MEASURE A - STRONG SCHOOLS BOND
CITIZEN'S OVERSIGHT COMMITTEE
PALO ALTO UNIFIED SCHOOL DISTRICT

	MINUTES FOR MEETING OF JANUARY 20, 2010
<u>Opening</u>	The Citizens' Oversight Committee held a meeting in the staff lounge of Gunn High School, 780 Arastradero Road, Palo Alto, California. Members present: Mr. Ray Bacchetti, Senior Citizen, Taxpayer Organization Mr. Scott Darling, At Large Member Mr. Gary Hornbeek, Parent, PTA Member Mr. Deepak Kanungo, Parent Ms. Caroline Maser, Parent Mr. Jim McFall, Business Organization Member Mr. Steve Shevick, Parent Others present: Mr. Tom Hodges, O'Connor Construction Management Mr. Arnold Teten, Gilbane Building Company Mr. Lori Alverez, O'Connor Construction Management District Staff Present: Dr. Robert Golton, CBO Mr. Ron Smith, Facility Project Manager
<u>Public Comment</u>	There was no request for public comment.
<u>Approval of Minutes</u>	MOTION: Bacchetti moved to approve the minutes of November 23, 2009. The motion was seconded. Motion carried 7-0. A Committee member moved to approve the minutes of October 23, 2009 with the correction to the count. The motion was carried 6-0 since one member was not present. The motion was seconded. Motion carried 6-0. Correction in the spelling of the McFall name.
<u>Review of Agenda</u>	
<u>2010 COC Chair/Vice Chair</u>	Bacchetti opened floor for comment on who will be the next COC Chair and Vice Chair. Conversations from all about who would be a possible good candidate for Chair position. Darling states that he is happy to remain vice chair. Hornbeek asked if the chair and vice chair candidates intend to run again through the next 2 years? Bacchetti argued that the Chair should rotate and therefore, declined position of chair. Darling nominates McFall to be Chair. Bacchetti nominates Darling to remain as vice chair. Motion carried 7-0.
<u>Monthly Reports</u>	Bacchetti opened floor for comment on monthly reports from November and December. Hodges explains the six clarifying items in the monthly reports that were requested from by COC members from the last COC meeting. First item, in the schedule there was a comment about attempting to differentiate between the completion date and the beneficial occupancy date; the Committee's preference is the beneficial occupancy date. Hodges said they have placed the beneficial occupancy date and the contract completion date on each project. Golton says that they need to refer to the beneficial occupancy date. McFall believes that it is important to have both contract completion date

and beneficial occupancy date. Bacchetti questions if it would take a project completion date to know the final budget. Hodges said that is correct and explains that the project completion date encompasses DSA completion and financial completion. Item 2 budget reporting spreadsheet reflects changes (added formulas at the top of the spreadsheet). Item 3 changes reflected and no questions. Item 4 is under project overview, it was unclear when a project is categorized as under budget. Hodges said he wanted to make sure it was clear that the statement he had in the project overview was a forecast. He said this was due to a request from Kanugo early on that he was looking for something that was really their best judgment, of where the project was as far as being complete. They talked about any project risks, any delays to the project, any claims, and anything about the project that was relevant that the Committee should know. Hodges said this is their opinion and so some of those forecasted numbers are probably not in the QSS system and to their auditors they said those numbers were going to be from QSS and not from their project management system. They didn't do anything to incorporate that and he wanted to explain the difference and if the COC would still like to address it somehow in the monthly report. Hodges said he doesn't know where they think it would be placed on Sunny Hong's spreadsheet (Executive Summary), but it would be really difficult to incorporate a forecast into Hong's report. Hornbeek asked if the IA building was a good project that reflects proper budgeting where $500,000 was unused and allows for other projects to benefit from those savings. Golton agrees that the IA was successful. Hodges said conversations with Golton will take place in the near future to determine how to utilize dollars that were saved after project completion at a specific time.

Item 5, reflecting construction contingency and project contingency. Hodges said in the December report they were calling it a project contingency and a construction contingency and to help clarify they have changed it to where there is a soft contingency and a change order contingency. Hodges said when they setup a budget, they have a separate line item which is a soft cost and they use this for overages (i.e., soils reports, ad service for an architect, soil borings) they use this to backfill that object code. McFall asked how much of the soft cost contingency is budgeted; Hodges states that it is 3%. He takes the construction cost budget and applies 3%. Hodges confirms that change order contingency is budgeted as 10%. Hornbeek asked the difference between PCOs (Potential Change Orders) and contingency allocation? Hornbeek said the summary sentence at the top of the report is confusing. McFall requests that the summary sentence be deleted. Hodges confirms that there is only one main construction budget code to bill from. Hodges explains that there is another construction code to draw from if needed. Hodges said item 6 is the clarification of the two types of contingencies and in the December report it said soft cost contingencies on the project and now they are calling it change order contingencies in section E.

Hodges said Bacchetti sent him a follow-up to these questions and number one is where they had a discrepancy between where they were showing percentages and he explains that from now on, all the percentages will reconcile back to the executive summary budget expenditure. They will use the percentages on QSS.

Changes in the December monthly report explained by Hodges.
McFall requests to change the name of the budget spreadsheet to Budget Expenditure Report. Deepak requests that his idea of a consumer reports dashboard summary be included in the monthly report. Golton described that he has a dashboard that he can share. McFall asks if the actual schedule is incorporated into the master schedule. Hodges explains that it is not, GBC carries its own construction schedule that is not reflected in the master schedule. McFall wants to know when there is project slide, for example the Paly bleachers. Hodges explains that this is a different project now. Darling requests that the project page reflect specific changes to the project that impacts original planning. Kanugo requests that the master schedule show percentage complete column. Shevick comments on the consumer reports dashboard is not a lot of information for one page worth of space. McFall also thinks that a percent complete column could be helpful on the master schedule.

Shevick asked if there were any projects that the district team is concerned about? Hodges responds to all project status. Teten is concerned with Ohlone modulars, Gunn modulars, and Paly modulars scheduled to be installed in the summer 2010, a lot of work with no available time for late completion. Darling asked about the relocation of high school modular locations and Ohlone time crunch? Shevick asks if Teten expects any DSA risk? Teten responds that the modular drawings are projected to be out of DSA in 3 months. Teten further explains that the building drawings are projected for 8 month review times. Shevick asked if there are any issues arising from the recent community meetings conducted? Hodges explains that big community concerns are on Gunn traffic which will be worked out in the CEQA process, Paly trees, and the Paly portables location, which is now resolved.

Darling asked how the construction change orders approval process went with the Board? Golton said it went well and they appreciated it. They did a report in December, but they didn't do one for January because there weren't any change orders approved in December. McFall requests that the change order reports that are approved by the board also be sent to the COC committee. Darling does not feel it is necessary for the COC to review. Bacchetti suggests for McFall to work out with Golton. McFall requests that change order reporting be put on the next COC date.

Kanugo questions the master schedule of project completion date which is different than the beneficial occupancy date. Hodges will follow up with the request of showing only the beneficial occupancy date.

Bacchetti questions why isn't the project summary page including, as under bond project list, reference the technology LAN/WAN upgrades? Hodges said that line item refers mostly to the technology infrastructure line item in the bond project list across the board. He said that is essentially money that they are earmarking to support Ann Dunkin's (IT Director) infrastructure needs to do certain work and in the general project there is always going to be infrastructure for IT and so that line item is something that they are tracking for technology needs.

Maser questions that since construction lags behind technology improvements are the specs for a new building being reviewed so the district isn't installing out of date equipment. Hodges explains that this program only provides infrastructure and the equipment is being purchased midpoint of construction in preparation for installation. Teten explains that IT is worked into the construction schedule so newest equipment is purchased. Smith explains that they have monthly meetings with IT.

Hornbeek questions the budget expenditure report on the line Technology Budget item how over 1 million has already been spent. Golton explains the computer refresh that has been implemented and will be going to the board for approval later on this month.

Hornbeek questions if there are any possibilities to use bond dollars that can be properly used for general fund dollar deficit? Related to bond project list 5.1 to determine if bond dollars can alleviate general fund deficit. Golton said they have thoroughly looked at this, but again they have planned uses for technology money and the big planned use is the IT refresh where they will continuously over the course of years to refresh the workstations and the (VOIP) voice over IP. Golton said as far as shifting costs, they tend to be very conservative. He said they have auditors here that are very careful and so the notion of supplanting doesn't work. Hornbeek said he is in no way suggesting they do that, he is saying can they maximize on the 5.1 which is here in their monthly report? Golton said he believes they have.

McFall questions that there are identified projects at the high schools, are we going to be doing the same on the middle schools? Hodges answers no; the middle schools are a singular project that may be phased in construction but not in budget.
No more questions.

<u>Qualified Schools Construction Bonds</u>	McFall opened floor for comment on qualified schools construction bonds. Golton explained that PAUSD was one of the lottery 43 selected districts to issue tax credit bonds for $25 million; however the tax credit is variable. Golton explains that there has been an extension for authority to issue for these bonds. The CA Dept of Ed. is being questioned about the determination of allotment of dollars by the state. Golton explains that the district is waiting for an answer. No action required.
<u>COC Attendance at Board Meetings</u>	Kanugo excuses himself at 6:53pm Bacchetti opened floor for comment on COC attendance at the board meetings. Bacchetti questions if the COC should assign COC members at board meetings. Darling and Shevick believe that it is not necessary. McFall said that COC will not assign members to attend.
<u>2010 Audit Schedule</u>	Golton explains that the same firm will be returning in April to do the audit in 2010 and they are interested in meeting with at least the president and the vice president of the COC. Golton said unless the COC saw fit to change firms, they will be doing the work.
<u>Site Visit</u>	COC members will be touring the completed IA building.
<u>April 21, 2010 Agenda</u>	The agenda for the April 21st meeting includes: • Review of monthly reports • Project status update • COC members • Change orders
<u>Next Meeting and Future Meetings Schedule</u>	April 21, 2010 July 21, 2010 October 20, 2010
<u>Adjournment</u>	The meeting was adjourned at 7:00 p.m., following the site visit.