

Berkeley Unified School District

FACILITIES PLANNING DEPARTMENT

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Draft Minutes of the Meeting of March 15, 2012

Members Present: Stephanie Allan Susi Marzuola Carl Bridgers Nicolie Bolster-Ott
Eric Weaver Allen Nudel David Goldin

Staff Present: Lew Jones, Director of Facilities
Chanita Stevenson, Administrative Coordinator
Miguel Dwin, Business Services

Consultants Present: Steven Wescoatt, Crow Horwath, LLP

Members of the Public: Roy Meisner Richard Boyden

1. *Call to Order:* The Meeting was called to order at 6:02 PM.
2. *Agenda Reorganization:* Staff Report has been moved from Item 4 to Item 8. A motion was made by Secretary Weaver to approve the agenda reorganization and seconded by Member Nudel.
3. *Approval of Meeting Minutes:* A motion was made to amend the minutes in various sections, they are as follows:
 - *Staff Report:* Another challenge is whether the scoreboard will be installed in time for the football season opening game in late August 2013.
 - *Derby Field:* Delays arose when there were no meetings scheduled or response from the City until February 2012 despite the City having the Derby field plans in October 2011. Committee members asked about times of the year during which the sod had to be laid & Gary Irving said it could be any time and would require a 60 day period when the field could not be used. Board Member Daniels asked about the District's request for a fee waiver and the drainage issue raised by the City. Irving said neither was resolved.
 - *Jefferson Addition:* Secretary Weaver asked if comments regarding the Jefferson project indicated that Facilities staff needed to work differently with principals. Staff said it was a learning process for the principal. Staff clarified it was for the Jefferson Classroom project not the current project.
 - *West Campus Board Room:* Regarding the use of the Board Room at West Campus, Staff reported the City had decided not to hold council meetings there. Regarding the Charter School, staff reported that the REALM principal had recently added a request for indoor eating facilities.
 - *Audit Questions:* The committee agreed to ask whether the auditors would be looking at samples based on percentage of total expenditures or the percentage of total transactions.
 - *Maintenance Building:* The design schedule will begin late 2014 with construction tentatively set for 2016 completion in 2018, with a summer start and finish.

Co-Chair Marzuola moved to approve the minutes as amended and Member Bolster-Ott seconded the motion. The minutes were approved unanimously.
4. *Public Comments*
 - A member of the public stated that Baker Vilar Architects met with the staff and public regarding the South of Bancroft. He praised both Van Pelt Construction Services and the District overall for the project.
5. *Presentation by Steven Wescoatt, Crowe Horwath, LLP*
 - The presentation covered both the financial statement and performance audit. The financial statement discusses the Measure I bonds and the opinion is stated on the first page. The audit is simple this year because there were few transactions. The auditor created controls to review Measure I and reviewed purchases, look at authorizations for the purchases and how they were tracked. Measure AA and Measure B are audited as well but have different audit requirements.

- The financial statements show the sale of the bonds and expenditures made. This was as of June 30, 2011. Notes in the financial statement, describes the accounting principles that were used. If there were any findings regarding internal controls it would be discussed in the back. There were no findings. All the controls are in place and were functioning properly. Secretary Weaver asked about sample selection. Steven Wescoatt will cover it in the performance audit.
- The purpose of the performance audit is to audit the assertion that “Measure I bond funds will be spent on authorized Measure I expenditures.” Based on their sampling and procedures, they concluded that spending was only on Measure I projects. The report provides information about Measure I and shows procedures on how the audit was done. The procedures are derived from Government Auditing Standards or the “yellow book”. They have to list the objective and procedures used for the audit. The procedures show that the audit was based on a total of 45 expenditures that were approximately \$5 million. The sample that was used was not based solely on the number transactions or based solely on the number value but a combination of both. As part of both of the audits (financial and performance) the auditing firm establishes materiality. They create a formula for review of transactions.
- Sampling is stratified, once materiality is established any transaction higher than this materiality level is automatically selected, any transaction below that amount uses a random based sampling method until they audit a number of transactions which exceed the materiality threshold. Materiality is a term based on a dollar value and one is based on the sensitivity of the item that they are auditing. For example, very risky items are very material. An item like prepaid expenses is not very material.
- In a performance audit the goal is to provide an opinion on how the District is spending the bond money. All the money is considered risky if it is not spent appropriately under Measure I. The calculation of materiality is a combination of both the dollar value of a population, dollar value of the individual items within that population and the number of items in that population. The population was the entire expenditure budget of \$5 million and 45 transactions. When materiality was applied, 11 transactions were selected, and those 11 transactions covered \$4.7 million of expense. Also, when picking random items they make sure to get a broad brush of transactions across the sample size.
- Secretary Weaver asked is there a certain criteria used to develop a sample and what is the check on it. The presenter responded that firm standards are used and the same methodology would be used. Every firm is reviewed by peer CPA firms to review their standards. Crowe Horwath will be reviewed every year. Member Goldin stated that the CBOC can drive the process of the audit and add additional levels of review or audit a higher number of transactions, but that review would cost the bond additional money.
- There was discussion regarding how district salaries are not allowed to be funded by Measure I. Co-Chair Allan requested clarification on this point, because the Facilities Director is an administrator and oversees other departments. Mr. Wescoatt stated that there were no salaries coded to the fund this year. If salaries are coded to the fund the following year, they will review the methodology behind how the employees were identified and review timesheets to determine if the employee charged the appropriate amount of time to the fund.
- The next district audit will initiate in October, Mr. Wescoatt could communicate with the CBOC or with Staff once the sample size has been determined. Mr. Wescoatt would like to meet with the Committee in September to see the level of expenditures to determine if it will meet the committee’s requirements.
- Secretary Weaver asked if the accounting structure that was set up by the District is well structured to keep track of expenditures. Mr. Wescoatt stated that the structure is set up to appropriately track everything. Staff noted that the District created new account structures for Measure I.
- Member Goldin asked where the bond funds are currently held? Staff responded that the funds are held by Alameda County Treasurer.
- Member Goldin asked when will the audit go to the Board meeting? Staff responded that it will go to Board on March 28th after the draft has been reviewed by the committee.

6. **Motion:** A resolution was created for the Acceptance of the Findings of the 2010-2011 Annual Financial/ Performance Audit Report of the 2010 Measure I Facility Bond Fund for the Construction Bond Oversight Committee by Secretary Weaver. Secretary Weaver moved that the Committee adopt the resolution. Member Bridgers seconded the resolution. There were 7 ayes and 0 Nays. The Audit Committee will create an outline of the report. Staff noted that the report will have to be given to the Board within 60 days of the audit. The Chair suggested that a member of the Audit Committee go before the Board on April 25th. An outline of the report will be prepared for the next meeting.

7. *Staff Report*

- **BHS Site Committee Update:** Four meetings have been held. The last meeting there was a discussion of all the projects. There was a review of the G&H Painting and Flooring Project. Beverly Prior/HMC Architects was selected as the architect for the Berkeley High School Science Lab Project.
- **BHS Stadium:** PG&E was to provide power to the Stadium building this week, but was redeployed because of the weather. PG&E should provide power soon and this is one of the contractor milestones. A Stadium walkthrough was held on March 13th and 7 people participated. Liquidated Damages will not be assessed as a completion agreement was signed by the Contractor and the District. Overall, this project is going well.
- **BHS Phase II and III:** This project bid yesterday. The apparent low bidder is Alten Construction. BUSD prequalified contractors and received 5 bids. 1 bid was high. Co-Chair Marzuola asked about budget savings. Staff responded there is more in the budget than the estimate. The District has maintained higher contingency, but staff believes there will be savings on the bid and we will be able to release funds to the available balance which may ultimately fund other projects. This is the district's first PLA project. Phase II and III scoreboard will be ordered separately and installed by the General Contractor to meet deadlines. Co-Chair Marzuola stated that it is important to report that this is the first PLA and 10% retention project. No bid challenges have been made, however the District is still within the period where a challenge can be received. There was a brief discussion regarding the union process and how it may possibly affect the project.
- **Derby Field:** DSA is ready for final back check and there is still a streetslope issue with the City. PG&E Contract was sent and will be submitted next week with fees. The Board approved the land swap to meet the City of Berkeley deadlines. The City of Berkeley is requiring treatment of the water at the Grant/Derby location. The cost of treatment is not high, but the site must be surveyed and designed. The estimated cost of this part of the project is between \$30K - \$40K. Co-Chair Allan asked if the project will open in March 2013. Staff responded that the project is still on schedule.
- **PGE Concerns:** Secretary Weaver asked questions regarding delays caused by PG&E. Staff noted PG&E scheduling procedures in relation to past, current, and future projects.
- **Annual Facilities Plan:** Staff discussed the Annual Facilities Plan. It is our first plan in 2 years. The plan includes funding breakouts for Measure AA and Measure I and explained various parts of the plan.
- **Jefferson Addition and Expansion:** The Board approved schematic design on March 7th. There was concern from parents on whether Jefferson needs that many classrooms. Based on a demographic study done there is not enough space in the North Zone. A meeting was held on Wednesday with 3 parents. The plan can create both regular classrooms and flexrooms.
- **Berkeley Community Theater:** A follow on project is planned for the Community Theater. Safety issues will be addressed in this project. In addition, the boiler will be upgraded by Measure BB funds. Clean up will occur after the projects at the end of summer.
- **West Campus:** We have experienced various issues with the contractor and a 10-day cure letter has been sent. Current schedule suggests a June completion date and a move date will occur in the summer. The Board approved painting West Campus and demolition of the old library at a Meeting in early January.

- **BUSD Managed Projects:** The girls' lockers will be replaced at these middle schools. Steve Collins is the project manager. Rosa Parks Solar is currently awaiting approval by DSA and will be a design build project.
8. *Monthly Report from Audit/Project Tracking Committee*
 - Secretary Weaver stated that there was no meeting held. The Committee agreed to create the outline for the report to the Board.
 9. *Schedule Next Meeting*
 - The next Meeting is scheduled for April 12th or 19th. Staff will confirm. The following meeting is scheduled for May 10th.
 10. *Adjournment.* The meeting adjourned at 7:41 PM.