

Placentia-Yorba
Linda Unified School
District

**MEASURES Y
PERFORMANCE AUDIT
PERIOD ENDED JUNE 30, 2008**



**TOTAL SCHOOL SOLUTIONS
4751 MANGELS BOULEVARD
FAIRFIELD, CA 94534**

Placentia-Yorba Linda Unified School District

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INTRODUCTION

On October 9, 2001, the Placentia-Yorba Linda Unified School District submitted for voter approval a Proposition 39 bond measure (Measure Y) to authorize the sale of \$102 million in bonds to improve school facilities. Measure Y was approved by the voters with a 65.7 percent affirmative vote.

Because Measure Y required only 55 percent of the vote pursuant to Proposition 39 (Article XIII of the California State Constitution), the District was required to establish a citizens' bond oversight committee and to conduct two independent audits. The first audit is a financial audit similar to the District's annual financial audit; the second is a performance audit, which measures the effectiveness, economy and efficiency of the bond facilities program.

The District engaged the firm Total School Solutions (TSS) to conduct the annual independent performance audit for facilities and report its findings to the Board of Education and to the Independent Citizens' Bond Oversight Committee. The report contained herein is the sixth annual performance audit of Measure Y. This report covers the facilities program and related activities from July 1, 2007 through June 30, 2008.

Besides ensuring that the District uses bond funds in conformance with the provisions listed in the Measure Y ballot, the scope of this examination includes a review of design and construction schedules and budgets; change orders and claim procedures; compliance with law, District policies and guidelines regarding facilities and procurement; and the effectiveness of the public outreach program and communication channels among the stakeholders.

In accordance with the California Constitution, the District intends to have a performance audit completed annually until all Measure Y funds have been expended. These reports are designed to meet the requirement of Article XIII of the California State Constitution and inform the community of the appropriate use of funds generated through the sale of bonds authorized by Measure Y.

EXECUTIVE SUMMARY

This performance audit, conducted by Total School Solutions (TSS), is the annual audit of the \$102 million Measure Y bond program for the period July 1, 2007 through June 30, 2008.

TSS, in conducting the audit, reviewed numerous documents produced by District staff and consultants and interviewed persons involved in the bond program. Representations made by District staff and consultants were used, where appropriate, to make assessments and formalize conclusions, which are documented in this report. Each audit component was evaluated separately and collectively based on the materiality of each activity and its impact on the total bond program.

It is noteworthy that the District, as of June 30, 2008, had received \$155.8 million from the State for new construction and modernization projects funded for Measure Y and other projects, \$24.5 million more than the estimate. As of June 30, 2008, \$164.4 million remained unspent in the Building Fund (bond proceeds, amount also includes Measure A funds) and Other Capital Outlay Funds (state, developer fees, deferred maintenance, special reserve), and \$120 million of Measure A bonds had not yet been sold.

A Citizens' Bond Oversight Committee (CBOC) was appointed by the Board to provide oversight of the Measure Y bond program, as required by law. For the fiscal year ending June 30, 2008, the Measure Y Committee had only one meeting to review facilities projects. A CBOC website, as required by law, exists, and pertinent information is provided, including bylaws, meeting agendas/minutes, facilities projects updates and performance audits.

The \$102 million Measure Y bond, passed by District voters on March 5, 2002, when combined with all other funding sources, resulted in a total Measure Y facilities program budget of \$453.8 million. As of June 30, 2008, \$322.4 million, 71 percent of the budget, had been expended, 31 projects had been completed and six projects were under construction at four locations, of which two were major new school projects (Valadez Middle and Yorba Linda High Schools). Only one project included in the original project list, Eastside Elementary School, received no funding. The District is to be commended for its successful Measure Y facilities program during a period of high construction cost escalations. (The Class B Construction Cost Index increased from 1.43 in January 2002 to 2.06 in October 2008, an increase of 44 percent.)

The District has made substantial overall progress in complying with prior year audit recommendations. During the first audit period for the fiscal year ending June 30, 2004, sixteen findings documenting areas needing improvement were identified. For the June 30, 2005 and June 30, 2006 audit reports, there were only three findings identified each year, and for the June 30, 2007 and June 30 2008 audit reports, there were no findings. In the current audit report, numerous commendations were made in virtually every aspect of the bond program: revenue enhancement, expenditure controls, the Citizens' Bond Oversight Committee, the change order process, payment procedures, procurement procedures and the communication process. Please refer to relevant sections.

As noted above, there are no findings in the 2007-08 performance audit report. However, the report includes a number of observations regarding the District's facilities program which, while not rising to the level of findings, provide insight into the District's practices that should be subject to review and consideration by management. There were also several recommendations included that, in TSS's opinion, would enhance the District's facilities program. Those recommendations include the following:

- That the District, its Architects and consultants continue to improve the process of reviewing and delineating the scope of work for the various trades and specialties on multi-prime projects to prevent inadvertent exclusions or duplications in the bid packages, which can result in costly claims and expenses for the District.
- That the District institutes a constructability review process utilizing a reviewer independent from the architects. This will provide a check on the quality of the construction documents. It is also recommended that the District consider project delivery methods that limit the risk due to scope gap or scope overlap. TSS understands that the District will be using the Design-Bid-Build process with general contractors for projects on the new Measure A bond program. Although this will not address the issues of the quality of the documents, it will put the responsibility of coordinating the scope on the general contractor. An additional delivery method limiting risk is the CM at Risk process in which the construction manager gives the district a guaranteed maximum price (GMP) and takes the responsibility for changes and scope definition during construction.

It is important that strong systems and procedures be in place and understood by all participants in the Measure Y process. The observations and recommendations made throughout this audit report will hopefully help to strengthen those systems and procedures.

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 Constitution of the State of California. Any known significant weaknesses and substantial noncompliance items have been reported to the District's management. This performance audit is not a fraud audit, which would be much wider in scope and more significant in nature than this examination.

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

INDEPENDENT PERFORMANCE AUDITOR'S REPORT

**Board of Education
Placentia-Yorba Linda Unified School District
Placentia, CA 93870**

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, 2008. The information provided herein is the responsibility of the District's management. Total School Solutions' responsibility is to express an opinion on the pertinent issues included in the scope of this performance audit.

In our opinion, the Measure Y funds are being expended in accordance with Resolution No. 10, inclusive of Exhibit A-1 (Appendix A), passed by the Board of Education on October 9, 2001. It is also our opinion, for the period ending June 30, 2008, that the expenditures of the funds generated through Measure Y bonds were only for the projects 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 cost estimates were reasonable and complied with the best practices in modernization and new construction of school facilities.

This performance audit was conducted in accordance with the District defined scope of performance audit of the school facilities program. 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 the financial statement. 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 in regard to the sufficiency of the scope of work deemed appropriate for this performance audit.

Total School Solutions

December 15, 2008

DISTRICT FACILITIES PROGRAM

While the scope of the performance audit is limited to Measure Y, it is useful to review the District's entire facilities program and other sources of funds to place Measure Y into proper context. In addition to bond funds, the District receives funds from the state, local developer fees, a local community facilities district (Mello-Roos), certificates of participation (COPs) and various redevelopment agencies (RDAs).

The District funds used to account for facilities revenues and expenditures are as follows:

Funds	Description
21-23	Building (Measures Y General Obligation Bond)
25	Capital Facilities (Developer Fees)
26	Building (Measure A General Obligation Bond)
35	County (State) School Facilities (State Allocation Board)
40	Special Reserves – Capital Outlay
91	Capital Projects Component Unit

The following tables present the financial status of the District's facilities program for the past six years, as documented in the fiscal year 2002-03 through 2006-07 audit reports and the fiscal year 2007-08 unaudited actuals report. As of June 30, 2008, all Measure Y bonds have been issued (Series A, B and C, totaling \$102 million) and \$80 million of Measure A bonds have been issued, however, this performance audit only covers the Measure Y bond program. For additional information, refer to the Measure A performance audit.

Revenues and Expenditures for Facilities Program, FY 2002-03 – FY 2007-08

	Fiscal Year Ending June 30, 2003	Fiscal Year Ending June 30, 2004	Fiscal Year Ending June 30, 2005	Fiscal Year Ending June 30, 2006	Fiscal Year Ending June 30, 2007	Fiscal Year Ending June 30, 2008 ³
Measures Y and A Building Fund¹ (21-23 & 26)						
Beginning Balance	\$44,622,427	\$26,669,243	\$32,080,589	\$36,997,374	\$29,293,812	\$10,887,922
Revenues	601,930	320,405	579,400	1,289,623	1,140,988	709,767
Expenditures	6,354,133	17,009,911	24,420,871	7,786,183	22,231,276	8,083,872
Transfers (Net)	(12,200,981)	22,100,852	28,758,256	(1,207,002)	2,684,398 ⁴	79,171,910
Net Change	(17,953,184)	5,411,346	4,916,785	(7,703,562)	(18,405,890)	71,797,805
Ending Balance	\$26,669,243	\$32,080,589	\$36,997,374	\$29,293,812	\$10,887,922	\$82,685,727
Other Capital Outlay Funds²						
Beginning Balance	\$4,461,324	\$23,538,386	\$56,278,189	\$26,023,507	\$81,015,002	\$23,976,656
Revenues	2,786,828	67,023,593	15,288,099	7,600,302	15,908,221	99,802,210
Expenditures	8,566,167	44,487,332	45,711,513	18,013,787	68,142,271	41,660,925
Transfers (Net)	24,856,401	10,982,088	168,732	65,404,978	(4,804,296)	(376,402)
Net Change	19,077,062	33,518,349	(30,254,682)	54,99,493	(57,038,346)	57,764,883
Ending Balance	\$23,538,386	\$57,056,735	\$26,023,507	\$81,015,000	\$23,976,656	\$81,741,539
Measure Y and A & Other Capital Outlay Funds						
Beginning Balance	\$49,083,751	\$50,207,629	\$88,358,778	\$63,020,881	\$110,308,812	\$34,864,578
Revenues	3,388,758	67,343,998	15,867,499	8,889,925	17,049,209	100,511,977
Expenditures	14,920,300	61,497,243	70,132,384	25,799,970	90,373,547	49,744,797
Transfers (Net)	12,655,420	33,082,940	28,926,988	64,197,976	(2,119,898)	78,795,508
Net Change	1,123,878	38,929,695	(25,337,897)	47,287,931	(75,444,236)	129,562,688
Ending Balance	\$50,207,629	\$89,137,324	\$63,020,881	\$110,308,812	\$34,864,578	\$164,427,266
Outstanding Debt						
Measure Y Bonds	\$45,753,028	\$73,303,093	\$97,999,671	\$97,880,212	\$ 95,153,164	\$ 93,618,164
Measure A Bonds	0	0	0	0	0	80,000,000
CFD#1 Bonds	5,505,000	5,505,000	5,505,000	5,410,000	5,315,000	5,315,000
COPs #A (September 2003)	0	16,635,000	16,635,000	0	0	0
COPs #B (May 2003)	5,550,000	5,400,000	5,250,000	5,100,000	4,940,000	4,775,000
COPs (2005-06)	0	0	0	86,860,315	87,201,485	87,201,485
Capital Leases	39,123	4,926,109	15,052,482	14,088,424	13,463,091	12,291,245
Total Debt	\$56,847,151	\$105,769,202	\$140,442,153	\$209,346,951	\$206,072,740	\$283,200,894

¹ Measure Y bonds issued against the \$102 million authorized and Measure A bonds issued against the \$200 million authorized include the following:

<u>Measure Y</u>		<u>Measure A</u>	
Series A: June 2002	\$44,997,800	Series A: 2008	\$80,000,000
Series B: May 2004	29,999,744		
Series C: May 2005	<u>26,999,610</u>		
Total bonds issued	\$101,997,154		

² Other capital outlay funds include the Capital Facilities Fund (developer fees), the Capital School Facilities Fund (state monies), the Special Reserves Capital Outlay Fund (special Board-approved projects), CFD#1 bonds and certificates of participation. See the "Other Capital Outlay Funds" table for detail.

³ The Building Funds 21 & 23 are used to account for Measure Y and Fund 26 is used to account for Measure A Funds.

⁴ Net transfers include the receipt of \$3,184,543 from the refunding of Measure Y, Series A Bond and a transfer out of (\$500,145) for debt service principal and interest payment.

OTHER CAPITAL OUTLAY FUNDS

FISCAL YEARS 2002-03 Through 2006-07 (AUDITED) AND FISCAL YEAR 2007-08 (UNAUDITED ACTUALS)

Fiscal Year Ending June 30, 2003	Capital Facilities Fund¹	County School Facilities Fund²	Special Reserves Capital Outlay³	CFD#1⁴	Certificates of Participation⁵	Capital Projects Component Unit⁶	Totals
Beginning Balance	\$1,225,831	\$ 965,220	\$2,270,273	\$ 0	\$ 0	\$ 0	\$ 4,461,324
Revenues	2,631,453	44,471	86,480	24,424	0	0	2,786,828
Expenditures	2,125,577	1,939,259	4,230,456	202,239	68,636	0	8,566,167
Transfers (Net)	133,780	8,159,144	5,689,343	5,396,708	5,477,426	0	24,856,401
Net Change	639,656	6,264,356	1,545,367	5,218,893	5,408,790	0	19,077,062
Ending Balance	\$1,865,487	\$7,229,576	\$3,815,640	\$5,218,893	\$5,408,790	\$0	\$23,538,386

Fiscal Year Ending June 30, 2004	Capital Facilities Fund¹	County School Facilities Fund²	Special Reserves Capital Outlay³	CFD#1⁴	Certificates of Participation⁵	Capital Projects Component Unit⁶	Totals
Beginning Balance	\$1,865,487	\$ 7,229,576	\$3,815,640	\$5,218,893	\$5,408,790	\$0	\$23,538,386
Revenues	7,188,697	58,312,647	108,773	351,971	1,061,505	0	67,023,593
Expenditures	1,475,066	37,433,529	1,980,645	2,535,712	1,062,380	0	44,487,332
Transfers (Net)	(6,557,605)	15,032,327	6,299,207	0	(3,791,841)	0	10,982,088
Net Change	(843,974)	35,911,445	4,427,335	(2,183,741)	(3,792,716)	0	33,518,349
Ending Balance	\$1,021,513	\$43,141,021	\$8,242,975	\$3,035,152	\$1,616,074	\$0	\$57,056,735

Fiscal Year Ending June 30, 2005	Capital Facilities Fund¹	County School Facilities Fund²	Special Reserves Capital Outlay³			Capital Projects Component Unit⁶	Totals
Beginning Balance	\$1,021,513	\$ 43,141,021	\$8,242,975			\$3,872,680	\$56,278,189
Revenues	4,357,032	10,676,809	211,171			43,087	15,288,099
Expenditures	831,694	43,113,874	927,206			838,739	45,711,513
Transfers (Net)	35,822	13,185	1,402,458			(1,282,733)	168,732
Net Change	35,822	(32,423,880)	686,423			(2,078,385)	(30,254,682)
Ending Balance	\$4,582,673	\$10,717,141	\$8,929,398			\$1,794,295	\$26,023,507

Fiscal Year Ending June 30, 2006	Capital Facilities Fund¹	County School Facilities Fund²	Special Reserves Capital Outlay³			Capital Projects Component Unit⁶	Totals
Beginning Balance	\$4,582,673	\$10,717,141	\$8,929,398			\$1,794,295	\$26,023,507
Revenues	1,732,905	1,158,460	3,800,975			907,962	7,600,302
Expenditures	2,171,793	9,313,050	5,015,613			1,513,331	18,013,787
Transfers (Net)	0	1,207,002	64,053,013			144,963	65,404,978
Net Change	(438,888)	(6,947,588)	62,838,375			(460,406)	54,991,493
Ending Balance	\$4,143,785	\$3,769,553	\$71,767,773			\$1,333,889	\$81,015,000

Fiscal Year Ending June 30, 2007	Capital Facilities Fund¹	County School Facilities Fund²	Special Reserves Capital Outlay³	Capital Projects Component Unit⁶	Totals
Beginning Balance	\$4,143,785	\$3,769,555	\$71,767,773	\$1,333,889	\$81,015,002
Revenues	7,305,851	200,181	5,530,257	2,871,932	15,908,221
Expenditures	5,682,096	1,645,719	60,497,783	316,673	68,142,271
Transfers (Net)	0	0	(1,288,935)	(3,515,361)	(4,804,296)
Net Change	1,623,755	(1,445,538)	(56,256,461)	(960,102)	(57,038,346)
Ending Balance	\$5,767,540	\$2,324,017	\$15,511,312	\$373,787	\$23,976,656

Fiscal Year Ending June 30, 2008	Capital Facilities Fund¹	County School Facilities Fund²	Special Reserves Capital Outlay³	Capital Projects Component Unit⁶	Totals
Beginning Balance	\$5,767,540	\$2,324,017	\$15,511,312	\$373,787	\$23,976,656
Revenues	1,447,081	78,822,868	19,532,261	N/A	99,802,210
Expenditures	3,632,593	25,638,923	12,389,409	N/A	41,660,925
Transfers (Net)	185,046	0	(561,448)	N/A	(376,402)
Net Change	(2,000,466)	53,183,945	6,581,404	N/A	57,764,883
Ending Balance	\$3,767,074	\$55,507,962	\$22,092,716	\$373,787	\$81,741,539

¹ The Capital Facilities Fund (Fund 25) is used for developer fees.

² The County School Facilities Fund (Fund 35) is used for State Allocation Board (SAB) funds received for modernization, site acquisition and new construction projects for which the District is eligible.

³ The Special Reserve Fund (Fund 40) is used to account for funds set aside for Board-designated construction projects. For 2005-06, includes the proceeds from a COP issued against the future Yorba Linda Redevelopment Agencies monies.

⁴ A District-wide Community Facilities District No. 1 (CFD#1) (Fund 91) was approved by the voters on November 12, 2002. A \$5,505,000 bond was issued in December 2002 to fund site acquisition and building construction projects. The bonds will be repaid over thirty (30) years.

⁵ The District issued Certificates of Participation (COPs), Series B for \$5,550,000 in May 2003 to be used for various capital project needs. The District issues COPs, Series A, for \$16,635,000 in September 2003 to be used for various capital project needs. The new COPs will be repaid over thirty (30) years. The old COPs will be repaid over twenty-five (25) years. (A certificates of participation is a loan, not a source of funds, repaid over time from other District revenues, usually from a designated revenue stream such as developer fees.)

⁶ The Capital Projects Component Unit Fund is used to account for COPs/CFD funds for District designated construction projects. It replaces the CFD #1 and Certificates of Participation funds. Accounting data for 2007-08 were not available.

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 scope and cost of projects (from all sources). This report documents facilities-related actions of the Board of Education from July 1, 2007 through June 30, 2008.

Chronology of Facilities Events, July 1, 2007 – June 30, 2008

DATE	ACTION	AMOUNT
July 17, 2007	Approval of addendum to extend the contract for Bid No. 204-41, Asphalt/Earth Moving/Grading, with Hardy & Harper, Inc. through June 30, 2008.	
July 17, 2007	Approval of addendum to extend the contract for Bid No. 204-42, Concrete/Masonry/Earth Moving/Grading, with Hardy & Harper, Inc. through June 30, 2008.	
July 17, 2007	Acceptance of completed project(s) listed and authorization to file Notice(s) of Completion.	
July 17, 2007	Approval of Change Order No. 2 to Purchase Order No. 704546, Bid No. 207-19 to American Electric, Co. for Valadez Middle School, Project No. SW-9533.	\$39,270
July 17, 2007	Approval of Change Order No. 3 to Purchase Order No. 607680, Bid No. 206-7 to Sanders Construction Services for Valencia High School Locker Room & Art Facility, Project No. VHS-9573.	\$51,947
July 17, 2007	Approval of Amendment No. 4 to Integra Realty for additional real estate valuation services at Yorba Linda High School project site. Project No. YLH-9606. Contract No. 0405-62. Purchase Order 409173.	\$4,000
July 17, 2007	Approval of Professional Services Agreement with California Construction Management for Program and Construction Management Services. Project No. BPS-9604. Contract No. 0708-01.	\$380,000
July 17, 2007	Approval of Amendment No. 3 to Professional Services Agreement with PHASEOne Construction Group, Inc. for Program Management and Construction Management Services. Project No. BPS-9604. Contract No. 0405-81. Purchase Order No. 408602.	
July 17, 2007	Approval of Amendment No. 1 to the Construction Management Agreement with 3D/International in Association with California Construction Management for Program Management and Construction Management Services at Valadez Middle School. Contract No. 0506-22.	\$1,112,213
July 17, 2007	Approval of Amendment No. 1 to the Construction Management Agreement with 3D/International in Association with California Construction Management for Program Management and Construction Management Services at Yorba Linda High School project and the Valencia Locker Room project. Contract No. 0506-21.	\$779,531
July 17, 2007	Approval of Amendment No. 1 for the agreement for architectural and engineering design services with WLC Architects, Inc. for the Yorba Linda High School and Gualberto J. Valadez Middle School (formerly Southwest Middle School) projects.	\$1,494,729

DATE	ACTION	AMOUNT
August 28, 2007	Acceptance of completed project(s) listed and authorization to file Notice(s) of Completion.	
August 28, 2007	Approval of Independent Contractor Agreements – Facilities & Planning – as listed in accordance with Board Policy No. 4124, Retention of Consultants.	
August 28, 2007	Approval of Change Order No. 2 to Purchase Order No. 704532, Bid No. 207-6 to Edge Development, Inc. for Valadez Middle School, Project No. SW-9533.	\$7,511
August 28, 2007	Approval of Change Order No. 4 to Purchase Order No. 607680, Bid No. 206-7 to Sanders Construction Services for Valencia High School Locker Room & Art Facility, Project No. VHS-9573.	\$32,400
August 28, 2007	Approval of Inspection Services Agreement with TGR Geotechnical for material inspection and testing services at the Yorba Linda High School. Contract Period August 1, 2007 through October 31, 2009. Contract No. 0708-03. Project No. YLH 9606.	\$200,000
September 18, 2007	Approval of contractor(s) for Open Field Service Agreement(s).	
September 18, 2007	Acceptance of completed project(s) listed and authorization to file Notice(s) of Completion.	
September 18, 2007	Approval of Change Order No. 1 to Purchase Order No. 706633-BA, Bid No. 207-32 to McKenna General Engineering Contractor for Yorba Linda High School, Project No. YLH-9606.	\$51,972
September 18, 2007	Approval of Professional Service Agreement with OCB Reprographics for the Valadez Middle School. Contract period of July 1, 2007 through October 31, 2008. Contract No. 0708-05. Project No. SW-9533	\$43,000
October 9, 2007	Approval of the continued use of The State of California’s Master Contract #1S-05-58-01/02 and all addenda thereto through October 2, 2008.	
October 9, 2007	Approval of Independent Contractor Agreements – Facilities & Planning – as listed in accordance with Board Policy No. 4124, Retention of Consultants.	\$1,210
October 23, 2007	Acceptance of completed project(s) listed and authorization to file Notice(s) of Completion.	
October 23, 2007	Approval of the agreement for Consultant Services between Los Angeles County Office of Education, Geomatrix Consultants and Placentia-Yorba Linda Unified School District, effective July 1, 2007 through June 30, 2008.	
October 23, 2007	Approval of Change Order No. 2 to Purchase Order No. 706633, Bid No. 207-32 to McKenna General Engineering Contractor for Yorba Linda High School, Project No. YLH-9606.	\$38,700
October 23, 2007	Approval of Amendment No. 1 with Knowland Construction Services for DSA inspection services at the Gualberto J. Valadez Middle School. Contract No. 0607-01. Project No. SW-9533. Purchase Order No. 703263.	\$0 To adjust fee schedule only
November 13, 2007	Approved contractor(s) for Open Field Service Agreement(s).	
November 13, 2007	Accepted as complete the project(s) listed and authorized filing Notice(s) of Completion.	

DATE	ACTION	AMOUNT
November 13, 2007	Approved Amendment 1 to contract with Golden State Facilities Services for assistance in applying for Williams Settlement reimbursements for Melrose and Ruby Drive Elementary Schools.	
November 13, 2007	Approved Change Order No. 2 to Purchase Order No. 704550, Bid No. 207-17 to Advance Mechanical Contractors, Inc. for Valadez Middle School, Project No. SW-9533.	\$104,515
December 11, 2007	Approval of contractor(s) for Open Field Service Agreement(s).	
December 11, 2007	Acceptance of completed project(s) listed and authorization to file Notice(s) of Completion.	
December 11, 2007	Approval of Change Order No. 1 to Purchase Order No. 800837, Bid No. 207-40 to Best Roofing & Waterproofing, Inc. dba BEST Contraction Services, Inc., for Yorba Linda High School, Project No. YLH-9606.	(\$56,220)
December 11, 2007	Approval of Change Order No. 1 to Purchase Order No. 800967, Bid No. 207-36 to Baker Electric, for Yorba Linda High School, Project No. YLH-9606.	(\$159,400)
December 11, 2007	Approval of Change Order No. 1 to Purchase Order No. 800834, Bid No. 207-37 to Verne's Plumbing, for Yorba Linda High School, Project No. YLH-9606.	(\$2,666)
December 11, 2007	Approval of Change Order No. 1 to Purchase Order No. 800838, Bid No. 207-42 to Perlite Plastering Co., Inc., for Yorba Linda High School, Project No. YLH-9606.	(\$156,904)
December 11, 2007	Approval of Change Order No. 1 to Purchase Order No. 800842, Bid No. 207-48 to Inland Pacific Tile Inc., for Yorba Linda High School, Project No. YLH-9606.	(\$20,466)
December 11, 2007	Approval of Change Order No. 1 to Purchase Order No. 800835, Bid No. 207-38 to Industrial Masonry, for Yorba Linda High School, Project No. YLH-9606.	(\$240,619)
December 11, 2007	Approval of Change Order No. 1 to Purchase Order No. 800841, Bid No. 207-46 to Crown Fence, for Yorba Linda High School, Project No. YLH-9606.	(\$131,260)
December 11, 2007	Approval of Change Order No. 1 to Purchase Order No. 800844, Bid No. 207-50 to Preferred Ceilings, Inc., for Yorba Linda High School, Project No. YLH-9606.	(\$31,348)
December 11, 2007	Approval of Change Order No. 2 to Purchase Order No. 704533, Bid No. 207-07 to Bledsoe Masonry, Inc. for Valadez Middle School, Project No. SW-9533.	\$46,061
December 11, 2007	Approval of Change Order No. 2 to Purchase Order No. 704551, Bid No. 207-22 to Econo Fence, Inc. for Valadez Middle School, Project No. SW-9533.	\$23,296
December 11, 2007	Approval of Change Order No. 2 to Purchase Order No. 703935, Bid No. 207-24 to American Electric Company, Inc. for Valadez Middle School, Project No. SW-9533.	\$8,622
December 11, 2007	Approval of Amendment No. 4 with Paragon Design and Engineering, Inc., DSA closeout services, project claims and account auditing services. Contract No. 0405-34. Project No. BPS-9604. Purchase Order No. 600555.	\$395,200

DATE	ACTION	AMOUNT
December 11, 2007	Approval of extension of time to the attached list of contracts.	
December 11, 2007	Adoption of Resolution No. 21 accepting the Annual Developer Fees Report pursuant to Government Code sections 66001, 66006 and 66008, for the period July 1, 2006 through June 30, 2007.	
December 11, 2007	Adoption of Resolution No. 23 authorizing the use of the Riverside Unified School District Award Bid No. 2004/05-12 Lease of DSA Approved Relocatable Buildings District wide from Mobile Modular Management Corp. for the 2007/2008 school year.	\$100,000
December 11, 2007	Amended original approval for authorization to continue to utilize the California Multiple Award Schedule (CMAS) Contract with current contractor under their new name, Network Integration Company Partner and contract #3-07-70- 2473A for basic network maintenance at Topaz, Rio Vista, Ruby Drive, Morse, Tynes and Melrose elementary schools and Kraemer Middle School and approve increase of \$6,380.85 for a total NTE \$43,872.34.	
January 15, 2008	Acceptance of completed project(s) listed and authorization to file Notice(s) of Completion.	
January 15, 2008	Award of Bid No. 208-5 Asphalt/Earth Moving/Grading to Hardy & Harper, Inc., and approval of contract.	
January 15, 2008	Approval of the addendum to extend the contract with Sunwest Landscape Services for Bid No. 204-13, Landscaping Services - New Installations and Irrigation Services and Maintenance of Existing Areas, through January 19, 2009.	
January 15, 2008	Award of Bid No. 208-6 Concrete/Masonry/Earth Moving/Grading to Hardy & Harper, Inc., and approval of contract.	
February 12, 2008	Acceptance of completed project(s) listed and authorization to file Notice(s) of Completion.	
February 12, 2008	Approval of Amendment No. 1 to Professional Service Agreement with John Byerly grading observation and fill compaction testing services at the Yorba Linda High School site. Contract No. 0607-17. Project No. YLH-9606. Purchaser Order No. 707026.	\$80,400
February 12, 2008	Approval of Change Order No. 2 to Purchase Order No. 704529, Bid No. 207-04 to Edwin G. Bowen Company, Inc. for Valadez Middle School, Project No. SW-9533.	\$2,502
February 12, 2008	Approval of Change Order No. 2 to Purchase Order No. 704540, Bid No. 207-16 to Engineered Storage Systems, Inc. for Valadez Middle School, Project No. SW-9533.	\$9,789
February 12, 2008	Approval of Change Order No. 3 to Purchase Order No. 704546, Bid No. 207-19 to American Electric Company for Valadez Middle School, Project No. SW-9533.	\$2,097
February 12, 2008	Approval of Change Order No. 3 to Purchase Order No. 704533, Bid No. 207-07 to Bledsoe Masonry, Inc. for Valadez Middle School, Project No. SW-9533.	\$4,663
February 12, 2008	Approval of Amendment No. 3 to Atkinson, Andelson, Loya, Ruud and Romo for legal services to the District on various projects. Contract No. 0708-14.	

DATE	ACTION	AMOUNT
February 12, 2008	Approval of Amendment No. 8 with Mission Geoscience, Inc. for the Melrose Elementary School. Project No. MEL-9517-4. Contract No. 0506-03. Purchase Order No. 602717.	\$43,572
February 12, 2008	Approval of substitution of subcontractor for the site concrete portion for this project to Hulk Enterprises on Bid No. 208-01, Site Concrete at Yorba Linda High School.	\$7,000
February 26, 2008	Approval of Independent Contractor Agreements – Facilities & Planning – as listed in accordance with Board Policy No. 4124, Retention of Consultants.	
March 11, 2008	Approval of the continued use of Newport-Mesa School District Bid #104-07 School and Office Furniture Bid through January 22, 2009.	
March 11, 2008	Acceptance of completed project(s) listed and authorization to file Notice(s) of Completion.	
March 11, 2008	Approval of Change Order No. 1 to Purchase Order No. 706635, Bid No. 207-15 to Kitcor Corporation for Valadez Middle School, Project No. SW-9533.	\$1,083
March 11, 2008	Approval of Change Order No. 2 to Purchase Order No. 704691, Bid No. 207-10 to Coast Roof Company for Valadez Middle School, Project No. SW-9533.	\$12,338
March 11, 2008	Approval of Change Order No. 3 to Purchase Order No. 704550, Bid No. 207-17 to Advance Mechanical Contractors, Inc. for Valadez Middle School, Project No. SW-9533.	\$17,429
March 11, 2008	Approval of Change Order No. 3 to Purchase Order No. 704532, Bid No. 207-06 to Edge Development for Valadez Middle School, Project No. SW-9533.	\$6,132
March 11, 2008	Approval of Change Order No. 1 to Purchase Order No. 800966, Bid No. 207-34 to USS Cal Builders, for Yorba Linda High School, Project No. YLH-9606.	\$114,579
April 8, 2008	Adopted Resolution No. 38 to establish Building – General Obligation Bond Fund 26 (Subfund 2126) for Proposition 39 monies.	
April 8, 2008	Approval of Independent Contractor Agreements – Facilities & Planning – as listed in accordance with Board Policy No. 4124, Retention of Consultants.	\$11,100
April 8, 2008	Approval of Change Order No. 2 to Purchase Order No. 704553, Bid No. 207-23 to Hardy & Harper for Valadez Middle School, Project No. SW-9533.	\$4,868
April 8, 2008	Approval of Change Order No. 3 to Purchase Order No. 704534, Bid No. 207-08 to Columbia Steel, Inc. for Valadez Middle School, Project No. SW-9533.	\$1,284
April 8, 2008	Authorized the continued use of Master Relocatable Bid No. 203-8, with American Modular Systems on a month to month basis at Golden Elementary School, El Dorado and Valencia High Schools, and Esperanza West Campus for the period May 2008 to May 2013.	\$1,600,000

DATE	ACTION	AMOUNT
April 8, 2008	Authorized the continued use of the Riverside Unified School District Bid No. 2004/05-12 to Lease DSA Approved Relocatable Buildings for Tynes and Woodsboro Elementary School Interim Housing from Mobile Modular Management Corp.	\$1,300,000
April 8, 2008	Approval of Architectural Agreement with Higginson + Cartozian Architects, Inc. for architectural services at Tynes and Woodsboro Elementary Schools. Contract Nos. 0708-141, 0708-142. Contract period March 1, 2008 through December 31, 2011.	\$73,640
April 8, 2008	Approval of Consultant Services Agreement with Davis Demographics and Associates, Inc. for demographic services and boundary realignment services. Contract No. 0708-145. Contract period April 1, 2008 to December 31, 2009.	\$48,190
April 8, 2008	Approval of Professional Services Agreement with Professional Building Inspection Services / Andrew Rodriguez for interim housing relocatable inspection services at Tynes and Woodsboro Elementary Schools. Contract No. 0708-143, 0708-144. Contract period April 8, 2008 to December 31, 2009.	\$59,400
April 8, 2008	Approval of Amendment No. 1 with Fuscoe Engineering for additional construction surveys at Yorba Linda High School Contract No. 0708-07. Project No. YLH-9606.	\$20,000
April 8, 2008	Approval of Addendum No. 1 to contract for Bid No. 207.31, annual telephone and voicemail systems services and extend the contract with Digital Telecommunications Corporation through June 30, 2009.	
May 13, 2008	Acceptance of completed project(s) listed and authorization to file Notice(s) of Completion.	
May 13, 2008	Award of Bid No. 208-25, Roofing Projects at Morse and Linda Vista Elementary Schools and Bernardo Yorba Middle School, to the lowest responsive and responsible bidders as indicated, and approval of contracts.	
May 13, 2008	Approval of Independent Contractor Agreements – Facilities & Planning – as listed in accordance with Board Policy No. 4124, Retention of Consultants.	\$5,000
May 13, 2008	Approval of Change Order No. 3 to Purchase Order No. 704691, Bid No. 207-10 to Coast Roof Company for Valadez Middle School, Project No. SW-9533.	\$5,936
May 13, 2008	Approval of Change Order No. 4 to Purchase Order No. 704534, Bid No. 207-08 to Columbia Steel, Inc. for Valadez Middle School, Project No. SW-9533.	\$28,817
May 13, 2008	Approval of Change Order No. 4 to Purchase Order No. 704532, Bid No. 207-06 to Edge Development for Valadez Middle School, Project No. SW-9533.	\$1,752
May 13, 2008	Approval of Professional Service Agreement with Athletic Facility Consulting, Inc. for consultant services for the Bradford Stadium Field Upgrade project at Valencia High School. Project No. VHS-9224-9301. Contract period March 1, 2008 through December 31, 2009. Contract No. 0708-143.	\$35,000

DATE	ACTION	AMOUNT
May 13, 2008	Approval of contract for hazardous materials consulting services with CF Environmental, Inc. for Tynes TYN-9225-9301 and Woodsboro Elementary Schools WDS-9226-9301, Tuffree TUF-9201-9302 and Yorba Linda Middle Schools YLM-9203-9303 for Modernization projects. Contract period of May 1, 2008 through December 31, 2009. Contract Nos. 0708-153, 0708-154, 0708-155 and 0708-156.	\$62,129
May 13, 2008	Approval of contract with Knowland Construction Services, LLC for the DSA inspection of Tynes TYN-9225-9301 and Woodsboro Elementary Schools WDS-9226-9301, Tuffree TUF-9201-9302 and Yorba Linda Middle Schools YLM-9203-9303 for the Modernization projects. Contract period May 1, 2008 to December 31, 2009. Contract Nos. 0708-148, 0708-149, 0708-150, 0708-151.	\$428,672
May 13, 2008	Approval of Professional Services Agreement with Professional Building Inspection Services / Andrew Rodriguez for interim housing relocatable inspection services at Tuffree Middle School. Project No. TUF-9201-9301. Contract No. 0708-147. Contract period May 1, 2008 to December 31, 2009.	\$20,700
May 13, 2008	Approval of Construction Management Agreement with Parsons in Association with California Construction Management for Program Management and Construction Management Services Tynes TYN-9225-9301 and Woodsboro WDS-9226-9301 Elementary Schools Modernization projects. Contract No. 0708-100, 0708-106. Contract period April 1, 2008 through December 31, 2011.	\$1,363,758
May 13, 2008	Approval of Construction Management Agreement with TELACU for Program Management And Construction Management Services at Tuffree Modernization TUF-9201-9302 and Yorba Linda Middle School Modernization YLM-9203-9303. Contract Nos. 0708-135, 0708-136. Contract period April 1, 2008 through December 31, 2011.	\$348,360
May 13, 2008	Approval of Architectural Agreement with Donald Krotee Partnership, for architectural services, at Brookhaven Elementary School, Glenknoll Elementary School, Glenview Elementary School, Linda Vista Elementary School, and Ruby Drive Elementary School. Contract Nos. 0708-72, 0708-73, 0708-74, 0708-75, 0708-76, 0708-77, 0708-78, 0708-79. Contract period May 1, 2008 through December 31, 2011.	\$271,005
May 13, 2008	Approval of Architectural Agreement with Higginson + Cartozian Architects, Inc. for architectural services, at Bryant Ranch Elementary School, Tuffree Middle School. Contract Nos. 0708-146, 0708-61. Contract period April 1, 2008 through December 31, 2009.	\$42,060
May 13, 2008	Approval of Architectural Agreement with HMC Architecture, for architectural services, at George Key, Golden Elementary School, El Dorado High School, Esperanza High School, Valencia High School. Contract Nos. 0708-49, 0708-51, 0708-52, 0708-53, 0708-54, 0708-55, 0708-56, 0708-57, 0708-58, 0708-59, 0708-157, 0708-158, 0705-159. Contract period March 1, 2008 through December 31, 2011.	\$1,833,469
May 13, 2008	Approval of Architectural Agreement with MVE Institutional, for architectural services, at Mabel Paine Elementary School, Tuffree Middle School, El Dorado High School, and Esperanza High School. Contract Nos. 0708-63, 0708-64, 0708-68, 0708-69, 0708-70. Contract period May 1, 2008 through December 31, 2011.	\$2,122,939

DATE	ACTION	AMOUNT
May 13, 2008	Approval of Architectural Agreement with WLC Architects, for architectural services, at Morse Elementary School, Rio Vista Elementary School, Wagner Elementary School. Contract Nos. 0708-22, 0708-24, 0708-25, 0708-26, 0708-28, 708-36. Contract period May 1, 2008 through December 31, 2011.	\$517,861
May 13, 2008	Approval of extension of time to the attached list of contracts.	
May 13, 2008	Approval of Amendment No. 4 to Professional Services Agreement with PHASEOne Construction Group, Inc. for Program Management And Construction Management Services. Project No. BPS-9604. Contract No. 0405-81. Purchase Order No. 408602. Contract end date December 31, 2012.	\$1,513,601
May 13, 2008	Approval of Amendment No. 6 with Paragon Design & Engineering, Inc. DSA closeout services, project claims and account auditing, and program management services. Contract No. 0405-34. Project No. BPS-9604. Purchase Order No. 600555. Contract end date December 31, 2012.	\$669,125
May 13, 2008	Approval of Amendment No. 1 to Professional Services Agreement with California Construction Management for Program And Construction Management Services. Project No. BPS-9604. Contract No. 0708-01. Contract end date December 31, 2012.	\$1,687,307
May 27, 2008	Approval of Independent Contractor Agreements – Facilities & Planning – as listed in accordance with Board Policy No. 4124, Retention of Consultants.	\$600
May 27, 2008	Award of bid to lowest responsive and responsible bidder and approve contract to Macerich Construction, Inc., for Bid No. 208-27 for Yorba Linda Middle School Modernization.	\$798,000
May 27, 2008	Award of bid to lowest responsive and responsible bidder and approval of contract for Bid No. 208-28 for Relocation Services at Various sites.	\$223,765
May 27, 2008	Award of bid to lowest responsive and responsible bidder and approval of contract for Bid No.208-29 for Lease of Relocatable Restrooms and Administrative Buildings at Tynes and Woodsboro Elementary and Tuffree Middle Schools.	\$178,492
May 27, 2008	Approval of Change Order No. 1 to Purchase Order No. 706728, Bid No. 207-11 to Superior Wall Systems for Valadez Middle School, Project No. SW-9533.	\$65,000
May 27, 2008	Approval of Change Order No. 3 to Purchase Order No. 704529, Bid No. 207-04 to Edwin G. Bowen Company, Inc. for Valadez Middle School, Project No. SW-9533.	\$18,107
May 27, 2008	Approval of Change Order No. 4 to Purchase Order No. 704546, Bid No. 207-19 to American Electric Company for Valadez Middle School, Project No. SW-9533.	\$68,230
May 27, 2008	Approval of Change Order No. 5 to Purchase Order No. 704532, Bid No. 207-06 to Edge Development for Valadez Middle School, Project No. SW-9533.	\$40,000
June 24, 2008	Approval of contractor(s) for Open Field Service Agreement(s).	

DATE	ACTION	AMOUNT
June 24, 2008	Acceptance of completed project(s) listed and authorization to file Notice(s) of Completion.	
June 24, 2008	Approval of addendum to extend the contract for Bid No. 207-3, Electrical Services, with American Electric Company through June 30, 2009.	
June 24, 2008	Approval of addendum to extend the contract for Bid No. 206-02, Low Voltage, with Time and Alarm Systems through June 30, 2009.	
June 24, 2008	Approval of addendum to extend the contract for Bid No. 205-14, Plumbing Services, with Wicketts International Plumbing Contractors through June 30, 2009.	
June 24, 2008	Approval of Change Order No. 2 to Purchase Order No. 704538, Bid No. 207-14 to ABC School Equipment, Inc. for Valadez Middle School Academy, Project No. SW-9533.	(\$3,273)
June 24, 2008	Approval of Change Order No. 4 to Purchase Order No. 704533, Bid No. 207-07 to Bledsoe Masonry, Inc. for Valadez Middle School Academy, Project No. SW-9533.	\$29,054
June 24, 2008	Approval of Change Order No. 4 to Purchase Order No. 704529, Bid No. 207-04 to Edwin G. Bowen Company, Inc. for Valadez Middle School Academy, Project No. SW-9533.	\$58,913
June 24, 2008	Approval of Change Order No. 5 to Purchase Order No. 704534, Bid No. 207-08 to Columbia Steel, Inc. for Valadez Middle School Academy, Project No. SW-9533.	\$23,727
June 24, 2008	Approval of Change Order No. 3 to Purchase Order No. 704551, Bid No. 207-22 to Econo Fence, Inc. for Valadez Middle School Academy, Project No. SW-9533.	(\$10,545)
June 24, 2008	Approval of Change Order No. 2 to Purchase Order No. 706635, Bid No. 207-15 to Kitcor Corporation for Valadez Middle School Academy, Project No. SW-9533.	\$2,695
June 24, 2008	Approval of Change Order No. 2 to Purchase Order No. 704549, Bid No. 207-13 to Preferred Ceilings, Inc. for Valadez Middle School Academy, Project No. SW-9533.	(\$14,697)
June 24, 2008	Approval of Change Order No. 2 to Purchase Order No. 706728, Bid No. 207-11 to Superior Wall Systems for Valadez Middle School Academy, Project No. SW-9533.	\$61,516
June 24, 2008	Award of bid to lowest responsive and responsible bidder and approval of contract for Bid No. 208-30, to Kacey Construction for CMU Site Entry Wall at Lakeview Elementary School.	\$68,450
June 24, 2008	Award of bid to lowest responsive and responsible bidder and approval of contract for Bid No. 208-32, to Lightwerks Communications Systems, Inc. dba CCS Presentation Systems, Inc. for Installation of Smart Classroom Infrastructure at Valadez Middle School Academy. Project No. SW-9733-9302.	\$148,798

DATE	ACTION	AMOUNT
June 24, 2008	Approval of Agreement for Labor Compliance Services with Golden State Labor Compliance, LLC, for the Labor Compliance Program auditing services for Tynes and Woodsboro Elementary Schools, and Tuffree and Yorba Linda Middle Schools. Contract No. 0708-164, Project, No. TUF-9201-9302, Contract No. 0708-165, Project No. TYN-9225-9301, Contract No. 0708-166, Project No. WDS-9226-9301, and Contract 0708-167, YLM-9203-9303.	\$94,399
June 24, 2008	Approval of Professional Service Agreement with Heery International, Inc. for Move Management services at Gualberto J. Valadez Middle School Academy. SW-9533. Contract period July 1, 2008 through March 31, 2009. Contract No. 0708-163.	\$7,500
June 24, 2008	Approval of Professional Services Agreement with HMC Architects for Design Support Services for various projects. Project No. BPS-9604. Contract No. 0708-168. Contract period July 1, 2008, to December 31, 2010.	\$70,000
June 24, 2008	Approval of Professional Services Agreement with HMC Architects for Master Plan Services at Valencia High School. Project No. VHS-9224-9301. Contract No. 0708-169. Contract period July 1, 2008 to December 31, 2010.	\$45,000
June 24, 2008	Approval of Professional Service Agreement with OCB Reprographics for Tuffree and Yorba Linda Middle Schools and Bradford Stadium at Valencia High School projects. Contract period of May 1, 2008 through December 31, 2009. Contract No. 0708-170, Project No. TUF-9201-9302, Contract No. 0708-171, Project No. YLM-9203-9303, and Contract No. 0708-172, Project No. VHS-9224-9301.	\$25,000
June 24, 2008	Approval of extension of time to the attached list of contracts.	
June 24, 2008	Approval of Amendment No. 2 with Knowland, Inc. for DSA inspection services at the Gualberto J. Valadez Middle School Academy. Contract No. 0607-01. Project No. SW-9533. Purchase Order No. 703263.	\$177,408
June 24, 2008	Approval of Amendment No. 1 to the professional services agreement with OCB Reprographics for reprographic services for the Yorba Linda High School project. Contract No. 0607-21. Project No. YLH-9606. P.O. No. 707173.	\$65,000
June 24, 2008	Approval of Amendment No. 1 to Professional Service Agreement with TGR Geotechnical, Inc. for additional geotechnical and material inspection and testing services at Gualberto J. Valadez Middle School Academy. Contract No. 0607-19. Project No. SW-9533. Purchase Order No. 707174.	\$75,000
June 24, 2008	Approval of Amendment No. 3 to Architectural Services Agreement with WLC Architects, Inc. for Woodsboro Elementary School Modernization project. Contract No. 0405-40. Project No. WDS-9226. P.O. 508224.	\$18,147
June 24, 2008	Approval of Claim Settlement Agreement with T.B. Penick & Sons, Inc., Bid No. 207-60 for Yorba Linda High School Project, Project No. YLH-9606.	\$877,251

COMPLIANCE WITH BALLOT LANGUAGE

Process Utilized

In this examination, Total School Solutions (TSS) reviewed records and conducted interviews with various staff members. TSS also referenced files from various outside agencies to verify information through independent sources.

Examination

TSS reviewed all current District projects and selected several modernization and new construction projects for a more extensive examination.

Background – Measure Y

The Board of Education of the Placentia-Yorba Linda Unified School District unanimously approved placing a \$102 million Proposition 39 bond measure (Measure Y) on the ballot with the adoption of Resolution No. 10 on October 9, 2001. The bond measure was approved by voters on March 5, 2002, with a 65.7 percent affirmation vote, exceeding the 55 percent threshold required for passage. 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.” Article XIII further provides that monies obtained through the successful passage of the bond measure may be expended only on those projects listed in the bond measure language.

In accordance with Article XIII 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 Appendix A.”

Furthermore, Appendix 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 improvements to be completed at the thirty-one (31) existing schools, with an understanding that the District would not be able to implement all the changes at every school. Exhibit A-1 also specifies that four (4) new schools would be built: two (2) elementary schools, one (1) middle school and one (1) comprehensive high school.

Compliance

The use of Measure Y funds, the scope defined by Resolution No. 10, and Appendix A, Exhibit A-1, provide the range of projects subject to this performance audit, as required by the State Constitution.

All expenditures of Measure Y bond funds were for projects listed in the bond measure language. Further, the District received \$58.9 million State modernization funding and \$92.1 million State new construction funding, exceeding the estimated \$57 million and \$69 million respectively included in the bond measure language.

The District is in full compliance with all provisions in Resolution No. 10, which authorized the \$102 million Measure Y bond measure.

CITIZENS’ BOND OVERSIGHT COMMITTEE (CBOC)

Statutes governing a Citizens’ Bond Oversight Committee (Education Code Sections 15278-15282) were included in Assembly Bill 1908 (2000) and took effect upon passage of Proposition 39 on November 7, 2000. (See Appendix C.)

Education Code Section 15278 requires that the governing board establish and appoint members to an independent citizens’ oversight committee within 60 days of the date that election results are certified. A Citizens’ Bond Oversight Committee must consist of seven members minimum to meet the following requirements:

Statutory Requirements (Seven Members Minimum)

- Business Community
- Senior Citizens’ Organization
- Taxpayers’ Organization
- Parent or Guardian of child enrolled in the district
- Parent or Guardian of child enrolled in the district, plus Active in a Parent-Teacher Organization
- Two additional members

Measure Y CBOC

The Board of Education certified Measure Y election results and appointed members to the CBOC, in compliance with statute. The CBOC initially had nine members; there are currently eight members serving.

In addition to State of California statutes that set forth the activities of a Citizen’s Oversight Committee (Appendix C), the District developed bylaws to clarify the Committee’s role and duties. Included within the bylaws is a requirement to hold regular meetings. Throughout the Measure Y bond program, the CBOC held the following number of meetings:

<u>Fiscal Year</u>	<u>Number of Meetings</u>
2002-03	3
2003-04	3
2004-05	3
2005-06	2
2006-07	2
2007-08	1

As the Measure Y bond program matured, the CBOC scheduled fewer meetings to fulfill its oversight duties. On January 8, 2008, the Measure Y CBOC met to approve the Measure Y Performance Audit and discuss the transition of responsibilities to the Measure A CBOC, if the bond was to pass in February.

Education Code Section 15280(b) requires that the citizens' oversight committee issue an annual report and maintain a website. The District and committee are in full compliance with these requirements. A link to the committee exists within the District website. The Committee website includes all meeting agendas and minutes, audit report and pertinent information about the Measure Y bonds.

Commendation

- The District and the Measure Y Committee are commended for their full compliance with the law and for a broad representation of the community on the committees.

STATE SCHOOL FACILITY PROGRAM

The District has filed facilities applications under the following programs:

50	-	New Construction
57	-	Modernization
58	-	Rehabilitation

As of June 30, 2008, the District has received the state grant amounts summarized in the following table:

State Program	SAB#	State Grant Amounts	Status
New Construction	50/001-50/027 ¹	\$4,107,686	Completed
New Construction	50/028 ²	9,698,509	Completed (3/18/2008)
New Construction	50/029 ³	10,197,557	Completed (6/6/2008)
New Construction	50/030 ⁴	18,829,060	PM Complete ⁵
New Construction	50/031 ⁶	53,343,934	PM Complete ⁵
Modernization	57/001-57/024 ⁷	53,383,643	Completed
Modernization	57/025 ⁸	3,537,938	PM Complete ⁵
Modernization	57/026 ⁹	1,982,036	PM Complete ⁵
Rehabilitation	58/001 ¹⁰	712,020	Completed (5/4/2007)
Total State Grant Amount		\$155,792,383	

¹ These 27 projects were funded by the state in 2000, prior to the passage of Measure Y.

² Melrose Elementary was included in Measure Y.

³ Lakeview Elementary was included in Measure Y.

⁴ Gualberto J. Valadez Middle School was included in Measure Y.

⁵ PM complete=application has been processed by the SAB.

⁶ Yorba Linda High School was included in Measure Y.

⁷ These 24 projects were part of the 31 existing campuses included in Measure Y.

⁸ Tynes Elementary was included in Measure Y and was moved over to the Measure A program.

⁹ Woodsboro Elementary was included in Measure Y and was moved over to the Measure A program.

¹⁰ Mabel Paine Elementary School

By utilizing the various State programs available to the District, State grant amounts received as of June 30, 2008, were the following:

State Program	Measure Y Projects	Other Projects	Total State Grants
New Construction	\$92,069,060	\$4,107,686	\$96,176,746
Modernization	58,903,617	0	58,903,617
Rehabilitation	0	712,020	712,020
Totals	\$150,972,677	\$4,819,706	\$155,792,383

Commendation

- The District is commended for aggressively pursuing state funding under the State School Facility Program, resulting in the receipt of \$151 million of state funds for Measure Y projects, exceeding the District’s estimate of \$126.5 million by \$24.5 million.

STATE MODERNIZATION STATUS

31 EXISTING CAMPUSES INCLUDED IN EXHIBIT A-1, RESOLUTION NO. 10

NO.	EXISTING CAMPUS	SAB#¹ 57	SAB 50-04 APPROVAL DATE	SAB 50-05 GRANT AMOUNT²	RELEASE DATE	STATUS
1.	Adult Education					
2.	Bernardo Yorba Middle	014	12/18/2002	\$2,924,090 28,386	7/16/2003 9/29/2003	Complete 8/10/2006
3.	Brookhaven Elementary	023	12/18/2002	1,207,631	5/27/2004	Complete 5/9/2007
4.	Bryant Ranch Elementary					
5.	El Camino Real High (Cont.)	000	9/27/2000			
6.	El Dorado High	013	12/18/2002	6,362,659	10/29/2003	Complete 11/27/2007
7.	Esperanza High	001	12/18/2002	160,098	11/20/2000	Closed 1/31/2002
7.	Esperanza High	019	12/18/2002	9,465,190	9/22/2003	Complete 11/27/2007
8.	Fairmont Elementary	010	12/18/2002	2,209,242 27,123	7/16/2003 9/29/2003	Complete 8/10/2006
9.	George Key TMR	002	7/5/2000	638,244	11/20/2000	Closed 6/27/2002
10.	Glenknoll Elementary	022	12/12/2002	1,486,912	6/14/2004	Complete 7/5/2007
11.	Glenview Elementary	020	12/18/2002	1,616,209	6/14/2004	Complete 7/18/2007
12.	Golden Elementary	006	12/18/2002	1,058,883 16,942	7/16/2003 9/29/2003	Complete 8/10/2006
13.	Kraemer Middle	012	12/18/2002	2,567,599	5/27/2004	Complete 5/9/2007
14.	La Entrada High					
15.	Linda Vista Elementary	021	12/18/2002	1,258,525	6/14/2004	Complete 7/5/2007
16.	Mabel Paine Elementary	003	7/5/2002	1,017,763	11/20/2000	Closed 3/30/2004
17.	Morse Avenue Elementary	015	12/18/2002	1,339,514	6/14/2004	Complete 6/11/2007
18.	Parkview School					
19.	Rio Vista Elementary	011	12/18/2002	2,843,894	5/27/2004	Complete 5/9/2007
20.	Rose Drive Elementary	007	12/18/2002	1,155,581 18,489	7/16/2003 9/29/2003	Complete 8/10/2006

21. Ruby Drive Elementary	009	12/18/2002	1,280,573 20,489	7/16/2003 9/29/2003	Complete 8/10/2006
22. Sierra Vista Elementary	017	12/18/2002	1,404,162	6/14/2004	Complete 6/11/2007
23. Topaz Elementary	024	12/18/2002	2,015,108	7/6/2004	Complete 7/5/2007
24. Travis Ranch Middle					
25. Tuffree Middle	004	7/5/2000	1,556,636	11/20/2000	Closed 10/6/2005
26. Tynes Elementary	025	2/26/2003	3,537,938	4/25/2008	PM Complete
27. Valencia High	008	12/18/2002	5,492,022	11/4/2003	Complete 11/27/2007
28. Van Buren Elementary	016	12/18/2002	1,294,975	6/21/2004	Complete 7/5/2007
29. Wagner Elementary	018	12/18/2002	1,271,376	6/14/2004	Complete 6/11/2007
30. Woodsboro Elementary	026	2/26/2003	1,982,036	4/25/2008	PM Complete
31. Yorba Linda Middle	005	7/5/2000	1,645,328	11/20/2000	Closed 1/16/2004

Total State Grant Amount

\$58,903,617

¹ A "000" indicates that the District has filed form SAB 50-03, 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 that eligibility has not been established. The most likely cause for lack of eligibility is a school's age. Permanent buildings and portables must be 25 years old and 20 years old, respectively, to qualify for modernization.

² For project applications (SAB 50-04) filed before April 29, 2002, the state grant is 80 percent of the total state modernization budget. Thereafter, the state grant although unchanged in amount, would be 60 percent, requiring a high amount in District share. The District must provide its share of the project budget from local sources. Second grant amounts entered under the primary entry are for the required Labor Compliance Program.

STATE NEW CONSTRUCTION STATUS

**FOUR PROPOSED NEW SCHOOLS
INCLUDED IN EXHIBIT A-1, RESOLUTION NO. 10**

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 eligibility on July 28, 1999. The District subsequently filed updated forms SAB 50-01, 50-02 and 50-03. The chart below reflects the changes in eligibility between the initial certification on July 28, 1999, and the District-adjusted eligibility as of June 30, 2008.

Grades	SAB Baseline Established Eligibility	District Adjusted Eligibility As of June 30, 2008
K-6	2,002	(1,241)
7-8	593	(598)
9-12	2,059	0
Special Education	0	(12)

STATE NEW CONSTRUCTION STATUS

NO.	NEW SCHOOL	SAB# 50/	SAB 50-04 APPROVAL DATE	SAB 50-05 GRANT AMOUNT	RELEASE DATE	ESTIMATED TOTAL COSTS⁵
1.	Melrose Elementary ¹	028	5/26/04	\$ 9,656,842	6/21/04	\$18,719,694
	Melrose Elementary (LCP)			41,667	3/29/05	
2.	Lakeview Elementary ²	029	3/30/05	10,197,557	6/23/05	18,396,723
3.	Gualberto J. Valadez (formerly Southwest) ³	030	9/26/07	18,829,060	10/30/07	54,649,994
4.	Yorba Linda High ⁴	031	12/12/07	53,343,934	1/16/08	152,395,703
Total State Grant Amount				\$92,069,060		\$244,162,114

Notes

¹ The State Allocation Board (SAB) approved an application for Melrose Elementary School (SAB 50-04) on May 26, 2004, which included \$1,823,538 for site acquisition and \$7,833,304 for construction (\$9,656,842 total). The SAB approved the funding application (SAB 50-05) on June 11, 2004, and state funds were released to the District on June 21, 2004. An additional \$41,667 for labor compliance was released on March 29, 2005.

² The District acquired a nine-acre site in the Vista Del Verde Planned Community in Yorba Linda on February 26, 2004, for \$8,400,000. Lakeview Elementary School opened in 2005.

³ The 10.02 acre site at LaJolla and Melrose consists of four parcels.

⁴ The District built the Yorba Linda High School project with a combination of state and local funds. Local funds were provided through the proceeds from the Yorba Linda Redevelopment Agency and supplemented, as necessary, with Measure Y funds and CFD#1 funds.

⁵ The estimated costs are from the District's Capital Improvement Program worksheet.

DESIGN AND CONSTRUCTION COSTS AND SCHEDULES

Process Utilized

In the process of this examination, Total School Solutions (TSS) reviewed relevant documents and interviewed various staff members, architects and construction/project managers. Multiple financial reports were also analyzed to verify data referenced from various sources.

Background

Measure Y Bond Program Projects

In the past six fiscal years 2002-03 through 2007-08, the Measure Y Bond Program, (Funds 21, 22, and 23), District Developers Fees, Deferred Maintenance Funds, State Facilities Funds and other funding sources were utilized in the construction of the District's capital improvement projects within the facilities program. When all sources of funds are considered, these projects had a six-year total expenditure of \$322,434,766. By the end of fiscal year 2007-08, only two major Measure Y bond program projects remained under construction; the construction of the new Valadez Middle School and the Yorba Linda High School. The majority of the Measure Y capital improvement projects were either complete or in the process of project closeout. The attached table entitled, "Measure Y Bond Program Projects, Expenditures – All Funds", summarizes the expenditures and status of projects at the end of fiscal year 2007-08.

Findings

- There are no findings in this section.

Measure Y Bond Program Projects, Expenditures – All Funds									
Project No.	Site	Expenditures 2002-03	Expenditures 2003-04	Expenditures 2004-05	Expenditures 2005-06	Expenditures 2006-07	Expenditures 2007-08	Expenditures 2002-03 thru 2007-08	Project Status As of June 30, 2008
YOR	Bernardo Yorba MS	\$549,180	\$3,451,592	\$770,387	\$17,111	\$2,282	\$64,925	\$4,855,477	Complete
BRK	Brookhaven ES	266,458	699,537	3,563,354	205,133	(1,641)	875	4,733,716	Complete
BR	Bryant Ranch ES	(4,900)	93,746	53,221	41,694	270,600	0	454,361	Complete
DEC	District Ed. Center	165,386	261,072	314,510	292,417	586,135	71,393	1,690,913	In Progress
ES	Eastside ES	0	0	0	0	0	0	0	
ELC	El Camino HS	0	24,109	9,993	308,333	463,198	130,579	936,212	Complete
ELD	El Dorado HS	557,616	7,529,340	2,833,202	254,287	653,363	186,331	12,014,139	Complete
ESP	Esperanza HS	562,871	9,912,543	6,995,389	423,550	1,099,582	256,949	19,250,884	In Progress
FMT	Fairmont ES	734,122	4,555,119	1,061,356	172,698	19,276	1,310	6,543,881	Complete
KEY	George Key ES	57,345	39,322	612	0	489	300	98,068	Complete
GLK	Glenknoll ES	12,826	777,800	4,546,485	261,603	(61)	0	5,598,653	Complete
GLV	Glenview ES	186,434	387,931	4,697,405	277,826	615	0	5,550,211	Complete
GLD	Golden ES	828,088	2,469,435	(14,034)	35,275	143,324	16,955	3,479,044	Complete
KRA	Kraemer MS	21,284	683,473	3,239,449	1,743,860	113,431	(2,396)	5,799,101	Complete
LKV	Lakeview ES	438,715	648,808	10,097,668	7,145,488	36,062	28,987	18,395,728	Complete
LV	Linda Vista ES	42,088	430,372	4,437,053	581,730	26,261	12,050	5,529,554	Complete
MP	Mabel Paine ES ¹	252,616	2,314,383	873,292	700,289	280,361	180,178	4,601,119	Complete
MEL	Melrose ES	159,404	10,901,366	6,745,283	577,101	172,405	83,008	18,638,567	Complete
MRS	Morse Avenue ES	131,431	977,720	3,014,908	193,752	19,431	(2,619)	4,334,623	Complete
PKV	Parkview School	142,887	1,795	(1,795)	0	0	0	142,887	Complete
RV	Rio Vista ES	179,639	990,764	3,144,990	1,188,017	45,677	151,502	5,700,589	Complete
ROD	Rose Drive ES	506,324	2,348,078	161,136	103,849	4,032	0	3,123,419	Complete
RUB	Ruby Drive ES	1,146,905	2,358,049	58,144	31,684	10,030	(3,416)	3,601,396	Complete
SV	Sierra Vista ES	159,468	739,682	3,299,910	351,282	33,313	0	4,583,655	Complete
VD	Valadez MS	228,589	112,538	985,226	1,814,280	21,652,820	19,755,789	44,549,242	In Progress
TOP	Topaz ES	444,286	306,459	4,435,476	1,264,707	130,428	194,757	6,776,113	Complete
TRE	Travis Ranch ES	5,218	13,811	258,783	1,479,347	131,290	(55)	1,888,394	Complete
TRM	Travis Ranch MS	704	25,495	19,957	0	0	0	46,156	Complete
TUF	Tuffree MS	117,745	0	57,020	500,848	118,028	8,709	802,350	Complete
TYN	Tynes ES	189,357	200,981	177,028	705,458	59,319	143,741	1,475,884	Complete
VHS	Valencia HS	541,543	4,081,708	5,289,363	1,617,619	5,469,333	1,199,690	18,199,256	Complete
VB	Van Buren ES	188,194	631,419	4,019,469	233,502	3,255	961	5,076,800	Complete
WAG	Wagner ES	269,837	611,074	3,137,573	160,547	24,276	0	4,203,307	Complete
WDS	Woodsboro ES	295,029	35,202	58,655	529,873	87,358	126,339	1,132,456	Complete
YLH	Yorba Linda HS	546,635	14,849,397	320,938	2,180,869	58,709,132	20,734,190	97,341,161	In Progress
YLM	Yorba Linda MS	871,213	112,546	62,443	142,982	78,457	19,812	1,287,452	Complete
	Total Projects	\$10,794,536	\$73,576,665	\$78,723,849	\$25,537,011	\$90,441,861	\$43,360,844	\$322,434,766	

¹ Expenditures include the Emergency Flood Project of \$1,960,160; that project was not funded through Measure Y.

DESIGN AND CONSTRUCTION BUDGETS

Process Utilized

In this examination, Total School Solutions (TSS) reviewed records and documents, and conducted interviews with appropriate staff members. TSS also referenced files from various outside agencies including the Division of State Architect and Office of Public School Construction, to obtain information from independent sources.

Background

Measure Y Bond Program Budgets

TSS verified that the Board of Education had approved the budgets, including design and construction costs, for projects in the program. Planned projects, their budgets and schedules are approved by, and appear on reports to, the Board of Education. On March 22, 2005, the District presented an updated “Capital Improvement Program – Fiscal Overview Sources and Uses” report to the Board of Education. Based on a review of documents, projects appear to be generally proceeding in a manner consistent with their respective authorized budgets as demonstrated in the table Measure Y Bond Program Projects, Budgets-All Funds. Annually, District staff updates the projected revenues and expenditures in a Capital Improvement Program Worksheet. The most current update, dated November 7, 2008, was utilized for this audit report. The attached table entitled, “Measure Y Bond Program Projects, Budgets – All Funds”, summarizes the budgets and expenditures as of the end of fiscal year 2007-08.

Finding

- There are no findings in this section.

Measure Y Bond Program Projects, Budgets – All Funds					
Project No.	Site	Original Budget 06/30/05	Expenditures 2007-08	Expenditures 2002-03 thru 2007-08	Percent of Budget (%)
YOR	Bernardo Yorba Middle School	\$4,929,108	\$64,925	\$4,855,477	98.51%
BRK	Brookhaven Elementary	4,759,591	875	4,733,716	99.46%
BR	Bryant Ranch Elementary ¹	933,361	0	454,361	48.68%
DEC	District Education Center ³	1,766,997	71,393	1,690,913	95.69%
ES	Eastside Elementary	8,600,000	0	0	0.00%
ELC	El Camino High ¹	5,120,784	130,579	936,212	18.28%
ELD	El Dorado High ¹	26,507,674	186,331	12,014,139	45.32%
ESP	Esperanza High	21,981,910	256,949	19,250,884	87.58%
FMT	Fairmont Elementary	6,884,571	1,310	6,543,881	95.05%
KEY	George Key Elementary ¹	506,279	300	98,068	19.37%
GLK	Glenknoll Elementary	5,838,984	0	5,598,653	95.88%
GLV	Glenview Elementary	5,936,514	0	5,550,211	93.49%
GLD	Golden Elementary	3,621,691	16,955	3,479,044	96.06%
KRA	Kraemer Middle	6,202,166	(2,396)	5,799,101	93.50%
LKV	Lakeview Elementary	18,396,723	28,987	18,395,728	99.99%
LV	Linda Vista Elementary	5,800,751	12,050	5,529,554	95.32%
MP	Mabel Paine Elementary ¹	2,990,959	180,178	2,640,959	88.30%
MP	Mable Paine El Emerg Flood Proj ²	1,960,160	1,960,160	1,960,160	100.00%
MEL	Melrose Elementary	18,719,694	83,008	18,638,567	99.57%
MRS	Morse Avenue Elementary	4,337,242	(2,619)	4,334,623	99.94%
PKV	Parkview School	142,887	0	142,887	100.00%
RV	Rio Vista Elementary ¹	8,675,159	151,502	5,700,589	65.71%
ROD	Rose Drive Elementary	3,242,286	0	3,123,419	96.33%
RUB	Ruby Drive Elementary	3,961,067	(3,416)	3,601,396	90.92%
SV	Sierra Vista Elementary	4,708,864	0	4,583,655	97.34%
SW	Gualberto J. Valadez Middle School	54,649,994	19,755,789	44,549,242	81.52%
TOP	Topaz Elementary	6,931,111	194,757	6,776,113	97.76%
TRE	Travis Ranch Elementary ¹	2,121,903	(55)	1,888,394	89.00%
TRM	Travis Ranch Middle ¹	392,811	0	46,156	11.75%
TUF	Tuffree Middle ¹	6,107,311	8,709	802,350	13.14%
TYN	Tynes Elementary ¹	13,812,765	143,741	1,475,884	10.68%
VHS	Valencia High	20,298,614	1,199,690	18,199,256	89.66%
VB	Van Buren Elementary	5,756,134	961	5,076,800	88.20%
WAG	Wagner Elementary	4,249,785	0	4,203,307	98.91%
WDS	Woodsboro Elementary ¹	9,073,449	126,339	1,132,456	12.48%
YLH	Yorba Linda High	152,395,703	20,734,190	97,341,161	63.87%
YLM	Yorba Linda Middle ¹	3,407,984	19,812	1,287,452	37.78%

¹The remainder of these projects are now funded through Measure A.

²This project is not a bond project and not funded by Measure Y. It is included here for purposes of clarification.

³District Education Center projects include ADA compliance, growth project and various other projects. (A total of \$863 was charged to Measure Y for these projects.)

PROGRAM/CONSTRUCTION MANAGEMENT COSTS

Listed in the table below are seven construction management firms under contract with the District, and their respective costs for project/construction management (PM/CM) services as of June 30, 2008.

PM/CM Firm	PM/CM (Total Fees)
3DI	\$12,429,337
Bernards Brothers	4,879,650
Turner Construction Co.	7,889,480
Phaseone Construction Group	1,376,478
California Construction Mgmt	380,000
3DI/CCM	6,325,503
Paragon	714,412
Totals	\$33,994,860

In previous audit reports, it was reported that PM/CM costs, as a percentage of construction costs, varied from 11.6 percent for traditional PM/CM services, to 18.5 percent for numerous multiple-prime contracts (which require services beyond the traditional level of service), to 23.9 percent when additional design management services are included. Those percentages were found to be consistent during the current audit period ending June 30, 2008.

At the beginning of the Measure Y program, the District made the decision to fund all Facilities and Planning Department staff costs, as well as performance audit costs, from general fund resources. Although it has been opined in a California Attorney General legal opinion that it is appropriate to fund these expenses with bond revenues, the Board and administration of the District believed at the time that it was important for PYLUSD to fund these expenses from the general fund.

Recent shortfalls in the California state budget, and the consequent impact on the District general fund, has necessitated a reconsideration of this previous decision, and as a result, the District made a decision to charge the following expenses to Measure Y for the 2007-08 fiscal year:

Position/Item	Percent Charged to Measure Y
Director of Facilities and Planning	90%
Director of Construction	90%
Assistant Planner	90%
Clerk/Information	90%
Director of Maintenance and Operations	15%
Director of Fiscal Services	15%
Senior Account Clerk, Construction	60%
Accounting Technician	60%
Director of Purchasing/Stores	15%
Buyer/Project Specialist	60%
All Measure Y Bond Program Performance Audits	100%

The above noted items resulted in a total expense transfer of \$828,090 from the general fund to the Measure Y program.

Observation

- The District has been diligent in maximizing Measure Y program resources to facilitate project delivery by funding management costs from the general fund. As allowed by law, the District decided to charge bond related administrative expenses to Measure Y beginning with the 2007-08 year. The percentages charged to the bond program for each position appear appropriate in proportion to the division of responsibilities and duties assigned.

CHANGE ORDER AND CLAIM PROCEDURES

Process Utilized

In the process of this examination, relevant documents were analyzed and interviews were held with the Facilities and Construction Management Team.

Background

During the course of construction, some additional work may be required to mitigate unforeseen conditions or conflicts in plans and specifications. Typically, change orders for modernization cannot be avoided due to the age of the buildings, and conflicts between records and reality that do exist. The industry-wide acceptable percentage for change orders, based on the auditor's experience, for modernization projects is about seven to eight percent of the original contract amount. (The prevailing change order standard for new construction, based on the auditor's experience, is three to four percent). The change order contingency amount set by the school Board appears to be adequate.

Due to the nature of school construction work, issues are often resolved verbally at the weekly construction meetings where the architect, construction manager, inspector and contractor's job superintendent are present. These decisions are then formalized in the meeting minutes and followed up, where appropriate, with a change directive to authorize the work and eventual payment. The District is not liable for the cost of any extra work or substitutions, changes, additions, omissions or deviations from the drawings and specifications unless the District authorizes the work and the cost is approved in writing through a change order or through a construction change directive.

To initiate a change due to unclear or conflicting construction drawings, the contractor issues a Request for Information (RFI). The architects of record (AOR's) review the RFI and submit an answer to the contractor indicating whether additional work is merited. To avoid delay claims, the construction manager must minimize the distribution time of RFI's and collaborate with the AOR's to find a resolution.

An important part of the change order process is price negotiation. The contractor submits a Proposed Change Order (PCO) to the construction manager. The construction manager reviews the proposal with the inspector, AOR and the District's project manager. If accepted, the construction manager issues a change directive or a change order. The increase or decrease in the contract price caused by a change order may be determined at the District's discretion through the acceptance of a PCO, through unit prices from the original bid, or by utilizing a time and materials method as agreed upon by the District and the contractor. At times, this process may go through several cycles due to a disagreement over cost.

When a contractor makes a claim for a contract amount increase or time extension, they notify the District, but continue to execute the work even if the adjustment has not been agreed upon. By having this language in the general conditions of the contract, the District is protected from work stoppage due to a disagreement over the cost of a change order.

As part of the payment process, contractors are asked to submit a schedule of values to determine the appropriateness of the progress payments for their work. The schedule of values may be used as a tool in determining credits when work is no longer necessary. It can also serve as a measure of cost for any additional work.

During construction, contractors may request to substitute their subcontractors listed in their original bids. The process of replacement outlined in the Public Contract Code must be followed, and the replacement subcontractors must be properly licensed and meet the criteria established by the contract.

Measure Y Projects

Facilities project files, Board agendas and backup data were reviewed to obtain information relevant to this section of the audit report. The resulting data is shown in the attached table, "Change Orders for Measure Y Funded Projects".

By the end of the 2007-08 reporting period, two major remaining Measure Y funded projects were in construction, Valadez Middle School and Yorba Linda High School. These two new school construction projects are multi-prime contracts with 23 contractors each. The aggregate percentage of processed change orders over the original contract amounts for these projects were below three percent and consistent with the auditor's experience for new construction work. The change order percentages for individual contractors ranged from 0 to 8.10 percent. Documentation and records (RFI's, PCO's and signed off Change Order documents) were conveniently available in the project files.

Observations

- On June 24, 2008, the District settled a claim by the structural concrete contractor J.T. Penick & Sons, Inc., for the cost of constructing a particularly large retaining wall for Building C at Yorba Linda High School. Staff and consultants initially believed that the wall was contained in the structural scope of work that was awarded to the contractor. However, further review of bid and contract documents confirmed that the wall was, in fact, not included. This incident is not uncommon to multi-prime contracts wherein the scope of work for each individual trade/specialty is delineated by the Construction Management firm representing the owner/district prior to bid. Therefore, the owner/district assumes responsibility for work inadvertently excluded or duplicated in any of the scope of work packages issued to bidders.
- The District adopted the use of a web-based program and construction management software called "Online Resource for Building Information Technology" (ORBIT) which was developed for 3D International/Parsons Construction. The software has links to various websites and includes features wherein contractors and subcontractors can view, upload/download data and contract documents such as drawings, contracts, inspector reports, contractor submittals, logs, meeting minutes, RFI's, PCO's, CO's, pay applications and other related documents. During the 2007-08 reporting period the District, architects, consultants and contractors were in the early stages of uploading documents into this system.

Commendations

- The District continues to successfully convert site plans into electronic files. The process is well-organized and comprehensive. Such means of archival will ensure future accessibility of records for planning purposes resulting in reduced future change orders and claims.
- The District is commended for its efforts in implementing the use of a web-based program and construction management software to further enhance its ability to efficiently manage the bond projects.

Findings

- There are no findings in this section.

Recommendation

- It is recommended that the District, its Architects and consultants continue to improve the process of reviewing and delineating the scope of work for the various trades and specialties on multi-prime projects to prevent inadvertent exclusions or duplications in the bid packages, which can result in costly claims and expenses for the District.

Change Orders for Measure Y Bond Projects, As of June 30, 2008.

Site	Project /(Contractor)	Contract Amount/ (Award Date)	Change Order Number	Change Order Amount	Board Approval Date	Adjusted Contract Amount	Change Order %	Notice of Completion
Valadez Middle School (Formerly Southwest MS)	New School Construction (Multi-prime Contract; 23 Contractors)	\$30,162,636 (09/11/2006 thru 03/27/2007)			(Fiscal Year) 2005-06 2006-07 2007-08			
			Total	\$7,102 239,656 437,416 \$684,174		\$30,169,738 \$30,409,394 \$30,846,810	0.02% 0.79% 1.45% 2.27%	
Yorba Linda High School	New School Construction (Multi-Prime Contract 23 Contractors)	\$51,782,945 (03/27/2007 thru 12/11/2007)		\$51,972 38,700 (778,418) 114,579 (\$573,167)	9/18/07 10/23/07 12/11/07 3/11/08	\$51,834,917 \$51,873,617 \$51,095,199 \$51,209,778	0.10% 0.07% -1.50% 0.22% -1.11%	
Valencia High School	New construction (Sanders Const. Services)	\$4,039,000 (05/23/2006)	1 2 3 4 Total	\$119,912 41,495 51,497 32,400 \$245,304	11/14/06 2/13/07 7/17/07 8/28/2007	\$4,158,912 \$4,200,407 \$4,251,904 \$4,284,304	2.97% 1.03% 1.28% 0.80% 6.07%	
Esperanza High School	Pool Renovation (Condor Inc.)	\$538,000 (10/24/2006)	1 Total	\$10,479 \$10,479	1/16/07	\$548,479	1.95% 1.95%	
Yorba Linda High School	Demolition of Topaz Lunch Shelter (RE Schultz)	\$17,890 (06/25/2007)	0	\$0		\$17,890	0.00%	
District Office	New Construction (ASR Construction)	\$118,500 (5/23/2006)	1 Total	\$7,050 \$7,050	12/12/06	\$125,550	5.95% 5.95%	
District Office	New Construction (Pre-Fab Builders, Inc.)	\$49,829 (10/10/2006)	1 Total	\$4,877 \$4,877	5/24/07	\$54,706	9.79% 9.79%	

COMPLIANCE WITH DISTRICT POLICIES AND ADMINISTRATIVE REGULATIONS

The District has adopted the following Board Policies (BP) and Administrative Regulations (AR) for its facilities program:

BP/AR	Description	Date of Adoption	Date of Revision
7100	The District Master Plan	5/29/73	1/17/89
7101	Facilities Utilization	12/14/71	6/5/90
7101.1	Authorized Use of Classroom/Instructional Space	4/11/83	
7102	District School Organizational Plan	8/22/76	3/25/04
7110	Goals of the Facility Expansion Program	3/8/76	
7112	Forecasting Enrollments	6/25/73	
7142	School District Elections	8/4/75	1/17/89
7143	Community Facilities District	4/16/02	
7551	Naming of Facilities	5/27/75	5/22/01

It was reported in previous annual audits that many Board Policies and Administrative Regulations were initially adopted over twenty years ago, with several revisions within the past five years. Some policies and regulations have not kept pace with rapidly changing state statutes and State Allocation Board (SAB) regulations. For example, SB 50, which was enacted in 1999, made major modifications to the state's School Facilities Program, imposed developer fees (Level 1 and 2) and eliminated Mira fees. In 2000, Proposition 39 enabled school districts to pass facility bonds with 55 percent approval. The state also created the Department of Toxic Substances Control (DTSC) to regulate environmental issues related to new school sites. Some Board Policies and Administrative Regulations are outdated and do not account for these changes.

In the audit report for the period ending June 30, 2007, the District reported the following:

“The Placentia-Yorba Linda Unified School District has been working on updating Board policies including those of Facilities and Planning. This process has taken longer than anticipated. The Board policy revisions for Facilities and Planning are scheduled to be presented to the Board of Education within the next year.”

Although the task has not been completed by June 30, 2008, the District is in the process of taking Board policies to the Board as each section is completed.

Finding

- There are no findings in this section.

PAYMENT PROCEDURES

Process Utilized

In the process of this examination, numerous purchasing and payment documents pertaining to expenditures funded through Measure Y were reviewed for compliance. Interviews were held with fiscal services, purchasing and facilities staff regarding payment procedures and processes.

The review consisted of the following:

- Verification that expenditures charged to the Measure Y bond were authorized as Measure Y bond projects;
- Compliance with the District's Purchasing and Payment policies and procedures;
- Verification that back up documentation, including authorized signatures, were present on payment requests; and
- Vendor payment timelines.

Background

In November 2000, the voters of the State of California approved Proposition 39 authorizing the issuance of general obligation bonds by California's public school districts. Section 1(b) (3) (c) of Article XIII A of the California Constitution requires the district to conduct an annual independent performance audit to ensure the proceeds of the bonds deposited into the Bond Building Fund have been expended only for the authorized bond projects.

Invoices paid through bond funds are processed by the Senior Account Clerk-Construction in the Accounts Payable Department. Invoices are sent directly to her from the Facilities Department. She is responsible for processing each invoice, making sure all of the appropriate signatures are in order, verification that the description of work and/or the goods received matches the description on the purchase order/contract, verification that the cumulative totals reported on the payment application are consistent with the progress payment record and verification of any change orders that may have occurred, including verification of the Board approval date. Payments are processed in batches and the warrants are printed in house. The check register and back-up documentation are sent to the Orange County Superintendent of Schools for approval.

Sample

Thirty-one invoices and one journal entry totaling \$3,539,067 expended through the Measure Y fund during the period of July 1, 2007 through June 30, 2008, were reviewed in the course of this examination.

The review consisted of verification that the expenditures charged to the Measure Y bond were authorized projects; authorizations were present; verification of the invoice amount and the amount paid were in agreement; and the processing time to pay vendors or service providers were adequate.

The sample of payments included the following Measure Y projects:

- Valencia High – Architectural Services, Network Hardware, Kiln
- Esperanza High – Irrigation and Hydro-seeding
- Melrose Elementary - Geotechnical Services
- Valadez Middle – Electrical, Plumbing and Concrete, Sports Lighting, Plan Fees, Doors, Frames and Hardware, General Construction
- Topaz Elementary – Shade Structure
- Rio Vista Elementary – Foundation, Vents and Excavation
- Topaz Elementary – Electrical
- Valencia High – Girls Locker Room and Art Facility

One journal entry totaling \$828,090 was reviewed in the course of this examination. The journal entry transferred a percentage of salary costs for positions directly involved with the managerial and operational oversight of the bond program; the entry also transferred prior year costs of the annual bond performance audits.

Observations

- All of the invoices reviewed appear to be authorized projects and expenditures under the Measure Y bond.
- Twenty-nine of the thirty-one invoices (94 percent) reviewed were paid within thirty-days, and all of the invoices showed evidence of appropriate review and approval.

Findings

- There are no findings in this section.

BIDDING AND PROCUREMENT PROCEDURES

Process Utilized

In the process of this examination, numerous purchasing documents and payment documentation pertaining to new construction and modernization projects were reviewed and analyzed. Interviews with various staff members were also held.

The review consisted of the following:

- Verification that bids were advertised in accordance with public contract code;
- Verification of bid results and Board approval;
- Project files include contract documents, Notice of Award, Notice to Proceed and other pertinent documentation.

Background

The Facilities and Purchasing Departments work together during the bid process. The timeline in which a project is bid is determined by the construction manager and District staff based on the construction start date.

When it is determined a project is ready for bid, the Facilities Department is responsible for providing the Purchasing Department with the initial documents, advertisement dates, specified conditions, content and standard boilerplate language. The Purchasing Department is then responsible for placing the Notice to Bidders in the Orange County Register, presiding over the job walks, and overseeing the bid opening.

Staff tries to coordinate the bid opening date with the next available Board meeting in an effort to expedite the Award of Contract and Notice to Proceed.

Bids are received by the Purchasing Department. Once the bids are opened, the bids are verified for compliance and completion, and are checked for appropriate licenses, bonds, insurance and fingerprinting. Purchasing notifies the Director of Facilities and Planning and he prepares the Board Agenda item for the award of bid. Once approved, the Purchasing Department issues the Notice of Award. The contractor has seven days to submit all of the required documents. The Board then approves the Notice to Proceed

The District bid boilerplate was written for the District's construction projects by District counsel. The District bidding process, including advertisement, is conducted in compliance with applicable laws and regulations. "Division 0" in the specifications is complete with all components needed for a valid bidding process. It also appears to appropriately protect the District.

In addition to traditional bidding, each year the District utilizes a unit price bid for various trades. Trades offering such pricing are electrical; plumbing; painting; and fencing. The District advertised and received bids for various trades on an hourly basis and percentage quotation to reflect the maximum allowable mark-up for materials, sub-contractors, equipment rental, profit and overhead. The bids are utilized as needed, for services and installation projects and are renewed each year for up to five years, as agreed by the District and Contractor. The District began using this method in an effort to respond to various needs throughout the District in a timely manner and insure compliance with legal bid mandates. Projects that require more sophisticated design and engineering are processed using the traditional bid format.

Sample

The following Measure Y project was bid and contract awarded during 2007-08. The table below provides the timeline for which bidders were notified, the opening date, Board approval date and results.

Measure Y Project Bid Award, July 1, 2007 through June 30, 2008

Name of School	Project Description	Bid Number	Publication Dates	Bid Opening	Board Approval	Number of Bidders	High/Low Bidder	Contract Awarded	Amount
Yorba Linda High	Site Concrete	208-01	10/29/07 11/15/07	11/29/07	12/11/07	3	\$5,496,000 \$4,190,000	Angeles Contractors	\$4,190,000

The following project was selected for review, including review of the bid process and award documents, for compliance and completeness:

The Yorba Linda High School project was selected for the bidding and procurement review in this audit. The table below shows the dates and other information regarding the formal bid process conducted by the District for this project:

Description	Yorba Linda High School Site Concrete Bid 208-01
Low Responsive Bidder	Angeles Contractors, Inc.
Date of Contract Award	December 11, 2007
Contract Amount	\$4,190,000
Notice To Proceed Date	January 28, 2008

The District elected to use the Multiple-Prime construction management delivery method for the construction of Yorba Linda High School project. This method utilizes a construction manager that serves as an agent for the District. Trade contracts are awarded to multiple contractors and have a direct contract and relationship with the District or District’s construction manager, rather than with a general contractor. This allows the District to choose the firm or individual providing the construction management services by a qualifications-based selection, rather than low bid. District’s are required to us use the low bid process for selecting contractors providing the actual construction.

The Notices to Bidders were advertised in the Orange County Register. Advertisements were published on two separate occasions, seven days apart and there were at least fourteen days between the first bid publication and the bid opening date as required by law. Upon review and recommendation by staff and the Superintendent, the Board of Trustees awarded the contract to the lowest and responsible bidder. The apparent low bidder was determined based on the base bids only. The Notice to Proceed was issued after the contractor submitted all of the required insurance certificates, bonds, signed agreements and other documents.

Commendations

- Proper bidding procedures were utilized for bids reviewed in this audit period, including advertisement, bid documents, job walks and bid evaluation. The Notice to Proceed was issued in a timely manner.
- The District is commended for its efforts in obtaining multiple bidders. In addition to the legal advertising requirements, staff contacted contractors and local union halls to encourage bidding. Doing so provided maximum exposure and a competitive bidding process.
- According to one of the project managers, a process that worked well was conducting post bid interviews. The interviews include the project manager along with District staff or the District's representative, construction manager and the contractor. The purpose of the interviews is to get a "jump start" on the project and provide the construction manager with a sense of awareness of the type of contractor he/she will be working with and managing.

Observations

- In a review of the bid results during the audit period, it was noted that the difference between the lowest acceptable bid and the highest bid was substantial. There may be several potential causes for such variances, which could include a bidding climate in which bidders are very busy and can afford to include a higher profit margin in the bids.

Another possible conclusion for the variance is the quality of the construction documents. Generally, if the documents are thorough and the scope is well-defined, the bids received will be reasonably close together. If the received bids are within 2 to 3 percent, the indication is that all the documents are of good quality and the potential for change orders due to errors and omissions is low. If the scope in the documents is not well-defined or if there is the possibility of multiple interpretations of the information, a contractor will need to ask for clarification or make assumptions. These assumptions usually drive the bid up to cover the most expensive potential solution. This is an indication of a poor quality of documents and a higher potential for change orders during construction. With many of the reviewed projects, there was a significant difference in bids and the results were spread out between the high and low bidder indicating potentially different interpretations of the construction documents.

One example of this occurrence was the structural concrete project at Yorba-Linda High School (Bid No. 207-60), awarded to T.B. Penick & Sons., Inc. In March 2008, as work began on Building C, a dispute arose over who was responsible for the construction of the large retaining wall. Penick & Sons maintained that it was not included in their scope of work and further that they had not included the work in their original bid price.

District staff believed that in the Structural Concrete package a particularly large retaining wall for Building C was contained as a part of the scope of work. However, after the bid documents were reviewed by staff, personnel from Parsons/CCM Project Management Team, along with legal counsel concluded that, in fact, the scope for the retaining wall had not been included in the structural concrete package, as previously believed by the District's projected management team. This retaining wall may have created cause for confusion during the bidding process and may have resulted in higher bids being submitted from other contractors.

The District settled the claim with T.B. Penick & Sons, Inc. in the amount of \$877,251.

Large bid differentials can also be more likely to occur with multi-prime contracts. If the documents were developed as one complete project and subsequently broken into bid packages for multi-prime bids there can be scope overlap or scope gap. Scope overlap occurs when contractors bidding on different bid packages include a portion of the work in both packages. Scope gap occurs when a portion of the scope is not included in any package. Either case can happen when the scope of individual bid packages are not well defined and are left open to interpretation by the bidders.

- As noted in previous reports, the District continues to utilize unit pricing bids in order to increase efficiency, however according to staff this method requires much more time monitoring and managing workers. Daily reports must be maintained and verified in order to protect the District from paying too much for work performed. Advantages of using this method include the potential savings of mark-up that is added to smaller projects and the convenience and savings, both financial and time, of not having to bid smaller projects. Staff concludes that the District is opting to use this method less and less and that their County Counsel defines this method to be in a legally "grey area".
- It was observed that one of the unit pricing contracts had been extended past the originally approved length of the agreement. By not going through a formal bid process contractors interested in bidding work may have been excluded from the bid process.

Finding

- There are no findings in this section.

Recommendations

- It is recommended that the District institute a constructability review process utilizing a reviewer independent from the architects. This will provide a check on the quality of the construction documents. It is also recommended that the District consider project delivery methods that limit the risk due to scope gap or scope overlap. TSS understands that the District will be using the Design-Bid-Build process with general contractors for projects on the new Measure A bond program. Although this will not address the issues of the quality of the documents, it will put the responsibility of coordinating the scope on the general contractor. An additional delivery method limiting risk is the CM at Risk process in which the construction manager gives the District a guaranteed maximum price (GMP) and takes the responsibility for changes and scope definition during construction.
- The District should consult with its legal counsel to determine if extending a per-unit contract for public works past the point of the specified/advertised duration is in violation of the rules specified under public contract code.

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

Process Utilized

During the process of this examination, Total School Solutions (TSS) conducted interviews with key personnel in the facilities and purchasing departments and with the District's Public Information Officer (PIO), as well as the consultants and other individuals related to, or involved with, the facilities department. The communication channels and public outreach were among the topic of discussion in these interviews.

The District's website and the Bond Program/CBOC websites were also reviewed for content and ease of access to information.

Background

To facilitate communication regarding the Placentia-Yorba Linda Unified School District facilities bond program the District utilizes several methods of communication.

The District's website contains informational items regarding Measures Y. The bond program link provides information regarding the Citizens' Bond Oversight Committee, including committee member information, meeting agendas and minutes. The website also contains copies of each year's financial audits, updates and pictorials for each of the construction projects, several presentations, and a well-documented video on the Story of Measure Y. The home page on the Districts website also contains a link to a webcam that streams live at the Yorba Linda High School.

This websites containing this information can be located at:

- Placentia-Yorba Linda Unified School District: www.pylusd.k12.ca.us
- Bond Program: www.pylusd.org/bond/index.asp

Interested members of the community with access to the Internet would be able to readily obtain current information about the bond program.

The Public Information Officer is also involved in the bond communication efforts. She attends all of the CBOC meetings and various other community meetings. She is responsible for keeping current on the program and communicating relevant and timely information out to the community.

Newsletters are another form of communication the District uses to inform the community and provide information regarding the bond program. In September 2007, the newsletter provided information, updates and pictorials regarding Measure Y, and the newsletter was also used to thank the community for its support of the program. The November 2007 newsletter was used to provide information regarding the new Measure A Bond campaign.

During 2007-08, meetings were held by the Superintendent and staff with various stakeholders within the community including, Parent Teacher Organizations (PTA), Rotary Club, Chamber of Commerce, Soccer and Little League Organizations, various parent/school groups, and staff. The purpose of the meetings was to provide these community groups with information about the status of Measure Y accomplishments, completed projects to date and plans for the new bond Measure A.

Bond information, updates and presentations are routinely provided at Board meetings. During the school year, members of the press routinely attend Board meetings, and stories about the program have been written and published from time to time.

Signs have been posted at each of the school sites undergoing modernization and new construction thanking the community for their support.

Commendation

- The District is commended for its efforts to enhance awareness of the bond program, within the school community and community at large.

Findings

- There are no findings in this section.

APPENDIX A

MEASURE Y BOND RESOLUTION INCLUDING BOND PROJECT LIST

RESOLUTION NO. 10

RESOLUTION OF THE BOARD OF EDUCATION OF THE
PLACENTIA-YORBA LINDA UNIFIED SCHOOL DISTRICT
OF THE COUNTY OF ORANGE, CALIFORNIA,
ORDERING AN ELECTION TO AUTHORIZE THE ISSUANCE OF
SCHOOL BONDS, ESTABLISHING SPECIFICATIONS OF THE
ELECTION ORDER, AND REQUESTING CONSOLIDATION
WITH OTHER ELECTIONS OCCURRING ON
MARCH 5, 2002

WHEREAS, in the judgment of the Board of Education (the "Board") of the Placentia-Yorba Linda Unified School District (the "District"), it is advisable to call an election to submit to the electors of the District the question whether bonds of the District shall be issued and sold for the purpose of raising money for the acquisition and improvement of real property, and the furnishing and equipping of school facilities; and

WHEREAS, as a result of the approval of Proposition 39 on November 7, 2000, Article XIII A, Section 1, paragraph (b), of the California Constitution ("Article XIII A") provides an exception to the limit on ad valorem property taxes on real property for bonded indebtedness incurred by a school district approved by 55 percent of the voters of the district voting on the proposition; and

WHEREAS, the Board is specifically authorized, upon approval by a two-thirds vote of the Board, to pursue the authorization and issuance of bonds by a 55 percent vote of the electorate on the question whether bonds of the District shall be issued and sold for specified purposes, pursuant to Education Code Section 15264 *et seq.* (the "Act"); and

WHEREAS, pursuant to the California Elections Code, it is appropriate for the Board to request consolidation of the election with any and all other elections to be held on Tuesday, March 5, 2002, and to request the Orange County Registrar of Voters to perform certain election services for the District;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Education of the Placentia-Yorba Linda Unified School District the following:

Section I. Call for Election. The Board hereby orders an election and submits to the electors of the District the question of whether general obligation bonds of the District shall be issued and sold in the maximum principal amount of \$102,000,000 for the purpose of raising money to finance school facilities and property of the District, and paying costs incident thereto, as set forth

more fully in the ballot proposition approved pursuant to Section 3. This Resolution constitutes the order of the District to call such election.

Section 2. Election Date. The date of the election shall be March 5, 2002, and the election shall be held solely within the boundaries of the District.

Section 3. Purpose of Election; Ballot Proposition. The purpose of the election shall be for the voters in the District to vote on a proposition, a full copy of which is attached hereto and marked Exhibit A, containing the question of whether the District shall issue the Bonds for the purpose stated therein, together with the accountability requirements of Article XIII A and Government Code Section 53410 and the requirements of Section 15272 of the Act. As required by Elections Code Section 13247, the abbreviated form of the measure to appear on the ballot is attached hereto and marked as Exhibit B. The Superintendent or his designee is hereby authorized and directed to make any changes to the text of the proposition as required to conform to any requirements of Article XIII A, the Act, or the Orange County Registrar of Voters.

Section 4. Authority for Election. The authority for ordering the election is contained in Section 15264 *et. seq.* of the Education Code and Section 1, paragraph (b), subsection (3), of Article XIII A. The authority for the specification of this election order is contained in Section 5322 of the Education Code.

Section 5. School Facilities Projects. As required by Article XIII A, the Board hereby certifies that it has evaluated safety, class size reduction, enrollment growth, and information technology needs in developing the list of school facilities projects set forth on Exhibit A-1.

Section 6. Covenants of the Board upon Approval of the Bonds by the Electorate. As required by Article XIII, Section 15278 of the Act, and Government Code Section 53410, in the event 55 percent of the voters voting in the District approve of the Bonds, the Board shall:

1. Conduct an annual, independent performance audit to ensure that the funds have been expended only on the projects listed in Exhibit A-1;
2. Conduct an annual, independent financial audit of the proceeds from the sale of the Bonds until all of those proceeds have been expended for the school facilities projects listed in Exhibit A-1;
3. Establish and appoint members to an independent citizens' oversight committee in accordance with Sections 15278, 15280, and 15282 of the Act;

4. Apply the bond proceeds only to the specific purposes stated in the ballot proposition;
5. Cause creation of accounts into which bond proceeds shall be deposited; and
6. Cause the preparation of an annual report pursuant to Government Code Sections 53410 and 53411.

Section 7. Delivery of This Resolution. The Clerk of the Board is hereby directed to send a copy of this Resolution to the Orange County Superintendent of Schools, the Orange County Registrar of Voters (the "County Registrar") and the Orange County Clerk of the Board of Supervisors.

Section 8. Consolidation of Election. The County Registrar and the Orange County Board of Supervisors are hereby requested to consolidate the election ordered hereby with any and all other elections to be held on March 5, 2002, within the District.

Section 9. Ballot Arguments; Tax Rate Statement. Any and all members of this Board are hereby authorized to act as an author of any ballot argument prepared in connection with the election, including a rebuttal argument. The Superintendent, President of the Board, or their designees, are hereby authorized to execute any Tax Rate Statement or other document and to perform all acts necessary to place the bond measure on the ballot.

Section 10. Effective Date. This resolution shall take effect on and after its adoption.

PASSED AND ADOPTED by the Board of Education of the Placentia-Yorba Linda Unified School District the ninth day of October 2001.

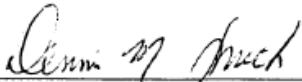
Signed:



President of the Board of Education



Clerk of the Board of Education



Secretary to the Board of Education
Placentia-Yorba Linda Unified School District
County of Orange, State of California

CLERK'S CERTIFICATE

I, Judy Miner, Clerk of the Board of Education of the PLACENTIA-YORBA LINDA UNIFIED SCHOOL DISTRICT, hereby certify that the foregoing is a full, true, and correct copy of Resolution No. 10 adopted at a regular meeting place thereof on the 9th day of October, 2001, of which meeting all the members of said Board of Education had due notice and at which a majority thereof were present, and that at said meeting said resolution was adopted by the following vote:

AYES: 5

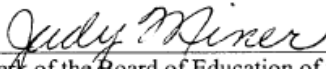
NOES: 0

ABSENT: 0

An agenda of said meeting was posted at least 72 hours before said meeting at 1301 East Orangethorpe Avenue, Placentia, California, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; that the foregoing resolution is a full, true and correct copy of the original resolution adopted at said board meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: October 9, 2001



Clerk of the Board of Education of the
PLACENTIA-YORBA LINDA UNIFIED
SCHOOL DISTRICT

EXHIBIT A
BALLOT MEASURE
FULL TEXT OF MEASURE

This proposition may be known and referred to as the Placentia-Yorba Linda Unified School District Improvement Bond of 2002 or Measure _____

FINDINGS

The Placentia-Yorba Linda Unified School District (the "District"), which serves the communities of Placentia and Yorba Linda and portions of Anaheim, Brea, Fullerton and unincorporated Orange County, is a recognized leader in providing top quality education to Orange County students. Since 1987, 11 of the District's 31 schools have been recognized as California Distinguished Schools, two have been named National Blue Ribbon Schools and one was named a California Model School. Placentia-Yorba Linda Unified School District students have won honors in county, state, and national competition, including CIF championships, Science Olympiad, Academic Decathlon and Pentathlon tournaments, and mock trials. Graduating classes earn over \$2.3 million annually in academic and athletic scholarships and receive appointments to West Point, Annapolis, and the Air Force Academy. The district averages 11 National Merit Scholarship winners each year.

The achievements have been accrued by the District as a result of the long history of visionary leadership from the Board of Education of the District (the "Board"), as well as from staff members, parents, and members of the District communities. During its long history, the District has benefited from a community which supports its educational institutions by establishing high standards for academic achievement while at the same time providing the means required to meet and even to surpass those expectations.

The Placentia-Yorba Linda Unified School District has grown by an average of 482 students per year over the past five years, which is equivalent to 19 classrooms annually. In the last five years, student enrollment of the resident population has grown by 2,414 students, requiring 96 classrooms. Forecasts based on the current population and current overcrowded conditions project a need for additional classrooms and five new schools to support an additional 3,395 students who will be residents of the District in the next ten years.

In order to provide our local students with classrooms and school facilities comparable to other California school districts, major repairs, upgrades, and classroom and school construction are necessary to ensure these buildings—all of which are 10 to more than 65 years old—will remain functional for future generations.

The Board has prepared a facilities plan and identified significant repairs, upgrades, and classroom construction needs due to increased enrollment that are more than the District is able to fund from currently available sources or annual revenues

The District has sought, and continues to seek, all available outside sources of funding to improve our school buildings, including local, state, and federal grants and state bond funds.

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.

Historically, as is the case presently, the state requires that local school districts provide local funds as a condition of receipt of state funds. Should the Placentia-Yorba Linda Unified School District not be able to raise the requisite funds, state bond funds presently allocated to the district will be allocated to other California school districts who possess the local required funds.

It is necessary to seek voter approval of a bond measure in order to provide the local funding for identified school facility repairs, modernization projects, and growth needs to address student enrollment.

BOND AUTHORIZATION

By approval of this proposition by at least 55 percent of the registered voters voting on the proposition, the District shall be authorized to issue and sell bonds of up to \$102,000,000 in aggregated principal at interest rates below the legal limit, to provide finance for the specific school facilities projects listed in the Bond Project List attached hereto as Exhibit A-1, subject to all the accountability requirements specified below.

BOND PROJECT LIST

The Bond Project List attached to this resolution as Exhibit A-1 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.

Approval of this Bond Measure (the "Measure") does not guarantee that the proposed project or projects in the District that are the subject of bonds under the Measure will be funded beyond the local revenues generated by the Measure. If state matching funds become available, they will be used for and applied to the Bond Project List as per Exhibit A-1. The District's proposal for the project or projects assumes the receipt of matching state funds, which could be subject to appropriation by the Legislature or approval of a statewide bond measure.

ACCOUNTABILITY REQUIREMENTS

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

Evaluation of Needs. The Board, after a year long process involving staff members, parents, students, and community members at each school site throughout the District, has prepared an updated facilities plan in order to evaluate and address all of the facilities needs of the District and determine which projects to finance from a local bond at this time. The Board hereby certifies that it has evaluated safety, class size reduction, enrollment growth, and information technology needs in developing the Bond Project List contained in Exhibit A-1.

Independent Citizens' Oversight Committee. The Board shall establish an Independent Citizens' Oversight Committee pursuant to Education Code Section 15278 and following to ensure bond proceeds are expended only on the school facilities projects listed in Exhibit A-1. The committee shall be established within 60 days of the date when the results of the election appear in the minutes of the Board.

Performance Audits. The Board 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-1.

Financial Audits. The Board 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-1.

Special Bond Proceeds Account: Annual Report to Board. Upon approval of this proposition and the sale of any bonds approved, the Board 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 Superintendent 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 in the annual budget, audit, or another appropriate routine report to the Board.

FURTHER SPECIFICATIONS

No Administrator Salaries. Proceeds from the sale of bonds authorized by this proposition shall be used only for the construction, reconstruction and/or rehabilitation of

school facilities including the furnishing and equipping of school facilities or 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.

The proceeds of the bonds will be deposited into a Building Fund to be held by the Orange County Treasurer, as required by the California Education Code.

EXHIBIT B

**BALLOT MEASURE
(ABBREVIATED FORM)**

Measure Y

To repair/upgrade and improve all Placentia-Yorba Linda Unified School District schools, acquire/construct additional classrooms, science/computer labs, restrooms, libraries, furniture, equipment, and school facilities, construct a high school, middle school and elementary schools to alleviate overcrowding/accommodate enrollment growth, qualify for state grants, address building safety/health issues including: upgrade electrical wiring/power, repair/upgrade deteriorating restrooms/plumbing/HVAC and make other improvements to school sites and buildings, shall the District issue \$102,000,000 of bonds at interest rates within the legal limit with annual audits and citizens' oversight.

EXHIBIT A-1

BOND PROJECT LIST

Every school campus within the Placentia-Yorba Linda Unified School District will receive Measure ___ bond funds. Bond funds will be used to make necessary repairs and upgrades to existing school campuses, as well as construct additional classrooms and schools to address overcrowding and increased enrollment. The 31 existing campuses listed below will receive the following repair, upgrade and construction projects as necessary:

Adult Education	Golden Elementary School	Sierra Vista Elementary School
Bernardo Yorba Middle School	Kraemer Middle School	Topaz Elementary School
Brookhaven Elementary School	La Entrada High School	Travis Ranch School
Bryant Ranch Elementary School	Linda Vista Elementary School	Tuffree Middle School
El Camino Real High School	Mabel Paine Elementary School	Tynes Elementary School
El Dorado High School	Morse Elementary School	Valencia High School
Esperanza High School	Parkview School	Van Buren Elementary School
Fairmont Elementary School	Rio Vista Elementary School	Wagner Elementary School
George Key School	Rose Drive Elementary School	Woodsboro Elementary School
Glenknoll Elementary School	Ruby Drive Elementary School	Yorba Linda Middle School
Glenview Elementary School		

Repair, Upgrade and Construction Projects at Existing Schools:

1. Replacement of fire alarm and communications systems to increase student safety.
2. Upgrade science labs at middle and high schools as necessary to meet current curriculum/graduation requirement.
3. Upgrade/replace electrical systems, including, add panels, circuit breakers, transformers, wiring and outlets in classrooms and replace systems as necessary to include energy conservation.
4. Upgrade/replace deteriorating plumbing.
5. Replace/upgrade aging HVAC systems.
6. Address facility safety, code compliance and access for the disabled.
7. Repair and upgrade classrooms and school facilities to meet current standards.
8. Enlarge library/media center areas to accommodate growing enrollment and increasing curriculum demands.
9. Replace/upgrade furniture and equipment.
10. Upgrade restrooms as required by current state and federal standards.
11. Expand and improve school drop-off and parking areas to increase student safety.
12. Upgrade and replace as necessary outdoor play equipment and fields to comply with current safety standards.
13. Construct high school performing arts building.
14. Construct lunch shelters in order to protect students from heat and rain while eating.
15. Expand multi-purpose/cafeterias to accommodate student enrollment.
16. Construct standard classrooms to meet growth needs.
17. Construct additional restrooms to accommodate student enrollment.
18. Construct and/or upgrade additional computer labs to enhance student learning and achievement.

New Construction:

Voter approved bond funds will be used to satisfy the state required "local funds" portion of the California State School Facilities New Construction Program. This state program will provide partial state funding for the acquisition of land and construction of:

1. One (1) comprehensive high school in Yorba Linda in order to reduce overcrowding at all existing high schools.
2. One (1) middle school **in order to reduce middle school overcrowding in Placentia schools.**
3. Two (2) elementary schools **in order to reduce overcrowding and accommodate growing enrollment district-wide.**

APPENDIX B

CITIZENS' OVERSIGHT COMMITTEE

**CALIFORNIA EDUCATION CODE
SECTION 15278-15282
CITIZENS' OVERSIGHT COMMITTEE**

15278. (a) If a bond measure authorized pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution and subdivision (b) of Section 18 of Article XVI of the California Constitution is approved, the governing board of the school district or community college shall establish and appoint members to an independent citizens' oversight committee, pursuant to Section 15282, within 60 days of the date that the governing board enters the election results on its minutes pursuant to Section 15274.

(b) The purpose of the citizens' oversight committee shall be to inform the public concerning the expenditure of bond revenues. The citizens' oversight committee shall actively review and report on the proper expenditure of taxpayers' money for school construction. The citizens' oversight committee shall advise the public as to whether a school district or community college district is in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The citizens' oversight committee shall convene to provide oversight for, but not be limited to, both of the following:

(1) Ensuring that bond revenues are expended only for the purposes described in paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.

(2) Ensuring that, as prohibited by subparagraph (A) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution, no funds are used for any teacher or administrative salaries or other school operating expenses.

(c) In furtherance of its purpose, the citizens' oversight committee may engage in any of the following activities:

(1) Receiving and reviewing copies of the annual, independent performance audit required by subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.

(2) Receiving and reviewing copies of the annual, independent financial audit required by subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.

(3) Inspecting school facilities and grounds to ensure that bond revenues are expended in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.

(4) Receiving and reviewing copies of any deferred maintenance proposals or plans developed by a school district or community college district, including any reports required by Section 17584.1.

(5) Reviewing efforts by the school district or community college district to maximize bond revenues by implementing cost-saving measures, including, but not limited to, all of the following:

(A) Mechanisms designed to reduce the costs of professional fees.

(B) Mechanisms designed to reduce the costs of site preparation.

(C) Recommendations regarding the joint use of core facilities.

(D) Mechanisms designed to reduce costs by incorporating efficiencies in schoolsite design.

(E) Recommendations regarding the use of cost-effective and efficient reusable facility plans.

15280. (a) The governing board of the district shall, without expending bond funds, provide the citizens' oversight committee with any necessary technical assistance and shall provide administrative assistance in furtherance of its purpose and sufficient resources to publicize the conclusions of the citizens' oversight committee.

(b) All committee proceedings shall be open to the public and notice to the public shall be provided in the same manner as the proceedings of the governing board. The citizens' oversight committee shall issue regular reports on the results of its activities. A report shall be issued at least once a year. Minutes of the proceedings of the citizens' oversight committee and all documents received and reports issued shall be a matter of public record and be made available on an Internet website maintained by the governing board.

15282. (a) The citizens' oversight committee shall consist of at least seven members to serve for a term of two years without compensation and for no more than two consecutive terms. While consisting of a minimum of at least seven members, the citizens' oversight committee shall be comprised, as follows:

(1) One member shall be active in a business organization representing the business community located within the district.

(2) One member shall be active in a senior citizens' organization.

(3) One member shall be active in a bona fide taxpayers' organization.

(4) For a school district, one member shall be the parent or guardian of a child enrolled in the district. For a community college district, one member shall be a student who is both currently enrolled in the district and active in a community college group, such as student government. The community college student member may, at the discretion of the board, serve up to six months after his or her graduation.

(5) For a school district, one member shall be both a parent or guardian of a child enrolled in the district and active in a parent-teacher organization, such as the Parent Teacher Association or schoolsite council. For a community college district, one member shall be active in the support and organization of a community college or the community colleges of the district, such as a member of an advisory council or foundation.

(b) No employee or official of the district shall be appointed to the citizens' oversight committee. No vendor, contractor, or consultant of the district shall be appointed to the citizens' oversight committee. Members of the citizens' oversight committee shall, pursuant to Sections 35233 and 72533, abide by the prohibitions contained in Article 4 (commencing with Section 1090) and Article 4.7 (commencing with Section 1125) of Division 4 of Title 1 of the Government Code.
