

Citizens' Oversight Committee
Meeting Minutes
July 10, 2017 – 5:30 p.m.
District Office
2490 Hilborn Road
Fairfield, CA 94534

A meeting of the Fairfield-Suisun Unified School District Citizens' Measure J Oversight Committee was held at the District Office, Conference Room 102.

CALL TO ORDER

Mr. Rick Wood called the meeting to order at 5:37 p.m.

Members in attendance: Nicole Mallari, Jana Modena, Barbara Pisching, Chuck Wood, and Rick Wood

Absent: LeRoy Purvis, excused; Robert C. Thomas, unexcused

Public in Attendance: John Takeuchi

District Administration in attendance: Mark Covington, Executive Director, Facilities and Operations; Rachel Dula, Facilities Planner, Facilities and Construction

APPROVAL OF MINUTES

Ms. Modena made the motion to approve the minutes of the May 8, 2016, meeting with the following corrections: add Mr. Chuck Wood and Mr. Robert C. Thomas to the absences, merge the two repetitive paragraphs on page two, and specify the meeting on page three. Ms. Pisching seconded. Motion passed. Mr. Chuck Wood abstained.

PUBLIC COMMENT

None

REVIEW FINANCIAL REPORT/STAFF REPORT

Mr. Takeuchi requested clarification about the "Transfers Out to State School Building Fund" on page five of the agenda packet. Mr. Covington explained that Fund 21 is designated for the revenue from the sale of bonds, such as Measure J. However, to receive State funding on eligible projects, the project must be designated Fund 35. Therefore, the District transfers project money from Fund 21 to Fund 35. This process was further clarified by describing Fund 21 as the "savings account" and Fund 35 as the "checking account."

Ms. Modena questioned why no funds were allocated to PSA Administration Modernization & Parking Lot project. At the time this financial report was created, no funds had been encumbered; however, the project is planned to be funded with Measure J. Ms. Modena also questioned why the Fairfield High track was more expensive than the Rodriguez track. Fairfield High was an older track that required more work to resurface.

Ms. Pisching questioned the amount of \$10,000 for “Other Cost Planning” on multiple projects. Mr. Covington explained it was a budgeted number and is most likely for geotechnical testing. The project spreadsheets were missing titles, so the corrected spreadsheets will be emailed to the Committee.

UPDATE ON LEASE-LEASEBACK

Mr. Covington reviewed the “Alternative Construction Delivery Methods for Facilities Projects” that was presented to the Governing Board on March 30, 2017. Mr. Covington explained that the District will be receiving proposals next week from the pool of five Lease-Leaseback (LLB) contractors on six projects. The process is competitive as the contractors are not guaranteed certain projects or a certain number of projects. The proposals will provide their fee, which is the overhead and profit, their bonding capacity, and their charges on change orders. The District will interview the contractors and negotiate their fees. Once approved, contractors will collaborate with the architects and bid the project to their subcontractors. The LLB contractors will help the District to better identify costs and provide cost-saving solutions.

Ms. Pisching questioned whether the LLB delivery method is the same as Design Bid Build. Mr. Covington explained that a Design Bid Build, or hard bid, has progress payments that are similar to the lease payments in a LLB. Also, the LLB method brings the team together much sooner than a hard bid method. There is an option that allows a LLB entity to provide the funding for a project where a district is experiencing a gap in the funding due to the timing of bond sales. This bridges the gap and is only useful in the short term. Our District is not using this option of the LLB delivery method.

Ms. Pisching asked why the contractor would need to finance a project when there is bond money available. Mr. Covington explained that some districts only make the interest payment, rather than the lease payment, during the construction of the project so that they can use their current funds for smaller projects. At the point of occupancy of the project, a district would then make the principal payments. This would only be done if the district knows that sufficient funding will be available at the time of occupancy and to avoid high escalation. Our District is not experiencing high escalation at this time, so projects will not be financed with the contractor. The District will make the lease payments during the construction. Currently, the District is taking advantage of the collaborative aspect of the LLB method, not the financing aspect.

Ms. Pisching asked if the LLB fee is a hard number. Mr. Covington explained that it is a negotiated percentage. Ms. Modena remarked that LLB method is proactive approach to construction, not reactive. Mr. Rick Wood requested that the update on LLB continue to be on future agendas.

STATUS OF PROJECT LABOR AGREEMENT (PLA)

Mr. Covington explained that the Project Labor Agreement (PLA) was approved by the Governing Board in a 5-2 vote. The Napa-Solano Building & Construction Trades Council is currently acquiring their signatures. The District included the PLA information

in the Request for Proposals to the pool of LLB contractors so they are aware of the requirements.

Mr. Covington reported that it was a healthy and productive negotiation process. Mr. Covington described the Board's initial position as including the following terms: it should only be applied to Series A projects over \$5M, it should not require contractors to pay double on medical benefits, it should only be required for subcontractors over \$500,000, and it should require contractors to have a one to one contractor employee to union employee ratio.

A few of the final terms of the PLA included the following: it applies to all series of the bond for projects over \$3M, the contractor will have to pay double on medical benefits, and the contractor is required to have a one to one contractor employee to union employee ratio up to five employees.

Mr. Chuck Wood inquired about the additional final terms. Mr. Covington suggested that the PLA contract be included in the next agenda packet so that all terms could be read by the Committee members.

Ms. Pisching questioned whether it is possible to know the exact costs of the PLA. Mr. Rick Wood explained that it would only be known if the same project is hard bid. This scenario is extremely unlikely to occur. Mr. Covington suggested that he could ask a contractor what the additional cost is, but it still would not be completely accurate or possible to determine for larger projects. Ms. Pisching asked if the "Labor Compliance" cost listed on the financial spreadsheets is a PLA cost. Mr. Covington explained that is a State requirement, which is now handled by the Department of Industrial Relations (DIR). As a result, that line item will always remain \$0. Ms. Modena stated that a PLA is beneficial to the students in the apprenticeship programs. Mr. Rick Wood suggested that PLA update item continues on the next agenda.

REVIEW OF MEMBER TERMS

Ms. Pisching asked about the status of Robert C. Thomas because he has missed too many meetings according to the bylaws. Mr. Chuck Wood made the motion that unless Mr. Thomas has communicated to Staff his reasons for his absence, then Staff make a recommendation to the Governing Board to remove Mr. Thomas from the Committee. Ms. Modena seconded. All voted in favor. Motion passed.

Mr. Chuck Wood suggested that Staff look into the legal requirements for a senior citizen representative. Suggestions were made to look at senior citizen centers, active senior communities, and taxpayer groups. Ms. Modena suggested that someone write a Letter to the Editor to ask people to apply. The District placed an advertisement in the local newspaper on July 5, 2017, and no responses have been received to date.

FUTURE AGENDA ITEMS

Due to Mr. Rick Wood and Ms. Pisching unable to make the scheduled meeting date, the next meeting was changed to be held on September 25, 2017, at Fairview Elementary. The tour of the site will begin at 5:00 p.m. and the meeting at 5:30 p.m. Mr. Chuck Wood requested an email confirmation of the change of date. The Committee requested the following items for the next meeting:

1. Update on LLB
2. Update on PLA and include the Agreement in the agenda packet
3. Maintenance Budget for Measure J Projects

Ms. Pisching made the motion to adjourn the meeting at 7:08 p.m. Ms. Mallari seconded.

Approved: *Jana Modena*
Ms. Jana Modena, Vice Chair