

The Dollars and Sense Don't Add Up: Bond Measures E and H Santa Cruz City Schools

Synopsis

Bond Measures E and H, passed in 1998, provided funds for much-needed renovation and modernization of schools within the Santa Cruz City Schools District. Overall, the Grand Jury found school site personnel pleased with the work completed at their schools, and acknowledges the scope and complexity of the construction projects undertaken in the last eight years. Those projects, however, took longer and cost more than original estimates, and students are now occupying classrooms that have not been certified by the Division of the State Architect as being in compliance with all Code of Regulations, Title 24 provisions for structural, life/fire safety, and ADA projects.

The Grand Jury discovered that Measure E bonds were sold for more than the voter-approved \$28 million, and questions remain about the 2005 bond refinancing. The Grand Jury is concerned that: bond money was spent on district administrative offices; lease revenues generated from sites that were renovated using bond funds went into the Santa Cruz City Schools general fund; bond funds and property tax deposits have earned and will continue to earn interest that could be used to reduce bond debt; and promises to keep the public well-informed about the bond projects have not been kept.

Definitions

ADA: Americans with Disabilities Act

Alternate: an optional component of a construction project

BAN: Bond Anticipation Note; a note issued in anticipation of later issuance of bonds, usually payable from the proceeds of the sale of the bonds anticipated

BOC: Santa Cruz City Schools Bond Oversight Committee

California Code of Regulations (CCR), Title 24: also known as the California Building Standards Code. Public school construction in California is governed by these building standards.

Change Order: a written order that modifies the plans, specifications, or price of a signed construction contract agreement. Change orders can be initiated for a variety of reasons, including unforeseen conditions, owner-requested changes, design errors or omissions, contractor error, and weather-related problems during construction.

DSA: Division of the State Architect

DSA Form-5: the official DSA form that details the project inspector's qualifications

IOR: Inspector of Record; a state-certified inspector that performs state-mandated site inspection services for public school construction and who is hired and paid by the owner (school district)

Multiple-prime contracting: the owner (school district) holds separate contracts with contractors of various disciplines (such as general, mechanical, electrical). The owner, or its construction manager, manages the overall schedule and budget during the entire construction phase.

RFP: Request for Proposal; an invitation to bid, or a proposal inviting bids from possible suppliers of a product or service

SB50: the 1998 state bond measure that provided matching funds to the Santa Cruz City Schools District for modernization projects. District matching funds were generated from Bond Measures E and H.

SCCS: Santa Cruz City Schools

SCCS Bond Project, Status of Project Closeout, May 10, 2006: This was the version of the summary document detailing construction costs, change orders, and project completion dates that the Grand Jury used for this report.

Stop Notice: a notice to withhold payment from a contractor and to set money aside to satisfy a claim

Background

Bond Measures E and H

In April 1998, voters in the Santa Cruz City Schools (SCCS) District passed two bond measures worth a total of \$86 million. The district spent over \$300,000 for this special election for Measure E and Measure H that was held just seven weeks prior to the regularly scheduled June primary election.¹

Measure E, approved by seventy-nine percent (79%) of the voters, was for elementary school improvements not to exceed \$28 million, and Measure H, approved by seventy-four percent (74%) of the voters, was for junior and senior high school improvements not to exceed \$58 million. The measures stated that the bond money would be used to rehabilitate the schools, including replacing inadequate electrical, plumbing, heating, and window systems; to comply with fire, earthquake, health, safety, and accessibility standards; and to renovate, construct, and modernize classrooms, restrooms, and other school facility improvements. Bond money would not be used for administrator salaries. Expenditures would be monitored by a community bond oversight committee, with all proceeds spent to benefit district schools. All elementary and secondary school sites in the district were included in the bond measures.

Voter Information Pamphlet arguments in favor of Measures E and H stated that “By law, absolutely none of the funds raised by these ballot measures can be used for

¹ County of Santa Cruz Sample Ballot and Voter Information Pamphlet for Special School District Election, Tuesday, April 14, 1998.

administrative salaries, offices, or operating expenses. All of the funds raised by these measures will stay in our local community and will be used to fix our schools.”²

Bond Details

The E and H bonds were originally each sold in three series: A, B, and C. Series A was sold in 1998, Series B in 2000, and Series C in 2001. According to the Voter Information Pamphlet, “Impartial Analysis by County Counsel,” the term for each bond sale was to be 25 years, which was the maximum term under California law when the measures were passed. On April 13, 2005, the SCCS Board of Education passed resolutions authorizing the refinancing of the general obligation Bond Measures E and H, Series A and B to take advantage of decreased interest rates. This refinancing did not require voter approval.

As each series was sold, the money from the sale was deposited into the Santa Cruz County Treasury to be withdrawn by the Santa Cruz City Schools District as needed for the bond projects. As property taxes are collected, they are also deposited in the County Treasury. These funds are withdrawn to make payments to the bond holders.

The Santa Cruz County Assessor’s Office establishes the rate that each property owner in the Santa Cruz City Schools District must pay toward the bonds. For the tax year 2005-2006, the rate is:³

- Series A and B, Elementary .035%
- Series A and B, High School .033%
- Series C, Elementary .007%
- Series C, High School .006%
- **TOTAL .081%**

At this rate, taxes resulting from Bond Measures E and H on property within the City of Santa Cruz with an assessed value of \$300,000 would be \$243 for the 2005-2006 tax year. Property owners outside the city limits, but within the high school district, would pay only the high school percentage, or .039%.

Additional Funding

The school renovation projects were not funded solely by the proceeds of bonds E and H sales. Under the State Construction Program, the district applied in 1999 for SB50 (State Bond 50) funds for modernization that it began receiving in July 2000. These state funds were earmarked for renovation of schools that met the age requirement for modernization (twenty-five years or older). This was a cash-matching program, and E and H funds were used for the match. The district received over \$28 million from the state. Additions including bond interest, developer fees, deferred maintenance funds, and donations

² County of Santa Cruz Sample Ballot and Voter Information Pamphlet for Special School District Election, Tuesday, April 14, 1998.

³ Figures supplied by the Santa Cruz County Auditor/Controller Office, June 2, 2006.

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brought the total revenue for bond projects to \$128,683,715 as of April 30, 2006. Total revenue for the bond projects is summarized as follows:⁴

REVENUE SOURCE	REVENUE AMOUNT
Bond Proceeds	
Series A (6/98)	\$21,854,000
Series B (3/00)	\$46,300,077
BAN Funds (Series C, 10/00)	\$15,990,000
Series C (10/01)	\$110,171
Subtotal Bond Proceeds	\$84,254,248
Other Revenue	
Bond Interest	\$10,411,303
Bond Arbitrage Liability	(\$419,412)
BAN Interest	\$976,905
BAN Arbitrage Liability	(\$210,905)
Deferred Maintenance	\$974,499
Food Services	\$175,000
Capital Facilities Fund	\$2,597,047
State SB-50 Rel. 1	\$1,906,616
State SB-50 Rel. 2	\$26,514,241
SB-50 Interest	\$620,037
Grants	\$345,024
Donations	\$231,801
Insurance Reimb (Pool Deck)	\$122,748
Building Fund	\$19,814
General Fund	\$164,749
Subtotal Other Revenue	\$44,429,467
TOTAL REVENUE	\$128,683,715

Table 1. Revenue, SCCS Bond Projects Budget, July 1, 1998 to April 30, 2006.

Setting Priorities/Determining Projects

Prior to the bond campaign, a Facility Assessment Team comprised of construction professionals and district staff evaluated each of the school sites, worked with site and district staff in developing a needs assessment, prioritized each site's needs, and developed a cost estimate for needed and desired school construction projects. This facilities audit, along with community input, was used by the district to determine the amount of money that was requested in the bond election. Although approximately \$130 million in needed and desired improvements were identified, a community survey indicated voters would be willing to support bonds totaling \$86 million. Projects were

⁴ Santa Cruz City Schools, Bond Projects Budget, Report from July 1, 1998 to April 30, 2006.

prioritized based on the \$86 million figure, and renovations and repairs addressing code requirements, health and safety concerns, and systems projects such as roofing, electrical, and plumbing were given priority.

After the election, district staff, together with architects and construction managers, developed a Master Schedule to accomplish the Facility Assessment projects. The schedule defined the sequence for planning and construction of the projects at each school site from June 1999 through December 2003. The schedule was discussed with all site principals and the Bond Oversight Committee. Within the Master Schedule, each school site was listed along with an anticipated planning and construction timeline. The work at each school site was divided into the following tasks: pre-design, design, state review, bidding, and construction.

In the “Road to Renovation” pamphlet mailed out by SCCS in May 2000 to residents within the SCCS boundaries, it was stated that the construction schedule called for all projects to be completed by the end of the 2003-2004 school year. Due to state funding and additional revenues, in May 2003, with SCCS Board approval, site planning committees began meeting to identify and prioritize additional modernization projects at each school site. As of June 2006, there are still three projects to be bid, and eighteen projects under construction. Projects may extend well beyond the end of 2006.

Project Management

Bond projects were originally overseen by the Director of Bond Projects, a district administrative position, to provide general oversight and management of the program. Two architect/construction management teams (DES-WLC Architects/Turner Construction Management for the elementary schools, and Beverly Prior/Kitchell Construction Management for the secondary schools) assisted. Projects were put out to bid for multiple prime contractors, that is, a prime contractor for each trade. Due to the difficulty in managing multiple and separate contracts, missed work, and instances of poor work quality, the district discontinued its use of multiple prime contractors.

The bond projects are now managed by district staff and contracted firms. The organizational components for project management include:

- the Assistant Superintendent, Business Services, providing district administration oversight;
- general contractors bidding for projects;
- a construction management firm providing overall program management for bond projects (Strategic Construction Management);
- two architecture firms, one for the elementary and junior high schools (DES Architects), and one for the high schools (Beverly Prior Architects), providing design services and project administration;
- Inspectors of Record providing state-mandated site inspection services; and
- district employees (3.2 positions) paid by bond funds: a full-time district Construction Project Coordinator, a full-time clerical support person; a full-time accounting person; and support from the district purchasing manager for bidding and contracting processes.

Bidding

In California, public school construction is governed by the California Public Contract Code. Construction contracts must be awarded to the lowest responsible bidder as defined in these code sections:⁵

“Responsible bidder,” as used in this part, means a bidder who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the public works contract. (Section 1103)

On the day named in the public notice, the department shall publicly open the sealed bids and award the contracts to the lowest responsible bidders. (Section 10180)

SCCS District officials stated that the lowest, responsive, responsible bidder is hired by the district. A responsive bidder is one that has provided all necessary documents and meets all specified qualifications in a timely manner.

When construction projects are put out to bid, a Request for Proposal (RFP) is published in the newspaper, and interested contractors are invited to submit bids by a specified date. On that date, the bids are publicly opened, recorded, and awarded to the lowest, responsive, responsible bidder.

Division of the State Architect Oversight

The Division of the State Architect (DSA) reviews all public school construction involving structural, fire/life safety, and ADA compliance projects. Construction plans and documents drafted by the district’s hired architects and engineers are submitted to the DSA for plan checking to make sure they conform to the California Code of Regulations, Title 24. After plans are checked and approved, they are stamped with an identification stamp, and are ready for the construction phase. When a project is under construction, it is supervised by DSA field operations. Field engineers go to the site to make sure plans are being followed and work is up to code. The field engineer receives reports from state-certified Inspectors of Record (IOR) at least twice a month. The IORs make sure work is performed according to the DSA-approved documents. Public school construction is not inspected by city and county building inspectors, but by state-certified inspectors.

Once a project is completed, a Notice of Completion is recorded at the County Recorder’s office and is publicized. The project closeout process then begins. The DSA reviews all required project documentation to verify that all work was performed and inspected in accordance with code requirements. If documentation indicates that construction met these requirements, the DSA issues a Letter of Certification to the school district. If documentation is incomplete, the DSA sends the Architect of Record a letter, with a ninety-day deadline to submit all remaining documents. If these documents are not submitted, the project is closed without DSA certification. The file can be reopened when documentation is complete, but a fee of \$150 for each project is assessed.

⁵ California Public Contract Code, <http://www.aroundthecapitol.com/code/contents.html?sec=pcc>.

Bond Oversight Committee

In Fall 1998, a committee consisting of volunteer community members was formed by the district to provide oversight for the bond projects. The Bond Oversight Committee (BOC) is an advisory body only and makes recommendations to the school board. Final authority for all aspects of the bond measures resides with the SCCS Board of Trustees. The BOC meets every other month and receives reports on financial and construction status; reviews standard bid documents and change orders; reviews contracts for design, construction management, construction contractors, and contract amendments; and has been involved in the reallocation of dollars between school sites. Specified roles and responsibilities include attending all committee meetings; becoming familiar with the laws, regulations, and processes that the school district must satisfy in completing the projects authorized by the bond; and working with all interested parties to facilitate communication about the status of the bond projects.⁶

According to district officials, by the end of Summer 2006, ninety-eight percent (98%) of the bond funds will have been spent as projects are nearing completion. The BOC's final meeting is scheduled for November 2006. A subcommittee has been established to work with school district staff and Strategic Construction Management to prepare a final report on the bond projects for the board and community members, detailing how both time and money were spent under Measures E and H.

Scope

This investigation was undertaken to review financial documentation for the Santa Cruz City Schools Bond Measures E and H. The investigation included:

- reviewing SCCS Board of Education minutes, Bond Oversight Committee minutes, site summaries, project completion documents, and financial documents pertaining to Bond Measures E and H;
- reviewing web sites, newspaper articles;
- conducting interviews with district staff and volunteers; and
- visiting school sites to view bond project results.

As the investigation progressed, the bond details and issues of project management, bidding, and oversight were also examined.

Sources

Interviewed:

- Santa Cruz City Schools District personnel.
- Bond Oversight Committee members.
- Division of the State Architect personnel.
- Santa Cruz County personnel.

⁶ Santa Cruz City Schools, "Bond Oversight Committee Roles and Responsibilities," revised April 17, 2002.

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Reviewed:

Memoranda/Reports/Minutes/Agendas:

Advantages/Disadvantages of Using Multiple Prime v. Single General Contractor, agenda packet, Bond Oversight Committee meeting, January 27, 2000.

California Department of General Services, Division of the State Architect, Project Inspector Qualification Record, DSA-5, revised March 27, 2003.

Communications Matrix for Bond Projects Participants, November 29, 2001.

IOR Bi-Monthly Progress Reports, Santa Cruz High, May 2002.

Memo from Northcross, Hill and Ach, June 8, 2006.

Official Statements, Santa Cruz City Elementary School District, General Obligation Bonds, Election of 1998, Series A, B, and C.

Official Statements, Santa Cruz City High School District, General Obligation Bonds, Election of 1998, Series A, B, and C.

Official Statement, Santa Cruz City Elementary School District, 2005 General Obligation Refunding Bonds.

Official Statement, Santa Cruz City High School District, 2005 General Obligation Refunding Bonds.

Santa Cruz City Schools, Agreement for Consultant Services, Construction Program Management Services, Strategic Construction Management, February 1, 2002.

Santa Cruz City Schools, Board of Education for the Elementary and Secondary Districts Minutes, May 12, 1999 to May 10, 2006. [Please see Appendix for specific dates.]

Santa Cruz City School Bond Oversight Committee Meeting Minutes, May 16, 1998 to May 18, 2006. [Please see Appendix for specific dates.]

Santa Cruz City Schools “Bond Oversight Committee Roles and Responsibilities,” revised April 17, 2002.

Santa Cruz City Schools Bond Project, Status of Project Closeout, May 10, 2006.

Santa Cruz City Schools, Bond Projects Budget, Report from July 1, 1998 to April 30, 2006.

Santa Cruz City Schools District Bond Projects Status Reports, November 17, 1999 to January 25, 2006. [Please see Appendix for specific dates.]

Santa Cruz City Schools, Request for Proposals, Management Services for Construction Projects, undated.

Soquel High School Bond II Modernization Project IIIA, Bid #2004-21, Opened June 3, 2004.

Soquel High School Bond 2 Phase II Rebid, Bid #2006-09, Opened December 22, 2005.

Newspaper Articles/Pamphlets:

Contra Costa Times, “Schools’ refinancing questioned,” April 30, 2006.

County of Santa Cruz Sample Ballot and Voter Information Pamphlet for Special School District Election, Tuesday, April 14, 1998.

“Road to Renovation: Keeping You Informed,” Santa Cruz City Schools, undated.

Santa Cruz Sentinel:

- “Bond-funded school repairs set to start in Santa Cruz,” May 13, 1999.
- “Bonds making a difference,” March 22, 2001.
- “Branciforte remodeling project disappoints staff,” October 14, 2001.
- “Error could cost schools thousands,” April 8, 2005.
- “Firm will oversee school construction projects,” February 15, 2002.
- “Moving costs stir school-bond debate,” May 29, 2003.
- “Santa Cruz City Schools finds surplus in general fund,” April 20, 2006.
- “Students say last goodbye to Natural Bridges, Branciforte schools,” June 12, 2004.

Web sites:

- Building Standards Commission, <http://www.bsc.ca.gov>.
- California Code of Regulations,
http://www.bsc.ca.gov/title_24/documents/part1/2001_part1.pdf.
- California Education Code, <http://caselaw.lp.findlaw.com/cacodes/edc/15200-15205.html>.
- California State Constitution, <http://www.leginfo.ca.gov/const.html>.
- California Public Contract Code,
<http://www.aroundthecapitol.com/code/contents.html?sec=pcc>.
- “Choosing the Best Delivery Method for Your Facility Projects,”
http://www.mbpce.com/news_pubs_delivery.html.
- Division of the State Architect, <http://www.dsa.dgs.ca.gov>.
- Division of the State Architect On-Line Project Tracking System,
<http://www.applications.dgs.ca.gov/dsa/etrackerweb/DistrictProject.asp?clientid=44-h2> and
<http://www.applications.dgs.ca.gov/dsa/etrackerweb/DistrictProject.asp?clientid=44-42>.
- General Obligation Bonds, <http://www.calschools.com/static/GOBond.htm>.
- Santa Cruz City Schools, <http://www.sccs.santacruz.k12.ca.us>.
- Santa Cruz City Schools, Bond Projects,
<http://www.sccs.santacruz.k12.ca.us/bizservices/BondProject/bondproject.htm>
(this web site is no longer accessible).
- Santa Cruz County Office of Education,
<http://www.santacruz.k12.ca.us/board/index.html>.
- Santa Cruz Sentinel, <http://www.santacruzsentinel.com>.
- State Education Oversight Commissions,
<http://www.ecs.org/clearinghouse/57/86/5786.htm>.
- Strategic Construction Management, <http://strategic-cm.com/main/santacruzcityschools.htm>.
- TBW&B, Public Finance Strategies, LLC, <http://www.tbwb.com/clients.htm>.
- 2001 California Building Standards Administrative Code, California Code of Regulations, Title 24, Part 1,
http://www.bsc.ca.gov/title_24/documents/Part1/2001_part1.pdf.

Visited:

Ten Santa Cruz City School sites.

Findings

Bonds E and H

1. The E and H bonds were originally each sold in three series: A, B, and C:⁷

Bond Sold	Date	Bond Amount	Bond Term Ends
Series A, Elementary	July 1, 1998	\$7,000,000.00	August 1, 2027
Series B, Elementary	March 1, 2000	\$15,500,000.00	August 1, 2029
Series C, Elementary	October 2001	\$5,598,115.65	February 1, 2026
TOTAL ELEM.		\$28,098,115.65	
Series A, High School	July 1, 1998	\$15,000,000.00	August 1, 2027
Series B, High School	March 1, 2000	\$31,000,000.00	August 1, 2029
Series C, High School	October 2001	\$11,997,433.50	February 1, 2026
TOTAL HIGH SCH.		\$57,997,433.50	

In April 2005, Series A and B Elementary and High School bonds were refinanced:

Refinance, Series A and B, Elementary	April 2005	\$22,785,000	August 1, 2029
Refinance, Series A and B, High School	April 2005	\$45,500,000	August 1, 2029

Table 2. Santa Cruz City Schools Bond Sales, Measures E and H.

2. Total Elementary bond sales, Series A, B, and C exceeded the \$28 million dollar cap established in Bond Measure E.

Response: Santa Cruz County Auditor-Controller AGREES.

Response: Santa Cruz City Schools AGREES.

3. When asked about exceeding the \$28 million cap on the Elementary bonds, district administrative staff referred the Grand Jury’s questions to the district’s bond financial advisor, Northcross, Hill and Ach. The Grand Jury was told,

⁷ Official Statements, Santa Cruz City Elementary School District, General Obligation Bonds, Election of 1998, Series A, B, and C; Official Statements, Santa Cruz City High School District, General Obligation Bonds, Election of 1998, Series A, B, C; Official Statement, Santa Cruz City Elementary School District, 2005 General Obligation Refunding Bonds; Official Statement, Santa Cruz City High School District, 2005 General Obligation Refunding Bonds.

“Unintentionally, \$98,115.65 was issued in bonds over the 28 million dollar amount approved by the voters. The district has made provision to repay the \$98,115.65 and all interest that has accrued.” The amount of the interest earned is unknown to the Grand Jury.

Response: Santa Cruz County Auditor-Controller AGREES.

Response: Santa Cruz City Schools AGREES.

Initial drafts of the bond authorization for the Santa Cruz City Elementary School District (County of Santa Cruz, California) General Obligation Bonds, Election of 1998, proposed a maximum authorization of \$28.1 million. When adopted, the resolution authorizing the bonds provided for a maximum of \$28 million (the additional \$100,000 amount was inadvertently omitted). It was assumed, upon the issuance of each series, that the authorized amount was \$28.1 million. Upon issuance of the Series C Bonds, the \$28 million limit was exceeded by \$98,115.65. This fact was discovered in early June 2006. On June 16, 2006, the total sum of \$114,325.65, \$98,115.65 from the District (representing unexpended proceeds of the Series C Bonds), \$8,105.00 from the District’s financial advisor and \$8,105.00 from the District’s bond counsel, was deposited with the paying agent and invested in U.S. Treasury Securities and held for the payment of the Series C Bonds. The amounts paid by the District’s financial advisor and by the District’s bond counsel represents the total amount paid by the taxpayers and will be used to reimburse those amounts collected by the District for such payment.

4. The last of the original Elementary bonds was sold in 2001, but repayment of the \$98,115.65 overage has not yet been made as of June 10, 2006.

Response: Santa Cruz County Auditor-Controller AGREES.

School District staff advised the County Auditor-Controller that the \$98,115.65 overage has been returned to the District’s third party bond paying agent on June 16, 2006, who will repay this amount at the next call date. The Auditor-Controller has not verified this information.

Response: Santa Cruz City Schools PARTIALLY AGREES.

The \$98,115.65 overage was repaid on 6/16/06.

5. When Elementary and High School Bonds, Series A and B were refinanced in April 2005, the total amount of the refunding bonds was \$4,280,000 higher than the remaining principal of the original Series A and B bonds. The Elementary Series A and B Bonds were refinanced for \$22,785,000 (the outstanding principal was \$21,030,000); the High School Series A and B Bonds were refinanced for

\$45,500,000 (the outstanding principal was \$42,975,000).⁸

Response: Santa Cruz County Auditor-Controller AGREES.

Response: Santa Cruz City Schools AGREES.

6. SCCS District's bond financial advisor stated that "the amount of the refunding bonds is determined by the amount needed to establish an escrow to pay off the old bonds, which includes interest and principal due . . . and pay the costs of issuance."

Response: Santa Cruz County Auditor-Controller AGREES.

The Santa Cruz County Auditor-Controller does not know whether the District's financial advisor made this statement, but generally speaking, this is how the amount of refunding bonds are determined.

Response: Santa Cruz City Schools AGREES.

7. Elementary bonds, Series C and Elementary 2005 Refunding Bonds total \$28,383,115.65, again exceeding the \$28 million cap established by the bond measure.

Response: Santa Cruz County Auditor-Controller PARTIALLY AGREES.

The elementary bonds, Series C and Elementary 2005 refunding bonds do total \$28,383,115.65. Whether this exceeded the \$28 million cap established by the bond measure is a legal matter which the Auditor-Controller is not qualified to determine.

Response: Santa Cruz City Schools PARTIALLY AGREES.

The issuance of refunding bonds, where the refunding bonds bear interest at a lower rate than the refunded bonds, always will require a higher amount of refunding bonds than refunded bonds. This is because federal tax law limits the investment rate of the escrow created to pay the refunded bonds to the interest rate on refunding bonds. Therefore, more dollars are needed, at a lower rate, to pay fewer dollars at a higher rate. This is common practice for general obligation refunding bonds. California law specifically permits the refunding bonds to have a principal amount greater than the bonds refunded.

⁸ Official Statement, Santa Cruz City Elementary School District, 2005 General Obligation Refunding Bonds; Official Statement, Santa Cruz City High School District, 2005 General Obligation Refunding Bonds.

*Government Code Section. 53552. Whenever the legislative body of a local agency determines that prudent management of the fiscal affairs of the local agency requires that it issue refunding bonds under the provisions of this article, it may do so without submitting the question of the issuance of the refunding bonds to a vote of the qualified electors of the local agency Refunding bonds shall not be issued if the total net interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds exceeds the total net interest cost to maturity on the bonds to be refunded plus the principal amount of the bonds to be refunded Subject to this limitation, **the principal amount of the refunding bonds may be more than, less than, or the same as the principal amount of the bonds to be refunded.** (emphasis added)*

In all cases, the total net interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds is less than the total net interest cost to maturity on the bonds refunded plus the principal amount of the bonds refunded.

8. The April 2005 refinancing of the Elementary and High School Bonds, Series A and B is not detailed on the SCCS Bond Projects Budget, Report from July 1, 1998 to April 30, 2006.

Response: Santa Cruz County Auditor-Controller DISAGREES.

School District staff advised the Auditor-Controller that this is not an accurate finding, but the Auditor-Controller has not verified this information. The Auditor-Controller has no opinion.

Response: Santa Cruz City Schools DISAGREES.

The SCCS Bond Projects Budget Report is designed to report on the status of revenue received and available for expenditure on the construction projects and related support costs, and the status of expenditures made from those funds. The April 2005 refinancing of the Elementary and High School Series A and B Bonds do not appear in this budget report because the refinancing did not result in any additional funds available to be expended on the construction projects.

9. According to the Official Statements for the bond sales, property owners residing in the Santa Cruz City Schools District will be repaying bonds E and H until 2029.

Response: Santa Cruz County Auditor-Controller AGREES.

Response: Santa Cruz City Schools AGREES.

10. The Voter Information Pamphlet for Bond Measures E and H contained an “impartial analysis by County Counsel” stating that “under current California law, the term of the bonds cannot exceed twenty-five years.”⁹ This term is also stated in the California Education Code, Section 15144: “The number of years the whole or any part of the bonds are to run shall not exceed 25 years, from the date of the bonds or the date of any series thereof.”¹⁰

Response: Santa Cruz County Auditor-Controller PARTIALLY AGREES.

The voter information pamphlet did include this statement. California Education Code Section 15144 authorizes bonds up to 25 years. California Government Code authorizes bonds up to 40 years. Whether the 29 year bonds that were issued under the Government Code are legally compliant for a School District is a legal matter which the Auditor-Controller is not qualified to determine.

Response: Santa Cruz City Schools PARTIALLY AGREES.

The bonds were authorized by resolution adopted by the Governing Board, with the following stipulations:

*Said bonds proposed to be issued and sold shall bear interest at a rate not exceeding the maximum rate allowable by law, at the time or times of the sale thereof, such interest to be payable annually or semiannually thereafter, and the number of years the whole or any part of the principal amount of the bonds shall be payable shall not exceed twenty-five (25) years (or **such greater maximum term as may be permitted by law**) from the date of the bonds or the date of any series thereof. (emphasis added)*

Section 53506 of the California Government Code provides full authority for the issuance of bonds by a school district and is intended to provide a complete additional and alternative method for doing so, supplemental and additional to the powers conferred by any other laws. This section authorizes the issuance of bonds for up to 40 years.

The School District has no control over the analysis of ballot measures written by the County Counsel, who did not mention the authority that school districts have under the Government Code to issue general obligation bonds for terms up to 40 years. The terms on Series A and B of Measures E and H were 28 years.

11. On April 13, 2005, the SCCS Board of Education passed resolutions authorizing the refinancing (refunding) of the general obligation Bond Measures E and H, Series A

⁹ County of Santa Cruz Sample Ballot and Voter Information Pamphlet for Special School District Election, Tuesday, April 14, 1998.

¹⁰ California Education Code, Section 15144, <http://caselaw.lp.findlaw.com/cacodes/edc.html>.

and B to take advantage of decreased interest rates.

Response: Santa Cruz County Auditor-Controller AGREES.

School District staff advised the Auditor-Controller that this is an accurate finding, but the Auditor-Controller has not verified this information.

Response: Santa Cruz City Schools AGREES.

12. SCCS District’s bond financial advisor stated that the refunding of the bonds will result in lower debt service payments, with the majority of savings in 2006-2010, and that the refinancing will lower taxes.

Response: Santa Cruz County Auditor-Controller PARTIALLY AGREES.

The Santa Cruz County Auditor-Controller does not know whether the District’s financial advisor made this statement, but law requires any debt refundings to result in lower annual debt service payments. The debt service payments for the Santa Cruz City Schools Series A and B bonds were reduced after the refinancing. Debt service payments for A and B totaled \$4,714,087 in FY 2004-05 before the refinancing. Debt service payments were reduced to \$4,439,449 in FY 2005-06 and \$4,010,865 in FY 2006-07 after refinancing. Following is a schedule detailing this.

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
<u>Elementary Schools</u>			
A (1998)	466,655		
B (1998)	1,083,070		
A and B Total	1,549,725		
A and B Refinanced (2005)		1,453,347	1,319,610
C (1998)	400,000	400,000	405,001
Total	1,949,725	1,853,347	1,724,611
<u>High School</u>			
A (1998)	1,002,470		
B (1998)	2,161,892		
A and B Total	3,164,362		
A and B Refinanced (2005)		2,986,102	2,691,255
C (1998)	855,000	855,000	855,751
Total	4,019,362	3,841,102	3,547,006

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Total Elementary and High Schools

A (1998)	1,469,125		
B (1998)	3,244,962		
A and B Total	<u>4,714,087</u>		
A and B Refinanced (2005)		4,439,449	4,010,865
C (1998)	1,255,000	1,255,000	1,260,752
Total	<u>5,969,087</u>	<u>5,694,449</u>	<u>5,271,617</u>

Debt service for the refinancing bonds (A and B) will continue at approximately \$4 million until FY 2010-11, at which time it will increase to about \$4.7 million, where it will remain until the bonds mature in 2029.

Response: Santa Cruz City Schools PARTIALLY AGREES.

The taxpayers for both the elementary school district and the high school district will see significantly lower tax rate on the bills they receive during the fall of 2006. These bills will be for the fiscal year 2006-07. The timing of the savings is consistent with the statement referenced above.

- For tax year 2004-2005, property owners residing in the Santa Cruz City Schools District within the City of Santa Cruz were paying property taxes at a rate of .068% toward bonds E and H. In tax year 2005-2006, the rate increased to .081%.

Response: Santa Cruz County Auditor-Controller AGREES.

These property tax rates are stated correctly. However, these rates include the Series C bonds which were not refunded. The property tax rates for just the Series A and B bonds (excluding the Series C bonds) were .054% for FY 2004-05 and .068% for FY 2005-2006. There was a one time increase in the tax rates for FY 2005-06, but it was followed by a significant decrease to .008% for FY 2006-07. The primary reason for the one time rate increase in FY 2005-06 is because taxes are collected in the previous fiscal year to make the August debt service payment in the following fiscal year, further complicated by the mechanisms of the bond refinancing and the associated reserve funds during this period. The much lower rate in FY 2006-07 compensates for the higher rate the previous year. In the future, the property tax rates to pay this debt service will stabilize at below the pre-refunding rate of .054%, tracking with the total debt service payments indicated in item 12 above.

Response: Santa Cruz City Schools PARTIALLY AGREES.

The tax rate is calculated by the County of Santa Cruz. The primary considerations are the debt service on the bonds, the reserve factor established by the county and the assessed value. Of the three factors the district can control only the debt service on

the bonds. The High School refunding resulted in \$2.5 million in total debt service savings and the Elementary School refunding resulted in \$1.2 million in total debt service savings. In the tax year 2005-06 the combined refundings resulted in 6,393.99 of debt service savings. In 2006-07 the combined tax rate on the E and H bonds is .024272% (see Exhibit 1).

14. Interest earned on bond sale proceeds has been used for the bond projects and has not been used to repay the bond.¹¹

Response: Santa Cruz County Auditor-Controller AGREES.

School District staff advised the Auditor-Controller that this is an accurate finding, but the Auditor-Controller has not verified this information. This is a legally acceptable and common practice.

Response: Santa Cruz City Schools AGREES.

15. As property tax is collected to repay bonds E and H, the money is deposited in the pooled investment fund of the county until the district draws it out. These deposits earn interest.

Response: Santa Cruz County Auditor-Controller PARTIALLY AGREES

As property tax is collected to repay bonds E and H, the money is deposited in the County's pooled investment fund. However, the District does not draw the funds out of the County. Rather, the County makes the debt service payments directly to the Bond Paying Agent.

Response: Santa Cruz City Schools PARTIALLY AGREES.

The District does not draw the funds out of the County pooled investment fund. The County transfers the funds directly to the Bond Paying Agent, who uses the funds to make interest payments to Bond holders and to retire Bonds as they come due.

Budget Expense Summary

16. Following is a summary of the SCCS Bond Projects Budget expenses from July 1, 1998 to April 30, 2006:¹²

ITEM	EXPENSE	PERCENTAGE OF EXPENSES
Construction Contracts	\$82,431,328	74%
Architects/Engineers	\$11,212,596	10%

¹¹ Santa Cruz City Schools, Bond Projects Budget, Report from July 11, 1998 to April 30, 2006.

¹² Santa Cruz City Schools, Bond Projects Budget, Report from July 11, 1998 to April 30, 2006.

Construction Management	\$6,928,864	6%
Miscellaneous Construction Costs	\$4,178,084	4%
Reserves	\$3,901,483	4%
Staff Salaries and Other Support	\$2,225,522	2%
TOTAL EXPENSES	\$110,877,877	100%

Table 3. Summary of SCCS Bond Projects Budget Expenses, July 1, 1998 to April 30, 2006.

Project Management

17. In January 2001, the Bond Projects staff requested authority from the school board and the BOC to use their discretion before bidding projects in the future, and to decide whether to bid projects with one general contractor or use multiple-prime contractors.
18. Results of the first four major bond projects undertaken at one high school, one junior high school and two elementary were described as follows: “All four projects were completed late, two of the four projects are over budget, the quality of some of the work was sub-standard on two projects, and sub-standard work was allowed to stand when first done, assuming it would be rectified as part of the punch list at the end of the projects, but after many spaces had been reoccupied. Some work that was planned to be included in some projects was left out of the initial plans and specs and had to be added with change orders, adding time and cost to the project.”¹³
19. At the October 24, 2001, SCCS Board of Education meeting, district administrative staff dissatisfaction with the ability of the construction managers to monitor and control the work on multiple prime projects was reported. District staff recommended:
 - bidding future construction projects using general contractors
 - terminating the two elementary and secondary Construction Managers’ contracts
 - increasing Inspector of Record time on projects to better monitor quality of work
 - increasing architect involvement in construction administration
 - reorganizing district support and oversight of projects
 - pre-qualifying bidders for future projects

Response: Santa Cruz City Schools AGREES.

20. District administrative staff stated that using general contractors had the advantages of less contract administration, total coverage of work, and direct lines of accountability. Disadvantages were that the general contractor might not select the

¹³ Santa Cruz City Schools, Request for Proposals, Management Services for Construction Projects, 2001.

lowest subcontractor bid and could charge up to a fifteen percent markup on subcontractor change orders.¹⁴ District administrative staff stated that using general contractors could cost more, but there would be clear lines of responsibility and “headaches would be reduced.”

Response: Santa Cruz City Schools PARTIALLY AGREES.

District administrative staff also believed that bidding projects with General Contractors instead of multiple-prime contractors would reduce legal costs. The District has been involved in two construction lawsuits, both with contractors on multiple-prime projects and none with general contractors. The clear lines of responsibility and accountability for any construction issues are with the general contractor. When multiple-prime contractors are on a project, the lines of responsibility and accountability can become blurred between prime contractors.

21. On November 15, 2001, district administrative staff reported to the BOC that the SCCS Board had approved a plan to hire a consultant to provide general oversight and management of the construction program. The board’s preference was to hire professionals in the construction management field to manage future projects, instead of having district employees in the project management role. The board stated that it did not have confidence that district employees could provide management, in light of the problems that had been reported by school staff at Branciforte Junior High on that school’s projects.¹⁵
22. Seven firms responded to the district’s Request for Proposal (RFP) for a construction program manager. Three finalists were interviewed, and Strategic Construction Management was chosen by the SCCS Board as the Construction Program Manager to be effective February 1, 2002. District administrative staff and volunteers stated the board liked the fact that Strategic Construction Management was local and had ties to the community.
23. The district has not been able to produce the fixed-price bids and requested supporting documentation for this selection process. This documentation is public record.

Response: Santa Cruz City Schools PARTIALLY AGREES.

The selection of a CM firm was not a bid process. It was a Request for Proposals for selecting professional services, for which the public bid requirements do not apply. Four CM firms were interviewed by the BOC Interview Committee, who ranked them as follows:

1. *Strategic CM*

¹⁴ “Advantages/Disadvantages of Using Multiple Prime v. Single General Contractor, agenda packet, Bond Oversight Committee meeting, January 27, 2000.

¹⁵ Santa Cruz City School Bond Oversight Committee Meeting Minutes, November 15, 2001.

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2. BMR
3. Zahn
4. 3DI

Based on hand-written notes taken by Dick Moss at the 1/17/02 BOC meeting, the fee proposals from the three firms recommended to the Board were:

1. Strategic CM \$1,195,104, travel @ \$.365/mi. for miles greater than 100 per day, \$.08/copy, reimbursables at cost +15%.
2. BMR \$1,334,000, reimbursables at cost +10%, in-district mileage included in base fee
3. Zahn \$2,133,930

The proposals from the CM firms were discarded when the District Office moved from 2931 Mission Street to Soquel High School in January, 2004.

24. The Grand Jury could find no documentation that the bids for the Construction Program Manager were opened publicly as required by the Public Contract Code.¹⁶

Response: Santa Cruz City Schools DISAGREES.

Contracting for construction management services is contracting for professional services and is not subject to the lowest bid requirements of the Public Contract code. The fees for professional services are typically negotiated from a proposal and are not bid. This process is the same process used when hiring architects or state-certified inspectors. According to the District's legal counsel on our construction program, Paul Taylor of Hefner, Stark and Marois, the District is not subject to section 10180 of the Public Contract Code that applies to State agencies but is subject to Government code section 4525 et seq. (See Exhibit 2.)

25. "Previously, the district used its staff to oversee multiple contractors at individual schools. Officials expect the new system, which includes hiring a general contractor for each project, will simplify the process and attract more bids, particularly from area contractors. The district will pay Strategic \$1.2 million. District officials expect to finish all projects by December 2004."¹⁷
26. Construction Management budgets were reduced by \$2,128,663 due to termination of the two previous Construction Management contracts. Architect Fee budgets were then increased \$1,288,160 for increased services for construction administration due to reorganization of management for the projects. These adjustments, when combined with the new Strategic Construction Management contract for \$1.2

¹⁶ California Public Contract Code, Section 10180,
<http://www.aroundthecapitol.com/code/contents.html?sec=pcc>

¹⁷ Santa Cruz Sentinel, "Firm will oversee school construction projects," February 15, 2002.

million, produced an immediate overall increase for the bond projects of over \$360,000.

27. Since February 1, 2002, there have been numerous contract extensions and additional payments approved for Strategic Construction Management, summarized as follows:

	Original Contract¹⁸	Moving Services¹⁹	Contract Renewal²⁰	Contract Extension²¹	Moving Contract²²	Contract Extension²³	TOTAL
Term	2/2/02 – 2/28/04	8/23/02 – 2/28/04	3/1/04 – 8/31/05	10/1/05 – 6/30/06	5/05 – 9/05	7/1/06 – 12/31/06	
Amount	\$1,205,104	\$99,825	\$958,058	\$374,325	\$27,254	\$224,500	\$2,889,066

Table 4. Approved Contracts for Strategic Construction Management Paid by Bond Funds.

Response: Santa Cruz City Schools PARTIALLY AGREES.

The original contract with Strategic Construction management was based on the projects originally planned out of the \$86 million in E and H bond funds. The renewal and subsequent extensions in the SCM contract were added when the District received an additional \$26.5 million in State SB50 funds. The District also added \$15 million in other District funds to the projects that increased the need for Strategic CM services. Refer to attached spreadsheet (Exhibit 3).

28. In addition to bond funds, payments totaling \$68,273 to Strategic Construction Management have been approved by the SCCS Board: \$48,221 from the General Fund to “plan and coordinate moving of furniture, equipment and supplies (March 24, 2004); and \$20,052 from the Capital Facilities Fund to “plan and coordinate the relocation of 21 portable classrooms” (April 21, 2004).

¹⁸ Santa Cruz City Schools, Board of Education for the Elementary and Secondary Districts Minutes, February 27, 2002.

¹⁹ Santa Cruz City Schools, Board of Education for the Elementary and Secondary Districts Minutes, August 14, 2002.

²⁰ Santa Cruz City Schools, Board of Education for the Elementary and Secondary Districts Minutes, December 10, 2003.

²¹ Santa Cruz City Schools, Board of Education for the Elementary and Secondary Districts Minutes, June 8, 2005

²² Santa Cruz City Schools, Board of Education for the Elementary and Secondary Districts Minutes, June 8, 2005.

²³ Santa Cruz City Schools, Board of Education for the Elementary and Secondary Districts Minutes, April 26, 2006.

Response: Santa Cruz City Schools PARTIALLY AGREES.

These services were related to school reorganization and consolidation and were not paid for with Bond funds (see Exhibit 3).

29. In the RFP for Management Services for Construction Projects that was part of the Strategic Construction Management Agreement with the district, one requirement is to “plan and coordinate the moving of staff, furniture, material and equipment related to the construction projects.” Strategic Construction Management submitted a fixed fee proposal to secure this contract.

Response: Santa Cruz City Schools PARTIALLY AGREES.

Strategic Construction Management’s original scope included moving as it related to construction projects, such as moving classroom furniture as part of on-going construction, and moving furniture and equipment within a given campus as a result of work directly related to the Bond construction projects. The increase in services/fees were required for the management and coordination of moves at the various construction sites beyond those considered in the District’s scope of services as described in the Request for Proposals (RFP) for management services for construction projects. The Strategic Construction Management original fee proposal was based on the District’s scope of services as described in the RFP. The District’s RFP was not specific regarding the scope, phasing requirements and amount of time required to coordinate and direct the moves at the numerous school sites. Included in Strategic Construction Management’s scope of services and fixed fee was 200 hours dedicated for planning and coordinating the moving of staff, furniture, materials and equipment during construction. The allocated fee for this service was \$15,000.

At the time of the request for the fee increase, Strategic Construction Management had expended approximately 390 hours related to the moves. Strategic Construction Management was providing services that included: preparing documents to solicit a minimum of three (3) moving quotes, leading pre-quotation school site walks, receiving quotations, developing phasing plans, meeting with staff and faculty to determine packing needs, arranging for the delivery of cardboard boxes and storage containers and being available to coordinate and facilitate moves.

In addition to the amount of time needed to support the District with their moves, Strategic Construction Management had not been provided with “full-time clerical support” as described in the RFP. Not having this support took Strategic staff away from the duties they anticipated.

30. In March 2002, the board approved a district Construction Projects Coordinator position to serve as a liaison between Strategic Construction Management and the district sites. The position is funded through the elementary and secondary bonds. The head of the district Maintenance Department was appointed to the position.

Bidding

31. The SCCS Board of Education approved a resolution to no longer require a public re-bidding of work once change orders exceeded the cost of the original bid by over ten percent (10%), as had been previously required. It was stated that the re-bid process can cause a six- to eight-week delay, and since the district had a general contractor in charge of bond-funded projects, the chances of exceeding a ten percent overrun were considerably less.

Response: Santa Cruz City Schools PARTIALLY DISAGREES.

A copy of Board resolution #22-01-02 authorizing exceeding the 10% limit on change orders and the cover memo that went to the Board with the resolution, are attached as Exhibit 4. Nowhere in the cover memo does it say that the chances of exceeding the 10% limit were less because of having a general contractor in charge of the construction projects, as alleged by the Grand Jury in this finding.

There were two reasons that the Board approved the resolution allowing change orders to exceed 10% of the original bid. They were:

1. *The 10% threshold is reasonable on new construction projects, but not on modernization projects on older buildings where there is greater potential for finding problems during construction that need to be addressed that could not be anticipated during the initial development of the plans and specs for the project. Most of our projects were renovation and modernization of older buildings. Most of the change orders were a result of unforeseen conditions discovered during renovation or from additional work requested by the District.*
2. *Most of the construction projects were being done on operating school facilities during the school year and were disruptive to students and staff. If all change orders that exceeded 10% of the original contract were bid, it would have (a) delayed the projects, thereby prolonging the disruption of students and staff; and (b) potentially resulted in delay claims from the original contractor if that contractor was delayed in their ability to complete their contract waiting for a second contractor to come in and complete separately bid change order work. During the spring and summer of 2004, when the elementary and small schools were being reorganized, the timing of completing the relocation of portables and getting schools ready for the opening of school at the end of August was critical. If we had bid change orders separately at that time, the schools would not have been ready for students in time for the start of school.*

When projects encounter unforeseen conditions, it is never prudent or cost effective to stop the work, determine the extent of the additional work required to proceed with the original work, prepare bid documents for public bidding and publish them,

conduct job walks and accept bids. The costs to investigate and then prepare the bid documents and publish the work would outweigh the costs of continuing with the original contractor. The time delays of conducting the investigation and bidding could be at least 5-6 weeks (at a minimum) before work could commence. The costs for the original contractor to pull off the job while the new contractor does their work, and then re-mobilize their staff have not been factored. It makes complete sense to work with the original contractor and expedite the work with one general contractor responsible for coordination, payments, warranties, etc.

32. The SCCS Bond Project, Status of Project Closeout, May 10, 2006, revealed that out of sixty-nine projects, thirty-seven (or 54%) exceeded a ten percent cost overrun due to change orders.

Response: Santa Cruz City Schools PARTIALLY DISAGREES.

Most of the change orders that exceeded 10% of the original bid were based on additional work requested by the District, or were due to unforeseen conditions discovered during the construction process. Budget contingency reserves had been established to cover these costs.

33. In October 2005, the SCCS Board voted to become subject to the Uniform Public Construction Cost Accounting Procedures and to provide for informal bidding procedures under the Uniform Public Construction Cost Accounting Act Procedures. This allowed projects from \$35,000 to \$125,000 to be bid using a pre-approved list of satisfactory contractors, while projects over \$125,000 were subject to formal bidding procedures. The rationale was that this would allow more flexibility in the execution of work; speed up bidding procedures; improve timeliness of project completion; reduce paperwork and expenses related to advertising; and simplify administration.
34. The SCCS District was advised by legal counsel to set a consistent policy for the acceptance of bids. Subsequently, it was decided to award contracts based on the lowest total bid on each project. Projects often contain several alternates, which may or may not be actually included in the final project. The contract, however, is still awarded on the total bid.

Response: Santa Cruz City Schools PARTIALLY AGREES.

Legal Counsel advice was based on the methodology used to define lowest bid in conformance with Public Contract Code.

35. When projects contain alternates, contractors can bid low or even zero (0) on some alternates, thereby lowering their overall total bid.

Response: Santa Cruz City Schools PARTIALLY DISAGREES.

If a contractor bids low or zero on the alternates and they have the lowest total bid that is accepted by the District, they are still obligated to complete the alternates for the amount of their bid.

36. In March 2006, the district awarded a bond project contract to a bidder whose past projects for the district included a project that had change orders totaling 34.1% of the original contract amount, a Stop Notice, and had gone to court. That same bidder had previously completed district bond projects with change orders of 32.3%, 36.9%, and 118.8% of the original contract amounts.

Response: Santa Cruz City Schools PARTIALLY DISAGREES.

This contractor was CRW Industries, Inc. The cause of change orders on previous CRW projects exceeding 10% of the original contract amount was primarily due to the District requesting additional work and on unforeseen conditions. The “Stop Notice” that was filed on CRW was based on employees of a subcontractor filing a lawsuit against the subcontractor over a pay dispute, and filing the Stop Notice to keep the District from paying CRW so CRW could not pay the subcontractor until the pay dispute was resolved with the subcontractor. The Stop Notice had nothing to do with any action by CRW.

CRW was the low bidder on the Santa Cruz High School Kiln Building project at \$131,792. The fact that CRW change orders on previous projects exceeded 10% of the original contract amounts is not legal grounds for declaring CRW a “not responsible” bidder on future projects.

37. Contracts were not always awarded to the lowest bidder as evidenced by Bid # 2006-09. The contract was awarded for \$1,204,700 when the lowest bid was actually \$1,151,399.

Response: Santa Cruz City Schools PARTIALLY DISAGREES.

Contracts are always awarded to the lowest bidder as defined in section 10 of our Instructions to Bidders (Exhibit 5) which are based on Public Contract Code section 20103.8 (Exhibit 6), and advice from District legal counsel (Exhibit 7). A copy of bid # 2006-09 (Exhibit 8) shows that, as defined in our bid documents, Robert Bothman was the low bidder based on the total bid with all alternates.

Change Orders

38. The SCCS Bond Project, Status of Project Closeout, May 10, 2006, document does not include all bond projects, notably those undertaken in 1998-1999. Approximately \$4 million worth of projects are not detailed, nor are their change orders.

Response: Santa Cruz City Schools PARTIALLY AGREES.

The first projects were done in 1999. They were small projects consisting of installing new play structures at the elementary schools, resurfacing the Soquel High School student parking lot, installing an outdoor eating area cover at Mission Hill, termite eradication at Branciforte Junior High and installing new gym roofs at Santa Cruz High School and Harbor High School. Many of these projects were maintenance projects and did not require Department of the State Architect approval. The project close-out report was not started until the first round of major modernization projects were begun in 2000 and began close-out in 2001. The small early projects were not added to the report.

39. The SCCS, Bond Project, Status of Project Closeout, May 10, 2006, showed twenty projects with change orders exceeding twenty percent (20%) of the original project contract. These percentages range from 21.7% to 118.8%, resulting in additional costs of \$5,479,544 above the original contract amount of \$17,779,162 for those twenty projects. This reflected a 30.8% increase over the original contract amounts.

Response: Santa Cruz City Schools PARTIALLY AGREES.

For all projects listed on the 5/10/06 Status of Project Close Report, total change order costs were \$9,621,580, or 14.1% of total original contract amounts of \$68,468,271. This is not an unreasonable average change order percentage for renovation and modernization projects. As mentioned in the response to Finding # 32, many of these change orders were generated by District requests for additional work and additional work required to correct unforeseen conditions.

40. Sixty-nine completed or nearly-completed projects detailed on the SCCS, Bond Project, Status of Project Closeout, May 10, 2006, had change orders totaling \$9,621,580, or fourteen and one-half percent (14.5%) of their original contract total of \$66,457,279.

Response: Santa Cruz City Schools DISAGREES.

See response to finding #39.

41. District officials stated that general contractors typically make a fifteen-percent markup on change orders.

Response: Santa Cruz City Schools AGREES.

The General Contractor's 15% mark-up on change orders is to cover the General Contractor's bonds, insurance overhead and profit, and was specified in the contract documents.

Division of the State Architect Oversight

42. According to the Santa Cruz City Schools, Bond Project, Status of Project Closeout, dated May 10, 2006, sixty-four projects have had Notices of Completion filed. Of those sixty-four projects, only one is listed in the "DSA Closeout Complete" column, and only two are listed in the "Closeout Sent to DSA" column. The Architect of Record is responsible for submitting the required closeout documents for final certification.²⁴

Response: Santa Cruz City Schools PARTIALLY AGREES.

The Bond Project Status of Projects Close-Out Report of 7/12/06 (Exhibit 9 attached) indicates that all project close-out documents have been submitted to DSA on twelve projects. Eight of the projects listed are still under construction and not ready for close-out document submittal. Four projects have final DSA close-out.

Final DSA close-out can take from two to five years. Both architect firms, DES and Beverly Prior, have staff that are actively working on gathering and completing project close-out documents for submittal to DSA, and are making regular reports to the District on their status. Close-out documents come from some material suppliers, from portable classroom manufacturers, and from the IOR. Once close-out documents are received by DSA, it can take DSA staff as long as two years to complete processing of those documents and closing out of the project files. This is due to understaffing at DSA.

43. The Grand Jury found at least one instance of a project being started without prior DSA notification by the IOR (DSA Project Code 01-106000). This appears to be a violation of the Code of Regulations, Title 24, Part 1, Section 4-331.

Response: Santa Cruz City Schools DISAGREES.

This was the Soquel High School Ag Facility relocation project. The IOR's (Fred Powers) Qualification Record DSA-5 was submitted to DSA on 9/30/04. It was

²⁴ 2001 California Building Standards Administrative Code, California Code of Regulations, Title 24, Part 1, Sections 4-339 and 4-341, http://www.bsc.ca.gov/title_24/documents/Part1/2001_part1.pdf.

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approved by DSA on 10/4/04. The Contract Information form SSS-102 was submitted to DSA on 11/1/04 and indicated that work would start on 11/1/04. We recall that work actually started around the first of December. This does not appear to be an accurate statement.

44. Inspector of Record assignment date records obtained from the SCCS District and the DSA do not match.

Response: Santa Cruz City Schools PARTIALLY DISAGREES.

The District was not provided copies of the records provided to the Grand Jury by the DSA and therefore cannot comment on this finding.

45. “The school board must provide for and require competent, adequate and continuous inspection by an inspector . . .” and; “The project inspector . . . must be approved by the DSA for each individual project.”²⁵
46. In reviewing the IOR field reports for Santa Cruz High Modernization, project number 01-103363, there is a gap of eighteen days with no IOR reports or notations. One inspector had been terminated on May 2, 2002, and the next IOR report was dated May 20, 2002.

Response: Santa Cruz City Schools:

The Santa Cruz High School Inspector was released for specified reasons. A second inspector was engaged but replaced by the DSA Field Engineer. A third inspector was subsequently replaced by a fourth inspector by the DSA Field Engineer. Since only demolition was underway and no structural or fire/life safety work was involved, lapse in coverage was less stringent. DSA drove the missing coverages due to their manipulation of the inspector selection process – no fault of the District.

47. DSA Field Notes from the supervising field engineer from July 10, 2002, stated the first item requiring resolution on project 01-103363 was that the IOR had been replaced by two subsequent IORs, the last of which had not submitted DSA Form-5. The DSA Form-5, which must be signed by the district, architect, and engineer, must be filed ten days prior to an IOR beginning a project.²⁶

Response: Santa Cruz City Schools:

²⁵ 2001 California Building Standards Administrative Code, California Code of Regulations, Title 124, Part 1, Section 4-333(b).

²⁶ California Department of General Services, Division of the State Architect, Project Inspector Qualification Record, DSA-5, revised, March 27, 2003.

See the response to #46. DSA pulled inspectors from the project and, since no inspections were required or called for, no Form 5 was filed.

School Closures/Leasing

48. In January 2001, the BOC questioned the prudence of using bond funds to modernize schools that might be closed in the future due to declining enrollment.
49. In June 2004, Natural Bridges and Branciforte Elementary schools closed. Branciforte became a campus for small district alternative schools. Natural Bridges is leased by Pacific Collegiate, a charter school that is funded by the state. This site is not being used as part of Santa Cruz City Schools. Proposition 39 obligates the district to provide a certain amount of space rent free since sixty percent of the students come from within SCCS boundaries. Pacific Collegiate leases space for the forty percent of the students from outside the district. The district also leases space to another school, Carden El Encanto, at the former Loma Prieta High School site. Lease funds go into the general fund. Following is a summary of the current and projected lease income for these two sites:²⁷

LEASE REVENUES					
	04-05	05-06	06-07	07-08	08-09
Natural Bridges	\$68,000	\$83,232	\$84,897	\$86,595	\$88,326
Loma Prieta	\$140,000	\$165,000	\$200,000	\$228,400	\$275,500
	\$208,000	\$248,232	\$284,897	\$314,995	\$363,826

Table 5. Santa Cruz City Schools Lease Revenues, 2004-2009.

Response: Santa Cruz City Schools PARTIALLY AGREES.

The lease revenue in the table is reversed for Natural Bridges and Loma Prieta.

50. In August 2004, a citizen who attended two BOC meetings expressed concern about bond funds that had been used on schools that were later closed. The citizen felt that the lease money from those schools should be used to reduce the bond debt.

Response: Santa Cruz City Schools AGREES.

The BOC discussed the citizen's recommendation, but felt that the amount of tax savings to the individual tax payer would be an insignificant amount, whereas the amount of revenue loss to the General Fund would be significant.

51. District administrative staff reported to the BOC committee that legal counsel said it was not illegal to lease out the renovated schools and not use the revenues to defray

²⁷ Agenda Packet, Santa Cruz City Schools, Bond Oversight Committee Meeting, November 18, 2004.

the debt. The BOC approved a motion to not recommend using lease revenues to retire bond debt.

Response: Santa Cruz City Schools AGREES.

The lease revenue is deposited to the General Fund to support operating expenses at the schools. Transferring this revenue to reduce Bond debt would require cuts in school budgets.

District Office Relocation/Renovation

52. Even after Natural Bridges and Branciforte elementary schools had been closed, and the four alternative schools on three sites were moved to the former Branciforte Elementary campus, the district still needed to reduce overhead and save operating expenses due to declining enrollment. The district offices on Mission Street were sold, and ten classrooms at Soquel High School were chosen to serve as administrative offices (Soquel High School's enrollment dropped from 1693 students in 1998 to 1234 students in 2005-06). The Adult Education Office, the Purchasing Department, and District Warehouse were moved to Palm Street. The Workability Program and Food Services Office were moved to DeLaveaga Elementary School.

Response: Santa Cruz City Schools PARTIALLY AGREES.

The sale of 2931 Mission Street and the relocation of the District office occurred prior to the reorganization of the schools. The Workability Office was moved to Harbor High School.

53. Classrooms identified to house the district offices at Soquel High had already been remodeled using bond funds. At least an additional \$460,537 in bond money was spent for the district office remodel.

Response: Santa Cruz City Schools AGREES.

The additional cost was to convert classrooms to office space, to add electrical, a telephone system, data wiring, and to add parking.

54. At its April 9, 2003 meeting, the SCCS Board approved the use of up to \$1 million in bond funds for district office relocation and improvements. In its advisory capacity, the BOC did not recommend this action.

Response: Santa Cruz City Schools AGREES.

55. To date, at least \$1,285,486 of bond project money has been spent on district office and adult education relocation. This total includes \$274,424 for change orders, or

twenty-seven (27%) of the original contract amount of \$1,011,062.

Response: Santa Cruz City Schools PARTIALLY AGREES.

\$1,291,631 has been spent on District Office/Adult Education relocation. Of that amount, \$280,659 was for change orders, 27.7% of the original contract amounts.

56. A BOC member called the use of bond money for offices “not ethical,” and stated that the district could use anticipated redevelopment revenue to pay for the classroom conversions and other relocation projects. “There was a promise (the bond money) would never be used for administrative costs. It was to improve the student environment, not the district office environment.”²⁸

Response: Santa Cruz City Schools PARTIALLY AGREES.

The ballot measure said that Bond funds would not be used for administrative salaries. The District’s Bond Counsel advised the District that it would be a legal use of the Bond funds, given the ballot language, for relocating District Office facilities. Selling the old District Office at 2931 Mission Street will save \$400,000 per year in debt service payments in the General Fund, which provides more operating funds for schools and students.

Oversight/Public Communication

57. The BOC has been meeting bi-monthly since 1998. These meetings are open to the public. Minutes and any reports released are public information. Meetings are held at Soquel High School, Room 312. Oversight committee members stated that meeting notices are posted at school sites and the district office.
58. In 1998, a bond web page was developed with links to each school site providing regular updates on bond-related issues.
59. In June 1999, the communications sub-committee of the BOC worked on placing bond-related information on the SCCS web page. Signs relating to bond projects were designed for placement at the school sites.
60. On August 26, 1999, the BOC stated that the Board of Education, Bond Oversight Committee, and district administration should work jointly to create a public relations program and method of presentation for each school site, the press, and the public in general.

Response: Santa Cruz City Schools AGREES.

The BOC has made repeated attempts to have the stories about the Bond Projects reported in the press. The press has not responded favorably to their attempts. We

²⁸ Santa Cruz Sentinel, “Moving costs stir school-bond debate,” May 29, 2003.

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think that the school sites have been kept informed. However, the general public has not been very well informed because the press has been unresponsive. The BOC has had discussions about how to handle this. Most of the ways the BOC could find to inform the public involved the use of bond funds. The BOC has been very reluctant to spend bond funds on mailings and ads. The BOC has tried to ensure that the money was used to the benefit of the students in the classroom.

61. District staff and BOC members were interviewed for “Community Express,” a Community Television of Santa Cruz show. The show aired four times in Fall 1999 and outlined the school bond issues and future project plans.
62. A brochure “The Road to Renovation” detailed the status of Measure E and H projects and was distributed to parents from the school sites and mailed to households within the district in May 2000. This brochure indicated there would be ongoing communication to keep the public aware of progress and improvements.
63. In July 2000, a Board of Education member noted that the district’s web site was in need of updating.
64. The Grand Jury observed that as late as October 17, 2005, there was a “Bond Projects” section on the Santa Cruz City Schools web site. Information was out of date; the last update had been posted in 2001. By February of 2006, that section of the web site was no longer accessible, and posts “Forbidden: You don’t have permission to access ... (this site) on this server.”

Response: Santa Cruz City Schools PARTIALLY AGREES.

The District did not maintain detailed information on the Bond Projects on the SCCS website. There were not adequate resources dedicated to maintaining the SCCS website, including the Bond Projects information on the website. However, the SCCS website had a link to the Strategic Construction Management (SCM) website, where information on projects at each school site was available. When the District website was redesigned in September 2005, the link to SCM was inadvertently omitted. It was reinstated on 9/26/06.

Without knowing specifically which website the Grand Jury attempted to access when receiving the “Forbidden: You don’t have permission to access...” message, it is difficult to respond to why that message was received. That message is a standard response on any web server when a web page cannot be found.

65. When asked about the inaccessibility of the web site, district staff responded that the webmaster worked one half-day per week and that there were no resources in the district to put more effort into the web site.

Response: Santa Cruz City Schools AGREES.

66. Strategic Construction Management publishes SCCS site construction newsletters on its web site. Newsletters for completed bond projects include construction budget summaries, schedules, and architect, inspector, and contractor information. Web site summaries of current projects have none of this information.²⁹

Response: Santa Cruz City Schools AGREES.

67. The construction budget summaries for “Completed Projects” on the Strategic Construction Management web site do not match the figures printed on the Santa Cruz City Schools Bond Project, Status of Project Closeout, May 10, 2006. The Strategic Construction Management web site is the only one displaying information on the SCCS bond construction projects.

Response: Santa Cruz City Schools AGREES.

The costs reported on the website include hard costs and soft costs (architect fees, DSA fees, IOR fees, bidding costs). The costs reported on the Project Close-out Report are only hard costs paid to contractors.

68. According to district administrative staff, by the end of summer 2006, ninety-eight percent (98%) of bond funds will be spent. The BOC’s final meeting is scheduled for November 2006. If there is any money left over, district staff will oversee expenditures. Construction projects could extend into Spring 2007.

Response: Santa Cruz City Schools AGREES.

The only remaining project after November, 2006, will be the new Santa Cruz High School swimming pool projects that will be funded 50% with Bond Funds.

69. Strategic Construction Management will be paid \$34,500 to produce a Bond Projects Report. This fee is included in their July 1, 2006 to December 31, 2006 contract extension.

Response: Santa Cruz City Schools DISAGREES.

²⁹ Strategic Construction Management, <http://strategic-cm.com/main/santacruzcityschools.htm>.

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This was a proposal based on ill-defined scope and provided to the BOC for discussion purposes. This was never approved.

70. At its May 18, 2006 meeting, the BOC reviewed options for its final committee report which may be in the form of newspaper ads or inserts, postcards, a newsletter, a twenty-four page report, or a video.

Response: Santa Cruz City Schools AGREES.

Conclusions

Bonds E and H

1. Measure E, Series A, B, and C bond sales exceeded the voter-approved amount of \$28 million by \$98,115.65. The \$28 million cap was exceeded a second time when the Measure E, Series A and B bonds were refinanced, this time by \$383,115.65.
2. A savings of over \$3 million in interest is projected due to the refinancing of the Elementary and High School Bonds, Series A and B that were sold for \$4,280,000 million more than the principal remaining. Although interest was decreased, the total debt was increased. The purpose of the refinancing appears to be to extract more funds and not to lower property taxes.
3. The 2005 refinancing of the Elementary and High School Bonds is not shown on the SCCS Bond Projects Budget, Report from July 1, 1998 to April 30, 2006. Voters are entitled to full disclosure regarding all bond details.
4. Contrary to the language of the Voter Information Pamphlet, the bond terms of both the Elementary and High School bonds are greater than twenty-five years.
5. Property owners in the Santa Cruz City Schools District are paying a higher percentage of their property taxes to repay bonds E and H in the 2005-2006 tax year than they paid in the 2004-2005 tax year. To date, the decreased bond interest rates have not reduced property taxes.
6. Over the next twenty-three years, property tax deposits will earn interest that could be used to reduce bond debt.
7. The SCCS District has exceeded its fiscal authority granted in Measures E and H by selling bonds for more than the voter-approved limit. By so doing, it could make it more difficult for voters to approve future bond projects.

Project Management

8. As of April 30, 2006, expenses for architects/engineers, and construction management total sixteen percent (16%) of the total bond project expenditures, or over \$18 million.

9. The district did not have personnel on staff with adequate construction knowledge to manage large construction projects.
10. The district could not find an efficient and cost-effective method of construction program management. There were many layers of construction supervision and coordination paid for with bond dollars: general contractors, architects, Strategic Construction Management, and the district's Construction Program Coordinator.
11. Originally, the Strategic Construction Management contract was for \$1.2 million and all projects were to be completed by December 2004. By the end of 2006, payments to Strategic Construction Management will reach nearly \$3 million, and projects are still continuing.
12. Additional payments were made to Strategic Construction Management for moving services that were part of their original contract with SCCS for which a fixed-price bid had been submitted.
13. Total bond project construction management fees from 1998 to present appear excessive, and will top \$7 million before the end of 2006.
14. The bidding process for the Construction Program Manager was not conducted according to Public Contract Code Procedures. Bid documentation is not available from the district to determine whether the lowest bidder was accepted; and documentation that the bids were opened in public as mandated by the Public Contract Code has not been made available by the district.

Bidding

15. When the board voted to no longer require re-bidding projects that surpassed the ten percent change order threshold, it removed the cap on change orders.
16. A contractor should not have been considered "responsible" if that contractor's previous jobs had excessive change orders and if court action was necessary.
17. When projects were bid with alternates, this allowed contractors to manipulate the system by giving a low bid or zero on alternates, thereby allowing a contractor to submit the lowest bid. The bid would not necessarily be awarded to a responsible bidder.

Change Orders

18. The SCCS Bond Project, Status of Project Closeout, May 10, 2006 is incomplete; therefore, a true assessment of costs and overruns cannot easily be made.
19. The amount of change orders appears excessive. This could be due, in part, to the removal of the ten percent (10%) cap requiring project re-bidding.
20. There was no financial incentive for contractors and architects to keep change orders to a minimum.

Division of the State Architect Oversight

21. The Architects of Record have not fulfilled their responsibilities to secure project closeout and certification by the DSA.
22. District administrative staff has not seen the projects through to closeout by insisting that the Architects of Record submit all closeout documentation.
23. The district, architect, and engineer failed to file DSA Form-5 before IORs started project 01-103363 as required by the California Code of Regulations.
24. IOR documentation for project 01-103363 is incomplete and shows a gap of eighteen days with no IOR site notations or reports. It is a violation of the California Code of Regulations for a project to proceed without an IOR.
25. Since district and DSA documentation of IOR assignments and dates do not match, the Grand Jury was unable to determine whether projects progressed without an assigned IOR, or without a DSA-approved IOR.

School Closures/Leasing

26. Although bond funds were used to renovate the Natural Bridges and Loma Prieta sites, lease revenues have not been used to repay bond debt.

District Office Relocation/Renovation

27. Despite the fact that the Voter Information Pamphlet arguments in favor of the bond measures clearly stated that bond funds were not to be used for administrative offices, the SCCS Board used bond funds for this purpose.
28. The SCCS Board ignored BOC recommendations not to use bond funds for district office renovations and relocation.
29. Lack of planning resulted in wasted money at Soquel High when ten classrooms that had already undergone renovation and modernization were remodeled for district offices.
30. The SCCS District spent more than \$1.2 million on district office renovations and relocations. The district inappropriately approved \$1 million for this purpose; no bond money should have been used.

Oversight/Public Communication

31. The BOC is scheduled to disband in November 2006. Projects may continue until at least Spring 2007, and there will be no BOC oversight. Bonds were passed under the assumption that an oversight committee would be in place for the duration of the projects.

32. The district has not maintained the bond project information on its web site. This could have been a valuable means of providing ongoing, up-to-date public information on the bond projects.
33. Over the last eight years, there has been no ongoing form of public communication with district residents regarding the bond projects. Efforts made, such as starting a web page, being interviewed for Santa Cruz Community Television, and producing a brochure, all took place between 1998-2000.
34. As of this late date, the BOC has not yet determined the format and scope of its final report. The Grand Jury questions whether this will give the BOC time to prepare a comprehensive report.
35. Paying Strategic Construction Management \$34,500 to help prepare a final report detailing the bond projects could result in a loss of objectivity and detail in evaluating the projects' successes and failures.

Recommendations

1. The Grand Jury recommends that the Santa Cruz County Auditor initiate an outside, independent audit to scrutinize the bond sales and refinancing, and expenditure of bond funds. If there was surplus cash gained from the refinancing, it should be accounted for and used to reduce the bond debt.

Response: Santa Cruz County Auditor-Controller PARTIALLY DISAGREES.

The County Auditor-Controller does not generally have authority to audit School District activities. The County Auditor-Controller is generally responsible for the fiscal oversight of County functions or those under the Board of Supervisor's control. However, if a district has funds in the County treasury, the Board of Supervisors can direct the Auditor-Controller to perform an audit of that district as well. California Government Code Section 26883 states:

In addition to the power now possessed by the Board of Supervisors to enter into contracts for audits, the Board shall have the power to require that the County Auditor-Controller shall audit the accounts and records of any department, office, board or institution under its control and of any district whose funds are kept in the County treasury. . .

Nevertheless, the issues raised in this Grand Jury report are important and should be addressed. The County Auditor-Controller has communicated with Santa Cruz City Schools District staff to research and respond to the findings and recommendation contained in this reply. Unfortunately, the School District's reply is not due for another 30 days. Consequently, the response to a few of the findings in this report are incomplete, particularly Findings 7 and 10 regarding the legal cap on the amount of the refunding bonds and the 29 year life of the bonds. Hopefully, the School District's response will include an independent legal opinion that the issues raised in

Findings 7 and 10 are within the confines of the law.

Response: Santa Cruz City Schools PARTIALLY AGREES.

If the County Auditor decides to audit the bond sales and refinancing, the District will cooperate with the County Auditor. The District did not realize any surplus cash from the refinancing. The refinancing did reduce the bonded debt.

2. An outside, independent performance audit should be conducted to analyze, assess, and report on the Santa Cruz City Schools District's operational and construction management policies, procedures, and practices regarding Bond Measures E and H. Investigation as to whether all California Code of Regulations, Title 24 standards were followed should be included.

Response: Santa Cruz City Schools DISAGREES.

The District will not conduct an independent performance audit of the construction program for the following reasons:

1. *The Board and the BOC have been satisfied with the program.*
2. *The schools have been satisfied with the outcome of the projects.*
3. *The Bond projects are nearly complete. There would be no future projects to which to apply any recommendations from a performance audit.*
4. *Low priority for the expenditure of funds for an audit.*

The plans and specifications for the projects were approved by the DSA before bidding to ensure compliance with Title 24. DSA-certified inspectors inspected the projects during construction to ensure plans and specifications were followed by the contractors.

3. The SCCS District should insist that the architects submit all documents related to completed bond projects under DSA supervision so the projects can be certified and closed out. Architect fees should be withheld until DSA certification is complete.

Response: Santa Cruz City Schools PARTIALLY AGREES.

The District is insisting that the architects submit all documents on completed projects so the projects can be closed out by the DSA. The current architect contracts do not provide for withholding of fees pending completion of final DSA project close-out.

4. For future major construction projects, the SCCS District should consider hiring an experienced, qualified construction project manager or team as a limited-term district

employee(s). This would cost less than hiring a construction management firm.

Response: Santa Cruz City Schools PARTIALLY AGREES.

For future major construction projects, the District will consider hiring an experienced qualified construction project manager or team as limited-term District employees. It is not clear that this would cost less or be more effective than hiring a construction management firm. The BOC has been very satisfied with the decision to engage the services of Strategic Construction Management.

5. The SCCS District should replace the funds used for District Office relocation and renovation to reduce bond debt.

Response: Santa Cruz City Schools DISAGREES.

See response to Finding # 56.

6. The SCCS District should use lease revenues and interest on future property tax collections to reduce the bond debt.

Response: Santa Cruz City Schools DISAGREES.

See response to Finding # 51.

7. The SCCS District should provide a complete bond projects budget document that includes bond refinancing details.

Response: Santa Cruz City Schools DISAGREES.

See response to Finding # 8.

8. The SCCS District should provide a complete bond projects closeout document detailing all bond construction projects.

Response: Santa Cruz City Schools AGREES.

The Bond Oversight Committee will produce a final report of the Bond Projects by November 2006.

9. Future construction projects should be awarded to the contractor submitting the lowest base bid. Alternates should be bid separately.

Response: Santa Cruz City Schools DISAGREES.

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The process being used complies with Public Contract Code and has been approved by District legal counsel.

10. For future construction projects, the contractors hired should adhere to the ten-percent cap on change orders previously in effect.

Response: Santa Cruz City Schools DISAGREES.

Future modernization projects may require exceeding the 10% change order threshold for the reasons outlined in the response to Findings # 31 and 32.

11. The SCCS District should provide an objective summary and analysis of bond projects from beginning to end. This should include project details, budget, and completion dates; financial accounting; analysis of successes and failures; and suggestions for improvement for any future bond or construction projects.

Response: Santa Cruz City Schools PARTIALLY AGREES.

The District has provided on-going bi-monthly reports to the Board and BOC, including project status and budget status. These reports are available to anyone interested in them. The BOC will produce a final report on all of the projects by November, 2006.

12. The SCCS District should make sure its web site is comprehensive and updated frequently. The final bond projects report and analysis should be posted on that web site.

Response: Santa Cruz City Schools AGREES.

Financial resources will first need to be identified to fund the regular updates of the District's web site. The Bond Projects Final Report will be available on the District web site.

13. The BOC should continue to operate until all bond projects are completed.

Response: Santa Cruz City Schools DISAGREES.

The BOC has recommended and the Board has approved that the last BOC meeting will be on November 16, 2006. The only construction project that will continue after that date will be the Santa Cruz High School swimming pool. The Board and the BOC do not think that the BOC needs to continue to meet to oversee one project that is funded 50% by Bond Funds.

14. District support staff is to be commended for its helpfulness, promptness, and courtesy when providing requested documentation.

Responses Required

Entity	Findings	Recommendations	Respond Within
Santa Cruz City Schools Board of Trustees	2-12, 14, 15, 19, 20, 23, 24, 27-29, 31, 32, 34-44, 46, 47, 51, 53-56, 64-70	1-13	90 Days (October 1, 2006)
Santa Cruz County Auditor/Controller	1-15	1	60 Days (September 1, 2006)

Appendix A – Source Details

Santa Cruz City Schools, Board of Education for the Elementary and Secondary Districts
Minutes:

May 12, 1999.	February 28, 2001.
May 26, 1999.	March 14, 2001.
June 9, 1999.	March 28, 2001.
June 28, 1999.	April 25, 2001.
July 14, 1999.	May 9, 2001.
August 11, 1999.	May 23, 2001.
August 18, 1999.	June 6, 2001.
August 25, 1999.	June 27, 2001.
September 8, 1999.	July 11, 2001.
September 22, 1999.	August 8, 2001.
October 13, 1999.	August 22, 2001.
October 27, 1999.	September 12, 2001.
November 17, 1999.	September 26, 2001.
December 8, 1999.	October 24, 2001.
January 12, 2000.	November 7, 2001.
January 26, 2000.	November 28, 2001.
February 9, 2000.	December 5, 2001.
February 23, 2000.	December 19, 2001.
March 15, 2000.	January 16, 2002.
March 29, 2000.	January 23, 2002.
April 13, 2000.	January 30, 2002.
April 26, 2000.	February 13, 2002.
May 10, 2000.	February 20, 2002.
May 24, 2000.	March 13, 2002.
June 7, 2000.	March 27, 2002.
June 28, 2000.	April 17, 2002.
July 12, 2000.	May 8, 2002.
August 3, 2000.	May 22, 2002.
August 16, 2000.	June 6, 2002.
September 6, 2000.	July 9, 2002.
September 20, 2000.	August 14, 2002.
October 11, 2000.	August 28, 2002.
October 25, 2000.	September 11, 2002.
November 8, 2000.	September 25, 2002.
November 29, 2000.	October 2, 2002.
December 13, 2000.	October 9, 2002.
January 17, 2001.	October 23, 2002.
January 31, 2001.	November 6, 2002.
February 6, 2001.	November 13, 2002.
February 14, 2001.	November 20, 2002.

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December 11, 2002.
January 15, 2003.
January 29, 2003.
February 11, 2003.
February 12, 2003.
February 26, 2003.
March 5, 2003.
March 12, 2003.
March 26, 2003.
April 9, 2003.
April 30, 2003.
May 9, 2003.
May 14, 2003.
June 25, 2003.
July 23, 2003.
August 6, 2003.
August 27, 2003.
September 10, 2003.
September 24, 2003.
October 8, 2003.
October 22, 2003.
November 5, 2003.
November 10, 2003.
December 10, 2003.
January 14, 2004.
January 28, 2004.
February 11, 2004.
February 25, 2004.
March 10, 2004.
March 24, 2004.
April 21, 2004.
May 5, 2004.
May 12, 2004.
May 26, 2004.
June 9, 2004.
June 16, 2004.
June 29, 2004.
August 11, 2004.
August 21, 2004.
September 8, 2004.
September 22, 2004.
October 13, 2004.
October 27, 2004.
November 10, 2004.
December 15, 2004.

January 12, 2005.
February 9, 2005.
February 23, 2005.
March 9, 2005.
April 13, 2005.
April 20, 2005.
April 27, 2005.
May 25, 2005.
June 8, 2005.
June 20, 2005.
July 27, 2005.
August 10, 2005.
August 24, 2005.
September 14, 2005.
September 28, 2005.
October 10, 2005.
October 26, 2005.
November 21, 2005.
December 14, 2005.
January 9, 2006.
January 25, 2006.
February 8, 2006.
February 22, 2006.
March 8, 2006.
March 22, 2006.
April 19, 2006.
April 26, 2006.
May 10, 2006.

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Santa Cruz City Schools Bond Oversight Committee Meeting Minutes:

May 16, 1998.	January 17, 2002.
June 25, 1998.	March 21, 2002.
July 20, 1998.	May 16, 2002.
September 30, 1998.	July 11, 2002.
December 10, 1998.	September 12, 2002.
January 21, 1999.	September 19, 2002.
March 4, 1999.	October 2, 2002.
April 22, 1999.	November 21, 2002.
June 24, 1999.	January 23, 2003.
August 26, 1999 (agenda packet).	March 20, 2003.
September 30, 1999.	May 22, 2003.
October 28, 1999.	June 12, 2003.
January 27, 2000 (agenda packet).	July 10, 2003.
March 30, 2000.	September 18, 2003.
May 18, 2000.	November 13, 2003.
May 18, 2000 (revised).	November 20, 2003.
June 22, 2000.	January 22, 2004.
June 22, 2000 (revised).	March 19, 2004.
July 20, 2000.	May 20, 2004.
July 20, 2000 (revised).	August 5, 2004 (agenda packet).
September 21, 2000.	September 16, 2004.
October 19, 2000.	November 4, 2004.
November 16, 2000.	November 18, 2004 (agenda packet).
January 18, 2001.	January 20, 2005.
March 22, 2001.	March 15, 2005.
May 17, 2001.	April 7, 2005.
July 19, 2001.	May 19, 2005.
September 20, 2001.	July 21, 2005.
October 11, 2001.	September 22, 2005.
October 23, 2001.	November 17, 2005 (agenda packet).
November 15, 2001.	January 19, 2006 (agenda packet).
November 29, 2001.	March 16, 2006 (agenda packet).
December 5, 2001.	May 18, 2006 (agenda packet).

Santa Cruz City School District Bond Projects Status Reports:

November 17, 1999.
February 9, 2000.
April 13, 2000.
May 24, 2000.
August 2, 2000.
September 6, 2000.
October 11, 2000.
March 28, 2001.

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April 25, 2001.
August 8, 2001.
October 10, 2001.
October 24, 2001.
November 7, 2001.
November 28, 2001.
March 27, 2002.
May 22, 2002.
August 14, 2002.
September 25, 2002.
December 11, 2002.
February 12, 2003.
March 26, 2003.
May 28, 2003.
August 6, 2003.
September 24, 2003.
December 10, 2003.
February 11, 2004.
March 24, 2004.
June 16, 2004.
September 22, 2004.
January 26, 2005.
April 13, 2005.
May 25, 2005.
July 27, 2005.
September 28, 2005.
January 25, 2006.

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Appendix B – Santa Cruz City Schools, Bond Projects Budget, Report from July 1, 1998 to April 30, 2006

SCCS-Bond Projects Budget Report from 7/1/98 to 4/30/06

	Elementary			Secondary			Total		
	FAT Budget	Revised Budget	Actual	FAT Budget	Revised Budget	Actual	FAT Budget	Revised Budget	Actual
REVENUE									
Bond Proceeds									
Series A (0/98)	\$4,937,000	\$6,937,000	\$6,937,000	\$14,917,000	\$14,917,000	\$14,917,000	\$21,854,000	\$21,854,000	\$21,854,000
Series B (0/00)	\$15,425,000	\$15,410,338	\$15,410,338	\$30,889,737	\$30,889,737	\$30,889,737	\$46,300,077	\$46,300,077	\$46,300,077
BAN Funds (Series C)(1000)		\$5,100,000	\$5,100,000	\$10,690,000	\$10,690,000	\$10,690,000	\$15,990,000	\$15,990,000	\$15,990,000
Series C (10/01)	\$8,928,000	\$35,139	\$35,139	\$75,032	\$75,032	\$75,032	\$17,460,000	\$17,460,000	\$17,460,000
Subtotal Bond Proceeds	\$27,887,000	\$27,482,478	\$27,482,478	\$57,767,000	\$58,771,769	\$58,771,769	\$84,284,248	\$84,284,248	\$84,284,248
Other Revenue									
Bond Interest	\$3,204,245	\$3,204,245	\$3,204,245	\$7,207,057	\$7,207,057	\$7,207,057	\$10,411,300	\$10,411,300	\$10,411,300
Bond Arbitrage Liability	(\$114,581)	(\$114,581)	(\$114,581)	(\$304,831)	(\$304,831)	(\$304,831)	(\$419,412)	(\$419,412)	(\$419,412)
BAN Interest	\$216,790	\$216,790	\$216,790	\$780,115	\$780,115	\$780,115	\$976,905	\$976,905	\$976,905
BAN Arbitrage Liability		\$34,192	\$34,192	(\$210,905)	(\$210,905)	(\$210,905)	\$975,878	\$975,878	\$975,878
Deferred Maintenance		\$612,891	\$612,891	\$941,366	\$941,366	\$941,366	\$176,000	\$176,000	\$176,000
Food Services	\$175,000	\$175,000	\$175,000	\$1,064,106	\$1,064,106	\$1,064,106	\$2,597,047	\$2,597,047	\$2,597,047
Capital Facilities Fund	\$612,891	\$612,891	\$612,891	\$1,906,818	\$1,906,818	\$1,906,818	\$1,906,818	\$1,906,818	\$1,906,818
State SB-50-Ref. 1	\$6,356,179	\$6,356,179	\$6,356,179	\$20,188,062	\$20,188,062	\$20,188,062	\$28,514,241	\$28,514,241	\$28,514,241
State SB-50-Ref. 2	\$127,851	\$127,851	\$127,851	\$492,346	\$492,346	\$492,346	\$620,037	\$620,037	\$620,037
SB-50 Interest	\$248,558	\$248,558	\$248,558	\$95,466	\$95,466	\$95,466	\$346,024	\$346,024	\$346,024
Grants	\$141,801	\$141,801	\$141,801	\$90,000	\$90,000	\$90,000	\$231,801	\$231,801	\$231,801
Donations	\$6,983	\$6,983	\$6,983	\$30,368	\$30,368	\$30,368	\$37,381	\$37,381	\$37,381
Insurance Reimb(Food Deck)	\$19,063	\$19,063	\$19,063	\$12,748	\$12,748	\$12,748	\$122,748	\$122,748	\$122,748
Building Fund	\$19,063	\$19,063	\$19,063	\$145,895	\$145,895	\$145,895	\$184,749	\$184,749	\$184,749
General Fund	\$11,029,803	\$11,029,803	\$11,029,803	\$33,418,311	\$33,418,311	\$33,418,311	\$44,448,114	\$44,448,114	\$44,448,114
Subtotal Other Revenue	\$27,887,000	\$38,872,281	\$38,872,282	\$57,767,000	\$60,190,081	\$60,190,081	\$85,884,000	\$128,702,382	\$128,702,382
Total Revenue									
	\$27,887,000	\$38,872,281	\$38,872,282	\$57,767,000	\$60,190,081	\$60,190,081	\$85,884,000	\$128,702,382	\$128,702,382
EXPENSE									
Construction									
Construction	\$16,727,000	\$25,812,893	\$24,281,000	\$35,581,000	\$64,810,923	\$65,150,329	\$63,278,000	\$80,823,617	\$82,431,328
Construction Contingency	\$1,353,513	\$605,170	\$3,607,868	\$2,878,708	\$1,907,067	\$1,907,067	\$4,230,218	\$2,412,237	\$0
A/E Fees	\$1,940,026	\$3,891,071	\$3,607,868	\$4,123,281	\$4,959,088	\$2,704,728	\$6,083,317	\$12,850,138	\$11,212,696
CM Fees	\$388,007	\$1,719,958	\$1,719,958	\$2,886,298	\$2,731,438	\$2,697,414	\$4,244,320	\$4,461,374	\$4,387,352
Inspections	\$194,004	\$604,009	\$483,531	\$424,856	\$1,223,465	\$880,148	\$1,212,863	\$1,503,838	\$1,373,878
Testing	\$194,004	\$604,009	\$483,531	\$412,329	\$1,632,748	\$1,421,741	\$606,333	\$2,236,779	\$1,825,053
DSA Fees	\$194,004	\$604,009	\$483,531	\$412,329	\$970,308	\$317,043	\$606,333	\$898,808	\$481,425
Permits	\$194,004	\$604,009	\$483,531	\$412,329	\$6,113	\$525	\$606,333	\$7,641	\$2,053
Miscellaneous	\$870,021	\$372,318	\$195,781	\$2,081,840	\$1,301,438	\$485,777	\$3,031,861	\$1,873,788	\$641,508
Moving(District Office)		\$19,063	\$19,063	\$36,440	\$36,440	\$36,440	\$64,824	\$64,824	\$64,824
CEQA Environmental Study		\$6,983	\$6,983	\$12,820	\$12,820	\$12,820	\$21,363	\$21,363	\$19,814
Subtotal Construction	\$23,318,843	\$33,738,654	\$30,802,448	\$48,590,568	\$83,292,387	\$71,408,912	\$72,879,209	\$117,030,871	\$102,209,380
Reserves									
Design Contingency	\$1,319,817	\$0	\$0	\$2,805,086	\$0	\$0	\$4,124,905	\$0	\$0
Escalation	\$3,026,456	\$238,834	\$0	\$6,432,317	\$236,222	\$21,597	\$9,468,773	\$475,058	\$30,443
Facilities Services Reserves	\$0	\$271,558	\$0	\$465,000	\$467,568	\$21,597	\$700,000	\$700,000	\$0
Litigation Reserves	\$682,011	\$246,000	\$0	\$1,238,594	\$3,088,098	\$2,088,098	\$1,818,998	\$3,871,040	\$3,871,040
Interim Housing	\$4,828,284	\$1,784,945	\$1,784,945	\$10,474,365	\$3,234,978	\$2,107,881	\$18,402,875	\$6,025,211	\$3,901,483
Subtotal Reserves		\$686,831	\$686,831	\$6,034,965	\$30,012,502	\$17,704,018	\$8,331,562	\$128,508,768	\$110,877,877
Support Costs									
Support Staff Salaries	\$1,069,886	\$1,069,886	\$1,069,886	\$1,782,917	\$1,782,917	\$1,782,917	\$1,874,847	\$1,874,847	\$1,786,988
Construction Management	\$312,488	\$312,488	\$312,488	\$413,427	\$413,427	\$344,853	\$725,916	\$725,916	\$458,554
Other Support	\$1,968,318	\$1,968,318	\$1,968,318	\$3,482,365	\$3,482,365	\$3,186,412	\$5,453,576	\$5,453,576	\$4,767,034
Subtotal Support		\$3,348,692	\$3,348,692	\$5,678,709	\$5,678,709	\$5,174,263	\$8,054,339	\$8,054,339	\$7,012,575
Total Expense									
	\$23,318,843	\$38,467,254	\$34,173,862	\$58,034,965	\$80,012,502	\$70,704,018	\$88,331,562	\$128,508,768	\$117,808,838
Surplus/(Shortfall)									
	(\$5,431,843)	(\$4,594,973)	(\$5,301,580)	(\$2,267,965)	(\$177,578)	(\$13,487,418)	(\$2,447,562)	\$1,193,614	\$11,493,552

Appendix C – Santa Cruz City Schools Bond Project, Status of Project Closeout, May 10, 2006

SANTA CRUZ CITY SCHOOLS BOND PROJECT Status of Project Closeout 5/10/2006													
Project	Contractor	Original Contract	Change Orders	C/O % of Contract	Total Contract	Liquidated Damages	As-Built Term Measure	Notice of Completion Filed	Retention Released	Contract Balance & Retention Held	Closeout Sent to DSA	DSA Closeout Complete	Warranty Expiration Date
Natural Bridges Modernization	Robt. Bohman (Gen.)	968,375	49,901	5.1%	1,005,276	No	X	3/25/1902	Yes				03/25/03
	JIM Electric (Elect.)	507,200	61,262	10.6%	628,462	No	X	11/25/1902	Yes				11/25/03
	Geo. H. Wilson (Mech.)	707,749	7,825	1.1%	715,574	No	X	2/14/1902	Yes				02/14/03
	Systems Abatement (Hazmat)	58,400	3,380	8.0%	59,780	No	N/A	8/15/1902	Yes				08/15/03
		2,287,724	121,358	5.3%	2,409,082								
Soquel High Modernization	APC Contractors (Hazmat)	183,780	86,145	36.0%	249,925	No	N/A		Yes			07/21/02	03/14/03
	Dilbeck & Sons (Gen.)	3,885,089	418,883	10.8%	4,314,572	62,027(Pct)	X	3/14/1902	Yes				
Delavessa Modernization	Quest Environmental (Hazmat)	154,790	6,662	4.3%	161,452	No	N/A	5/18/1901	Yes				05/18/02
	Edward Scott Elect. (Elect.)	1,363,300	143,109	10.5%	1,506,409	No	X	3/14/1902	Yes				03/14/03
	Geo. H. Wilson (Mech.)	1,254,730	24,938	2.0%	1,279,668	No	X	3/14/1902	Yes				03/14/03
	L&M Fire Protection	52,000	6,198	11.9%	58,198	No		3/14/1902	Yes				
		6,904,289	865,934	9.6%	7,570,223								
Branciforte Jr. High Modernization	JIM Electric (Elect.)	654,700	84,227	12.9%	738,927	No	X	1/31/1903	Yes				01/31/04
	West Bay Builders (Gen.)	1,872,000	153,557	9.3%	1,827,557	Yes	X	4/19/1902	Yes				04/19/03
	Geo. H. Wilson (Mech.)	448,800	20,677	4.9%	469,477	No	X	2/14/1902	Yes				02/14/03
	Parc Environmental (Hazmat)	97,312	0	0	97,312	No	N/A	1/15/1901	Yes				01/15/02
		2,872,812	260,461	8.1%	3,133,273								
Westlake Modernization	JIM Electric (Elect.)	983,340	137,378	14.0%	1,120,718	No	X	11/25/1902	Yes				11/25/03
	OC McDonald (Mech.)	633,620	62,608	9.9%	696,498	No	X	4/18/1902	Yes				04/18/03
	West Bay Builders (Gen.)	1,577,500	13,842	0.9%	1,591,342	Yes	X	4/19/1902	Yes				04/19/03
	Parc Environmental (Hazmat)	36,922	0	0	36,922	No	N/A	1/15/1901	Yes				01/15/02
	El Camino Paving	79,895	8,272	10.4%	88,167	No	N/A	2/28/1902	Yes				02/28/03
	3,311,257	222,389	6.7%	3,533,646									
Harbor High (New Construction)	CRW Industries (Gen.)	1,122,616	124,828	11.1%	1,247,444	No	X	11/25/1902	Yes				11/25/03
	CRW Industries (Elect.)	372,765	50,703	13.6%	423,468	No	X	11/25/1902	Yes				11/25/03
	Geo. H. Wilson (Mech.)	818,865	16,527	3.2%	835,392	No	X	4/11/1903	Yes				03/31/04
	Parc Environmental (Hazmat)	83,380	0	0	83,380	No	N/A	1/30/1902	Yes				01/30/03
		2,097,926	192,058	9.2%	2,289,984								
Harbor High Modernization	Ralph Larson & Sons	8,129,000	245,300	3.0%	8,374,300	No	X	12/31/2003	Yes				12/31/04
	Barry Swanson Builder	5,863,174	1,118,552	19.1%	6,981,726	No	X	6/24/2004	Yes				06/24/05
	Slatter Construction	2,193,000	264,068	13.0%	2,477,068	No	X	11/12/2003	Yes		04/12/05		11/11/04
	Selden and Son	2,194,095	305,908	13.9%	2,500,003	Stop Notice	X	11/18/2005	To Court				11/18/05
	Rosewall Construction	3,960,460	868,831	21.9%	4,829,291	No	X	3/31/2004	Yes				03/31/05
	Watsonville Construction	2,471,000	535,395	21.7%	3,006,395	No	X	2/7/2005	Yes				02/07/06
	West Coast Contractors	6,890,000	2,056,176	29.9%	8,946,176	No	X	9/28/2004	Yes				09/28/05
	Steville Construction	1,568,934	254,618	16.2%	1,821,552	No	X	11/23/2004	Yes		04/12/05		11/23/05
	Gault Elem. Construction	1,433,950	9,668	0.7%	1,443,618	No	X	10/1/2004	Yes				10/01/05
	Loma Prieta Modernization Tenant Improvement- Watsonville Construction	74,000	18,275	24.7%	92,275	No	N/A	10/5/2004	Yes				10/05/05
	1,507,950	27,943	1.9%	1,535,893									
Adult Education Relocation District Office Relocation	CRW Industries, Inc.	615,370	205,579	34.1%	824,949	Stop Notice	X	To Court	Yes				04/27/04
	Selden & Son	385,682	84,845	16.4%	490,537	No	X	4/27/2004	Yes				

Project	Contractor	Original Contract		Change Order		C/O % of Total Contract		Contract		Claims	Liquidated Damages	Tech Maint. Received	As-Built Received	Notice of Completion Filed	Retention Released	Retention Held	Balance & Closeout Sent to DSA	DSA Closeout Complete	Warranty Expiration Date
		Contract	Change Order	Contract	Change Order	Contract	Change Order	Contract	Change Order										
SANTA CRUZ CITY SCHOOLS																			
BOND PROJECT																			
Status of Project Closeout																			
5/10/2008																			
Bay View Elementary-Modernization II	State Roofing Bond 2 Project- Selden & Son Roofing II- Louis & Riparetti	243,500	3,810	1.6%	247,310	No	No	X	10/14/2004	Yes	No	No	No	10/14/2004	Yes	No	86,261	10/14/05	
Branchfronts Elementary-Modernization II	Roofing- Lanewa Painting Exterior Painting- Lanewa Painting	646,000	88,531	13.7%	734,531	No	No	N/A	11/23/2004	Yes	No	No	No	11/23/2004	Yes	No	11,118	10/14/05	
Branchfronts Small Schools	Windows & Field Upgrade- Buschli Construction Painting of Portables- Color Chart	204,627	20,840	10.0%	225,467	No	No	N/A	10/5/2005	Yes	No	No	No	10/5/2005	Yes	No	86,261	10/05/06	
Dalywaga Elementary-Modernization II	Roofing- State Roofing HV Units- Geo. H. Wilson, Inc. Portable Buildings- CRW Industries Bond 2 Project- Buschli Construction	74,800	18,266	24.4%	93,066	No	No	N/A	10/14/2004	Yes	No	No	No	10/14/2004	Yes	No	58,183	10/14/05	
Doors, Windows & Fascia Renovation	Duct Clearing Roofing II- Louis & Riparetti	332,945	187,744	56.5%	520,689	No	No	X	4/15/2005	Yes	No	No	No	4/15/2005	Yes	No	58,183	04/15/06	
Gault Elementary-Modernization II	Portable Relocation & Field Upgrade- Kase Pacific Audio/Visual Solar Paving	50,873	281,337	553.2%	332,210	No	No	N/A	11/9/2005	Yes	No	No	No	11/9/2005	Yes	No	11,118	11/9/06	
Natural Bridges-Modernization II	Pacific Colapsate Charter Exterior Painting- Color Chart Field Upgrade- Kase Pacific	434,000	273,664	63.1%	707,664	No	No	N/A	3/30/2006	Yes	No	No	No	3/30/2006	Yes	No	11,118	04/15/06	
Westlake Elementary-Modernization II	Roofing- State Roofing Portable Buildings- CRW Industries Exterior Painting- Color Chart Ing System Repl. & Portable Relocation- CRW Industries	129,000	49,332	38.2%	178,332	No	No	N/A	4/15/2005	Yes	No	No	No	4/15/2005	Yes	No	14,204	10/14/05	
Branchfronts Middle School-Modernization II	Roofing- Legacy Roofing Locker Room Totals- Watsonville Construction Field Upgrade- Data & Power @ Library-	288,835	61,715	21.4%	350,550	No	No	N/A	3/30/2006	Yes	No	No	No	3/30/2006	Yes	No	14,204	04/15/06	
		820,000	18,320	2.1%	838,320	No	No	N/A	10/5/2004	Yes	No	No	No	10/5/2004	Yes	No	86,261	10/05/05	
		176,000	89,937	51.1%	265,937	No	No	X	1/20/2006	Yes	No	No	No	1/20/2006	Yes	No	86,261	01/20/07	
		1,096,000	106,257	10.0%	1,202,257	No	No	0		0	No	No	No		0	No	0		

SANTA CRUZ CITY SCHOOLS													
BOND PROJECT													
Status of Project Closeout													
Project	Contractor	Original Contract	Change Orders	C/O % of Contract	Total Contract	Liquidated Damages	As-Builts Received	Notice of Completion Filed	Rejection Released	Confined Balance & Retention Held	Closeout Sent to DSA	DSA Closeout Complete	Warranty Expiration Date
Mission Hill Middle School-Modernization II	Contractor: Legacy Roofing	55,000		0.0%	55,000	No	N/A	10/5/2004	Yes				10/05/06
	Track/Field Complex- Robert A. Bohman, Inc.	1,311,000	27,513	2.1%	1,338,513	No		4/3/2006	Yes	12,065			
Row Replacement & Landscaping	Roofing II- Louis & Ripperello	144,186	5,774	4.0%	149,960	No	N/A	11/9/2005	Yes				11/03/06
		1,510,186	33,287	2.2%	1,543,473								
Soquel High School-Modernization II	Exterior Painting- Lenewe Painting	141,371	40,491	28.6%	181,862	No	N/A	11/23/2004	Yes				11/23/06
	Project IIIA- Buslitch Construction	1,423,942	63,368	4.5%	1,487,328	No	X	2/23/2005	Yes				02/23/06
	Stadium Lighting- Cupertino Electric	231,756	7,760	3.3%	239,516	No		11/15/2005	Yes				
Quad Renovation & Field Upgrade-	Robert A. Bohman, Inc.	1,204,700			1,204,700								
		3,001,769	111,637	3.7%	3,113,406								
Harbor High School-Modernization II	HV Unit Replacement- Geo. H. Wilson, Inc.	1,279,840	64,238	5.0%	1,344,078	No	X	9/28/2004	Yes				08/28/06
	Project IV- Buslitch Construction	393,890	25,715	6.5%	419,605	No	X	9/28/2004	Yes				08/28/06
	Duct Replacement- Geo. H. Wilson, Inc.	366,740	9,137	2.5%	375,877	No	X	10/14/2005	Yes				10/14/06
	Exterior Painting- Color Chart	24,668	6,200	25.1%	30,868	No	N/A	10/5/2005	Yes				10/05/06
Theater Renovation-	Watsonville Construction	245,500			245,500								
Bond 2 Phase II	BCI Builders	429,000			429,000				No				
		2,739,628	105,268	3.8%	2,844,896								
Santa Cruz High School-Modernization II	ADA Ramp- Buslitch Construction	125,884	121,564	96.7%	247,228	No	X	3/1/2005	Yes				03/01/08
	Project II- Buslitch Construction	1,466,360	112,272	7.7%	1,578,632	No	X	2/23/2005	Yes				02/23/06
	Kin Bldg. Replacement- CRW Industries	131,782			131,782				Yes				
	Exterior Repair(Main Bldg)- New Pool												
		1,724,036	233,836	13.6%	1,957,872								

Appendix D – County of Santa Cruz Sample Ballot and Voter Information Pamphlet for Special School District Election, Tuesday, April 14, 1998

SANTA CRUZ

COUNTY OF



SPECIAL SCHOOL DISTRICT ELECTION

TUESDAY, APRIL 14, 1998

Sample Ballot & Voter Information Pamphlet

WARNING
Your polling place may have been changed! See back cover for polling place location.

SAVE TIME AT THE POLLS

- Mark your choices in this Sample Ballot and take it to your polling place for reference.
- Your polling place location is shown on the back cover.
- If possible, vote in the mid-morning or mid-afternoon hours. This will help shorten lines during the evening rush.
- Polls are open from 7 a.m. to 8 p.m.

OR VOTE BY MAIL, APPLICATION ON BACK.

IMPORTANT NOTICE / AVISO IMPORTANTE

This Sample Ballot is in English only. A Spanish translation of ballot measures is available by calling the Elections Department at 454-2060.

Esta Muestra de Balota solamente está en inglés. Se puede obtener una traducción en español de las medidas de la balota por llamar al Departamento de Elecciones a 454-2060.



FOR VOTER'S INFORMATION,
& ELECTION NIGHT RESULTS ON THE INTERNET:

VOTER'S PAMPHLET																	
Arguments in support of or in opposition to the proposed law are the opinions of the authors.																	
<p style="text-align: center;">ARGUMENT IN FAVOR OF MEASURE E</p> <p>Many of Santa Cruz's schools pre-date World War II. Measures E and H are our community's chance to make badly needed repairs to these rapidly deteriorating schools. Most importantly, all money raised by these measures stays here in our community.</p> <p>Overcrowding, leaking roofs and inadequate heating hinder learning in many classrooms. Too many of our schools desperately need safety modifications to prevent injury in earthquakes or fires. Upgrades to school bathrooms and boilers are needed immediately, as is the continued removal of asbestos.</p> <p>Passage of Measures E and H will improve the quality of learning in classrooms by accommodating the class size reduction effort currently underway. It will also bring schools up to modern safety codes, and make classrooms suitable for computers.</p> <p>The amount paid by the average homeowner under each measure would be under 13 cents per day, a small price to pay for protecting the safety of our children and improving the quality of their education. Passage of these measures can generate millions of additional dollars in state matching funds, and all funds must be used for classroom improvements.</p> <p>By law, absolutely none of the funds raised by these ballot measures can be used for administrative salaries, offices, or operating expenses. All of the funds raised by these measures will stay in our local community and will be used to fix our schools.</p> <p>An oversight committee of community and business representatives will ensure that every dollar is spent effectively and appropriately on projects that directly impact the quality of learning in the classrooms.</p> <p>With this responsible investment, we will help guarantee a safe and excellent education for generations of children to come.</p> <p>Please join Congressman Farr, Senator McPherson, Assemblymember Keeley, local teachers, business leaders and parents in supporting Measures E and H on April 14th.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">s/ EllenScott Santa Cruz City School Teacher</td> <td style="width: 50%; border: none;">s/ Daniel Nane Alejandro Director Santa Cruz Barrios Unidos</td> </tr> <tr> <td style="border: none;">s/ Steven R. Belcher Chief of Police</td> <td style="border: none;">s/ Charles Canfield President Santa Cruz Seaside Co.</td> </tr> <tr> <td style="border: none;">s/ Ann E. McCrow Parent, Harbor High Site Council</td> <td style="border: none;"></td> </tr> </table> <p style="text-align: center;">REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE E</p> <p>JUST SAY NO!!</p> <p>It's often been said that a fool and his money are soon parted; we have to ask ourselves if we are fools.</p> <p>When is the last time you saw a bond issue on the ballot to raise public employees' salaries or benefits and or to build cushy facilities for administrators? The answer is never!! The reason for this is that our elected officials find money for what they deem important and float bonds and or levy additional fees and assessments to make us pay extra for what they don't. They know that we all have a soft spot in our hearts for children and schools which makes us an easy mark for school bonds. On the other hand, we probably wouldn't approve a bond issue to be used to increase public employee salaries or benefits or to build cushy facilities (Taj Majahal) for administrators. Doesn't it seem ludicrous that the city schools would build themselves a Taj Majahal and spend over \$300,000 to hold a special election for Measure E and Measure H just seven weeks prior to the regularly scheduled up coming June primary election.</p> <p>So once again...</p> <p>JUST SAY NO!!</p> <p>NOT TO EDUCATION!!</p> <p>NOT TO KIDS!!</p> <p>SAY NO TO IRRESPONSIBLE SPENDING!!</p> <p>VOTE NO ON MEASURE E (AND ALSO VOTE NO ON MEASURE H)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">Committee Against Measure E</td> <td style="width: 50%; border: none;">s/ Vernon C. Bohr Jr. Businessman</td> </tr> <tr> <td style="border: none;">s/ Carolyn Busenhart, Chairman</td> <td style="border: none;"></td> </tr> </table>	s/ EllenScott Santa Cruz City School Teacher	s/ Daniel Nane Alejandro Director Santa Cruz Barrios Unidos	s/ Steven R. Belcher Chief of Police	s/ Charles Canfield President Santa Cruz Seaside Co.	s/ Ann E. McCrow Parent, Harbor High Site Council		Committee Against Measure E	s/ Vernon C. Bohr Jr. Businessman	s/ Carolyn Busenhart, Chairman		<p style="text-align: center;">ARGUMENT AGAINST MEASURE E</p> <p>VOTE NO ON MEASURE E</p> <p>JUST SAY NO!!</p> <p>NOT TO EDUCATION!!</p> <p>NOT TO KIDS!!</p> <p>SAY NO TO IRRESPONSIBLE SPENDING!!</p> <p>Despite massive infusions of cash into the educational system since proposition 13 (due to escalating property values over the past 20 years) our schools are worse off than ever. Facilities are rundown and we're producing kids that can't read or write.</p> <p>What should be up is down and what should be down is up. School revenues are up. Education is down. School Revenues are Up. School facilities are run down. Contractors and developers school impact fees are up. School Facilities are run down. Redevelopment Agency revenues are up at the expense of revenues that should go to schools.</p> <p>There will never be enough money for schools as long as we the taxpayers continue to be deep pockets. There will never be enough money for schools until we the taxpayers demand fiscal responsibility of our schools.</p> <p>SO, JUST SAY NO!!</p> <p>NOT TO KIDS!!</p> <p>NOT TO EDUCATION!!</p> <p>SAY NO TO IRRESPONSIBLE SPENDING!!</p> <p>VOTE NO ON MEASURE E AND ALSO ON MEASURE H</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">Committee Against Measure E</td> <td style="width: 50%; border: none;">s/ Vernon C. 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Passage of Measure E will enhance students' education even further, by providing the decent classrooms they need.</p> <p>Fact: California ranks 41st nationally in per-pupil expenditures for K-12 education. The Santa Cruz City School District is in the bottom third of districts in per-student income received from the state.</p> <p>Fact: Many of our schools pre-date World War II, having survived earthquakes and decades of weather. Now our schools are in desperate need of repairs to ensure our children's safety is not in jeopardy.</p> <p>Fact: By law, Measure E funds must be used for school repairs, not administrative salaries or operating expenses. It would take 100 years to fund the improvements we need from the developer fees currently paid to the district.</p> <p>Most importantly, every dollar from Measure E will stay in our local community to fix our aging schools.</p> <p>Please join us in supporting Measure E.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">s/ Mary Beth Campbell Santa Cruz City Council Harbor High English Teacher</td> <td style="width: 50%; border: none;">s/ Celia Scott Mayor, Santa Cruz City Council</td> </tr> </table>	Committee Against Measure E	s/ Vernon C. Bohr Jr. Businessman	s/ Carolyn Busenhart, Chairman		s/ Mary Beth Campbell Santa Cruz City Council Harbor High English Teacher	s/ Celia Scott Mayor, Santa Cruz City Council
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44-504



VOTER'S PAMPHLET

The following pages contain the ballot question, analyses, arguments, rebuttals and resolution

SANTA CRUZ CITY ELEMENTARY SCHOOL DISTRICT

E To rehabilitate elementary schools, including replacing inadequate electrical, plumbing and heating systems; complying with fire, earthquake, health, safety and accessibility standards; renovating, constructing and modernizing classrooms, restrooms and other school facility improvements (not for administrator salaries), with expenditures monitored by a community oversight committee, shall the Santa Cruz City Elementary School District issue bonds in an amount not to exceed \$28 million, at an interest rate within legal limits, with all proceeds spent to benefit local children?

**IMPARTIAL ANALYSIS BY COUNTY COUNSEL
MEASURE E**

If approved by at least two-thirds of those voting, this measure will permit up to \$28,000,000 of bonds to be issued on behalf of the Santa Cruz Elementary School District. These bonds would constitute a debt of the District.

The money raised through sale of the bonds could be used by the School District to rehabilitate elementary schools, including replacing inadequate electrical, plumbing and heating systems, complying with fire, earthquake, health, safety and accessibility standards, and renovating, constructing and modernizing classrooms, restrooms and other school facility improvements.

Under current California law, the term of the bonds cannot exceed twenty-five years. The interest paid on the bonds cannot exceed a rate set by state law.

Payment of interest on the bonds (and principal, when applicable) would be financed by a tax levied on real property within the School District. The Tax Rate Statement for Measure E which is printed in this ballot pamphlet provides information about that tax, as required by law. The precise effect of the bonds upon the property tax rate within the District would only be determined after sale of the bonds.

A "yes" vote on Measure E is a vote to approve the bonds described above. A "no" vote on Measure E is a vote against approving those bonds.

Dated: January 26, 1998

DWIGHT L. HERR, COUNTY COUNSEL
By/ Jane M. Scott
Assistant County Counsel

**TAX RATE STATEMENT
BOND MEASURE E**

As shown in the enclosed sample ballot, an election will be held in the Santa Cruz City Elementary School District of Santa Cruz County to authorize the sale of \$28,000,000 in general obligation bonds. In compliance with Elections Code Section 9400-9404, the following information is submitted:

1. The best estimate of the tax rate which would be required to fund the above bond issue during the first fiscal year after the sale of the first series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is \$0.007 per \$100 assessed valuation in fiscal year 1998-1999.
2. The best estimate of the tax rate which would be required to fund this bond issue during the first fiscal year after the sale of the last series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is \$0.040 per \$100 assessed valuation in fiscal year 2003-2004.
3. The best estimate of the highest tax rate which would be required to fund this bond issue, based on estimated assessed valuations available at the time of filing of this statement, is \$0.043 per \$100 assessed valuation in fiscal year 2004-2005.

These figures are based on projections and estimates only and are not binding upon the District. The actual timing of the sale of bonds and the amount sold at any given time will be governed by the needs of the District, the debt limit at the time of sale, the condition of the bond market and other factors. The actual future assessed values will depend upon the amount and value of taxable property within the District as determined in the assessment and equalization process. The actual tax rates and the years in which they will apply may vary from those presently estimated.

s/ Roy G. Nelson, Superintendent
Santa Cruz City Elementary School District



VOTER'S PAMPHLET

Arguments in support of or in opposition to the proposed law are the opinions of the authors.

<p style="text-align: center;">ARGUMENT IN FAVOR OF MEASURE H</p> <p>Many of Santa Cruz's schools pre-date World War II. Measures E and H are our community's chance to make badly needed repairs to these rapidly deteriorating schools. Most importantly, all money raised by these measures stays here in our community.</p> <p>Overcrowding, leaking roofs and inadequate heating hinder learning in many classrooms. Too many of our schools desperately need safety modifications to prevent injury in earthquakes or fires. Upgrades to school bathrooms and boilers are needed immediately, as is the continued removal of asbestos.</p> <p>Passage of Measures E and H will improve the quality of learning in classrooms by accommodating the class size reduction effort currently underway. It will also bring schools up to modern safety codes, and make classrooms suitable for computers.</p> <p>The amount paid by the average homeowner under each measure would be under 13 cents per day, a small price to pay for protecting the safety of our children and improving the quality of their education. Passage of these measures can generate millions of additional dollars in state matching funds, and all funds must be used for classroom improvements.</p> <p>By law, absolutely none of the funds raised by these ballot measures can be used for administrative salaries, offices, or operating expenses. All of the funds raised by these measures will stay in our local community and will be used to fix our schools.</p> <p>An oversight committee of community and business representatives will ensure that every dollar is spent effectively and appropriately on projects that directly impact the quality of learning in classrooms.</p> <p>With this responsible investment, we will help guarantee a safe and excellent education for generations of children to come.</p> <p>Please join Congressman Farr, Senator McPherson, Assemblymember Keeley, local teachers, business leaders and parents in supporting Measures E and H on April 14th.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">s/ Don Maxwell</td> <td style="width: 50%;">s/ Mark Tracy</td> </tr> <tr> <td>President Greater Santa Cruz Federation of Teachers/ Art Teacher Harbor H.S.</td> <td>Santa Cruz County Sheriff</td> </tr> <tr> <td>s/ Nancy Litvak</td> <td>s/ Terre Thomas</td> </tr> <tr> <td>Santa Cruz High School Librarian</td> <td>Soquel High School Parent/Volunteer</td> </tr> <tr> <td colspan="2">s/ George Ow, Jr., Business Owner, Land Developer</td> </tr> </table> <p style="text-align: center;">REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE H</p> <p>JUST SAY NO!!</p> <p>It's often been said that a fool and his money are soon parted; we have to ask ourselves if we are fools.</p> <p>When is the last time you saw a bond issue on the ballot to raise public employees' salaries or benefits and or to build cushy facilities for administrators? The answer is never! The reason for this is that our elected officials find money for what they deem important and float bonds and or levy additional fees and assessments to make us pay extra for what they don't. They know that we all have a soft spot in our hearts for children and schools which makes us an easy mark for school bonds. On the other hand, we probably wouldn't approve a bond issue to be used to increase public employee salaries or benefits or to build cushy facilities (Taj Majahal) for administrators. Doesn't it seem ludicrous that the city schools would build themselves a Taj Majahal and spend over \$300,000 to hold a special election for Measure E and Measure H just seven weeks prior to the regularly scheduled up coming June primary election .</p> <p>So once again.....</p> <p>JUST SAY NO!!</p> <p>NOT TO EDUCATION!!</p> <p>NOT TO KIDS!!</p> <p>SAY NO TO IRRESPONSIBLE SPENDING!!</p> <p>VOTE NO ON MEASURE H</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Committee Against Measure H</td> <td style="width: 50%;">s/ Vernon C. Bohr Jr.</td> </tr> <tr> <td>s/ Carolyn Busenhart, Chairman</td> <td>Businessman</td> </tr> </table>	s/ Don Maxwell	s/ Mark Tracy	President Greater Santa Cruz Federation of Teachers/ Art Teacher Harbor H.S.	Santa Cruz County Sheriff	s/ Nancy Litvak	s/ Terre Thomas	Santa Cruz High School Librarian	Soquel High School Parent/Volunteer	s/ George Ow, Jr., Business Owner, Land Developer		Committee Against Measure H	s/ Vernon C. 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Funds from Measure H are vital to ensure safe and modern schools!</p> <p>Fact: Test scores show that the instruction our students receive prepares them well for the "real world". In fact, <u>Expansion Management</u> magazine recently ranked Santa Cruz City Schools as a Gold Medal District. Passage of Measure H will enhance students' education even further, by providing the decent classrooms they need.</p> <p>Fact: California ranks 41st nationally in per-pupil expenditures for K-12 education. The Santa Cruz City School District is in the bottom third of districts in per-student income received from the state.</p> <p>Fact: Many of our schools pre-date World War II, having survived earthquakes and decades of weather. Now our schools are in desperate need of repairs to ensure our children's safety is not in jeopardy.</p> <p>Fact: By law, Measure H funds must be used for school repairs, not administrative salaries or operating expenses. It would take 100 years to fund the improvements we need from the developer fees currently paid to the district.</p> <p>Most importantly, every dollar from Measure H will stay in our local community to fix our aging schools.</p> <p>Please join us in supporting Measure H.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">s/ Robert Garcia</td> <td style="width: 50%;">s/ Judy Parsons</td> </tr> <tr> <td>Capitola City Council</td> <td>Business Person</td> </tr> </table>	Committee Against Measure H	s/ Vernon C. Bohr Jr.	s/ Carolyn Busenhart, Chairman	Businessman	s/ Robert Garcia	s/ Judy Parsons	Capitola City Council	Business Person
s/ Don Maxwell	s/ Mark Tracy																						
President Greater Santa Cruz Federation of Teachers/ Art Teacher Harbor H.S.	Santa Cruz County Sheriff																						
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s/ Robert Garcia	s/ Judy Parsons																						
Capitola City Council	Business Person																						



VOTER'S PAMPHLET

The following pages contain the ballot question, analyses, arguments, rebuttals and resolution.

SANTA CRUZ CITY HIGH SCHOOL DISTRICT

H To rehabilitate junior and senior high schools, including replacing inadequate electrical, plumbing, heating systems; complying with fire, earthquake, health, safety and accessibility standards; renovating, constructing and modernizing classrooms, restrooms and other school facility improvements (not for administrator salaries), with expenditures monitored by a community oversight committee, shall the Santa Cruz City High School District issue bonds in an amount not to exceed \$58 million, at an interest rate within legal limits, with all proceeds spent to benefit local children?

**IMPARTIAL ANALYSIS BY COUNTY COUNSEL
MEASURE H**

If approved by at least two-thirds of those voting, this measure will permit up to \$58,000,000 of bonds to be issued on behalf of the Santa Cruz City High School District. These bonds would constitute a debt of the District.

The money raised through sale of the bonds could be used by the School District to rehabilitate junior and senior high schools, including replacing inadequate electrical, plumbing and heating systems, complying with fire, earthquake, health, safety and accessibility standards, and renovating, constructing and modernizing classrooms, restrooms and other school facility improvements.

Under current California law, the term of the bonds cannot exceed twenty-five years. The interest paid on the bonds cannot exceed a rate set by state law.

Payment of interest on the bonds (and principal, when applicable) would be financed by a tax levied on real property within the School District. The Tax Rate Statement for Measure H which is printed in this ballot pamphlet provides information about that tax, as required by law. The precise effect of the bonds upon the property tax rate within the District would only be determined after sale of the bonds.

A "yes" vote on Measure H is a vote to approve the bonds described above. A "no" vote on Measure H is a vote against approving those bonds.

Dated: January 26, 1998

DWIGHT L. HERR, COUNTY COUNSEL
By/ Jane M. Scott
Assistant County Counsel

**TAX RATE STATEMENT
BOND MEASURE H**

As shown in the enclosed sample ballot, an election will be held in the Santa Cruz City High School District of Santa Cruz County to authorize the sale of \$58,000,000 in general obligation bonds.

In compliance with Elections Code Section 9400 - 9404, the following information is submitted:

1. The best estimate of the tax rate which would be required to fund the above bond issue during the first fiscal year after the sale of the first series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is \$0.007 per \$100 assessed valuation in fiscal year 1998-1999.
2. The best estimate of the tax rate which would be required to fund this bond issue during the first fiscal year after the sale of the last series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is \$0.040 per \$100 assessed valuation in fiscal year 2003-2004.
3. The best estimate of the highest tax rate which would be required to fund this bond issue, based on estimated assessed valuations available at the time of filing of this statement, is \$0.043 per \$100 assessed valuation in fiscal year 2004-2005.

These figures are based on projections and estimates only and are not binding upon the District. The actual timing of the sale of the bonds and the amount sold at any given time will be governed by the needs of the District, the debt limit at the time of sale, the condition of the bond market and other factors. The actual future assessed values will depend upon the amount and value of taxable property within the District as determined in the assessment and equalization process. The actual tax rates and the years in which they will apply may vary from those presently estimated.

s/ Roy G. Nelson, Superintendent
Santa Cruz City High School District



2005-2006 Santa Cruz County Grand Jury Final Report

Exhibit 1 Finding 13

0000033

COUNTY OF SANTA CRUZ
2006-2007 Secured Tax Rates

Exhibit A

<u>TAX #</u>	<u>INDEX</u>		<u>2006-2007</u> <u>RATE</u>
<u>STATE ASSESSED PROPERTY</u>			
11058		Unitary and Operating Non-Unitary Rate	1.000000%
11059		Unitary and Operating Non-Unitary Debt Service Rate	0.086604%
<u>COUNTYWIDE</u>			
11057		PROPOSITION 13 RATE	1.000000%
<u>CITIES</u>			
99815	131640	Watsonville Retirement Debt Service	0.110000%
99820	131624	City of Santa Cruz Debt Service 1999	0.009000%
<u>SPECIAL DISTRICTS</u>			
77812	682380	Lompico Water Debt Service	0.059751%
77985	689530	Zayante Fire Protection District	0.009924%
<u>SCHOOL DISTRICTS</u>			
<u>ELEMENTARY SCHOOL DISTRICTS</u>			
77128	640140	Bonny Doon Union Debt Service 1991 Refunded 1999	0.023038%
77259	640383	Live Oak Sch GO DS 1992 Series A Refunded 2003	0.005886%
77260	640380	Live Oak Sch GO DS 1992 Refunded 2003	0.019099%
77261	640384	Live Oak Sch GO DS 2004 Series A	0.013699%
77262	640385	Live Oak Sch GO DS 2004 Series B	0.013189%
77325	641580	Santa Cruz Elementary School GO DS 1998 A&B Refunded 2005	0.002960%
77329	641582	Santa Cruz Elementary School Debt Service 1998 Series C	0.007645%
77362	640882	Soquel Elementary School Debt Service 2002 Series A	0.011936%
77363	640883	Soquel Elementary School Debt Service 2002 Series B	0.009208%
<u>HIGH SCHOOL DISTRICTS</u>			
77400	641480	Santa Cruz High School Debt Service 2005 Ref	0.005190%
77408	641483	Santa Cruz High School Debt Service 1998 Series C	0.008477%
<u>UNIFIED SCHOOL DISTRICTS</u>			
79966	642087	Pajaro Valley 2002 Series A Refunded 2005	0.024070%
79968	642089	Pajaro Valley 2002 Series B	0.001383%
77592	641192	San Lorenzo Valley Debt Service 2000 Series A	0.015031%
77593	641193	San Lorenzo Valley Debt Service 2000 Series B	0.003741%
77594	641194	San Lorenzo Valley Debt Service 2000 Series C	0.001124%
77344	640780	Scotts Valley USD GO DS 1995 Series A Refunded 2003	0.010940%
77345	640784	Scotts Valley USD GO DS 1997 Series B Refunded 2004	0.033059%
<u>COMMUNITY COLLEGE</u>			
77641	642580	Cabrillo College Debt Service 1998 Series A	0.000214%
77645	642581	Cabrillo College Debt Service 1998 Series B	0.006081%
77650	642582	Cabrillo College Debt Service 1998 Series C	0.001910%
77655	642583	Cabrillo College Debt Service 1998 Series D	0.000731%
77660	642584	Cabrillo College Debt Service 2004 Series A	0.012362%
77665	642585	Cabrillo College Debt Service Series Partial Refund 1998	0.005398%

15

Subject: RE: Hiring a Construction Management Firm
From: "Paul W. Taylor" <ptaylor@hsmlaw.com>
Date: Wed, 5 Jul 2006 07:43:27 -0700
To: "Dick Moss" <dmoss@sccs.santacruz.k12.ca.us>
CC: "Lachmin Singh" <lsingh@hsmlaw.com>

Mr. Moss:

California Public Contract Code section 10180 (cited by the County Grand Jury), is part of Part 2, of the Public Contract Code. The short title of Part 2 is "the State Contract Act." (Section 10100.) The major heading is "Contracting By State Agencies." Santa Cruz City Schools is not a state agency. I am not aware of any legal authority that would require the District to comply with the State Contract Act in this regard.

I believe instead that the District is governed by Government Code section 4525, et seq. Pertinent portions of the statutes with emphasis added, are set forth below. In short, it is my belief that local public agencies do not need to utilize competitive bidding (or public opening of bids) when seeking to retain architects, engineers, construction managers, and the like. However, if the construction manager is being asked to provide services akin to a construction contractor, i.e., guaranteed maximum price, or the like, then competitive bidding would be required. (*City of Inglewood - L.A. County Civic Center Authority v. Superior Court* (1972) 7 Cal.3d 861, 867.)

If I have not answered your question, please let me know.

If you read the code sections cited below, please be careful to distinguish those portions that apply to "state agencies" from those that apply to local public agencies.

Regards.

Paul W. Taylor

4525. For purposes of this chapter, the following terms have the following meaning:

(a) "Firm" means any individual, firm, partnership, corporation, association, or other legal entity permitted by law to practice the profession of architecture, landscape architecture, engineering, environmental services, land surveying, or construction project management.

(b) "State agency head" means the secretary, administrator, or head of a department, agency, or bureau of the State of California authorized to contract for architectural, landscape architectural, engineering, environmental, land surveying, and construction project management services.

(c) "Local agency head" means the secretary, administrator, or head of a department, agency, or bureau of any city, county, city and county, whether general law or chartered, or any district which is authorized to contract for architectural, landscape architectural, engineering, environmental, land surveying, and construction project management services.

(d) "Architectural, landscape architectural, engineering, environmental, and land surveying services" includes those professional services of an architectural, landscape architectural, engineering, environmental, or land surveying nature as well as incidental services that members of these professions and those in their employ may logically or justifiably perform.

(e) "Construction project management" means those services provided by a licensed architect, registered engineer, or licensed general contractor which meet the requirements of Section 4529.5 for management and supervision of work performed on state construction

2005-2006 Santa Cruz County Grand Jury Final Report

section.

4528. (a) When the selection is by a state agency head the following procedures shall apply:

(1) The state agency head shall negotiate a contract with the best qualified firm for architectural, landscape architectural, engineering, environmental, land surveying, and construction project management services at compensation which the state agency head determines is fair and reasonable to the State of California or the political subdivision involved.

(2) Should the state agency head be unable to negotiate a satisfactory contract with the firm considered to be the most qualified, at a price the agency head determines to be fair and reasonable to the State of California or the political subdivision involved, negotiations with that firm shall be formally terminated. The state agency head shall then undertake negotiations with the second most qualified firm. Failing accord with the second most qualified firm, the state agency head shall terminate negotiations. The state agency head shall then undertake negotiations with the third most qualified firm.

(3) Should the state agency head be unable to negotiate a satisfactory contract with any of the selected firms, the state agency head shall select additional firms in order of their competence and qualification and continue negotiations in accordance with this chapter until an agreement is reached.

(b) When the selection is by a local agency head, the local agency head may undertake the procedures described in subdivision (a).

-----Original Message-----

From: Dick Moss [mailto:dmosse@scsccs.santacruz.k12.ca.us]
Sent: Monday, July 03, 2006 2:23 PM
To: Paul W. Taylor
Subject: Hiring a Construction Management Firm

Hi Paul:

When we hired Strategic Construction Management back in January 2002 to provide construction program management, we did it through a process where we issued an RFP, like we have done when hiring other professional services, e.g., architect firms. CM firms submitted proposals, including proposed fee schedules, and we selected Strategic. The County Grand Jury has reviewed our construction program, and one of their findings is that, "The Grand Jury could find no documentation that the bids for Construction Program Manager were opened publicly as required by the Public Contract Code (section 10180)." Are we required to open "bids" for construction program management services publicly?
Thanks. Dick

2005-2006 Santa Cruz County Grand Jury Final Report

EXHIBIT J
Finding 27

	Date Signed	Term	Amount Authorized	Notes/Comments	Paid From
Santa Cruz City Schools Bond Program Fee Re-Cap Strategic Construction Management, Inc.					
1	2/1/2002	2/1/2002 - 2/28/2004	\$ 1,205,104.00	Based on \$58 million and implementation of work identified as BOND 1 (FAT).	Bond
2	12/1/2003	3/1/2004 - 9/31/2005	\$ 958,058.00	Based on \$43 million and implementation of work identified as BOND 2.	Bond
3	5/9/2005	10/1/2005 - 6/30/2006	\$ 374,325.00	Extension of BOND 2. Agreement for projects not designed, approved by DSA and/or bid within the originally scheduled time frame.	Bond
4	5/4/2006	7/1/2006 - 12/31/2006	\$ 206,150.00	Extension of BOND 2. Agreement for projects not designed, approved by DSA and/or bid within the originally scheduled time frame.	Bond
5	10/9/2002	8/1/2002 - 11/30/2003	\$ 99,825.00	Original scope includes only 200 hours to move staff, furniture, materials and equipment that would be required during construction activities. Also included some clerical support which was originally to be provided by the District per their RFP.	Bond
6	7/1/2003	6/1/2003 - 8/22/03	\$ 5,850.00	Move of 6th grade classroom materials and furniture from six (6) elementary schools to two (2) middle high schools. Selected materials from libraries per June 4, 2003 proposal.	General Fund
7			\$ (9,000.00)	Architects did not allow enough time in the schedule for SCM to review documents. Credit to fee at billing of Base Contract Bond 2. (Item #2 above)	Bond
8	4/22/2004	6/14/04 - 7/31/04	\$ 20,052.00	Coordinate relocation and installation of 17 modular units for school consolidation.	Capital Facilities
9	5/29/2004	6/14/04 - 7/31/04	\$ 13,240.00	Coordinate relocation and installation of 9 modular units for school consolidation.	Capital Facilities
10	3/26/2004	6/14/04 - 7/31/04	\$ 48,221.00	Original Dated March 2, 2004, Revised March 17, 2004.	General Fund
11	5/29/2004	6/14/2004 - 8/27/04	\$ 67,987.00	Add services to Letter dated March 2, 2004 as Revised March 17, 2004, accepted May 26, 2004. Added internal campus moves, moving support staff areas, libraries, and other areas as required during consolidation program.	General Fund
12	06/13/2005	8/1/2005 - 7/30/2006	\$ 11,247.40		Bond
			Total	\$ 3,001,059.40	
			Total from Bonds	\$ 2,845,709.40	

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2005-2006 Santa Cruz County Grand Jury Final Report

Exhibit 4
Finding 31

SANTA CRUZ CITY SCHOOL DISTRICT

AGENDA ITEM: Approve Resolution # 22-01-02, Authorizing Change Orders in Excess of Ten Percent (10%) of the Bid Amount Without Publicly Bidding the Change Orders on Bond-Funded Construction Projects

MEETING DATE: January 16, 2001

FROM: Dick Moss, Assistant Superintendent, Business Services

THROUGH: Roy Nelson, Superintendent

RECOMMENDATION:

Approve Resolution # 22-01-02, authorizing an exception to competitive bidding requirements, for construction contract Change Orders, where the resulting change in the contract price is in excess of the limitations in Public Contract Code 20118.4 subdivisions (a) and (b), when the change is being made to meet an unforeseen emergency or when competitive bidding would be disadvantageous to the District.

BACKGROUND:

When the District awards a construction contract, the need for construction contract change orders is not unusual. Change Orders are required whenever the scope of work changes from that in the original contract due to unforeseen conditions, architect omissions or District requests for additional work.

The goals of a Change Order approval process are to:

1. Establish a process that is not in conflict with statute and that does not present opportunities for favoritism or abuse of the requirement for competitive bidding.
2. Avoid or minimize project delays and excessive costs.
3. Eliminate potential for approval of a change order when contingency funds are insufficient.
4. Ensure appropriate authority and accountability in the approval of change orders.

Change Orders are subject to Public Contract Code 20118.4, wherein the Board may authorize the contractor to proceed with performance of the change or alteration without the formality of securing bids, if the cost so agreed upon does not exceed the greater of:

The amount specified in Section 20111 (b): "The governing board shall let any contract for a public project, as defined in subdivision (c) of Section 22002, involving an expenditure of fifteen thousand dollars (\$15,000) or more, to the lowest responsible bidder who shall give security as the board requires, or else reject all bids." or in Section 20114 (a): "In each school

Exhibit 4
Finding 31

SANTA CRUZ CITY SCHOOLS

BOND-FUNDED CONSTRUCTION PROJECT CHANGE ORDERS
TO BE ISSUED IN EXCESS OF PUBLIC CONTRACT CODE LIMITATIONS

RESOLUTION # 22-01-02

WHEREAS, construction contract Change Orders are subject to Public Contract Code 20118.4, wherein the Board may authorize the contractor to proceed with performance of the change or alteration without the formality of securing bids, if the cost so agreed upon does not exceed the greater of (a) fifteen thousand dollars (\$15,000) or (b) ten percent (10%) of the original contract price;

WHEREAS, the scope of work, of a construction contract awarded by the Santa Cruz City Schools ("District"), may change from that in the original contract due to unforeseen conditions, architect omissions or District requests for additional work, and the resulting change in the contract price may be in excess of the above limitations;

AND WHEREAS, an exception to competitive bidding requirements may be made when the change is being made to meet an unforeseen emergency, or when competitive bidding would be disadvantageous to the District, and:

NOW, THEREFORE, BE IT RESOLVED, this Board authorizes an exception to competitive bidding requirements, for construction contract Change Orders, where the resulting change in the contract price is in excess of the limitations in Public Contract Code 20118.4 subdivisions (a) and (b), when the change is being made to meet an unforeseen emergency or when competitive bidding would be disadvantageous to the District.

PASSED AND ADOPTED this sixteenth day of January, 2002, by the Governing Board of the Santa Cruz City Schools by the following roll call vote:

AYES:

NOES:

ABSENT OR NOT VOTING:

President of the Governing Board
of Santa Cruz City Schools

Attested to:

Secretary of the Governing Board
of Santa Cruz City Schools

DISCLOSURE AND SETTLEMENTS: SCMS: LIBRARY PURCHASING DOCUMENTS AGENDA ITEMS RESOLUTION 22-01-02 CHANGES OFFERED
AGENDA ITEM:

Finding 37

Santa Cruz City Schools
BOND 2 MODERNIZATION - PHASE II
SOQUEL HIGH SCHOOL
Project No. 2403.01

INSTRUCTIONS TO BIDDERS
Page 1
Addendum No.2, 11/22/05

INSTRUCTIONS TO BIDDERS

1) All portions of the bid form must be completed before the bid is submitted. Failure to do so may result in the bid being rejected as non-responsive. Attached to and submitted with the bid form, bidder must provide the completed Non-collusion Affidavit signed by bidder, Statement of Compliance, Designation of Subcontractors-Bid Form, Contractors Qualifications, Contractor Qualification Questionnaire, and the appropriate bid security. Failure to submit all required documents may result in the bid being rejected as non-responsive.

2) An original of the bid form shall be filled in and submitted as the bid.

3) Santa Cruz City Schools has obtained report(s): None This Project.

The report(s) may contain facts that may materially affect bidders' bids. In addition, District has constructed other public works projects throughout the District, and obtained reports and other information in the course of the design and construction of those other public works construction projects, all of which may contain facts that may materially affect bidders' bids. Bidders are strongly encouraged to inspect all of District's reports, records and documents referred to above. Said reports and documents will be made available upon written request at the District Administration Office for inspection and copying at bidders' sole cost and expense, during normal working hours.

4) A Mandatory Pre-Bid Conference/Walk-Through has been scheduled for December 15, 2005 at 2:00 PM at the site of the work. All General Contractors (and Other License Class Contractors) bidding this project are required to attend. Other bidders such as subcontractors, material suppliers and others who may be working on the work of improvement are strongly encouraged to attend this pre-bid conference.

Due to the facts and circumstances of this particular project, the pre-bid conference may be the only opportunity to conduct the pre-bid investigation of the site and satisfy the pre-bid obligations set forth in these Contract Documents. If a bidder (or others) attend the entirety of a scheduled pre-bid conference and need additional time to complete their investigation of the site or other pre-bid obligations set forth in these Contract Documents, bidder must notify the District in writing, via certified or registered mail, no less than ten (10) days before the scheduled bid opening date, to request additional time. The written request must include an estimate of the amount of additional time required by bidder.

5) Strategic Construction Management, 350 Coral Street, Suite E, Santa Cruz, CA 95060, (831) 466-2777, Fax: (831) 466-2776, has been retained by the District to act on its behalf as the Owner's Representative. Strategic Construction Management is not acting as a construction manager and will have no contractual relationship with the general contractor or their subcontractors.

6) Investigations of subsurface conditions or otherwise, are made for the purpose of design, and the District assumes no responsibility whatsoever with respect to the sufficiency or accuracy of borings, the log of test borings, or other preliminary investigations, or of the interpretation thereof, and there is no guaranty, either expressed or implied, that the conditions indicated are representative of those existing throughout the work, or any part of it, or that unanticipated conditions may not occur. When a log of test borings or other report is made available to Contractor or included in the Contract Documents, it is expressly understood and agreed that said log of test borings or other reports does not constitute a part of the Contract, and represents only an opinion of the District as to the character of the materials to be encountered, and is made available or included in the Contract Documents only for the convenience of the bidders. Bidders must satisfy themselves, through their own investigation, as to conditions to be encountered.

Exhibit 6
Finding 37

**PUBLIC CONTRACT CODE
SECTION 20103.8**

20103.8. A local agency may require a bid for a public works contract to include prices for items that may be added to, or deducted from, the scope of work in the contract for which the bid is being submitted. Whenever additive or deductive items are included in a bid, the bid solicitation shall specify which one of the following methods will be used to determine the lowest bid. In the absence of a specification, only the method provided by subdivision (a) will be used:

(a) The lowest bid shall be the lowest bid price on the base contract without consideration of the prices on the additive or deductive items.

(b) The lowest bid shall be the lowest total of the bid prices on the base contract and those additive or deductive items that were specifically identified in the bid solicitation as being used for the purpose of determining the lowest bid price.

(c) The lowest bid shall be the lowest total of the bid prices on the base contract and those additive or deductive items that when taken in order from a specifically identified list of those items in the solicitation, and added to, or subtracted from, the base contract, are less than, or equal to, a funding amount publicly disclosed by the local agency before the first bid is opened.

(d) The lowest bid shall be determined in a manner that prevents any information that would identify any of the bidders or proposed subcontractors or suppliers from being revealed to the public entity before the ranking of all bidders from lowest to highest has been determined.

A responsible bidder who submitted the lowest bid as determined by this section shall be awarded the contract, if it is awarded. This section does not preclude the local agency from adding to or deducting from the contract any of the additive or deductive items after the lowest responsible bidder has been determined.

(e) Nothing in this section shall preclude the prequalification of subcontractors.

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SCCS PURCHASING

PAGE 02/03

Exhibit 7
Finding 37

Message from Paul W. Taylor
From: Dawn Nartker [DNartker@hsm]aw.com]
Sent: Tuesday, April 30, 2002 2:18 PM
To: Lmorrison@scs.santacruz.k12.ca.us
Subject: Message from Paul W. Taylor

April 30, 2002

Lynn Morrison
lmorrison@scs.santacruz.k12.ca.us
Santa Cruz City Schools

RE: New Language For General Conditions

Dear Ms. Morrison:

Pursuant to our telephone conversation this morning, set forth below is language that I believe is acceptable for the District to use for selection of low bidder. The suggested language contemplates that the low bidder will be selected on the basis of the base bid and all alternates (if any). This method is allowed pursuant to Public Contract Code section 20103.8. I suggest the language be added to Section 14 of the General Conditions. Specifically, replace the second paragraph of Section 14, with the following:

The low bid will be determined by adding the sum of the base bid and all alternates (if any). The District reserves the right to include in the Contract, if a Contract is awarded, the base bid only, or the base bid plus any alternate bid or combination of alternates bid.

If you have any questions, please feel free to contact me.

Sincerely,

Paul W. Taylor
Hefner, Stark & Marois, LLP
2150 River Plaza Drive, Suite 450
Sacramento, CA 95833

Exhibit 8
Finding 37

SANTA CRUZ CITY SCHOOLS

Bid Summary: Soquel High School Bond 2, Phase II Rehab
Bid Number: 2006-09, Opened 2:00 PM, December 22, 2005

CONTRACTOR	CITY	BASE BID	TOTAL		5-Field #3	6-Entrance	TOTAL
			ALTERNATES	TOTAL BID			
Robert A. Bothman	San Jose	\$1,126,700	\$873,000	\$1,999,700	\$5,000	\$53,000	\$873,000
Pavex Construction	San Jose	\$1,208,255	\$988,440	\$2,196,695	\$5,600	\$40,000	\$988,440
Granite Construction	Watsonville	\$866,699	\$1,429,609	\$2,296,308	\$119,300	\$78,400	\$1,429,609
Burdick Construction	Scotts Valley	\$1,320,300	\$1,078,915	\$2,399,215	\$59,040	\$56,688	\$1,078,915
TOTAL LOW BID	Robert A. Bothman	\$1,426,700	\$873,000	\$1,999,700			

CONTRACTOR	Additive Alternates						TOTAL
	1-Conversion	2-Quad #2	3-Quad #3	4-Field #2	5-Field #3	6-Entrance	
Robert A. Bothman	\$435,000	\$120,000	\$40,000	\$240,000	\$5,000	\$53,000	\$873,000
Pavex Construction	\$573,275	\$110,555	\$45,810	\$223,780	\$5,600	\$40,000	\$988,440
Granite Construction	\$637,909	\$160,000	\$84,000	\$350,000	\$119,300	\$78,400	\$1,429,609
Burdick Construction	\$462,619	\$112,836	\$52,872	\$334,560	\$59,040	\$56,688	\$1,078,915

CONTRACTOR	CITY	BASE BID	TOTAL		TOTAL
			ALTERNATES #3,5,6	TOTAL BID	
Robert A. Bothman	San Jose	\$1,126,700	\$78,000	\$1,204,700	\$1,204,700
Pavex Construction	San Jose	\$1,208,255	\$120,810	\$1,329,065	\$1,329,065
Granite Construction	Watsonville	\$866,699	\$281,700	\$1,148,399	\$1,148,399
Burdick Construction	Scotts Valley	\$1,320,300	\$163,600	\$1,483,900	\$1,483,900
TOTAL AWARD	Robert A. Bothman	\$1,126,700	\$78,000	\$1,204,700	\$1,204,700

2005-2006 Santa Cruz County Grand Jury Final Report

Exhibit 9
Finding 42

Project	Contractor	Original Contract	Change Orders	CO % of Total		Claims	Liquidated Damages	As-Builts Received	Notice of Completion Filed	Retention Released	Contract Balance & Closeout Held	Closeout Sent to DSA	DSA Closeout Complete	Warranty Expiration Date
				Controlled	Uncontrolled									
SANTA CRUZ CITY SCHOOLS BOND PROJECT Status of Project Closeout 7/12/2006														
Natural Bridges Modernization	Contractor Root, Bohman (Gen.) JM Electric (Elec.) Geo. H. Wilson (Mech.) Systems Abatement (Hazmat)	956,375 667,200 707,749 56,400	48,901 61,282 7,825 3,380	5.1% 10.8% 1.1% 6.0%	1,005,276 628,482 715,574 59,780	No No No No	No No No No	X X X N/A	3/25/2002 11/25/1902 2/14/1902 6/15/1902	Yes Yes Yes Yes	N/A	N/A	N/A	03/25/03 11/25/03 02/14/03 06/15/03
Souquet High Modernization	APC Contractors (Hazmat) Dilbeck & Sons (Gen.)	183,780 3,895,689	66,145 418,883	36.0% 10.8%	249,925 4,314,572	No No	No No	N/A X	3/14/1902	Yes Yes	N/A 4/6/2002	N/A 7/21/2002	N/A 03/14/03	
Delauegas Modernization	Quest Environmental (Hazmat) Edward Scott Elect. (Elec.) Geo. H. Wilson (Mech.) L&M Fire Protection	154,790 1,363,300 1,254,730 52,000	6,662 143,109 24,939 6,195	4.3% 10.5% 2.0% 11.9%	161,452 1,506,439 1,279,669 58,195	No No No No	No No No No	N/A X X X	5/18/1901 3/14/1902 3/14/1902 3/14/1902	Yes Yes Yes Yes	N/A 4/6/2002 4/6/2002 4/6/2002	N/A N/A 7/21/2002 7/21/2002	05/18/02 03/14/03 03/14/03 03/14/03	
Branciforte Jr. High Modernization	JM Electric (Elec.) West Bay Builders (Gen.) Geo. H. Wilson (Mech.) Parc Environmental (Hazmat)	654,700 1,672,000 448,600 97,312	84,227 155,557 20,677 0	12.9% 9.3% 4.6% 0	738,927 1,827,557 469,477 97,312	No Yes No No	No No No No	X X X N/A	1/31/1903 4/19/1902 2/14/1902 1/15/1901	Yes Yes Yes Yes	N/A	N/A	01/31/04 04/19/03 02/14/03 01/15/02	
Westlake Modernization	CRW Industries (Gen.) CRW Industries (Elec.) Geo. H. Wilson (Mech.) Parc Environmental (Haz mat)	1,122,616 372,795 518,885 83,380	134,828 50,703 16,527 0	11.1% 13.6% 3.2% 0	1,257,444 423,488 535,382 83,380	No No No No	No No No No	X X X N/A	11/25/1902 11/25/1902 4/11/1903 1/30/1902	Yes Yes Yes Yes	N/A	N/A	11/25/03 11/25/03 03/31/04 01/30/03	
Harbor High (New Construction)	Ralph Larson & Sons Barry Swenson Builder	8,129,000 5,863,174	245,300 1,118,552	3.0% 19.1%	8,374,300 6,981,726	No No	No No	X X	12/01/2003 6/24/2004	Yes Yes	2/18/2004 3/11/2005	N/A	12/01/04 06/24/05	
AR/K/Monarch Modernization	Slater Construction Selden and Son	2,193,000 2,194,095	284,068 305,909	13.0% 13.9%	2,477,068 2,500,003	No No	No No	X X	11/12/2003 11/18/2005	Yes To Court	4/12/2005	N/A	11/11/04 03/31/05	
Bay View Modernization	Rosewall Construction Watsonville Construction	3,960,460 2,471,000	866,631 535,385	21.9% 21.7%	4,827,291 3,006,385	No No	No No	X X	3/31/2004 2/7/2005	Yes Yes	12/22/2005	N/A	03/31/05 02/07/06	
Santa Cruz High Modernization	West Coast Contractors Stevella Construction	6,890,000 1,566,934	2,059,178 254,618	29.9% 16.2%	8,949,176 1,821,552	No No	No No	X X	5/28/2004 11/23/2004	Yes Yes	11/4/2005	N/A	09/28/05 11/23/05	
Loma Prieta Modernization	Wamshie Construction Tenant Improvement Watsonville Construction	1,433,650 74,000 1,507,950	9,668 18,275 27,943	0.7% 24.7% 1.9%	1,443,618 92,275 1,535,893	No No No	No No No	X X N/A	10/11/2004 10/6/2004	Yes Yes Yes	6/1/2005	N/A	10/01/05 10/05/05	
Adult Education Relocation	CRW Industries, Inc. Selden & Son	615,370 395,692	215,724 64,845	35.1% 16.4%	831,094 460,537	No No	No No	X X	4/27/2004	To Court Yes	N/A	N/A	04/27/04	

7/12/2006

Page 1 of 3

AGENDA ITEM D.6

SANTA CRUZ CITY SCHOOLS

BOND PROJECT

Status of Project Closeout

7/12/2006

Exhibit 9
Finding 42

Project	Contractor	Original Contract	Change Orders	C.O. % of Contract	Total Contract	Claims	Liquidated Damages	As-Built Tech Mems. Received	Notice of Completion Filed	Retention Released	Contract Balance & Retention Held	Closeout Sent to DSA	DSA Closeout Complete	Warranty Expiration Date
Mission Hill Middle School-Modernization II	Roofing- Legacy Roofing Track/Field Complex- Robert A. Bohman, Inc. Roofing Replacement & Landscape/Paving BCI Builders Roofing II- Louis & Riparetti	55,000 1,311,000 699,828 144,186 2,210,014	27,513 5,774 33,287	0.0% 2.1% 1.5%	55,000 1,338,513 699,828 148,960 2,243,301	No No No	No No No	N/A N/A N/A	10/5/2004 4/3/2006 11/3/2005	Yes Yes Yes	12,065	N/A N/A N/A	N/A N/A N/A	10/05/05 11/03/06
Soquel High School-Modernization II	Exterior Painting- Leneve Painting Project IIIA- Bustich Construction Stadium Lighting- Cupertino Electric Quad Renovation & Field Upgrade- Robert A. Bohman, Inc.	141,371 1,423,942 231,756 1,204,700 3,001,769	40,491 63,396 7,760 44,714 156,351	28.6% 4.5% 3.3% 3.7% 5.2%	181,862 1,487,328 239,516 1,249,414 3,158,120	No No	No No	N/A X	11/23/2004 2/23/2005 11/15/2005	Yes Yes Yes	N/A N/A 271,620/06	N/A N/A N/A	N/A N/A N/A	11/23/05 02/23/06
Harbor High School-Modernization II	HV Unit Replacement- Geo. H. Wilson, Inc. Project IV- Bustich Construction Duct Replacement- Geo. H. Wilson, Inc. Exterior Painting- Color Chart Theater Renovation- Watsonville Construction Bond 2 Phase II BCI Builders Bleacher/Press Box	1,279,840 393,880 366,740 24,666 245,500 429,000	64,236 25,715 9,137 6,200 21,983 40,895	5.0% 6.5% 2.5% 25.1% 9.0% 9.5%	1,344,076 419,595 375,877 30,866 267,483 469,896	No No No No No	No No No No	X X X N/A	9/29/2004 9/23/2004 10/14/2005 10/5/2005	Yes Yes Yes Yes No	60,216	N/A	N/A	08/28/05 09/28/05 10/14/06 10/05/06
Santa Cruz High School-Modernization II	ADA Ramp- Bustich Construction Project II- Bustich Construction Klein Bldg. Replacement- CRW Industries Exterior Repair(Main Bldg)- New Pool	125,664 1,466,580 131,792	121,564 112,272 131,792	96.7% 7.7% 7.7%	247,228 1,578,852 131,792	No No No	No No No	X X	3/1/2005 2/23/2005	Yes Yes	N/A	N/A	N/A	03/01/06 02/23/06
		1,724,036	233,836	13.6%	1,957,872									
		2,739,628	127,271	4.6%	2,866,899									