4/23/03	\$571,594 (60%)	5/27/03	\$571,594
124	Ford (1949)	M(2B)	000	3/22/00	500				
125	Grant (1945) ¹	M(Q,2B)	008	2/23/00	115	5/28/03	\$369,288 (60%)	7/16/03	\$369,288
128	Hanna Ranch (1994)	M(3)	N/A	New school Not eligible					
191	Harbor Way (1998)	D(2A)	N/A	New school Not eligible					

NO.	EXISTING CAMPUS	BOND (PHASE)	SAB# ²	SAB ELIGIBILITY APPROVAL (50-03)	ELIGIBILITY ENROLLMENT	SAB PROJECT APPROVAL (50-04)	SAB GRANT AMOUNT (%) ³	SAB FUND RELEASE (50-05)	FUNDING AMOUNT ⁴
127	Harding (1943)	M(1A)	019	3/22/00	353	8/27/03	\$1,853,632 (60%)	9/25/03	\$1,927,340
126	Hercules (1966) ¹	M(1A)	017	3/22/00	350	8/27/03	\$1,081,922 (60%)	9/25/03	\$1,129,032
122	Highland (1958) (1993)	M(2B)	N/A	Not eligible					
130	Kensington (1949) (1994)	M(1B)	000	3/22/00	275				
132	King (1943)	M(2B)	000	7/26/00	555				
134	Lake (1956)(1991) ¹	M(Q,2A)	007	3/22/00	110	4/23/03	\$309,937 (60%)	5/27/03	\$309,937
135	Lincoln (1948) (1994) ¹	M(1A)	015	7/26/00	61	8/27/03	\$320,804	9/25/03	\$320,804
137	Madera (1955) ¹	M(1A)	014	7/26/00	350	7/23/03	\$1,180,092 (60%)	9/20/03	\$1,197,753
139	Mira Vista (1949)	M(1B)	000	7/26/00	385				
140	Montalvin (1965) (1994) ¹	M(1A)	013	2/23/00	75	8/27/03	\$303,687 (60%)	10/2/03	\$303,687
142	Murphy (1952)	M(1B)	000	3/22/00	436				
144	Nystrom (1942) (1994)	M(Q,2A)	003	3/22/00	205	4/23/03	\$861,390 (60%)	5/27/03	\$861,390
146	Ohlone (1970)	M(3)	000	7/26/00	350				
145	Olinda (1957) ¹	M(2A)	000	3/22/00	325				
147	Peres (1948) ¹	M(1A)	011	7/26/00	422	8/27/03	\$1,377,348 (60%)	9/25/03	\$1,448,206

NO.	EXISTING CAMPUS	BOND (PHASE)	SAB# ²	SAB ELIGIBILITY APPROVAL (50-03)	ELIGIBILITY ENROLLMENT	SAB PROJECT APPROVAL (50-04)	SAB GRANT AMOUNT (%) ³	SAB FUND RELEASE (50-05)	FUNDING AMOUNT ⁴
150	Riverside (1940) ¹	M(1A)	016	3/22/00	283	8/27/03	\$1,122,609 (60%)	9/25/03	\$1,172,709
152	Seaview (1972)	M(3)	000	3/22/00	340				
154	Shannon (1967)	M(2B)	000	3/22/00	303				
155	Sheldon (1951) (1994)	M(1B)	000	7/26/00	103				
157	Stege (1943) ¹	M(2A)	N/A	Not eligible					
158	Stewart (1963) (1994) ¹	M(1A)	012	3/22/00	408	8/27/03	\$1,108,410 (60%)	9/25/03	\$1,128,998
159	Tara Hills (1958)	M(1B)	000	7/26/00	455				
131	Transition Learning Center	D(1B)	N/A	Not eligible					
160	Valley View (1962) ¹	M(Q,2A)	001	7/26/00	103	3/26/03	\$290,214 (60%)	4/28/03	\$290,214
162	Verde (1950)	M(1A)	010	2/23/00	320	7/23/03	\$1,111,332 (60%)	9/2/03	\$1,161,510
164	Washington (1940)	M(1B)	000	3/22/00	379				
165	Wilson (1953)	M(Q,2A)	005	7/26/00	111	4/23/03	\$323,957 (60%)	5/27/03	\$323,957
	Total 42 Elementary Schools								\$13,653,488

NO.	EXISTING CAMPUS	BOND (PHASE)	SAB# ²	SAB ELIGIBILITY APPROVAL (50-03)	ELIGIBILITY ENROLLMENT	SAB PROJECT APPROVAL (50-04)	SAB GRANT AMOUNT (%) ³	SAB FUND RELEASE (50-05)	FUNDING AMOUNT ⁴
202	Adams (1957)	D(1B)	000	3/22/00	1,059				
206	Crespi (1964)	D(2)	000	3/22/00	1,053				
208	Lovonya DeJean (2003) ¹	D(1A,1B)	N/A	New school Not eligible					
210	Helms (1953) (1991)	D(1A)	000	7/26/00	634				
211	Hercules Middle (2000) ¹	D(1B)	N/A	New school Not eligible					
212	Pinole Valley (1966)	D(1A)	000	7/26/00	934				
214	Portola Middle (1950)	D(1A)	000	7/26/00	440				
	Total 7 Middle Schools								

NO.	EXISTING CAMPUS	BOND (PHASE)	SAB# ²	SAB ELIGIBILITY APPROVAL (50-03)	ELGIBILITY ENROLLMENT	SAB PROJECT APPROVAL (50-04)	SAB GRANT AMOUNT (%) ³	SAB FUND RELEASE (50-05)	FUNDING AMOUNT ⁴
352	De Anza (1955) ¹	D(1A)	000	7/26/00	1,495				
391	Delta Continuation	D (1B)							
354	El Cerrito (1938) ¹	D(1A)	000	3/22/00	1,381				
376	Hercules High (2000) ¹	D(1B)	N/A	New school Not eligible					
360	Kennedy (1965)	D(1B)	000	3/22/00	1,158				
393	Kappa Continuation	D(1B)							
362	Pinole Valley ¹ (1968)	D(2)	000	7/26/00	2,087				
396	Sigma Continuation	D(2)							
364	Richmond ¹ (1946)	D(1B)	000	3/22/00	1,742				
395	Omega Continuation	D(1B)							
	Total 10 High Schools								

NO.	EXISTING CAMPUS	BOND (PHASE)	SAB# ²	SAB ELIGIBILITY APPROVAL (50-03)	ELIGIBILITY ENROLLMENT	SAB PROJECT APPROVAL (50-04)	SAB GRANT AMOUNT (%) ³	SAB FUND RELEASE (50-05)	FUNDING AMOUNT ⁴
358	Gompers (1934)	D(1B)	000	7/26/00	165				
369	Middle School								
373	Vista Alternative	D(2)							
374	North Campus Continuation	D(2)	000	3/22/00	123				
408	Adult Education								
	Total 5 Alternative Schools								
	Total Schools (64)								\$13,653,488

¹Out of forty-two (42) existing elementary schools, fourteen (14) were selected for audit, of which thirteen (13) have state modernization eligibility approved; twelve (12) have been approved for funding and have been funded. Out of seven (7) existing middle schools, two (2) were selected for audit. Out of ten (10) existing high schools, five (5) were selected for audit.

²A "000" indicates that form SAB 50-03 has been filed to establish eligibility. A project number is not assigned until form SAB 50-04 is filed, which requires DSA stamped plans and CDE approval. A blank indicates that the status is unknown or that eligibility has not been established.

³The state grant amount is 60 percent of the total state modernization budget for project applications (SAB 50-04) filed after April 29, 2002. (Applications filed before April 29, 2002, receive 80 percent in state matching funds.) The District must provide its matching share of the project budget.

⁴State funding is released to the District after the project has gone to bid, a construction contract has been awarded, and form SAB 50-05 has been filed.

BOND MANAGEMENT PLAN

The governance and management of the bond management plan have evolved over time to address the changing needs, functions and funding of District facilities. This section provides an update of the changes and/or corrections made since July 1, 2003. For a detailed historical and present structure of the citizens' bond oversight committee and the bond management team, the reader should refer to the annual performance audit report for the period ending June 30, 2003.

The estimated WLC/SGI contract covering Measure M, Phase 1A and 1B and Measure D, Phase 1 is \$34,636,306, plus any additional services. As additional WLC/SGI services are needed for future phases, amendments will be necessary to cover the costs of additional and/or new services.

During the early stages of the Measure M facilities program, architectural services were provided mostly by WLC/SGI team, including services for the Quick-Start projects at thirty-nine (39) elementary schools. After preliminary design documents were completed by WLC/SGI, Architects of Record (AORs) were hired to develop detailed plans and specifications and bid documents.

As the facilities program progressed over time with the design and construction of Measure M and Measure D projects, the District recognized the importance of having key District staff to implement essential functions of the facilities program which the WLC/SGI team could not perform for different reasons. The table below lists District staff and the funding allocations for the facilities program for the 2003-2004 fiscal year.

District Staffing to Fulfill the Facilities Program.

District Staff Position ¹	Annual Salary and Benefits	General Fund %	Bond Fund %	Annual Expense Charged to Bond
Bond Fiscal Fund Supervisor	\$68,702	0	100	\$68,702
Bond Network Planner	101,318	10	90	91,186
Bond Regional Facility Project Manager	107,844	10	90	97,060
Bond Regional Facility Project Manager	105,282	10	90	94,754
Director of Bond Facilities	123,870	10	90	111,483
Director of Restricted Programs	127,532	50	50	63,766
District Engineering Officer	130,000	10	90	117,000
Senior Director of Bond Finance	138,832	25	75	104,124
Total	\$903,380			\$748,075

¹ The cost of District staff positions has been corrected since the report of June 30, 2003 was issued.

These staff positions and their funding allocations were approved by the Board of Education at its meetings of February 5, 2003, and March 5, 2003. To verify that bond proceeds could be appropriately used for staff positions, the District “validated” its decision by seeking and obtaining clearance from the Contra Costa County Superior Court.

The functions of the bond management team, District staff, master architect (WLC) and program manager (SGI) are documented in two comprehensive manuals:

- Program Management Plan. (Revised May 12, 2003)
- Procedures Manual. Fiscal Year 2003-2004. Section 4: Operations.

The Program Management Plan provides descriptions of every aspect of managing a facilities program from strategic planning to detailed office administration procedures. This document is intended primarily to serve the bond management team in performing its duties at each step of the facilities program.

The Procedures Manual, fiscal year 2003-2004, was prepared by the District’s senior management to guide District administrators in performing their assigned duties. The section on operations includes information on the bond management team, facilities planning, construction and the functions of the various bond management team members. This document also includes organizational charts, facilities planning and construction personnel, responsibilities, projects, and a division of duties performed by WLC and SGI.

Midyear Report Update

In the annual performance audit report, the audit team made a recommendation that the District consider revising the organizational structure and designate one of the two firms (WLC or SGI) as the supervising partner (or split the contract). The finding specifically states the following:

The scope of services provided by the bond program manger (The Seville Group, Inc.), the master architect (WLC) and the project architects overlap to some extent, contributing to a duplication of effort and confusion regarding areas of responsibility and accountability.

The District responded by noting:

The Master Architect contract with WCCUSD, by design, has overlap with the Architects of Record (AOR) in several key areas such as Schematic Design and oversight of the construction documents. The intent of this arrangement is to allow the AOR the fee to get up to speed during Schematic Design and for the Master Architect to be involved to oversee the AOR. The Master Architect is providing a more detailed Schematic Design turnover package and conducting bi-weekly meetings with AOR's to further define responsibility and hold the AOR's accountable to their contract. In addition, the District, SGI and WLC are currently engaging in a "Realignment Process" to evaluate their performance to date and to consider changes to streamline and improve the Bond Team process during the coming year. The working relationship between Seville and WLC and the Master Architect/project architect relationship are two key areas that the District is focusing on in this process.

It is worth noting that this joint venture structure, which was established in 2001, is unique and had not been tested prior to its implementation at West Contra Costa Unified School District. In spite of the potential for creativity and streamlined work, the two firms have experienced difficulty in carrying out their separate functions as one team. With the completion of the planning stage for the existing projects, defining a separation of responsibilities will likely become more difficult. The existing structure also may result in diminished accountability.

A separation of duties (and contracts) may strengthen controls among all parties involved in the facilities construction process (as also discussed in the section "Master Architect/Engineer Plan"). At the present time, each firm's designated point of contact can exert control over his own firm's personnel. It would be beneficial for the District to consider a single point of contact for the District as well.

Although the District and the bond management team did not address the issues in regard to the single contract before the end of the period covered by the midyear report, the audit team is aware that the District is currently making efforts to address this finding. The District has been working to divide the contracts between WLC and SGI in an effort to increase accountability and to decrease confusion over the roles and responsibilities of the members of the bond management team. At the board meeting of January 21, 2004, the District Superintendent also designated the Associate Superintendent-Operations as the single point of contact for the District.

MASTER ARCHITECT/ENGINEER PLAN

The West Contra Costa Unified School District contracts for bond management services through one comprehensive joint contract with Wolf Lang Christopher Architects (WLC) and the Seville Group, Inc. (SGI). The services range from overall conceptual development to construction contract management services.

The Board of Education of the West Contra Cost Unified School District has entered into an unusual arrangement to manage its facilities program, including the sizable parts that fall under Measure D and Measure M. To assess and report on this delivery method, the audit team has read the contract documents and reviewed other pertinent material. The audit team has also conducted interviews with members of the Board of Education, the independent bond oversight committee, site principals, representatives from the District's labor organizations, District administrators, and members of the bond management team. During these interviews, a number of topics were discussed. While not every interview had identical subject matter, the master architect concept was the focus of many interviews.

In a typical California school construction project, different participants fulfill a number of distinct roles. Key functions or roles generally include the following:

- Owner
- Architect
- Contractor
- Construction Manager

School districts usually contract with individuals, firms or agents for services associated with the four general functions above. This separation of responsibilities allows for a set of checks and balances based on the relationships of the separate entities performing different functions.

The Master Architect contract combines all of the elements above, except for the contractor. Program management, design services, and construction management services are, to varying degrees, provided under one contract. This mechanism has the potential of delivering the advantages of continuity. However, this arrangement also has weaknesses as it violates the concept of checks and balances typically present in a more traditional division of roles and responsibilities. Although this management arrangement is creative and has the potential for productivity, it also has the potential for future difficulty without the appropriate checks and balances in place.

Midyear Report Update

The first annual performance report found that the Master Architect arrangement could create the impression that the bond management team functions in a District staff role. This potential for confusion of roles places the master architect in a number of difficult positions, including (1) providing services beyond the scope of the contract without payment, (2) declining to provide services, or (3) providing additional services for additional fees. It was recommended that District staff and the leadership of the bond management team meet regularly to review work in progress, planned work and the scope of provided services. The District responded to this finding by strengthening in-house staff to assume more responsibility and provide leadership in defining, or even limiting, consultants' roles. The most significant and effective effort in this regard was to create and fill the position of District Engineering Officer.

The first report also found that two architectural firms under one contract have created, or have the potential of creating, uncertainty in the division of roles, duties and responsibilities. The situation is further complicated when WLC also functions as the architect of record for a project. It was recommended that regular meetings with staffs of the District, SGI and WLC would be important toward a common understanding of roles and a clear delineation of responsibilities. The District's responses to this finding was to initiate a realignment process with WLC and SGI in order to evaluate the current bond management team structure and implement modifications to improve the delineation of responsibilities.

In addition, the first annual report contained a finding that numerous addenda had caused significant changes to the bid documents causing confusion in the bidding process. The District responded to this finding by incorporating the addenda into the bidding documents for the next phase of projects before the release of bidding documents to the architects of record.

The last finding in this section of the first annual report indicated that a conflict of interest is created when one firm reviews the work of its partner. It was recommended that SGI should not participate in the constructability review process when WLC functions as the architect of record. The District's response to this finding indicated that the District, SGI and WLC would consider contract changes to clarify the independent role of WLC and SGI in the realignment process. The District has determined that it would be in its best interests to split the contract and hold both firms (WLC and SGI) responsible and accountable for the performance of their own respective staffs. This change in contracts would likely remove any doubt about conflicts of interest in the constructability review process, regardless of the firm performing AORs services. Further, this redefined relationship would better serve the District by maintaining the preferred checks and balances between the master architect and the firms responsible for construction management.

STANDARD CONSTRUCTION DOCUMENTS

The bond management team provided the audit team with copies of the Master Architect/Engineer Plan, Quality Control Program, and a sample of the construction documents utilized in the projects. The audit team conducted interviews with District staff and members of the bond management team. These interviews covered a number of topics, including the process utilized in the development of standard construction documents.

The review process takes into account the fact that each campus is unique and, as a consequence, has different requirements. The review of standard construction documents is intended to determine whether the process utilized in their development will produce the desired consistency in product quality, educational features, and overall aesthetics for campuses when they are completed as described by the Master Architect Approach to Standards.

It must be noted that this section of the report is limited to Measure M, Phase 1A because the remaining projects in Measure M and all projects in Measure D did not have construction documents ready for review at the time of the last annual audit.. This section of the audit does not include a review of, or comments on, the quality of the standard construction documents.

Midyear Report Update

The first annual audit found that a significant number of addenda were issued in the initial projects for which bids had already been invited. The high number of bids resulted from not having some of the standard construction documents in place and available at the time these projects were bid.

The District's response to this finding was to complete the standard documents. Although these documents were too late for the Phase 1A projects, they have been distributed to the Phase 1B architects of record for the next round of bidding. It is anticipated that this response will result in effective control over the quantity of addenda and will improve the bidding process for the District.

The results will be reviewed and evaluated in the second annual performance review.

DESIGN AND CONSTRUCTION SCHEDULES

The bond management team has developed documentation systems that include schedules for the Measure M and Measure D facility programs. For the purpose of program management, the Measure M and the Measure D Master Schedule is the most useful of the various schedules. This master schedule includes the entire facility programs for Measure D and Measure M beginning with Measure M master planning in October 2001 and ending with the completion of the final Measure D projects in August 2010.

The master schedule was compared to actual schedules for the nine (9) Phase 1A projects scheduled for bidding by the end of the audit period. Projects scheduled for master planning, programming, District review, and other similar activities were also reviewed.

Midyear Report Update

The first annual report found that bidding for the first nine (9) elementary schools (Phase 1A) did not occur as scheduled. According to the master schedule, bidding should have occurred by April 2003, with mobilization in June 2003 and construction by the end of June 2003.

It was recommended that the bond management team update schedules to reflect adjustments and that bidding be initiated earlier, making allowances for delays in bidding and construction while adhering to the published schedule to the extent possible.

In response to this finding the bond management team has implemented procedures to ensure that bidding occurs earlier in the construction season. Tables 7 and 8 in the Facilities Program History/Status section of this report contain these revised schedules. The audit team will reexamine this subject in the next annual performance audit report.

DESIGN AND CONSTRUCTION COST BUDGETS

California public school districts are allowed to develop building standards based on individual educational, aesthetic, and fiscal needs. The California Department of Education (CDE) reviews and approves projects based on a set of criteria that includes toxics review, minimum classroom size, compliance with the California Environmental Quality Act (CEQA) and a number of other standards. The Division of the State Architect (DSA) reviews and approves projects based on their compliance with requirements related to structural (seismic) integrity, fire and life safety, the California Building Code and the Americans with Disabilities Act (ADA).

The office of Public School Construction (OPSC) approves projects based on established district eligibility, CDE approval and DSA approval. These required approvals are all based on “minimum standards” established by each agency. The state does not have standards or requirements in many areas such as technology, architectural style and aesthetics, specialty educational space (e.g., art, science, shop areas, etc.), and other similar features. These criteria are left to the district’s discretion based on local educational programmatic needs, available funds and individual site conditions.

Most California school districts adhere strictly to the State School Facilities Program (SSFP) budgetary standards. In those districts, projects are designed based on total revenues produced through the SSFP calculation, which is the sum of the SSFP per pupil grant and the required local district match. In other districts, this formula is used for the purpose of determining available SSFP revenues from the state. In this scenario, project budgets often exceed the state formula. The amount in excess of the state formula is referred to as additional local match and is permitted by the SSFP regulations. The limiting factor for state monies, regardless of the building approach, is that the minimum local matching funds be present for eligible projects.

Through actions of the Board of Education, the West Contra Costa Unified School District has set standards known as “Option 1C” to guide its projects. These standards result in individual project budgets significantly higher than the SSFP formula. Furthermore, the total of these individual project budgets exceeds the total facilities program revenues currently available to the District. It appears that the Board of Education anticipates additional revenues to balance program budgets. It is expected that these funds may become available from local sources, including the authorization and issuance of additional local general obligation bonds.

This planning premise is not entirely unusual. Such assumptions, however, do involve the inherent risk that the anticipated additional revenue might not be realized on time. In that case, it may not be possible to construct all projects in the master plan. As long as decision makers are aware of this possibility and take the funding situation into account while making facilities decisions, this rationale may be appropriate. Typically, school facilities’ planning is only capable of projecting into the near future. An attempt to predict beyond a reasonable time frame often produces expectations that fail to materialize. All school facilities master plans have this inherent uncertainty to some extent.

During the annual audit for the period ending June 30, 2003, it was determined that there was a need to ensure that District standards are met and that appropriate budgets are approved to meet these standards. In response to this finding, the District established a scope committee for the purpose of defining the District's Option 1C standards, and applying these standards to all projects.

In addition, the first annual audit includes a finding indicating that the projects bid during that reporting period contained excessive additive and deductive alternates. In response to this finding, the bond management team has implemented procedures to allow minimum use of bid alternates.

Midyear Report Update

Construction of the Phase 1A projects progressed significantly during the time period covered by this examination. Original budgets, adjustments, and approved budgets at the time of award were available for evaluation. (The bond management team provided this information for review.) The data and report are accurate for the period ending December 31, 2003. It is also important to note that the projects are all under construction.

Current status of Phase 1A projects can be viewed in the Facilities Program History/Status section of this report. Further details are available in Table 7 in the same section.

It is expected that the outcome of the establishment of the scope committee and the procedures established to minimize the use of bid alternates will be available for review in the second annual performance audit. If implemented properly, these actions should help the District return some control over construction costs that it can control. (Because the District just recently established the procedures to minimize the use of bid alternates and the scope committee, there has been insufficient time for measurable results to develop. The audit team will examine and evaluate these efforts in its second annual performance audit for the 2003-04 fiscal year.)

Also, a final review of budgets and construction costs will be conducted after as projects are completed. The information in this section should be considered an ongoing progress report. The Phase 1B projects are scheduled to be constructed in the future. Data for these projects will be examined in future performance audits.

A review of Request for Information (RFI) logs of the projects under construction indicates that a significant number of documented questions about existing conditions and/or conflicts/errors/omissions in the plans have occurred. Although RFIs are only questions, they often become the basis of a change order and/or a claim. The causes for such a volume of questions range from inexperienced or claim-seeking contractors to insufficient detail in the plans specifications. This subject requires further research and reporting, which will occur in the next annual performance audit.

COMPLIANCE WITH STATE LAWS AND GUIDELINES

A number of codes and regulations govern the District's legal and regulatory requirements associated with the delivery of California public school construction projects. This review assesses the District's level of compliance with legal and regulatory requirements. The review is not to be construed as a legal opinion but an examination of compliance with accepted industry standards and prevailing regulatory requirements. This section excludes a review of compliance with the California Building Code or other similar guiding instruments in design and construction.

Midyear Report Update

The first annual Measure D and Measure M Performance Audit reported on the District's specific individual compliance with legal and regulatory requirements. At the time of the annual audit report, the audit team noted that the bond management team was to be commended for its development of a comprehensive "front end" document that appeared to fulfill all legal requirements and protect the District, to the extent possible, from difficulties that could arise from incomplete and/or inadequate documents. The same set of documents and practices remain in use, with the exception of some minor improvements. There are no variances of substance from the first audit to report.

COMPLIANCE WITH DISTRICT POLICIES AND GUIDELINES

In the Annual Performance Audit for the 2002-03 fiscal year, the audit team found the current policies and regulations do not reflect recent changes in law. The audit team recommended that the District utilize model policy and procedure documents developed by the California School Board Association (CSBA), the Association of California School Administrators (ACSA), the California Association of School Business Officials (CASBO) or policies and procedures developed by other school districts in order to update and develop new board policies and administrative regulations related to the facilities program for the West Contra Costa Unified School District. The District noted that it concurred with the finding. Staff District was assigned to work on policies and guidelines that impact or define work on the bond facilities program. Outside legal counsel was also assisting the District in updating board policies and administrative regulations.

Midyear Report Update

Given the time involved with updating board policies and administrative procedures, the performance audit team will reassess the District's progress at the time of the next annual audit for the period ending June 30, 2004.

BIDDING AND PROCUREMENT PROCEDURES

The bid process is handled primarily by the bond management team, with assistance from the purchasing department to help ensure that bids meet legal requirements. In the annual performance audit for the 2002-2003 fiscal year, it was noted that the District had awarded bids in an effort to have work begin during the summer 2003. At the time of the annual audit, the District's legal counsel had just revised the bid boilerplate to include extensive language regarding apprenticeship, labor compliance program, a project labor agreement and sample letters referring to the payment of prevailing wage.

Midyear Report Update

The District has not solicited any new bids during the time period covered by the midyear report. During this time period, the District was in the process of preparing for the next round of bids with construction expected to begin during the summer 2004. The District's Engineering Officer was in the process of finalizing the construction and bid schedules for the Phase 1B projects. A preliminary schedule for the next phase of construction was outlined in the Engineering Report of December 10, 2003. Any new revisions to the bid boilerplate are projected to be completed in February 2004.

During the annual performance audit, the audit team noted that District staff should be commended for its use of blind bid packages and its process to ensure that substitution of subcontractors was in compliance with the state law.

The audit team made the following three significant findings in the annual performance audit for the 2002-03 fiscal year. It was noted that the boilerplate was not ready during the job walk. Legal counsel was still revising the boilerplate at the time of the bidding, and the bid boilerplate had to be sent as an addendum. Total School Solutions recommended that that boilerplate language be complete and in place before beginning the bidding process.

The audit team also noted that, during 2002-2003, the purchasing department's and SGI's filing systems were not appropriately organized. It was discovered that the bond management team was in the process of organizing the filing system, and many project files were still kept in boxes. In the performance audit, it was recommended that bid documents, contracts and all other pertinent project information be filed and organized in an accessible and centralized storage area. SGI has proposed and written a process to file project documentation. The plan, while well developed, was not in place at the time of the annual performance report.

In the annual audit, it was further noted that the bids opened in June did not have contracts signed until August, delaying construction until late August or September. Total School Solutions noted that this delay made the District change some of its scope of work to accommodate the presence of students at school sites.

The District prepared the following general response to the findings and recommendations in the annual performance audit:

The District agrees with the . . . recommendations and has developed a process to prevent the coordination problems among and between the Bond Team, legal counsel and the District from reoccurring. The Bond Team has developed a Master Schedule that maximizes the use of the summer months in order to take full advantage of unoccupied school sites during construction. For the Phase 1B projects the Bond Team will extend the bidding period which will encourage greater bidding participation by general contractors. As a clarification, the Bond Team did make extensive efforts to outreach to the general contracting community and pre-qualified 29 general contractors in this effort.

As noted in the District's response above, the District has already taken efforts to actively solicit bids, recruit and attract qualified contractors to create competition and better pricing. District staff and the bond management team have also taken other measures to improve the bidding and procurement procedures between July 1, 2003, and December 31, 2003. In particular, the staff meetings that have focused on the "lessons learned" from previous projects represent a proactive approach in planning for the next batch of bids. "Lessons Learned" meetings were useful in analyzing weaknesses in the last bidding process. The completeness of the bid boilerplate, confusion of the blind bid process and the numerous alternates requested on the bid were among the topics discussed in these meetings.

It does appear that the District and the bond management team have made the appropriate adjustments to ensure that the bid boilerplate language is in place for the next phases of the facilities program.

A preliminary bid schedule for phases 1B, 2A and 2B projects shows that there are several overlaps in schedule with construction. During a one-year time span if the contracts are awarded as planned, seventeen (17) schools will be undergoing construction at the same time. As noted in the annual audit, this kind of expedited schedule tends to create a number of problems, including a shortage of project supervision or oversight, additional costs in temporary housing, impacts on the summer school program, and other community issues. District staff and the bond management team should try to avoid excessive overlap and/or have a thorough plan to manage and monitor multiple concurrent projects. Overlapping schedules also may lead to competition among the District's own projects, which can result in increased costs.

While balancing the need for spreading contracts over a greater period of time, the District should also try to concentrate as many construction projects as possible during the summer months. Accordingly, District staff and the bond management team should structure bid openings and the rest of the schedules around construction during the summer months. The District did not finalize a bidding process during the six months covered by the midyear report; however, based on discussions with the District's Engineering Officer, it would appear that the District has made the appropriate changes in the schedule to allow for summer construction, with award of contracts set for spring 2004.

CHANGE ORDER AND CLAIM PROCEDURES

In the process of this examination, relevant documents were analyzed. Interviews were also conducted with various staff members, architects, project managers, inspectors and the contractors' job superintendents.

Midyear Report Update

The first annual performance audit for the 2003-2004 fiscal year describes in detail the change order and claim procedures, including the following topics: the board policy on change orders, general information on change orders in school facilities projects, the processes for approving change orders or rejecting unauthorized work, price negotiation, measures to protect the District against the ill effects of claims, schedules of value to help mitigate or resolve claims against the District and language regarding the substitution of subcontractors.

In the annual performance audit for the 2002-2003 fiscal year, the audit team commended the bond management team for its design and implementation of standard procedures for managing and tracking change orders through the PS2 software system. Even though some contractors did not use the PS2 system—which caused the RFI process to be less efficient than if all contractors were to use the system—contractors who did use the system consistently enabled team members to inform all involved parties if change orders would be a potential claim issue or cause of disruption in a particular facilities project. In discussions with the District's Engineering Officer, it appears that the PS2 system is working better in the six months following the first annual performance audit. However, as noted in "Design and Construction Cost Budgets" section of this report, there still does appear to be a high number of Request for Information logs for the projects. If the cause for this high number is due to consultants' or contractors' failure to check the contract language, the District should exercise its right to charge costs of providing information already available to the contractor.

One area of particular strength identified during the annual audit was the District's language that described change order approvals in the contract's general conditions. This language protects the District from work stoppage and minimizes liability. As recommended in the annual performance audit for the 2002-2003 fiscal year, the bond management team has further enhanced its handling of change orders by keeping the District and the community apprised of impending change orders and construction issues through the Facilities Subcommittee. This sharing of information helps pave the way for timely approval of change orders.

Project managers have also improved written directions to contractors regarding change orders, as recommended in the annual performance audit. Verbal instructions, which were confusing as noted in the last annual audit, have been minimized. Contractors appear to have clear directions removing the ambiguity that often leads to potential claims and/or mistakes. (In situations where a total amount cannot be determined due to the ambiguity of unforeseen conditions, project managers have chosen to issue a change order directive on a time and materials basis with a not-to-exceed limit. This method settles the problem quickly, and inappropriate charges are eliminated by the inspector's verification of time worked. This system also gives project managers the opportunity to negotiate the price with contractors after the completion of work.)

The District Engineering Officer's report of December 10, 2003, anticipates a six-month delay for Phase 1A of Measure M. This delay may cause a potential budget overrun of up to \$1.4 million in temporary housing costs. It is important to find out if a recovery schedule can be used to avoid the change order cost for temporary housing.

In the annual performance audit, the District responded by noting that it "agrees with the findings and recommendations and the bond team and District are in the process of following through with the recommendations and/or will make plans to implement the recommendations." It appears that the District has implemented a number of corrective actions in the period covered by the midyear report. The District should, however, try to expedite the inquiry about its board policy on change orders and having a program in place to evaluate major safety issues before going to bid. These two measures should help protect the District, to some extent, against unavoidable and costly change orders.

PROCEDURES FOR CLAIM AVOIDANCE

In the process of this examination, SGI submitted documents for analysis. Interviews were conducted with various staff members, architects, project managers, inspectors and contractors' job superintendents.

Midyear Report Update

Some preventive measures to avoid claims, as outlined in the annual performance audit for fiscal year 2003-2004, include the following:

- Thoroughness of bid documents
- Protective language in the general conditions
- Requiring high-rated insurance and bonds
- Effectiveness of the prequalification process
- Clarity and quality of construction documents
- Verification of site conditions and District standards
- Reasonableness of specifications
- Communication among all involved parties
- Documents control
- Schedule analysis
- Consistency of inspectors' documentation
- Reasonable decision-making hierarchy
- Human resource management, including the coordination of subcontractors
- Sufficient supervision and monitoring
- Responsiveness of architect to the Requests for Information (RFIs)
- Accurate, efficient and timely problem-solving
- Fair dispute resolution process
- Prompt payments

The annual performance audit noted that the District employed a number of processes or measures to reduce the potential frequency or severity of claims, including a prequalification process, daily documentation from the master inspector, and meeting minutes prepared by construction managers. These measures help provide documentation and evidence in the event of a claim. The annual performance audit commended the bond management team for recognizing the impact of claims in terms of cost and liability to the District and putting procedures in place to minimize claims.

During the annual performance audit, the audit team noted that the use of the PS2 system was "a problem and an opportunity" for architects and those associated with school construction projects. It would appear that the District, the bond management team, architects and contractors have improved the use of the system to expedite changes and communication on a given project within a standard format. These efforts address some of the recommendations from the annual performance audit and show significant improvement from processes during the first year.

In terms of claim avoidance, the more universal use of PS2 enables the District and the bond management team to have thorough documentation of the Requests for Information (RFIs). Also, the document control specialist has begun to archive electronically the RFIs, Submittals and PCOs of Phase 1A. This documentation process allows the District to track problems on projects, how they were resolved and the time frame in which the problems were resolved. Documentation can help prevent false delay claims or, at least, minimize the time and costs associated with such claims. This documentation process addresses one of the recommendations from the annual performance audit.

The project managers interviewed during this midyear update also were able to solicit recovery schedules for projects with delays. (This was a finding in the annual audit, and it appears that the District has addressed this matter.) It was also reported that there have been fewer subcontractor complaints due to the efforts of Davillier Sloan, the firm hired to administer prevailing wage compliance.

Another one of the findings during the annual performance audit for the 2002-2003 fiscal year seems to be resolved. The District and bond management team are following a process to avoid the problems experienced previously by architects. The District is making an effort to ensure that bid documents are completed in a timely manner before the job walk and avoid using the addendum process to release information on projects. This action should help reduce confusion and potential claim activity.

Scheduling work is also important. It is critical to project whether and when weather will impact a given project and to put the appropriate weather delay language into the contracts help to avoid claims. Weather should be taken into account in the timing of the entire project as well.

It has been noted that there have been several incidents of vandalism and theft at the jobsites. The District should cultivate relationships and communication, or strengthen existing ones, with local law enforcement to police and protect jobsite areas where expensive equipment may be exposed.

The Engineering Officer's Report of December 10, 2003, shows the timeline for all phases of Measure M and Measure D. The overlapping construction schedule among many schools suggests that there may be an increased need for supervision to avoid theft, vandalism and poor documentation. The District may want to consider hiring a sufficient number of project managers to manage and monitor projects. The increased workload on staff could cause a delay in addressing problems, RFIs or loss incidents.

PAYMENT PROCEDURES

District staff was interviewed; documentation was reviewed; and processes were observed to compile this midyear report. To clarify issues or questions, subsequent interviews were held. The audit team also reviewed expenditure reports from the bond management team for the period from July 1, 2003, through December 31, 2003. Expenditures and invoices on the six-month expenditure report were also randomly sampled, reviewed and verified.

Midyear Report Update

The annual performance audit detailed the process by which payments are made to the contractors. There were no changes in these procedures since the last audit. Payments and expenditures are tracked and recorded by Seville Group Inc (SGI). The process set by SGI for verification of progress payment percentages is effective in preventing overpayment.

The District and the bond management team's performance on executing these procedures appear to have improved during the six months covered by this midyear report. There are additional controls established by having the requester submit an addendum to increase purchase orders. Besides the control aspect, this documentation enhances accountability and management of funds. The practice of confirming purchase orders has decreased during the six months covered by the midyear report, an indication of improved planning. Also, all of the construction applications and architecture invoices reviewed had the schedule of values attached to ensure proper payment. Of the audited invoices, payments were made within 30 days, some as quick as two weeks, during the time period of July 1, 2003, through December 31, 2003. This processing time is a significant improvement and appears to have resolved a finding in the annual performance audit.

The weekly finance meetings between the bond management team and the District staff to discuss issues such as unpaid invoices, new requisitions, and revisions to budgets continue to be a beneficial process for the facilities program. It still may be beneficial to include a participant from purchasing.

SGI initiates the budget transfer requests. The request is routed through the appropriate administrators for signatures and approval. The Director of Fiscal Services reviews the transfer for completeness and proper funding prior to the actual transfer. This authorization process is an effective control against improper expenditures.

During the audit of random invoices it was found that the back-up documentation remains inconsistent. For example, the contract is not always kept with the copy of the purchase order to verify the agreement amount. Some construction payment applications have certified payroll records attached to the application; others do not. A purchase order of \$400,000 for the restoration of Pinole Middle School after fire damage exceeds the bid limit. The purchase order also did not indicate a bid number or board approval through an emergency resolution. Some invoices from contractors had multiple copies of the same payment application. When the audit team asked for copies of the invoices, it was discovered that multiple copies of the same invoice had been submitted, an indication that staff does not understand the purpose of these invoices. Among the ten invoices audited, two were found to be missing. One of these invoices was for a payment of \$566,356.50. This lack of adequate and consistent documentation creates the perception that deficient controls and ineffective procedures still exist.

Documentation for construction invoices should be consistent and have at least the following information: purchase orders listing the bid number, board approval date, schedule of values, certified payroll records, unconditional waiver(s) and release(s), conditions of escrow, cumulative total of amounts paid and dates for each payment in the case of progress payments. Back-up documentation should also be required for all change orders detailing the reasons for the change(s) and a breakdown of labor and material costs. Bid numbers should be noted in all purchase orders. It would also be helpful to have on file information on payment bonds, performance bonds, and insurance certificates for use in the event of financial claims. Because the county office of education does not audit payments, it is important that the District self-audit by requiring complete documentation with each payment request.

It may be helpful for the controls group to obtain some guidance from the purchasing department and/or to develop a checklist for purchase orders to ensure that the appropriate and sufficient documentation are maintained in the file. An alternative would be to provide training on the new components of payment procedures and appropriate documentation, which is included in the Bond Teams Program Management Plan, as noted in the District's response to the findings and recommendations included in the annual performance audit.

BEST PRACTICES FOR PROCUREMENT OF MATERIALS AND SERVICES

Midyear Report Update

This section of the report highlights some of the efforts made by the District and the bond management team during the time period covered by the midyear report and notes areas where improvement may be needed. With the exception of the board policy on change orders and the documentation in the payment files, it appears that the District and the bond management team have implemented the recommendations from this section of the annual performance audit.

These practices and incidents have been highlighted in this section because they have the potential of recurring in other projects for greater systematic improvement or continuing problems.

Among the District and bond management team's improvement efforts, the audit team noted the following:

- Staff has improved the filing system in the purchasing department. However, the majority of the project files continue to be housed at the Facilities Operations Center until project completion.
- It appears the District and bond management team have improved their advance planning and decreased the number of confirming purchase orders.
- It appears the District and bond management team have improved their payments to contractors.
- It was found that that the control mechanism set up at fiscal services department was effective in finding discrepancies in invoices.
- The communication among the bond management team, the fiscal services department and the purchasing department has improved during the six months covered by the midyear audit. Each department is more aware of projects and can anticipate changes. Communication between the District and the project team of impending changes and major problems has also improved. Ongoing proactive communication helps facilitate projects and reduce the need to explain events after the fact.
- The District's meetings to discuss "Lessons Learned" have the potential for ongoing improvement in the program. In these meetings, it will be important to analyze the strategy during the latest bidding and its impact on competition, price and schedule. Discussions should involve the architects, project managers and staff to ensure that sufficient time is allowed for the constructability review of drawings and plans.

The District and the bond management team should examine the following matters to evaluate if there is a potential for future problems or increased gains:

- The bond management team was unable to present an inventory of the equipment purchased for the Facilities Operations Center, which will eventually be turned over to the District at the end of the project.
- While the filing system has improved in purchasing, there is a question as to how much the Facilities Operations Center has implemented its filing system. This area will be reexamined in the next annual performance audit.

QUALITY CONTROL PROGRAM

A “Quality Control Program” could be considered to encompass a full range of concepts, from initial conceptual considerations to outfitting a completed school construction project with furniture, equipment and materials, as well as managing change orders throughout the construction process.

After considerable discussion among the citizens’ bond oversight committee, the District administration and the District’s legal counsel, Total School Solutions was directed as follows:

In this task, the Auditor will evaluate the District’s quality control programs. To perform this task, the performance auditors will evaluate the SGI/WLC memorandum describing the Bond Team’s approach to quality control. Total School Solutions will interview key staff/consultants and review necessary documents to assess how the District has implemented this program. This task will not duplicate any of the information provided in the performance auditor’s review and evaluation of the Bond Management Plan and will focus on the quality assurance process, not the particular quality outcomes that the bond program has achieved.

In accordance with the above direction, the performance audit team was provided with a Bond Program Quality Control document prepared by WLC/SGI, which contained three major components, as follows:

- Preconstruction Quality Control
- Procurement Quality Control
- Construction Quality Control

Each component of the document was evaluated, and a review of related documents was performed. The findings were presented in the annual audit report for the period ending June 30, 2003.

Midyear Report Update

I. Preconstruction Quality Control

The preconstruction phase was initiated prior to the completion of a detailed needs analysis for each school and board-adopted Option 1C quality standards. Without knowledge of site needs and constraints placed on the preconstruction design process, original design documents exceeded budgets established with Option 1C standards in the board-approved Facilities Master Plan. AORs reported that they could not meet the design scope within these budgets. This situation resulted in bid documents with a base bid and many additive alternates, only a few of which were approved by the board for inclusion in construction contracts. Subsequently, it was determined that Measure D funds would be insufficient to complete all identified projects.

With the development of revised cost estimates for Phase 2A projects currently in design and full knowledge of Option 1C standards, the weaknesses encountered during Phase 1A project design and bidding should not be experienced again.

A seemingly “fail-safe” review process has been established by incorporating four levels of constructability review (AOR, bond manager, master architect and independent architect) to discover and correct any potential problems or weaknesses. In spite of these reviews, a potential weakness remains with the fact that WLC and SGI function under a single contract. Independent reviews by the master architect (WLC) and the bond manager (SGI) are not completely independent in this arrangement. This weakness, however, appears to be remedied through a review by an independent architect.

II. Procurement Quality Control

While the Preconstruction Quality Control Process was mostly done by the master architect, the Procurement Quality Control Process was under the purview of the bond manager. Because the Procurement Quality Control phase has only recently been initiated with Phase 1A bids in June 2003, it would be premature to comment on the effectiveness of the process. However, the process itself is in place and, if followed as documented, should result in satisfactory outcomes.

III. Construction Quality Control

The Construction Quality Control process is implemented by the bond program manager and the master architect, as documented in the Program Management Plan (revised on May 12, 2003). As noted above, Phase 1A projects were just entering construction and the effectiveness of the construction quality control process cannot be fully evaluated the process, however, appears to be complete and comprehensive and, if followed as documented, should produce satisfactory results.

SCOPE, PROCESS AND MONITORING OF PARTICIPATION BY LOCAL FIRMS

In the process of this midyear examination for the period of July 1, 2003, through December 31, 2003, inquiries were made regarding the scope of work assigned to local firms, the process utilized to seek and solicit participation by local firms and monitoring of the share of work assigned to local firms. TSS also verified the information provided by the District and assessed the progress made to address any areas of concern identified in the annual audit for the period ending June 30, 2003.

The Board of Education has recognized the importance of using local vendors and service providers. In entering into the Project Labor Agreement, one of the purposes identified by the board was the following:

To the extent permitted by law, it is in the interest of the parties to this agreement to utilize resources available in the local area, including those provided by minority-owned, women-owned, small, disadvantaged and other businesses.

Although the District and its board have not formally defined a “local” firm, the bond management team generally defines a local firm as one that maintains an office in the metropolitan area, including the counties of San Francisco, Alameda, Contra Costa, Napa, Solano and Marin.

During the annual audit for the period ending June 30, 2003, TSS examined the processes used by the District and the bond management team in soliciting participation of “local” firms in the projects included in the bond program. It was noted that the bond management team’s training opportunities and guidance to local firms that wanted to bid on public work projects improved the chances of local firm participation. Many of these firms lacked prior experience in K-12 educational facilities projects and the requisite knowledge and expertise to be competitive in bidding and executing such work.

At the time of the annual performance audit, it was noted that there was no consistent, ongoing process in place to monitor and review the share of work assigned to local firms. TSS expressed a concern that, without a consistent oversight mechanism, these gains might be lost. It was recommended that the District consider establishing a process to provide continual monitoring of the processes to enhance local vendor participation in the school facilities improvement projects.

In response to the above comments, the District provided the following statement:

The District agrees with the recommendation and is in the process of hiring a consultant to develop a monitoring and reporting mechanism to continually track local vendor participation while enhancing the District's current Community Outreach guidelines with strategies that will increase local participation without jeopardizing quality. The current District Community Outreach guideline calls for the creation of a District Community Outreach Advisory Board made of various key local community stakeholder groups such as the NAACP and Richmond Chamber of Commerce. Formation of the advisory board will enhance performance in community outreach while promoting accountability.

Midyear Report Update

In accordance with the existing District community outreach guidelines, a District Community Outreach Advisory Board has been established. The main purposes of the advisory board are to improve overall communication between the District bond program and the community at large and to assist in improving local participation through community outreach efforts by setting appropriate, realistic and achievable goals. Ten members were initially identified to serve on this board, the majority of whom come from community groups such as the NAACP and Richmond Business Development Center. The first meeting of the advisory board was scheduled for February 12, 2004. The advisory board would determine the frequency of its meetings and the scope of its charge during that meeting.

The District has requested that the bond management team hire a consultant to create a reporting mechanism to track local participation and workforce utilization. The consultant Davillier Sloan has been assigned the task of tracking general and subcontractor activity on all bond projects. The consultant is in the process of developing a reporting format for review and approval by the District Community Outreach Advisory Board. The bond management team has recommended that data be reported to the advisory board on a quarterly basis.

The existing community outreach guidelines are being revised by the bond management team to strengthen the focus on specific methodologies to enhance local participation. The implementation of these steps will be verified, and the effectiveness of some will be evaluated during the development of the annual performance audit for fiscal year 2003-04.

EFFECTIVENESS OF THE COMMUNICATION CHANNELS AMONG ALL STAKEHOLDERS WITHIN THE BOND PROGRAM

To facilitate communication among stakeholders regarding the West Contra Costa Unified School District's facilities program, the District:

- Maintains a communication office;
- Has three (3) Internet sites:
 - West Contra Costa Unified School District: www.wccusd.k12.ca.us
 - Bond Oversight Committee: www.wccusd-bond-oversight.com
 - Bond Program: www.wccusdbondprogram.com
- Has a board policy on media relations;
- Has developed a procedures manual for print and electronic communications and media relations.

The level of awareness among stakeholders close to the process was high. The Board of Education, the superintendent's cabinet and school principals with projects in the planning or construction stages indicated a high degree of satisfaction with the communication activity, overall communications program and efforts to educate and inform the school community on the activities and processes used to improve existing school facilities and to construct new schools with Measure M and Measure D funding sources.

In the report prepared as a result of the annual performance audit for the period ending June 30, 2003, the bond oversight committee was commended for establishing a public outreach subcommittee to enhance communication among stakeholders. The bond management team was also commended for designing and implementing uniform communication tools and software, which, when fully implemented, was likely to promote seamless communication among the key participants including the bond management team (WLC/SGI), District staff, architects, contractors and consultants.

It was noted, however, that the principals of schools not currently in modernization had insufficient knowledge of the facilities program. Also, it appeared that this group was not satisfied with the overall public outreach campaign. The community, in general, did not appear to be adequately informed of the rationale of board decisions and their impacts on the facilities program, including increased project scopes and budgets.

A few civic leaders, including some city officials, did not appear to be knowledgeable and well informed about school facilities issues that local city governments face as a result of city-approved residential growth. Furthermore, the communication between the bond management team (specifically, SGI staff) and District departments needed substantial improvement.

TSS recommended that the District consider conducting a comprehensive information program to keep all principals informed of the District's facilities improvements. An information program probably would include a parent outreach campaign directly through school newsletters, direct mailings or presentations to school site councils and other methods by which school site council and PTA officers could assist the District in reaching out to their parent communities.

It was also recommended that the District take measures to inform the community of the chronology of events and decisions that have resulted in the increased scope and costs for almost every project. It was advised that the District consider conducting informational workshops and seminars to educate and inform stakeholders and decision-makers who can significantly impact the planning, financing or construction of school facilities.

It was further recommended that the bond management team obtain clarification on the expectations of the accounting, finance and purchasing departments and provide the necessary documentation to facilitate the processing of payments to contractors and vendors.

In response to the recommendations above, the District provided the following comments:

The District concurs with the recommendation of effective communication channels among all stakeholders within the Bond Team. The District currently addresses communication in several ways. Apple Bite, a newsletter from the District that is distributed to all district personnel, sometimes includes Bond Program information.

The District has hired a Communications Consultant, specifically for the Bond Program, to ensure that interested community members are kept informed, to provide continuity of communication distribution methods and to enhance our existing communications efforts.

We are working directly with school principals to disseminate appropriate information to staff, parents and students by means of fliers to give them an update on the construction projects and announcements of community and Site Council Meetings. The District continues to conduct presentations with all City agencies and communities in an effort to reach out and inform on a broader scale.

Midyear Report Update

The bond management team and the District staff report renewed efforts to educate and inform the school communities in regard to the bond program. The communiqués are provided by hard copies for distribution to schools and distributed to the key District staff and stakeholders in the cities within the District. The information on modernization of a certain school is also mailed out to the community members who reside within 500 feet of the school. The bond management team plans to post updates of the work performed on each campus on the District's bond program website. Since it is very new and in the first stages of implementation, the effectiveness of the new communication program will be more thoroughly assessed during the development of the annual audit for the 2003-04 fiscal year.

The District has hired a communication consultant, Tracy Craig, to assist in bond implementation communications. Ms. Craig is a local consultant, familiar with the West Contra Costa community and the District. One of Craig's initial tasks is to create bimonthly communications for each school outlining the bond program efforts for that particular campus. The District reports that additional efforts have been made to keep school communities, especially school principals, informed about the bond program. In April/May 2004, TSS intends to conduct random surveys of the stakeholders to determine the effectiveness of these efforts.

The District has taken steps to expand the bond oversight committee's membership in an effort to educate and inform decision-makers and local civic leaders. For example, Hercules's education commissioner now serves on the committee, taking firsthand information back to the city's civic leadership. The District also reports that it continues to conduct presentations to all city agencies and communities in an effort to reach out and inform the community on a broader scale. The effectiveness of these efforts will be evaluated through a survey of the stakeholders, including city officials and elected civic leaders during the process of the annual audit for 2003-2004.

The information channels among contractors, the bond management team (WLC/SGI) and District departments still need improvement. Although some efforts have been made to improve relationships and communication, more work is needed to accomplish the end results. The bond management team and District departments have worked toward the goal of streamlining the payment procedures to shorten the time currently needed to process payments to vendors, which is one example of improved communication.

OVERALL BOND PROGRAM

During the annual performance audit for the period ending June 30, 2003, Total School Solutions made certain determinations about the overall bond program through interviews with appropriate personnel, a review of documentation and processes pertaining to the program, and observations of relationships and interactions among parties involved in the facilities program. Although these observations were not specifically related to any particular component of the audit, the audit team believed that these issues had a significant impact on the overall bond program. In the course of its examination, TSS encountered a number of issues of concern, which it deemed to be reportable conditions. These reportable conditions included the following:

SGI exercised a higher level of confidentiality than what would be considered appropriate for public work projects. The retrieval of information was difficult, and TSS often required intervention by key District personnel. The hesitation in sharing information also appeared to be the root cause of the communication problems reported by the bond oversight committee. Many of the documents, although clearly within the domain of public information, were not made readily available.

Much of the contract “deliverables” were not available and had not been developed.

The staff representing the program manager (SGI) did not appear to have adequate authority to share information with the audit team.

The bond management team’s organizational structure identified both WLC and SGI as equal partners and maintained parity in responsibility and authority between the two firms. It appeared that this structure lent itself to confusion and a lack of clarity, resulting in unnecessary delays in performance, especially in the areas for which responsibility was inadequately defined. The lack of clarity also caused some duplication of efforts, which could have been avoided for the benefit of the District and both firms if a clear hierarchy of responsibility had been articulated and established.

Although the decision to employ a bond management team in lieu of hiring District staff was made consciously, the District subsequently came to realize that few staff positions were needed accordingly; a position of District Engineering Officer was added among others to establish and maintain strong controls. It did appear, however, that the previously established organizational structure that placed decision-making authority in the hands of the bond management team still remained in effect, at least informally.

During interviews, it was noted that hazardous materials discoveries were missed on at least two occasions. These discoveries should have been recorded during the preliminary site surveys and hazardous materials investigations.

To address the issues outlined above, the following recommendations were made:

The appropriate District staff and the bond management team should review the protocols for the disclosure of public information and the importance and purpose of audits. A performance audit should be considered an opportunity to improve a program, and as such, the personnel involved in the process need to be willing to share information and exchange ideas.

The District should perform intermittent random checks to ensure that all deliverables have been developed and implemented as required by the agreement between the District and the bond management team.

The District should consider revising the organizational structure and designate one of the two firms (WLC or SGI) as the supervising partner.

The District should consider restructuring the system of authorization and approvals to have the appropriate staff exercise leadership in significant facilities improvement issues. The District Engineering Officer appears to be competent, well informed and capable of providing leadership. To transfer authority for the facilities program back to the District, the organizational structure should clearly delineate the lines of responsibility and authority, with the position of District Engineering Officer empowered to grant approvals and control processes.

The District should consider developing a comprehensive hazardous materials abatement program.

Subsequently, the District provided the following responses outlining the steps the District intended to take to address the reportable conditions:

The District understands and acknowledges the findings and recommendations presented in this Performance Audit. The Audit will serve as an important tool for the District in implementing some of the changes to the Bond Program that it has already commenced, such as hiring key District staff positions (e.g., District Engineer) and carrying out the Realignment Process. Continuing that process and implementing changes noted in this audit report will assist the District in continuing to meet the community's expectations for the Bond Program.

Public Information Disclosure. The District's senior management is working with the Bond Management Team to define public information disclosure responsibilities and focus on the importance of responding appropriately to all types of audit requests.

Deliverables. District staff has requested, and the Bond Team is now providing, updated summaries of contract Deliverables.

Bond Team Organizational Structure. The District is currently engaged in a "Realignment Process" with the Bond Team to consider the organizational structure and other issues of roles and responsibilities in the program.

District Staff Assume Greater Role. The District is currently engaged in a process of assuming more responsibility for all aspects of the Bond Program. Internal leadership and in-house project management have all been strengthened. All aspects of approvals and process controls are being coordinated through the new leadership position.

Comprehensive Hazardous Materials Abatement Program. In January, 2003, the District adopted a comprehensive document entitled "WCCUSD & Bond Management Team Environmental Policies" that provided procedures for handling hazardous materials on the Bond projects. The District has tightened procedures for abatement survey and bid document preparation for Phase 1B schools. The District has facilitated increased levels of coordination among the Bond Team, Environmental Consultants, and the Architects of Record to avoid problems encountered in the Phase 1a projects. The overall abatement program has been defined within the parameters of the Bond modernization program, absent internal District Environmental staff.

Midyear Report Update

Although the presentation of the annual performance audit to the Board of Education was postponed until January 21, 2004, thereby delaying any substantial implementation of the proposed corrective measures during the period covered by the midyear report, the following observations were made:

- TSS had a much better response when its staff requested information from the bond management team. SGI was responsive and willing to provide information in a timely manner. Substantial improvements were noted in this area of initial concern.
- The District Engineering Office reports that he has requested and received the updated summaries and status report of contract deliverables. The summary report will be verified for accuracy during the field work for the performance audit for the 2003-04 fiscal year. At that time, the status of each contract deliverable will be evaluated and reported, as appropriate. The Engineering Officer also reports that he intends to conduct random internal checks to verify the existence and availability of the contract deliverables.
- The District is in the process of renegotiating and revising the organizational structure of the bond management team. The District has determined that it would be in the best interest of the bond program to split the contract with WLC and SGI into two separate contracts, which will help both firms be responsible and accountable for the performance of their own respective staffs.

- The Board of Education has supported the concept of a single point of contact to eliminate existing confusion in the communication processes and the potential loss of efficiencies through the duplication of efforts. The administration reports that the Associate Superintendent-Operations will be the only point of contact between the District and the bond management team. The District Engineering Officer also reports that he has been empowered to make appropriate and timely decisions on the existing scope of projects and to provide leadership and direction to consultants engaged in the bond program. The actual effectiveness of these changes will be assessed during the preparation of the annual performance audit for the 2003-04 fiscal year.
- The effectiveness of the steps taken and reported by the District staff in regard to the Hazardous Materials Abatement Program could not be evaluated for this reporting period. A determination of the effectiveness will be made during the development of the annual performance audit for the 2003-2004 fiscal year.

APPENDIX A

NOTICE OF ELECTION AND THE NOTICE
FIXING AUGUST 15, 2000 AS FINAL DATE TO SUBMIT ARGUMENTS
ON THE WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT BOND MEASURE
AT ELECTION ON TUESDAY, NOVEMBER 7, 2000

NOTICE IS HEREBY GIVEN that a Bond Measure Election will be held in West Contra Costa Unified School District, Tuesday, November 7, 2000.

NOTICE IS ALSO HERBY GIVEN by the County Clerk of Contra Costa court, Pursuant to Elections Code Section 9502 that the above date is hereby fixed as the final date on which arguments for and against the following measure appearing on the ballot may be submitted to the County Clerk at 524 Main Street, Martinez, California 94553, for printing and distribution to the voters as provided by law.

To improve the learning climate for children and relieve overcrowding by improving elementary schools through building classrooms, repairing and renovating bathrooms, electrical, plumbing, heating and ventilation systems, leaking roofs and fire safety systems, improving technology, making seismic upgrades, and replacing deteriorating portable classrooms and buildings, shall the West Contra Costa Unified School District issue \$150,000,000 in bonds at authorized rates, to renovate, acquire, construct and modernize school facilities, and appoint a citizens' oversight committee to guarantee funds are spent accordingly?

No arguments may exceed three hundred (300) words in length, and all arguments must be accompanied by the statement required by Section 9600 of the Elections Code.

The polling hours will be between the hours of 7:00 AM and 8:00 PM.

Dated: August 7, 2000

STEPHEN L. WEIR
County Clerk
Contra Costa County

APPENDIX B

BOND MEASURE D
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

“To complete repairing all of our schools, improve classroom safety and relieve overcrowding through such projects as: building additional classrooms; making seismic upgrades; repairing and renovating bathrooms, electrical, plumbing, heating and ventilation systems, leaking roofs, and fire safety systems; shall the West Contra Costa Unified School District issue \$300 million in bonds at authorized interest rates, to renovate, acquire, construct and modernize school facilities, and appoint a citizens’ oversight committee to monitor that funds are spent accordingly?”

FULL TEXT OF BOND MEASURE D

BOND AUTHORIZATION

By approval of this proposition by at least 55% of the registered voters voting on the proposition, the West Contra Costa Unified School District shall be authorized to issue and sell bonds of up to \$300,000,000 in aggregate principal amount to provide financing for the specific school facilities projects listed in the Bond Project List attached hereto as Exhibit A, and in order to qualify to receive State matching grant funds, subject to all of the accountability safeguards specified below.

ACCOUNTABILITY SAFEGUARDS

The provisions in this section are specifically included in this proposition in order that the voters and taxpayers of West Contra Costa County may be assured that their money will be spent wisely to address specific facilities needs of the West Contra Costa Unified School District, all in compliance with the requirements of Article XIII A, Section 1(b)(3) of the State Constitution, and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Education Code Sections 15264 and following).

Evaluation of Needs. The Board of Education has prepared an updated facilities plan in order to evaluate and address all of the facilities needs of the West Contra Costa Unified School District at each campus and facility, and to determine which projects to finance from a local bond at this time. The Board of Education hereby certifies that it has evaluated safety, class size reduction and information technology needs in developing the Bond Project List contained in Exhibit A.

Independent Citizens’ Oversight Committee. The Board of Education shall establish an independent Citizens’ Oversight Committee (pursuant to Education Code Section 15278 and following), to ensure bond proceeds are expended only for the school facilities projects listed in Exhibit A. The committee shall be established within 60 days of the date when the results of the election appear in the minutes of the Board of Education.

Annual Performance Audits. The Board of Education shall conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects listed in Exhibit A.

Annual Financial Audits. The Board of Education shall conduct an annual, independent financial audit of the bond proceeds until all of those proceeds have been spent for the school facilities projects listed in Exhibit A.

Special Bond Proceeds Account; Annual Report to Board. Upon approval of this proposition and the sale of any bonds approved, the Board of Education shall take actions necessary to establish an account in which proceeds of the sale of bonds will be deposited. As long as any proceeds of the bonds remain unexpended, the Assistant Superintendent-Business of the District shall cause a report to be filed with the Board no later than January 1 of each year, commencing January 1, 2003, stating (1) the amount of bond proceeds received and expended in that year, and (2) the status of any project funded or to be funded from bond proceeds. The report may relate to the calendar year, fiscal year, or other appropriate annual period as the Superintendent shall determine, and may be incorporated into the annual budget, audit, or other appropriate routine report to the Board.

BOND PROJECT LIST

The Bond Project List attached to this resolution as Exhibit A shall be considered a part of the ballot proposition, and shall be reproduced in any official document required to contain the full statement of the bond proposition.

The Bond Project List, which is an integral part of this proposition, lists the specific projects the West Contra Costa Unified School District proposes to finance with proceeds of the bonds. Listed repairs, rehabilitation projects and upgrades will be completed as needed at a particular school site. Each project is assumed to include its share of costs of the election and bond issuance, architectural, engineering, and similar planning costs, construction management, and a customary contingency for unforeseen design and construction costs. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. In addition, certain construction funds expected from non-bond sources, including State grant funds for eligible projects, have not yet been secured. Therefore the Board of Education cannot guarantee that the bonds will provide sufficient funds to allow completion of all listed projects.

FURTHER SPECIFICATIONS

No Administrator Salaries. Proceeds from the sale of bonds authorized by this proposition shall be used only for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

Single Purpose. All of the purposes enumerated in this proposition shall be united and voted upon as one single proposition, pursuant to Education Code Section 15100, and all the enumerated purposes shall constitute the specific single purpose of the bonds, and proceeds of the bonds shall be spent only for such purpose, pursuant to Government Code Section 53410.

Other Terms of the Bonds. When sold, the bonds shall bear interest at an annual rate not exceeding the statutory maximum, and that interest will be made payable at the time or times permitted by law. The bonds may be issued and sold in several series, and no bond shall be made to mature more than 30 years from the date borne by that bond.

APPENDIX C

REFERENCE DOCUMENTS FOR PERIOD: JULY 1, 2003 – DECEMBER 31, 2003

Board of Education

WCCUSD Board of Education meeting agendas and materials, July 1, 2003, through December 31, 2003.

Audit Reports

WCCUSD Audit Report, year ended June 30, 2003.

WCCUSD Bond Financial Audit Report, fiscal years 2000-01, 2001-02 and 2002-03.

Measures M and D Expenditure Reports

WCCUSD Measures M and D Expenditure Reports dated January 12, 2004.

Program Management

Office of Public School Construction website, WCCUSD State Facility Program status.

Measures M and D Bonds and Bond Oversight Committee

WCCUSD Measures M and D Bond Program documents from website.

WCCUSD Measures M and D Bond Oversight Committee documents from website.

WCCUSD packet for Special Joint Study Session, Board of Education and Measures M and D Bond Oversight Committee, October 22, 2003.

WCCUSD Measure M and D Bond Oversight Committee, Engineering Officer's Report, December 10, 2003.

WCCUSD Measures M and D Bond Oversight Committee, Engineering Officer's Report, January 28, 2004.