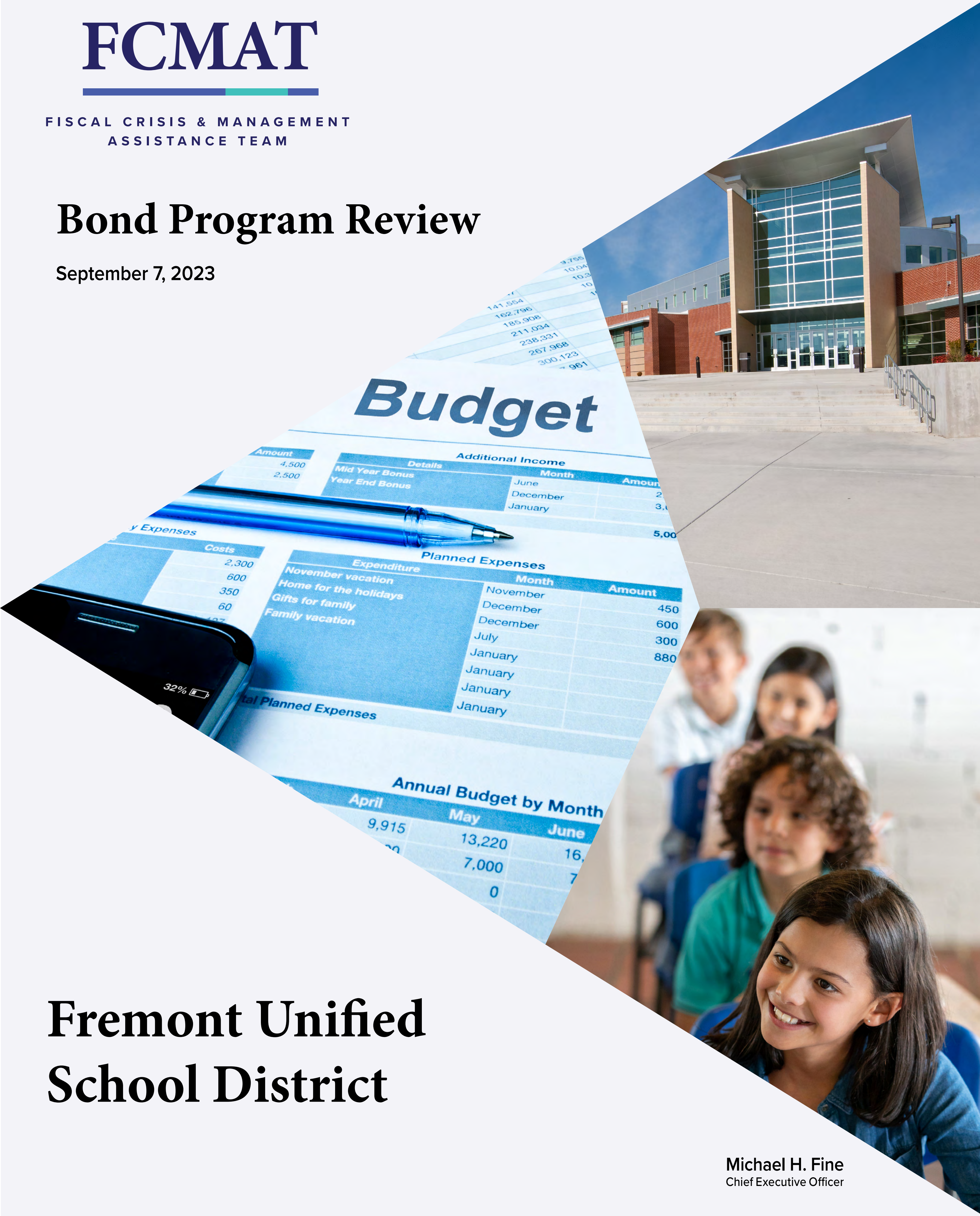
FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Bond Program Review

September 7, 2023



Fremont Unified School District

Michael H. Fine
Chief Executive Officer

FCMAT
FISCAL CRISIS &
MANAGEMENT
ASSISTANCE TEAM

September 7, 2023

Christopher Cammack
Fremont Unified School District
4210 Technology Drive
Fremont, CA 94538

Dear Superintendent Cammack:

In October 2022, the Fremont Unified School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a review of the district's school facility bond contracts. The agreement stated that FCMAT would perform the following:

1. Review operational processes and procedures related to school facility bond contracts for program and construction management, contractors, furnishing and equipment and other associated services, and make recommendations to align such processes and procedures to best practices. Examples include the following:
    - Solicitation and/or bidding of bond program-related services and materials
    - Approval of bond-related contracts
    - Processing and approval of bond-related change orders
    - Processing and approval of bond-related invoices

This final report contains the study team's findings and recommendations.

FCMAT appreciates the opportunity to serve the Fremont Unified School District and extends thanks to all the staff for their assistance during fieldwork.

Sincerely,

Michael H. Fine

Chief Executive Officer

Michael H. Fine • Chief Executive Officer
1300 17th Street – City Centre, Bakersfield, CA 93301-4533 • Tel. 661-636-4611 • Fax 661-636-4647
www.fcmat.org

Table of Contents

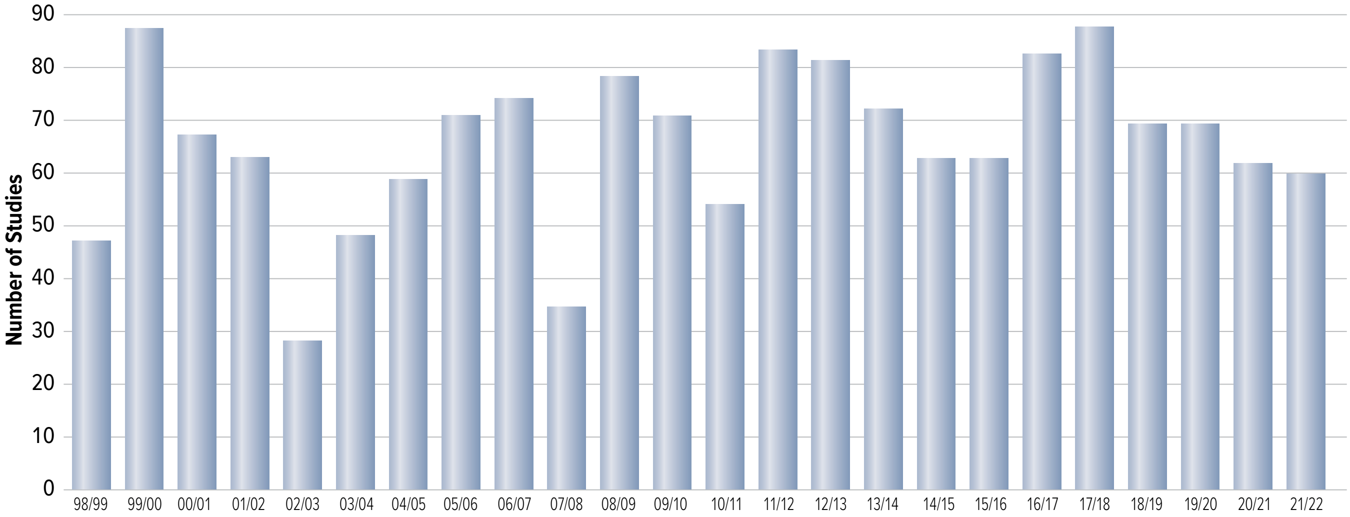
About FCMAT

FCMAT's primary mission is to assist California's local TK-14 educational agencies to identify, prevent, and resolve financial, human resources and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related school business and data services. FCMAT's fiscal and management assistance services are used not just to help avert fiscal crisis, but to promote sound financial practices, support the training and development of chief business officials and help to create efficient organizational operations. FCMAT's data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and inform instructional program decisions.

FCMAT may be requested to provide fiscal crisis or management assistance by a school district, charter school, community college, county office of education, the state superintendent of public instruction, or the Legislature.

When a request or assignment is received, FCMAT assembles a study team that works closely with the LEA to define the scope of work, conduct on-site fieldwork and provide a written report with findings and recommendations to help resolve issues, overcome challenges and plan for the future.

Studies by Fiscal Year



FCMAT has continued to make adjustments in the types of support provided based on the changing dynamics of TK-14 LEAs and the implementation of major educational reforms. FCMAT also develops and provides numerous publications, software tools, workshops and professional learning opportunities to help LEAs operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) division of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS). CSIS also hosts and maintains the Ed-Data website (www.ed-data.org) and provides technical expertise to the Ed-Data partnership: the California Department of Education, EdSource and FCMAT.

FCMAT was created by Assembly Bill (AB) 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. AB 107 in 1997 charged FCMAT with responsibility for CSIS and its statewide data management work. AB 1115 in 1999 codified CSIS' mission.

AB 1200 is also a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. AB 2756 (2004) provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans.

In January 2006, Senate Bill 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT's services to those types of LEAs.

On September 17, 2018 AB 1840 was signed into law. This legislation changed how fiscally insolvent districts are administered once an emergency appropriation has been made, shifting the former state-centric system to be more consistent with the principles of local control, and providing new responsibilities to FCMAT associated with the process.

Since 1992, FCMAT has been engaged to perform more than 1,400 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Michael H. Fine, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Introduction

Background

Located in Alameda County, the Fremont Unified School District is governed by a five-member board and serves transitional kindergarten through adult students at 42 schools, as well as preschool and adult education programs. According to Ed-Data, the district's enrollment peaked at 35,777 in 2017-18 but has since declined to approximately 33,000 students in 2022-23. It is projected to continue to decline by approximately 1.5% annually through 2024-25.

According to DataQuest, in 2022-23, the district serves a diverse student population with an ethnic composition of: 65.2% Asian; 15.6% Hispanic/Latino; 8% White; 4.3% Filipino; 1.9% African American; 0.5% Pacific Islander; and 0.3% Native American. Of the district's students, 21.8% are socioeconomically disadvantaged, 15.4% are English learners, 9.2% are students with disabilities, 0.6% are homeless, and 0.1% are foster youth. In 2021-22, the district reported an unduplicated pupil count of 26.59%, which includes students who are English learners, foster youth, or qualify for free or reduced-price meals.

As of the 2022-23 second interim report, the district's general fund operates on a total budget of $543,941,835. The budgeted revenue consists of the following sources: 69.9% from the Local Control Funding Formula, 4.8% from federal sources, 21.2% from other state revenues, 2.6% from local revenues, and 1.4% from lottery funds. In alignment with school districts statewide, most of the district's funds are allocated to staff compensation, with approximately 77.8% of its general fund budgeted for salaries and benefits.

Measure E, a $650 million general obligation bond for the district, was passed by a 61.8% majority in June 2014. As approved by voters, the objective of Measure E is to improve the district's schools by:

- Updating technology and aging classrooms
- Upgrading electrical wiring
- Fixing and replacing leaky roofs, aging plumbing and restrooms
- Removing asbestos
- Repairing, constructing, and acquiring classrooms, sites, facilities, and equipment

As of May 2022, the district had issued the entire $650 million in bonds authorized, and as of October 2022, all these bond funds were allocated to projects, with nearly $550 million encumbered, approximately $459 million of which had been expended.

Study and Report Guidelines

In October 2022, the Fremont Unified School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a review of the operational processes and procedures related to the district's bond program.

FCMAT visited the district on November 7-9, 2022 to conduct interviews with district and school staff, collect data and review documents. Following fieldwork, FCMAT continued to request, review and analyze documents. This report is the result of those activities.

FCMAT's reports focus on systems and processes that may need improvement. Those that may be functioning well are generally not commented on in FCMAT's reports. In writing its reports, FCMAT uses the Associated Press Stylebook, a comprehensive guide to usage and accepted style that emphasizes conciseness and clarity. In addition, this guide emphasizes plain language, discourages the use of jargon and capitalizes relatively few terms.

Study Team

The study team was composed of the following members:

John Von Flue
FCMAT Chief Analyst

Dean Bubar
FCMAT Consultant

Erin Lillibridge
FCMAT Intervention Specialist

John Lotze
FCMAT Technical Writer

Each team member reviewed the draft report to confirm accuracy and achieve consensus on the final recommendations.

Executive Summary

In June 2014, voters in the Fremont Unified School District passed Measure E, a $650 million general obligation bond intended to improve the district's schools. As of May 2022, the district had sold all $650 million in bonds, obligated approximately $550 million, and expended nearly $459 million. To ensure the district is managing the Measure E funds appropriately, FCMAT was asked to study the district's practices and procedures regarding the solicitation of services and materials, approval of contracts, processing of change orders, and processing of invoices.

FCMAT reviewed board policies and procedures for procurement to determine if they comply with statute and best practices. FCMAT reviewed a sampling of bond transactions to determine whether they adhered to the district's established policies and procedures. The FCMAT study team also reviewed other concerns discovered during interviews to determine their validity, evaluate their alignment with best practices, and make recommendations for improvement.

To help manage the extensive Measure E bond projects, the district hired a project management company, Vanir, to serve as its agent and to coordinate and manage most aspects of project budgeting, vendor selection, and construction. Although Vanir manages the bond program, the district is ultimately responsible for legal compliance, ensuring the bond funds are used appropriately, and maximizing the value and benefit to the district.

As FCMAT reviewed solicitation of vendors and the bidding of projects, it found that district policies complied with legal requirements and procedures and aligned with best practices. However, in some instances it appears the district relied entirely on Vanir for vetting and recommendation of vendors, with little oversight or evaluation by the district. To protect its best interests, it is essential for the district to be actively involved in and knowledgeable about all solicitation and vetting of vendors.

FCMAT's review of approvals of bond contracts showed that policies and procedures complied with legal requirements and best practice. Staff and vendor representatives interviewed stated that the procedures for approval were not consistent over the years and changed as staffing changed. When testing transactions, FCMAT found some inconsistencies in the timing, sequence and signatures in the contract and purchase order approval process.

FCMAT found that change orders were common and frequent throughout Measure E projects. Change orders were found to significantly increase initial contracts and in some cases happened just a short time after the initial contract or a prior change order was approved. Although procedures aligned with board policy, and documents clearly stated the rationale for the change orders, FCMAT found no documents to indicate that new solicitations or bids were considered; rather, original vendor contracts were adjusted to meet the project needs.

When evaluating payment of invoices, FCMAT found detailed documents supporting invoices but found questionable and inconsistent district oversight. It appears that the district relied almost entirely on Vanir's work of reviewing invoices. Based on the timing of signatures and on information from interviews, it appears district staff considered Vanir's review and approval sufficient to process payment. To ensure payments are valid, the district should perform a detailed review and approval of every district payment prior to processing the pay warrant.

The district's conflict-of-interest policy and procedures are to ensure that the district's interests are protected and that no individual's potential benefit compromises that of the district. FCMAT found that the district's disclosures of economic interest, which are required for board members and certain other positions, did not include all designated positions, including positions at Vanir that are considered to have decision-making authority. In addition, the district did not ensure all Forms 700, Statement of Economic Interests were complete, nor did it ensure that they were completed for designated staff who begin or leave employment outside of the annual reporting period.

Both district and Vanir staff interviewed expressed concerns about the lack of regular meetings and insufficient sharing of information. Interviewees also stated that communication was challenging due to a high turnover of key staff, mostly at the district. Because Vanir and the district used separate financial systems, concerns had been shared about the validity of fund accounting. As a result, the district contracted with a third party to reconcile and maintain alignment of the two systems. This resolved any variances between the systems and alleviated many of the concerns. FCMAT also identified a concern about purchase orders and the transparency of payment warrants because the district had a practice of taking a list of purchase orders to the board for approval without details about vendors, funding, purposes or amounts. Once approved, the district assumed authority to process payment on the purchase orders. This purchase order approval process has recently been changed to provide sufficient detail and with it increased transparency.

Findings and Recommendations

Transaction Testing and Selection Methodology

In addition to a standard document request that included policies, procedures, personnel, and financial data, and interviews with district staff, Vanir staff, and citizens bond oversight committee members, FCMAT conducted transaction testing. To determine transactions to sample, FCMAT reviewed board meeting agendas and minutes from January 2020 through October 2022 and reviewed financial activity for the same period. Unfortunately, FCMAT was unable to interview prior district CBOs and the director of facilities, who might have been able to provide information on past procedures and transactions of potential concern.

In selecting sample transactions to test for solicitation, contract approval, change order processing and invoice payments, FCMAT focused on 2020-22, with more samples selected for review in the more recent periods. FCMAT made efforts to test transactions for a variety of vendors and purchase types; however, transactions with frequently-used vendors and for significant dollar amounts were prioritized.

FCMAT's sample of transactions included 55 warrants and purchase orders representing approximately $65,460,000 in Measure E expenditures. Of the sample, 15% were from 2020, 30% from 2021 and the remaining 55% from 2022. In addition, FCMAT reviewed board agendas and minutes for January 2020 through October 2022. During this period, FCMAT reviewed approximately 70 separate agenda items related to Measure E that were on the board agenda for information and/or action.

In the transaction review, FCMAT evaluated for process, information provided, and to determine alignment with statute, policy, district procedures, and best practice. No attempt was made to evaluate or judge recommendations to the board or decisions made by the board.

Solicitation and/or Bidding of Bond-Related Services and Materials

School districts enter into a variety of contracts to purchase goods and services, and, depending on the type of purchase, each may have different rules that must be followed for those purchases to meet legal public purchasing requirements. The district's purchasing process is dictated by statute and local board policy, and it is implemented through district procedures and practices. Sections of the Education Code, Public Contract Code, Government Code and California Code of Regulations provide the legal basis. Board policies and administrative regulations need to reflect the district's compliance with the statutory requirements and provide a basis for district procedures and practices.

The goal of school district procurement is to meet the district's needs at the greatest value by purchasing the highest quality good or service at the lowest reasonable cost. Further, the procurement process needs to be consistent, transparent, and fair to all responsive vendors. School boards provide direction through policies and oversight for the education professionals, who manage the district's day-to-day operations through established processes and procedures. Day-to-day operational decisions are delegated to district staff through board policies with the expectation that their actions will comply with the related laws and meet the district's needs while maximizing efficacy and cost savings.

Solicitation and Bidding Law

Public Contract Code (PCC) 20111 requires school districts to publicly seek bids for purchases of certain equipment, materials, supplies or services that are subject to bid thresholds and criteria.

- PCC 20111(a) requires formal bidding for purchases of equipment, materials, supplies, services (not construction), repairs (non-facility) and maintenance on purchases costing $109,300 (2023 threshold, adjusted annually) or more.
- PCC 20111(b) requires formal bidding on public projects of $15,000 or more.

There are several alternatives to the public bid process depending on the type of goods and services sought:

1. California Uniform Public Construction Cost Accounting Act

   Districts that have frequent public projects can use a process authorized in PCC 22000-22045, titled the California Uniform Public Construction Cost Accounting Act (CUPCCAA), also known as the Uniform Public Construction Cost Accounting Act (UPCCAA) and Uniform Construction Cost Accounting (UCCA). The CUPCCAA set of laws provides a standard process that allows for additional flexibility and relaxed bid limits to expedite public works projects by speeding up the process for awarding contracts and simplifying the paperwork involved. With the UCCA process, districts may expend public funds for public works projects, which are defined under California Labor Code Section 1720, which states in section (1) that it is any project consisting of:

   > Construction, alteration, demolition, installation, or repair work done under contract and paid in whole or in part out of public funds.

   Under the CUPCCAA process, the district is required to annually create and maintain a list of qualified contractors, by the category of work they perform. Each calendar year, the district is required to publicly invite licensed contractors to submit their name for inclusion on the qualified list of potential project bidders.

   CUPCCAA allows the following increased purchasing thresholds for public works projects:

   For projects costing less than $60,000:

   - Contracting for construction services is exempt from bidding requirements; these projects are performed by negotiated contract or by purchase order.
   - The district may select a qualified contractor from the list for each project without going through an informal or formal bid process.

   For projects costing from $60,000–$200,000:

   - Contracts for public works projects are awarded to the qualified contractor submitting the lowest informal bid through an informal bidding process.
   - The district sends to its list of qualified contractors a notice to bid, along with an informal bid package, requesting informal bids. The district must award the contract to the lowest responsive and responsible bidder.
   - The district obtains and verifies required documents including certificates of insurance, bonds and contractor license, and then issues a notice of award, signed agreement and purchase order along with a notice to proceed.

For projects costing more than $200,000:

Contracts for public works projects costing more than $200,000 remain subject to standard formal bidding procedures.

The California Uniform Construction Cost Accounting Commission reviews the informal bid limits for inflation and other factors to determine whether adjustments should be made. If an adjustment is made, the State Controller notifies the affected public agencies. The adjustment may become effective before it appears as a formal change in the Public Contract Code. Any local agency, including cities, counties, redevelopment agencies, special districts, school districts, and community college districts, can voluntarily elect to participate in CUPCCAA. Further detailed information on CUPCCAA can be found at the State Controller's website at http://www.sco.ca.gov/ard_cuccac.html.

2. Piggyback

   PCC 20118 provides another alternative to public bid by allowing a local educational agency (LEA) to piggyback on the purchase contract of another public agency without soliciting for bids, "if the board has determined it to be in the best interests of the district." Piggybacking allows an LEA to make certain purchases of equipment, materials, supplies and other property in the same manner as the original agency was authorized to do so. This process uses the original agency's bid process and agreement as meeting the requirements for a public competitive bid.

3. California Multiple Award Schedules (CMAS)

   Similar to piggyback, PCC 10290-10299 allows the procurement of technology, goods and services using the schedule of maximum prices awarded by the California Department of General Services.

4. Professional Experts

   Several exceptions to the competitive bid process are allowed for professional experts, as indicated in the following statutes:

   - Government Code (GC) 53060 allows for exceptions to competitive bidding when contracting for special services and advice from professional experts who are specially trained, experienced and competent in financial, economic, accounting, engineering, legal or administrative matters.
   - PCC 20111(d) removes professionals including architects, engineers, construction managers and others from the competitive bid requirements.
   - GC 4526 states:

     > Selection by a state or local agency head for professional services of private architectural, landscape architectural, engineering, environmental, land surveying, or construction project management firms shall be on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required.

   - GC 4529.5 requires firms that provide construction management services to provide evidence of:

> …expertise and experience in construction project design review and evaluation, construction mobilization and supervision, bid evaluation, project scheduling, cost-benefit analysis, claims review and negotiation, and general management and administration of a construction project.

- GC 4529.10-4529.12 requires that all architectural, engineering and construction management services be selected through a fair and competitive process and in compliance with conflict-of-interest laws.

To comply with these requirements for hiring professional experts, the district must advertise or send letters to a list of known professional experts using a request for qualifications (RFQ) to obtain a response and understanding of the respondents' qualifications and experience, and a request for proposal (RFP) to obtain a cost proposal for the given scope of work. From the responses, the district should gain knowledge of qualifications and cost from which to determine the vendor best able to meet its needs.

Construction Delivery Methods

Several processes are available for construction project delivery including design/bid/build, construction management/multiprime, design/build, and lease-leaseback. The method chosen affects the competitive bid requirements that apply.

Under the design/bid/build, construction management/multiprime, and design/build delivery methods, design and construction management services are provided under professional expert provisions, then the bid process or CUPCCAA process is used to solicit and procure construction services.

Lease-leaseback, authorized under Education Code (EC) 17406, allows for construction by leasing out real property that belongs to the district with the agreement that the lessee improve the property then lease it back to the district and, at the end of the lease, the property title including improvements is to be held by the district. The design and construction management services can be secured via the professional expert provisions. However, this method gives great flexibility in choosing the lessee/construction contractor using EC 17406(a)(2), which requires the district to adopt procedures to ensure a competitive selection process that is fair, impartial, and brings the best overall value to the district. With the lease-leaseback method, the builder is responsible for delivering the project at or under a mutually agreed upon guaranteed maximum price.

District Board Policies and Administrative Regulations

In LEAs, including school districts, the process of purchasing supplies, equipment and services is dictated by statute, local board policy, and district procedures and practices. While sections of the Education Code, Public Contract Code, and Government Code provide the legal basis and parameters within which a school district must conduct its purchasing functions, board policies, administrative regulations, procedures and guidelines add controls that are designed to protect school districts by meeting various purchasing and contract needs efficiently at the best value.

General guidelines and best practices for LEA purchasing include:

1. Board policies and administrative regulations to provide the foundation and expectation that purchasing follows legal requirements, provides strong internal controls, and meets procurement objectives.

2. Designation of staff members' responsibilities and authority throughout the purchasing process.
3. Standard procedures for selecting vendors, generating requisitions, and issuing purchase orders. These procedures should also establish competitive bidding processes to ensure prudent and optimal use of funds, and minimum standards and compatibility requirements for supplies and services.

In alignment with statutes and best practices, the district uses a system of board policies (BPs) and administrative regulations (ARs) to provide a governing framework of rules for district operations in a wide variety of administrative and educational areas. The BPs and ARs related to the use of bond funds in construction projects include parts of several board policies, such as the delegation of authority for the purchasing of goods and services, the processes for purchasing goods and services, and the approval of those purchases by the board.

Under EC 17604, only the governing board can delegate to an employee or officer the authority to purchase goods and services on behalf of the district using public funds.

The district's board policy extends the governing board's authority to spend public funds to the superintendent and the associate superintendent:

> The Governing Board of Fremont Unified School District, in the interest of business effectiveness and economic efficiency, delegates authority to the Superintendent or the Associate Superintendent to enter into all contracts.
>
> — BP 3301, February 2022

and specifies that they:

> shall develop and maintain effective purchasing procedures that are consistent with sound financial controls and that ensure the district receives maximum value for items purchased.
>
> — BP 3301, February 2022

Purchasing procedures policy requires that the "Superintendent or designee shall maintain effective purchasing procedures in order to ensure that maximum value is received for money spent by the district and that records are kept in accordance with law" (BP 3310, July 2001).

BP 3323 (July 2001), Soliciting Prices (Bids and Quotations), outlines the district's bid process and states the following under paragraphs 2 to 5 of *Regulations Relative to the Bidding Activity*:

> 2. Bid instructions and specifications should be clear and complete, setting forth all necessary conditions conducive to competitive bidding.
> 3. The Purchasing Department shall seek bids from those sources able to offer the best prices, consistent with quality, delivery, and service.
> 4. The bids shall be opened in public at the prescribed time and place and tabulated for study. The bids shall be read aloud at the bid opening by the Purchasing Director or his/her designated representative. There shall be at least one other school official present at the bid opening. After bids are opened, they shall be available for public inspection. Whether or not the opening is exactly at the time advertised, no bids may be accepted after said advertised time.
> 5. Public projects of more than the amount allowed by Public Contract Code 22032 shall be let to contract by formal bidding procedure (in the amount established by the

> State Controller). If estimates of the cost of equipment, materials, supplies, services, except construction services, and repairs that are not a public project are more than the maximum amount established by the Public Contract Code 20111(a), it shall be advertised at least once a week for two weeks in a regularly established newspaper or approved publication. Such bids shall be publicly opened at a place designated by the Assistant Superintendent, Business Services, and the award shall be made to the lowest responsible bidder. (As of January, 2001, the amount was $56,900. The amount is increased annually by inflation.)

BP and AR 7211 (April 2014), New Construction and Modernization, pertain directly to the procurement of architectural and engineering services and outline the required procedures for conducting that process, including selection of these services "at fair and reasonable prices, on the basis of demonstrated competence and professional qualifications."

District Procedures and Practices

Since Measure E passed in 2014, the district has entered into agreements with several vendors for construction management services. The district secured these services appropriately, using RFQs and RFPs in its solicitation process.

In 2015 through 2022, the district employed construction management firm Vanir Construction Management, Inc. as program manager of Measure E bond-funded projects. The contract with Vanir identified services "based on a construction manager / general contractor structure" to include, in brief, that the program manager will:

- Act as the district's agent and representative.
- Provide budget recommendations.
- Provide recommendations for predesign and preconstruction testing and analysis necessary to ensure the completion of projects within budget.
- Develop an implementation plan for the program and its projects.
- Develop methods to track, monitor and report project budgets, accounting records, timelines and status.
- Develop and maintain coordination with construction managers, contractors and other professionals, and district personnel as requested.
- Assist in prequalifying bidders and completing the prequalification process for award of construction contracts including development of bid documents, interviewing, and recommending bidders lists to the district.

Under this agreement, purchasing solicitation and contracting processes were conducted almost entirely by Vanir, with the district providing the final approval. Although the district relied almost entirely on Vanir, the district was still required to adhere to all solicitation and bidding laws and district policies.

Based on FCMAT's interviews and observations, the district's process for soliciting vendors was as follows:

- Vendors for the building projects were solicited through an RFP, RFQ, or bid process. The process consisted of a Vanir contracts manager developing an RFP, RFQ or bid package for each building trade in each project, then sending that solicitation to a pool of vendors in each building trade as developed in the CUPCCAA process. The contracts manager indicated that they often used a vendor, Quality Bidders, to facilitate this process of identifying and creating a list of qualified contractors.

- After receiving completed RFPs from vendors, the contracts manager would send an RFQ to the responding vendors for project-specific prices depending on the scope of work. The scope of work was developed by the project manager and construction manager of the building project, who were also hired and assigned to the specific construction project by Vanir.
  - Upon receipt of the completed RFQ, the contracts manager, program manager and the construction manager would review the informal RFQ bids. The Vanir contracts manager indicated during FCMAT's interview that sometimes the district's director of facilities was also involved in the review.
- For bid projects, Vanir developed and advertised project bid packages, then vetted qualified responses and bid amounts and made recommendations to the district.

Observations

FCMAT reviewed a sample of district transaction records for adherence to solicitation and construction bid laws and district policies on initial contracts. Sampled transactions were tested to determine whether they complied with applicable laws and district policy. In addition, FCMAT reviewed board agendas and supporting records for the clarity of each recommendation and accompanying rationale for each Measure E contract taken to the board for action from 2020 through October 2022. However, FCMAT did not develop opinions about the recommendations or actions taken by the district's governing board.

The review of the solicitation processes, both formal and informal, found no material issues or discrepancies with the soliciting or bidding procurement processes used. Based on this sampling, the district, through Vanir, appears to have been meeting all local and state legal guidelines required for valid purchases using public funding for Measure E. The guidelines and procedures the district has developed and implemented should continue to be followed to continue ensuring compliance.

The district's governing board routinely approved the recommendations as presented to them. As stated previously, the director of facilities was sometimes involved in the solicitation and bid review, which includes rating and recommending vendors for district approval. When the director of facilities was not involved in the process, it appears the district relied wholly on Vanir for vetting and recommendations. The district's involvement in vendor vetting is essential to ensure that its best interests are represented and the vendor that brings the best value to the district is recommended to the board for approval.

Recommendations

The district should:

1. Continue to monitor and remain current on legal requirements for solicitation and bidding.
2. Regularly review board policies and administrative regulations and make revisions as needed to adhere to legal requirements and best practices.
3. Regularly review district and vendor processes for solicitation and bid to ensure they align with district policies and administrative regulations, and revise as needed.

4. Continue to provide oversight to ensure that the solicitation and bidding procedures comply with legal requirements, board policies, and administrative regulations.
5. Ensure that a knowledgeable district staff member is actively involved in vetting vendors for recommendation to the governing board.

Approval of Bond-Related Contracts

District Board Policies and Administrative Regulations

BP 3310, Purchasing Procedures (July 2001), requires that all purchases be made by formal contract or purchase order.

Although the district's governing board authorizes the superintendent and the associate superintendent to enter into contracts, the board must still approve a contract for it to be valid. BP 3301, Delegation of Authority, Section 3, states:

> A contract made under this delegation is not valid and enforceable until it is approved and/or ratified by the Board, pursuant to Education Code section 17604.

Further, Section 6 states:

> Prior Board approval is required for any purchase that requires expenditures of Board Reserves, Designated for Uncertainty funds, or the transfer of funds greater than $25,000 between program budgets.

AR 3301 provides clarifications of this purchasing authority by specifying limits and purchasing guidelines. Section 3 of this AR limits the delegation of authority provided under BP 3301:

> 3. Delegation of authority to the Superintendent or the Associate Superintendent does not extend to the items listed below. The contract must be approved and/or ratified by the Board to be valid and enforceable, pursuant to Education Code section 17604.
>
>   a. Superintendent's contracts
>
>   b. Negotiated labor agreements involving compensation and benefits
>
>   c. All contracts of $25,360 or greater for professional services, that are exempt from competitive bidding and all contracts of $25,360 or greater involving technology, needs assessments not related to students, special projects and facilities improvement not within bond projects
>
>   d. Sale or transfer of real property
>
>   e. Inter-agency agreements
>
>   f. All contracts for the purchase of equipment, material or supplies to be furnished, sold, or leased to the District for which competitive bidding is required under Public Contract Code sections [sic] 20111(a)
>
>   g. All contracts for the repair of facilities, including maintenance, for which competitive bidding is required under Public Contract Code section 20111(a)

AR 3301, Section 5, provides further purchasing guidance:

> 5. All Departments shall adhere to the following provisions regarding the purchase of goods and services.
>
>   a. All expenditures shall be executed with an encumbered purchase order through the requisition system.

b. All expenditures for services from $1 to $599 will be processed with a purchase order, acknowledgement of receipt, and an invoice.

c. All expenditures for services at $600 to $25,360 will be processed with a purchase order, a fully executed contract, an Internal Revenue Service (IRS) Form W-9, acknowledgement of receipt, and an invoice.

d. All expenditures for services $25,360 or greater will be processed with prior Board approval, a purchase order, a fully executed contract, an IRS Form W-9, acknowledgement of receipt, and an invoice.

e. All expenditures for services in excess of applicable State of California bid thresholds will be executed with Advertising and Formal Bidding, Board Approval, a purchase order, a fully executed contract, an IRS Form W-9, acknowledgement of receipt, and an invoice.

BP and AR 3301 were last revised in February 2022 to adjust the contract limit for professional services and technology needs assessments to be exempt from competitive bid from $10,000 to $25,360.

Additional board policies guide district bond fund procurement and operational procedures, and they should be reviewed continually and updated as needed:

BP 3310, Purchasing Procedures, Section 3, specifies the following:

> The Purchasing Department shall not sign sales agreements until after the Board of Education has authorized the purchases, except in cases of emergency purchases which will then be submitted to the Board at the next Board of Education meeting for ratification.

BP 3324 (August 2000), Contracts, states:

> The Superintendent or designee may enter into contracts on behalf of the District. All contracts must be approved or ratified by the Board to be valid or to constitute an enforceable obligation against the District. (Education Code 17604)
>
> All contracts between the District and outside agencies shall confirm [sic] to prescribed standards as required by law.

These policies align with current laws and best practices and provide a foundation for the district's procurement and contracting practices.

District Procedures and Practices

After the solicitation and/or bidding process is complete, Vanir forwards the respondents' documents and recommendations to the district for approval and contracted commitment.

FCMAT was given a purchasing process procedures document titled Contract Checklist (Appendix B). This checklist is used to ensure all appropriate information and documents are collected for consideration of contracting. Interviews with district and Vanir personnel, as well as a review of the Contract Checklist document provided by Vanir, indicated a multilayered purchasing and approval process that involved both district and Vanir employees. After the solicitation process was completed, the contracting process was described and outlined as follows:

1. The Contract Checklist included a step-by-step process for reviewing a potential agreement. This process was customized based on the type of vendor involved to include

consultant, construction manager, construction, and architect. Depending on the vendor, documents reviewed included the agreement, scope of services, work and fee schedules, and required certifications, bond and insurances.

2. Once a vendor was selected, the contracts manager followed steps outlined in the internally-developed Contract Checklist to prepare a final contract package to submit to the district for approval. This internal process included obtaining vendor signatures and collecting required documents not yet received, including insurance certificates, various required legal certifications, payment and performance bonds, and a completed W-9 form. When the checklist of items was complete, Vanir submitted it for approval from their finance manager, then forwarded the final bid package to the district as a recommendation for approval and submission to the board for approval along with a request for a purchase order (PO) number for the contract.
3. Upon receipt of the completed contract documents from Vanir, the district's director of facilities and associate superintendent of business reviewed and approved them. This approval consisted of electronic signatures on an internal tracking system. Once completed, the contract was placed on the board agenda for approval.
4. Following board approval, the district's director of purchasing assigned a number for the PO. Vanir then contacted the vendor to provide them with the completed and approved PO, and the contracting process was complete.

Following this process meets the requirements for adequate internal control and legal compliance. However, during interviews district personnel indicated that there were instances when this process was not followed. They indicated some contracts and purchase orders were entered into for goods and services using Measure E bond funds that were not taken to the board for prior approval, and in some cases were not taken to the board for approval at all. Interviewees, however, provided no specific evidence of instances when this may have occurred.

Observations

The approval of Measure E bond-related contracts was part of an overall procurement process that involved different levels of district approval. Following the selection of a vendor, the contracts and purchase orders had several levels of managerial approvals before being placed on the board agenda for final approval or ratification.

FCMAT's review of the documents provided indicates the approval process in past years had as many as five different levels of approval, but the process recently has been reduced to three levels as follows:

1. Following the selection of a qualified vendor, the contracts administrator from Vanir prepares an agreement or contract and forwards it to the project manager overseeing the project for their approval. Following approval by the project manager, it is returned to the vendor for their signature.
2. After the vendor returns the contract with all necessary supporting materials, such as required insurance or bonds and other legal documents, the contracts administrator creates a purchase requisition in the district's accounting system for the district's director of facilities to review and approve. Following the receipt of an approved purchase requisition from the district, the contracts administrator forwards the entire package to the district's purchasing staff for their review and the assignment of a PO number.

3. Following a review and approval from the purchasing department, the contract package is forwarded to the associate superintendent of business for approval and placement on the board agenda.

District personnel interviewed also indicated to FCMAT that Vanir had access to the district's purchasing system with sufficient permissions to assign themselves PO numbers without district knowledge or approval, a practice which they indicated the district had only recently stopped. Such activity is clearly in violation of both BP 3301 and 3310 and constitutes a breakdown of internal control; however, the interviewees provided no evidence to indicate this occurred.

Several interviewees indicated that the district's director of facilities was the primary district employee involved in the approval process for contracts but that frequent changes in district personnel led to repeated changes in the approval process between the district and Vanir. One person interviewed stated that the process for contract approval was changed every time there was a new person in the associate superintendent position. Others stated that the processes were never followed closely, citing incomplete bid packages, the absence of signatures for approval, and contracts being awarded and work beginning without any board action or approval. No documents were provided to specifically substantiate these claims.

In transaction testing of purchase orders and contracts, FCMAT found that the district generally followed its own policies and administrative regulations, as well as best practices. Two instances were found in which the contract approval was missing signatures: in one instance there was no signature to identify budget approval, and in the other a signature from the associate superintendent of business was missing. FCMAT also found several timing inconsistencies in the approval process, including one instance in which it appears the signature of the associate superintendent of business was four months after board approval, indicating it may have been an afterthought and not part of the actual approval process. Other instances in which approvals appeared out of approval process sequence included contracts signed before board approval, instances in which, due to vacancies in positions, staff signed at more than one level of authority, and one instance in which the invoice was received before the purchase order was approved.

See Appendix C (Purchase Orders) for documentation.

Recommendations

The district should:

1. Regularly review and update BPs and ARs to ensure they comply with legal requirements and the board's desires for delegated authority.
2. Regularly review, update and document its procedures to align with its policies and organizational structure for process approvals. Include contingencies in its contract approval procedures for vacant positions or for unavailability of staff.
3. Provide oversight of vendor practices sufficient to ensure they comply with legal requirements and district policies and procedures.
4. Follow its contract approval procedures faithfully. If exceptions occur, ensure they are well documented, including rationale and authority.
5. Control the assignment of purchase orders and contract commitments in adherence to board policy.

Processing and Approval of Bond-Related Change Orders

Change orders typically involve performing additional work because of unforeseen circumstances, omissions or errors in the original scope of work, ambiguous construction drawings, or district-requested changes. Changes in job site conditions, material substitutions, regulatory issues, and safety concerns are additional reasons change orders may be needed and unavoidable. It is best for the district to avoid or minimize change orders through careful and diligent planning; however, many are unavoidable because one cannot foresee all variables that occur in construction projects.

Change orders are typically generated first by contractors during construction, often when they identify a situation for which the original scope of the project needs to be modified. This is either followed by a request for information on how to proceed with a proposed change, which is prepared and given to the project architect for review and discussion with the district, or a request for change is made by the district. The district then must decide if the request warrants an official change in the scope and cost of the project; if so, then the architect prepares an official change order for the project, which will ultimately amend or be added to the original construction contract's scope and cost.

AR 3301, Section 6, provides for modifying contracts as follows:

> 6. Amendment and Modifications to Contracts
>
>   a. For public works project contracts, the Superintendent or the Associate Superintendent are delegated authority to execute modifications, amendments, and change orders in amounts less than 10% of the original contract and less than $100,000.
>
>   b. Public works project contracts, modifications, amendments and change orders in amounts 10% or greater of the original contract and $100,000 or greater, require Board approval.
>
>   c. Staff will provide the Board with quarterly reports of executed amendments and change orders to contracts.

PCC 20118.4 states that a board may authorize a contractor to proceed with performing the change without formal bidding if the cost of the change is not greater than 10% of the contract price or other limits as provided for in PCC 20111. It is a best practice for districts to seek legal counsel for any exceptions.

Observations

FCMAT found frequent change orders for the district's Measure E projects. In some cases, contracts had change orders shortly after the award of the original contract or a previous change order. In addition, many made significant adjustment to the original or previously-approved contracts. FCMAT found multiple board-approved change orders that increased contracts by an amount greater than the amount of the original contract, without evidence of any new solicitation or bid. There were no indications about whether new solicitations and/or bids were considered or legal opinions sought regarding the appropriateness of the increase in contracts. Although these changes complied with board policy, they may not have been in compliance with PCC 20118.4.

FCMAT also reviewed and evaluated the description and rationale for change orders. Each change order request was accompanied by a detailed description and rationale regarding the need for the change.

See Appendix D (Change Orders) for supporting documentation.

Recommendations

The district should:

1. Try to avoid or minimize change orders through detailed planning and design.
2. Work closely with the contractor and architect when a change order is requested to ensure the change is necessary, justified and/or desired.
3. Evaluate each change order to determine whether it can be made with or without formal bidding. Seek and follow the opinion of legal counsel on change orders costing 10% or more of the original contract to ensure compliance with the PCC.
4. Continue to document a detailed description and rationale for every change order.

Processing and Approval of Bond-Related Invoices

BP 3326, Paying for Goods and Services (January 2004), states:

> Bills presented to the district for payment must be approved by the Superintendent or designee for payment to be made. Each bill must bear evidence, from the employee who has received the goods or services covered by the bill presented, that the charge is a proper one and that it is for goods or services purchased in accordance with relevant purchasing policies and regulations.

The district used different approval processes for invoices, depending on the type of invoice. One process was used for approval of a typical vendor invoice, a slightly different process was used for general contractor or construction invoices, another for professional consultants, and another for invoices from Vanir. The district's process for approval of regular vendor invoices is outlined in its Contract Checklist document as follows:

1. After a vendor invoice is received, a project coordinator from Vanir inputs the invoice into an internal invoice tracking system, then it is forwarded to the project's construction manager for review and approval.
2. After the construction manager's approval, the invoice is returned to the project coordinator, who checks for adequate account balance on the purchase order, obtains approval from the district's director of facilities, updates information in the internal tracking system, scans and saves the invoice to the corresponding project file on the district's Google drive, and then submits it to the district's Business Services Department for payment.
3. The district's Business Services Department reviews and approves the invoice, then forwards it to accounts payable for processing and mailing to the vendor.
4. After the invoice is processed by accounts payable, the project coordinator requests a payment report and updates the internal tracking system with the warrant number.

The pay applications submitted by general contractors followed an approval process similar to that of regular vendor invoices, except that they needed to be submitted on a special pay application Form AIA G702 and required the additional approval and signature of the project architect and a notarized signature from the contractor.

Observations

In interviews with FCMAT, employees indicated that the approval process in the accounting department consisted mainly of the accounts payable clerk making sure all the required signatures were present, and that the director of accounting and the accounting supervisor had no approval authority over the processing of invoices using Measure E bond funds. They indicated that the district's associate superintendent and director of facilities determined whose signatures needed to be on the invoices for approval before final processing. The accounting supervisor was responsible for auditing batches of invoices processed by the accounts payable clerk but was not checking for signature approval authority. The accounts payable clerk was notified of whose signatures needed to be on the invoices and checked them for the signatures but not for anything else. Others indicated that the director of facilities made all decisions regarding who needed to approve invoices and was the final authority on which invoices were paid from bond funds.

In documents provided to FCMAT, the district indicated that all bond fund invoices had to be approved by the finance administrator from Vanir. This requirement was not indicated on any other documents provided to FCMAT, such as the process outlined in the Contracts Checklist, but was corroborated by employees during interviews.

Despite a multilevel approval process, the district did not seem to have one employee who was ultimately responsible for the reasonableness and accuracy of all invoices. When a vendor sent an invoice, it appears the Vanir representative was the only individual who verified its accuracy in terms of cost and services provided. The Vanir project coordinator was also responsible for checking budget availability. District accounting personnel checked only for required signatures. Although others such as architects, engineers or construction managers can assist in verifying the accuracy of construction invoices, the director of facilities or the associate superintendent need to have final signatory approval for invoice payment.

Similarly, the accounting department or purchasing department needs to check not only for required signatures but also check the amount of the invoice against a purchase order for encumbered costs and account accuracy, and for adequate budgeted account balances, before processing payment. To prevent duplicate payments, district staff also need to check for duplicate payment amounts for vendors who submit invoices frequently.

In its transaction testing of warrants drawn by the district, FCMAT found that sufficient detailed support was included in the invoicing, as well as a series of approval signatures. Invoices submitted through the project management firm, Vanir, included a signature from the Vanir project manager. FCMAT found that typically the signatures of Vanir's project manager, the district's director of facilities, and the district fiscal approval all happened in quick succession, many times on the same day. This indicates that either the signers were all up to date and aware of the status of work being invoiced or that they relied on the prior signatures as sufficient review.

After the Vanir project manager and then the district's director of facilities signed, it is FCMAT's understanding that the district's accounts payable staff assumed the claim for payment was valid and that sufficient support to validate the claim was in order. The district's fiscal approval and payment followed based on those two signatures.

See Appendix E (Warrants) for detailed documentation.

Recommendations

The district should:

1. Review and update board policies and district procedures as needed to meet legal requirements and provide for the best interests of the district.
2. Require that all invoices be signed by a district representative who ensures goods and services have been received and that the invoice is reasonable and accurate.
3. Require its accounting staff to verify, before processing payment, that invoices are complete and accurate, goods/services were received, payment is made against the appropriate purchase order, sufficient budget is available, and no prior payment has been made for the invoiced goods and/or services.
4. Ensure that all approval signatures are legitimate and legible.

Other Procurement-Related Topics

Conflicts of Interest

Statutes that govern conflicts of interest include the Political Reform Act of 1974, Government Code (GC) 1090, GC 87100, 87302, 87306, 87500, Corporations Code 5233 for nonprofit organizations, and Education Code (EC) 35107(e).

GC 1090 is a prohibition against financial interests by board members, officers, or employees in contracts "made by them in their official capacity, or by any body or board of which they are members," and applies to an employee who prepares or negotiates a contract or recommends its approval. The prohibition is absolute; therefore, such a contract is voidable and has no legal effect. It is not legally possible to abstain from a contract that violates GC 1090 unless the contract meets specific criteria as a remote interest under GC 1091 or noninterest under GC 1091.5.

The Political Reform Act (GC 81000-91014) was enacted by Proposition 9 in 1974 and revised in 2015, resulting in several significant changes to conflict-of-interest rules that became effective in November 2016. It requires every state and local government agency to adopt a conflict-of-interest code. The stated intent of the act was to establish a process for most state and local officials, and certain designated employees, to publicly disclose their personal income and assets "which may be materially affected by their official actions," and, "in appropriate circumstances the officials should be disqualified from acting in order that conflicts of interest may be avoided." The Fair Political Practices Commission (FPPC) is the state agency responsible for enforcing the act, interpreting its provisions, and issuing California Form 700 – Statement of Economic Interests.

A district's governing board and management need to demonstrate financial integrity. When considering potential conflicts of interests of a public official, such as a board member, administrator, or consultant, it is important to consider applicable board policies that may be more restrictive than the statutory mandates. Therefore, FCMAT also reviewed and used the district's board policies, specifically Board Bylaw (BB) 9270, Conflict of Interest, to evaluate district board members, staff and consultants regarding conflict-of-interest issues.

Board Bylaw 9270 and Form 700 – Statement of Economic Interests

The district's governing board adopted BB 9270, Conflict of Interest, on August 9, 2000, revised it on March 23, 2016, and revised it again on December 16, 2020. The bylaw includes a comprehensive conflict-of-interest code that adopts the Political Reform Act and outlines requirements for governing board members and designated employees to annually disclose any conflict of interest that would preclude them from participating in a district-related decision that includes that interest.

Governing board members and employees designated in the district's conflict-of-interest code are required by GC 87500 to file a Form 700 by April 1 annually to disclose any assets and income that may be materially affected by official actions. The district provided FCMAT with completed Forms 700 collected from January 1, 2018 to December 31, 2021. FCMAT's review of the forms identified deficiencies in each calendar year, including forms not dated or signed after April 1, forms not submitted, or forms not completed correctly. For example, the individual completing one form did not provide their position in Section 1, which establishes the employee's applicable disclosure categories pursuant to the district's conflict-of-interest code.

Each version of the district's conflict-of-interest code contains an appendix that defines disclosure categories and designated positions. Designated positions are identified and applicable disclosure categories are assigned based on the level of decision-making authority: positions with broad authority are required to disclose more interests than those with limited discretion. FCMAT identified inconsistencies between designated positions listed in the appendix and the Forms 700 collected for 2018 and 2019: many position titles did not match or were missing from the appendix in place as of March 23, 2016. Designated positions should align with the administrative structure in the district's organizational charts. The district's revision in December 2020 corrected this issue.

BB 9270 and GC 87306 require the district's conflict-of-interest code to be updated and submitted to the district office within 90 days of a change, such as amendments, revisions, or the creation of new positions. In addition, the bylaw and GC 87306.5 require the governing board to review the conflict-of-interest code in even-numbered years and amend it, or notify the reviewing body of no change, by October 1 of that year. The district needs to follow these review requirements and update BB 9270 accordingly to ensure employees in designated positions are aware of and fulfill their disclosure responsibilities.

Although the district was able to demonstrate some due diligence in complying with the conflict-of-interest code, it did not provide Forms 700 for some designated positions. BB 9270 and GC 87302 require the filing of Form 700 annually, as well as within 30 days of assuming office and within 30 days of leaving office. For positions that require it, the district does not have a process to ensure that employees complete Form 700 when assuming or leaving their position. Forms 700 were not provided to FCMAT for most appointments to designated positions during the period under review. In addition, although several positions were vacated during the period under review, no Forms 700 within 30 days of their departure were provided for those individuals.

Certain consultants may be required to file Form 700 if they qualify as a district official who makes or participates in making district decisions, or acts in a staff capacity for district decision-making. BB 9270 describes participating in a decision to include "taking part in discussion, advising on, making recommendations or otherwise influencing or attempting to influence other decision-makers on matters where an individual has a financial interest." Further, it indicates consultants are designated employees who must disclose financial interests as determined on a case-by-case basis by the superintendent or designee. That determination is to be in writing and include a description of the consultant's duties and a statement of the extent of the disclosure requirements based on that description. No statement of economic interest was provided for any Vanir personnel. FCMAT considers Vanir's program management role to have broad decision-making authority.

Gifts

BB 9270 and BP 3315, Purchasing and Staff Relationships, specify that governing board members and designated employees shall not accept gifts in any calendar year if the employee would be required to report the receipt of income or gifts from that source on their statement of economic interests. Contrary to this policy, FCMAT found three instances in which a governing board member or designated employee reported the receipt of a gift or gifts on their Form 700.

Hiring Individuals Previously Employed by Vendor

The district hired as its director of facilities an individual previously employed by the construction management firm it contracted with. One of the main responsibilities of this position is to oversee the vendor's work as the district liaison. There is clear advantage to hiring individuals who have extensive industry knowledge, experience, and established relationships. However, there is also potential for conflicts of interest because the employee's allegiance may be with established relationships and with the prior employer rather than the current one. If an employee who is hired for a position subject to BB 9270 is from a vendor, the employee needs to use Form 700 to disclose any conflicts of interest and/or any economic gain they might have in working with their prior employer, and the district needs to implement strong internal controls to ensure no bias or preferential treatment is provided to that vendor. While no system is foolproof, transparency and oversight are essential to ensure the district's best interest and benefit remain the primary focus and goal.

Recommendations

The district should:

1. Require all designated positions to complete Form 700 upon hire, annually, and upon separation from employment.
2. Ensure the designated positions listed in BB 9270 match the positions maintained by the district.
3. Establish and maintain a list of designated positions identified in BB 9270 as responsible for completing Form 700. Ensure that the list identifies all individuals employed in those positions during the calendar year and includes their dates of hire or assignment and dates of separation; update the list any time position titles change and when staffing changes take place.
4. Ensure it follows requirements to review and update its conflict-of-interest code as often as needed, or at least by October 1 in even-numbered years.
5. Develop a procedure to collect Forms 700 from individuals who assume and leave designated positions; consider including this procedure in the hiring and separation processes managed by its Human Resources Department, then forwarding it to the staff member responsible for collection.
6. Ensure the employee(s) assigned to collect Forms 700 are trained on the submission rules, including the period covered by the forms, who should complete the form, and how to review submissions to ensure they are complete and properly prepared.
7. Ensure that all board members and staff are aware of and follow board bylaws and policies.
8. Ensure that employees hired from vendors disclose any personal interest in or economic benefit from their prior employer. In addition, establish internal controls and oversight in these situations to ensure its best interests are protected.

Communication

Communication Between Vanir and the District

Another area of concern was the level of regular communication between the district and Vanir. In interviews with district personnel, FCMAT learned that until recently there was little in the way of regular formal meetings or communication with Vanir. Most individuals interviewed stated they had points of contact with the district or Vanir, but no regularly scheduled formal meetings between Vanir and the district. The director of facilities served as the key liaison and intermediary. Some interviewees believed this arrangement made for questionable district representation and insufficient sharing of information with the district.

Staff and Vendor Turnover

As stated previously, some interviewees commented that various approval processes changed with each personnel change in the associate superintendent position, as the district had five different individuals serving in the role from 2020 through 2022. This difficultly in establishing consistency of processing was also affected by personnel changes in other roles that were part of the approval processes, such as the construction manager and other district office personnel. Many of the individuals FCMAT interviewed for this report were relatively new to their positions and had little knowledge of past processes.

At the time of FCMAT's interviews, the district's director of facilities had been placed on administrative leave for undisclosed reasons, and there was no direct liaison or supervision over Vanir's activities. The district also indicated it was not renewing its contract with Vanir, which was due to expire at the end of December 2022, and was seeking a new construction management firm. The district was also developing in-house positions to oversee and manage the bond fund construction program in the future. As part of this planned reorganization, the district will need to conduct regular meetings with all key personnel involved in the approval process at least every two weeks to ensure all involved have up-to-date information on the status of all projects.

Accounting Systems

The accounting of funds and activities in a bond program needs to be maintained in detail for accuracy, accountability, decision making, and confidence that expenditures are appropriate.

During interviews with FCMAT, some staff members noted their concerns about having had two different accounting systems for Measure E bond funds. Concerns were expressed about the reconciliation between the two systems, including the practice of recording negative budgets to balance budget totals within the fund. Vanir used an accounting software known as Account-Ability to record all of the fiscal transactions for the bond funds, whereas the district used an accounting system known as ESCAPE software. Periodic efforts were made to reconcile the two systems, but the district encountered difficulty with timely and complete reconciliation.

However, in 2021 the district hired Key Analytics to complete and maintain a comprehensive reconciliation of the two systems for all building projects in the bond fund and to continue coordinating the systems regularly. Key Analytics reviewed and reconciled completed projects through June 2021 and found balances aligned for most projects; however, some projects had small variances due to miscoding of projects on the same site. The continuing work to ensure alignment of financial systems data has alleviated many of the concerns.

Purchase Order and Vendor Warrant Transparency

In its review of board agendas and minutes, FCMAT found that board approvals for all district purchase orders, including those of the bond fund, are being placed on the consent calendar portion of the agenda. The purchasing information provided to the board, however, consists only of a list of purchase order numbers and an aggregate amount by the fund under which they will be encumbered. Documents do not indicate any additional information such as the amount of the purchase order or the name of the vendor to which the purchase order is being issued. Although this may be enough to gain approval from the board, the governing board has no detailed information about for whom the funds are encumbered or the amount encumbered for each individual purchase order.

The district contends that the approval of the purchase order also extends approvals to all warrants for payment on the purchase order. According to the director of accounting, “When the Board of Education approves the purchase orders and contracts, processing payments/warrants is part of the board approval.” Therefore, the pay warrants attributed to approved purchase orders are not taken to the board for approval. It is a best practice to, at minimum, always include the vendor names and proposed obligated amounts on the published board agenda when approving purchase orders, and to include warrants lists with payees and amounts paid to each so it is clear to the board and the public what funds are being committed and paid to whom.

Although the district has never received an audit finding in any of its independent audits for the period under review, the practice of providing only the purchase order numbers to the board for approval is not a best practice and may not provide sufficient information for the board to grant its discretionary approval. The absence of relevant and pertinent purchasing information, including amount and vendor, prevents members of the board and the public from determining if the obligation of district funds is appropriate; this practice lacks the most basic level of governmental transparency in the expenditure of public funds. In addition, it can create the appearance of impropriety because neither the amounts being spent nor their purpose can be easily determined and thus there could be undisclosed conflicts of interest.

One of the documents received in response to FCMAT’s request for information was a report produced from the district’s financial system titled RegPay11a, which included a list of purchase orders from February 1, through February 28, 2022, along with vendor name, brief description, fund-object code, and amount. Such a report, if included in the board documents, would provide sufficient information to meet the transparency and best practice recommendations. As of the May 10, 2023 board meeting, at which the April 2023 purchase orders were approved, the district had changed the agenda information to include greater detail.

Recommendations

The district should:

1. Prioritize and ensure thorough and timely communications with and oversight of all vendors, especially project management firms responsible for serving as the district’s agent and representative for bond-related projects.
2. Establish contingency and succession plans that allow for continued adherence to board policy and district procedures in case of staff vacancies and/or turnover.
3. Continue efforts to ensure the accuracy and validity of financial information to ensure it is always aware of its current financial status.

4. Ensure regular reconciliations between the accounting system used to track bond projects and the district's accounting system.
5. Continue the newly implemented practice of including detailed information in purchase order listings being taken to the board for approval, to include, at minimum, vendor name, dollar amount, and brief description of items being purchased.
6. Consider taking all pay warrants to the board for ratification. Ensure that information provided to the board for approval is sufficient to provide transparency regarding who is being paid, amount paid, description of products and services received, and funding or purchase order.

Appendices

Appendix A

Study Agreement

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
October 4, 2022

The Fiscal Crisis and Management Assistance Team (FCMAT), hereinafter referred to as the team, and the Fremont Unified School District, hereinafter referred to as the district, mutually agree as follows:

1. BASIS OF AGREEMENT

The team provides a variety of services to local education agencies (LEAs). The district has requested that the team assign professionals to study specific aspects of the district's operations. These professionals may include staff of the team, county offices of education, the California Department of Education, school districts, or private contractors. All work shall be performed in accordance with the terms and conditions of this agreement.

In keeping with the provisions of Assembly Bill 1200, the county superintendent will be notified of this agreement between the district and FCMAT and will receive a copy of the final report. The final report will also be published on the FCMAT website.

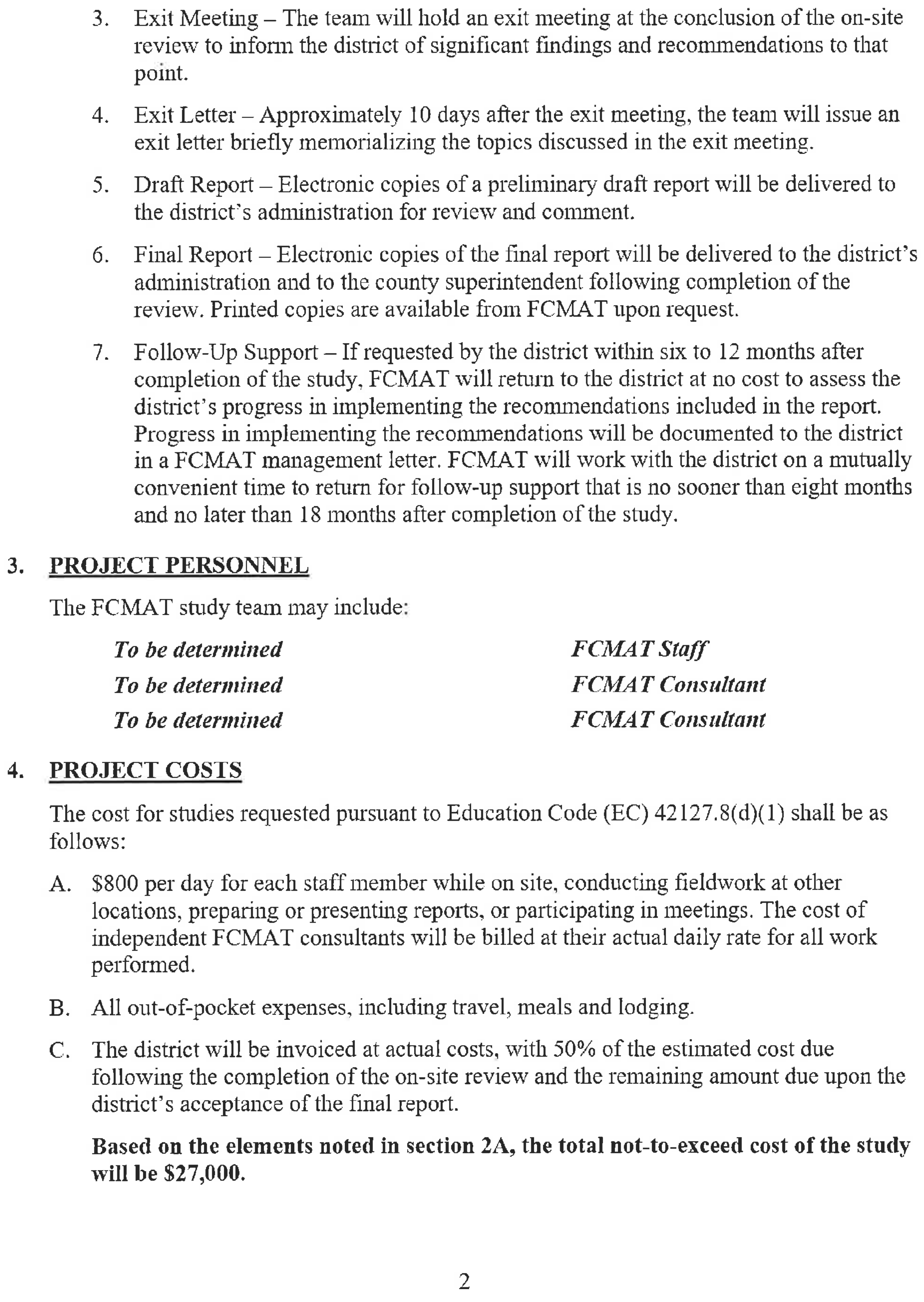
2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

1. Review operational processes and procedures related to school facility bond contracts for program and construction management, contractors, furnishing and equipment and other associated services, and make recommendations to align such processes and procedures to best practices. Examples include:
    - Solicitation and/or bidding of bond program-related services and materials
    - Approval of bond program-related contracts
    - Processing and approval of bond program-related change orders
    - Processing and approval of bond program-related invoices

B. Services and Products to be Provided

1. Orientation Meeting – The team will conduct an orientation session at the district to brief district management and supervisory personnel on the team's procedures and the purpose and schedule of the study.
2. On-site Review – The team will conduct an on-site review at the district office and at school sites if necessary.



3. Exit Meeting – The team will hold an exit meeting at the conclusion of the on-site review to inform the district of significant findings and recommendations to that point.
4. Exit Letter – Approximately 10 days after the exit meeting, the team will issue an exit letter briefly memorializing the topics discussed in the exit meeting.
5. Draft Report – Electronic copies of a preliminary draft report will be delivered to the district's administration for review and comment.
6. Final Report – Electronic copies of the final report will be delivered to the district's administration and to the county superintendent following completion of the review. Printed copies are available from FCMAT upon request.
7. Follow-Up Support – If requested by the district within six to 12 months after completion of the study, FCMAT will return to the district at no cost to assess the district's progress in implementing the recommendations included in the report. Progress in implementing the recommendations will be documented to the district in a FCMAT management letter. FCMAT will work with the district on a mutually convenient time to return for follow-up support that is no sooner than eight months and no later than 18 months after completion of the study.

3. PROJECT PERSONNEL

The FCMAT study team may include:

To be determined	*FCMAT Staff*
To be determined	*FCMAT Consultant*
To be determined	*FCMAT Consultant*

4. PROJECT COSTS

The cost for studies requested pursuant to Education Code (EC) 42127.8(d)(1) shall be as follows:

A. $800 per day for each staff member while on site, conducting fieldwork at other locations, preparing or presenting reports, or participating in meetings. The cost of independent FCMAT consultants will be billed at their actual daily rate for all work performed.

B. All out-of-pocket expenses, including travel, meals and lodging.

C. The district will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon the district's acceptance of the final report.

Based on the elements noted in section 2A, the total not-to-exceed cost of the study will be $27,000.

D. Any change to the scope will affect the estimate of total cost.

Payments for FCMAT's services are payable to Kern County Superintendent of Schools - Administrative Agent, 1300 17th Street, City Centre, Bakersfield, CA 93301.

5. RESPONSIBILITIES OF THE DISTRICT

A. The district will provide office and conference room space during on-site reviews.

B. The district will provide the following if requested:

1. Policies, regulations and prior reports that address the study scope.
2. Current or proposed organizational charts.
3. Current and two prior years' audit reports.
4. Any documents requested on a supplemental list. Documents requested on the supplemental list should be provided to FCMAT only in electronic format; if only hard copies are available, they should be scanned by the district and sent to FCMAT in electronic format.
5. Documents should be provided in advance of fieldwork; any delay in the receipt of the requested documents may affect the start date and/or completion date of the project. Upon approval of the signed study agreement, access will be provided to FCMAT's online SharePoint document repository, where the district will upload all requested documents.

C. The district's administration will review a draft copy of the report resulting from the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the team prior to completion of the final report.

Pursuant to EC 45125.1(c), representatives of FCMAT will have limited contact with pupils. The district shall take appropriate steps to comply with EC 45125.1(c).

6. PROJECT SCHEDULE

The following schedule outlines the planned completion dates for different phases of the study and will be established upon the receipt of a signed study agreement:

Orientation:	to be determined
Staff Interviews:	to be determined
Exit Meeting:	to be determined
Draft Report Submitted:	to be determined
Final Report Submitted:	to be determined
Board Presentation:	to be determined, if requested
Follow-Up Support:	if requested

7. COMMENCEMENT, TERMINATION AND COMPLETION OF WORK

FCMAT will begin work in the 2022-23 school year, as soon as it has assembled an available and appropriate study team consisting of FCMAT staff and independent consultants, taking into consideration other jobs FCMAT has previously undertaken and assignments from the state. The team will work expeditiously to complete its work and deliver its report, subject to the cooperation of the district and any other parties from which, in the team's judgment, it must obtain information. Once the team has completed its fieldwork, it will proceed to prepare a draft report and a final report. Prior to completion of fieldwork, the district may terminate its request for service and will be responsible for all costs incurred by FCMAT to the date of termination under Section 4 (Project Costs). If the district does not provide written notice of termination prior to completion of fieldwork, the team will complete its work and deliver its report and the district will be responsible for the full costs. The district understands and agrees that FCMAT is a state agency and all FCMAT reports are published on the FCMAT website and made available to interested parties in state government. In the absence of extraordinary circumstances, FCMAT will not withhold preparation, publication and distribution of a report once fieldwork has been completed, and the district shall not request that it do so.

8. INDEPENDENT CONTRACTOR

FCMAT is an independent contractor and is not an employee or engaged in any manner with the district. The manner in which FCMAT's services are rendered shall be within its sole control and discretion. FCMAT representatives are not authorized to speak for, represent, or obligate the district in any manner without prior express written authorization from an officer of the district.

9. INSURANCE

During the term of this agreement, FCMAT shall maintain liability insurance of not less than $1 million unless otherwise agreed upon in writing by the district, automobile liability insurance in the amount required under California state law, and workers' compensation as required under California state law. Upon the request of the district and the receipt of the signed study agreement, FCMAT shall provide certificates of insurance, with Fremont Unified School District named as additional insured, indicating applicable insurance coverages.

10. HOLD HARMLESS

FCMAT shall hold the district, its board, officers, agents, and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of FCMAT's board, officers, agents and employees undertaken under this agreement. Conversely, the district shall hold FCMAT, its board, officers, agents, and employees harmless from all suits, claims and liabilities resulting solely from negligent acts or omissions of the district's board, officers, agents and employees undertaken under this agreement.

11. COVID-19 PANDEMIC

Because of the existence of COVID-19 and the resulting shelter-in-place orders, local educational agency closures and other related considerations, at FCMAT's sole discretion, the Scope of Work, Project Costs, Responsibilities of the District (Sections 2, 4 and 5 herein) and other provisions herein may be revised. Examples of such revisions may include, but not be limited to, the following:

A. Orientation and exit meetings, interviews and other information-gathering activities may be conducted remotely via telephone, videoconferencing, etc. References to on-site work or fieldwork shall be interpreted appropriately given the circumstances.

B. Activities performed remotely that are normally performed in the field shall be billed hourly as provided as if performed in the field (excluding out-of-pocket costs).

C. The district may be relieved of its duty to provide conference and other work area facilities for the team.

12. FORCE MAJEURE

Neither party will be liable for any failure of or delay in the performance of this study agreement due to causes beyond the reasonable control of the party, except for payment obligations by the district.

13. CONTACT PERSON

Name:	Christopher Cammack
Telephone:	(510) 657-2350
E-mail:	ccammack@fusdk12.net

9/29/22

Christopher Cammack, Superintendent
Fremont Unified School District

Date

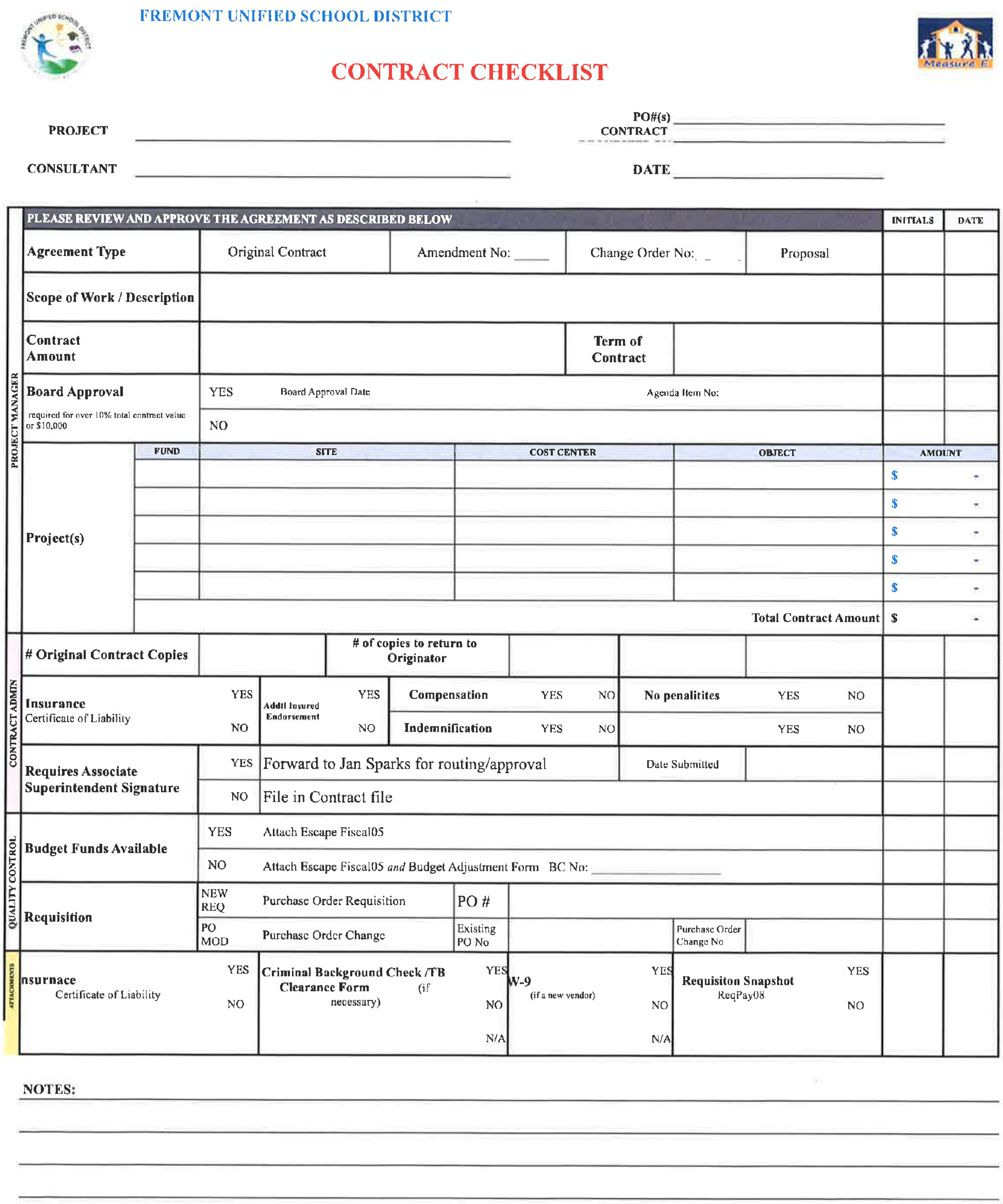
10/3/22

Michael H. Fine,
Chief Executive Officer
Fiscal Crisis and Management Assistance Team

Date

Appendix B

Contract Checklist



FREMONT UNIFIED SCHOOL DISTRICT

CONTRACT CHECKLIST

PROJECT ______________________

PO#(s) ______________________

CONTRACT ______________________

CONSULTANT ______________________

DATE ______________________

	PLEASE REVIEW AND APPROVE THE AGREEMENT AS DESCRIBED BELOW							INITIALS	DATE
PROJECT MANAGER	**Agreement Type**	Original Contract		Amendment No: _____	Change Order No: _		Proposal		
	Scope of Work / Description								
	Contract Amount				**Term of Contract**				
	Board Approval required for over 10% total contract value or $10,000	YES	Board Approval Date			Agenda Item No:			
		NO							
	Project(s)	FUND	SITE	COST CENTER		OBJECT		AMOUNT	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
							Total Contract Amount	$ -	
CONTRACT ADMIN	**# Original Contract Copies**		# of copies to return to Originator						
	Insurance Certificate of Liability	YES NO	Addtl Insured Endorsement YES NO	**Compensation** YES NO		**No penalitites** YES NO			
				Indemnification YES NO		YES NO			
	Requires Associate Superintendent Signature	YES	Forward to Jan Sparks for routing/approval			Date Submitted			
		NO	File in Contract file						
QUALITY CONTROL	**Budget Funds Available**	YES	Attach Escape Fiscal05						
		NO	Attach Escape Fiscal05 *and* Budget Adjustment Form BC No: ________						
	Requisition	NEW REQ	Purchase Order Requisition	PO #					
		PO MOD	Purchase Order Change	Existing PO No		Purchase Order Change No			
ATTACHMENTS	**nsurnace** Certificate of Liability	YES NO	**Criminal Background Check /TB Clearance Form** (if necessary)	YES NO N/A	**W-9** (if a new vendor)	YES NO N/A	**Requisiton Snapshot** ReqPay08 YES NO		

NOTES: ______________________

____

____

____

Appendix C

Purchase Orders

Purchase Orders				Detailed contract/ PO	Project Manager approval	Dir Facilities approval	Budget approval	Asst. Supt./Supt approval	Board approval	PO signed prior to board approval	Notes
Date	PO Number	Vendor	Amount								
7/15/2020	PO21-00657	RMA GROUP	$ 552,368.00	3/31/2021	3/26/2021	3/26/2021	4/1/2021	3/31/2021	3/24/2021		Original $94,523, this amendment $457,845 Total: $552,368
11/30/2020	PO21-02615	DAVILLIER SLOAN INC	$ 200,000.00	11/30/2020	11/23/2020	11/23/2020	11/23/2020	11/30/2020	12/12/2020	x	RFP date unknown; scored 45.6 (45 2nd place) fee $200k ($104,600 2nd place)
12/2/2020	PO21-02393	CORDOBA CORPORATION	$ 243,302.00	12/8/2020	11/30/2020	11/30/2020	12/11/2020	12/8/2020	10/28/2020		RFP 9/14/20 - 6 responses
4/12/2021	PO21-04224	MOBILE MODULAR	$ 614,887.10	2/6/2021	4/28/2021	4/28/2021			5/19/2021	x	Original $14,809.50 for concrete engineering then added two portables 4/28/21 (signed by Dir Fac 2/10/21).
4/30/2021	PO21-04389	LATHROP CONSTRUCTION ASSOC	$ 54,523,600.00	5/21/2021	5/19/2021	5/19/2021	5/19/2021	5/20/2021	5/19/2021		Original $53,988,600, increased by $535,000 5/19/21
5/6/2021	PO21-04314	PREMIER INSPECTION SERVICES	$ 1,005,840.00	7/26/2021	7/22/2021	7/23/2021	8/6/2021	7/26/2021	7/21/2021		Original $543,840, increased $462,000 7/21/21 (added another inspector to plan). RFP pool approved 2/24/21. Contract amendment approved by NF 7/26 (contract signature) then PO denied by NF 7/27/21 then approved by "ROBBIEP"
6/11/2021	PO22-00634	19SIX ARCHITECTS	$ 600,780.00	6/15/2021	6/11/2021	6/11/2021	6/17/2021	6/15/2021	5/5/2021		RFP pool approved 5/20/20 - 2 selected.

Purchase Orders				Detailed contract/ PO	Project Manager approval	Dir Facilities approval	Budget approval	Asst. Supt./Supt approval	Board approval	PO signed prior to board approval	Notes
Date	PO Number	Vendor	Amount								
7/1/2021	PO22-00650	GUIDEPOST SOLUTIONS LLC	$ 163,200.00	3/24/2022		7/8/2021	7/12/2021	3/24/2022	11/17/2021		Original $95,200, added $86,700 3/24/22 added district sites to security analysis
8/30/2021	PO22-03425	SOLIDROCK DEVELOPMENT GRP INC	$ 125,300.00	8/31/2021	8/25/2021	12/6/2021	12/15/2021	8/31/2021	6/24/2021		
11/5/2021	PO22-03050	CDW Government Inc	$ 38,697.75	11/29/2021	11/10/2021	11/10/2021	11/29/2021	11/22/2021	12/8/2021	x	
11/22/2021	PO22-03258	Troxell Communications	$ 54,246.70	12/7/2021	11/16/2021	11/16/2021	12/7/2021	12/6/2021	1/26/2022	x	
2/2/2022	PO22-04185	YAMADA ENTERPRISES	$ 60,086.25	quote 1/24/22	1/25/2022	1/25/2022	2/15/2022	2/14/2022	3/23/2022	?	
3/3/2022	PO22-04858	UNDERWOOD AND ROSENBLUM INC	$ 89,900.00	3/3/2022	3/3/2022	3/3/2022	3/15/2022	3/3/2022	2/23/2022		RFP - 2 responses - top score
3/29/2022	PO22-05817	ONE WORKPLACE L FERRARI LLC	$ 224,623.40	quote 3/23/22	3/29/2022	3/29/2022	4/26/2022	4/25/2022	6/15/2022	?	
3/29/2022	PO22-05818	ONE WORKPLACE L FERRARI LLC	$ 189,800.30	quote 3/28/22	3/29/2022	3/29/2022	4/26/2022	3/29/2022	6/15/2022	?	
4/11/2022	PO22-05862	BLUUM USA INC.	$ 75,970.98	4/28/2022	n/a	4/12/2022	4/28/2022	4/25/2022	6/15/2022	x	
6/8/2022	PO22-06118	AMS.NET	$ 411,682.90	7/6/2022	n/a	6/16/2022	6/16/2022	6/30/2022	6/29/2022		Board ratified at later date due to urgency
6/23/2022	PO23-00951	MUSSON THEATRICAL INC	$ 78,870.00	7/25/2022	n/a	7/25/2022	7/25/2022	7/25/2022	3/23/2022		
7/20/2022	PO23-00966	PREMIER INSPECTION SERVICES	$ 345,750.00	7/20/2022	n/a	7/25/2022	7/25/2022	7/26/2022	8/24/2022	x	

Purchase Orders				Detailed contract/ PO	Project Manager approval	Dir Facilities approval	Budget approval	Asst. Supt./Supt approval	Board approval	PO signed prior to board approval	Notes
Date	PO Number	Vendor	Amount								
8/16/2022	PO23-01892	THE LABOR COMPLIANCE MANAGERS	$ 98,525.00	8/19/2022	n/a			9/19/2022*	10/12/2022	x	*authorized without funds per Dir of Accounting, signed as Assoc Supt
8/30/2022	VR23-01801	ONE WORKPLACE L FERRARI LLC	$ 117,779.80	11/15/2022	9/28/2022	9/30/2022	11/3/2022	11/8/2022	6/15/2022		RFP 2/22,
11/7/2022	VR23-03007	ARC DOCUMENT SOLUTIONS LLC	$ 183,617.00	11/16/2022	n/a		11/10/2022	11/9/2022	10/26/2022		

Appendix D

Change Orders

Vendor	Board date	Original contract	Prior change orders	Change order	New contract	% change from original	Rationale for change
Consolidated Engineering Labs (CEL)	Jan-20	$ 94,683	$ 492,938	$ 44,000	$ 631,591	667%	added scope, change in work cost due to location
Glumac commisioning agent	Jan-20	$ 16,456		$ 55,138	$ 71,594	435%	increase for construction phase
Bay Area Geotechnical Group engineers	Jan-20	$ 36,607	$ 1,360	$ 4,950	$ 42,917	117%	building code update required update submission to DSA
Bellecci and Associates	Feb-20	$ 54,615		$ 15,876	$ 70,491	129%	expanded scope of work
Infinity Communications	Feb-20	$ 398,775	$ 329,280	$ 96,378	$ 824,433	207%	new code requirements
Bay Area Geotechnical Group engineers	Apr-20	$ 50,097	$ 4,500	$ 8,500	$ 63,097	126%	new code requirements
LCA Architects	May-20	$ 335,447	$ 8,800	$ 75,950	$ 420,197	125%	new code requirements
Rodan Builders	May-20	$ 89,400	$ 10,900	$ 62,727	$ 163,027	182%	added scope, DSA delays
Roebbelen Construction Management	Jun-20	$ 2,801,654	$ 392,720	$ 66,340	$ 3,339,914	119%	added staff due to project schedule
Sensible Environmental Solutions	Jun-20	$ 24,571	$ 82,999	$ 13,500	$ 121,070	493%	overtime required for haz mat abatement
Waters Moving and Storage	Jun-20	$ 40,955		$ 80,766	$ 121,721	297%	added scope
Clear Blue Energy	Jul-20	$ 3,509,538		$ (137,208)	$ 3,372,330	n/a	project completed under bid
Liberty Mutual Insurance	Aug-20	$ 508,376	$ 45,308	$ 54,992	$ 608,676	120%	added scope
Bay Area Geotechnical Group engineers	Aug-20	$ 50,097	$ 13,000	$ 9,500	$ 72,597	145%	added scope
Blach Construction	Oct-20	$ 410,760	$ 9,878,722	$ 28,342,258	$ 38,631,740	9405%	added scope
Nino And Moore	Dec-20	$ 33,100		$ 15,500	$ 48,600	147%	added scope
Vista Environmental Consulting	Dec-20	$ 39,050		$ 34,615	$ 73,665	189%	added scope
Vista Environmental Consulting	Feb-21	$ 3,846		$ 9,499	$ 13,345	347%	added scope
Roebbelen Construction Management	Feb-21	$ 2,801,654	$ 459,060	$ 55,688	$ 3,395,602	121%	added scope
RMA Group	Mar-21	$ 94,523		$ 457,845	$ 585,412	619%	added scope
Glumac commisioning agent	Mar-21	$ 13,090		$ 46,825	$ 59,915	458%	added scope
Millennium Consulting	Apr-21	$ 22,716		$ 4,855	$ 27,571	121%	added scope
Solis Group	Apr-21	$ 110,160		$ 46,563	$ 156,723	142%	added scope
Lathrop Construction	May-21	$53,988,600		$ 535,000	$ 54,523,600	101%	Less than 10%

Vendor	Board date	Original contract	Prior change orders	Change order	New contract	% change from original	Rationale for change
Premier Inspection Services	Jul-21	$ 543,840		$462,000	$ 1,005,840	185%	added staff due to DSA recommendation
Guide Post Solutions	Nov-21	$ 95,200		$68,000	$ 163,200	171%	added scope
PBK/WLC Architects	Nov-21	$ 95,200		$77,050	$ 172,250	181%	added scope
Millennium Consulting	Jan-22	$ 22,176	$ 4,855	$47,225	$ 74,256	335%	added scope
Rodan Builders	Jan-22	$ 169,060		$314,700	$ 483,760	286%	multiple change orders
Lathrop Construction	Jan-22			$947,044	$ 947,044	?	multiple change orders/original contract amount unclear
Lathrop Construction	Mar-22	$ 947,044		$413,783	$ 1,360,826	144%	multiple change orders
Rodan Builders	Mar-22			$230,008		?	multiple change orders
Construction Testing Services	Mar-22	$ 261,516		$30,565	$ 292,081	112%	DSA required changes
Cordoba Corporation	Mar-22	$ 243,302		$792,123	$ 1,035,425	426%	extension of contract
LPA Architects	Apr-22	$ 1,182,668	$ 510,460	$80,525	$ 1,773,653	150%	added scope, DSA requirements
QKA Architects	Apr-22	$ 3,150,982	$ 1,165,641	$460,655	$ 4,797,278	152%	change in scope due to changes in conditions
Rodan Builders	Apr-22			$578,590		?	multiple change orders
Nino And Moore	Jun-22	$ 46,750	$ 212,200	$65,376	$ 324,326	694%	added scope
Rodan Builders	Jun-22			$155,481		?	multiple change orders
LPA Architects	Jun-22	$ 1,182,668	$ 590,985	$359,779	$ 2,052,906	174%	added scope, DSA requirements
Sixth Dimension	Jun-22	$ 343,956	$ 2,446,865	$742,549	$ 3,533,370	1027%	added scope, DSA delays
Lathrop Construction	Jun-22		$ 136,826	$487,452		?	multiple change orders
Blach Construction	Jun-22		$ 158,594	$192,992		?	multiple change orders
Glumac commisioning agent	Jun-22	$ 16,456	$ 40,150	$8,294	$ 64,900	394%	added scope
Construction Testing Services	Jun-22	$ 216,516	$ 30,565	$123,368	$ 415,449	192%	added scope, DSA requirements
DSA School Inspectors	Jun-22	$ 840,805		$665,338	$ 1,506,543	179%	added scope, DSA requirements
MECA Consulting	Jun-22	$99,000		$190,936	$ 290,436	293%	added scope, DSA requirements
CBMG Management services	Jul-22	$ 149,500		$33,505	$ 183,005	122%	added scope, project delays
DSA School Inspectors	Sep-22	$ 517,100		$322,070	$ 839,170	162%	added scope, DSA requirements
Lathrop Construction	Sep-22			$1,534,217		?	multiple change orders
Millennium Consulting	Oct-22	$ 22,176	$ 54,740	$1,200	$ 78,116	352%	added scope due to changes in conditions

Vendor	Board date	Original contract	Prior change orders	Change order	New contract	% change from original	Rationale for change
LPA Architects	Oct-22	$3,369,940	$ 856,066	$ 7,680	$ 4,233,686	126%	change in scope by district
QKA Architects	Oct-22	$3,160,982	$ 1,636,296	$ 6,000	$ 4,803,278	152%	added scope due to changes in conditions
Construction Testing Services	Oct-22	$261,516	$ 153,933	$ 5,683	$421,132	161%	added scope due to changes in conditions
Cordoba Corporation	Oct-22	$950,000		$ 494,070	$ 1,444,070	152%	increased costs
Vista Environmental Consulting	Oct-22	$39,050	$ 34,615	$ 26,799	$ 100,464	257%	added scope

Appendix E

Warrants

Date	Warrant #	Vendor	Amount	Paid on P.O	Invoice Date	Detailed Invoice	District Fiscal Approval	Signed Architect	Signed Vanir	Signed District Dir. Facilities	Board Approval	Notes
5/13/2020	51334008	One Workplace Ferrari LLC	$ 203,298.79	PO20-02308	2/18/2020	x		n/a	5/11/2020	5/11/2020	Warrants are not taken to the board for approval. District states that approval of PO or contract also approves payment.	Vanir and District signed same day
6/30/2020	51349937	AMS.NET	$ 42,733.01	PO17-00975	6/30/2020	x	7/1/2020	n/a	7/1/2020	7/1/2020		Vanir and District signed same day
9/9/2020	51360860	OK Construction	$ 82,050.00	PO21-00658	8/18/2020	x	8/18/2021	n/a	8/31/2020	8/31/2020		Vanir and Dir of Facilities signed same day
11/24/2020	51376307	Colbi Technologies	$ 30,000.00	PO17-04601	11/9/2020	x	11/12/2020	n/a	11/12/2020	11/12/2020		Vanir and District signed same day
2/3/2021	51390727	McCarthy Building	$ 358,102.68	PO19-01190	12/25/2020	x	1/7/2021	1/7/2021	1/7/2021	1/8/2021		
2/17/2021	51393576	Roebbelein Const Mgt	$ 86,415.20	PO17-05519	11/6/2020	x	11/12/2020	n/a	11/12/2020	11/12/2020		Vanir and District signed same day
3/10/2021	51398693	IT Management Corp	$ 259,274.27	PO18-06964	3/3/2021	x	3/8/2021	3/8/2021	3/8/2021	3/8/2021		Vanir and District signed same day
8/18/2021	51446226	Rodan Builders	$ 614,199.00	PO21-02730	8/9/2021	x	8/10/2021	8/9/2021	8/10/2021	8/13/2021		
10/26/2021	51462935	Key Analytics	$ 75,000.00	PO22-00750	10/14/2021	x						Illegible initials 10/21/2021-contract signed by M Battle, invoice addresssed to N Pfeiffer
10/26/2021	51462906	DLR Group	$ 36,450.00	PO22-00505	10/15/2021	x	10/18/2021	n/a	10/18/2022	10/19/2022		
10/26/2021	51462906	DLR Group	$ 29,970.00	PO22-00506	10/15/2021	x	10/18/2021	n/a	10/18/2022	10/19/2022		
10/26/2021	51462872	19Six Architects	$ 23,062.50	PO22-00634	10/11/2021	x	10/19/2021	n/a	10/19/2021	10/19/2021		Vanir and District signed same day

Date	Warrant #	Vendor	Amount	Paid on P.O	Invoice Date	Detailed Invoice	District Fiscal Approval	Signed Architect	Signed Vanir	Signed District Dir. Facilities	Board Approval	Notes
11/17/2021	51468808	Vista Environmental	$ 42,660.00	PO20-05325	11/2/2021	x	11/4/2021	n/a	11/4/2021	11/8/2021	Warrants are not taken to the board for approval. District states that approval of PO or contract also approves payment.	
1/12/2022	51482638	Solidrock Dev Grp	$ 25,060.00	PO22-03425	10/29/2021	x	12/14/2021	n/a	Illegible initials	12/13/2021		Invoice received prior to purchase order approved. Purchase requisition requested by dir of facilities PO approved 12/15/2021
2/9/2022	51493132	Premiere Inspection	$ 24,380.00	PO21-04314	2/1/2022	x	2/2/2022	n/a	2/2/2022	2/2/2022		Vanir and District signed same day
3/9/2022	51501380	S&H Construction	$ 136,211.00	P:O22-00749	2/16/2022	x	3/1/2022	2/24/2022	3/1/2022	3/2/2022		
3/16/2022	51503167	Cordoba Corp	$ 20,505.00	PO21-03347	6/16/2021	x	3/11/2022	n/a	3/11/2022	3/11/2022		delayed processing - all approved same time
3/16/2022	51503167	Cordoba Corp	$1,575.00	PO21-03347	11/3/2021	x	3/11/2022	n/a	3/11/2022	3/11/2022		delayed processing - all approved same time
3/16/2022	51503167	Cordoba Corp	$ 9,177.50	PO21-03347	10/4/2021	x	3/11/2022	n/a	3/11/2022	3/11/2022		delayed processing - all approved same time
5/4/2022	51516790	Sixth Dimension LLC	$ 81,358.80	PO20-02337	3/31/2022	x	4/25/2022	n/a	4/25/2022	4/26/2022		
5/26/2022	51522912	Underwood and Rosenblum Inc	$ 8,450.00	PO22-04858	4/24/2022	x	5/23/2022	n/a	5/23/2022	5/23/2022		Vanir and District signed same day

Date	Warrant #	Vendor	Amount	Paid on P.O	Invoice Date	Detailed Invoice	District Fiscal Approval	Signed Architect	Signed Vanir	Signed District Dir. Facilities	Board Approval	Notes
5/26/2022	51522912	Underwood and Rosenblum Inc	$ 5,650.00	PO22-04858	5/13/2022	x	5/24/2022	n/a	5/24/2022	5/24/2022	Warrants are not taken to the board for approval. District states that approval of PO or contract also approves payment.	Vanir and District signed same day
7/20/2022	51539351	Vanir	$ 168,382.00	PO20-00959	7/12/2022	x	7/13/2022	n/a				No Dir of Facilities signature
7/20/2022	51539351	Vanir	$ 32,718.00	PO020-00960	7/12/2022	x	7/13/2022	n/a	7/6/2022			No Dir of Facilities signature
8/25/2022	51548034	LPA Architects	$ 210,221.25	PO20-05324	8/10/2022	x	8/18/2022	n/a	8/18/2022			No Dir of Facilities signature
8/25/2022	51548027	Lathrop Construction	$2,476,743.96	PO21-04389	8/16/2022	x	8/17/2022	8/10/2022	8/16/2022			No Dir of Facilities signature
8/25/2022	51547958	19Six Architects	$2,101.33	PO22-00634	8/12/2022	x	8/12/2022	n/a	8/12/2022			No Dir of Facilities signature
8/25/2022	51547958	19Six Architects	$7,630.90	PO22-00634	8/15/2022	x	8/15/2022	n/a	8/15/2022			No Dir of Facilities signature
8/25/2022	51547958	19Six Architects	$26,892.70	PO22-00634	6/1/2022	x	8/15/2022	n/a	8/15/2022			No Dir of Facilities signature
8/25/2022	51548043	One Workplace Ferrari LLC	$ 151,558.40	PO22-05818	8/11/2022	x	8/11/2022	n/a	8/11/2022			No Dir of Facilities signature
10/12/2022	51561932	Hardison Komatsu	$ 39,210.16	PO19-01976	7/31/2022	x	9/30/2022		9/30/2022	approved by CBO		
11/9/2022	51571142	Ross McDonald	$ 91,178.56	PO23-00624	8/31/2022	x						No approval process data provided.
12/14/2022	51581788	Musson Theatrical	$ 78,870.00	PO023-00951	11/15/2022	x						Illegible approval initials 12-2-2022