

**MINUTES OF THE CBOC MEETING:**

January 23, 2014  
135 Van Ness Avenue, Room 210

Facilitator: Jim Quadra, Chair

Committee Members Present: Yakuh Askew Monica Pressley  
Walter Haub Jim Quadra, Chair  
Craig Issod Mike Theriault, Vice Chair  
Nan McGuire

Committee Members Not Present: Lourdes Garcia Nan McGuire  
Brian Liles

Interested Parties Present: Leonard Tom Richard Pio Roda  
David Goldin Lenny Danna

Minutes prepared by: Susan Ortega-Resurreccion

**1. Jim Quadra presided over the meeting.**

**2. Roll call. A quorum is present for this meeting.**

**3. Approval of Minutes of October 24, 2013 meeting.**

Craig asked that the entire paragraph 6 (page 2) be stricken out from the minutes.

~~“Craig suggested restricting the use of Bond funds to construction. David asked Craig to read...”~~

The minutes were unanimously approved by the CBOC members present in the meeting subject to the changes.

**4. Public Comment – None.**

**5. Discussion/Presentation of 2012-2013 Audit Reports by VTD.**

Lenny Danna presented the final drafts of the financial and performance audit reports for the 2003, 2006, and 2011 bonds. He stated that VTD did not find any issues with all bonds after clarifications with Leonard and other staff (in particular, some payments on the Willie Brown design-build project). The unsuccessful bidders were reimbursed for a certain part of their costs which VTD had not seen before. His reports identified no issues or findings. The draft report form is for the committee to approve to be scheduled for a board presentation.

A question was asked on the range of items for which the unsuccessful bidders on a design-build project can be reimbursed. David gave a brief description of how the design-build selection process was done. He added that it not uncommon to reimburse proposers for of some of their cost. The finalists who complete the package and submitted for the interview were reimbursed with a stipend. The team that won did not get the stipend. The stipend was for \$40K each. That cost was estimated at \$100K and the contract was for \$45M. Resolutions were passed by the board to process payment for these stipends. Craig asked why the District has not done more design-build. David replied that D/B is a complex process, not generally suited to the modernization projects that dominate almost all of the Bond program.

**6. Action Item: Approval of Resolution to accept the 2012-2013 Audit.**

Craig asked if there were any material changes from the last fiscal year. Response was none. The resolution for 2012-2013 audit for Bonds 2003, 2006, and 2011 were passed unanimously. David mentioned that he will have Lenny come to the school board for this resolution and may ask for volunteer from the committee to come. Nancy Mayeda graciously volunteered last year.

**7. Program Status Reports from:**

**- Chair, Vice Chair Comments.**

Chair – None.

Vice Chair: Mike reported that they had finished executing the Project Labor Agreement (PLA) and were setting up meetings regarding apprenticeship and internship.

**- Greening Programs status: Green schoolyard report by Nan McGuire.**

Nan read a report from Arden: 2006 Bond priority 1 elementary green schoolyards were completed this summer, 10 sites, includes Cleveland, Spring Valley, Francis Scott Key, Chinese Immersion, Chinese Ed Center, Sutro, Carver, Lawton, Guadalupe, and Glen Park. Because of the busy summer of '13, team missed the design window for the summer 2014 projects. Nan asked why. Leonard replied that staffs were supposed to do an overall assessment for Bond 2011, but that did not happen. Nan mentioned Starr King greening is covered by the modernization contract. Leonard added that Starr King is an exception to the general process. Nik Kaestner has gotten grants from outside entities and will use sustainability funds and green schoolyard funds to do a relatively large-scale green schoolyard project at Starr King (around \$500K), including a large cistern that will supply a gray water piping system in the building.

Lastly, Nan mentioned that the Boston Schoolyard Initiative is closing its doors. She passed around a book about the Boston Schoolyard Initiative. It was one of the early initiatives in Massachusetts in terms of green schoolyards with the combination of the local community foundation and the mayor's office. That reminded her of the Tule Elk Park greening project, which was the birthplace of Education Outside (formerly SF Green Schoolyard). David mentioned that Tule Elk is a Bond 2011 project which may have to be pushed to the end Bond Program list and may never happen. He indicated that if the modernization project occurs, the garden may have to be destroyed as it is all around the school building.

**- David Goldin – Project review current work progress.**

David confirmed that the Project Labor Agreement (PLA) has been fully executed; all bond projects over \$1M will be PLA projects. The first one subject to the PLA went out to bid in the Fall. In addition, a PreQualification requirement for State funded projects has been in effect since January 1. Criteria were set forth by the Division of Industrial Relations (DIR). After 2 months of elaborate processing, we have 35 general contractors on the prequal list. There are several projects being bid in the next couple of months subject to prequal, which includes Burton (\$20M+) and Roosevelt (\$10M+).

David reported that the bond program has its first definitive lawsuit in process; DL Falk at 1350 7<sup>th</sup> Avenue. They are claiming \$2M for water damage and mold removal expenses. We disagree with the claim and have not released retention funds. We are filing a countersuit. In addition, DL Falk bid on a contract at Monroe ES and was the apparent low bidder. We disqualified them as non-responsible, but that action was denied in a separate court action. We rejected all bids and rebid the job. DL Falk was not able to submit on the rebid because they were not on the list of prequalified bidders for the Monroe ES project.

This summer will be busy as we will be under construction at a dozen or so sites. Construction cost escalation is a concern. SFUSD has a new Board president and vice president. We are working on a new version of the 10-year capital plan. Another bond measure may be on the ballot in 2017 and Prop H goes to the ballot end

of this year or early next year. The SOTA project at 135 Van Ness Ave. and possibility of new school in the Bayview are being discussed again.

Walter asked for the basis of opening another elementary school in the Bayview. David replied that it is based on a new demographic study and the housing construction, Hope SF projects, Prop C, and T-K (transitional kindergarten). We're expecting kindergarten enrollment to go up.

Jim asked about construction cost escalation, for numbers compared to 2-3 years ago. Leonard replied that project costs are changing due to changes in overall project scope. We are focusing on schools that have not major work done for a long time. Leonard has increased the amounts budgeted for "soft costs" and construction escalation of 3% to 5% is being factored into estimating contingencies. These percentages add to the total project costs. Leonard added that other difficulties encountered with the Bond 2011 sites are issues with logistics of project phasing and difficult sites to build in.

- **Leonard Tom – 2006 and 2011 Bond financial report update.**

Leonard commented that additional work will occur at Commodore Stockton CDC to accommodate phasing at Gordon Lau. Those improvements will allow Commodore Stockton to accommodate T-Ks in the future.

With the 2006 program, there are two main projects: Leadership HS at 300 Seneca Avenue and SOTA at the McAteer Campus. Construction is underway for Leadership, with 13% complete at end of December. We are expecting delivery of \$1.8M out of a \$7.5M State grant for Leadership HS in January. Additional contracts will be let to upgrade the kitchen and the multi-purpose room. A third component will be a new construction to accommodate the science classrooms.

SOTA at McAteer which is currently in design; construction is scheduled to start in December 2015. Another minor project is door lock retrofits, with budget of \$1.3M from the 2006 bond.

**8. Discussion of Local Hire.**

Leonard confirmed the pending bond sale of \$205M. He also affirmed the 2011 Project Labor Agreement's full execution. He reported that implementation of the local hire policy has begun. The Elation database provides the certified payroll reports and is the basis for reviewing local labor force participation and local apprentice hour participation. We are monitoring adherence on prime contractors and subcontractors in 7 major trades.

Craig asked if we have hired a program manager. Leonard replied that interviews were conducted and that there were 2 candidates that are being considered. Jim and Craig asked about the escalating costs of bids and want to know how to track down the factor of these higher costs. Leonard commented that it is very difficult to determine which factors are affecting the high costs. In addition, effective January 1 of this year we started implementation of state prequalification requirements for all state eligible contracts (about a dozen projects). Almost all 2011 bond contracts will have local hire requirements.

Leonard mentioned seven contracts that he has monitored with the Elation database. Of those contracts, only one is actually subject to the local hire policy (Peabody ES). Collectively, at end of December, there was 24% local hire. The contract at Peabody only achieved 9%. Leonard indicated that this is where the one-on-one engagement comes up. Craig asked how the 9% was calculated. Leonard replied that this is based on worker hours. Leonard added that one of the components of the local hire program is the requirement that the prime contractor make a payment for interns (2 interns for every \$2.5M worth of construction) that are supposed to be placed in their project. In this case at least 4 interns would be required. The Bond program's responsibility is to identify how much, inform the contractor, collect the money and get it to the proper fund.

Mike mentioned that there is a provision for regular meetings for the internship. Walter asked who monitors. Jim asked Leonard about feedback to the local hire component of the PLA. Leonard replied that nobody has objected. Currently there are 6 major contracts under construction and 9 contracts will be out to bid within

the next four months. Walter asked for the names of the projects. David replied some were Burton, Roosevelt, Starr King, Sunnyside, Monroe, and Gordon Lau.

**9. Discussion of application of bond money for SOTA.**

Leonard stated that he budgeted \$13.5M from the 2006 Bond to be applied to SOTA at the McAteer campus (a 2011 Bond site). The 2006 Bond does not restrict the use of the \$15M SOTA funds to a particular location.

Jim and Craig pointed out that the Board dismissed the CBOC's request for an independent, 3<sup>rd</sup> party legal analysis and economic impact on the local hire policy. Jim added that the Board specifically asked what the racial composition of our group was. A question was asked if the local hire person is connected with the prequalification process. David replied that it's not tied. David added that the new Willie Brown MS construction has started and foundations are getting laid out.

**10. Proposed Schedule and Agenda for Next Meeting.**

Proposed Agenda for next meeting:

- 1) Jim suggestion: Looking at minimizing the number of projects and escalating the work done in a particular school, how many projects will be potentially complete within the Bond Program?

**11. Adjournment.**

Meeting was adjourned.