

**NEWPORT-MESA UNIFIED SCHOOL DISTRICT  
MEASURE F CITIZENS OVERSIGHT COMMITTEE**

**MINUTES AND REPORT OF THE MEETING OF  
May 17, 2011**

The Citizens' Oversight Committee met on Tuesday, May 17, 2011, at the Roderick H. MacMillian Board Room, Education Center, 2985 A Bear Street, Costa Mesa, CA 92626

**Members Present:**

Judy Berry, Orange County Taxpayers' Association  
Cynthia Blackwell, Newport-Mesa Federation of Teachers (NMFT)  
Carol Crane, Corona del Mar High School Zone  
Ben Koontz, Newport Harbor High School Zone  
Paul Krikorian, Costa Mesa High School Zone  
Tod Ridgeway, Newport Harbor Chamber of Commerce  
Mitch Vance, Corona del Mar High School Zone

**Members Absent:**

Guy Olguin, Newport Mesa Administrators Association (NMAA)  
Cathie Ropp, Classified, California School Employees Association (CSEA)  
Bill Thorpe, Estancia High School Zone

**Also Present:**

Paul Reed, Acting Superintendent and Chief Business Official  
Patty Dreher, Executive Assistant  
Tim Marsh, Administrative Director - Facilities, Maintenance and Operations  
Jim Lamond – Director Facilities Development, Planning and Development

**Project Management Team:**

Bonnie Martin, Project Director

**Handouts:**    Measure F Expenditures-to date Report  
                    Measure F Budget Allocation Summary Report

## **WELCOME AND INTRODUCTION**

Acting Superintendent and Chief Business Official Paul Reed indicated that there was a Quorum and Chair Mitch Vance opened the meeting at 7:05 p.m. Introductions and welcome to new members and guests. Chair Vance reminded the members of the duties of the Citizens Oversight Committee as stated on the District's website: the Citizens' Oversight Committee is chartered by law and its duties are to ensure expenditures are consistent with the voter approved authorization; to review the annual, independent financial audit; to review the annual, independent performance audit; to review the planning, scheduling and budgeting of the projects funded by the Bond proceeds; to represent the interests of the community through participation and advice.

## **ADOPTION OF THE AGENDA AND APPROVAL OF MINUTES**

Agenda for May 17, 2011 meeting was adopted and the Minutes from the February 8, 2010 were unanimously approved.

## **DISTRICT REPORT**

Mr. Reed reported that the Equity Committee met in March 2011 and approved the Superintendent's recommendation for work to begin on the Enclave and Theater projects for Costa Mesa High School and Corona del Mar High School and to the extent that the new bond can handle another project, the renovation of Davidson Field at Newport Harbor High School. Mr. Reed confirmed that the renovation of Davidson Field was an eligible project under the ballot language as approved by the voters for Measure F. The District has two stadiums, one at Newport Harbor and one at Estancia.

Discussion ensued from the Committee regarding concerns for the safety at both Davidson Field at Newport Harbor High School and the fields at Corona del Mar High School. Mr. Reed explained that the Equity Committee had approved renovation of Davidson Field at Newport Harbor High School as part of the projects for the new bond. However, while the safety of playing fields may be addressed as eligible projects within Measure F, such eligibility did not mean that all safety concerns would automatically tap Measure F dollars. For the most part, any identified safety conditions of District fields are more likely to be addressed as non-Measure F projects though the ongoing efforts and focus of the maintenance and operations department. Future projects for major field renovation may come from Measure F.

Mr. Reed offered the District's current assessment that with this new bond sale it is highly likely that the District will not be in a position to sell another bond for a number of years due to the tax cap rate (\$18.87 per \$100,000 of assessed valuation) and the drop in the property values. The District, however, felt it was important to have another project beyond the Enclaves and Theaters included in this next bond package in view of the possibility of savings in the early projects which may result in funds becoming available. The District will not know for a year or two whether or not funds will become available for the renovation at Davidson Field.

The District will break ground this summer for all four Theater and Enclave projects which are expected to take approximately two years to complete. Projects will be at both sites simultaneously which will provide its own challenges and these challenges will be addressed

by McCarthy Building Companies, which the Board of Education has awarded the contract for project management for these projects.

Additionally Mr. Reed pointed out, other non-Measure F construction will be occurring. Generally speaking, the District has its own projects that will be going on at the same time as the Measure F projects. One of these projects is the SIMC building here on the Education Center site which has been postponed for several years for lack of funding. The building is out of ADA and fire code compliance which necessitated that money be set aside to move forward with renovation. The Information Technology Department housed in that building was renovated in 2010-11 and further renovation will continue into 2011-12.

**State Budget:** As a general briefing, Mr. Reed commented that the Governor's May Revise came out yesterday, May 16, 2011, and Governor Brown stated that they will take the new revenue coming in, mostly new income and capital gains which is very unpredictable at this time, to eliminate the recently adopted \$2.1 billion deferral and "begin repaying the \$8.2 billion in debts to schools. As the tax extension is still needed the governor did state that he thought he had the necessary votes to pass the tax extension. However, that ballot will probably not come about until sometime in the fall. In the meantime, the legislature has asked the question: what happens if the voters don't vote for the tax extension? Answer would be that school districts may have mandatory reduction of school days, cuts in programs, increase of class size and similar cuts that will be bad for kids and bad for the community. An "all cuts budget" will impact the District by cutting \$825 per student – which in Mr. Reed's view is a reduction beyond which the school system of California can absorb. However, he also pointed out that in the current economic climate that there are no good answers. Mr. Reed assured the COC that Newport-Mesa continues to be fiscally prudent and remains solvent.

**COC Committee:** Mr. Reed reported that as the COC committee continues to shrink in numbers. The COC is composed of designated organizations which are eligible by State law and Board resolution to name representatives to two year terms. The various community organizations so eligible, which receive reports from the COC meetings regarding Measure F even if they do not name a representative, will again be receiving letters encouraging them to send a representative to join the COC Committee. In response to a question Mr. Reed clarified that the designated organization may re-name the same individual to a second two year term provided he or she continues to meet the criteria for serving. There is a caveat; however, Board of Education Resolution 13-10-06 states that members may only serve two consecutive terms and currently there are four committee members whose two consecutive terms will expire June 30, 2011. However, Resolution 13-10-06 which precludes members from more than two consecutive terms does not prohibit an individual from being named to represent a different eligible organization if the organization so chooses. Additionally, to maintain the balance required by the law, the committee was informed that the Board of Education has the right to appoint four at-large members and two senior members.

Question regarding when the committee ceases to exist was responded to by Mr. Reed that the committee is not contingent on when the funds have been expended for the projects authorized. The COC will continue to meet at least annually for the purpose of reviewing the annual audit report until all outstanding debt has been paid.

Mr. Reed also explained that the projects in Measure F will stretch into the 2020's due to the promised tax rate cap and the current economic downturn. The COC has the task of reviewing and assuring the community that the District is expending the Measure F funds properly by way of the annual audit and determining whether the District is properly interpreting these tasks/projects. In response to a question Mr. Reed clarified that not every project eligible to be built within measure F is specifically named. It was not possible in 2005 to come up with a list of every project the District would need to fulfill the obligations of the bond that stretches out to possibly fifteen years. Consequently, the criteria for the later eligible projects was established in the ballot language. Affirming that the projects are eligible will fall within the purview of the COC and the Equity Committee.

### **PROJECT MANAGER REPORT**

Ms. Martin from McCarthy explained the Budget Summary Report. All previous projects have been reviewed and contract budgeted amounts were tightened with excess funds moved to contingency. Uncommitted budget dollars have been taken from contingency and placed in ongoing projects to be expended out of the first bond sale, Election of 2005, Series 2007 before funds from the new bond sale, Election 2005, Series 2011, are added to the budget.

Summary Measure F Budget Report:

<u>Total Bond Dollars</u>	<u>Hardship Dollars from the State</u>	<u>Interest from Both Bond Dollars and Hardship Dollars</u>	<u>Total Expenditures to Date</u>
\$70 million	\$14.9 million	\$5.129 million	\$82.9 million

As of the COC meeting date, Architect contracts are not yet complete for design and development and construction contracts will be drawn up in the next couple of weeks with an estimate cost amount moved into the projects temporarily until the construction contracts are finalized.

Ms. Martin responded to the question whether architects see the structure of the contracts that yes, the contract is a public document. Initial contracts were written for design documents only and once the bonds were going to be sold and the board approved the bond sale, negotiations were started with the architects between the design documents and the construction documents. Contracts for architectural services generally are based on the total cost of construction, which in the beginning have to be estimates. There are a number of ways to do these contracts for these projects as these projects will be done in phases, from design to completion.

As there are different ways to go with the architect contracts from the bid contract to construction contract, it was agreed that a third party (McCarthy) would do a construction document estimate and compare the costs with the architects document estimate.

Under the District's direction the architects and McCarthy came together and agreed on what the cost basis for the percentage of the contract would be and at that time it is then taken to

the Board for approval. It then becomes a fixed cost contract. The District does not have these contracts in place at this time but they will be in place shortly after the bonds are sold at the end of May.

The architects involved in the next four projects are:

Corona del Mar High School:  
Dougherty and Dougherty Architects - Enclave  
LPA, Inc. Architects - Theater

Costa Mesa High School:  
HMC Architects - Enclave  
MVE Architects - Theater

The architectural contracts are very similar but not identical as the projects are not identical. Contracts vary slightly on the percentage of cost as there are differences to each site. Costa Mesa High School site is a cleaner site with less phasing expense taking place for the projects. However, the approximate percentage for all is 6 1/2 percent for all costs from project administration to close out costs.

Cost of general contractors is approximately 4-6 percent of construction which is fairly low at today's market and the cost for overhead is approximately 8-9 percent (estimate for construction).

While Public Works Contracts demand that the school districts take the lowest responsible bidder, Ms. Martin reported that all general contractors and all sub-contractors are insured and bonded. The District also uses a pre-qualification process before a firm is allowed to submit a bid.

In response to a question as to whether air conditioning will be added to existing classrooms at Costa Mesa High School Mr. Reed pointed out that while the Measure A program did much of the modernization required there simply was not enough money to address air conditioning and at this time there are no plans to add additional air conditioning. Mr. Marsh further explained that when solar panels are installed, they will not generate enough energy to offset the cost of air conditioning to the remaining classrooms at Costa Mesa High School. Construction of the theaters and enclaves will occur over the next two and a half years and will proceed through several phases. It is anticipated that once the projects are DSA (Division of State Architects) approved the theaters will take approximately 18 months and the enclaves 20-24 months. DSA, however, moves on its own schedule, and so construction start dates are approximate at this time.

Ms. Martin explained that schools are governed by the Division of State Architects as schools are held to a separate set of codes than a commercial building and plans submitted by the District are checked for the following:

- fire, life safety,
- structural
- ADA compliant

Because DSA does not do all plan checks in-house, there can be various interpretations of the plan check by hired consultants. This further complicates the process for the architects in getting their plans approved by DSA.

Ms. Martin reported the following phases are planned at this time for the projects at Corona del Mar High School and Costa Mesa High School:

Corona del Mar High School	
Phase 1:	Place seven relocatables, make site ready with electrical hookups and underground utilities, and removal of utilities in those buildings
Phase 2:	demo of 400 and 600 buildings and the shop building over summer (end of July)
Phase 3:	Wrestling Building (existing weight room will be taken down and replaced)
Phase 4:	Construction of Theater / Enclave
Phase 5:	Front entry upgrade, additional parking and modernization
Costa Mesa High School	
Phase 1:	Make ready site work includes disconnect and removal of Orange County Department of Education relocatable, demo of site, utilities, grading
Phase 2:	Construction of enclave and theater
Phase 3:	Parking lot, front entry (occurs during a summer period or at the completion of the enclave and theater), demo shop bldg, hard-courts and parking by enclave/fields
Phase 4:	Modernization

### **PEOPLE'S CHOICE**

Next meeting will be October 4, 2011 at the Roderick H. MacMillian Board Room, Education Center, 2985 A Bear Street, Costa Mesa, CA 92626.

Next agenda item: Review of Resolution 13-10-06 which states that COC members may only serve two consecutive terms

Committee recommended a letter be sent to the Board of Education for revision of Resolution 13-10-06 to delete the terms sentence section 9. *(Upon further research it has been learned that under California Education Code (edc) 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.)*

Chair Vance offered to address the Board by letter regarding the membership for the continuation of current members - suggested rationale tenure and continuity provides better oversight of the bond projects.

Update on the bond to be given at the next meeting in October. Mr. Reed anticipates that the Bond sale will be on approximately May 25, 2011 through bond advisors Stone and Youngberg, LLC.

## **ADJOURNMENT**

Chair Vance adjourned the meeting at 8:05 p.m.

These minutes are distributed to the members of the Measure F Citizens Oversight Committee and the community organizations represented in the District.