

**PLACENTIA-YORBA LINDA UNIFIED
SCHOOL DISTRICT**

MEASURE Y

PERFORMANCE AUDIT

PERIOD ENDED JUNE 30, 2003



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

Placentia-Yorba Linda Unified School District

BOARD OF EDUCATION

June 30, 2003

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INTRODUCTION

On October 9, 2001, the Placentia-Yorba Linda Unified School District submitted for voter approval a bond measure to authorize the sale of \$102 million in bonds to improve school facilities. The measure was approved by 65.70 percent of the voters. Since the bond measure was placed on the ballot in accordance with Proposition 39, it required 55 percent of the vote for passage.

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

Total School Solutions has conducted the performance audit in accordance with the applicable laws, rules and regulations. Besides ensuring that the District uses bond funds in conformance with the provisions listed in the Measure Y ballot, the scope of the examination includes a review of design and construction schedules and cost budgets; change orders and claim procedures; compliance with state law, District policies and guidelines regarding facilities and procurement; compliance with funding formulas; and the effectiveness of the public outreach program and communication channels among the stakeholders.

This report covers the facilities program and activities for the period ending June 30, 2003. Beginning with the 2003-04 fiscal year, the District intends to complete a performance audit and develop a report annually until all Measure Y funds have been expended. These reports are designed to meet the requirements of Article XIII of the California Constitution and to inform the community of the appropriate use of funds generated through the sale of bonds authorized by Measure Y.

EXECUTIVE SUMMARY

The performance audit, conducted between May 2003 and September 2003, included an examination of the following components:

- Design and construction schedules and cost budgets
- Change order/claims procedures and results
- Current programmatic goals to ensure compliance with state law, guidelines, and funding formulas and District guidelines for bidding and procurement
- Effectiveness of the Public Outreach Program
- Effectiveness of communication channels among all stakeholders within the bond program
- Compliance with program provisions, restrictions in the bond initiative, and legal requirements such as prevailing wages.

Total School Solutions reviewed a total of twenty-six (26) projects in the course of this examination. All of the projects were funded through Measure Y.

Through the examination of numerous documents, interviews with personnel pertinent to this process and the evaluation of related documentation, assessments were made and conclusions were reached which are summarized in this report.

All work performed was in accordance with existing laws and regulations. The data produced by District staff and representations made by the District administration were used, where appropriate, to perform this audit work and to formalize conclusions. Each component in this examination was evaluated separately and collectively, based on the materiality of each activity and its impact on the total bond program.

It should be noted that this work has been performed to meet the requirements of a performance audit in accordance with Article XIII of the State Constitution. Any known significant weaknesses and substantial non-compliance items have been reported to the management of the District. This examination was not intended to be a fraud audit, which would be much wider in scope and more significant in nature, and should not be relied upon as such.

The readers of this report are encouraged to review the report of the independent financial auditors in conjunction with this report before forming any opinions and drawing any conclusions about the overall operations of the bond program.

INDEPENDENT AUDITOR'S REPORT

**Board of Education
Placentia-Yorba Linda Unified School District
Placentia, CA 92870**

We have conducted a performance audit of the Measure Y funded bond program of the Placentia-Yorba Linda Unified School District (the "District") as of and for the year ended June 30, 2003. The information provided herein is the responsibility of the District management. Our responsibility is to express an opinion on the pertinent issues included in the scope of our work.

Except as discussed in the following paragraphs, we conducted our examination in accordance with performance auditing standards generally accepted in the United States of America and the State Controller's Standards and Procedures for Audits of California K-12 Local Educational Agencies. Those standards require that we plan and perform our work to obtain reasonable assurances about the matters included in the scope of our work. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures. An audit also includes assessing the management principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Measure Y funds are being expensed in accordance with the Resolution No. 10, inclusive of Exhibit A-1, passed by the Board of Education on October 9, 2001. It is also our opinion, for the period ending June 30, 2003, the expenditures of the funds generated through Measure Y bonds were for projects only listed in Exhibit A-1 (which was attached to Resolution No. 10 establishing the scope of work to be completed with Measure Y funds). We have also determined that the representations made to the public regarding the availability of state funds for new construction and modernization projects were true and reasonable. Furthermore, we have determined that management's estimates were reasonable and complied with the commonly accepted best practices in modernization and new construction of school facilities.

This performance audit was conducted in accordance with the existing standards for performance audits of school facilities programs. The District, however, is required to request and obtain an independent financial audit of Measure Y bond funds. The financial auditor is responsible for evaluating conformance with generally accepted auditing principles and auditing standards pertinent to financial statements. The financial auditor also evaluates and expresses an opinion on such matters as the District's internal controls, controls over financial reporting and its compliance with laws and regulations. Our opinion and accompanying report should be read in conjunction with the Independent Financial Auditor's report when considering the results of our performance audit and forming opinions about the District's bond program.

This report is intended solely for the use of the management, the Board of Education and the Independent Citizens' Bond Oversight Committee of the Placentia-Yorba Linda Unified School District which have taken responsibility for the sufficiency of the scope of work deemed appropriate for this audit.

Total School Solutions

Total School Solutions

September 15, 2003

COMPLIANCE WITH BALLOT LANGUAGE

The Board of Education of the Placentia-Yorba Linda Unified School District unanimously approved placing a \$102 million bond measure (Measure Y) on the ballot with the adoption of Resolution No. 10 on October 9, 2001. The bond measure was placed on the ballot for voter approval on March 5, 2002. Article XIII of the California State Constitution, amended through Proposition 39, states "that every district that passes a 'Proposition 39' bond measure must obtain an annual independent performance audit."

In accordance with the aforementioned article of the State Constitution, Section 6 of Resolution 10 states that the Board shall:

Conduct an annual independent performance audit to ensure that the funds have been expended only on the projects listed in Exhibit A-1.

Furthermore, Exhibit A, attached to Resolution No. 10, notes the following:

The District has been approved for 57 million dollars from state bond funds to repair and modernize schools within the Placentia-Yorba Linda Unified School District. Additionally, the District is eligible for 69.5 million dollars for the construction of new schools.

Exhibit A-1, Bond Project List, attached to Resolution No. 10, establishes the scope of work to be completed with Measure Y bond funds and state school facilities funds. That exhibit provides a comprehensive list of work items to be completed at the thirty-one (31) existing schools with an understanding that not all improvements would be implemented at every school. Exhibit A-1 also specifies that four new schools would be built: two (2) elementary schools, one middle school and one comprehensive high school.

On March 5, 2002, District voters approved Measure Y with a 65.70 percent vote. A 55 percent vote was required for the passage of this measure.

The passage of Measure Y, the scope prescribed by Resolution No. 10 and Exhibits A and A-1 provide the authority and scope of work subject to this performance audit.

Sampling

All District projects currently underway were reviewed, and five (5) school modernization projects were selected from the thirty-one (31) existing campuses for examination. Two (2) of the four (4) proposed new schools were also included in the audit sample. Overall, a total of twenty-six (26) projects were included in the sample. Furthermore, Total School Solutions selected for examination several projects with expenses charged to the Measure Y Bond Program including contracts with Bernard Brothers, Turner Construction Company and 3DI.

In the performance of the examination, files were reviewed and interviews with various staff members were conducted. As deemed necessary, various outside agency files were also referenced to obtain information from independent sources.

Commendations

- The District is to be commended for its leadership in obtaining local revenues necessary to acquire all eligible state matching funds. The \$102 million Measure Y bonds should be sufficient to obtain over \$130 million of state bond funds for modernization, site acquisition and new construction, school facility improvements and expansion. These two sources provide the District with approximately \$237 million for its facility program.
- The District is to be commended for structuring a bond program management team consisting of District staff and outside professionals to ensure that the facilities program is implemented in a timely and cost-effective manner.
- The District is to be commended for structuring "multiple-prime" projects under the control of a construction management firm as a means to reduce construction costs.
- The District staff is to be commended for structuring and maintaining comprehensive project files that are easy to reference. The record keeping and file management by the District are considered to be above average.
- The District is to be commended for its timely filing of twenty-three (23) modernization applications prior to the application deadline of April 29, 2002, to obtain 80 percent state funds, thereby avoiding a potential loss in excess of \$13 million. It should be noted that a considerable amount of work and significant coordination of efforts were required to accomplish this task.

Observations

- The District has filed twenty-three (23) modernization applications for specific projects (SAB 50-04), which have been approved by the State Allocation Board with state funds totaling \$52.9 million apportioned (100 percent of state grant which constitutes 80 percent of the project cost).
- The District has filed three (3) eligibility modernization applications (SAB 50-03) which have not yet reached the specific application stage (SAB 50-04). The District could potentially receive \$4.7 million in state funds for these three (3) projects.
- The District has five (5) existing campuses for which modernization applications have not yet been filed. The absence of modernization application could be due to ineligibility at the present time or other unknown reasons.

- State modernization funds for the twenty-three (23) apportioned projects and the three (3) additional eligible projects total \$57.6 million, which is consistent with the statement in Exhibit A of Resolution No. 10 that "the District has been approved for 57 million dollars from state bond funds to repair and modernize schools."
- The District has acquired the McFadden Park site for the proposed Melrose Elementary School at a cost of \$3,500,000 (plus associated costs). The new school is in the architectural design stage.
- The District is preparing an EIR, including environmental and related technical studies, to obtain clearance for the acquisition of NOCCCD land for the proposed new Yorba-Linda High School.
- The District has established new construction eligibility for 4,828 students under the state school facilities program, with the potential of receiving up to \$77.6 million in state bond funds (50 percent match). This eligibility corresponds with the statement in Exhibit A of Resolution No. 10 that "the District is eligible for 69.5 million dollars for the construction of new schools." The District's eligibility, in fact, exceeds the amount specified in Exhibit A.
- The District is in full compliance with all provisions in Resolution No. 10, which authorized the \$102 million Measure Y bond issue.

**STATE MODERNIZATION STATUS
31 EXISTING CAMPUSES
INCLUDED IN EXHIBIT A-1, RESOLUTION NO. 10**

NO.	EXISTING CAMPUS	SAB# ²	APPROVAL SAB DATE	STATE GRANT ³ AMOUNT	(%)
1	Adult Education				
2	Bernardo Yorba Middle ¹	014	12/18/2002	\$2,924,090	80
3	Brookhaven Elementary	023	12/18/2002	\$1,188,613	80
4	Bryant Ranch Elementary				80
5	El Camino Real High (Cont.)	000	9/27/2000		Eligible for 9-12: 286
6	El Dorado High	013	12/18/2002	\$6,324,015	80
7	Esperanza High	001/019	12/19/2002	\$9,572,551	80
8	Fairmont Elementary ¹	010	12/18/2002	\$2,209,242	80
9	George Key TMR	002	7/5/2000	\$638,244	80
10	Glenknoll Elementary	022	12/12/2002	\$1,463,496	80
11	Glenview Elementary	020	12/18/2002	\$1,590,757	80
12	Golden Elementary ¹	006	12/18/2002	\$1,058,883	80
13	Kraemer Middle	012	12/18/2002	\$2,539,789	80
14	La Entrada High				80
15	Linda Vista Elementary	021	12/18/2002	\$1,238,706	80
16	Mabel Paine Elementary	003	7/5/2002	\$988,223	80
17	Morse Elementary	015	12/18/2002	\$1,318,419	80
18	Parkview School				80
19	Rio Vista Elementary	011	12/18/2002	\$2,815,670	80
20	Rose Drive Elementary ¹	007	12/18/2002	\$1,155,581	80
21	Ruby Drive Elementary ¹	009	12/18/2002	\$1,280,573	80
22	Sierra Vista Elementary	017	12/18/2002	\$1,382,049	80
23	Topaz Elementary	024	12/18/2002	\$1,988,537	80
24	Travis Ranch Middle				80
25	Tuffree Middle	004	7/5/2000	\$1,556,636	80
26	Tynes Elementary	000	2/26/2003		Eligible for K-6: 904
27	Valencia High	008	12/18/2002	\$5,456,068	80
28	Van Buren Elementary	016	12/18/2002	\$1,274,582	80
29	Wagner Elementary	018	12/18/2002	\$1,251,354	80
30	Woodsboro Elementary	000	2/26/2003		Eligible for K-6: 534
31	Yorba Linda High	005	7/5/2000	\$1,645,328	80
Total State Grant Amount				\$52,861,406	

¹ Projects under performance audit for period ended June 30, 2003.

²A "000" indicates that form SAB 50-03 has been filed, establishing eligibility. A project number is not assigned until the District files form SAB 50-04, which requires DSA stamped plans and CDE approval. A blank indicates that either the status is unknown or eligibility has not been established. The most likely cause for a lack of eligibility is a school's age. Permanent buildings and portables must be 25 years or 20 years, respectively, to qualify for modernization.

³The state grant amount is 80 percent of the total state modernization budget for project applications (SAB 50-04) filed before April 29, 2002; thereafter, the state grant amount would be 60 percent. The District must provide its share of the project budget (20 percent) from local sources.

**STATE SITE ACQUISITION/NEW CONSTRUCTION STATUS
FOUR PROPOSED NEW SCHOOLS
INCLUDED IN EXHIBIT A-1, RESOLUTION NO. 10**

GRADE LEVELS	ESTIMATED ENROLLMENT	TOTAL EST. SITE COSTS	TOTAL EST. BUILDING COSTS
Elementary ¹	600	\$3,500,000	\$11,500,000
Elementary	600	\$3,500,000	\$11,500,000
Middle	1,200	\$7,000,000	\$30,000,000
High School ¹	2,000	\$12,250,000	\$68,000,000
Totals	4,400	\$26,250,000	\$121,000,000
Grand Total			\$147,250,000

¹ Projects under performance audit. These cost estimates are calculated only to determine the potential amount of state funds that may be received in the future. More accurate estimates will be prepared by the architects and District staff as projects develop through the site acquisition, planning and construction stages.

Assuming that the state match remains at the 50 percent level and all of the above estimated costs would qualify for the state funding match, the state could provide approximately \$73.6 million in matching funds.

The District completed the required documentation and filed forms SAB 50-01, 50-02 and 50-03 with the Office of Public School Construction (OPSC) on February 8, 1999, to establish new construction eligibility. The State Allocation Board (SAB) certified the following eligibility on July 28, 1999:

<u>Grades</u>	<u>Eligibility</u>
K-6	1,567
7-8	599
9-12	2,623
Special Education	39
Total	4,828

The eligibility certified by the SAB is sufficient to provide state funding for the construction of four new schools, as proposed in Exhibit A-1 of Resolution No. 10.

(Note: Unused eligibility for one grade group may be applied to another grade group.)

Recommendations

- It is recommended that all project budgets be revised and refined continually as additional information becomes available to ensure that adequate District funds are available from Measure Y and other District resources to complete the projects set forth in Exhibit A-1, Resolution No. 10.
- It is recommended that the "multiple-prime" construction projects be analyzed upon completion to determine if these projects have realized any savings in comparison to the traditional "general contractor" construction process.

DESIGN AND CONSTRUCTION COST AND SCHEDULES

Five (5) school modernization projects of the thirty-one (31) existing campuses that would undergo modernization and/or renovation were selected for examination. The selected projects are among the first to undergo modernization.

These five (5) modernization projects and their total project cost summaries follow:

<u>School</u>	<u>District Funding</u>	<u>State Funding</u>	<u>Total Funding</u>
Fairmont Elementary School	\$1,813,332	\$2,209,242	\$4,022,574
Golden Elementary School	\$958,934	\$1,058,883	\$2,017,817
Rose Dr. Elementary School	\$1,577,371	\$1,155,581	\$2,732,952
Ruby Dr. Elementary School	\$1,275,038	\$1,280,573	\$2,555,611
Bernardo Yorba Middle School	\$1,468,201	\$2,924,090	\$4,392,291
Bernardo Yorba Middle School Tech Lab	\$285,000	\$0	\$285,000
Total Cost	\$7,377,876 (46%)	\$8,628,369 (54%)	\$16,006,245 (100%)

The construction schedules for the above five (5) modernization projects are listed below.

<u>School</u>¹	<u>Start</u>	<u>Complete</u>	<u>Time</u>
Fairmont Elementary School	6/16/03	8/27/04	433 days
Golden Elementary School	6/16/03	8/24/03	70 days
Rose Dr. Elementary School	6/16/03	8/25/03	71 days
Ruby Dr. Elementary School	6/16/03	8/24/03	70 days
Bernardo Yorba Middle School	6/16/03	8/27/04	433 days

¹Fairmont and Bernardo Yorba are under construction utilizing the "multiple-prime" contract approach, with Bernards Brothers providing construction management services. Golden, Rose and Ruby are under construction utilizing the "general contractor" contract approach, with Turner Construction Company providing construction management services.

Two (2) of the four (4) proposed new schools were selected for examination: Melrose Elementary School (McFadden Park site) and Yorba Linda High School. The Melrose Elementary School project includes the site acquisition and planning/construction processes. The Yorba Linda High School project includes pre-acquisition planning, occupancy work and the site acquisition process.

The complete project budgets for Melrose Elementary School and Yorba Linda High School follow:

<u>School</u>	<u>District Funding</u>²	<u>State Funding</u>³	<u>Total Funding</u>
Melrose Elementary School	Unknown	Unknown	\$15,000,000
Yorba Linda High School	Unknown	Unknown	\$91,384,886

²District funding will primarily come from the Measure Y Bond Program, with supplemental amounts possibly coming from other District funds (e.g., developer fees).

³State funding will be 50 percent of eligibility for site acquisition and planning/construction costs. The exact amount will be determined when a project application (form SAB 50-04) is filed with the Office of Public School Construction (OPSC) following the approval of plans by the Division of State Architecture (DSA) and California Department of Education (CDE).

The complete project schedules for Melrose Elementary School and Yorba Linda High School are listed below.

<u>School</u>	<u>Start</u>	<u>Complete</u>	<u>Time⁴</u>
Melrose Elementary School	7/1/00	9/1/04	4 yrs., 2 mos
Yorba Linda High School	7/1/02	9/1/07	5 yrs., 2 mos.

⁴It is not unusual to have a project time span of many years, considering the process involved in obtaining the appropriate approvals and constructing the school. It should be noted that this time schedule is for the entire project, not for construction only.

Several other projects, which had expenses charged to the Measure Y Bond Program, were also selected for examination. These projects include construction management services provided by Bernard Brothers to "multiple-prime" construction projects (BBS-9609) and bond project services provided by 3DI and Turner Construction Company to "general contractor" construction projects (BPS-9604).

Numerous files were also reviewed, and interviews were conducted with various staff members.

In subsequent annual performance audits, records for projects in process will be examined, and some additional projects may be selected for examination as they develop through the planning and construction stages.

Commendations

- The District is to be commended for developing and adhering to Design and Construction Cost Budgets and Schedules.
- The District is to be commended for structuring and maintaining comprehensive project files that are easy to reference.
- The District is to be commended for structuring "multiple-prime" projects under the control of a construction management firm as a means to reduce construction costs.

Finding

- Detailed, updated planning and construction budgets have not been prepared for the new school projects, Melrose Elementary School (McFadden Park site) and Yorba Linda High School. For Yorba Linda High School, there is a \$20 million discrepancy between District and architect cost estimates.

Recommendations

- It is recommended that all project budgets be updated to reflect recent actions taken to award contracts for construction and related services and to reflect construction cost index changes as to the projected date of bidding, updated architect cost estimates and so forth.

- It is recommended that, after all project budgets are updated, including changes to projected District and state funds, total District funding be compared to available Measure Y bond funds and other available District resources to ensure that adequate funding is available to carry out all planned projects to completion.

District Response

- The District concurs. The District is utilizing project accounting software that provides continual budget updates and reports.

Finding

- Construction budgets for “multiple-prime” projects – Fairmont Elementary School and Bernardo Yorba Middle School – have budget variances for construction management services, as follows:

<u>School</u>	<u>Budget</u>	<u>Contract</u>	<u>Variance</u>
Fairmont Elementary School	\$164,390	\$634,055	(\$469,665)
Bernardo Yorba Middle School	\$176,044	\$634,055	(\$458,011)

Recommendation

- Project budgets should be adjusted to reflect the “multiple-prime” approach based on actual contract costs for construction and construction management.

District Response

- The budgets for the “multiple-prime” project have been adjusted to reflect actual contract costs for construction and construction management fees. The original budgeted amounts were based on traditional GC type delivery and did not reflect the additional supervision required in the “multiple-prime” delivery method.

Finding

- Interim housing budget costs have not been firmly established for several projects, including Fairmont Elementary School and Bernardo Yorba Middle High School, as follows:

<u>School</u>	<u>Budget</u>	<u>Supplemental⁵ Budget</u>	<u>Variance</u>
Fairmont Elementary School	\$27,398	\$500,000	\$472,602
Bernardo Yorba Middle School	\$29,341	\$328,423	\$299,082

⁵Separate “project-2” budget, with funds transferred as needed.

Recommendation

- Interim housing budgets should be established to reflect realistic costs for interim housing for each project.

District Response

- The District concurs. The District is utilizing project accounting software that provides continual budget updates and reports. The District has implemented weekly budget meetings to review and monitor project and program budgets and reports.
- The referenced budget amounts are for "Relocation Services" which are part of the Interim Housing costs. The "Interim Housing" itself is reflected in footnote reference 3 on page 13 and page 19 of this report.

FAIRMONT ELEMENTARY SCHOOL

Total Project Costs (May 9, 2003)

Fund 39 – State School Facilities Fund ¹	\$2,761,552
Fund 21 – Building Fund (GO Bond)	<u>1,080,561</u>
Total Current Year Budget	\$3,842,113
Prior Years' Actual Expenses	<u>180,461</u>
Total Project Costs	\$4,022,574

¹ \$2,209,242 in state funding (80 percent)

Total Project Cost Breakdown (May 9, 2003)

Construction (including change orders)	\$3,205,613
<u>Other</u>	
Arch/Eng/DSA/Consultants/Etc.	\$ 156,263
Construction Management ²	164,390
Labor Compliance	82,195
Testing & Inspections	56,254
Interim Housing ³	27,398
Furniture & Equipment	150,000
Prior Years' Actual Expenses	<u>180,461</u>
Total Other Cost	\$ 816,961
Total Project Cost	\$ 4,022,574

² At variance with \$634,055 contract for Program/Construction Management Services awarded to Bernards Brothers on June 17, 2003.

³ A separate interim housing project (FMT-9205-2) with a budget of \$500,000 (part of FMT-9205 budget) was created with transfers to be made out of FMT-9205 as needed to cover actual expenses. The budget breakdown was: Arch/Eng Fees \$47,935; DSA Fees \$4,816; Interim Housing \$447,249; Total \$500,000.

Construction Bid Awards – Multiple-Prime⁴

Bid No.	Vendor	For	Amount
203-20	Great West Contractors	General Construction	\$622,200
203-21	D.W. McCasland, Inc.	Carpentry & Framing	305,700
203-22	S&H Cabinets & Mfg. Inc.	Millwork	176,500
203-23	Queen City Glass Co.	Glass & Glazing	59,810
203-24	Church & Larson, Inc.	Drywall, Lath & Plaster	166,100
203-25	Re-Bid (see 203-83 and 90)	Vinyl Tackboard	0
203-26	Elijay Acoustics	Acoustic Ceilings & Walls	89,688
203-27	Continental Flooring, Inc.	Flooring	117,164
203-28	C.T. Georgiou Painting Co.	Painting	51,000
203-29	Advance Mechanical Contractors	Plumbing	119,274
203-30	Couts Heating & Cooling, Inc.	HVAC/Mechanical	263,000
203-31	Giannelli Electric, Inc.	Electrical	215,555
203-32	Giannelli Electric, Inc.	Light Fixtures	84,998
203-83	Polyvision Corp	Vinyl Tackboard	42,279
203-90	Polyvision Corp	Vinyl Tackboard	8,924
	Total Construction Cost		\$2,322,192

⁴ Because of the multiple-prime method of construction, Bernard Brothers Construction Management was awarded a contract on June 17, 2002, for \$634,055 to provide Program/Construction Management Services.

GOLDEN ELEMENTARY SCHOOL

Total Project Costs (May 9, 2003)

Fund 39 – State School Facilities Fund ¹	\$1,323,604
Fund 21 – Building Fund (GO Bond)	<u>612,993</u>
Total Current Year Budget	\$1,936,597
Prior Years' Actual Expenses	<u>81,220</u>
Total Project Costs	\$2,017,817

¹ \$1,058,883 in state funding (80 percent)

Total Project Cost Breakdown (May 9, 2003)

Construction (including change orders)	\$1,603,379
 <u>Other</u>	
Arch/Eng/DSA/Consultants/Etc.	\$ 94,424
Construction Management	80,843
Labor Compliance	40,421
Testing & Inspections	29,056
Interim Housing	13,474
Furniture & Equipment	75,000
Prior Years' Actual Expenses	<u>81,220</u>
Total Other Cost	\$ 414,438
Total Project Cost	\$ 2,017,817

Bid No.	Vendor	For	Amount
203-11	S.T. Beggett, Inc.	Construction	\$1,098,000
203-19	Dow Diversified, Inc.	New Casework/Teching Walls	102,583
203-32	Giannelli Electric, Inc.	Light Fixtures	122,545
203-90	Polyvision Corp	Vinyl Tackboard	35,329
11/18/02 Contract	Turner Construction Co.	Construction Management Fee	88,135
11/18/02 Contract	Turner Construction Co.	Labor Compliance Fee	6,550
	Total Construction Cost		\$1,453,142

<u>Schedule</u>	<u>Start</u>	<u>Complete</u>	<u>Time</u>
Project	6/01/99	6/30/04	5 yrs. 1 mo.
Construction ²	6/16/03	8/24/03	70 days

² Notice to Proceed issued June 4, 2003.

ROSE DRIVE ELEMENTARY SCHOOL

Total Project Costs (May 9, 2003)

Fund 39 – State School Facilities Fund ¹	\$1,444,476
Fund 21 – Building Fund (GO Bond)	<u>1,192,754</u>
Total Current Year Budget	\$2,637,230
Prior Years' Actual Expenses	<u>95,722</u>
Total Project Costs	\$2,732,952

¹ \$1,155,581 in state funding (80 percent)

Total Project Cost Breakdown (May 9, 2003)

Construction (including change orders)	\$2,216,498
<u>Other</u>	
Arch/Eng/DSA/Consultants/Etc.	\$ 117,108
Construction Management	113,667
Labor Compliance	56,833
Testing & Inspections	39,180
Interim Housing	18,944
Furniture & Equipment	75,000
Prior Years' Actual Expenses	<u>95,722</u>
Total Other Cost	\$ 516,454
Total Project Cost	\$ 2,732,952

Bid No.	Vendor	For	Amount
203-11	Great West Contractors, Inc.	Construction	\$1,210,342
203-19	Dow Diversified, Inc.	New Casework/Teaching Walls	100,589
203-32	Giannelli Electric, Inc.	Light Fixtures	94,260
203-90	Polyvision Corp	Vinyl Tackboard	30,689
11/18/02 Contract	Turner Construction Co.	Construction Mgt. Fee	88,135
11/18/02 Contract	Turner Construction Co.	Labor Compliance Fee	6,550
	Total Construction Cost		\$1,530,565

<u>Schedule</u>	<u>Start</u>	<u>Complete</u>	<u>Time</u>
Project	7/01/99	6/30/05	5 yrs.
Construction	6/16/03	8/25/03	71 days

RUBY DRIVE ELEMENTARY SCHOOL

Total Project Costs (May 9, 2003)

Fund 39 – State School Facilities Fund ¹	\$1,600,717
Fund 21 – Building Fund (GO Bond)	<u>841,682</u>
Total Current Year Budget	\$2,442,399
Prior Years' Actual Expenses	<u>113,212</u>
Total Project Costs	\$2,555,611

¹ \$1,280,573 in state funding (80 percent)

Total Project Cost Breakdown (May 9, 2003)

Construction (including change orders)	\$2,046,564
<u>Other</u>	
Arch/Eng/DSA/Consultants/Etc.	\$ 112,033
Construction Management	103,188
Labor Compliance	51,594
Testing & Inspections	36,822
Interim Housing	17,198
Furniture & Equipment	75,000
Prior Years' Actual Expenses	<u>113,212</u>
Total Other Cost	\$ 509,047
Total Project Cost	\$ 2,555,611

<u>Bid No.</u>	<u>Vendor</u>	<u>For</u>	<u>Amount</u>
203-16	Sanders Jones Construction	Construction	\$1,329,000
203-19	Dow Diversified, Inc.	New Casework/Teaching Walls	100,882
203-32	Giannelli Electric, Inc.	Light Fixtures	82,600
203-90	Polyvision Corp	Vinyl Tackboard	25,361
11/18/02 Contract	Turner Construction Co.	Construction Mgt. Fee	88,135
11/18/02 Contract	Turner Construction Co.	Labor Compliance Fee	6,550
	Total Construction Cost		\$1,632,528

<u>Schedule</u>	<u>Start</u>	<u>Complete</u>	<u>Time</u>
Project	7/01/99	6/30/05	5 yrs.
<u>Construction²</u>			
All but Admin "B"	6/16/03	8/24/03	70 days
Admin "B"	6/16/03	7/31/03	46 days

²Notice to Proceed issues June 4, 2003.

BERNARDO YORBA MIDDLE SCHOOL

Total Project Costs (May 9, 2003)

Fund 39 – State School Facilities Fund ¹	\$3,655,111
Fund 21 – Building Fund (GO Bond)	<u>507,320</u>
Total Current Year Budget	\$4,162,431
Prior Years' Actual Expenses	<u>229,860</u>
Total Project Costs	\$4,392,291

¹ \$2,924,090 in state funding (80 percent)

Total Project Cost Breakdown (May 9, 2003)

Construction (including change orders)	\$3,491,532
<u>Other</u>	
Arch/Eng/DSA/Consultants/Etc.	\$ 165,473
Construction Management ²	176,044
Labor Compliance	88,022
Testing & Inspections	62,019
Interim Housing ³	29,341
Furniture & Equipment	150,000
Prior Years' Actual Expenses	<u>229,860</u>
Total Other Cost	\$ 900,759
Total Project Cost	\$ 4,392,291

² At variance with \$634,055 contract for Program/Construction Management Services awarded to Bernard Brothers on June 17, 2003.

³ A separate interim housing project (YOR-9219-2) with a budget of \$328,423 (part of YOR-9219 budget) was created, with transfers to be made out of YOR-9219 as needed to cover actual expenses. The budget breakdown was: Arch/Eng Fees \$25,447; DSA Fees \$4,816; Interim Housing \$298,160; Total \$328,423.

Bid No.	Vendor	For	Amount
203-33	Great West Contractors	General Construction	\$594,342
203-34	To be rebid	Concrete	
203-35	Great West Contractors	Carpentry & Framing	149,430
203-36	S&H Cabinet & Mfg., Inc.	Millwork	79,000
203-37	Queen City Glass Co.	Glass & Glazing	32,808
203-38	J. Calavin & Son, Inc.	Ceramic Tile	45,800
203-39	Church & Larsen, Inc.	Drywall, Lath & Plaster	178,100
203-40	Performance Contracting, Inc.	Acoustic Ceiling & Walls	91,120
203-41	Continental Flooring, Inc.	Flooring	124,100
203-42	Robert V. Hype Co.	Painting	58,000
203-43	Advance Mech. Contractors	Plumbing	52,216
203-44	Los Angeles Air Conditioning	HVAC/Mechanical	145,900
203-45	Giannelli Electric, Inc.	Electrical	183,400
203-46	To be rebid	Vinyl Tackboard	
	Total Construction Cost		\$1,734,216

⁴ Because of the multiple-prime method of construction, Bernard Brothers Construction Management was awarded a contract on June 17, 2002, for \$634,055 to provide Program/Construction Management Services.

<u>Schedule</u>	<u>Start</u>	<u>Complete</u>	<u>Time</u>
Project	7/01/99	6/30/04	5 yrs.
Construction	6/16/03	8/27/04	433 days ⁵
Phase I	6/16/03	8/24/03	70 days
Phase II	6/16/03	12/19/03	187 days
Phase III	12/23/03	4/11/04	111 days
Phase IV	4/14/04	8/27/04	136 days

⁵ Phase I and II overlap 70 days.

**BERNARDO YORBA MIDDLE SCHOOL
TECH LAB**

Total Project Costs (May 14, 2003)

Fund 39 – State School Facilities Fund	\$275,000
Fund 21 – Building Fund (GO Bond)	<u>10,000</u>
Total Current Year Budget	\$285,000

Proposals/Contract Awards

Vendor	For	Board Award	Amount
Floor Connection	Carpet	5/27/03	\$5,226
Giannelli Electric, Inc.	Data Cabling	6/17/03	19,568
Synergistic Systems	Hardware & Software	6/23/03	88,167
McMahan Bus. Interiors	Furniture	6/25/02	36,217
ACS Construction	Vinyl Tackboard	Proposed	11,562
Total Construction Cost			\$160,740

<u>Schedule</u>	<u>Start</u>	<u>Complete</u>	<u>Time</u>
Project	4/03	6/04	1 year, 2 mos.

**MELROSE ELEMENTARY SCHOOL
(McFadden Park Site)**

Total Project Costs (September 13, 2002)

Fund 21 – Building Fund (GO Bond)	\$ 908,905
Prior Years' Actual Expenses ¹	<u>4,089,949</u>
Future Years' Estimated Expenses	10,001,146
Total Project Cost	\$15,000,000

¹ Prior years' expenses include the purchase of the McFadden Park site (\$3,510,983), associated site acquisition costs and architectural fees.

<u>Schedule</u>	<u>Start</u>	<u>Complete</u>	<u>Time</u>
Project	7/1/00	9/1/04	4 yrs., 2 mos.

YORBA LINDA HIGH SCHOOL

Total Project Costs (May 1, 2003)

YLH-9606 – Pre-Acquisition

Fund 21 – Building Fund (GO Bond)	\$ 363,738
Prior Years' Actual Expenses	<u>1,200</u>
Total Pre-Acquisition Phase	\$ 364,938

YLH-9606-2 Site Acquisition (NOCCCD Site)

Fund 21 – Building Fund (GO Bond)	\$12,309,500
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YLH-9606-3 – Pre-Acquisition Occupancy Costs (NOCCCD)

Fund 21 – Building Fund (GO Bond)	\$ 50,000
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Total Site Pre-Acquisition/Acquisition	\$12,724,438
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Future Years' Estimated Expenses ¹	<u>\$78,660,448</u>
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Total Project Cost	\$91,384,886
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¹WLC Architects, Inc., prepared a preliminary cost estimate on July 15, 2002, for a new 203,304 square foot high school as follows:

Construction Costs	\$50,717,077
Site Work	\$16,946,800
Buildings	\$28,462,560
Contingency	\$5,307,717
Plans, tests, inspections, fees, etc.	\$4,618,249
Furniture & Equipment	\$3,049,560
Total Arch. Estimate	\$58,384,886

The architect's estimate will be updated when DSA-stamped plans are available to reflect the construction cost index and actual design. However, as of June 30, 2003, there appears to be a \$20,000,000 variance between the District's total project cost estimate and the architect's estimate.

<u>Schedule</u>	<u>Start</u>	<u>Complete</u>	<u>Time</u>
Project	7/01/02	9/01/07	5 yrs., 2 mos.
Construction	6/01/05	9/01/07	2 yrs., 3 mos.

BROOKHAVEN ELEMENTARY SCHOOL

Parking Lot (Phase 2) – BRK-9601

Fund 21
Resource/Goal Code – 9601
Site – 400
Project Authorization – March 28, 2002
Estimated Start/Completion – September 1, 2003

CEQA	N/A
California Department of Education	N/A
Labor Compliance	N/A
Architect	TBD
Insurance	Only
Construction Manager	Al Butler
Lab & Testing	Byerly
Furniture & Equipment	N/A

EL CAMINO REAL CONTINUATION HIGH SCHOOL

Modernization – ELC-9221-ELC-P152m

Fund 21

Resource/Goal Code – 9221

Site – 120

Project Authorization – January 4, 2002

Estimated Start/Completion – June 2005 – December 2005

CEQA	N/A
California Department of Education	No plans submitted
Labor Compliance	N/A
Architect	TBP
Furniture & Equipment	N/A

Modernization application has not been filed yet.

EL DORADO HIGH SCHOOL

Modernization – 57-66647-00-13 – ELD-9222 (ELD-P153m)

Funds 21 & 39

Resource/Goal Code – 9222

Site – 110

Project Authorization – October 30, 2001

Estimated Start/Completion – May 2003 – July 2005

Submitted – February 24, 2000

California Department of Education Final Plan Approval – April 13, 2000

40.0 net usable acres (CDE 44.6)

1,593 capacity, 73,788 square feet

Architect

Inspector

Construction Manager

LPA

PC Associates

Turner

ESPERANZA HIGH SCHOOL

Modernization – 57/66647-00-10 – ESP-9223 (ESP-P154m)

Funds 21 & 39

Resource/Goal Code – 9223

Site – 130

Project Authorization – October 30, 2001

Estimated Start/Completion – June 2003 – August 2005

Submitted – March 14, 2000

California Department of Education Final Plan Approval – April 6, 2000

37.45 net usable acres (CDE 46.5)

1,404 capacity, 117,537 square feet

Architect

Inspector

Construction Manager

LPA

Inlund

Bernard Brothers

GEORGE KEY (TMR) SCHOOL

Lunch Shelter – KEY-9602

Fund 21

Resource/Goal Code – 9602

Site – 440

Project Authorization – September 24, 2002

Estimated Start/Completion – September 1, 2003

CEQA	N/A
California Department of Education	N/A
Labor Compliance	N/A
Architect	HCA
Insurance	Only
Construction Manager	Al Butler
Lab & Testing	Byerly
Furniture & Equipment	N/A

KRAEMER MIDDLE SCHOOL

E-Rate Project– KRA-9220-2

Fund 21

Resource/Goal Code – 9220-0002

Site – 200

Project Authorization – February 24, 2003

Estimated Start/Completion – June 30, 2004

CEQA
California Department of Education

N/A
N/A

LINDA VISTA ELEMENTARY SCHOOL

Playground Equipment (Phase 2) – LV-9603

Fund 21

Resource/Goal Code – 9603

Site – 510

Project Authorization – October 28, 2002

Estimated Start/Completion – June 30, 2003

CEQA	N/A
California Department of Education	N/A
Labor Compliance	N/A
Architect	N/A
Insurance	Only
Construction Manager	Al Butler
Lab & Testing	N/A
Furniture & Equipment	N/A

MABEL PAINE ELEMENTARY SCHOOL

Basketball Court – MP-9567

Fund 21

Resource/Goal Code – 9567

Site – 490

Project Authorization – March 26, 2003

Estimated Start/Completion – September 1, 2003

CEQA	N/A
California Department of Education	N/A
Labor Compliance	N/A
Architect	N/A
Insurance	N/A
Construction Manager	N/A
Lab & Testing	N/A
Furniture & Equipment	N/A

RIO VISTA ELEMENTARY SCHOOL

Modernization – 57/66647-00-11 – RV-9212 (RV-P143m)

Funds 21 & 39

Resource/Goal Code – 9212

Site – 380

Project Authorization – October 30, 2001

Estimated Start/Completion – June 2003 – December 2003

California Department of Education Final Plan Submitted

January 28, 2000

California Department of Education Final Plan Approval

February 28, 2000

14.3 net usable acres (CDE 20.2)

700 capacity, 39,251 square feet

Architect

LPA

Insurance

Construction Manager

Turner

SIERRA VISTA ELEMENTARY SCHOOL

Parking Lot (Phase 2) – SV-9601

Fund 21

Resource/Goal Code – 9601

Site – 350

Project Authorization – September 24, 2002

Estimated Start/Completion – June 30, 2003

TRAVIS RANCH MIDDLE SCHOOL

Lunch Shelter – TR-9602

Fund 21

Resource/Goal Code – 9602

Site – 230

Project Authorization – September 24, 2002

Estimated Start/Completion – September 1, 2003

TUFFREE (Colonel J.K.) MIDDLE SCHOOL

Modernization (300/400/600 Classrooms – TUF-9201-4

Fund 21

Resource/Goal Code – 9201-0004

Site – 210

Project Authorization – January 10, 2003

Estimated Start/Completion – June 30, 2003

Project Pending

SAB application could not be located.

VALENCIA HIGH SCHOOL

Modernization – 57/66647-00-08 – VHS-9224 (VHS-P155m)

Funds 21 & 39
Resource/Goal Code – 9224
Site – 100
Project Authorization – October 31, 2001
Estimated Start/Completion – April 2003 – June 2005

Submitted - February 2, 2000
California Department of Education Final Plan Approval - March 3, 2000
40.4 net usable acres (CDE 36.1)
1,296 capacity, 118,963 square feet

Architect	HMC
Inspector	
Construction Manager	Turner

Electrical Modernization– VHS-9224-2

Fund 21
Resource/Goal Code – 9224-0002
Site – 100
Project Authorization – November 8, 2002
Estimated Start/Completion – June 30, 2003

COMPLIANCE WITH FUNDING FORMULAS

Five (5) school modernization projects out of the thirty-one (31) existing campuses that would undergo modernization and/or renovation were selected for examination. These projects were selected because they were among the first to undergo modernization.

The five (5) modernization projects examined and their state facilities program funding summaries follow:

<u>School</u>	<u>OPSC/SAB#</u>	<u>State Funding (80%)</u>	<u>District Match (20%)</u>	<u>Total State Program</u>
Fairmont Elementary School	010	\$2,209,242	\$552,310	\$2,761,552
Golden Elementary School	006	\$1,058,883	\$264,721	\$1,323,604
Rose Dr. Elementary School	007	\$1,155,581	\$288,895	\$1,444,476
Ruby Dr. Elementary School	009	\$1,280,573	\$320,144	\$1,600,717
Bernardo Yorba Middle School	014	\$2,924,090	\$731,022	\$3,655,112
Total Cost		\$8,628,369	\$2,157,092	\$10,785,461

Two (2) of the four (4) proposed new schools were selected for examination: Melrose Elementary School (McFadden Park site) and Yorba Linda High School. The examination included a review of the site acquisition and new construction phases.

To perform the compliance audit, files were reviewed from agencies involved in various aspects of the state facilities program funding process, including the following:

- PYLUSD – Placentia-Yorba Linda Unified School District
- OPSC – Office of Public School Construction
- SAB – State Allocation Board
- DTSC – Department of Toxic Substances Control
- CDE – California Department of Education
- DSA – Division of State Architect
- SCH – State Clearinghouse

In subsequent annual performance audits, some projects previously reviewed may be eliminated and additional projects may be selected for examination as they develop through the planning and construction stages.

Commendations

- The District is to be commended for maximizing all potential revenues by applying for state school facilities funding (new construction and modernization) and obtaining local matching funds through the imposition of developer fees and the passage of Measure Y.
- The District is to be commended for structuring and maintaining comprehensive project files that are easy to reference.

- The District is to be commended for the timely filing of state modernization applications (SAB 50-04 forms) to obtain 80 percent state funding on many projects prior to the filing deadline of April 29, 2002. (Projects filed after that date would have received 60 percent state funding.)

Finding

- For modernization projects, there were no categorical exemptions filed to obtain CEQA clearance. While not mandatory, failure to obtain CEQA clearance leaves the District's planned modernization work vulnerable to a challenge.

Recommendations

- The District should file adjusted construction eligibility forms (SAB 50-01, 50-02 and 50-03) after CBEDS data are available and prior to the project application filing (SAB 50-04, which requires DSA stamped plans and CDE final plan approval) to ensure timely SAB approval and funding.
- The District should consider obtaining CEQA clearance on all projects to avoid potential delays caused by any challenges.

District Response

- The District concurs with the recommendations. The District has and will continue to seek all potential state and local funding resources for Measure Y projects. In addition, the District will continue to review SAB funding guidelines and filing deadlines to ensure state funding resources are maximized for Measure Y projects.
- The District is currently complying with CEQA requirements on projects that fall under the statute. The District will take into consideration obtaining CEQA clearance on all projects whether required by statute or not.

Design and Construction Budgets

Total School Solutions has verified that the sample projects have budgets approved by the Board of Education, including design and construction costs. Planned projects are approved by, and appear on reports to, the Board of Education, including project budgets and schedules. Documents reviewed in the sample indicate that the projects are proceeding in a manner consistent with the authorized budgets. Since only a small number of projects are in the initial part of the construction period as of June 30, 2003, conclusions cannot be drawn yet in regard to total project costs and their relationship to the approved budgets.

It is expected that by the next annual facilities performance audit, sufficient data will have accumulated to provide a more comprehensive indication of total project costs for many of the projects.

Commendation

- District staff should be commended for developing a tracking system that should provide a clear overview of facilities program budgets and resulting expenditures if applied consistently.

Findings

- No findings in this category.

Recommendation

- District staff and consultants should continue to ensure that all project expenditures are included in expenditure summaries to accurately reflect total project costs and their consistency with approved budgets. The District should institute a process to review project variances based on the progress billing.

Change Order/Claim Procedures and Results

None of the sample projects has proceeded sufficiently as of June 30, 2003, to generate any change order/claim activity; therefore, no data yet exists.

It is expected that by the next annual facilities performance audit, sufficient data will accumulate to provide a more comprehensive indication of change order/claim procedures and results for a number of projects.

Commendation

- District staff should be commended for having developed tracking and approval systems that should provide appropriate control over change orders and claims if applied consistently.

Findings

- No findings in this category.

Recommendation

- District staff and consultants should ensure that all proposed change orders and claims are monitored in a timely manner with diligence and that the approval processes for change orders and claims are adhered to for all projects.

**COMPLIANCE WITH STATE LAW (INCLUDING LABOR COMPLIANCE),
DISTRICT POLICIES AND GUIDELINES REGARDING FACILITIES**

Sample projects were reviewed for various compliance components, including approvals from CDE, DSA, OPSC, DTSC, local fire marshal and the local health department; possession of required local permits; compliance with storm water requirements and safety plan requirements; and implementation of labor compliance requirements. In addition, "boiler plate" language, Notice to Bidders, Bonds and Insurance, use of bid alternates, and fingerprinting requirements were reviewed for adequacy.

It must be noted that not all items listed above are applicable to all projects. Furthermore, in some cases, additional regulatory or compliance requirements were reviewed based on their applicability to a particular project. The sampling is believed to provide an adequate measure of overall compliance with various legal and regulatory requirements.

Commendation

- District staff has done an extraordinary job of developing and implementing the newly required Labor Compliance Program for the relevant projects. The District is also commended for securing full funding from the state for the implementation of the labor compliance program.

Findings

- No findings in this category.

Recommendation

- District staff and consultants should continue compliance with the regulatory requirements.

PAYMENT PROCEDURES

The District staff was interviewed about payment procedures; documentation was reviewed; and processes were observed in the course of work. Follow-up interviews were held to address unanswered questions. The variances and deviations in accounts payables were also reviewed. It was observed that Impact, the project tracking software provided by Turner, remains a work in progress at the time of this examination. Data are still being transferred to the system, and certain reports cannot be generated yet. The staff appears to be receptive to, and excited about the use of the software. At the time of this review, the purchasing department has unfilled vacancies causing a certain degree of disconnect between the purchasing department and the facilities department.

Commendation

- The District staff should be commended for instituting weekly budget meetings to discuss issues such as unpaid invoices, new requisitions, and revisions to the budgets. The staff should consider including a participant from accounting and/or purchasing.

Finding

- There appears to be a substantial practice of authorizing work prior to the issuance of an actual purchase order. Consequently, vendors call to inquire about payments before a proper purchase order is processed.

Recommendation

- The District should make an effort to avoid the use of confirming purchase orders. Whenever possible, a purchase order should be processed and issued prior to the performance of work. Instead of confirming purchase orders, use of open purchase orders might be a better vehicle for certain vendors with frequent business with the District. However, it must be noted that open purchase orders require detailed back-up information and consistent approval processes to avoid misuse and/or duplicate payments.

District Response

- The District concurs with the findings and recommendations. Facilities and Planning will be implementing proposal and purchase order processing procedures which will eliminate the use of confirming purchase orders except in the case of emergencies or other unforeseen situations.

Finding

- The facilities staff does not appear to be well informed and trained in the use of Standardized Account Code Structure (SACS).

Recommendation

- The District should provide training to the Facilities Department staff in the use of SACS.

District Response

- The District concurs with the recommendation and proper training will be given to the Facilities staff that are responsible for the accounting for facility projects. In addition the Facilities and Planning Department has incorporated the SACS object code into the project accounting data base.

Recommendation

- The District should take steps to improve communication between the purchasing and facilities departments. Instituting a monthly reconciliation meeting between these two departments should be considered.

District Response

- The District concurs. The Buyer/Project Specialist now participates in bi-monthly meetings, which include representatives from the Facilities and Accounting Departments, to discuss areas of mutual concern. The intent of the meetings is to facilitate the efficient and orderly flow of payables and contract documentation. Additionally, the Director of Purchasing participates weekly in the Construction Manager/Project Manager meeting, which is attended by the Assistant Director of Facilities. The purpose of the meetings is to exchange information regarding ongoing projects and to mitigate procedural problems that might arise between departments.

BIDDING AND PROCUREMENT PROCEDURES

In the process of this examination, numerous purchasing documents were analyzed. Payment documentation for new construction and modernization projects was reviewed. Interviews with various staff members were also held. District staff has given obvious care and attention to the timeliness in regard to the construction schedules. Overall, the payment procedures were adequately followed, and proper controls are in place.

Commendations

- The District staff should be commended for having bid packages verified for compliance and completion. Licenses, bonds, insurance and fingerprints are verified by the purchasing department. Also, the project manager reviews information pertaining to the experience and performance of contractors.
- The District facilities staff should be commended for maintaining an excellent easy-to-reference and coordinated file system.

Finding

- The filing system at the purchasing department is not organized appropriately.

Recommendation

- The purchasing department should be instructed and assisted in the implementation of an organized and effective filing system.

District Response

- The District values this recommendation. At the time of the audit, Public Works bids were stored in cardboard boxes. In the period from July 15 to August 30, 2003, the Purchasing Department staff reorganized the filing of Public Works bids. The files are now organized by bid number and stored in three filing cabinets located in the Purchasing Department.

Finding

- No pre-qualification of contractors was specified in bids although bidders were asked to fill out information related to performance and experience. The information requested in the bids may be helpful, but this current practice does not disqualify poorly qualified or unqualified contractors.

Recommendation

- The District should consider conducting pre-qualification of contractors to reduce the probability of awarding contracts to contractors with a poor performance record, legal and/or financial problems, a high level of change orders or other difficulties.

District Response

- The District's Director of Purchasing is reviewing the existing Board Policy 3312 to revise and update it to reflect changes in the codes. The Assistant Superintendent of Administrative Services, Director of Purchasing, CM/PM, and Director of Facilities and Planning will review future projects to determine if pre-qualification may be appropriate.

**EFFECTIVENESS OF THE PUBLIC OUTREACH PROGRAM AND
COMMUNICATION CHANNELS AMONG ALL STAKEHOLDERS WITHIN
THE BOND PROGRAM**

A number of interviews were conducted with key personnel in the facilities, purchasing and other departments; consultants; members of the superintendent's cabinet and other related parties. Separate survey forms were developed and used to assess the effectiveness of the communication channels and the overall public outreach program among the following groups of stakeholders:

Board Members
Independent Citizens' Bond Oversight Committee Members
School Site Council Chairpersons
Parent Teachers Association Presidents
Community Members-Parents
Community Members-Non Parents
Principals of all schools in the District
Superintendent's Cabinet Members

The results of these surveys are summarized in the chart included in this section.

The level of awareness among stakeholders close to the process is high. The Board of Education, the Independent Citizens' Bond Oversight Committee, the Superintendent's Cabinet and the school principals indicated a high degree of satisfaction with the communications activity, overall communications program and efforts to educate and inform the school community about the activities and processes to improve existing school facilities and construct new schools with Measure Y and other funding sources.

It appears that the PTA presidents are well informed about the bond spending issues and satisfied with the level of information provided regarding the bond program. PTA presidents also give a substantially high rating to the effectiveness of the communications program as it relates to PTAs as well as the overall effectiveness of the communications program. This rating indicates that PTAs have a positive view of the District's public outreach program and that the PTA presidents believe the District is communicating well with all stakeholders.

This positive view contrasts with the views held by School Site Council Chairs who consistently rated each aspect of the program at a level lower than the ratings assigned by PTAs. However, it must be noted that some of the responses from school site council chairs do not conform to the standards of consistency in responses and thus are inconclusive. [The surveys were designed to highlight inconsistencies resulting from real or perceived biases.] For example, the group unanimously answered affirmatively to the question "Is the District effectively communicating with all of the groups (including your group)?" However, when the same group was asked "Do you believe that the District has an effective public outreach program?" forty-three percent of respondents answered "no." Nonetheless, the survey results indicate that the District needs to improve its communications with school site councils.

Another interesting observation was the variance between opinions held by community members who have children in schools and the community in general. The parent group held the least favorable opinion regarding the communications efforts and overall public outreach program. In contrast, community members who do not have children in schools held a significantly higher and positive opinion about the District's communications efforts and the effectiveness of the public outreach program.

Although a discussion with site principals and probably with school site council representatives might be useful in designing a responsive action in light of this study, it would appear that the District administration's communications efforts are generally effective and fruitful. It also appears that communication through the school site council is not as effective as it could have been. This problem may have stemmed from the application of biased filters or perceptions at the school site council level. Another potential cause for this reaction could be that school principals' rely heavily on school site councils in reaching out to parents of the children in their respective schools.

Commendation

- The District should be commended for designing and implementing an effective public outreach program and for keeping stakeholders informed about the activities carried out in the bond program. The efforts of the superintendent's cabinet, facilities department staff and the district information officer are especially noteworthy. The Board of Education, the Independent Citizens' Bond Oversight Committee and other key stakeholders appear to be adequately informed and aware of the pertinent issues regarding the facilities program.

Finding

- The awareness level of the Measure Y bond program and satisfaction with the overall public outreach appear not to be as high among parent groups as they are among other groups.

Recommendation

- The District should consider conducting a parent outreach campaign directly through the school newsletters or through direct mail. The District should also consider making presentations to school site councils and soliciting help from school site council officers in reaching out to the parent community.

District Response

- The District values the recommendation and concurs with the findings. Efforts are currently under way to establish a District-wide Measure Y bond newsletter designed to comprehensively inform and update the entire school community on the Measure Y bond status and future stages of modernization and new school construction.

SURVEY RESULTS

Percent of Affirmative Responses								
Question	Board Member	Bond Oversight Committee	School Site Council	PTA	Community Parents	Community Non-Parent	Cabinet	Principals
Do you believe that Measure Y funds are being spent on the projects identified in Measure Y ballot language?	100%	100%	86%	92%	87%	100%	100%	100%
Do you believe the staff of the District is generally knowledgeable and informed in regard to the facilities needs and issues?	100%	86%	100%	92%	75%	100%	100%	100%
Is the District effectively communicating with all of the groups (including your group)?	100%	100%	100%	92%	50%	71%	100%	100%
Do you believe that the District is keeping stakeholders informed in regard to Measure Y funded projects?	100%	100%	86%	100%	62%	100%	100%	100%
Do you believe that the District has an effective public outreach program?	N/A	N/A	57%	92%	62%	100%	100%	N/A
	Rating on a scale of 1-10 (with 10 being the best)							
Rate the effectiveness of the communication program as it relates to your group.	10.00	9.00	8.71	9.00	6.71	7.86	N/A	9.32
Rate the overall effectiveness of the communication program as it relates to all groups.	8.25	7.14	7.57	8.16	7.16	8.00	9.44	9.07