



SAN MATEO-FOSTER CITY SCHOOL DISTRICT

BOND OVERSIGHT COMMITTEE MEASURE X

July 31, 2018 - Meeting Minutes

1) Call to Order:

- a) Bond Oversight Committee (BOC) called to order at 6:02 P.M. on July 31, 2018 at the District Office, Bowditch Conference Room.

2) Roll Call:

Bond Oversight Committee Measure X Members Present:

Fred Baer, Board approved 2 year term expiring 4/20/19; Julie Scanlon, Board approved 2 year term expired on 4/20/18*; Wayne Pitcher, Board approved 2 year term expiring 4/20/19; Eric Holm, Board approved 2 year term expired 4/20/18*

Bond Oversight Committee Measure X Members Not Present:

Ryan Nobrega, Board approved 2 year term expired on 4/20/18*; Carole Groom, Board approved 2 year term expired 4/20/18*; Susan Totaro, Board approved 2 year term expired 4/20/18*

Public

Nic Heuer, Bond Council

Randy Raphael, Measure L Member, Board approved two year term on 12/8/2016, end date 12/7/2018

District and Facilities Staff Present

Joel Cadiz, Director of Facilities, Maintenance, Operations and Transportation

Carolyn Chow, Chief Business Official

Alex Kristal, Senior Facilities Project Manager

Bob Price, Facilities Project Manager

Emma Oh, Facilities Financial Analyst

Mark Sherrill, Facilities Project Manager

Kevin Sanders, Facilities Project Manager

Corey Fong, Construction Facilities Planner

Board of Trustees

Kenneth Chin, Noelia Corzo, Rebecca Hitchcock, Audrey Ng, Shara Watkins

Superintendent

Joan Rosas, Ed.D.

3) Public Comment:

No public comments.

4) Review of Agenda handed out for information purposes only since there was no quorum.

5) Joel gave the floor to Nic Heuer, Bond Council to discuss merging Measure L and Measure X Bond Committees.

- a) District ask Nic to come to discuss potential merger of these citizen oversight committees for measure l and measure x
- b) Nic stated, "I will go over the process of how that goal would be accomplished."
 - i) At the Board level. The Board would have to approve amendments to measure x by laws. Which would combine the 2 committees and provide that new committee to review the expenditures of both Measure L and Measure X.
 - ii) Since it would be a new committee, the procedures of the education code of section 5.5 of the bylaws would require the advertising process to happen, which I believe the school district has been doing in an ongoing process
 - iii) The members of Measure X and Measure L applications will be deemed filed with the district. You don't have to file a new application with the district for the new committee.
 - iv) If you want to join the new combined Measure X and L committee, which the District would encourage you to do. Your application would be deemed filed. My recommendation and the District's recommendation to the board would be to approve all prior members to new committee.
 - v) Once that task is complete, there would be the new committee, which would have jurisdiction over both measures.
 - vi) One tasks that needs to be completed to bridge the gap between the closure of Measure L and establish the new committee is to provide a final annual report for the expenditures that have been reviewed this year for Measure L, which might be a challenge if you can't get obtain a quorum to approve that report.
 - (1) Nic's recommendation to the Measure L committee in order to overcome that challenge is to write a memo to the new combined X/L committee, detailing the activities of the committee and the recommendation to approve a report that certifies that the District is in compliance with Article 13a of the constitution. The final annual report should be similar to the last annual report that was provided.
 - (2) The memo would allow the new combined Measure X/L committee to approve the final annual Measure L report, because it is a requirement of the education code.
- c) Comment from Carolyn Chow, addressing Committee, - "Reason why we are talking to you about combining the 2 committees, is because we have dwindling committee members and we don't have enough members to establish a quorum to approve items for both Measure X and L such as meeting minutes and expenditures and since some of the members are already donating their time to both committees, we would like to combine the 2 to ensure we have a quorum for both Measure X and L, moving forward. The minimum number of members needed to achieve a quorum is 4 members. It is also important to carry over some Measure L members to bring their institutional knowledge with them about what was done and approved on Measure L to the new combined committee.
- d) Comment from Wayne Pitcher – Members who have not yet been officially approved to continue as Measure L members who had previously been an L member but their term has expired, do any of the Measure L members have to do anything else in order to participate in forming the Measure L memo to the board, if a quorum is needed in order to approve the memo?

- i) Nic Heuer stated, “Multiple Measure L members don’t necessarily need to help write the memo. A single member can write the memo.”
- ii) Comment by Randy Raphael, “Highly suggest to get Ryan Nobrega resigned as Measure L member to write the memo, since he way more versed on and has much more experience on the Measure L.”
- iii) Nic Heuer comment on what the Measure L Memo should include, “Look at annual report committee produced last year and include everything similar to the annual report and also include a statement stating whether or not the District is in compliance with Article 13A and the bond proceeds have been spent on only Measure L projects and also includes a description of the committee for the prior year.

6) Review of the Financial Expenditures:

a) Joel handed out a packet listing all Measure X expenses to the committee:

i) Project Overall Summary Report

- (1) Julie Scanlon asked for clarification Bond Support Cost, Measure X Administration & North Central New Elementary school lines, indicating that budget seems to be over run because numbers are in brackets on the provided financial report.
- (2) Joel stated Facilities will investigate and get back to the committee. Carolyn Chow further commented on the salaries line, “Facilities had lost 1 project manager due to resignation and recently replaced lost project manager with new project manager and budget hasn’t been updated to reflect new project manager. Also with North Central School, numbers are place holders.” Joel went onto explain with the North Central site, there are several tanks underground that need to be addressed, and we hired Rouch and Associates to do preliminary environmental site study to get DTSE process started. Joel committed to sending separate email to committee members explaining the cost discrepancy in the summary report.
- (3) Julie Scanlon commented that since Measure L is still in progress, will some of the administrative costs be absorbed. Joel responded with a “yes”, Measure L is absorbing its own administrative costs.
- (4) Julie Scanlon commented on Murray’s truck repair line item. She felt it should be a Facilities cost and not a Measure X cost to maintain and fuel vehicles in order to save money to go toward specifically school site improvements. Joel Cadiz explained that vehicle maintenance is shared between Measure X and L, because Facilities staff used these vehicles to go from project to site project site. Carolyn Chow further commented, these expenses are specifically for Facilities vehicles not Maintenance vehicles being used by the Maintenance department.
 - (a) Eric Holm commented, “If the District chose to pay vehicle expenses prior out of General Fund, it wouldn’t preclude the district from then using bond money to pay for vehicle maintenance now, since it is a legitimate expense.”
Julie Scanlon responded to Erick Holm by saying, “This bond is not going to go like L, where Measure L keeps going and Phase II will be cut back. So why are we putting expenses like that when we can put it into the general fund and then have something for the school so we don’t have to cut back.
 - (b) Fred Baer added, “Julie makes a good point. We are more limited because we don’t have additional bond capacity. The bond area we have less money than the general fund.
- (5) Julie Scanlon asked about “School Facilities” for \$15K line item. Joel responded, “School Facilities is our consultant who are helping us search and secure OPSE State Funding. Julie went on to ask if they have found any money and should we keep paying them? Joel responded by saying, the potential of the amount of money that could be potentially be gained would be around \$15M.
 - (a) Fred Baer asked, “Where are we in the State Facilities Bond process?” Joel responded, “We are still finalizing our eligibility. We have been approved by CDE, which is one of the three agencies we need to be in line for funding. CDE has approved site project and building project

for Charter Square. Next we will be waiting for DSA approval.”

- (b) Julie asked if we have an ETA on when we think we'll be ready for some type of judgement for funding. Joel responded, “That is difficult to say, since we need DSA approval and we don't have control over the DSA submission process. We are anticipating DSA approval in Fall.” Julie expressed concerned at what point do we cut the \$20k expense. Joel's response was the expense of the \$20k and the potential to obtain \$15M is worth the expense.
- (c) Carolyn Chow added, “We are in a race to get our eligibility finalized and ready for submission by Fall, because other school districts are already in line and OPSE has already stated they expect to out of funding by the Fall. However, in the past if your eligibility was approved and money has run out, we would still be in line for the next round of funding.
- (d) Eric Holm commented, “If they get DSA approval and there is still funding left, it would've been considered highly irresponsible for the District to not have done its work to apply for the additional funding. \$20K is insignificant in the scope of \$15M you're trying for. Additionally, even if funds are allocated when they submit, there is potential they would still get money because other schools may drop out once they are approved. So you have to go for it no matter what.
- (6) Fred Baer asked, “What were the delays in getting DSA approvals? Joel responded, “There are several factors: DSA short of manpower, how complicated is the project, The Gym's structural calculations alone in the new Foster City School includes 500 pages alone.
- (7) Fred Baer asked, “Where are we with contractor bids?” Joel responded, “It is very difficult to bid a project without having DSA approval. Right now we are prequalifying for the gym projects.”
- (8) Fred Baer expressed concern the timeline on the new Foster City School is delayed based on the original Fall 2019 completion date.
 - (a) Joel Responded, “We are currently working on the grading, encroachment, and demo permits. And we've just finished the MOU. Once we get the final permits we anticipate beginning demolition of the current building at the end of August. DSA doesn't care about the demo process and is completely separate.”
 - (b) Julie Scanlon asked if our developer partners and architects are helping to push DSA for approvals. Joel responded, “That we are pushing our architects to massage the process.”

7) Abbott Gym & Classrooms

- a) Julie Scanlon asked about Codey Anderson Wasney line item. Joel responded, “They are our Architects. We have had them do several value engineering items.”
- b) Julie Scanlon asked if their estimates are not accurate. Joel responded, “Codey Anderson Wasney are not the ones estimating, they have hired another company Cummings to handle estimating.” Kevin Sanders went on to say, “Cost have been coming in fast and high, because of the wild fires, cost of steel, cost of wood, and the fact that we are on the Peninsula, our costs are on the high side. We also do our estimating in advance because that is how you plan your bond.”
- c) Julie Scanlon asked about San Mateo Foster City ESD line item. Joel responded, “We will double check what the expense is and get back to her.”

8) Bayside Gym

- a) Julie Scanlon asked about site cost over runs. “Site is over run by 10%.”
 - i) Joel responded, “Cost is for having to move the portables over to the asphalt area of the field.”
- b) Julie Scanlon asked about cost over runs on Site and Planning, according to provided financial report.
 - i) Carolyn Chow responded, “What you're seeing here is not the revised budget, where we had to use other funds from other District Funds that are facility related.” Julie Scanlon requested if we could add an additional line showing where the other funds are coming from to cover cost over runs, because the current report in its current format, makes it seem like the budget is completely over budget and ground hasn't even been broken yet for the Bayside Gym. Joel agreed because we have very limited

control over the financial software, Facilities can add a separate sheet, showing all other funding sources. Julie agreed that would be a good solution.

- ii) Eric Holm asked Nic Heuer to confirm that the Committee's charge as Bond Oversight is to verify that all these expenses are legitimate to what the bond was and if we are over run, that is the board's responsibility.
 - (1) Julie Scanlon responded, "As a citizen I'm concerned and regardless of our charter, I would go out to the public and tell the public things are looking bad." Wayne Pitcher added, "It's a legitimate question to ask, particularly on things like planning expenditure is whether or not that is being appropriately spent."
 - (2) Carolyn Chow commented, "Just know that the board has approved the budget and change orders and do approve these expenses in between the Bond Oversight Committee meetings."
- iii) Julie Scanlon asked, "What do Ickler and Associates do?"
 - (1) Joel responded, "They handle building commissioning which is required by code."
- iv) Julie Scanlon asked about TRC engineers. Alex Kristal responded, "Soil Engineers."

9) Borel Gym & Classrooms

- a) Julie Scanlon asked about PG&E engineering. Bob Price responded, "We are still in process and it is unknown if additional costs will be incurred."
- b) Julie Scanlon asked to get clarification on the costs discrepancies between Abbott Gym, Bayside Gym, and Borel Gym projects on the SMFCESD line item. Joel agreed to followup at a later date with the committee as to what the line items is for and the discrepancy between the gym projects.

10) New Foster City Elementary School

- a) Julie Scanlon asked for clarity on how Westlake Urban will be paid out.
 - i) Joel explained, "Initially we had an escrow account to pay for planning and HMC Architects to get the project started and pay out to Westlake Urban will be similar as construction progresses."
 - ii) Carolyn Chow added, "The preconstruction costs are paid on a monthly basis and goes through the escrow account and they're supported by all the backup documentation. \$6M was for purchase of the site. \$3M is for the preconstruction costs: all testing, CEQA, DSA Fees...all preconstruction costs incurred."
 - iii) Carolyn Chow further explained, "\$9M went into escrow. \$130k was paid directly to Westlake. Escrow was funded by both Measure L and X. Joel commented, "We want to expend all of Measure L first, before expending Measure X."

11) North Central School

- a) Julie Scanlon asked if Roux Associates determined if it will be a buildable site. Joel responded, "Hard to say as they haven't finished the assessment. We've had CE go there and do preliminary visit and it seems to be ok, but Roux Associates haven't completed their work yet. In theory every site is a buildable site, it's what you have to do to make it buildable. There are tanks there and we need to figure out what to do with the tanks. If they are non-hazardous, we can just fill them with sand."
- b) Julie Scanlon asked about DTSE line expense. Joel explained, "They are a review agency and they are currently reviewing the removable action of work plan. DTSE review period ended on July 30th and presumable there are no comments."

9) Presentation Update *(see 07-31-18 – Powerpoint)*

- a) Fourth Elementary School Project Update *(see 07-31-18 – Powerpoint)*
- b) Gym & Classroom Projects: Bayside, Abbott, Borel *(see 07-31-18 – Powerpoint)*
- c) Measure X – Phase I Projects Board Approved Budgets *(see 07-31-18 – Powerpoint)*
- d) Possible Solutions To Meet Budget Shortfall *(see 07-31-18 – Powerpoint)*
- e) Abbott Middle School Modernization (PHASE I & II) *(see 07-31-18 – Powerpoint)*

- i) Project came under budget.
- f) Borel Middle School Gym and Classroom *(see 07-31-18 – Powerpoint)*
- g) Bayside Academy Gym Project *(see 07-31-18 – Powerpoint)*
- h) New Elementary School at Foster City *(see 07-31-18 – Powerpoint)*
- i) 5 Classroom cluster has been deferred.
 - Julie Scanlon asked for clarification on the meaning of “Deferred”. Carolyn Chow and Kevin Sanders clarified with, “Deferred can mean tomorrow, 6 months, 6 years...”
 - Fred Baer commented, although there is equity in the dollars being distributed between San Mateo and Foster City based on student population, however there is an overall inequity building between San Mateo and Foster City over the last 40 years.
 - Carolyn Chow commented, most of the staff that is here was not here 40 years ago and the best we can do to move forward is to ensure the best oversight on the current bond.

10) Questions and Comments

- a) Julie Scanlon asked if Facilities could revisit if General Fund can cover vehicle costs to save money for construction costs on projects.

11) Set next CBOC Meeting – Joel to send email on when next meeting will be held.

12) Future Agenda Items – No new future agenda items.

Meeting adjourned @ 7:35pm