



TOTAL SCHOOL SOLUTIONS

June 15, 2005

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

Dear Mr. Kilmartin:

Enclosed herewith is the second midyear report of the District's Measure D and Measure M bond program for the period ending December 31, 2004.

In accordance with our agreement, we are providing twenty (20) bound copies and one (1) loose-leaf copy for reproduction.

We will call your office to make an appointment to review this report with you at your convenience. In the meantime, if you have any questions or concerns, please contact us.

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, 2004



**TOTAL SCHOOL SOLUTIONS
2969 VISTA GRANDE
FAIRFIELD, CA 94534**



West Contra Costa Unified School District

BOARD OF EDUCATION

December 31, 2004

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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. The District engaged Total School Solutions (TSS) to conduct this independent performance audit and to report its findings to the Board of Education and to the independent Citizens' Bond Oversight Committee.

The District decided to include Measure M funded projects in the scope of the examination even though Measure M is not subject to the performance audit requirements of Proposition 39. Voters 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 scope of the examination includes a review of design and construction schedules and cost budgets; change orders and claim avoidance procedures; compliance with state laws and funding formulas; District policies and guidelines regarding facilities and procurement; and the effectiveness of communication channels among stakeholders, among other facilities-related issues. TSS's performance audits are designed to meet the requirements of Article XIII of the California State Constitution, to inform the community of the appropriate use of funds generated through the sale of bonds authorized by Measure D and Measure M and to help the District improve its overall bond program.

In addition to the annual performance audit, the District has authorized TSS to develop reports for the six-month period from July 1 to December 31 of each year until all Measure D and Measure M funds have been expended. This report covers the Measure D and Measure M funded facilities program and related activities for the midyear period of July 1, 2004, through December 31, 2004. The midyear reports document the performance of the bond program and also report on the improvements instituted by the District to address any audit findings issued in prior reports.



DISTRICT FACILITIES PROGRAM – A PERSPECTIVE

While the scope of the performance audit and midyear reports is 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.

The financial status of the District's facilities program, as documented in the audit and financial reports for the past five (5) fiscal years, is presented in the table below.

Facilities Program Financial Status	Fiscal Year				
	2000/01 June 30, 2001	2001/02 June 30, 2002	2002/03 June 30, 2003	2003/04 June 30, 2004	2004/05 Dec. 31, 2004
Bonds Outstanding ¹	\$54,340,000	\$122,450,000	\$216,455,000	\$315,155,000	\$380,635,000
Certificates of Participation (COPs) 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	10,498,724	
Developer Fees Ending Balance	3,526,019	1,293,876	8,928,225	21,037,513	
State School Facilities Program New Construction Revenues	None	None	\$12,841,930	None	None
State School Facilities Program Modernization Revenues	None	None	\$3,494,161	\$10,159,327	\$12,130,592

¹ Bonds authorized and sold include the bond measures listed below. The sold column is for all bonds sold through December 31, 2004. Bonds outstanding include adjustments for refunding of prior bond issues and repayment of principal.

Bond Measure (Passage Date)	Authorized	Sold
Measure E (June 2, 1998)	\$ 40 million	\$ 40 million
Measure M (November 7, 2000)	150 million	150 million
Measure D (March 5, 2002)	300 million	200 million
Total	\$490 million	\$390 million

Education Code Section 15106 states that, for a unified school district, the debt limit "may not exceed 2.5 percent of the taxable property of the district." Education Code Section 15103 clarifies that "the taxable property of the district shall be determined upon the basis that the district's assessed valuation has not been reduced by the exemption of the assessed valuation of business inventories in the district or reduced by the homeowner's property tax exemption."

On July 10, 2002, the Board of Education of the West Contra Costa Unified School District 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 maximum of 2.5 percent 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 2004-05 total assessed valuation of \$19.7 billion, the West Contra Costa Unified School District's debt limit is as follows:

Percent	Debt Limit
2.5	\$492 million
3.0	\$590 million

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

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

EXECUTIVE SUMMARY

This midyear report, conducted between January 2005 and April 2005, includes an examination of the following aspects of the District's facilities program:

- District and Professional Services Staffing Plan for the Bond Program
- 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 Claim Avoidance Procedures
- Payment Procedures
- Best Practices in Procurement
- Quality Control Program
- Scope, Process and Monitoring of Participation by Local Firms
- Effectiveness of the Communication Channels Among All Stakeholders Within the Bond Program

In accordance with the scope of its assignment, TSS reviewed and examined the documentation and processes pertaining to the facilities program for the period of July 1, 2004, through December 31, 2004. This scope of this report includes a follow-up on prior annual performance audits and midyear reports, including their findings and recommendations, and an evaluation on the status of actions the District administration stated it would take to address findings and recommendations.

COMPLIANCE WITH BALLOT LANGUAGE

MEASURE M

On July 24, 2000, the Board of Education of the West Contra Costa Unified School District approved the placement of 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 following excerpt summarizes the essence of the bond measure:

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?

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 March 31, 2005, the District has expended \$144.8 million of the \$150 million in bond funds (96 percent). All of the expenditures for Measure M were for projects within the scope of its ballot language. Total School Solutions (TSS) finds the West Contra Costa Unified School District 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 the placement of 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 appears 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 enough to cover the following three categories of projects for all schools:

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.
- Harbour Way Community Day Academy

III. Secondary School Projects

- Adams Middle School
- Juan Crespi Junior High School
- Helms Middle School
- Hercules Middle/High School
- Pinole 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 use the more stringent Proposition 39 requirements.



As of March 31, 2005, the District has expended \$63.7 million of the \$300 million Measure D bonds (21 percent). All of the expenditures for Measure D were for projects within the scope of its ballot language. TSS finds the West Contra Costa Unified School District in compliance with the language contained in Resolution 42-0102.



FACILITIES PROGRAM HISTORY/STATUS

To assist the community in understanding the District's facilities program and the chronology of events and decisions that resulted in the increased scopes and costs for projects, this report documents the events that have taken place from July 1, 2004, through February 9, 2005. Major actions of the Board of Education are listed in the table below.

Chronology of Facilities Events since July 1, 2004.

DATE	ACTION
July 7, 2004	Approval of Staff Secretary to the Engineering Officer (bond funded position).
July 7, 2004	Approval of contract for Downer site work and portables.
July 7, 2004	Approval of contract for Hanna Ranch & Chavez site work and playground projects.
July 7, 2004	Approval of contract for site work and utilities for portables at Portola Middle to house Kensington students during construction.
July 7, 2004	Approval of Measure M-1B testing and inspection contract.
August 4, 2004	Approval of Campus Safety Technician (bond funded position).
August 4, 2004	Approval of contract for Measure D projects site survey work.
August 4, 2004	Ratification of Approved Measure M-1A Change Orders.
October 27, 2004	Board ratification of Measure D project architects (AORs) and fee amounts.
October 27, 2004	WLC/SGL Bond Team contract novation.
October 27, 2004	WLC Architects, master architect services, bond team contract.
October 27, 2004	SGL, project management services, bond team contract.
November 4, 2004	School Redistricting – Board Study Session.
November 17, 2004	Approval of contract with Don Todd Associates for Measure D projects – four secondary schools and Downer Elementary.
November 17, 2004	Ratification of approved change orders for Measure M-1A and M-1B projects.
November 17, 2004	Approval of security services for Measure M-1A and M-1B projects.
November 17, 2004	Approval of new members to the Citizens' Bond Oversight Committee.
November 29, 2004	School Redistricting – Board Study Session.
December 8, 2004	Increase in scope of work for Room Ready projects at seven schools.
December 15, 2004	School Redistricting – Proposed Changes. (Close El Sobrante in June 2005 and consolidate with Murphy; close Seaview in June 2005 and consolidate with Shannon and Collins; close Fairmont in June 2005 and consolidate with Harding.)
January 5, 2005	Increase in Level 2 Developer Fees from \$3.88 per square foot to \$4.03 per square foot.



DATE	ACTION
January 5, 2005	Ratification and approval of negotiated change orders for Measure M-1A and M-1B and Measure D Pinole Valley High School track.
January 5, 2005	Approval of General Contractor Prequalification Program for Measure D-1A projects and Downer Elementary.
January 5, 2005	Notice of Completion – Temporary Housing Projects (Portables).
January 5, 2005	Approval of e-rate consulting services.
January 19, 2005	Proposed use of developer fees.
February 2, 2005	Joint Meeting of Board of Education and Citizens' Bond Oversight Committee.
February 9, 2005	Ratification and approval of negotiated change orders for Measure M-1A and M-1B projects.
February 9, 2005	Board ratification of Measure D project architects (AORs).
February 9, 2005	Notice of Completion – Temporary Housing Projects (Portables).

The board approved the Facilities Master Plan on October 18, 2000, prior to any board action or direction on construction quality standards, grade-level configuration, 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 provides 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 of approximately \$500 million for new construction and modernization, however, understated the District's actual 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, and April 27, 2005) are presented, respectively, in tables 1, 2 and 3 in this section.

A summary of tables 1, 2 and 3 and associated costs is presented below.

Table	Phase	Master Plan Cost Estimates (October 2, 2000)	Capital Projects Cost Estimates (September 13, 2004)	Capital Projects Cost Estimates (April 27, 2005)
1	M-1A	\$ 50,775,438	\$ 113,204,174	\$116,826,359
2	M-1B	59,993,873	127,810,707	131,364,607
	Other Elementary ¹			33,306,301
	Subtotal			\$281,497,267
3	D-1A	50,866,541	220,858,164	\$222,834,494
	Other Secondary ²			22,701,611
	Subtotal			\$245,536,105
	Totals	\$161,635,852	\$ 461,873,045	\$527,033,372
	Option IV	\$494,000,000	\$1,338,700,000 ³	

¹ Quick start projects, M-2A and M-3 projects, e-rate projects, furniture and equipment, program coordination, miscellaneous portables and renovation.

² D-2A and D-3 projects, e-rate projects, furniture and equipment, Lovonya DeJean, and program coordination.

³ Future project cost estimates have been adjusted to reflect Option 1C quality standards, but escalation costs (inflation) and recent site issue costs have not been taken into account; therefore, the total cost estimates will increase in the future.

While the \$150 million in Measure M funds were originally 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, which totaled \$5,558,367.

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 number of options ranging from \$181 million, the estimated total revenue for Measure M including interest, to \$465 million. These options appear in the table below.

Options (Quality Standards)		Measure M Estimated Expenditures in millions of dollars (\$1,000,000s)
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), at that time estimated to be sufficient to complete the first eighteen (18) elementary schools. The board knew that work at twenty-one (21) schools would have to wait for future funding through Measure D or other future funding sources.

Before the adoption of Option 1C standards on May 15, 2002, the board was aware that additional revenues were needed. 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 funds to be used on elementary school projects as well.

After the adoption of the Option 1C standards and the passage of Measure D, projects were phased into M-1A, nine (9) schools; M-1B, nine (9) schools; and D-1, five (5) schools. The District adjusted the project budgets 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, proper program management to facilitate construction was needed. Accordingly, the board authorized a total of eight (8) new District contract employees; hired project architects for phases M-1A and M-1B and onsite DSA inspectors; approved a project labor agreement, a labor compliance program and portable leases for one hundred twelve (112) interim-use portables; prequalified general contractors; and employed the services of a materials testing laboratory.

Construction contracts for the nine (9) Measure M-1A schools were awarded in June and July 2003. The status of the Phase 1A projects is presented in Table 4 in this section. As additional information became available, the District had to increase the budgets for M-1A projects. The original Option 1C standard budget of \$83.1 million of June 15, 2002, was adjusted to \$91 million on September 18, 2002; to \$113.2 million in September 2004; and to \$116.8 million in April 2005, based on awarded contracts, change orders and other costs.

Many variables have impacted construction costs, including the following:

- Establishment of Option 1C quality standards
- Inadequate state modernization and new construction funding
- Project labor agreements
- Acceleration of construction costs at a rate higher than projected
- Passage of Proposition 39 and the 55 percent threshold for local bonds and resulting construction
- Passage of Proposition 1A (November 1998), \$9.2 billion bonds and resulting construction
- Passage of Proposition 47 (November 2002), \$13.05 billion bonds and resulting construction
- Passage of Proposition 55 (March 2004), \$10.0 billion bonds and resulting construction
- Labor compliance law requirements

All Phase M-1A projects are under construction, with preliminary construction completion dates from September 29, 2004, to September 24, 2005.

The District submitted eight (8) Phase M-1B projects to the Division of State Architect (DSA) and received bids between April 2004 and June 2004. (See Table 5.) Construction for these eight (8) projects began between May 2004 and July 2004, with occupancy scheduled for the fall 2005.

Before taking bids for M-1A and M-1B projects, the District prequalified construction contractors. At the completion of the prequalification process, an estimated thirty-two (32) construction firms were prequalified.

The number of bidders on M-1A and M1-B projects follows:

Phase M-1A	#Bidders	Phase M-1B	# Bidders
Harding	2	Bayview	5
Hercules	3	Ellerhorst	3
Lincoln	3	Kensington	3

Phase M-1A	#Bidders	Phase M-1B	# Bidders
Madera	6	Mira Vista	3
Montalvin	4	Murphy	4
Peres	4	Sheldon	4
Riverside	3	Tara Hills	3
Stewart	3	Washington	2
Verde	1		
Average	3.2	Average	3.4

In spite of the District's thirty-two (32) prequalified bidders, the average number of bidders was 3.2 to 3.4.

Overall, the prequalification process was as follows:

Processes	Number of Firms
Prequalification	32
Firms Submitting Bids	12
Firms Awarded Seventeen (17) Contracts	7

While the prequalification process excludes unqualified construction contractors, the process does not ensure a high number of bidders.

Phase D-1A projects are still in the architect planning/schematic drawing stage. The District has selected project architects, and the development of the detailed plans and specifications (working drawings) has commenced. On April 22, 2004, the District entered into a contract with Western Construction Services of California, Inc. (WSC/CA, Inc.) to study alternative project delivery options for Measure D projects to determine whether more time-efficient or cost-effective approaches, other than the current design-bid-build method, might be feasible.

The first Phase D-1A project to be constructed will be El Cerrito High School. Contracts have been awarded for portables and demolition work. (See Table 6.) The bid date for site work for El Cerrito High School has been scheduled for September 2005, with buildings to follow in February 2006.

Table 1. Measure M-1A Projects. Total Estimated Costs (Construction and Soft Costs).

School	Year Built	Recommendation	Master Plan Cost Estimates (10/2/2000)	Capital Projects ¹ Cost Estimates	Capital Projects ² Cost Estimates
Harding Elementary	1943	Modernize	\$ 6,245,313	\$ 14,014,301	\$ 14,196,590
Hercules Elementary	1966	Replace	4,649,206	13,615,961	13,805,520
Lincoln Elementary	1948	Modernize	5,443,645	15,200,388	15,707,474
Madera Elementary	1955	Modernize	4,253,301	9,954,252	10,264,080
Montalvin Elementary	1965	Replace	7,726,009	10,420,290	10,667,557
Peres Elementary	1948	Modernize	7,327,773	16,889,728	16,978,195
Riverside Elementary	1940	Modernize	4,714,029	11,788,329	12,188,267
Stewart Elementary	1963	Modernize	4,489,484	8,945,696	10,122,698
Verde Elementary	1950	Modernize	5,926,678	12,375,228	12,895,972
Total			\$50,775,438	\$113,204,174	\$116,826,359

¹ Budgets from Capital Assets Management Plan/Reconciliation Report, September 13, 2004.

² Budgets from Capital Assets Management Plan/Reconciliation Report, April 27, 2005.

Table 2. Measure M-1B Projects. Total Estimated Costs (Construction and Soft Costs).

School	Year Built	Recommendation	Master Plan Cost Estimates (10/2/2000)	Capital Projects ¹ Cost Estimates	Capital Projects ² Cost Estimates
Bayview Elementary	1952	Replace	\$ 10,135,411	\$ 15,552,157	\$ 16,202,712
Downer Elementary	1955	Modernize	13,771,976	23,398,756	23,686,553
Ellerhorst Elementary	1959	Modernize	4,837,389	11,114,528	11,298,403
Kensington Elementary	1949	Modernize	5,189,945	17,006,091	17,231,578
Mira Vista Elementary	1949	Modernize	8,591,907	11,911,186	12,536,954
Murphy Elementary	1952	Modernize	3,890,790	12,039,309	12,217,515
Sheldon Elementary	1951	Modernize	4,537,909	13,017,155	13,187,061
Tara Hills Elementary	1958	Modernize	4,765,959	11,435,272	11,731,395
Washington Elementary	1940	Modernize	4,272,587	13,033,042	13,272,431
Total			\$ 59,993,873	\$128,507,496	\$131,364,607

¹ Budgets from Capital Assets Management Plan/Reconciliation Report, September 13, 2004.

² Budgets from Capital Assets Management Plan/Reconciliation Report, April 27, 2005.

Table 3. Measure D-1A Projects. Total Estimated Costs. (Construction and Soft Costs).

School	Year Built	Recommendation	Master Plan Cost Estimates (10/2/2000)	Capital Projects Cost Estimates ¹	Capital Projects Cost Estimates ²
De Anza High ³	1955	Modernize	\$ 18,298,567	\$ 2,708,630	\$ 3,416,514
El Cerrito High	1938	Modernize	16,821,385	97,145,328	94,443,120
Helms Middle	1953	Modernize	12,487,876	52,559,865	52,546,781
Pinole Middle	1966	Modernize	9,399,564	36,859,208	37,007,482
Portola Middle	1950	Modernize	12,157,716	34,140,175	35,420,595
Total			\$ 69,165,108	\$223,413,205	\$222,834,494

¹ Budgets from Capital Assets Management Plan/Reconciliation Report, September 13, 2004.

² Budgets from Capital Assets Management Plan/Reconciliation Report, April 27, 2005.

³ Reduced in scope to planning only.

Table 4. Measure M-1A. Budget, Contracts and Schedule.

School	Harding	Hercules	Lincoln	Madera	Montalvin	Peres	Riverside	Stewart	Verde	Total Phase M-1A
Original Budget (June 5, 2002)	\$8,530,000	\$13,380,000	\$10,360,000	\$7,620,000	\$6,780,000	\$14,180,000	\$7,550,000	\$6,810,000	\$7,840,000	\$83,050,000
Budget (September 13, 2004)										
Construction Costs	\$11,163,966	\$11,044,908	\$12,149,888	\$7,806,279	\$8,144,634	\$13,640,774	\$9,177,653	\$6,926,785	\$9,721,789	\$89,776,676
Soft Costs (20.7%)	\$2,850,335	\$2,571,053	\$3,050,500	\$2,147,973	\$2,275,656	\$3,248,954	\$2,610,676	\$2,018,911	\$2,653,439	\$23,427,498
Total Budget	\$14,014,301	\$13,615,961	\$15,200,388	\$9,954,252	\$10,420,290	\$16,889,728	\$11,788,329	\$8,945,696	\$12,375,228	\$113,204,113
SAB #	019	017	015	014	013	011	016	012	010	
SAB Revenues	\$1,927,340	\$1,129,032	\$320,804	\$1,197,753	\$303,687	\$1,448,206	\$1,172,709	\$1,128,998	\$1,161,510	\$9,790,039
Award Date	7/14/03	7/14/03	7/9/03	6/18/03	6/30/03	6/30/03	7/21/03	6/18/03	6/18/03	
Contractor	Fedcon Gen. Contractors	S.J. Amoroso	West Coast Contractors	JW & Sons	C. Overra & Co.	Fedcon Gen. Contractors	W.A. Thomas	C. Overra & Co.	C. Overra & Co.	
Base Bid	\$8,917,000	\$9,867,000	\$8,840,000	\$6,338,200	\$5,598,000	\$9,927,000	\$7,304,000	\$5,283,000	\$8,100,000	\$70,174,200
Cost of Selected Alternates (Number)	\$468,000 (5)	\$405,500 (10)	\$535,000 (3)	\$253,000 (3)	\$1,225,000 (4)	\$1,022,000 (3)	\$468,000 (5)	\$943,000 (4)	\$133,000 (2)	\$5,452,500
Cost of Unselected Alternates (Number)	\$868,000 (10)	\$803,000 (10)	535,000 (7)	\$1,229,000 (13)	\$332,000 (6)	\$282,000 (6)	\$485,000 (6)	\$769,000 (8)	\$928,000 (10)	\$6,231,000
Total Bid	\$9,385,000	\$10,272,500	\$9,375,000	\$6,591,200	\$6,823,000	\$10,949,000	\$7,772,000	\$6,226,000	\$8,233,000	\$75,626,700
Approved Change Orders (April 27, 2005)	\$1,039,810	\$451,496	\$1,846,086	\$715,615	\$648,374	\$1,553,253	\$694,175	\$1,088,681	\$310,088	\$8,347,579 (11.0%)
Schedule										
Notice to Proceed	8/18/03	8/4/03	8/4/03	8/11/03	8/4/03	8/6/03	8/18/03	8/14/03	8/4/03	
Complete Construction (Revised Schedule)	Occupancy August 2005	12/27/04 (on schedule)	9/24/05 (1 yr. delay)	12/30/04 (3 mo. delay)	11/30/04 (2 mo. delay)	Occupancy August 2005	12/30/04 (5 mo. delay)	9/29/04 (on schedule)	1/4/05 (3 mo delay)	

Table 5. Measure M-1B. Budget, Contracts and Schedule.

School	Bayview	Ellerhorst	Kensington	Mira Vista	Murphy	Sheldon	Tara Hills	Washington	Total Phase M-1B
Budget (September 13, 2004)									
Construction Costs	\$12,784,420	\$8,707,661	13,569,570	\$9,708,958	\$9,599,414	\$10,458,165	\$9,084,333	\$10,390,188	\$84,302,709
Soft Costs (19.3%)	2,767,737	2,406,867	3,436,521	2,202,228	2,439,895	2,558,990	2,350,939	2,642,854	20,806,031
Total Budget	\$15,552,157	\$11,114,528	17,006,091	\$11,911,186	\$12,039,309	\$13,017,155	\$11,435,272	\$13,033,042	\$105,108,740
SAB #	024	020	023	025	018	022	021	026	
SAB Revenues	\$2,513,112	\$1,333,337	\$1,255,505	\$1,508,020	\$1,575,213	\$321,711	\$1,481,926	\$2,141,769	\$12,130,592
Award Date	6/2/04	4/22/04	5/19/04	5/5/04	4/22/04	5/5/04	5/19/04	5/19/04	
Contractor (Number of Bidders)	West Bay Builders (5)	West Bay Builders (3)	JW & Sons (3)	West Bay Builders (3)	West Bay Builders (4)	West Bay Builders (4)	W.A. Thomas (3)	Arntz Builders (2)	
Base Bid	\$10,017,000	\$7,370,000	\$10,630,562	\$7,385,055	\$7,285,000	\$8,327,000	\$7,691,000	\$8,498,857	\$67,204,474
Cost of Selected Alternates (Number)	\$396,000 (2)	\$342,500 (2)	\$447,200 (3)	\$326,775 (2)	\$365,000 (2)	\$234,650 (2)	\$217,700 (2)	\$285,050 (2)	\$2,614,875
Total Bid	\$10,413,000	\$7,712,500	\$11,077,762	\$7,711,830	\$7,650,000	\$8,561,650	\$7,908,700	\$8,783,907	\$69,819,349
Temporary Housing	\$835,644	\$155,447	\$869,000	\$722,084	\$711,261	\$496,498	\$675,054	\$549,415	\$5,014,403
Total Construction	\$11,248,644	\$7,867,947	\$11,946,762	\$8,433,914	\$8,361,261	\$9,058,148	\$8,583,754	\$9,333,322	\$74,833,752
Approved Change Orders (April 27, 2005)	\$345,464	\$97,015	\$426,376	\$154,003	\$118,918	\$268,946	\$208,816	\$349,224	\$1,968,762 (2.6%)
Schedule									
Notice to Proceed	7/7/04	6/8/04	6/3/04	5/27/04	7/1/04	5/18/04	5/28/04	6/12/04	
Complete Construction	Occupancy Fall 2005	Occupancy Fall 2005	Occupancy Fall 2005	Occupancy Fall 2005	Occupancy Fall 2005	Occupancy Fall 2005	Occupancy Fall 2005	Occupancy Fall 2005	

Does not include Downer, which is in architectural planning. Downer's budget includes construction costs of \$17,786,493 and soft costs of \$5,612,263 for a total project cost of \$23,398,756. Funded out of Measure D, Downer is scheduled to be bid in June 2005.

Table 6. Measure D-1A. Budget, Contracts and Schedule.

School	El Cerrito High School	Portola Middle School	De Anza High School	Helms Middle School	Pinole Middle School	Total Phase D-1A
Budget (April 27, 2005)						
Construction Costs	\$74,121,205	\$26,680,522	\$ -0-	\$39,577,564	\$27,958,352	\$168,337,642
Soft Costs	20,321,915	8,740,073	3,416,514	12,969,217	9,049,130	54,496,849 (24.5%)
Total Budget	\$94,443,120	\$35,420,595	\$3,416,514	\$52,546,781	\$37,007,482	\$222,834,491
SAB #						
SAB Revenues						
Bid Schedule	Sept. 2005 (Site) Feb. 2006 (Bldgs)			Oct. 2005 (Site) Mar. 2006 (Bldgs)	July 2005 (Bldgs)	
Award Date						
Contractor (Number of Bidders)						
Base Bid						
Cost of Selected Alternates (Number)	\$2,078,125 (Demolition)					
Total Bid						
Temporary Housing	\$3,444,000					
Total Construction	\$5,522,125					
Schedule						
Notice to Proceed						
Complete Construction						

STATE NEW CONSTRUCTION ELIGIBILITY

As reported in the performance audit report for the period ending June 30, 2004, new construction eligibility was established based on CBEDS enrollment data for the 2002-03 school year (SAB 50-01, 50-02 and 50-03). Based on those data, new construction eligibility existed within the Hercules and Pinole Valley high school attendance areas. The individual and combined eligibilities of the Hercules/Pinole Valley attendance areas, at that time, are presented in the table below.

New Construction Eligibility: Hercules/Pinole Valley Attendance Areas (2002-03 CBEDS)

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

Eligibility forms SAB 50-01, 50-02 and 50-03 were updated based on 2003-04 CBEDS enrollment data, resulting in the following adjustment to eligibility:

New Construction Eligibility: Hercules Attendance Area (2003-04 CBEDS)

Attendance Area	Eligibility				
	K-6	7-8	9-12	Non-Severe	Severe
Hercules	(415)	222	1,008	15	5

The District submitted new forms on August 19, 2004, which were approved by the SAB on January 26, 2005.

The data above show that eligibility has declined in the Hercules High School attendance area. It should be noted that eligibility for one grade group may be used for a project in another grade group. The state grant assigned to the eligibility for the original grade group determines the actual state grant.

New construction eligibility must be calculated based on current CBEDS enrollment data at the time a district files an application for a new construction project (SAB 50-04). That filing cannot occur until a project has completed the California Environmental Quality Act (CEQA) process and has obtained clearance from the Department of Toxic Substances Control (DTSC), approval from the Division of State Architect (DSA), and approval from the California Department of Education (CDE).

The District has been working with the city of Hercules to identify and obtain sites for a new elementary school and a new middle school. The status of the two sites under consideration is described below.

Elementary School Site: Pegasus/Victoria by the Bay

This eight (8) acre site, located in Hercules in the vicinity of San Pablo Avenue and Victoria Crescent East, is on land owned by PG&E. According to the District's Program Status Report of December 8, 2004:

The district received a preliminary pipeline risk assessment from Shaw Environmental in mid-October, and forwarded it to the CDE for their review. The report indicated a pipeline safety risk and on November 12th we received a letter from CDE informing us that the site was not acceptable.

On November 18th several members of the WCCUSD staff, Hercules City staff, 2 Board members and 2 city council members met to discuss school sites in general. Their conclusion was that future school enrollment in Hercules would not justify building two new schools in Hercules. Hence they agreed to focus only on one (middle school) site.

Middle School Site: Wastewater Treatment Plant

This site, located in Hercules on Sycamore Road approximately one-half mile west of San Pablo Avenue, is the primary site now under consideration for a middle school. According to the District's Program Status Report of December 17, 2004:

District legal counsel and the City of Hercules legal counsel are in the process of developing a Purchase Agreement for the property. The Department of Toxic Substance Control (DTSC) visited the site on December 14 to begin work on the Preliminary Endangerment Assessment (PEA) process. According to their original schedule, after the site visit, testing will begin in late January or early February. We believe the usable acreage is about 8.5 acres which is well below the state minimum of 20 acres. However we are assessing a middle school design for this reduced acreage and will bring it before the facility sub-committee in January 2005.

Midyear Report Update

The District's cooperative work with the city of Hercules to identify and acquire a site for a new middle school and its filing of new construction eligibility documents (SAB 50-01/02/03) by high school attendance area to maximize eligibility for state funding reflect sound planning for schools, for which the District is commended.

In light of the significant impact of a decision to abandon the search for a new elementary school site, the District should conduct a detailed demographic study in the Hercules area to determine the ultimate number of schools needed to serve future enrollment of that area. The District should also initiate an architectural selection process to employ an architect of record (AOR) to begin a preliminary planning process and to establish the scope, budget and schedule.

STATE MODERNIZATION STATUS

This section highlights the current status of the modernization of the sixty-five (65) 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, which establishes funding for a project. If necessary, a district may have to file a revised SAB 50-03 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.

Twenty-six (26) elementary school projects that have completed the SAB 50-03, SAB 50-04 and SAB 50-05 processes to date include nine (9) Quick-Start projects, nine (9) Phase M-1A projects, and eight (8) Phase M-1B for which the District has respectively received \$3,863,449, \$9,790,039, and \$12,130,592. All available Measure M bond funds have been allocated to these twenty-six (26) elementary school projects, and no future projects are planned at the remaining sixteen (16) elementary schools at this time.

Secondary schools to be funded under Measure D are still in the architectural design stage; none of these projects has reached the SAB 50-04 filing stage at this time.

The tables below summarize Quick-Start, Phase M-1A, and Phase M-1B projects.

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

SAB #	School	SAB Fund Release Date	SAB Grant Amount	District Match Requirement
1	Valley View Elementary	4/28/03	\$290,214	\$193,476
2	El Sobrante Elementary	4/28/03	369,339	280,027
3	Nystrom Elementary	5/27/03	861,390	574,260
4	Coronado Elementary	5/27/03	401,400	267,600
5	Wilson Elementary	5/27/03	323,957	215,971
6	Dover Elementary	5/27/03	366,330	244,220
7	Lake Elementary	5/27/03	309,937	206,625
8	Grant Elementary	7/16/03	369,288	246,192
9	Fairmont Elementary	5/27/03	571,594	381,063
Total			\$3,863,449 (60%)	\$2,609,434 (40%)

State Allocation Board Funding for Measure M-1A Projects.

SAB #	School	SAB Fund Release Date	SAB Grant Amount	District Match Requirement
10	Verde Elementary	9/02/03	\$1,161,510	\$774,340
11	Peres Elementary	9/25/03	1,448,206	1,086,084
12	Stewart Elementary	9/25/03	1,128,998	752,665
13	Montalvin Elementary	10/2/03	303,687	202,458
14	Madera Elementary	9/02/03	1,197,753	798,502
15	Lincoln Elementary	9/25/03	320,804	213,869
16	Riverside Elementary	9/25/03	1,172,709	781,806
17	Hercules Elementary	9/25/03	1,129,032	752,688
19	Harding Elementary	9/25/03	1,927,340	1,337,429
Total			\$9,790,039 (60%)	\$6,699,841 (40%)

State Allocation Board Funding for Measure M-1B Projects.

SAB #	School	SAB Fund Release Date	SAB Grant Amount	District Match Requirement
18	Murphy Elementary	10/14/04	\$1,575,213	\$1,109,008
20	Ellerhorst Elementary	10/14/04	1,333,337	888,891
21	Tara Hills Elementary	10/14/04	1,481,926	987,951
22	Sheldon Elementary	10/14/04	321,711	214,474
23	Kensington Elementary	10/14/04	1,255,505	837,003
24	Bayview Elementary	10/18/04	2,513,112	1,675,408
25	Mira Vista Elementary	10/14/04	1,508,020	1,078,603
26	Washington Elementary	10/14/04	2,141,769	1,427,846
Total			\$12,130,592 (60%)	\$8,219,184 (40%)

			SAB Grant Amount	District Match Requirement
Grand Total			\$25,784,080 (60%)	\$17,528,459 (40%)

Existing Campuses. Elementary Schools. Updated December 31, 2004.

No.	Existing Campus	Grade	Bond (Phase)	SAB# ¹	SAB Eligibility Approval (50-03)	Eligibility Enrollment	SAB Project Approval (50-04)	SAB Fund Release (50-05)	SAB Grant Amount (%) ²
104	Bayview (1952)	K-6	M(1B)	024	07/26/00	585	09/22/04	10/18/04	\$2,513,112 (60%)
108	Cameron (Spec. Ed)	K-6							
109	Castro (1950) ³	K-6	M(2A)	000	07/26/00	372			
105	Chavez (1996)	K-5	M(3)	N/A	New school Not eligible				
110	Collins (1949)	K-6	M(2A)	000	07/26/00	498			
112	Coronado (1952) (1993)	K-5	M(Q,2A)	004	03/22/00	125	04/23/03	05/27/03	\$401,400 (60%)
115	Dover (1958)	K-5	M(Q,2B)	006	07/26/00	121	04/23/03	05/27/03	\$366,330 (60%)
116	Downer (1955)	K-6	M(1B)		03/22/00	943			
120	El Sobrante (1950)	K-6	M(Q,2B)	002	02/23/00	101	03/26/03	04/28/03	\$369,339 (60%)
117	Ellerhorst (1959)	K-6	M(1B)	020	03/22/00	444	08/25/04	10/14/04	\$1,333,337 (60%)
123	Fairmont (1957) ³	K-6	M(Q,2B)	009	03/22/00	178	04/23/03	05/27/03	\$571,594 (60%)
124	Ford (1949)	K-5	M(2B)	000	03/22/00	500			
125	Grant (1945) ³	K-6	M(Q,2B)	008	02/23/00	115	05/28/03	07/16/03	\$369,288 (60%)
128	Hanna Ranch (1994)	K-5	M(3)	N/A	New school Not eligible				
191	Harbour Way (1998)	K-6	D(2A)	N/A	New school Not eligible				
127	Harding (1943)	K-6	M(1A)	019	03/22/00	353	08/27/03	09/25/03	\$1,927,340 (60%)
126	Hercules (1966) ³	K-5	M(1A)	017	03/22/00	350	08/27/03	09/25/03	\$1,129,032 (60%)
122	Highland (1958) (1993)	K-6	M(2B)	N/A	Not eligible				
130	Kensington (1949) (1994)	K-6	M(1B)	023	03/22/00	275	08/25/04	10/14/04	\$1,255,504 (60%)
132	King (1943)	K-5	M(2B)	000	07/26/00	555			
134	Lake (1956) (1991) ³	K-6	M(Q,2A)	007	03/22/00	110	04/23/03	05/27/03	\$309,937 (60%)
135	Lincoln (1948) (1994) ³	K-5	M(1A)	015	07/26/00	61	08/27/03	09/25/03	\$320,804 (60%)
137	Madera (1955) ³	K-5	M(1A)	014	07/26/00	350	07/23/03	09/02/03	\$1,197,753 (60%)
139	Mira Vista (1949)	K-6	M(1B)	025	07/26/00	366	08/25/04	10/14/04	\$1,508,020 (60%)



No.	Existing Campus	Grade	Bond (Phase)	SAB# ¹	SAB Eligibility Approval (50-03)	Eligibility Enrollment	SAB Project Approval (50-04)	SAB Fund Release (50-05)	SAB Grant Amount (%) ²
140	Montalvin (1965) (1994) ³	K-6	M(1A)	013	02/23/00	75	08/27/03	10/02/03	\$303,687 (60%)
142	Murphy (1952)	K-6	M(1B)	018	03/22/00	425	08/04/04	10/14/04	\$1,575,213 (60%)
144	Nystrom (1942) (1994)	K-5	M(Q,2A)	003	03/22/00	205	04/23/03	05/27/03	\$861,390 (60%)
146	Ohlone (1970)	K-5	M(3)	000	07/26/00	350			
145	Olinda (1957) ³	K-6	M(2A)	000	03/22/00	325			
147	Peres (1948) ³	K-6	M(1A)	011	07/26/00	422	08/27/03	09/25/03	\$1,448,206 (60%)
150	Riverside (1940) ³	K-6	M(1A)	016	03/22/00	283	08/27/03	09/25/03	\$1,172,709 (60%)
152	Seaview (1972)	K-6	M(3)	000	03/22/00	340			
154	Shannon (1967)	K-6	M(2B)	000	03/22/00	303			
155	Sheldon (1951) (1994)	K-6	M(1B)	022	07/26/00	99	08/25/04	10/14/04	\$321,711 (60%)
157	Stege (1943) ³	K-5	M(2A)	N/A	Not eligible				
158	Stewart (1963) (1994) ³	K-8	M(1A)	012	03/22/00	408	08/27/03	09/25/03	\$1,128,998 (60%)
159	Tara Hills (1958)	K-6	M(1B)	021	07/26/00	420	08/25/04	10/14/04	\$1,481,926 (60%)
131	Transition Learning Center	K-6	D(1B)	N/A	Not eligible				
160	Valley View (1962) ³	K-6	M(Q,2A)	001	07/26/00	103	03/26/03	04/28/03	\$290,214 (60%)
162	Verde (1950)	K-6	M(1A)	010	02/23/00	320	07/23/03	09/02/03	\$1,161,510 (60%)
164	Washington (1940)	K-5	M(1B)	026	03/22/00	350	08/25/04	10/14/04	\$2,141,769 (60%)
165	Wilson (1953)		M(Q,2A)	005	07/26/00	111	04/23/03	05/27/03	\$323,957 (60%)
Total 42 Elementary Schools									\$25,784,080 (60%)



Existing Campuses. Middle Schools. Updated December 31, 2004.

No.	Existing Campus	Grade	Bond (Phase)	SAB# ¹	SAB Eligibility Approval (50-03)	Eligibility Enrollment	SAB Project Approval (50-04)	SAB Fund Release (50-05) ²	SAB Grant Amount (%)
202	Adams (1957)	6-8	D(1B)	000	3/22/00	1,059			
206	Crespi (1964)	7-8	D(2)	000	3/22/00	1,053			
208	Lovonya DeJean (2003)	6-8	D(1A,1B)	N/A	New school Not eligible				
210	Helms (1953) (1991)	6-8	D(1A)	000	7/26/00	634			
211	Hercules Middle (2000)	6-8	D(1B)	N/A	New school Not eligible				
212	Pinole Middle (1966)	7-8	D(1A)	000	7/26/00	934			
214	Portola Middle (1950)	6-8	D(1A)	000	7/26/00	440			
Total 7 Middle Schools									

Existing Campuses. High Schools. Updated December 31, 2004.

No.	Existing Campus	Grade	Bond (Phase)	SAB# ¹	SAB Eligibility Approval (50-03)	Eligibility Enrollment	SAB Project Approval (50-04)	SAB Fund Release (50-05) ²	SAB Grant Amount (%)
352	De Anza (1955)	9-12	D(1A)	000	7/26/00	1,495			
391	Delta Continuation	9-12	D(1B)						
354	El Cerrito (1938)	9-12	D(1A)	000	3/22/00	1,381			
376	Hercules High (2000)	9-12	D(1B)	N/A	New school Not eligible				
360	Kennedy (1965)	9-12	D(1B)	000	3/22/00	1,158			
393	Kappa Continuation	9-12	D(1B)						
362	Pinole Valley (1968)	9-12	D(2)	000	7/26/00	2,087			
396	Sigma Continuation	9-12	D(2)						
364	Richmond (1946)	9-12	D(1B)	000	3/22/00	1,742			
395	Omega Continuation	9-12	D(1B)						
Total 10 High Schools									



Existing Campuses. Alternative Schools. Updated December 31, 2004.

No.	Existing Campus	Grade	Bond (Phase)	SAB# ¹	SAB Eligibility Approval (50-03)	Eligibility Enrollment	SAB Project Approval (50-04)	SAB Fund Release (50-05) ²	SAB Grant Amount (%)
358	Gompers (1934)	9-12	D(1B)	000	7/26/00	165			
369	Middle College	9-12							
373	Vista High	K-12	D(2)						
374	North Campus	9-12	D(2)	000	3/22/00	123			
408	Adult Education-Serra	9-12							
102	Adult Education- Alvarado								
Total 6 Alternative Schools									
Total Schools (65)									\$25,784,080

¹ A "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.

² The 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.) State 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. The District must provide its matching share of the project budget.

³ Out of forty-two (42) existing elementary schools, twenty-six (26) have state modernization eligibility approved (SAB 50-03), funding approved (SAB 50-04), and have been funded (SAB 50-05).



DISTRICT AND PROFESSIONAL SERVICES STAFFING PLAN **FOR THE BOND PROGRAM**

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 on changes in facilities program administration since July 1, 2003. (For a detailed history of the present structure of the citizens' bond oversight committee and the bond management team, the reader should refer to the prior annual performance audit reports and midyear update.)

BIFURCATION OF THE MASTER ARCHITECT AGREEMENT

During the first performance audit, Total School Solutions (TSS) found that the master architect agreement had created some operational difficulties. The finding notes:

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 following:

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. 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.

The District decided to bifurcate the agreement, and negotiations have only recently been completed. A new "Agreement for Master Architectural Services" with WLC was signed on December 1, 2004. A new "Agreement for Program, Project and Construction Management Services" with SGI was signed on December 21, 2004. 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").

Much of the facilities-related personnel (fulltime equivalent or FTE) assigned to the program—including staff as well as project and construction management—is presented in the table below. These estimates exclude architects/engineers of record, project specialty consultants, inspectors, the communication consultant, the outreach consultant and the labor compliance consultant. Over time, the FTE should decrease as projects complete the construction phase.

Category	FTE
District Staff	
Bond Finance Office	3.0
Bond Management Office	5.4

Category	FTE
Subtotal	8.4
Bond Program Manager (SGI)	
Program/Project Management	5.5
Design Management	0.75
Construction Management	12.75
Other (Network Admin., PS2 Coordinator, Receptionist)	3.0
Subtotal	22.0
Construction Management (Other)	3.0
Amanco, RGM, Van Pelt	
Master Architect (WLC)	9.0
Design Phase Management (Measure D1-A)	3.0
Don Todd Associates	
Subtotal	15.0
TOTAL Full-Time Equivalent	45.4

The approximate costs over a five (5) to six (6) year period for the above FTE for Measure M-1A/2A and Measure D-1A follow:

Category	Five (5) to Six (6) Year Cost in Millions of Dollars (\$1,000,000s)
District Staff	5.0
Bond Program Manager (SGI plus other CM)	28.2
Master Architect (WLC)	20.4
Design Manager (Todd)	2.8
Total Five (5) to Six (6) Year Cost	56.4

The table below provides a detailed project cost breakdown for Phases M-1A, M-1B and D-1A.

Capital Assets Management Plan/Reconciliation Report. April 27, 2005.

Budget Category	M-1A Budget	M-1B Budget	D-1A Budget
Pre-Design Services	\$241,649	\$280,276	\$431,504
Design Phase Services ¹			
Bond Program Manager	\$5,383,104 (4.6%)	\$6,475,462 (4.9%)	\$15,340,365 (6.9%)

Budget Category	M-1A Budget	M-1B Budget	D-1A Budget
Master Architect	4,529,879 (3.9%)	4,673,567 (3.6%)	10,258,111 (4.6%)
Construction Manager	0	1,069,430 (0.8%)	0
Design Manager	0	0	2,380,708 (1.1%)
A/E of Record	7,717,173 (6.6%)	9,344,250 (7.1%)	17,132,065 (7.7%)
Specialty Consultants	747,777 (0.6%)	851,827 (0.6%)	854,215 (0.4%)
Other	2,312,496 (2.0%)	2,357,788 (1.8%)	1,947,938 (0.9%)
Total	\$20,690,430 (17.7%)	\$24,772,322 (18.9%)	\$47,913,401 (21.5%)
Construction Phase Services	\$3,752,561	\$3,871,676	\$6,151,944
Soft Costs Total	\$24,684,640 (21.1%)	\$28,924,274 (22.0%)	\$54,496,849 (25.1%)
Construction Costs			
Modernization/New	\$ 85,266,807	\$ 92,896,066	\$160,357,798
Temporary Housing	6,874,906	9,544,264	7,979,845
Construction Costs Total	\$ 92,141,713	\$102,440,330	\$168,337,643
Total Project Budget	\$116,826,359	\$131,364,607	\$222,834,494

¹ Percentages based on total project budget.

CONSTRUCTION MANAGEMENT

Presented early in this section are data that summarize the number of construction managers employed by SGI, Amanco, RGM and Van Pelt as of April 27, 2005. Cost data for the bond program manager are also presented, which include program/project management, design management, construction management relevant information and other costs. As a percentage of the total construction budgets, the bond program manager costs follow:

Phase	PM/CM Cost	% of Construction Budget	Construction Budget
M-1A	\$ 5,329,315	5.8%	\$ 92,141,713
M-1B	6,477,841	6.3%	102,440,330
D-1A	16,373,234	9.7%	168,337,643
Total	\$28,180,390	7.7%	\$362,919,686

Midyear Report Update

The District is commended for its ongoing efforts to ensure proper checks and balances, including the recently completed bifurcation of the master architect agreement.



MASTER ARCHITECT/ENGINEER PLAN

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

In a significant California school construction program, various participants typically fulfill a number of 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 general functions listed above. This separation of responsibilities allows for a set of checks and balances based on the relationships of the separate entities performing their respective functions.

The master architect contract combined all of the elements above except for the contractor. Program management design services and construction management services were, to various degrees, provided under this one contract. This mechanism potentially delivered the advantage of continuity. However, this arrangement also had an inherent flaw in that it runs contrary to the concept of checks and balances typical of more traditional construction programs. Although the master architect contract was creative and potentially productive, this contractual arrangement had the potential for difficulty without the appropriate checks and balances in place.

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 placed 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 the two architectural firms under one contract have created, or have the potential of creating, uncertainty in the division of roles, duties and responsibilities. The first report contained a finding indicating that a conflict of interest is created when one firm reviews the work of its partner.

In the second annual audit, it was noted that the District and bond management team had undertaken a thorough review of the master architect contract and initiated a process to restructure the contract into two separate contracts.



Midyear Report Update

In December 2004, the District and the bond management team concluded the bifurcation of the original master architect contract. This process produced two contracts, one between the District and WLC for Master Architect Services and one contract between the District and SGI for Program, Project, and Construction Management Services. These contracts were executed, respectively, on December 1, 2004, and December 21, 2004.

The District and the bond management team are commended for their hard work and success in producing the new contracts. However, since the contracts were not in place until December 2004, a qualitative analysis of the results is premature at this time. A review and analysis of the first six months of the new agreements will be included in the next annual performance audit.



STANDARD CONSTRUCTION DOCUMENTS

Process Utilized

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.

Background

The review process takes into account 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.

Midyear Report Update

The first annual audit found that the District issued a significant number of addenda in the initial projects for which bids had already been invited. Those bids were high as a result of not having all the standard construction documents in place and available at the time the District bid those projects.

The second annual audit commended the District for the development of improved standard documents. At that time, it was anticipated that the new documents would significantly improve the bidding process for the District.

The District's new standard documents, although too late for the Phase 1A projects, are being used for the Phase 1B projects. These new documents have resulted in more effective control over the quantity of addenda and have improved the bidding process for the District. Phase 1B projects, while not yet complete, appear to be experiencing significantly improved (i.e., reduced) change order rates as well. Total School Solutions believes that this improvement is largely attributable to the contract documents now in use.

DESIGN AND CONSTRUCTION SCHEDULES

Process Utilized

Total School Solutions (TSS) reviewed and analyzed documents, schedules and systems. The master schedule was compared to the actual schedule for the projects bid during the period ending December 31, 2004. Projects scheduled for master planning, programming, District review and other similar activities were also reviewed. For documentation of the design and construction schedules and budgets for projects in Phases M-1A, M-1B and D-1A, refer to tables 4, 5 and 6, respectively, presented above.

Background

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 Measure D master schedule is the most useful of these schedules. The master schedule includes the facility programs for Measure M and Measure D, beginning with the master planning for Measure M in October 2001 and ending with the completion of the final Measure D projects in August 2010.

The bidding for these initial projects was delayed beyond the period of the first annual audit. At that time, insufficient data existed to make an overall determination of schedule compliance. In the first annual report, TSS recommended that the bond management team publish updated schedules reflecting adjustments necessary in the process. For the most part, the bond management team has acted on this recommendation.

Midyear Report Update

The bond management team continues to provide clear, easily understandable and regularly updated schedule information. The District is commended for updating and maintaining accurate design and construction schedules. The project status reports and the engineering officer's reports continue to serve as an excellent resource of schedule data.

DESIGN AND CONSTRUCTION COST BUDGETS

Process Utilized

Construction of the Phase M-1A and M-1B projects were underway during the time period covered in this midyear report. The bond management team provided Total School Solutions (TSS) with project budgets for review.

TSS conducted interviews with District staff and members of the bond management team. These interviews included a variety of topics, including project costs and budgets. For documentation of the design and construction schedules and budgets for projects in Phases M-1A, M-1B and D-1A, refer to tables 4, 5 and 6, respectively, presented above.

Background

California public school districts are permitted 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 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, 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" criteria established by these agencies. There are no existing state standards or requirements in many areas such as technology, architectural style, aesthetics, specialty educational space (e.g., art, science, shop areas, etc.) and other similar features. Local district communities determine these standards or requirements based on local educational programmatic needs, available funds and individual site conditions.

Most California school districts adhere strictly to the state's School Facilities Program (SFP) budgetary standards. In those districts, projects are designed based on total revenues produced through the SFP calculation, which is the sum of the SFP per pupil grant and the required local district match. Other districts simply use this formula for the purpose of determining available SFP revenues from the state. Under this second scenario, project budgets usually exceed the state formula. The amount in excess of the state formula is referred to as additional local match and is permitted by SFP regulations. With regard to state funding through the SFP, the only requirement for eligible projects is that the district provides its minimum match with local available funds.

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 a budget based solely on the SFP formula. Furthermore, the total for 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 through local sources, including the authorization and issuance of additional local general obligation bonds.

This planning premise is not unusual. It is the board's prerogative to make these decisions. Such assumptions, however, do involve the inherent risk that anticipated additional revenues may not be realized in a timely manner. In fact, 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. In typical settings, school facilities' planning is only capable of projecting into the near future. An attempt to predict beyond a reasonable time frame would produce expectations that may not materialize. All school facilities master plans have this inherent uncertainty to some extent.

Midyear Report Update

The first and second annual Measure D and Measure M Performance Audits provide cost budgets based on the original master plan and updates based on Option 1C standards and actual bids received. This midyear report update provides updated budgets as of April 27, 2005 in the indicated tables.

The District Engineering Officer has done a thorough job of including all known cost variables and updating budgets to reflect the changing construction and bidding environment. Periodic reviews and updates of the design and construction cost budgets ensure that adequate funding is identified and made available before the award of contracts during the implementation of the District's facilities program.



COMPLIANCE WITH STATE LAWS AND GUIDELINES

Numerous legal and regulatory requirements are associated with the delivery of California public school construction projects. A variety of codes and regulations have content that govern these processes. This review assesses the overall level of compliance with standards in the industry resulting from such legal and regulatory requirements. This compliance assessment has been developed by practitioners in the field of California school construction, not by attorneys. As such, it is to be viewed not as a legal opinion but as a review of compliance with accepted industry standards. This section does not include a review of compliance with the California Building Code or other similar guiding instruments for design.

Midyear Report Update

The first and second annual Measure D and Measure M Performance Audits reported on the District's specific individual compliance with legal and regulatory requirements. At the times of the annual reports, the audit team noted that the bond management team was commended for its development of a comprehensive "front end" document that appeared to fulfill legal requirements and protect the District, to the extent possible, from difficulties that could arise from incomplete 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 and second reports.

DISTRICT POLICIES AND GUIDELINES FOR FACILITIES PROGRAM

In the Annual Performance Audit for the 2002-03 fiscal year, Total School Solutions (TSS) found the current policies and regulations do not reflect recent changes in law. Total School Solutions (TSS) 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 to update existing board policies and administrative regulations and, as appropriate, to develop new ones related to the facilities program for the West Contra Costa Unified School District.

The District noted that it concurred with the finding. District staff 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

TSS has previously recommended that the District revise its policy and procedure regarding change orders to address the "10 percent" limit rule, applying the limit on a cumulative rather than individual change order basis. TSS is discussing the issue with the District and its legal counsel.

At the meeting of the Board of Education on January 5, 2005, a new proposed administrative regulation (AR) titled "Williams Uniform Complaint Procedures" was discussed. This AR addresses the mandatory state program to provide poor and underprivileged students with equal educational opportunities, including facilities. The model used to prepare the AR was based on the California School Boards Association (CSBA) sample form and AR.

District staff is continuing to work on updating board policies and administrative procedures; but as of December 31, 2004, new or updated policies for the facilities program have not been adopted. Given the time involved in revising policies, TSS will reassess the District's progress at the time of the next annual audit for the period ending June 30, 2005.

TSS recommends that the District continue to work on revising and updating its policies.

BIDDING AND PROCUREMENT PROCEDURES

Process Utilized

In the process of this examination, Total School Solutions (TSS) reviewed and analyzed payment documentation and purchasing documents for new construction and modernization projects. TSS also held interviews with staff members.

Background

For the 2003-04 annual performance audit, TSS noted several commendations in the District's procedures for bidding and procurement. With the exception of the filing system, the content of the audit's findings was limited to isolated problems in the bidding process.

During this midyear audit period of July 1, 2004, through December 31, 2004, the District did not conduct any new construction bids. Several construction projects, awarded prior to the midyear report period, took advantage of the summer schedule by starting in July and August 2004.

Midyear Report Update

For this midyear report, TSS reviewed the procurement practices that follow the bidding process. The bond management team is responsible for soliciting quotes for expenditures that fall below the bid limit. Based on its experience, the bond management team determines if prices are fair. The purchasing department generally requires two or three quotes for materials or services over \$2,000. The District needs to ensure that personnel or consultants involved in securing materials or services follow the purchasing department's process. The bond management team can assist with this process by providing copies of other quotes attached to the requisition for the public record.

The District made several furniture purchases for modernized schools. The purchasing department was able to take advantage of "piggybacking" bids with the California Multiple Award Schedule Contract (CMAS), a schedule of negotiated bids coordinated by the California Department of General Services and U.S. Communities.

It is advisable to include references to piggybacking bids or agreements on purchase orders when the District piggybacks on other bids. TSS did not find such references on purchase orders, a practice that helps demonstrate adherence to bidding requirements. It is also important to note that, when the District makes purchases through the California Multiple Award Schedule (CMAS), a surcharge of up to 2.56 percent may be invoiced a year later. The District needs to track these purchases to identify the appropriate source for these surcharges.

In general, the District continues to have solid practices in bidding and procurement. Some examples include the following:

- The District and bond management team's process for checking for insurance, bonds and certification of Department of Justice clearance. This practice protects the District from potential liability.
- The purchasing department's document checklist to ensure that the contractor, District and project manager have all necessary documents on file before the District issues the Notice to Proceed. The checklist includes specific timelines and notes submission dates for reference.
- The District's established standards for computer and furniture purchases. To establish these standards, the purchasing department organized a vendor show for furniture and equipment. The purchasing department invited teachers and administrators to the show, so they could choose their preferred brands and models. The show was successful and helped build consensus in establishing standards.

The District should still monitor bidding and procurement processes for isolated anomalies. For example, in the play yard renovation bid for Cesar Chavez and Hanna Ranch, the contractor wrote an excuse for not advertising for Disabled Veteran Business Enterprise (DVBE) participation. Had there been more than one bidder on the project, the District should not have waived this irregularity. Advertisement has a financial value, which other bidders may construe as an unfair advantage in a true bidding situation. The perception and authenticity of unfair advantages increase the probability of bid protests, which have the potential to delay projects and increase associated costs. In this particular case, however, the contractor was the only bidder and had no competition.



CHANGE ORDER AND CLAIM AVOIDANCE PROCEDURES

Process Utilized

In the process of this examination, Total School Solutions (TSS) reviewed and analyzed documents pertaining to new construction and modernization projects. TSS also conducted interviews with the facilities and construction management team.

Background

Due to the urgent nature of school construction work, it is not uncommon for contract issues to arise after the award of the contract. These changes in work, or change orders, arise from modifications the District makes or alterations the contractor requests as a result of defective or unclear plans or specifications. Contractors may also submit change order requests for changed or unforeseen conditions.

At times, these issues are resolved verbally at weekly construction meetings where the architect, construction manager, inspector and contractor's superintendent are present. These decisions are then formalized in the meeting minutes and followed up with a change directive to authorize the work and eventual payment.

Change orders occur for various reasons in construction projects. The most common reason is the discrepancy between the condition of the job site and the drawings. Hazardous materials also plays a part in change orders for modernization projects because some older building materials, which are now considered hazardous, were legally acceptable at the time of use.

Owners may also initiate change orders to request changes in the scope of projects; such changes are usually additions. Another reason for change orders is architect error or omission. These change orders occur when an architect makes an error in the drawings or specifications. (The District can negotiate with the architect to include cost recovery for such change orders as part of the contract between both parties.)

Generally, the industry-wide percentage for change orders for modernization ranges from 7 to 8 percent of the original contract amount. (The change order standard for new construction is 3 to 4 percent.) Change orders for modernization typically cannot be avoided because the age of the buildings, inaccuracy of as-built records or other unknown conditions contribute to the need for authorizing change orders for additional work.

Midyear Report Update

The first annual performance audit for the 2002-03 fiscal year describes in detail the change order and claims procedures, including 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 and schedules of value to help mitigate or resolve claims against the District.



During the first midyear report update, TSS observed that the procedures for handling change orders appear to be working effectively. The first midyear report for the period ending December 31, 2003, points out several strengths in change order processes, including the following: the bond management team's design and implementation of standard procedures for managing and tracking change orders through PS2, the software used for change orders; the language in the contract's general conditions, which minimizes work stoppages and limits liability; and the project managers' improvement in providing to contractors written directions regarding change orders.

The second annual performance audit for the 2004-05 fiscal year commended the District and bond management team for maintaining first-year improvements in standard procedures and written directions. With the exception of one site, the District was also commended for having a low percentage of change orders. The only finding in this section indicated that board policy allowed for up to 10 percent of the contract amount without seeking board approval and that, on occasion, there were change orders in excess of the 10 percent. It was recommended that the 10 percent contingency be restricted for emergency and unforeseen conditions and that the Board revise its policy to allow only an aggregate of 10 percent of change orders. The District responded with an explanation of project complexity and an explanation of District application of Public Contract Code 20118.4.

By the end of the first half of the 2004-05 fiscal year, change orders for the Measure M-1A projects ranged from a low of 4.29 percent to a high of 15.89 percent. After the end of this reporting period, by March 2005, this situation had increased to an average of 18.10 percent with individual projects ranging from a low of 4.40 percent to a high of 28.60 percent. These figures include both approved and potential change orders. Measure M-1B projects, by this time, were at an average of 3.1 percent. The significant increase in M-1A change orders is attributable to a variety of circumstances including unforeseen conditions and enhanced project scope.

Typically, the midyear report does not include recommendations. However, due to the magnitude and immediacy of the situation, it is recommended that the District undertake a review for the purpose of categorizing all M-1A change order items. This review should determine the source of each item. This effort, in addition to the annual audit recommendation to review the current board policy on change orders, should provide sufficient information to enable staff to prevent recurrence. It is important that the District manage its change orders because change orders can seriously erode contingency funds and jeopardize funding for future projects.

The District does have the ability and a system to track change order costs per project as an effort to keep costs down. SGI produced a report that tracked change orders for twenty-three (23) projects during the period covered by the midyear report. Such tracking keeps staff notified when change orders approach the 10 percent threshold or otherwise significantly increase project costs. Such tracking also helps the District to make appropriate budget adjustments to cover change order costs. Despite this sound tracking system, six (6) of the projects had change orders greater than 10 percent.

As mentioned in the sections on "Payment Procedures" and "Best Practices for Procurement of Materials and Services," there is an additional problem with the payment of change orders; namely, payment of change orders before the board ratifies them. The board item states that "Board ratification is required under state law in order to complete payment and contract adjustment." This statement implies that the District does not process payments without board ratification. However, the fiscal services department pays the



change order invoices because funds have been encumbered for the change order. The purchasing department encumbers these funds because it receives instructions to do so with five approval signatures. SGI has the ability to track these change orders, as shown in the report submitted to TSS. The District should consider using this tool to track and reconcile the board-ratified change orders and those pending approval. Such tracking should also help the District make the appropriate payments to vendors.

The District also used a number of change orders to add scope to projects. Using change orders as a means to add scope is not economical because contractors generally know that there are no competitive alternatives. In such cases, contractors tend to charge for their overhead and their subcontractor costs, typically resulting in higher, inflated prices. The District had the following change orders for additions to project scope:

- The board-approved additional north end parking lot alternate scope to Montalvin Elementary School when the work was 85 percent completed.
- Landscaping at Madera Elementary School when the project was almost complete.
- Removal of thirty-three (33) trees and, to satisfy neighbors, landscaping at Kensington Elementary School.
- Turning installed portable buildings around at Stewart Elementary School at the request of the principal.
- An additional 100 AMP panel and additional intrusion alarm card readers at Lincoln Elementary School.

The District also experienced some change orders as the result of errors or omissions. For example, an electrical design error caused delays at Riverside Elementary School. This error should have been discovered in the constructability review. Also, pipeline issues at Helms Middle School should have been a consideration prior to bid. Had these items been prepared before bids and properly included in the bid documents, the District would not have had to pay change order percentages for them. The District may want to allocate more time for reviews and analyses of constructability, pipeline issues, soil conditions and hazardous materials prior to bidding. The cost and time for preparation in these areas decrease the probability that the District will experience more costly change orders and claims for these items during actual construction.

The District may also want to consider adding the school principal, a maintenance and operations representative, and information technology representative to the signoff list when plans are in the approval process. With these additional reviews and signoffs, the District is more likely to avoid change orders that add scope and more costs.

By the publication date of this midyear report, the District, the bond management team, and the Citizens' Bond Oversight Committee were engaged in dialogue regarding this matter of change orders. A full treatment of the status and results will be included in the third annual performance audit.



In terms of claims, staff is commended for avoiding contractor claims at Washington Elementary School. The contractor had a potential claim for soils conditions. Staff negotiated with the contractor to review and see if there were an overlap between the delay days and rain days, which the contract allows. The District agreed to pay the contractor's extended overhead at the end of the project while demanding a recovery schedule. If the contractor meets the recovery schedule, the contractor's claim will be moot.



PAYMENT PROCEDURES

Process Utilized

Total School Solutions (TSS) interviewed District staff; reviewed documentation, including a report of invoices; and observed processes in the course of this examination. TSS closely reviewed variances and deviations in accounts payables.

TSS reviewed randomly selected payments from Measure M and Measure D funds made between July 1, 2004, and December 31, 2004. The vendor categories include architects, Labor Compliance Program (LCP) consultants, contractors, movers and furniture suppliers. Sampled invoices ranged from \$663 to \$743,183. TSS checked invoices for timeliness, consistency of documentation and proper authorization.

Background

As part of the bond program, SGI controls and monitors the payment processes. In general, SGI's system and the District's in-house financial system track the majority of payments. SGI tracks invoices as they are received, preparing them for approval from various District personnel and bond management team members. The District's in-house financial system tracks each payment as an encumbrance.

The payment application for all construction contractors includes payment application, schedule of values, proper authorization and an unconditional waiver and release on progress payments. This application process allows the District to verify any work and releases the District from liability upon payment.

Midyear Report Update

During the 2003-04 performance audit, TSS found that, in many cases, vendors were paid more than thirty days beyond SGI's receipt of the invoice. While the conclusion of last year's performance audit did not give the District sufficient time to improve the time for payment processing for the midyear reporting period, the District and bond management team still need to work to shorten the total time for payments. Forty percent of the sampled invoices took five or more weeks for payments to be issued (as of the invoice date), and twenty-three percent took eight weeks or more for payment. One architect's invoice was dated January 31, 2004, with check issuance on August 4, 2004. When payments are not timely, vendors and contractors are more likely to factor in higher margins. Timely payments also encourage bids from high-quality contractors. Vendors are likely to charge interest payments for overdue accounts, causing the District to spend funds on avoidable costs.

During the course of the performance audit, two invoices logged in SGI's paid invoice report were unavailable for audit at the District Office because the payments were not in the District's financial system. Accounting discrepancies between the District's and SGI's systems must be periodically reconciled to present a true expense and budget balance. Consistency between both systems is important in reconciling expenses to reflect accurate budgets.

District staff is authorized to approve change orders up to 10 percent of the original contract amount. Change orders are then taken to the board for ratification, so payments may be processed. In the sample,

TSS found two payments that include change order amounts not yet ratified by the board. These payments involve S.J. Amoroso for Hercules Elementary School (Invoice # 126-14) and Fedcon General Contractors for Peres Elementary School (Invoice # 147-17). Before the Board of Education's Ratification of Change Orders on November 17, 2004, the cumulative total for S.J. Amoroso's previously approved change orders was \$158,789; however, the invoice of September 28, 2004, had change orders for \$303,237. Fedcon's approved change order as of November 17, 2004, was \$1,005,468, yet Fedcon invoiced the District for \$1,303,466 on November 30, 2004. It is important that the board, as the awarding body of the school district, be aware of the true costs of change orders prior to payment. While it may be necessary to delegate approval of change orders to staff to avoid delays and further expense to the project, the board should have an opportunity to review change orders before the release of public funds in such significant amounts. TSS recommends that the District not make payments of change orders until the board ratifies the change order amount.

Board policy allows payment up to 10 percent of the contract amount without seeking board approval. TSS observed that one invoice for the modernization and new construction of Peres Elementary School (November 2004) had a change order that exceeded 10 percent of the original contract amount and did not comply with the District's policy of prior approval. Change orders can consume all contingency funding if the District does not take measures to control them.



BEST PRACTICES IN PROCUREMENT

Process Utilized

Total School Solutions (TSS) interviewed District staff, reviewed documentation, and observed processes in the course of work. To clarify issues or questions, TSS held additional interviews.

Background

Best practices in procurement of materials and services ensure the most efficient use of resources. The District may gain efficiency by enforcing contract language, managing consultants' work, and understanding market economies. This section examines the extent of the District's promotion of best practices.

Board policy delegates to the purchasing department the authority to engage in contracts that ensure that the District obtains the highest quality products at the most economical prices and that the District enforces the contract and all its rights. Board policy sets fiscal controls to ensure monies disbursed are within budgeted appropriations set by the board. Invoices in excess of the approved purchase order amounts are reviewed and approved through appropriate actions.

Midyear Report Update

During its examination for the midyear report, TSS observed some outstanding practices and some areas where the District may want to consider making improvements.

The process of subcontractor substitution is standardized and organized, and the District accepts substitution only in writing from the general contractor. The Director of General Services sends a letter to the subcontractor being substituted to ensure that the general contractor has dealt lawfully with the subcontractor. The purchasing department verifies the response and files it with the original request for substitution. This procedure decreases the probability of the District's direct involvement in litigation if the general contractor substitutes its subcontractors unlawfully.

In the review, TSS also sampled four project file manuals in the purchasing department and found them thorough and complete. The required information is consistent in all binders, which include actions from project bids through the eventual award of contract. Binder documents include such items as proof of publication, pre-bid meeting sign-in sheets, addenda, bonds, bid form(s), Project Labor Agreement, Apprenticeship Compliance and more. These binders represent a virtual history of all actions from the bid through the Notice of Award.

While these first two examples reflect excellent practices on the part of the District, TSS found some areas in which the District should strive for improvement.



In the bid for playground renovation at Hanna Ranch Elementary School and Cesar Chavez Elementary School, the contractor caused significant delays to the project. The bid was opened on June 23, 2004, with board approval on July 7, 2004. The District issued a Notice to Proceed on July 21, 2004. The contractor should have completed the forty-five day project before or around the start of the new school year. Instead, the project was ninety-eight percent complete during the first week of February 2005. When a contractor fails to perform, the bid document provides relief in the form of liquidated damages, which this contractor agreed to and signed. Further, it may be necessary to report such performance to the surety. By enforcing contract language, the District will be able to eliminate non-performing contractors.

ModTech, the provider of portable buildings as classrooms, was unable to repair fifty units of air conditioners in the new buildings provided at several school sites. To ensure that buildings were fully functional for the opening of school, the District hired Bay Cities Mechanical to repair the air conditioners. The total cost for repairs was \$6,596.79. Upon investigation, TSS could not find out whether ModTech ever credited the District for the cost of repairs. The purchasing department should be informed of such issues to ensure that the District takes the appropriate actions in regard to contract language. (In this case, the purchasing department would have collected money from ModTech in an amount equal to the repairs.)

It is important for the District to enforce contract conditions for delinquent contractors. The District's terms and conditions provide a vehicle to withhold monies as liquidated damages or credits. The District can also encourage contractors to perform by warning them that the District will report them to their surety for nonperformance. Because surety is needed to bid on public work projects, contractors understand the impact of a report to their surety.

As part of its review, TSS noted that planning for redistricting and school closures did not always coincide with school construction and modernization. In November 2004, Jack Schreder & Associates presented a redistricting study to the board. On December 8, 2004, the board approved the Room Ready Project for Fairmont Elementary School. Two months later, the board was discussing the school's closure. Staff finds that the Room Ready Project will still be viable because, when the school closes, the District will use the site as a staff development study. Nonetheless, it is advisable that the District consider possible closures or redistricting decisions before it commits funds for reconstruction.

TSS also noted a possible problem with a change in how the District handles the certification of payroll records. Davillier-Sloan issued a memorandum that the District no longer requires original signatures on certified payroll records. The certified payroll record is an official document that interests the Department of Labor, the Office of Public School Construction and some contractor trade groups. Without the original signature, the District may give the perception that the record is incomplete, inaccurate or, even, invalid. Without valid certified payroll records, the District may be subject to financial sanctions. TSS recommends that the District verify with its legal counsel the acceptance of certified payroll records without original signatures. The implications may be harmful to the District.

TSS also reviewed change order encumbrances in purchase orders. In its review, TSS found that the cumulative change orders for purchase orders M480037 and M480042 were both 12 percent. Cumulative change orders for purchase order M480035 were 10 percent in December 2004. The board's last ratification of these change orders, however, occurred at the board meeting on November 17, 2004, with amounts between 8 and 9 percent for the aforementioned purchase orders. The Capital Assets Management

Plan/Reconciliation Report of December 2004 uses the change order amounts from the November 17 board meeting. This issue is also significant because the change orders, at times, exceed the board maximum of 10 percent on staff-approved change orders.

Staff should pay special attention to construction change order totals. Change orders are typically reserved for unforeseen conditions or conflicting information in drawings. They should not be used as a standard vehicle to add to the scope of work. By doing so, a district risks its funding for later projects. (Actual cases have also shown contractors holding the District liable for doubling the scope of work through change orders.) The District may achieve a greater awareness of the impact of change orders if their percentages are tracked and if each change order increase in the purchase order contains the board ratification date.



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 (TSS) 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, TSS was provided with a Bond Program Quality Control document prepared by WLC/SGI, which contained the following three major components:

- 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 reports for the periods ending June 30, 2003, and June 30, 2004.

Midyear Report Update

It is anticipated that, in performing the annual audit, the completion of Measure M-1A projects will provide an opportunity to review the quality control process applied to those completed and closed out projects.



SCOPE, PROCESS AND MONITORING OF PARTICIPATION BY LOCAL FIRMS

Process Utilized

Total School Solutions (TSS) examined source documents related to the development of a local capacity building program and local firm participation in the District's facilities bond program.

Background

The Board of Education has recognized the importance of using local services. In entering into the Project Labor Agreement (PLA), the board identified one of the purposes of the PLA as follows:

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.

In the first performance audit, TSS notes that the District has used many local architects and other service providers offering a range of professional and technical services. The first annual performance audit (2002-03 fiscal year) also notes, however, that there was no consistent, ongoing process in place to monitor and review the share of work assigned to local firms. At that time, TSS 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 the first performance audit, the District notes that it concurred with the recommendation and was in the process of hiring a consultant to help build local vendor participation. Near the end of the period for the performance audit ending June 30, 2004, the District had hired Davillier-Sloan, Inc. (DSI), to implement a process of local firm participation, and DSI was in the beginning stages of gathering information on local professional firms, contractors and suppliers to find out which services were available locally.

Midyear Report Update

Since June 30, 2004, the ending date for the second performance audit, the District has significantly improved its system for increasing local firm participation in the construction and planning of local school facilities projects. In collaboration with the District, DSI systematically and methodically culled through 6,000 local businesses to establish a potential base of 3,500 local businesses that might be eligible for participation in the facilities bond program. DSI sent letters to these businesses and received 160 responses, which are maintained electronically in a database of local firms. (The firms are divided among fourteen [14] different categories for the kinds of services they provide.) The District notifies these firms about upcoming projects for which they may be able to participate. The 4.5 percent response rate for this mailing exceeds most direct marketing response rates. DSI also followed up individually with local businesses that requested more information or which have sought to participate in the facilities bond program.

DSI's approach to building local capacity has been multifaceted. Besides the directing marketing, DSI has sought local business participation on the Local Advisory Committee; has attended and conducted outreach to local apprentice groups, training programs (including Kennedy High School's Pre-apprenticeship

Program) and other business organizations; and has held a local capacity building workshop on November 6, 2004, for local businesses and individuals seeking to participate in the facilities program. Forty-four people representing businesses participated in the November 6 event.

Overall, DSI seems to have set up a process that should provide local firms more opportunities to participate in the District's facilities program if these businesses are interested and qualify. DSI continues to seek other avenues for local firm participation, including possible local firm opportunities with maintenance and operations.

DSI seems flexible in providing the Local Advisory Committee information on the program and acting on the input from the committee. Based on all the work completed during the midyear reporting period, TSS believes that DSI and the District are actively seeking more participation from the local business community, including examining how to reconfigure projects to make more local firms eligible for participation in larger projects.

The District may ultimately want to define what it means by a "local" firm. In the first performance audit and in the first midyear report, the District and the board had not formally defined the notion of a "local" firm. At that time, the bond management team generally considered 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. However, based on DSI's local hire reports, the Local Advisory Committee's common understanding of a local firm is one that is within either Contra Costa or Alameda counties. The definition of "local" firm is important because the larger the geographical area, the more likely the District will have more "local" participation from qualifying firms and the easier it may be to obtain more participation.

The District continues to operate within the legal limits with respect to soliciting local firm participation in that the District relies on the Public Contract Code provisions to determine successful bidders.



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

Background

To facilitate communication among stakeholders in 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 Bond Oversight Committee has established a Public Outreach Subcommittee to enhance communication among shareholders.

Midyear Report Update

As reported in the performance audit for the period ending June 30, 2004, the level of awareness among stakeholders close to the process is high. The Board of Education, the superintendent's cabinet and the school principals 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 utilizing Measure M and Measure D funding sources.

Since June 30, 2004, observations of the communication process indicate that members of the citizens' bond oversight committee have enhanced their understanding of the facilities program and associated variables that affect construction costs and schedules.

In the preparation of the third annual performance audit for the fiscal year ending June 30, 2005, interviews will be conducted with a number of key personnel involved in the facilities program, and surveys will be conducted among stakeholders within the bond program.

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 as 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

Measures M & D Ballot Language

Bond Measure M – Ballot Language. November 7, 2000.

Bond Measure D – Ballot Language. March 5, 2002.

Audit Reports

WCCUSD Audit Reports, Fiscal Years 2000-01 through 2003-04.

WCCUSD Bond Financial Audit Report, Fiscal Years 2000-01 through 2002-03.

Measures M and D Budget/Expenditure Reports

WCCUSD Measures M and D Expenditure Reports through December 31, 2004.

WCCUSD Engineering Officer's Reports through April 27, 2005.

WCCUSD Capital Assets Management Plan/Reconciliation Report, SGI, April 27, 2005.

Program Management

WCCUSD/WLC Agreement for Master Architectural Services, Signed December 1, 2004.

WCCUSD/SGI Agreement for Program, Project and Construction Management Services Related to District Bond Program, Signed December 20, 2004

WCCUSD Board of Education Policy Manual, Facilities and New Construction.

WCCUSD Board of Education Meeting Packets, July 1, 2004, through February 9, 2005.

WCCUSD Program Status Reports, July 1, 2004, through February 9, 2005.

OPSC Internet Site, WCCUSD State Facility Program Status.

Measures M & D Bonds and Bond Oversight Committee

WCCUSD Measures M & D Bond Program Documents from Website.

WCCUSD Measures M & D Bond Oversight Committee Documents from Website.

WCCUSD Packet for Meetings of Measure M & D Bond Oversight Committee, July 1, 2004, through December 31, 2004.

WCCUSD Packet for Special Joint Study Session, Board of Education and Measures M & D Bond Oversight Committee, February 2, 2005.