

**MEASURE "TT" GENERAL OBLIGATION  
BOND BUILDING FUND OF  
PASADENA UNIFIED SCHOOL DISTRICT  
AUDIT REPORT  
For the Fiscal Year Ended  
June 30, 2017**



**MEASURE "TT" GENERAL OBLIGATION BOND BUILDING FUND OF  
PASADENA UNIFIED SCHOOL DISTRICT**

*For the Fiscal Year Ended June 30, 2017*

*Table of Contents*

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**FINANCIAL SECTION**

	<b><u>Page</u></b>
Introduction and Citizens' Oversight Committee Member Listing.....	1
Independent Auditors' Report.....	2
Financial Statements:	
Balance Sheet .....	4
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	5
Notes to Financial Statements .....	7

**OTHER INDEPENDENT AUDITORS' REPORTS**

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	12
Independent Auditors' Report on Performance .....	14

**FINDINGS AND RECOMMENDATIONS**

Current Year Audit Findings and Recommendations.....	16
Summary Schedule of Prior Audit Findings.....	17

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## *Financial Section*

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## **MEASURE "TT" GENERAL OBLIGATION BOND BUILDING FUND OF PASADENA UNIFIED SCHOOL DISTRICT**

### *Introduction and Citizens' Oversight Committee Member Listing June 30, 2017*

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Pasadena Unified School District (the "District") consists of four high schools, one continuation school, three middle schools, twenty elementary schools, and three charter schools supported by a District Office and a service center facility. The District serves approximately 20,000 students.

On November 4, 2008, the voters of the Pasadena Unified School District approved by more than 55% Measure "TT", authorizing the issuance and sale of \$350,000,000 of general obligation bonds. On September 17, 2009, the District issued Series 2009A of the Election of 2008 General Obligation bonds in the amount of \$125,000,000. On July 3, 2012, the District issued Series 2012 in the amount of \$125,000,000. On May 25, 2016, the District issued Series 2016 in the amount of \$100,000,000. The bonds were issued to finance the construction and modernization of school facilities and to pay costs of issuance of the bonds.

The passage of Proposition 39 in November 2000 amended the California Constitution to include accountability provisions. Specifically, the District must conduct an annual independent performance audit to ensure that funds have been expended only on the specific projects listed as well as an annual, independent financial audit of the proceeds from the sale of the bonds until all of the proceeds have been expended for facilities projects.

Upon passage of Proposition 39, an accompanying piece of legislation, AB1908 (Chapter 44, Statutes of 2000), was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond Proposition pursuant to the 55% majority authorized in Proposition 39 including formation, composition and purpose of the Citizens' Bond Oversight Committee, and authorization for injunctive relief against the improper expenditure of bond revenues.

The Citizens' Bond Oversight Committee was comprised of the following members as of June 30, 2017:

Name	Title	Representation
Clifton Cates, III	Chairperson	Member of Bona Fide Taxpayers Association
Diana Verdugo	Member	Active in Senior Citizens' Organization
Camile Dudley	Member	Active in Senior Citizens' Organization
Gretchen Vance	Member	Parent/Guardian of Child in District/Active in PTA
Mikala Rahn	Member	Business Representative/ Parent/ Guardian of Child in District/ Active in PTA
Quincy Hocutt	Member	At-large community member
Steven Cole	Member	Parent/ Guardian of Child in District/ Active in PTA
Willie Ordonez	Member	Parent/ Guardian of Child in District
Glen De Veer	Member	Parent/ Guardian of Child in District/ Active in PTA
Francis Boland	Member	Parent/ Guardian of Child in District/ Active in PTA
Jen Wang	Member	Parent/ Guardian of Child in District
Mike Mohit	Member	Business Representative/ Parent/ Guardian of Child in District
James V. Vitale	Member	Active in Senior Citizens' Organization





## INDEPENDENT AUDITORS' REPORT

The Board of Education and the  
Citizens' Bond Oversight Committee  
Pasadena Unified School District  
Pasadena, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Measure "TT" General Obligation Bond Building Fund of Pasadena Unified School District, as of and for the fiscal years ended June 30, 2017 and 2016, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure "TT" General Obligation Bond Building Fund of Pasadena Unified School District, as of June 30, 2017 and 2016, and the changes in financial position thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Measure "TT" General Obligation Bond Building Fund and do not purport to, and do not, present fairly the financial position of the Pasadena Unified School District, as of June 30, 2017, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Nigro & Nigro, PC". The signature is written in a cursive, flowing style.

Murrieta, California  
December 11, 2017

**MEASURE "TT" GENERAL OBLIGATION BOND BUILDING FUND OF  
PASADENA UNIFIED SCHOOL DISTRICT**

*Balance Sheet*

*June 30, 2017 and 2016*

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	June 30,	
	2017	2016
<b>ASSETS</b>		
Cash	\$ 114,828,138	\$ 147,113,565
Accounts receivable	627,941	255,522
<b>Total assets</b>	<u>\$ 115,456,079</u>	<u>\$ 147,369,087</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 3,480,945	\$ 4,862,181
<b>Fund Balance</b>		
Restricted for capital projects	<u>111,975,134</u>	<u>142,506,906</u>
<b>Total liabilities and fund balance</b>	<u>\$ 115,456,079</u>	<u>\$ 147,369,087</u>

**MEASURE "TT" GENERAL OBLIGATION BOND BUILDING FUND OF  
PASADENA UNIFIED SCHOOL DISTRICT**

*Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the Fiscal Years Ended June 30, 2017 and 2016*

	June 30,	
	2017	2016
<b>REVENUES</b>		
Interest earnings	\$ 1,437,167	\$ 585,580
Other local revenue	4,485	1,525,000
Total Revenues	1,441,652	2,110,580
<b>EXPENDITURES</b>		
Current:		
Classified salaries	663,558	512,751
Employee benefits	285,746	202,495
Books and supplies		
Materials and supplies	275,770	160,306
Computer, software and peripheral	80	57,881
Food	500	-
Non-capital equipment	111,388	265,513
Services and other operating expenditures		
Mileage and car allowances	1,126	976
Travel and conferences	6,720	9,680
Rentals and leases	358	3,684
Repairs	130,908	77,463
Copier lease and repair	2,000	4,843
Sales & use tax expense	7	-
Contracted services	881,137	57,242
Printing	-	1,427
Legal and audit services	553,218	365,825
Computer/technology related services	4,303	19,732
Consultants	42,000	14,752
Other charges	819	780
Postage	231	224
Capital outlay:		
Surveying costs	59,315	39,907
Hazard waste removal	33,264	56,693
Moving expense	47,521	34,222
Other costs - site	221,358	-
Architect and engineering fees	4,923,255	2,620,335
DSA fees	169,179	65,901
Energy analysis/preliminary tests	340,272	275,436
Other planning costs	486,158	234,187
Owner's representative	813,273	663,967
Main construction contractor	18,792,858	22,107,326
Other construction costs	1,413,171	6,742,587
Hazard waste removal	44,900	-
Interim housing	938,698	420,395
Construction tests	(77,795)	176,081
Inspections	498,859	942,393
Non-capitalized equipment	191,372	546,870
Computers & other computer hardware	117,897	-
Debt Service:		
Bond issuance costs	-	570,000
Total Expenditures	31,973,424	37,251,874

*The notes to financial statements are an integral part of this statement.*

**MEASURE "TT" GENERAL OBLIGATION BOND BUILDING FUND OF  
PASADENA UNIFIED SCHOOL DISTRICT**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)*  
*For the Fiscal Years Ended June 30, 2017 and 2016*

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Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,531,772)	(35,141,294)
<b>OTHER FINANCING SOURCES (USES)</b>		
Premium on bond issuance	-	325,000
Proceeds from bond issuance	-	100,000,000
Total Other Financing Sources	-	100,325,000
Net Change in Fund Balance	(30,531,772)	65,183,706
Fund Balance, Beginning of Year	142,506,906	77,323,200
Fund Balance, End of Year	<u>\$ 111,975,134</u>	<u>\$ 142,506,906</u>

## **MEASURE "TT" GENERAL OBLIGATION BOND BUILDING FUND OF PASADENA UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2017 and 2016*

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### **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

On November 4, 2008, the District voters authorized \$350,000,000 in General Obligation Bonds (Measure "TT") for the purpose of financing the modernization and construction of school facilities within the District. The measure required a minimum 55% vote for passage. In response, an advisory committee to the District's Governing Board and Superintendent, the Citizens' Bond Oversight Committee, was established. The Committee's oversight goals include ensuring compliance with conditions of Measure "TT".

The Bond proceeds are accounted for in the District's Building Fund (21.1), where they are expended for the approved projects. The statements presented are for the individual Measure "TT" General Obligation Bond Building Fund and are not intended to be a complete presentation of the District's financial position or results of operations.

#### **B. Basis of Accounting**

The Measure "TT" General Obligation Bond Building Fund is a governmental fund reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

#### **C. Budgets and Budgetary Accounting**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By state law, the District's governing board must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

#### **D. Encumbrances**

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

## MEASURE "TT" GENERAL OBLIGATION BOND BUILDING FUND OF PASADENA UNIFIED SCHOOL DISTRICT

*Notes to Financial Statements*

*June 30, 2017 and 2016*

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### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

**Nonspendable:** Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

**Restricted:** Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

**Committed:** The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

**Assigned:** Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

**Unassigned:** Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

#### F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

### NOTE 2 – CASH

#### Pooled Funds

In accordance with Education Code Section 41001, the District maintains all of its cash from the bond proceeds in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

## **MEASURE "TT" GENERAL OBLIGATION BOND BUILDING FUND OF PASADENA UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2017 and 2016*

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### **NOTE 2 – CASH (continued)**

#### **Pooled Funds (continued)**

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2017, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

### **NOTE 3 – ACCOUNTS RECEIVABLE**

The total accounts receivable at June 30, 2017 and 2016, in the amounts of \$627,941 and \$255,522, respectively, represents amounts due from the Los Angeles County Treasurer for interest earnings.

### **NOTE 4 – MEASURE "TT" GENERAL OBLIGATION BONDS**

#### **Series 2009A**

On September 17, 2009, the District issued \$125,000,000 of Series 2009A General Obligation Bonds. The bonds are general obligations of the District. The County is obligated to levy ad valorem taxes upon all property within the District for the payment of interest on and principal of the bonds. The County records the collection of taxes and payments of bond principal and interest in a separate fund, which is not reported here. The bonds were issued to finance the construction and modernization of school facilities and to pay costs of issuance of the bonds.

The bonds were issued as: \$40,320,000 tax-exempt current interest serial bonds with stated interest rates ranging between 2.5% and 5% and fully maturing on August 1, 2022, and \$84,680,000 in Federally taxable Build America Bonds Capital Appreciation Bonds with stated interest rates ranging between 6.076% and 7.193%, and fully maturing on August 1, 2034. The Build America Bonds program was created by the American Recovery and Reinvestment Act to assist state and local governments in financing capital projects at lower borrowing costs and to stimulate the economy and create jobs. It authorizes state and local governments to issue taxable bonds to finance any capital expenditures for which they could otherwise issue tax-exempt governmental bonds. Pursuant to the Recovery Act, the District expects to receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the Bonds on or about each interest payment date. The cash payment does not constitute a full faith and credit guarantee of the United States Government, but is required to be paid by the Treasury under the Recovery Act. The District is obligated to deposit any cash subsidy payments it receives into the debt service fund for the Bonds.

#### **Series 2012**

On July 3, 2012, the District issued \$125,000,000 of Series 2012 General Obligation Bonds. The bonds were issued as current interest serial bonds with stated interest rates ranging between 0.4% and 5.0% and fully maturing on May 1, 2037.



**MEASURE "TT" GENERAL OBLIGATION BOND BUILDING FUND OF  
PASADENA UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2017 and 2016*

**NOTE 4 – MEASURE "TT" GENERAL OBLIGATION BONDS (continued)**

**Series 2016**

On May 25, 2016, the District issued \$100,000,000 of Series 2016 General Obligation Bonds. The bonds were issued as current interest serial bonds with stated interest rates ranging between 2.0% and 5.0% and fully maturing on August 1, 2036. These bonds represent the third and final issuance from Measure TT.

**2016 Refunding**

On May 25, 2016, the District issued Series 2016 A and B refunding bonds in the amounts of \$11,025,000 and \$78,470,000, respectively. The proceeds were used to advance refund certain of the District's 2009 A-1 and 2009 A-2 bonds.

A summary of outstanding general obligation bonds that have been issued to date follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2016	Additions	Deductions	Balance, June 30, 2017
2009 A-1	9/17/2009	8/1/2022	2.5%-5.0%	\$ 40,320,000	\$ 9,565,000	\$ -	\$ 1,960,000	\$ 7,605,000
2012	7/3/2012	5/1/2037	0.4%-5.0%	125,000,000	110,205,000	-	3,005,000	107,200,000
2016	5/25/2016	8/1/2036	2.0-5.0%	100,000,000	100,000,000	-	-	100,000,000
2016 Ref. A	5/25/2016	8/1/2022	1.25%-4.0%	11,025,000	11,025,000	-	195,000	10,830,000
2016 Ref. B	5/25/2016	8/1/2034	4.0%-5.0%	78,470,000	78,470,000	-	-	78,470,000
				<u>\$ 439,495,000</u>	<u>\$ 309,265,000</u>	<u>\$ -</u>	<u>\$ 5,160,000</u>	<u>\$ 304,105,000</u>

The requirements to amortize outstanding general obligation bonds are as follows:

Fiscal Year	Principal	Interest	Total
2017-2018	\$ 7,565,000	\$ 25,069,514	\$ 32,634,514
2018-2019	8,540,000	19,800,695	28,340,695
2019-2020	8,455,000	21,446,534	29,901,534
2020-2021	6,845,000	12,176,843	19,021,843
2021-2022	7,305,000	11,900,781	19,205,781
2022-2027	50,365,000	53,334,219	103,699,219
2027-2032	85,795,000	36,998,244	122,793,244
2032-2037	129,235,000	13,877,337	143,112,337
Total	<u>\$ 304,105,000</u>	<u>\$ 194,604,167</u>	<u>\$ 498,709,167</u>

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

The District is involved in litigation at various stages. In the opinion of legal counsel, the District does not anticipate that the outcome of any of the litigation will have a material impact on the financial statements.

**MEASURE "TT" GENERAL OBLIGATION BOND BUILDING FUND OF  
PASADENA UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2017 and 2016*

**NOTE 5 – COMMITMENTS AND CONTINGENCIES (continued)**

**B. Construction Commitments**

At June 30, 2017, the District had commitments with respect to unfinished capital projects of approximately \$70.7 million to be paid from Measure "TT" General Obligation Bonds, detailed as follows:

Measure TT Projects	Remaining Construction Commitment
Altadena Elementary School - Modernization	\$ 17,460
Blair High School - Modernization of Main Building	19,725,958
Burbank Elementary School - Lunch Shelter/Renovation	90,424
Career Technical - Career Technical Projects	25,660
Don Benito Elementary School - New Administration Building	194,338
Don Benito Elementary School - HVAC	90,264
Eliot Middle School - Auditorium/Cafe Modernization	2,760,768
Field Elementary School - Modernization	21,542
Franklin Elementary School - Modernize Café/MPR/Windows	5,273
Hamilton Elementary School - Modernization MPR/Café	13,791
Jackson Elementary School - Modernize of MPR/Cafe/Admin	810,391
Jefferson Elementary School - Modernization	176,441
Jefferson Elementary School - New Child Care Center	66,194
John Muir High School - Building D Accessibility	21,509
John Muir High School - Black Box Theater Project	396,035
John Muir High School - Culinary Arts Project	23,354
John Muir High School - Modernization, Abatement & Kitchen	19,020,409
Linda Vista Elementary School - Modernization	112,461
Longfellow Elementary School - New Kitchen Bldg/Lunch Shelter/Auditorium	469,276
Madison Elementary School - Modernization	217,437
Marshall Fundamental Secondary School - Old Gym Renovation	2,278
Marshall Fundamental Secondary School - Sports Complex	223,372
McKinley Elementary School - Phase I New Construction	1,040
McKinley Elementary School - Phase II Modernization	1,283,472
Norma Coombs Alternative - New CR Wing & Admin Bldg	6,555,809
Pasadena High School - Campus Appearance/Identity	26,071
Pasadena High School - Campus Upgrades/Restrooms Upgrades	251,717
Pasadena High School - ADA Upgrade (DSA)	87,057
Pasadena High School - Modernize Gymnasium Complex	12,756,201
Pasadena High School - Kitchen Project	159,741
Rose City High School - Rose City Modification	238,103
Roosevelt Elementary School - Multi-purpose Facility	135,407
San Rafael Elementary School - Modernization	174,230
Sierra Madre Elementary School (Lower) - Phase II - HVAC Auditorium Upgrades	218,122
Sierra Madre Middle School (Upper) - New MS Campus	90,383
Washington Accelerated Elementary School - New Classroom/MPR Bldg	3,768,692
Washington Accelerated Elementary School - New Child Care Center	97,128
Washington Middle School - New Constr. & Mod.	225,220
Willard Elementary School - Kinder and Pre-K Complex	142,670
Total	<u>\$ 70,695,698</u>

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***Other Independent Auditors' Reports***

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

The Board of Education and the  
Citizens' Bond Oversight Committee  
Pasadena Unified School District  
Pasadena, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure "TT" General Obligation Bond Building Fund of Pasadena Unified School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Pasadena Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pasadena Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pasadena Unified School District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Pasadena Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Nigro & Nigro, PC". The signature is written in a cursive, flowing style.

Murrieta, California  
December 11, 2017



## INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

The Board of Education and the  
Citizens' Bond Oversight Committee  
Pasadena Unified School District  
Pasadena, California

We have examined the Pasadena Unified School District's (the "District") compliance with the performance requirements for the Proposition 39 Measure "TT" General Obligation Bond for the fiscal year ended June 30, 2017, under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the Bonds and the net proceeds thereof. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### Objectives

The objectives of the examination of compliance applicable to the District are to determine with reasonable assurance that:

- The expenditures charged to the Pasadena Unified School District Building Fund (21.1) are documented.
- Expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure "TT".
- Any discrepancies or weaknesses in internal controls are noted and recommendations for improvement are provided.
- The District Board and the Citizens' Bond Oversight Committee are provided with a performance audit report as required under the requirements of the California Constitution and Proposition 39.

### Scope of the Audit

The scope of our performance audit covered the fiscal period from July 1, 2016 to June 30, 2017. The expenditures tested included all object and project codes associated with the bond projects. Expenditures incurred subsequent to June 30, 2017, were not reviewed or included within the scope of our audit or in this report.

### Procedures Performed

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2017, for the Measure "TT" General Obligation Building Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measure "TT" with regards to the approved bond projects list. We performed the following procedures:

To meet our objectives, audit tests were performed and included, but were not limited to the following:

- We verified that bond funds were deposited in the District's name and invested in accordance with applicable legal requirements.
- We tested approximately \$22.7 million in bond fund invoices paid, which is a combination of 2016-17 expenditures and payments on liabilities accrued as of June 30, 2017, and paid in 2017-18. This includes testing payments for validity, allowability, and accuracy. Expenditures sampled in our test included salaries, legal fees, and payments made to subcontractors and other vendors.
- We reviewed the approved project listing as set out in the Measure "TT" election documents.
- We visited construction sites at Washington Elementary and Pasadena High schools to ensure that expenditures made corresponded with the actual work performed at the site.
- We verified that funds from the Building Fund (21.1) were expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects, and we verified that funds held in the Building Fund (21.1) were not used for salaries of school administrators or other operating expenses of the District.
- We verified that salaries paid from Measure "TT" funds are in compliance with Opinion 04-110 issued on November 9, 2004, by the State of California Attorney General.
- We reviewed a sample of projects to ensure that proper bidding procedures were followed pursuant to Public Contract Code Section 22032.
- We verified whether or not the District exceeded change order limitations in excess of 10% pursuant to Public Contract Code Section 20118.

Our audit of compliance made for the purpose set forth in the preceding paragraph would not necessarily disclose all instances of noncompliance.

In our opinion, the District complied with the compliance requirements for the Measure "TT" General Obligation Bond proceeds listed and tested above.

This report is intended for the information of the Board of Education, management and the Citizens' Bond Oversight Committee; however, this report is a matter of public record.

*Nigro & Nigro, PC*

Murrieta, California  
December 11, 2017

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## ***Findings and Recommendations***

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**MEASURE "TT" GENERAL OBLIGATION BOND BUILDING FUND OF  
PASADENA UNIFIED SCHOOL DISTRICT**  
*Current Year Audit Findings and Recommendations*  
*June 30, 2017*

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*There were no findings or recommendations in 2016-17.*

**MEASURE "TT" GENERAL OBLIGATION BOND BUILDING FUND OF  
PASADENA UNIFIED SCHOOL DISTRICT**

*Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2017*

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<b>Original Finding No.</b>	<b>Finding</b>	<b>Recommendation</b>	<b>Current Status</b>
<i>Finding 2016-1: Change Orders</i>	<p>Public Contract Code (PCC) 20118.4 states that the governing board of a school district may approve a change or alteration without the formality of securing bids if the cost so agreed upon does not exceed ten percent of the original contract price.</p> <p>The Board entered into a contract with Mallcraft, Inc. to modernize the multi-purpose room at Field Elementary for \$1,467,000. Subsequently, the Board approved three change orders totaling \$435,782, which is greater than ten percent of the original contract price.</p>	<p>We recommend the Board comply with PCC 20118.4 in seeking bids for change orders in excess of ten percent of the original contract price.</p>	<p>Implemented.</p>

**REPORT OF THE CITIZENS' OVERSIGHT COMMITTEE  
TO THE BOARD OF EDUCATION OF THE PASADENA UNIFIED  
SCHOOL DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**January 17, 2018**

**Submission of Annual Report**

The Citizens' Oversight Committee of the Pasadena Unified School District hereby submits to the Board of Education this report concerning the expenditure of Proposition TT bond proceeds for the fiscal year July 1, 2016 through June 30, 2107, as required by section 3.3 of the Committee's Bylaws.

**The Committee's Duties**

The Committee's duties are defined by the California Constitution, the California Education Code, and the Committee's bylaws. Under the Constitution and the Education Code, the purpose of the Committee is to inform the public whether the Proposition TT bond proceeds are used only for the "construction, reconstruction, rehabilitation, or replacement of school facilities . . . and not for any other purpose, including teacher and administrator salaries and other school operating expenses."<sup>1</sup> The bylaws specifically require that the Committee's annual report contain a statement whether the District is in compliance with those laws and a summary of the Committee's activities for the reporting year.<sup>2</sup> The bylaws also permit the Committee to review the District's management of bond proceeds and to make recommendations to improve efficiency and minimize costs.<sup>3</sup>

**Executive Summary of the Committee's Findings**

During the past fiscal year, there have been several material violations by the District<sup>4</sup> of the law governing the expenditure of Proposition TT bond proceeds.<sup>5</sup> In particular, bond proceeds have been spent on legal fees, staff salaries, consultant compensation, and other activities that are unrelated to school construction and rehabilitation. Despite repeated objections by the Committee, these deficiencies have not been corrected. Three other major deficiencies have made it unnecessarily difficult for the Committee, the Board, and the public to determine whether TT funds are being spent legally and wisely. First, the Committee has been unable to obtain from the District all of

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<sup>1</sup> California Constitution, Art XIII A, sec. 1(b)(3); Education Code sec. 15278(b).

<sup>2</sup> Bylaws, sec. 3.3.

<sup>3</sup> Bylaws, sec. 4.1(c)

<sup>4</sup> The [Pasadena Unified School] District is the governmental entity legally responsible for the management of Proposition TT funds. Actual management is exercised by the Facilities Department of the District. Unless otherwise noted, all references in this report to "the District" can be read as references to the Facilities Department.

<sup>5</sup> Despite these violations, the majority of Proposition TT funds were spent lawfully.

the information that the Committee needs to perform its oversight function. Second, the reporting of Proposition TT expenditures by the District is incomplete, confusing, and frequently inaccurate. Third, the process for the budgeting of Proposition TT expenditures is haphazard and incoherent. This report addresses each of those subjects in turn and offers specific recommendations for correcting these deficiencies.

### **Impermissible Expenditures of TT Funds**

In fiscal year 2016-2017, the District spent \$66,151 on legal fees related to surplus property disposition and \$21,246 on general administrative expenses of the Facilities Department, a total of \$87,397. In the opinion of the Committee, neither type of expense is eligible for payment out of TT funds.<sup>6</sup> Note that \$87,397 to which the Committee takes exception is for 2016-2017 only. Legal fees related to property disposition for fiscal year 2015-2016 were \$38,398, and Facilities general administrative expenses were \$23,485, a total of \$61,883. The Committee has no idea what were the amounts of such legal fees in years before then.

Equally, if not more, problematic is the payment of Facilities Department staff compensation out of TT funds. According to information provided to the Committee by the District, 100% of the compensation of seven Facilities Department employees was charged to TT funds. Charging TT funds with a commensurate portion of employee compensation for work done on TT matters can be legitimate. However, it is improper to charge TT funds with 100% of staff compensation when it is clear that not all of those employees spent all of their time working on TT matters.<sup>7</sup>

How much TT money are we talking about? Who knows? It is impossible to quantify the total amount of improper charges because, despite the Committee's request, the District has failed to provide the Committee with any allocations between the TT and non-TT work performed by each employee. Furthermore, as in the case of legal fees, the Committee has no idea what were the amounts improperly charged to TT funds in prior fiscal years.

In addition, the District charged other expenses like travel and conferences, office-related repairs, and copier leases to TT funds. Although the amounts involved were small, the principle is the same. TT funds are restricted funds and are not allowed to be used for prohibited expenses like "school operating expenses."

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<sup>6</sup> Since the close of the fiscal year, the Director of Facilities advised the Committee that legal fees attributable to the "7-11 Committee" would no longer be charged to TT and that the \$63,068, charged in 2016-2017 would be restored. Whether the former representation is accurate the Committee does not know. As of November 15, 2017, no such amounts have been restored.

<sup>7</sup> In October, 2017 one employee listed her various functions: "Construction Specialist, Athletic Field HS and MS Manager, Civic Center Permits Supervisor, Energy Conservation Manager, IPM Coordinator, LCP Tracker Manager, Muir Ranch Administrator, School Garden Designed/Builder, School Garden Student Intern Supervisor, and Volunteer Coordinator for Landscape Beautification Projects."

In objecting to the use of TT funds to pay certain legal fees and 100% of employee compensation, the Committee provided its analysis to the District and supported its conclusions with the opinions of the Committee's legal counsel. The District never provided the Committee with any substantive justification of its position and failed to take any corrective action. In essence, the District simply ignored the Committee—and continues to do so.

Various excuses have been offered for the District's conduct. One is that the impermissible expenditures were mere bookkeeping errors, putting expenses into "the wrong bucket." No, spending TT funds on unqualified activities was not a bookkeeping error. It was the use of funds for a prohibited purpose, a substantive legal violation. The practice cannot be justified by how it is booked, and a violation cannot be reversed by booking the payments in some other manner. It can be corrected only by restoring to the TT fund money that should not have been charged to it in the first place. To discourage this kind of conduct in the future, the Board needs to adopt clear, comprehensive written standards for the expenditure of TT funds and insist that the District adhere to them.

Another excuse is that any errors were trivial in relation to the \$350 million total bond issue. Is this assertion even true? Once again, who knows the total amount of impermissible expenditures? The District has not provided the information necessary to answer this question either for the 2016-2017 year or prior years. The total amount of expenses improperly charged to the TT fund since its inception undoubtedly runs into hundreds of thousands of dollars, not a trivial amount by most people's standards, even if it is a small percentage of the total bond proceeds.

A more fundamental problem is that the law says that the District may not spend *any* TT funds on certain things. It matters not whether the amounts impermissibly spent were large or small in relation to the total bond issue. The same response applies to another excuse: "we have a job to do; let's not get bogged down with all these technicalities." The law is not a mere technicality. Compliance is not optional. The Committee appreciates that general funds are scarce, but when it comes to spending TT money, that fact is irrelevant. TT funds are restricted funds that cannot be used to cover shortfalls in other funding sources.

### **The Committee's Difficulty in Obtaining Critical Information from the District**

The Committee needs certain information in order to perform its oversight function. First and foremost, it needs to know about *all* proposed expenditures of TT funds before the appropriation requests are approved by the Board and before the money is spent. The Facilities Department usually provides to the Committee Board Reports<sup>8</sup> that end in the suffix "F" but not other Board Reports. Sometimes those non-F Board Reports call for the expenditure of TT funds, and the Committee learns of them only by

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<sup>8</sup> "Board Reports" are the title of documents that are used by the District to request Board approval of proposed TT expenditures and commitments.

chance. Sometimes the District does not even provide the Committee with “F” Board Reports.

The Committee needs basic information about the past, present, and future status of all TT projects in order to understand and report the Big Picture: how is the District managing the funds that the public entrusted to it for school construction, rehabilitation, and repair. Sometimes the Committee needs information about a particular project, either to address a potential problem with that project or to serve a broader purpose. For example, in May 2017 the Committee requested specific information about Norma Coombs in order to test the numbers in the April 2017 “spend-out plan.” *See Exhibit A.* The Committee wanted to provide the District with an opportunity to explain how its current budget numbers are derived. To date, neither the data nor an explanation of how the numbers were derived has been offered, except for the dismissive remark, “We have a process.” It is an unacceptable budgeting practice to not be able to explain the source of a budget.

In the case of “dual purpose” expenditures, those properly allocable partly but not entirely to TT funds, the Committee—and, we believe, the Board—need a reasonable, fact-based allocation between the two portions. Prime examples of dual-purpose expenditures are legal fees and employee and consultant compensation. The District should provide the necessary information voluntarily in response to the Committee’s requests. The Committee should not be compelled to have to file a Public Records Act request to obtain the information necessary to perform its oversight function, as the Committee was compelled to do this past summer. *See Exhibit B.*

While some of the Committee’s questions require the District to consult its records and respond with data, other questions can frequently be answered by a knowledgeable member of the Facilities Department. In practice, this means the Director of Facilities. Unfortunately, the Director no longer regularly attends Committee meetings, as he did up until 2017. Instead he has sent a staff member who, while fully cooperative, frequently cannot answer the substantive questions posed to him—other than to say, “please put your request in writing.” Barring a legitimate need to be elsewhere, the Director of Facilities needs to attend all Committee meetings in person.

### **Lack of Transparent Reporting of the Use of TT Funds**

Meaningful reporting of the expenditure of TT funds is essential in order for the public to see how those funds are being spent, what they are getting for their tax dollars, and whether they can trust the District with their money. The public and the Board need to be able to see, clearly and in one place, essential information about the financial and physical status of *all* TT-funded projects. With this information the Board and the public can see what was originally planned, what has actually happened, and what remains to be done. The report must account accurately for all TT funds. It must account for all TT projects, whether in progress, completed, or abandoned. It is especially important that for each TT project, the Board and the public be able to compare amounts spent or obligated

to date with the work actually done to date. If, for example, amounts spent and obligated to date are 75% of the total budgeted amount for a particular project but the job is only 40% completed, trouble is brewing. Unless the project is scaled back or abandoned, the budget will be exceeded. If, on the other hand, amounts spent and obligated are 75% of the total budgeted amount and the job is 70% completed, there is probably little to worry about.

To date no single report by the District provides this essential information in one, clear executive summary. The District's "budget status reports," which are discussed in detail below, do not compare amounts budgeted, committed, and spent with what is happening on the ground. Thus, an interested person (including a Board member) cannot determine whether a project is on track or on trouble. He cannot determine how much more money is needed to complete the project or when it is likely to be completed. He cannot estimate what TT funds will remain for other projects after the project is completed.

Since the beginning of 2017, the Committee has strongly urged the District to produce and update on a regular basis an executive summary of all TT-funded projects that would include the following basic information—in one place, in easily understandable format, and juxtaposed to permit comparison:

- The original budgeted amount, as approved by the Board
- The current budgeted amount Board, as approved by the Board
- The amount of TT funds committed to date
- The amount of TT funds spent to date
- Percentage of project completion
- Estimated date of completion
- Estimated remaining total cost of completion
- The variance between budgeted amount of estimated total cost of completion
- Identification of the contractor(s) and architects

Much more detailed information would still be available to everyone, but these few key pieces of information would answer the vast majority of questions the public is likely to ask and that the Board needs to be able to answer. Unfortunately, such a report still does not exist, nor has the District committed to produce one. The Committee has offered to prepare the report, but it has been unable to obtain from the District all of the information it needs to do so. All of the information needed either already exists or is readily available to the District. The Committee has given the District a workable template. It would take little time to fill in the blanks each month.

### **The TT Budgeting Process**

The Committee's role in the TT budgeting process is a limited one: to make sure that TT funds are spent as promised in the original ballot proposition and as required by

law. Otherwise, TT budgeting is the responsibility of the District and, ultimately, the Board. It is the Board which is responsible for setting priorities, allocating funds among eligible projects, and insuring that its decisions are properly implemented by the District. However, in addition to performing its principal mission, the Committee is authorized to review the District's efforts to "maximize bond proceeds" by reducing costs, incorporating efficiencies, and promoting efficiencies.<sup>9</sup> It is with that objective that the Committee offers its comments on the existing TT budgeting process.

In the Committee's opinion, the present TT budgeting process is unstructured, chaotic, and incoherent. Proper oversight is difficult at best and sometimes impossible. Although the consequences of these deficiencies are impossible to quantify, they almost certainly result in avoidable inefficiencies and unnecessary waste of public funds.

The Facilities Master Plan is supposed to establish priorities for school construction projects. The Plan, originally adopted in 2008, has not been formally updated since 2012. It is difficult to budget without knowing what the budget is supposed to achieve.

The Board of Education approves updated budgets for the District on a regular basis, but those budgets do not contain sufficient detail to see on which projects and in which order TT funds are going to be spent or whether proposed expenditures are consistent with previously approved budgets. The District periodically issues (in varying formats) "budget status reports," but they suffer from several serious defects. The principal defect is their failure to match money spent or committed against actual achievement on the ground so that one can tell quickly where each TT project stands and where it is headed. A second major defect is that the budget status reports do not account for all TT projects. A third major defect is that these critical documents are not available to the public. The February 15, 2017 report is the only one that has been posted. *See Exhibit C.*

The budget status reports are defective in other ways as well. They show expenditures but not commitments for future expenditures, thereby giving a misleading picture of total TT funds devoted to a project. What matters is not simply dollars spent as a percentage of the total budget but dollars spent *and committed to be spent* as a percentage of the total budget. *See*, for example, in the budget status report of February 15, 2017. There is a column entitled "% of Budget Spent" but no comparable column for "% of Budget Spent or Committed."

Another problem is that the budget status reports lists projects that are not really projects and that may not be properly chargeable to TT, because they do not involve the construction, renovation, or repair of a school. One example in the February 2017 report is "Career Technical Education Projects," for which \$11.4 million has been budgeted, \$2.7 million has been committed, and \$8.7 million remains. Quite apart from the legality

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<sup>9</sup> Bylaws, sec. 4.1(c).



of paying for such functions out of TT funds, their inclusion in a TT budget distorts the budget and undermines its accuracy. Squirreling unallocated money away in what appears to be a TT project construction account is hardly transparent budgeting. If budget items like this really represent a reserve for unforeseen expenses, something that is entirely legitimate, then they should be clearly denominated as such, reasonable in amount, and knowingly approved by the Board

It only makes matters worse that some published budget status reports contain gross errors and omissions. For example, the February 15 report shows a total TT budget of \$343.8 million, which is reasonably close to the \$350 million total bond proceeds, but the budget status report entirely omits Blair Middle School, which cost about \$14 million. The omission of a major project from a report that purports to account for all TT funds does not give one much confidence in the report.

Matters have not improved since the close of the fiscal year. The Measure TT budget as of September 7, 2017 shows a current budget of \$418.6 million, a strange bit of optimism given that the total bond proceeds are \$350 million plus a small amount of interest income. The Committee questions whether anyone checks these reports before they are published. Whether or not that happens, gross errors like this call into question the accuracy of the other data contained in these reports.

In addition to its budget status reports, the District issues various “spending plans,” which are intended to show how remaining TT funds should be spent.<sup>10</sup> The principal problem with these spending plans is that they do not show how the numbers on them were derived. Those numbers have changed frequently in the last few months without explanation. Of course, needs change over time, but necessary changes should be clearly identified, quantified, and explained.

### **The Essence of the Oversight Problem**

When it comes to the use and management of TT funds, oversight of the Facilities Department by the Board and the Committee has been and remains ineffective. The TT school bond construction program is a vast 10-year project that involves the expenditure of more than \$350 million on up to 26 schools. Effective oversight requires knowledge, commitment, time, and persistence, all of which the District possesses. The same cannot be said for the Board or the Committee. The Board has 7 part-time members, who have numerous responsibilities in addition to monitoring TT. The Committee has a maximum of 15 part-time unpaid volunteers, who do the best they can with limited resources but who have no power to do anything. If the Board’s Facilities Committee devoted more time and care to meaningful oversight of the District’s management of TT funds, if the Facilities Committee scrutinized and questioned TT expenditures as the Committee does, then many of the problems identified in this report would not exist. However, for reasons unknown to the Committee, that is not the case.

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<sup>10</sup> Since April 2007, the District has issued multiple, ever-changing versions of its spending plan.

Even given these limitations, the Committee could probably provide adequate oversight—if the District cooperated in good faith. However, the Facilities Department resists effective oversight by the Committee—and is largely effective in its resistance. The Department has two great advantages over the Committee. First is its control of information, which it exercises in several fashions. It fails to provide all the information that the Committee needs while it offers to provide reams of information that is neither useful nor desired. It dribbles out important information piecemeal so that it is difficult for the Committee to see the big TT picture. (It does this to the Board as well.) It promises to deliver but then does not.

But the Facility Department's greater advantage is its knowledge that the Committee has no real power—no power to compel the production of information, no power to compel any action. Thus, the Department can slow-walk its responses to the Committee's requests for information or ignore them entirely. The Department can ignore any findings or recommendations by the Committee that the Department does not like in the knowledge that unless the Board becomes involved—which the Board rarely does—the District can continue doing whatever it wants with TT funds. It is reasonable to assume that the Board and the public wish TT funds to be spent as promised in the original ballot measure and as required by law. If this is the goal, there appear to be only two possible solutions: the District can cooperate with the Committee or the Board can begin to give serious consideration to the Committee's findings and recommendations and implement the ones it deems meritorious. At least the Board has the power to do so.

## **Recommendations**

The following recommendations by the Committee, if adopted by the Board and implemented in good faith by the District, would largely remedy the numerous problems identified in this report.

- Reforms to facilitate the review of specific TT expenditures
  - All proposed expenditures of TT funds should be submitted to the Committee before they are submitted to the Board. This is the modus operandi of the Los Angeles Unified School District.
  - The Committee (and the Facilities Committee of the Board) should be given adequate time to review the proposed expenditures.
  - Proposed dual-purpose expenditures should state a reasonable, fact-based allocation between TT and non-TT funds.
  - All proposed TT expenditures that are disapproved by the Committee but nevertheless desired by the District should receive special scrutiny by the Board. If the Committee's disapproval is

supported by the opinion of its independent counsel, then at the very least the District should obtain the opinion of its counsel before the Board makes a final decision.

- Reforms to prevent or correct impermissible expenditure of TT funds
  - The Board should adopt clear, comprehensive standards for the expenditure of TT funds and insist that the District adhere to them or explain why it is not doing so. The Committee has already adopted such detailed standards, and it recommends those standards to the Board. (They are attached as Exhibit \_\_\_\_.) The Board is not obligated to adopt them wholesale, but at least they are a good template for what the standards should cover.
  - The District should appoint an employee who is entirely independent of the Facilities Department as an internal auditor of the expenditure of TT funds to insure that all such expenditures comply with the law and have been approved by the Board.
  - If the Board concludes that TT funds have been improperly spent, then the District should be required to reimburse the TT account within 30 days of the Board's finding.
- Reforms to insure that the Committee receives the information necessary to perform its oversight function
  - The Board should direct the District to respond promptly and in good faith to all reasonable requests for information by the Committee.
  - If the District cannot comply, then the District should advise the Committee in writing why it cannot and suggest an alternative means of giving the Committee what it needs.
  - Absent special circumstances, the Director of Facilities should be required to attend all Committee meetings for their duration.
- Reforms to insure that the Board and the public are kept currently apprised of the status of TT projects and the TT fund
  - The Board should direct the District to prepare an overall summary of the financial and construction status of TT projects containing all

of the essential information identified by the Committee and to revise this summary on a monthly basis.

- All important reports should be promptly posted on both the District's and the COC's website.
- Reforms to improve reporting, spending, and budgeting.
  - At present, when it comes to the management of TT funds, the Facilities Department effectively controls spending, reporting, and auditing, a system with an inherent conflict of interest that would not be permitted to exist in the private sector. Building and spending should be separated from reporting and auditing. The Facilities Department under the direction of the Chief Facilities Officer would remain responsible for the former. The Business Department under the direction of the Chief Business Officer would become responsible for the latter, just as she is already responsible for the District's non-TT financial functions. For example,
    - Budget status reports showing all the essential information should be prepared and issued on a monthly basis by the Chief Business Officer.
    - Facilities Department employees who are currently responsible for TT accounting should be answerable to the Chief Business Officer, not the Chief Facilities Officer, although those employees would continue to work in and with the Facilities Department.
    - An employee of the Business Department should be assigned, if only on a part-time basis, to the Facilities Department to strengthen the Facilities Department's internal control system, particularly when it comes to the expenditure of TT funds on questionable items.
    - The annual independent financial and performance audits, which are required by law, should be managed on the District's part by the Chief Business Officer.
  - Review of all key financial and construction status reports needs to be institutionalized. Although it is essential that the District generate

comprehensive, accurate reports and then post them, that is not enough. The reports need to be examined and evaluated and then presented to the Board for appropriate action. The logical entities to perform the latter function are the Oversight Committee and the Facilities Committee of the District. However, as previously noted, the Oversight Committee and the Facilities Committee must be given the relevant information in sufficient time to review it before the information is presented to the Board for action, and the Board should defer any major action until it has received the input of the Oversight Committee and the Facilities Committee, particularly if the legality of a proposed TT expenditure is at issue.

- Budgeting should be a collaborative effort by the District and the Board in which the District proposes and the Board disposes. Thereafter, the District must adhere to the budget unless the Board permits otherwise. All changes to the prevailing budget requested by the District should be explained, including an explanation of the effect of such changes on other budget items.
  
- Every budget should . . .
  - Account for all TT projects—past, present, and future;
  - Account for the totality of TT funds
  - Be promptly posted on the District’s website.

### **Major accomplishments and Failures of the Committee during the Fiscal Year**

The most significant accomplishment of the Committee during the past fiscal year has been the increased scope and intensity of its oversight of the expenditure of TT funds, as summarized in the preceding pages of this report. In addition, the Committee, with the assistance of the District, has arranged for a verbatim transcript of every Committee meeting so that anyone can determine exactly what was said and done without having to rely on meeting minutes, which are but a summary. The Committee also adopted detailed standards for the expenditure of TT funds, standards which it applies in recommending approval or disapproval of proposed TT expenditures.<sup>11</sup> The Committee has referred several legal issues to its independent counsel for advice and has received counsel’s opinions, on which the Committee has relied in making its findings and recommendations. Finally, the Committee has made it a policy to post in a timely

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<sup>11</sup> The Committee sought the District’s input in drafting these standards, but the District declined to participate saying that the law is an adequate guide.

fashion *all* significant documents on its website, including the following: meeting agendas, documents, minutes, and transcripts; all recommendations and reports to the District and the Board; all governing legal standards; and all requests for information. The Committee believes that the public deserves no less.

Honest self-evaluation is next to impossible, but the Committee nonetheless has attempted to grade itself in the following areas:

- In exercising vigorous oversight of the expenditure of TT funds: A-
- In publicizing its oversight activities to the Board and the public: B
- In persuading the District to provide necessary information to the Committee: C-
- In persuading the District to improve the budgeting process: D
- In preventing impermissible TT expenditures: D-
- In causing the correction of impermissible TT expenditures: F

The low grades in the last four categories are not for want of effort. Rather, they reflect the reality that the Committee has no power to compel anything. Its only power is the power of publicity. To achieve results, the Committee must rely on Board action, District cooperation, and public involvement.

### **Review of the Independent Financial and Performance Audits**

The California Constitution requires that the District conduct an independent annual performance audit “to ensure that the [school construction bond] funds have been expended only on the specific projects listed.”<sup>12</sup> The Constitution also requires an independent annual financial audit “of the proceeds from the sale of bonds until all of those proceeds have been expended for the school facilities projects.”<sup>13</sup> The purpose of the financial audit is to review the District’s financial statements of the TT fund to see whether they present fairly, in all material respects, the financial position of the fund and to note changes in financial position from the preceding year. The purpose of the performance audit is to determine whether TT funds were spent in accordance with governing law. The Education Code permits the Committee, as part of its oversight function, to review these audits,<sup>14</sup> as do the Committee’s bylaws.<sup>15</sup>

On November 30, 2017 the Chair of the Committee received an undated Audit Report, including unsigned draft opinions, which the Committee has reviewed. The Chair received the final audit report, including signed opinions on January 4, 2018. That final report and those final opinions are all dated December 11, 2017. The Committee does not know the reason for the delay in transmission but believes that except for the

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<sup>12</sup> Constitution, Art XIII A, sec. 1(b)(3)(C).

<sup>13</sup> Constitution, Art. XIII A, sec. 1(b)(3)(D).

<sup>14</sup> Educ. Code sec. 15278(c)(1)-(2).

<sup>15</sup> Bylaws, sec. 4.1(a).

December 11, 2017 date, there are no substantive differences between the draft report and the final report. Audit Report

The Audit Report contains an unqualified opinion on the accuracy of financial statements of the TT fund.<sup>16</sup> However, this opinion contains a critical qualification that calls into question the reliability of the financial statements to which the opinion pertains. It specifically disclaims any opinion on the effectiveness of the District's internal financial control system. It considers the District's internal controls only in so far as they are "relevant to the entity's preparation and fair presentation of the financial statements in order to design procedures that are appropriate in the circumstances, *but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.*"<sup>17</sup> (italics added)

The meaning of this tortured, oxymoronic language is unclear. The Committee reads it to mean that the auditor has considered the District's internal controls for booking the expenditures and accruals as they appear on its financials, *i.e.*, to determine whether the numbers track from initial recording to final financial statements, but not to determine whether such the expenses and accruals should have been booked that way in the first place.

Whatever the foregoing disclaimer means, it is difficult to reconcile with the requirements of the applicable Government Auditing Standards, which govern the instant audits.<sup>18</sup>

4.19 When providing an opinion or a disclaimer on financial statements, auditors should also report on internal control over financial reporting and on compliance with provisions of laws, regulations, contracts, or other agreements that have a material effect on the financial statements. Auditors reports on internal control and compliance, regardless of whether or not they identify internal control deficiencies or instances of noncompliance. [footnotes omitted]

4.20 Auditors should include either in the same or in in separate report(s) a description of the scope of the auditors' testing of internal control over financial reporting and of compliance with provisions of laws, regulations, contracts, or grant agreements. Auditors should also state in the reports whether the tests they performed provided sufficient,

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<sup>16</sup> "In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure "TT" General Obligation Bond Building Fund of Pasadena Unified School District, as of June 30, 2017, and the changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America." Audit Report, p. 2.

<sup>17</sup> Audit Report, "Auditor's Responsibility," p. 2

<sup>18</sup> There is no dispute that *Government Auditing Standards* govern, a fact which the Audit Report acknowledges. *Id.*

appropriate evidence to support opinions on the effectiveness of internal control and a compliance with provisions of laws, regulations, contracts, or grant agreements.

The Board of Education and the public are, of course, free to interpret the meaning of the auditor's disclaimer and to determine whether it meets the applicable auditing standards, but it seems to the Committee that if an entity's internal financial controls are inadequate to insure both consistent *and accurate* reporting of financial data, then the resulting financial statements are of dubious value. They certainly cannot be held out as proof of compliance with the law.<sup>19</sup>

No such ambiguity exists when it comes to the Audit Report's disclaimer of any opinion on the District's compliance with the law:

As part of obtaining reasonable assurance about whether Pasadena Unified School District's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. *However, in providing an opinion of compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.*" . . . (italics added)<sup>20</sup>

How the Audit Report reconciles this statement with sections 4.19 and 4.20 of Government Auditing Standards the Committee cannot fathom.

As previously noted, the law prohibits the use of school construction bond funds for "administrator salaries and other school operating expenses."<sup>21</sup> Before rendering the opinion that is part of the performance audit, the auditor stated that ". . . we verified that funds held in the Building Fund (21.1) [the TT construction fund] were not used for salaries or school administrators or *other operating expenses* of the District."<sup>22</sup> It is therefore amusing to see that the Statement of Revenues, Expenditures, and Changes in Fund Balance, which is an integral part of the District's financials blessed by the auditor, contains a category entitled "Services and *other operating expenditures*." These

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<sup>19</sup> For the purpose of illustration, assume that the District were to spend \$600,000 on replacing the roof of a school. The new roof has an estimated life of 25 years. The cost is erroneously recorded as a repair expense in a particular sub-account. This expense is ultimately combined with all other such expenses to produce one composite line item—"Repairs"—on the income statement. The District's internal controls insured that all of the repair numbers were charged to the correct repair sub-accounts and that they all added up properly. The problem, however, is that the expenditure should not have been classified as an expense to begin with.

<sup>20</sup> Audit Report, p. 13.

<sup>21</sup> California Constitution, Art XIII A, sec. 1(b)(3); Education Code sec. 15278(b).

<sup>22</sup> Audit Report, p. 15. Italics added for emphasis.



expenditures include such items as travel and conferences, repairs, and copier lease and repairs.<sup>23</sup> At least the District deserves credit for candor.

But not for completeness. The Audit Report also says nothing at all about the propriety of charging 100% of the compensation of 7 Facilities Department employees to the TT fund, a major bone of contention between the Facilities Department and the Committee during the past year.

In conclusion, while some of the issues raised in the forgoing critique of the Audit Report are subject to reasonable differences of opinion, there remain other significant, problematic issues that are either sidestepped by broad disclaimer or simply ignored. Thus, the Audit Report and the opinions contained in it can hardly be held up as a clean bill of health for the TT funds managed by the District. The Board should demand more of the District's auditor. A good start would be to insist that the auditor either comply with the applicable Government Auditing Standards or explain clearly why, notwithstanding its disclaimers, it thinks that it has done so. Another important step would be to negotiate a better contract with the auditor(s), one that does not permit the auditor(s) to disclaim a number of important opinions. A third improvement, one suggested by the Chief of Facilities, would be to have separate auditors for the financial and performance audits.

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<sup>23</sup> As is the case with legal services, whether other items like repairs, contracted services, and consultants were also operating expenses cannot be determined without knowing the *purpose* of those expenditures.

## **Closing**

The Committee hopes that this report will assist the Board in improving oversight and management of the Proposition TT school construction bond fund for the benefit of Pasadena school children, their parents, the City of Pasadena, and all its residents.

Respectfully submitted,

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Clifton B. Cates III  
Chair, Citizens' Oversight Committee

January \_\_, 2018

## **Members of the Citizens' Oversight Committee**

<u>Name</u>	<u>Term Expires</u>
Clifton B. Cates, Chair	March 1, 2018
Quincy Hocutt, Vice Chair	March 1, 2019
Gretchen Vance, Immediate Past Chair	March 1, 2018
Francis Boland	March 1, 2019
Steven Cole	March 1, 2019
Glenn DeVeer	March 1, 2018
Camille Dudley	March 1, 2019
Mike Mohit	March 1, 2019
Willie Ordonez	March 1, 2019
Mikala Rahn	March 1, 2019
Diana Verdugo	March 1, 2019
James Vitale	March 1, 2019
Jen Wang	March 1, 2018
Kimberly Kenne, Board Liaison	N/A

**BOARD OF EDUCATION  
PASADENA UNIFIED SCHOOL DISTRICT  
PASADENA, CALIFORNIA**

**Topic:** APPROVAL OF RESOLUTION 2437 AND CHANGE ORDER NO. 10 WITH G2K CONSTRUCTION FOR THE WASHINGTON ACCELERATED ELEMENTARY SCHOOL– NEW CONSTRUCTION/ CAMPUS ENRICHMENT PROJECT.

**RECOMMENDATION:** The Governing Board of the Pasadena Unified School District approves Change Order No. 10 with G2K Construction for the Washington Accelerated Elementary School – New Construction/ Campus Enrichment in the amount of \$265,687.67

**District Priority/Strategy:** To ensure a clean, safe, and orderly environment that supports learning.

**I. BACKGROUND**

On June 26, 2014 The Board of Education approved the contract for Construction for the Washington Accelerated Elementary School – New Construction/ Campus Enrichment project to G2K Construction in the amount of \$14,439,000.00. There were nine previous change orders in the amount of \$1,375,435.90 bringing the total value to \$15,814,435.90

**II. STAFF ANALYSIS**

District staff recommends the approval of Change Order No. 10 with G2K Construction for the Washington Accelerated Elementary School – New Construction/Campus Enrichment in the amount of \$265,687.67 this change order represents unforeseen conditions and Architect/ District requested scope changes and approved construction coordinated design items. With this change order (No. 10) the total contract value for the project will be \$16,080,123.57 and the total change order percentage will be 11.4% at approximately 93% completion of the overall project.

The Facilities Committee vetted this Board Report on January 25, 2018

**Attachments:** Resolution 2437  
Change Order No. 10

**III. FISCAL IMPACT**

Funds in an amount not to exceed \$265,687.67 are available in the Washington Elementary School Measure TT Account.

**Pasadena Unified School District**  
**Board of Education Agenda:** January 25, 2018  
**Prepared by:** Nelson M. Cayabyab, Chief Facilities Officer

**Funding code:** 21.1-95045.0-00000-85000-6270-0750000

Originator: Nelson Cayabyab, Chief Facilities Officer

**RESOLUTION OF THE GOVERNING BOARD OF THE  
PASADENA UNIFIED SCHOOL DISTRICT**

**RESOLUTION FOR APPROVAL OF ADDITIONAL PAYMENT TO G2K  
CONSTRUCTION, INC. FOR CERTAIN ADDITIONAL WORK AT  
WASHINGTON ACCELERATED ELEMENTARY SCHOOL**

**RESOLUTION NO. 2437**

**WHEREAS**, the Governing Board of the Pasadena Unified School District (“District”) previously awarded a contract for construction work at Washington Accelerated Elementary School (“Project”) to G2K Construction, Inc. (“G2K”);

**WHEREAS**, subsequent to the award of the contract for the Project, it was determined that additional work was necessary on the Project (“Change Order”) including unforeseen conditions and Architect/District scope changes required for design and construction completion and as more fully set forth in Exhibit ‘A’;

**WHEREAS**, G2K is intimately familiar with the Project and is ready, willing and able to perform the additional work set forth in the Change Order;

**WHEREAS**, the total cost for the Change Order is \$265,687.67 which, together with previous approved change orders, exceeds the limitations set forth in Public Contract Code section 20118.4;

**WHEREAS**, Public Contract Code section 20111(c) and Government Code section 53060 states that the competitive bidding requirements do not apply to professional or special services or advice;

**WHEREAS**, it would be more costly and time-consuming to bid this additional work since it is integral to the Project and the work being performed by G2K;

**WHEREAS**, competitive bidding the additional work covered by the Change Order would result in the delay of the completion of the Project;

**WHEREAS**, it would work an incongruity and not produce any advantage to the District to competitively bid the additional work set forth in the Change Order since such competitive bid work could result in multiple contractors being required to perform work more efficiently and effectively performed by G2K; and

**WHEREAS**, Meakin v. Steveland (1977) 68 Cal.App.3d 490 and Los Angeles Dredging v. Long Beach (1930) 210 Cal. 348 holds that statutes requiring competitive bidding do not apply when competitive bidding would work an incongruity or not produce any advantage.

**NOW, THEREFORE, BE IT RESOLVED that:**

The Board of Trustee of Pasadena Unified School District hereby declares

**Section 1.** That the above recitals are all true and correct.

**Section 2.** That it would work an incongruity and not produce any advantage to the District to competitively bid the completion of the additional work set forth in the Change Order.

**Section 3.** That the District approves the immediate completion of the additional work stated in the Change Order without competitively bidding such work and approves the District's payment to G2K in accordance with the terms and conditions set forth in the Change Order.

**Section 4.** That the completion and approval of the additional work stated in Change Order is necessary to ensure completion of the Project and use of the facilities by students and staff.

**Section 5.** That the Governing Board delegates to its Chief of Facilities authority to execute all agreements and complete all necessary documents for the additional work and to otherwise fulfill the intent of this Resolution.

**Section 6.** That this Resolution shall be effective as of the date of its adoption.

**PASSED, APPROVED, ADOPTED,** this \_\_\_\_ day of\_\_\_\_\_, at the board meeting of the Pasadena Unified School District Board of Education, Los Angeles County, California.

\_\_\_\_\_  
Roy Boulghourjian, President

\_\_\_\_\_  
Lawrence Torres, Vice President

\_\_\_\_\_  
Patrick Cahalan, Clerk

\_\_\_\_\_  
Michelle Richardson Bailey, Member

\_\_\_\_\_  
Kimberly Kenne, Member

\_\_\_\_\_  
Elizabeth Pomeroy, Member

\_\_\_\_\_  
Scott Phelps, Member

**EXHIBIT “A”**

**[*CHANGE ORDER*]**

CHANGE ORDER NUMBER # 10  
Page 1 of 6

**EXHIBIT P**

PASADENA UNIFIED SCHOOL DISTRICT

**CHANGE ORDER NUMBER 10**

**Distribution to:**

Owner: Pasadena Unified School District  
Architect: LPA, Inc.  
Contractor: G2K Construction, Inc.  
Inspector of Record: Ned Khachikian

**PROJECT:** Washington Accelerated Elementary School

**INITIATION DATE:** January 11, 2018  
**OWNER:** Pasadena Unified School District  
**ARCHITECT:** LPA, Inc.  
**CONTRACTOR:** G2K Construction, Inc.  
**D.S.A. File:** File # 19-80; A# 03-113658  
**CONTRACT DATE:** Nov. 03, 2014  
**COMPLETION DATE:** Dec. 21, 2016

**You are directed to make the following changes in this contract:**

**DETAILED DESCRIPTION OF CHANGES**

**ITEM NO. 01: COP 177 Gas Line Sleeve**

Provide and install gas service line sleeve at site entry point.

**REQUESTED BY:** G2K Construction, Inc.

**REASON FOR CHANGE:** Owner Request

<b>TOTAL</b>	<b>DOLLAR</b>	<b>AMOUNT</b>	<b>OF</b>
CHANGE.....		\$3,158.19	
CHANGE IN CONTRACT TIME .....		Zero	Calendar days

**ITEM NO. 02: COP 179 Exit Device Bracket**

Provide and install exit device end infill bracket.

**REQUESTED BY:** G2K Construction, Inc.

**REASON FOR CHANGE:** Agency (DSA - Bracket was not required at time of plan approval).

<b>TOTAL</b>	<b>DOLLAR</b>	<b>AMOUNT</b>	<b>OF</b>
CHANGE.....		\$548.81	



CHANGE IN CONTRACT TIME .....Zero Calendar days

**ITEM NO. 03: COP 181 Bldg. C Exterior Wall in Mechanical Well**

Construct exterior wall on the north side of Bldg. C's east mechanical equipment well.

REQUESTED BY: G2K Construction, Inc.

REASON FOR CHANGE: Owner Request

TOTAL	DOLLAR	AMOUNT	OF
CHANGE.....		\$69,166.20	
CHANGE IN CONTRACT TIME .....			14 Calendar days

**ITEM NO. 04: COP 185 Added Light Fixtures**

Provided and installed light fixtures in Bldg. C rooms 202B and 209.

REQUESTED BY: G2K Construction, Inc.

REASON FOR CHANGE: Owner request

TOTAL	DOLLAR	AMOUNT	OF
CHANGE.....		\$3,619.82	
CHANGE IN CONTRACT TIME.....			Zero Calendar days

**ITEM NO. 05: 192 Building C Interim Power**

Provide temporary power to Building C to test fire alarm system and HVAC equipment.

REQUESTED BY: G2K Construction, Inc.

REASON FOR CHANGE: Contractor

TOTAL	DOLLAR	AMOUNT	OF	CHANGE
.....		\$14,059.21		
CHANGE IN CONTRACT TIME .....				Zero Calendar days

**ITEM NO. 06: COP 193 Upgrade Security Cameras**

Upgrade project's security cameras.

REQUESTED BY: G2K Construction, Inc.

**EXHIBIT P**

REASON FOR CHANGE: Owner Request

TOTAL	DOLLAR	AMOUNT	OF	CHANGE
.....		\$3,631.87		
CHANGE IN CONTRACT TIME .....				Zero Calendar days

**ITEM NO. 07: COP 194 Hand Dryer Power**

Provide power to hand dryers in restrooms C101, C107, C114 and C115.

REQUESTED BY: G2K Construction, Inc.

REASON FOR CHANGE: Coordination

TOTAL	DOLLAR	AMOUNT	OF	CHANGE
.....		\$3,818.55		
CHANGE IN CONTRACT TIME .....				Zero Calendar days

**ITEM NO. 08: COP 201 Vent Screeds.**

Provide and install soffit vent screeds at Bldg. C's arcade and north entry.

REQUESTED BY: G2K Construction, Inc.

REASON FOR CHANGE: Owner Request

TOTAL	DOLLAR	AMOUNT	OF	CHANGE
.....		\$8,272.28		
CHANGE IN CONTRACT TIME .....				Zero Calendar days

**ITEM NO. 09: COP 206 Building D Air Curtains**

Construct ceiling recess at Bldg. D air curtain locations in Room 105.

REQUESTED BY: G2K Construction, Inc.

REASON FOR CHANGE: Coordination

TOTAL	DOLLAR	AMOUNT	OF	CHANGE
.....		\$6,182.04		
CHANGE IN CONTRACT TIME .....				Zero Calendar days

**EXHIBIT P**

**ITEM NO. 10: COP 207 Building C Top of Wall**

Provide and install material to seal top of selected classrooms wall in Bldg. C

REQUESTED BY: G2K Construction, Inc.

REASON FOR CHANGE: Owner Request

TOTAL	DOLLAR	AMOUNT	OF	CHANGE
.....		\$8,058.99		
CHANGE IN CONTRACT TIME .....		Zero Calendar days		

**ITEM NO. 11: COP 209 Temporary Path of Travel**

Revise route of faculty and student path of travel to accommodate shifting areas construction related to the site.

REQUESTED BY: G2K Construction, Inc.

REASON FOR CHANGE: Coordination

TOTAL	DOLLAR	AMOUNT	OF	CHANGE
.....		\$6,395.42		
CHANGE IN CONTRACT TIME .....		Zero Calendar days		

**ITEM NO. 12: COP 211 Building C Stair 3 Wall**

Fur west wall of Bldg. C' stair 03 to conceal structural steel

REQUESTED BY: G2K Construction, Inc.

REASON FOR CHANGE: Contractor

TOTAL	DOLLAR	AMOUNT	OF	CHANGE
.....		\$3,311.53		
CHANGE IN CONTRACT TIME .....		Zero Calendar days		

**ITEM NO. 13: COP 213R1 Storm Water Retention System**

Provide and install storm water retention system west of Bldg. C

REQUESTED BY: G2K Construction, Inc.

**EXHIBIT P**

REASON FOR CHANGE: Agency Request (LA County)

TOTAL DOLLAR AMOUNT OF CHANGE .....\$132,747.83  
CHANGE IN CONTRACT TIME .....Zero Calendar days

**ITEM NO. 14: COP 214 Building C Light layout**

Adjust classroom light fixture locations in selected rooms.

REQUESTED BY: G2K Construction, Inc.

REASON FOR CHANGE: Coordination

TOTAL DOLLAR AMOUNT OF CHANGE .....\$2,716.93  
CHANGE IN CONTRACT TIME .....Zero Calendar days

Not valid until approved by the School District, Contractor and Architect.

Signature of the Contractor indicates his agreement herewith, including any adjustment in the Contract Sum or Contract Time. The Architect has reviewed the figures submitted by the Contractor, and they have been reviewed and approved by the School District; we believe this request is valid and recommend your approval for acceptance.

Contractor accepts the terms and conditions stated herein as full and final settlement of any and all claims arising from this Change Order. Contractor agrees to perform the above described work in accordance with the terms herein and in compliance with the applicable sections of the contract documents. This change order is hereby agreed to, accepted, and approved, all in accordance with the General Conditions of the contract documents.

The original Contract Price was .....\$14,439,000.00

Net change by previously authorized Change Orders .....\$1,375,435.90

The Contract Price prior to this Change Order was .....\$15,814,435.90

The Contract Price will be increased by this Change Order.....\$265,687.67

**EXHIBIT P**

The Contract Price including this Change Order will be  
.....\$16,080,123.57

The Contract Time is changed by a total of Zero calendar days, therefore, the Date of Substantial Completion from the previously approved date of Dec. 21, 2016 remains unchanged.

<b>ARCHITECT:</b> LPA, Inc. 5161 California Ave. Suite 100 Irvine, CA 92617  By:  DATE: Sept. 25, 2017	<b>CONTRACTOR:</b> G2K Construction, Inc. 28348 Roadside Dr. Suite 205 Agora Hills, CA 91301  By:  DATE:	<b>OWNER:</b> Pasadena Unified School District 351 So. Hudson Avenue Pasadena, CA 91103  By:  DATE:
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**BOARD OF EDUCATION  
PASADENA UNIFIED SCHOOL DISTRICT  
PASADENA, CALIFORNIA**

**Topic:** APPROVAL TO AMEND AND INCREASE CONTRACT WITH THE RMA GROUP FOR SOIL AND MATERIALS INSPECTION AND TESTING SERVICES FOR THE WASHINGTON ACCELERATED SCHOOL CAMPUS ENRICHMENT PROJECT.

**Recommendation:** The Governing Board of the Pasadena Unified School District approves to amend and increase the contract with the RMA Group for Soils and Materials Inspection and Testing Services for the Washington Accelerated School Campus Enrichment Project in the amount not to exceed \$ 25,816.00

**District Priority/Strategy:** To ensure a clean, safe, and orderly environment that supports learning.

**I. BACKGROUND**

As required by the Division of the State Architect, and in compliance with the State Architect's office, special inspections and material testing firms are required to be available to the Inspector of Record during the construction of the project. On November 20, 2014 the Board of Education approved to award the contract in the amount of \$156,447.00 to RMA Group for Soil and Materials Testing and Inspection work for the Washington Accelerated School Campus Enrichment Project. A contract increase of 279,209.88 (for unforeseen soils mitigation, rain events, contractor delays and sequence of work issues) was subsequently approved by the Board on October 27, 2016, bringing the total contract price for RMA's testing services to \$435,656.88. Due to extended construction duration and contractor corrective work, additional inspection and testing is required.

**II. STAFF ANALYSIS**

District staff recommends approval of contract increase with RMA Group for construction inspection and testing services for the Washington Accelerated School Campus Enrichment Project in the amount not to exceed \$25,816.00. With this contract increase, the total value of the contract for services to RMA will be \$461,472.88.

The Facilities Committee vetted this Board Report on January 25, 2018

**Attachment:** RMA Proposal

**III. FISCAL IMPACT**

Funds in the total project amount not to exceed of \$25,816.00 are available in the Measure TT Account for the Washington Accelerated Elementary School project.

**Pasadena Unified School District**  
**Board of Education Agenda:** January 25, 2018  
**Prepared by:** Nelson Cayabyab, Chief Facilities Officer

Funding code: 21.1-95045.0-00000-85000-6250-0750000

DRAFT

**AGREEMENT BETWEEN CONSULTANT AND CLIENT**

**CHANGE ORDER NO.: 2**

Consultant: RMA Group

Date: August 7, 2017

Client: Pasadena Unified School District

RMA Job No.: 14-870-0

Client Project: Washington Unified School District Buildings C and D

An estimate proposal was prepared for the subject project prior to the project starting. A construction schedule prepared by G2K Construction dated October 27, 2014 was provided to us to aid in preparation of the proposal. Original completion date shown on the construction schedule, including punch list items was August 13, 2016. The current anticipated project completion date is January 2018. Based upon information provided by the District's project manager, it is expected that total remaining tests and inspections should be about 100 hours for sitework compaction testing and sitework concrete and reinforcing steel. Due to the extended construction duration along with reinspections, and the provided anticipated time to complete we have prepared this change order:

- Additional compaction testing of sitework and utility trench backfill. We have estimated 60 total hours of compaction testing to the completion of the project.
- Additional concrete sampling and testing of mainly sitework concrete. We have estimated 40 total hours of concrete sampling at the site along with 24 hours of batch plant inspections and 20 hours of post installed anchor inspection and testing along with associated materials testing of concrete cylinders and reinforcing steel. Also included is 20 hours of post installed anchor testing and inspection for ceiling wire hangers and wedge anchors in the bathrooms.
- Also included in this change order are 28 hours of welding special inspection for inspecting the moving of structural steel headers around the elevator shaft to their proper position. This inspection included the welding of the headers in their correct location and also complete removal of the welds from their prior position without damaging the structural steel columns they were attached to.

The attached estimate worksheet show the requested amounts of additional costs above our original estimate.

We will perform these services on an hourly or test rate basis in accordance to the fee schedule contained in our Professional Services Agreement and the attached estimate worksheet. The total requested additional estimated amount is \$25,816.00.

This will increase the amount from \$435,656.88 to \$461,472.88. In witness thereof, the parties have caused this agreement to be duly executed the day and year first above written.

**CLIENT**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**RMA Group**



Slawek Dymerski, PE

Title: Vice President

Date: August 7, 2017



**Table 1: Estimate Worksheet**

Item	Quantity	Unit	Rate	Estimated Cost
<b>Compaction Testing</b>				
Soil Technician - Compaction Testing	60	Hours	\$80.00	\$4,800.00
Maximum Density - Optimum Moisture	2	Ea	\$175.00	\$350.00
Supervising Soil Technician	6	Hours	\$100.00	\$600.00
Project Engineer	6	Hours	\$145.00	\$870.00
Administrative	8	Hours	\$40.00	\$320.00
				<b>\$6,940.00</b>

Item	Quantity	Unit	Rate	Estimated Cost
<b>Reinforced Concrete Inspection And Materials Testing</b>				
Concrete Technician (ACI)	40	Hours	\$80.00	\$3,200.00
Special Inspector-Concrete Batch Plant	24	Hours	\$80.00	\$1,920.00
Special Inspector-Post Installed Anchors	40	Hours	\$80.00	\$3,200.00
ID Reinforcing or Structural Steel	8	Hours	\$80.00	\$640.00
Field Supervisor-Inspector	8	Hours	\$100.00	\$800.00
Pick-up and Delivery of Test Specimens	10	Hours	\$55.00	\$550.00
Concrete Cylinders Cured and/or Comp Tested	48	Each	\$27.00	\$1,296.00
Tension & Bend Rebar (No. 11 or smaller)	2	Each	\$95.00	\$190.00
Anchor Pull Tests	20	Hours	\$78.00	\$1,560.00
Project Engineer	8	Hours	\$145.00	\$1,160.00
Administrative	12	Hours	\$40.00	\$480.00
				<b>\$14,996.00</b>

Item	Quantity	Unit	Rate	Estimated Cost
<b>Special Inspector - Structural Steel</b>				
Special Inspector-Structural Steel (AWS CWT) Field (Relocation of structural steel headers in Building C)	28	Hours	\$80.00	\$2,240.00
				<b>\$2,240.00</b>

Item	Quantity	Unit	Rate	Estimated Cost
<b>Final Project Closeout</b>				
Project Engineer	8	Hours	\$145.00	\$1,160.00
Administrative	12	Hours	\$40.00	\$480.00
				<b>\$1,640.00</b>

<b>Materials Testing &amp; Special Inspection Services</b>			<b>TOTAL</b>	<b>\$25,816.00</b>
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**BOARD OF EDUCATION  
PASADENA UNIFIED SCHOOL DISTRICT  
PASADENA, CALIFORNIA**

**Topic:** APPROVAL OF CHANGE ORDER NO. 2 WITH PINNER CONSTRUCTION FOR THE BLAIR IB MAGNET SCHOOL MODERNIZATION PROJECT.

**RECOMMENDATION:** The Governing Board of the Pasadena Unified School District approves Change Order No. 2 with Pinner Construction for the Blair IB Magnet School Modernization project in the amount not to exceed \$377,502.45

**District Priority/Strategy:** To ensure a clean, safe, and orderly environment that supports learning.

**I. BACKGROUND**

On February 23, 2017, the Board of Education approved the contract for Construction for the Blair IB Magnet School Modernization project to Pinner Construction in the amount of \$20,239,000. There has been one previous change order in the amount of \$149,360.50 bringing the total value to \$20,388,360.59.

**II. STAFF ANALYSIS**

District staff recommends the approval of Change Order No. 1 with Pinner Construction for the Blair IB Magnet School Modernization project in the amount not to exceed \$377,502.45. This change order represents unforeseen conditions and Architect/ District requested scope changes. With this change order (No. 2) the total contract value for the project will be \$20,765,863 and the total change order percentage will be 2.6% at approximately 30% completion of the overall project.

The Facilities Committee vetted this Board Report on January 25, 2018

**Attachments:** Change Order No. 2

**III. FISCAL IMPACT**

Funds in an amount not to exceed \$377,502.45 are available in the Blair IB Magnet School Modernization project Measure TT Account.

**Pasadena Unified School District**  
**Board of Education Agenda:** January 25, 2018  
**Prepared by:** Nelson M. Cayabyab, Chief Facilities Officer

**Funding code:** 21.1-95056.0-00000-85000-6270-0800000

Originator: Nelson Cayabyab, Chief Facilities Officer

## CHANGE ORDER NUMBER #02

**Distribution to:**

Owner: Pasadena Unified School District  
Architect: gkkWorks  
Contractor: Pinner Construction Co, Inc.  
Inspector of Record: Ned Khachikian

**PROJECT:** Blair IB Magnet School Modernization  
**INITIATION DATE:** 12/8/2017  
**OWNER:** Pasadena Unified School District  
**ARCHITECT:** gkkWorks  
**CONTRACTOR:** Pinner Construction Co, Inc.  
**D.S.A. File:** File # 19-H19; A# 03-113709

**CONTRACT DATE:** April 10, 2017  
**COMPLETION DATE:** November 21, 2018

**You are directed to make the following changes in this contract:**

**DETAILED DESCRIPTION OF CHANGE**

**ITEM NO. 01: PC# 011 New Walls in Restroom and Brace Existing Metal Stud Walls**  
Labor and material to remove and replace deteriorated walls in restrooms, brace top of walls in existing classrooms at 1st, 2nd, and 3rd floor.

REQUESTED BY: PUSD/Architect

REASON FOR CHANGE: Rusted condition at existing metal studs at restrooms. Classroom metal studs were not braced at the top.

TOTAL DOLLAR AMOUNT OF CHANGE.....\$36,235.12  
CHANGE IN CONTRACT TIME .....Zero Calendar days

**ITEM NO. 02: PC# 015 Demolition & removal of existing 12x40 Modular Restroom Bldg.**  
Credit for Labor and material to remove existing modular toilet room building at parking area.

REQUESTED BY: PUSD/Architect

REASON FOR CHANGE: The relocation was done by PUSD. District requested to remove building internally.

TOTAL DOLLAR AMOUNT OF CHANGE.....\$(1,205.82)  
CHANGE IN CONTRACT TIME .....Zero Calendar days

**ITEM NO. 03: PC# 016 Concrete Topping Removal**

Labor to remove and haul excess concrete topping slab at roof.

REQUESTED BY: PUSD/Architect

REASON FOR CHANGE: Unforeseen concrete slab topping at roof to be removed.

TOTAL DOLLAR AMOUNT OF CHANGE.....\$8,475.68

CHANGE IN CONTRACT TIME .....Zero Calendar days

**ITEM NO. 04: PC# 017R2 Additional Fire / Smoke Damper**

Labor and material to add 1 combination Fire/smoke Damper and FA connection.

REQUESTED BY: Architect

REASON FOR CHANGE: This addition was requested by DSA during the final review of an Addendum phase.

TOTAL DOLLAR AMOUNT OF CHANGE.....\$1,156.24

CHANGE IN CONTRACT TIME .....Zero Calendar days

**ITEM NO. 05: PC# 020 Service Sink at Janitor rooms**

Labor and material to add a service sink, faucet and hot water to janitor's room at 2<sup>nd</sup> and 3<sup>rd</sup> level.

REQUESTED BY: Architect

REASON FOR CHANGE: The sink and faucet were old and not working properly. There was not hot water originally. New hot water line was routed to this location.

TOTAL DOLLAR AMOUNT OF CHANGE.....\$12,856.40

CHANGE IN CONTRACT TIME .....Zero Calendar days

**ITEM NO. 06: PC# 021 Additional Steel Stud Furring**

Labor and material to add 16 gauge furred walls at science room to allow piping through concrete beams at lower levels.

REQUESTED BY: Architect

REASON FOR CHANGE: Existing concrete beam at lower level was too wide additional plumbing away from the beam was added.

TOTAL DOLLAR AMOUNT OF CHANGE.....\$8,436.95

CHANGE IN CONTRACT TIME .....Zero Calendar days

**ITEM NO. 07: PC# 027R1 Repair Damaged Pony Walls at High Roof**

Labor and material to remove portions of existing parapet walls and repair existing plaster at high roof above stair/fan area.

REQUESTED BY: Architect

REASON FOR CHANGE: The plaster at existing parapet walls facing the roof were removed to assess the extent of water damage.

TOTAL DOLLAR AMOUNT OF CHANGE.....\$31,949.42  
CHANGE IN CONTRACT TIME .....Zero Calendar days

**ITEM NO. 08: PC# 028 Install Area Drains**

Labor and material to install concrete curb and area drains at balcony 2<sup>nd</sup> and 3<sup>rd</sup> floors.

REQUESTED BY: Architect/District

REASON FOR CHANGE: The existing drainage system at existing seismic separation was leaking and repairs would not have solved the issue. New concrete curb was added to eliminate the water leak down into the lower levels and area drains were added to collect the water down to the storm drain system.

TOTAL DOLLAR AMOUNT OF CHANGE.....\$131,689.35  
CHANGE IN CONTRACT TIME .....Zero Calendar days

**ITEM NO. 09: PC# 038 Roof Drain**

Labor and material to add one roof drain at lower roof.

REQUESTED BY: Architect

REASON FOR CHANGE: The added roof drain eliminated the additional rigid insulation at lower roof parapet.

TOTAL DOLLAR AMOUNT OF CHANGE.....\$7,645.71  
CHANGE IN CONTRACT TIME .....Zero Calendar days

**ITEM NO. 10: PC# 041R1 Threaded Dowels**

Added cost to provide threaded dowels in lieu of rebars in concrete Block walls.

REQUESTED BY: Architect

REASON FOR CHANGE: Threaded dowels were required in lieu of rebars

TOTAL DOLLAR AMOUNT OF CHANGE.....\$6,503.46  
CHANGE IN CONTRACT TIME .....Zero Calendar days

**ITEM NO. 11: PC# 045      Replace Existing Sewer Lines**

Added cost to remove and replace existing underground site sewer lines at east and south of main building.

REQUESTED BY:          District

REASON FOR CHANGE: Upon further investigation, it was discovered that existing sewer lines are not functioning and in need of replacement.

TOTAL DOLLAR AMOUNT OF CHANGE.....\$43,158.12

CHANGE IN CONTRACT TIME .....Zero Calendar days

**ITEM NO. 12: PC# 046      Kitchen Can Wash**

Added ¾" water line to can wash area and add a hose bibb.

REQUESTED BY:          District

REASON FOR CHANGE: The existing can wash is not operating and needed new plumbing

TOTAL DOLLAR AMOUNT OF CHANGE.....\$2,812.15

CHANGE IN CONTRACT TIME .....Zero Calendar days

**ITEM NO. 13: PC# 048      Replace Existing cables at MDF**

Additional material and Labor to intercept and reroute the existing cables from MDF to an existing pull box near the driveway.

REQUESTED BY:          District/Architect

REASON FOR CHANGE: The existing pathways discovered to be at shallow portion where new plumbing lines were needed to be installed. Relocation of pathway and new 25 pair cable from MDF to existing pull box was required to keep existing electrical systems functioning.

TOTAL DOLLAR AMOUNT OF CHANGE.....\$10,118.16

CHANGE IN CONTRACT TIME .....Zero Calendar days

**ITEM NO. 14: PC# 052      Repair existing concrete floor**

Additional material and Labor to fix and repair existing damaged concrete floors at Bedroom 192, classrooms and restrooms 2<sup>nd</sup> and 3<sup>rd</sup> floor

REQUESTED BY:          District/Architect

REASON FOR CHANGE: At large band room the damage was visible after removal of raised wood platform.

At Toilet rooms in 2<sup>nd</sup> and 3<sup>rd</sup> floor, after demolition at toilet rooms, additional concrete was needed to provide acceptable thickness at restroom floors.

TOTAL DOLLAR AMOUNT OF CHANGE.....\$77,671.51

CHANGE IN CONTRACT TIME .....Zero Calendar days

Not valid until approved by the School District, Contractor and Architect.

Signature of the Contractor indicates his agreement herewith, including any adjustment in the Contract Sum or Contract Time. The Architect has reviewed the figures submitted by the Contractor, and they have been reviewed and approved by the School District; we believe this request is valid and recommend your approval for acceptance.

Contractor accepts the terms and conditions stated herein as full and final settlement of any and all claims arising from this Change Order. Contractor agrees to perform the above described work in accordance with the terms herein and in compliance with the applicable sections of the contract documents. This change order is hereby agreed to, accepted, and approved, all in accordance with the General Conditions of the contract documents.

The original Contract Price was .....\$20,239,000.00

Net change by previously authorized Change Orders .....\$149,360.50

The Contract Price prior to this Change Order was .....\$20,338,360.59

The Contract Price will be increased by this Change Order.....\$377,502.45

The Contract Price including this Change Order will be .....\$20,765,863.04

The Contract Time is changed by a total of 0 calendar days, therefore, the Date of Substantial Completion is **November 21, 2018**.

**ARCHITECT:**

gkkWorks  
155 South Fair Oaks Avenue  
Pasadena, CA 91105

By:

DATE: September 14, 2017

**CONTRACTOR:**

Pinner Construction Co, Inc.  
1255 S Lewis St  
Anaheim, CA 92805

By:

DATE:

**OWNER:** Pasadena Unified School

District  
351 South Hudson Avenue  
Pasadena, CA 91103

By:

DATE:



**BOARD OF EDUCATION  
PASADENA UNIFIED SCHOOL DISTRICT  
PASADENA, CALIFORNIA**

**Topic:** APPROVAL TO ACCEPT THE MEASURE “TT” CITIZENS’ OVERSIGHT COMMITTEE ANNUAL (FY 16-17) REPORT OF PASADENA UNIFIED SCHOOL MEASURE TT FACILITIES MODERNIZATION PROGRAM

**RECOMMENDATION:** The Governing Board of the Pasadena Unified School District approves to accept the COC’s Annual Report of Pasadena Unified School District for the Fiscal Year ended June 30, 2017

**District Priority/Strategy:** To ensure a clean, safe, and orderly environment that supports learning.

**I. BACKGROUND**

The Citizens’ Oversight Committee has the responsibility to monitor the expenditures of Proposition 39 Bond proceeds to insure that the district comply with the governing law, the State Constitution, the California Education Code and the voter approved bond language.

MTT Bond Issuance History: On November 4, 2008, the voters of the Pasadena Unified School District approved by more than 55% Measure “TT”, authorizing the issuance and sale of \$350 million of general obligation bonds. On September 17, 2009, the District issued Series 2009A of the Election of 2008 General Obligation bonds in the amount of \$125 million. On July 3, 2012, the District issued Series 2012 in the amount of \$125 million. On May 25, 2016, the District issued Series 2016 in the amount of \$100 million.

**II. STAFF ANALYSIS**

District staff recommends accepting as reported the Citizen’s Oversight Committee for the Measure “TT” General Obligation Bond Fund of Pasadena Unified School District for the Fiscal Year ended June 30, 2017.

The Facilities Committee vetted this Board Report on January 25, 2018.

**Attachments:** The FY 16-17 Citizen’s Oversight Committee Annual Report.

**III. FISCAL IMPACT**

None

**Pasadena Unified School District  
Board of Education Agenda:** January 25, 2018  
**Prepared by:** Nelson Cayabyab, Chief Facilities Officer

Funding Code: N/A

Originator: Nelson Cayabyab, Chief Facilities Officer

January 25, 2018

Draft of 12/14/17

**REPORT OF THE CITIZENS' OVERSIGHT COMMITTEE  
TO THE BOARD OF EDUCATION OF THE PASADENA UNIFIED  
SCHOOL DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

[date]

**Submission of Annual Report**

The Citizens' Oversight Committee of the Pasadena Unified School District hereby submits to the Board of Education this report for the fiscal year July 1, 2016 through June 30, 2107, as required by section 3.3 of the Committee's Bylaws.

**The Committee's Duties**

The Committee's mandatory duties are defined by the California Constitution, the California Education Code, and the Committee's bylaws. Under the Constitution and the Education Code, the purpose of the Committee is to inform the public whether the bond proceeds are used only for the "construction, reconstruction, rehabilitation, or replacement of school facilities . . . and not for any other purpose, including teacher and administrator salaries and other school operating expenses."<sup>1</sup> The bylaws specifically require that the Committee's annual report contain a statement whether the District is in compliance with those laws and a summary of the Committee's activities for the reporting year.<sup>2</sup> The bylaws also permit the Committee to review the District's management of bond proceeds and to make recommendations to improve efficiency and minimize costs.<sup>3</sup>

**Summary of the Committee's Findings**

During the past fiscal year, there have been several material violations by the District<sup>4</sup> of the law governing the expenditure of bond proceeds. In particular, bond proceeds have been spent on legal fees, staff salaries, consultant compensation, and other activities that are unrelated to school construction and rehabilitation. Despite repeated objections by the Committee, these deficiencies have not been corrected. Three other major deficiencies have made it unnecessarily difficult for the Committee, the Board, and the public to determine whether TT funds are being spent legally and wisely. First, the Committee has been unable to obtain from the District all of the information that the Committee needs to perform its oversight function. Second, the reporting of Proposition TT expenditures by the District is incomplete, confusing, and frequently inaccurate.

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<sup>1</sup> California Constitution, Art XIII A, sec. 1(b)(3); Education Code sec. 15278(b).

<sup>2</sup> Bylaws, sec. 3.3.

<sup>3</sup> Bylaws, sec. 4.1(c)

<sup>4</sup> The [Pasadena Unified School] District is the governmental entity legally responsible for the management of Proposition TT funds. Actual management is exercised by the Facilities Department of the District. Unless otherwise noted, all references in this report to "the District" can be read as references to the Facilities Department.

Third, the process for the budgeting of Proposition TT expenditures is haphazard and incoherent. This report addresses each of those subjects in turn and offers specific recommendations for correcting these deficiencies.

### **Impermissible Expenditures of TT Funds**

In fiscal year 2016-2017, the District spent \$66,151 on legal fees related to surplus property disposition and \$21,246 on general administrative expenses of the Facilities Department, a total of \$87,397. In the opinion of the Committee, neither type of expense is eligible for payment out of TT funds.<sup>5</sup> Note that \$87,397 to which the Committee takes exception is for 2016-2017 only. Legal fees related to property disposition for fiscal year 2015-2016 were \$38,398, and Facilities general administrative expenses were \$23,485, a total of \$61,883. The Committee has no idea what were the amounts of such legal fees in years before then.

Equally, if not more, problematic is the payment of Facilities Department staff compensation out of TT funds. According to information provided to the Committee by the District, 100% of the compensation of seven Facilities Department employees was charged to TT funds. Charging TT funds with a commensurate portion of employee compensation for work done on TT matters can be legitimate. However, it is improper to charge TT funds with 100% of staff compensation when it is clear that not all of those employees spent all of their time working on TT matters.<sup>6</sup>

Eighty-five percent of the compensation of the Director of Facilities was charged to TT funds and the Committee presumes, but does not know, that this was done in prior years. As previously noted, the California Constitution prohibits the use of school construction bond proceeds to pay “administrator salaries.” Is the Director of Facilities not an administrator? If he is not, who is the administrator of that Department? Does the Department operate without an administrator?

How much TT money are we talking about? Who knows? It is impossible to quantify the total amount of improper charges because, despite the Committee’s request, the District has failed to provide the Committee with any allocations between the TT and non-TT work performed by each employee. Furthermore, as in the case of legal fees, the Committee has no idea what were the amounts improperly charged to TT funds in prior fiscal years.

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<sup>5</sup> Since the close of the fiscal year, the Director of Facilities advised the Committee that legal fees attributable to the “7-11 Committee” would no longer be charged to TT and that the \$63,068, charged in 2016-2017 would be restored. Whether the former representation is accurate the Committee does not know. As of November 15, 2017, no such amounts have been restored.

<sup>6</sup> In October, 2017 one employee listed her various functions: “Construction Specialist, Athletic Field HS and MS Manager, Civic Center Permits Supervisor, Energy Conservation Manager, IPM Coordinator, LCP Tracker Manager, Muir Ranch Administrator, School Garden Designed/Builder, School Garden Student Intern Supervisor, and Volunteer Coordinator for Landscape Beautification Projects.”

In addition, the District charged other expenses like travel and conferences, office-related repairs, and copier leases to TT funds. Although the amounts involved were small, the principle is the same. TT funds are restricted funds and are not allowed to be used for prohibited expenses like “school operating expenses.”

In objecting to the use of TT funds to pay certain legal fees and 100% of employee compensation, the Committee provided its analysis to the District and supported its conclusions with the opinions of the Committee’s legal counsel. The District never provided the Committee with any substantive justification of its position and failed to take any corrective action. In essence, the District simply ignored the Committee—and continues to do so.

Various excuses have been offered for the District’s conduct. One is that the impermissible expenditures were mere bookkeeping errors, putting expenses into “the wrong bucket.” No, spending TT funds on unqualified activities was not a bookkeeping error. It was the use of funds for a prohibited purpose, a substantive legal violation. The practice cannot be justified by how it is booked, and a violation cannot be reversed by booking the payments in some other manner. It can be corrected only by restoring to the TT fund money that should not have been charged to it in the first place. To discourage this kind of conduct in the future, the Board needs to adopt clear, comprehensive written standards for the expenditure of TT funds and insist that the District adhere to them.

Another excuse is that any errors were trivial in relation to the \$350 million total bond issue. Is this assertion even true? Once again, who knows the total amount of impermissible expenditures? The District has not provided the information necessary to do so either for the 2016-2017 year or prior years. The total amount of expenses improperly charged to the TT fund since its inception undoubtedly runs into hundreds of thousands of dollars, not a trivial amount by most people’s standards, even if it is a small percentage of the total bond proceeds.

A more fundamental problem is that the law says that the District may not spend *any* TT funds on certain things. It matters not whether the amounts impermissibly spent were large or small in relation to the total bond issue. The same response applies to another excuse: “we have a job to do; let’s not get bogged down with all these technicalities.” The law is not a mere technicality. Compliance is not optional. The Committee appreciates that general funds are scarce, but when it comes to spending TT money, that fact is irrelevant. TT funds are restricted funds that cannot be used to cover shortfalls in other funding sources.

### **The Committee’s Difficulty in Obtaining Critical Information from the District**

The Committee needs certain information in order to perform its oversight function. First and foremost, it needs to know about *all* proposed expenditures of TT funds before the appropriation requests are approved by the Board and before the money

is spent. The Facilities Department usually provides to the Committee Board Reports<sup>7</sup> that end in the suffix “F” but not other Board Reports. Sometimes those non-F Board Reports call for the expenditure of TT funds, and the Committee learns of them only by chance. Sometimes the District does not even provide the Committee with “F” Board Reports.

The Committee needs basic information about the past, present, and future status of all TT projects in order to understand and report the Big Picture: how is the District managing the funds that the public entrusted to it for school construction, rehabilitation, and repair. Sometimes the Committee needs information about a particular project, either to address a potential problem with that project or to serve a broader purpose. For example, in May 2017 the Committee requested specific information about Norma Coombs in order to test the numbers in the April 2017 “spend-out plan.” **Exhibit** The Committee wanted to provide the District with an opportunity to explain how its current budget numbers are derived. To date, neither the data nor an explanation of how the numbers were derived has been offered, except for the dismissive remark, “We have a process.” It is an unacceptable budgeting practice to not be able to explain the source of a budget.

In the case of “dual purpose” expenditures, those properly allocable partly but not entirely to TT funds, the Committee—and, we believe, the Board—need a reasonable, fact-based allocation between the two portions. Prime examples of dual-purpose expenditures are legal fees and employee and consultant compensation. The District should provide the necessary information voluntarily in response to the Committee’s requests. The Committee should not be compelled to have to file a Public Records Act request to obtain the information necessary to perform its oversight function, as the Committee was compelled to do this past summer. **Exhibit**

While some of the Committee’s questions require the District to consult its records and respond with data, other questions can frequently be answered by a knowledgeable member of the Facilities Department. In practice, this means the Director of Facilities. Unfortunately, the Director no longer regularly attends Committee meetings, as he did up until 2017. Instead he has sent a staff member who, while fully cooperative, frequently cannot answer the substantive questions posed to him—other than to say, “please put your request in writing.” Barring a legitimate need to be elsewhere, the Director of Facilities needs to attend all Committee meetings in person.

### **Lack of Transparent Reporting of the Use of TT Funds**

Meaningful reporting of the expenditure of TT funds is essential in order for the public to see how those funds are being spent, what they are getting for their tax dollars, and whether they can trust the District with their money. The public and the Board need

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<sup>7</sup> “Board Reports” are the title of documents that are used by the District to request Board approval of proposed TT expenditures and commitments.

to be able to see, clearly and in one place, essential information about the financial and physical status of *all* TT-funded projects. With this information the Board and the public can see what was originally planned, what has actually happened, and what remains to be done. The report must account for all TT funds. It must account for all TT projects, whether in progress, completed, or abandoned. It is especially important that for each TT project, the Board and the public be able to compare amounts spent or obligated to date with the work actually done to date. If, for example, amounts spent and obligated to date are 75% of the total budgeted amount for a particular project but the job is only 40% completed, trouble is brewing. Unless the project is scaled back or abandoned, the budget will be exceeded. If, on the other hand, amounts spent and obligated are 75% of the total budgeted amount and the job is 70% completed, there is probably little to worry about. And it goes almost without saying that the report should be accurate.

To date no single report by the District provides this essential information in one, clear executive summary. The District's "budget status reports," which are discussed in detail below, do not compare amounts budgeted, committed, and spent with what is happening on the ground. Thus, an interested person (including a Board member) cannot determine whether a project is on track or on trouble. He cannot determine how much more money is needed to complete the project or when it is likely to be completed. He cannot estimate what TT funds will remain for other projects after the project is completed.

Since the beginning of 2017, the Committee has strongly urged the District to produce and update on a regular basis an executive summary of all TT-funded projects that would include the following basic information—in one place, in easily understandable format, and juxtaposed to permit comparison:

- The original budgeted amount, as approved by the Board
- The current budgeted amount Board, as approved by the Board
- The amount of TT funds committed to date
- The amount of TT funds spent to date
- Percentage of project completion
- Estimated date of completion
- Estimated remaining total cost of completion
- The variance between budgeted amount of estimated total cost of completion
- Identification of the contractor(s) and architects

Much more detailed information would still be available to everyone, but these few key pieces of information would answer the vast majority of questions the public is likely to ask and that the Board needs to be able to answer. Unfortunately, such a report still does not exist, nor has the District committed to produce one. The Committee has offered to prepare the report, but it has been unable to obtain from the District all of the information it needs to do so. All of the information needed either already exists or is

readily available to the District. The Committee has given the District a workable template. It would take little time to fill in the blanks each month.

### **The TT Budgeting Process**

The Committee's role in the TT budgeting process is a limited one: to make sure that TT funds are spent as promised in the original ballot proposition and as required by law. Otherwise, TT budgeting is the responsibility of the District and, ultimately, the Board. It is the Board which is responsible for setting priorities, allocating funds among eligible projects, and insuring that its decisions are properly implemented by the District. However, in addition to performing its principal mission, the Committee is authorized to review the District's efforts to "maximize bond proceeds" by reducing costs, incorporating efficiencies, and promoting efficiencies.<sup>8</sup> It is with that objective that the Committee offers its comments on the existing TT budgeting process.

In the Committee's opinion, the present TT budgeting process is unstructured, chaotic, and incoherent. Proper oversight is difficult at best and sometimes impossible. Although the consequences of these deficiencies are impossible to quantify, they almost certainly result in avoidable inefficiencies and unnecessary waste of public funds.

The Facilities Master Plan is supposed to establish priorities for school construction projects. The Plan, originally adopted in 2008, was supposed to have been updated every \_\_\_\_\_ years, but it has not been formally updated since 2012. It is difficult to budget without knowing what the budget is supposed to achieve.

The Board of Education approves updated budgets for the District on a regular basis, but those budgets do not contain sufficient detail to see on which projects in which order TT funds are going to be spent or whether proposed expenditures are consistent with previously approved budgets. The District periodically issues (in varying formats) "budget reports," but they suffer from several serious defects. The principal defect is their failure to match money spent or committed against actual achievement on the ground so that one can tell quickly where each TT project stands and where it is headed. A second major defect is that the budget reports do not account for all TT projects. A third major defect is that these critical documents are not available to the public. The February 15, 2017 report is the only one that has been posted. **Exhibit**

The budget reports are defective in other ways as well. For example, in the budget status report of February 15, 2017, the column entitled "% of Budget Spent" gives a misleading picture of the true cost of a project. What matters is not simply dollars spent as a percentage of the total budget but dollars spent *and committed to be spent* as a percentage of the total budget.

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<sup>8</sup> Bylaws, sec. 4.1©.

Another problem is that the budget reports lists projects that are not really projects and that may not be properly chargeable to TT. One example in the February 2017 report is Career Technical Education Projects,” for which \$11.4 million has been budgeted, \$2.7 million has been committed, and \$8.7 million remains. Career technical education refers to a series of academic and technical courses designed to prepare students for careers in professional and technical fields.<sup>9</sup> On its face Career Technical Education does not seem to involve the construction, renovation, or repair of a school. If, perhaps, TT funds are used to construct or repair the physical facilities necessary to teach the courses—for example, renovation of a machine shop to facilitate the teaching of shop mechanics—that would be legitimate, but the cost of the teachers, whether from within or without the District, or teacher training would not be.

In addition to the basic issue of legality, the inclusion of Career Technical Education in a TT budget distorts the budget and impugns its accuracy. Is it likely that the full amount budgeted will ever be spent? If so, on what? If not, where will the balance be spent? A budget item like Career Technical Education becomes an unallocated “pot of money,” a dark pool which can be shifted to some other project which needs more money. Squirreling unallocated money away in what appears to be a TT project construction account is hardly transparent budgeting. In construction, legitimate reserves are essential, but reserves should be clearly denominated as such, reasonable in amount, and approved by the Board.

The foregoing defects naturally cause the reader to question the reliability of the budget reports. It only makes matters worse that some published budget reports contain gross errors and omissions. For example, the February 15 report shows a total TT budget of \$343.8 million, which is close to the \$350 million total bond proceeds, but the budget report entirely omits Blair Middle School, which cost about \$14 million. The omission of a major project from a report that purports to account for all TT funds does not give one much confidence in the report. Matters have not improved since the close of the fiscal year. The Measure TT budget as of September 7, 2017 shows a current budget of \$418.6 million, a strange bit of optimism given that the total bond proceeds are \$350 million plus a small amount of interest income. The Committee questions whether anyone checks these reports before they are published. Whether or not that happens, gross errors like this call into question the accuracy of the other data contained in these reports.

In addition to its budget reports, the District issues various “spending plans,” which are intended to show how remaining TT funds should be spent.<sup>10</sup> The principal problem with these spending plans is that they do not show how the numbers shown on them were derived. Those numbers have changed frequently in the last few months

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<sup>9</sup> On the District’s website, CTE courses are defined as “a sequence of courses (which may include technical learning experiences) that provides individuals with the challenging academic and technical knowledge and skills the individuals need to prepare for further education and for careers in emerging and established professions and may lead to technical skill proficiency, a credential, a certificate, or a degree.”

<sup>10</sup> Since April 2007, the District has issued \_\_\_\_\_ versions of its spending plan.



without explanation. Of course, needs change over time, but necessary changes should be clearly identified, quantified, and explained.

### **The Essence of the Problem**

When it comes to the use and management of TT funds, oversight of the Facilities Department by the Board and the Committee has been and remains ineffective. The TT school bond construction program is a vast 10-year project that involves the expenditure of more than \$350 million on up to 27 schools. Effective oversight requires knowledge, commitment, time, and persistence, all of which the District possesses. The same cannot be said for the Board or the Committee. The Board has 7 part-time members, who have numerous responsibilities in addition to monitoring TT. The Committee has a maximum of 15 part-time unpaid volunteers, who do the best they can with limited resources but who have no power to do anything.

Even with such limitations, the Board and the Committee could probably provide adequate oversight—if the District cooperated in good faith. However, the Facilities Department resists effective oversight by the Committee—for the most part successfully given the District's two great advantages. First is its control of information, which it exercises in several fashions. It fails to provide all the information that the Committee needs while it offers to provide reams of information that is neither useful nor desired. It dribbles out important information piecemeal so that it is difficult for the Committee to see the big TT picture. (It does so for the Board as well.) It promises to deliver but then does not.

But the District's greater advantage is its knowledge that the Committee has no real power—no power to compel the production of information, no power to compel any action. Thus, the Facilities Department can slow-walk its responses to the Committee's requests for information or ignore them entirely. The Department can ignore any findings or recommendations by the Committee that the Department does not like in the knowledge that unless the Board becomes involved—which the Board rarely does—the District can continue doing whatever it wants with TT funds. It is reasonable to assume that the Board and the public wish TT funds to be spent as promised in the original ballot measure and as required by law. If this is the goal, there appear to be only two possible solutions: the District can cooperate with the Committee or the Board can begin to give serious consideration to the Committee's findings and recommendations and implement the ones it deems meritorious. At least the Board has the power to do so.

### **Recommendations**

The following recommendations by the Committee, if adopted by the Board and implemented in good faith by the District, would largely remedy the numerous problems identified in this report.

- Reforms to facilitate the review of specific TT expenditures

- All proposed expenditures of TT funds should be submitted to the Committee before they are submitted to the Board. This is the modus operandi of the Los Angeles Unified School District.
- The Committee (and the Facilities Committee of the Board) should be given adequate time to review the proposed expenditures.
- Proposed dual-purpose expenditures should state a reasonable, fact-based allocation between TT and non-TT funds.
- All proposed TT expenditures that are disapproved by the Committee but nevertheless desired by the District should receive special scrutiny by the Board. If the Committee's disapproval is supported by the opinion of its independent counsel, then at the very least the District should obtain the opinion of its counsel before the Board makes a final decision.
- Reforms to present or correct impermissible expenditure of TT funds
  - The Board should adopt clear, comprehensive standards for the expenditure of TT funds and insist that the District adhere to them or explain why it is not doing so. The Committee has already adopted such detailed standards. The Board is not obligated to adopt them wholesale, but at least they are a good template for what the standards should cover.
  - The District should appoint an employee who is entirely independent of the Facilities Department as an internal auditor of the expenditure of TT funds to insure that all such expenditures comply with the law and have been approved by the Board.
  - If the Board concludes that TT funds have been improperly spent, then the District should be required to reimburse the TT account within 30 days of the Board's finding.
- Reforms to insure that the Committee receives the information necessary to perform its oversight function
  - The Board should direct the District to respond promptly and in good faith to all reasonable requests for information by the Committee.
  - If the District cannot comply, then the District should advise the Committee in writing why it cannot and suggest an alternative means of giving the Committee what it needs.
  - Absent special circumstances, the Director of Facilities should be required to attend all Committee meetings for their duration.
- Reforms to insure that the public is kept currently apprised of the status of TT projects and the TT fund

- The Board should direct the District to prepare an overall summary of the status of TT projects similar to the report recommended by the COC.
- All-important reports, such as project status, budget status, spend-out plans, should be revised no less often than quarterly, but preferably monthly, and posted on both the District's and the COC's website.
- Reforms to improve the budgeting process. **Kim, help.**
  - Monthly budget reports should be prepared and issued by personnel under the control of the Finance organization of the PUSD, not by the Facilities Department, which should solely be responsible for design and construction, not for the reporting of its performance.
  - The Facilities Committee of the PUSD should be restructured to include a Finance representative, and a standing agenda item must be a review of the status of the budget expenditures and construction progress.

### **Major accomplishments and Failures of the Committee during the Fiscal Year**

The most significant accomplishment of the Committee during the past fiscal year has been the increased scope and intensity of its oversight of the expenditure of TT funds, as summarized in the preceding pages of this report. In addition, the Committee, with the assistance of the District, has arranged for a verbatim transcript of every Committee meeting so that anyone can determine exactly what was said and done without having to rely on meeting minutes, which are but a summary. The Committee also adopted detailed standards for the expenditure of TT funds, standards which it applies in recommending approval or disapproval of proposed TT expenditures.<sup>11</sup> The Committee has referred several legal issues to its independent counsel for advice and has received counsel's opinions, on which the Committee has relied in making its findings and recommendations. Finally, the Committee has made it a policy to post in a timely fashion *all* significant documents on its website, including the following: meeting agendas, documents, minutes, and transcripts; all recommendations and reports to the District and the Board; all governing legal standards; and all requests for information. The Committee believes that the public deserves no less.

Honest self-evaluation is next to impossible, but the Committee nonetheless has attempted to grade itself in the following areas:

- In exercising vigorous oversight of the expenditure of TT funds: A-
- In publicizing its oversight activities to the Board and the public: B

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<sup>11</sup> The Committee sought the District's input in drafting these standards, but the District declined to participate saying that the law is an adequate guide.

- In persuading the District to provide necessary information to the Committee: C-
- In persuading the District to improve the budgeting process: D
- In preventing impermissible TT expenditures: D-
- In causing the correction of impermissible TT expenditures: F

The low grades in the last four categories are not for want of effort. Rather, they reflect the reality that the Committee has no power to compel anything. Its only power is the power of publicity. To achieve results, the Committee must rely on Board action, District cooperation, and public involvement.

### **Review of the Independent Financial and Performance Audits**

The California Constitution requires that the District conduct an independent annual performance audit “to ensure that the [school construction bond] funds have been expended only on the specific projects listed.”<sup>12</sup> The Constitution also requires an independent annual financial audit “of the proceeds from the sale of bonds until all of those proceeds have been expended for the school facilities projects.”<sup>13</sup> The purpose of the financial audit is to review the District’s financial statements of the TT fund to see whether they present fairly, in all material respects, the financial position of the fund and to note changes in financial position from the preceding year. The purpose of the performance audit is to determine whether TT funds were spent in accordance with governing law. The Education Code permits the Committee, as part of its oversight function, to review these audits,<sup>14</sup> as do the Committee’s bylaws.<sup>15</sup>

The Committee has reviewed this year’s undated draft audit reports, which were first provided to the Committee on November 30, 2017. The Committee stresses that these are *draft* reports containing unsigned draft opinions. No one knows whether or how the drafts will change. It is indisputable, however, that as of the date of this writing, *no* opinions have been rendered. The following comments are based on the assumption that the final audit reports will be identical to the draft received on November 30 (henceforth, the “Draft Audit”).

The Draft Audit contains an unqualified opinion on the accuracy of financial statements of the TT fund.<sup>16</sup> However, this opinion contains a critical qualification that calls into question the reliability of the financial statements to which the opinion pertains. It specifically disclaims any opinion on the effectiveness of the District’s internal

<sup>12</sup> Constitution, Art XIII A, sec. 1(b)(3)(C).

<sup>13</sup> Constitution, Art. XIII A, sec. 1(b)(3)(D).

<sup>14</sup> Educ. Code sec. 15278(c)(1)-(2).

<sup>15</sup> Bylaws, sec. 4.1(a).

<sup>16</sup> “In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure ‘TT’ General Obligation Bond Building Fund of Pasadena Unified School District, as of June 30, 2017, and the changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.” Draft Audit, p. 2.

financial control system. It considers the District's internal controls only in so far as they are "relevant to the entity's preparation and fair presentation of the financial statements in order to design procedures that are appropriate in the circumstances, *but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.*"<sup>17</sup>

The meaning of this tortured, oxymoronic language is unclear. The Committee reads it to mean that the auditor has considered the District's internal controls for booking the expenditures and accruals as they appear on its financials, *i.e.*, to determine whether the numbers track from initial recording to final financial statements, but not to determine whether such the expenses and accruals should have been booked that way in the first place.

Whatever the foregoing disclaimer means, it is difficult to reconcile with the requirements of the applicable Government Auditing Standards, which govern the instant audits.<sup>18</sup>

4.19 When providing an opinion or a disclaimer on financial statements, auditors should also report on internal control over financial reporting and on compliance with provisions of laws, regulations, contracts, or other agreements that have a material effect on the financial statements. Auditors reports on internal control and compliance, regardless of whether or not they identify internal control deficiencies or instances of noncompliance. [footnotes omitted]

4.20 Auditors should include either in the same or in separate report(s) a description of the scope of the auditors' testing of internal control over financial reporting and of compliance with provisions of laws, regulations, contracts, or grant agreements. Auditors should also state in the reports whether the tests they performed provided sufficient, appropriate evidence to support opinions on the effectiveness of internal control and a compliance with provisions of laws, regulations, contracts, or grant agreements.

The Board of Education and the public are, of course, free to interpret the meaning of the auditor's disclaimer and to determine whether it meets the applicable auditing standards, but it seems to the Committee that if an entity's internal financial controls are

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<sup>17</sup> Draft Audit, "Auditor's Responsibility," pp. 2, 12,

<sup>18</sup> There is no dispute over this assertion, which the Draft Audit acknowledges. *Id.*

inadequate to insure both consistent *and accurate* reporting of financial data, then the resulting financial statements are of dubious value. They certainly cannot be held out as proof of compliance with the law.<sup>19</sup>

No such ambiguity exists when it comes to the Draft Audit's disclaimer of any opinion on the District's compliance with the law:

As part of obtaining reasonable assurance about whether Pasadena Unified School District's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. *However, in providing an opinion of compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.*" . . . (italics added for emphasis)<sup>20</sup>

How the Audit Report reconciles this statement with sections 4.19 and 4.20 of Government Auditing Standards the Committee cannot fathom.

As previously noted, the law prohibits the use of school construction bond funds for "administrator salaries and other school operating expenses."<sup>21</sup> Before rendering the opinion that is part of the performance audit, the auditor stated that ". . . we verified that funds held in the Building Fund (21.1) [the TT construction fund] were not used for salaries or school administrators or *other operating expenses* of the District."<sup>22</sup> It is therefore amusing to see that the Statement of Revenues, Expenditures, and Changes in Fund Balance, which is an integral part of the District's financials blessed by the auditor, contains a category entitled "Services and *other operating expenditures*." These expenditures include such items as travel and conferences, repairs, and copier lease and repairs.<sup>23</sup> At least the District deserves credit for candor.

This report has previously raised the issue whether the Chief of Facilities, 85% of whose compensation is charged to TT, is an "administrator." (If he is not, then there is no administrator in the Facilities Department—or, more precisely, there is only 15% of a person). The Audit Report simply concludes, with no discussion or analysis, that no TT

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<sup>19</sup> For the purpose of illustration, assume that the District were to spend \$600,000 on replacing the roof of a school. The new roof has an estimated life of 25 years. The cost is erroneously recorded as a repair expense in a particular sub-account. This expense is ultimately combined with all other such expenses to produce one composite line item—"Repairs"—on the income statement. The District's internal controls insured that all of the repair numbers were charged to the correct repair sub-accounts and that they all added up properly. The problem, however, is that the expenditure should not have been classified as an expense to begin with.

<sup>20</sup> Draft Audit, p. 13.

<sup>21</sup> California Constitution, Art XIII A, sec. 1(b)(3); Education Code sec. 15278(b).

<sup>22</sup> Audit Report, p. 15. Italics added for emphasis.

<sup>23</sup> As is the case with legal services, whether other items like repairs, contracted services, and consultants were also operating expenses cannot be determined without knowing the *purpose* of those expenditures.

funds were used for “salaries of school administrators.” The Draft Audit also says nothing about the propriety of charging 100% of the compensation of 7 Facilities Department employees to the TT fund.

In conclusion, while some of the issues raised in the forgoing critique of the Draft Audit are subject to reasonable differences of opinion, there remain other significant, problematic issues that are either sidestepped by broad disclaimer or simply ignored. Thus, the Audit Report and the opinions contained in it can hardly be held up as a clean bill of health for the TT funds managed by the District. The Board should demand more of the District’s auditor. A good start would be to insist that the auditor either comply with the applicable Government Auditing Standards or explain clearly why, notwithstanding its disclaimers, it thinks that it has done so.

**BOARD OF EDUCATION  
PASADENA UNIFIED SCHOOL DISTRICT  
PASADENA, CALIFORNIA**

**Topic:** APPROVAL OF CIVIC CENTER PERMIT FACILITY USE FEES REVENUE SHARING, BR 105-F, BE RESCINDED, EFFECTIVE JULY 1, 2018 – JUNE 30, 2020, TO FISCALLY SUPPORT THE DISTRICT'S BUDGET.

**Recommendation:** The Governing Board of the Pasadena Unified School District approve the revenue gained from facility use fees, to be distributed solely to the General Fund, effective July 1, 2018 - June 30, 2020.

**District Priority/Strategy:** To ensure a clean, safe, and orderly environment that supports learning.

- I. BACKGROUND** On June 9, 2009, Board Report 105-F was approved by the Board to distribute revenue earned from facility rental through the Civic Center Permit process, 30% to the District, 30% to a holding account and 40% to the school site hosting the rental.
- II. STAFF ANALYSIS** Due to the current state of the District's budget, staff is recommending all facility fee revenue, no longer be distributed per BR 105-F, for a period of two years. Rather all revenue go directly to the General Fund to assist with the current budget to maintain solvency.

The Facilities Committee vetted this Board Report on January 25, 2018

**Attachment:** Civic Center Permits Revenue earned matrix, including Direct Costs and facility fees distributed, FY 2012/2013, 2013/2014, 2014/2015, 2015/2016, 2016/2017.

- III. FISCAL IMPACT** School sites' loss of 70% revenue, from Civic Center Permit Facility use fee rentals

**Pasadena Unified School District**  
**Board of Education Agenda:** January 25, 2018  
**Prepared by:** Nelson M. Cayabyab, Chief Facilities Officer

**Funding code:** N/A

Originator: Nelson M. Cayabyab, Chief Facilities Officer



Title	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Staffing Fees Rev Rec	Revenue	Revenue	Revenue	Revenue	Revenue
Custodial Services	91,402	77,058	75,878	87,509	35,548
Stage Manager	8,130	11,950	4,980	5,604	660
Event security	13,665	35,380	12,265	20,060	7,795
Total Staff Fees REC	113,197	124,388	93,123	113,173	44,003
DIRECT COSTS Rev Rec	FY 13/14 REC	FY 14/15 REC	FY 15/16 REC	FY 16/17 REC	FY 17/18 REC
Admin fee (Utilites)	8,473	9,153	5,346	14,033	15,525
App fee	13,450	13,200	12,023	13,177	3,820
Field lighting	5,138	14,193	2,123	8,077	0
Portable restrooms	4,650	8,154	2,820	4,965	2,125
Total Direct Cost Rev	31,711	44,700	22,312	40,252	21,470
Facillity Fee Rev Rec	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
District Revenue	\$64,185.00	167861.82	169697.16	206,890	62,056
Holding Revenue	\$64,185.00	164779.31	172566.64	102,731	70,173
School Revenue	\$85,180.00	220850.22	217489.76	148,496	74,712
Total FF Revenue	213,550	553,491	559,754	458,117	206,941
Total Revenue received	358,458	722,579	675,189	611,542	272,414

**BOARD OF EDUCATION  
PASADENA UNIFIED SCHOOL DISTRICT  
PASADENA, CALIFORNIA**

**Topic:** APPROVAL OF ARCHITECTURAL AND ENGINEERING FEE SERVICES PROPOSAL FOR JACKSON ELEMENTARY PORTABLE ADDITION.

**Recommendation:** The Governing Board of the Pasadena Unified School District approves the fee services proposal for Jackson Elementary portable addition

**District Priority/Strategy:** To ensure a clean, safe, and orderly environment that supports learning.

**I. BACKGROUND**

Jackson ES staff has requested three additional portables for additional programming. Washington ES has three unused portables that will be relocated to the Jackson Elementary campus. The district will dismantle and transport all three portables under a separate contract.

**II. STAFF ANALYSIS**

District staff recommends approving the Proposal for Jackson ES Portable Addition

The Facilities Committee vetted this Board Report on January 25, 2018

**Attachments:** Fee Proposal for Jackson Elementary School Portable Addition

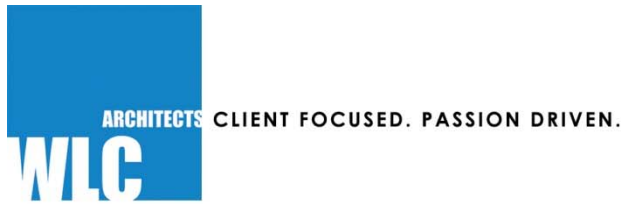
**III. FISCAL IMPACT**

Funds in an amount not to exceed \$196,757 are available in the Measure TT

**Pasadena Unified School District**  
**Board of Education Agenda:** January 25, 2018  
**Prepared by:** Nelson Cayabyab, Chief Facilities Officer

Funding code: 21.1-95052.0-00000-85000-6210-0280000

Originator: Nelson Cayabyab, Chief Facilities Officer



December 7, 2017

Mr. Nelson Cayabyab  
Chief Facilities Officer  
Pasadena Unified School District  
740 Woodbury Road  
Pasadena, CA 91103

Re: Architectural / Engineering Services Fee Proposal  
**Jackson Elementary School Portable Addition**  
Project 1727300.06

Dear Mr. Cayabyab:

WLC Architects, Inc. is pleased to submit a proposal to provide architectural/engineering design services to the Pasadena Unified School District for the above mentioned project.

Per your request, we have included the scope of work on the installation of the three relocated portables from the Washington School site to the Jackson School site. It is our understanding that the three portables will have PC drawings, so we can assist the District in obtaining the DSA approval via the over-the-counter review process. The District will provide the dismantling and transporting of the three portables under a separate contract.

Since the Board approval for the parking lot expansion project (WLC Project 1612701) was already obtained in the amount of \$156,611.00, we are requesting to continue invoicing on the remaining bidding, construction administration, and project closeout phases from that project. The parking lot expansion project was DSA approved on April 28, 2017. It is our understanding that the District will bid and construct the three portables and the parking lot expansion as a package and understands that there are two DSA application numbers.

Please refer to the attached Exhibit A for the itemized cost breakdown.

**Scope of Work and Services:**

WLC will provide Pasadena Unified School District with architectural and engineering design services including but not limited to preparing plans and specifications.

We anticipate that the projects at Jackson Elementary School will require the following disciplines:

- Architectural Design
- Civil Engineering
- Electrical Engineering

Mr. Nelson Cayabyab  
Architectural/Engineering Services Fee Proposal  
Jackson Elementary School Portable Addition  
Project 1727300.06  
December 7, 2017  
Page 2

Our work will be spread across the phases as defined in the Master Agreement and invoices shall be prepared to match the following percentages:

Schematic Design Phase	10%
Design Development Phase	20%
Construction Documents Phase	40%
Bidding Phase	5%
Construction Administration Phase	20%
Project Closeout Phase	5%
<b>Total Fee:</b>	<b>100%</b>

**Excluded Services:**

The following services are specifically excluded from the services anticipated within the proposal.

- DSA Plan Check Fees
- DSA Inspector of Record
- Special Inspection and Material Testing
- Topographic and Boundary Survey Engineering
- Site Geotech/Soil Borings
- Fire Hydrant Flow Test
- Geotechnical Investigations
- Hazardous Material Studies and Reports
- SWPPP and WQMP Studies
- Seismic Safety Studies and Reports
- Fire Sprinkler Design
- Commissioning per Green Code
- CDE Project Review Fees
- Utility City/County Fees and Inspections
- CEQA Consultant
- Furniture, Fixtures, and Equipment (FFE)

**Fee Proposal:**

WLC estimates that the professional fees are based on a percentage of the construction costs.

<b>Modernization Sliding Scale</b>	<b>\$</b>	<b>196,797.00</b>
12% of the first \$500,000		23,616.00
<b>Total Fee</b>	<b>\$</b>	<b>23,616.00</b>

Mr. Nelson Cayabyab  
Architectural/Engineering Services Fee Proposal  
Jackson Elementary School Portable Addition  
Project 1727300.06  
December 7, 2017  
Page 3

**Reimbursable/Additional Expenses:**

Reimbursable expenses will be limited to DSA submittal and bid set printing costs. Other additional services will be proposed by WLC and approved by Pasadena Unified School District prior to commencing any additional design work.

**Schedule:**

WLC understands that time is of the essence and we are prepared to commence work on the construction documents upon being given a Notice to Proceed. WLC understands the PUSD would like to start construction of the work as soon as possible. Below is the anticipated project schedule:

Task	Scheduled Start	Scheduled Finish
Schematic Design Phase	January 2018	January 2018
Design Development Phase	February 2018	February 2018
Construction Document Phase	February 2018	February 2018
DSA Plan Check Submittal and Approval	March 2018	March 2018
Bidding and Negotiation Phase	April 2018	May 2018
Construction Administration Phase	May 2018	December 2018

If this proposal meets your approval, please sign and return it to my office.

Sincerely,



ROBERT J. HENSLEY  
Architect, AIA  
LEED™ AP  
Chairman, Principal

RJH:KW:gs/P017273000x1-prp

Approved by,

---

NELSON CAYABYAB  
Chief Facilities Officer  
Pasadena Unified School District

Attachment: Exhibit A

cc: Nanette Piccini, Director, Accounting, Associate, WLC Architects, Inc.  
Stephanie Quintero, Assistant, Director of Accounting, WLC Architects, Inc.  
Konni Wong, LEED™ AP BD+C, Senior Project Manager, WLC Architects, Inc.

**JACKSON ES PORTABLE ADDITION**

Project No: 1727300.02

December 6, 2017

**Exhibit A**

<b>Project Description</b>	<b>Qty</b>	<b>Units</b>	<b>Unit Cost</b>	<b>Funding Amount</b>	
<b>A</b> Install 3 relocated portables with PC approved dwgs	3	ea	35,000	\$105,000	
<b>B</b> Remove (E ) tree	2	ea	650	\$1,300	
<b>C</b> Remove (E ) basketball pole	2	ea	750	\$1,500	
<b>Subtotal</b>				<b>\$107,800</b>	
<b>Construction Cost Subtotal</b>				<b>\$107,800</b>	
Site Contingency (Unforeseen Condition)		15%		\$16,170	
Small Project Factor		35%		\$37,730	
Bond/Insurance		4%		\$4,312	
Contractor O,H & P		15%		\$16,170	
<b>Construction Cost Total</b>				<b>\$182,182</b>	
Escalation (8% per year)		8%		\$14,575	
<b>PROJECTED CONSTRUCTION COST TOTAL</b>				<b>\$196,757</b>	

**BOARD OF EDUCATION  
PASADENA UNIFIED SCHOOL DISTRICT  
PASADENA, CALIFORNIA**

**Topic:** APPROVAL TO DECLARE ELIOT MIDDLE SCHOOL PROPOSITION 39 (CALIFORNIA CLEAN ENERGY JOBS ACT) DESIGN BUILD PROJECT CONSTRUCTION, BOARD REPORT #1201 JUNE 22, 2017, AS A “SUBSTANTIALLY COMPLEX” PUBLIC WORKS PROJECT

**RECOMMENDATION:** The Governing Board of the Pasadena Unified School District approves the declaration of the Eliot Middle School Proposition 39 (California Clean Energy Job Act) Design Build Project Construction, Pasadena Unified School District Board Report #1201 June 22, 2017, as a substantially complex public works project.

**District Priority/Strategy:** To ensure a clean, safe, and orderly environment that supports learning

**I. BACKGROUND:**

As of January 1, 2012, Public Contract Code section 7201 set a statutory retention limit of five percent (5%). An exception to this limitation is projects that are deemed “substantially complex.” Pursuant to the procedures set forth in Public Contract Code section 7201 a school district may find that a project is substantially complex and requires a higher retention amount than 5%. The process for this determination by districts is set forth in Public Contract Code section 7201(b)(4). The decision of a project being “substantially complex” can be made by the Governing Board or designee.

**II. STAFF ANALYSIS:**

Due to the complexity of this project staff is recommending that this project be declared “substantially complex” and require a higher retention amount of ten percent (10%).

The Facilities Committee vetted this Board Report on January 25, 2018.

**III. FINANCIAL IMPLICATIONS:**

None.

**Pasadena Unified School District**  
**Board of Education Agenda:** January 25, 2018  
**Prepared by:** Nelson Cayabyab, Chief Facilities Officer

**Funding Code:** 21.1- 95146.0-0000-85000-6275-0700000

**BOARD OF EDUCATION  
PASADENA UNIFIED SCHOOL DISTRICT  
PASADENA, CALIFORNIA**

**Topic:** APPROVAL TO DECLARE MARSHALL FUNDAMENTAL SCHOOL PROPOSITION 39 (CALIFORNIA CLEAN ENERGY JOBS ACT) DESIGN BUILD PROJECT CONSTRUCTION, BOARD REPORT #1202 JUNE 22, 2017, AS A “SUBSTANTIALLY COMPLEX” PUBLIC WORKS PROJECT

**RECOMMENDATION:** The Governing Board of the Pasadena Unified School District approves the declaration of the Marshall Fundamental School Proposition 39 (California Clean Energy Job Act) Design Build Project Construction, Pasadena Unified School District Board Report #1202 June 22, 2017, as a substantially complex public works project.

**District Priority/Strategy:** To ensure a clean, safe, and orderly environment that supports learning

**I. BACKGROUND:**

As of January 1, 2012, Public Contract Code section 7201 set a statutory retention limit of five percent (5%). An exception to this limitation is projects that are deemed “substantially complex.” Pursuant to the procedures set forth in Public Contract Code section 7201 a school district may find that a project is substantially complex and requires a higher retention amount than 5%. The process for this determination by districts is set forth in Public Contract Code section 7201(b)(4). The decision of a project being “substantially complex” can be made by the Governing Board or designee.

**II. STAFF ANALYSIS:**

Due to the complexity of this project staff is recommending that this project be declared “substantially complex” and require a higher retention amount of ten percent (10%).

The Facilities Committee vetted this Board Report on January 25, 2018.

**III. FINANCIAL IMPLICATIONS:**

None.

**Pasadena Unified School District**  
**Board of Education Agenda:** January 25, 2018  
**Prepared by:** Nelson Cayabyab, Chief Facilities Officer

**Funding Code:** 21.1-95146.0-00000-85000-6275-0950000



Construction Status Report January 2018

School	Resource Code	Project's Scope of Work	Progress/issues Jan 10, 2018	Project Phase	Date in Phase	Schd. compl. Date actual phase	Jan 2018 Report Expected date completion total project	% of compl. Jan '18	Project Mgr.	Architect	Contractor	Inspector
Blair HS	95056.0	Modernization of the existing main building.	<b>Completed:</b> Exterior curbs at balconies (3rd floor) Steel Structures for additions Concrete footings @ new bldg. <b>On going:</b> Instalaltion of door frames Installation of MEP systems. Interior walls layout & framing Instalation of underground utilities	CONSTRUCTION	4/4/17	11/21/18	11/21/18	38%	Anson & Kris	GKK	Pinner Construction	Ned Kachikian
John Muir HS	95183.0	KLRNS TV & Black Box Studio	Training & commissioning	CONSTRUCTION	6/10/16	6/5/17	NOC expected to be approved at Feb Board Meeting	100%	George K.	PJHM	The Nazerian Group	Knowland Construction Inspections
John Muir HS	95051.0	The project consists of: New theatrical equipment, stage rigging New architectural upgrades at the auditorium and cafeteria. Brand new kitchen equipment and serving lines. Exterior improvements, a new amphitheater is designated to allow outdoor assembly/gathering area opened up from the cafeteria. Fire alarm upgrade throughout the campus Bleachers replacement at the gym.	<b>Completed:</b> Drain piping at parking area to S infiltration pit, paving patched; grease trap in place, backfilled and compacted . <b>On going:</b> Footings, wall formwork, and concrete placement at the Mustang Café Storm sewer lines and inlets Plumbing, electrical and HVAC rough-ins at Kitchen, Cafeteria & Mechanical Room Fire alarm campus wide Site utilities	CONSTRUCTION	9/19/16	3/18/18	3/18/18	Modernization 80% Kitchen 80% Gym Bleachers 70%	George K.	WLC	The Nazerian Group	Knowland Construction Inspections
Norma Coombs ES	95133.0	New admin building and classrooms (4)	<b>On going:</b> Roofing membrane installation Building framing Rough plumbing Rough electrical (installing boxes) Chilled water piping trenching	CONSTRUCTION	6/17/17	12/29/18	12/29/18	35%	Anson, Kris & Sam	Flewelling & Moody	Shenk Development	Donald B. Blayney
Pasadena HS	95075.0	Modernize the existing gym and locker rooms.	<b>Completed:</b> Floor slab at Boys Lockers room <b>On going:</b> Sitegrading and site utilities Bleacher fabrication Framing @ Boys & Girls Locker room Gym Electrical, Fire sprinklers and ceiling Insulation HVAC @ Gym and Locker rooms	CONSTRUCTION	11/28/16	5/27/18 Estimated completion: Gym End of April 2018 Locker rooms May 2018	5/27/18	55%	George K.	F & M	The Nazerian Group	PRIEST Construction Services
Washington ES	95045.0	Modernization •New 10,000 SF Multipurpose & Kitchen Building •New 19,000 SF Classroom Building (13 classrooms) •Associated site work and Playground improvements	<b>On going:</b> Clsssrom Bldg. interior finishes Concrete flatwork (site) Landscape irrigation Bldg. "D", MPR & Kitchen punchlist corrections	CONSTRUCTION	11/3/14	MPR Mid February 2017, Classroom Building late February 2018	7/1/2018	93.0%	Anson & Kris	LPA	G2K	Ned Kachikian



# Pasadena Unified School District

## Facilities Department Active Projects

1/17/2018



# Pasadena Unified School District

## Project list

Blair HS

John Muir HS

Pasadena HS

Washington ES

Norma Coombs ES

# Blair HS

## School Modernization

Framing and MEP  
installation on 2<sup>nd</sup> and 3<sup>rd</sup>  
floor – on going

Dec 20, 2017- Jan 17, 2018



[Return to projects list](#)

# Blair HS

## School Modernization

Underground utilities  
already installed , slab  
pouring pending

Dec 20, 2017- Jan 17, 2018



[Return to projects list](#)

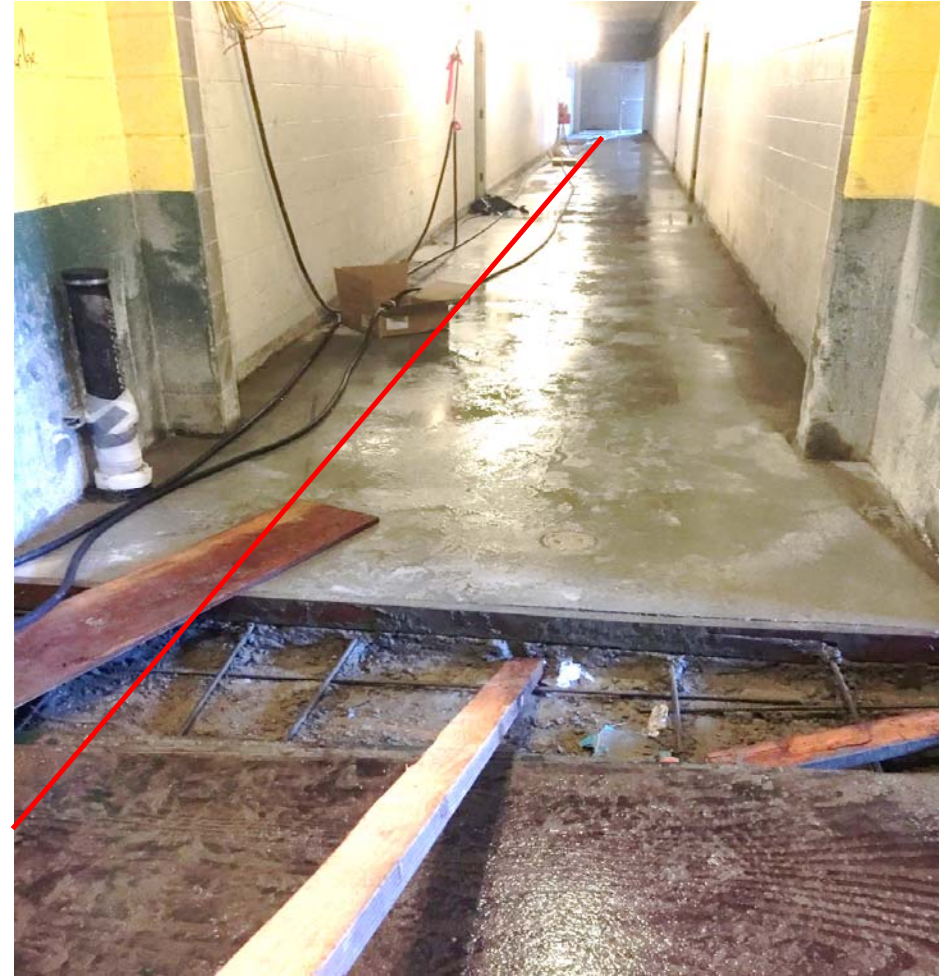


# Blair HS

## School Modernization

Underground utilities (not visible) along red line already installed and with concrete floor slab already poured (partially)

Dec 20, 2017- Jan 17, 2018



[Return to projects list](#)

# Blair HS

## School Modernization

New door frames  
installation – on going

Dec 20, 2017- Jan 17, 2018



[Return to projects list](#)

# Blair HS

## School Modernization

HVAC units already in place

Dec 20, 2017- Jan 17, 2018



[Return to projects list](#)



# Blair HS

## School Modernization

HVAC ducts ready to be installed

Dec 20, 2017- Jan 17, 2018



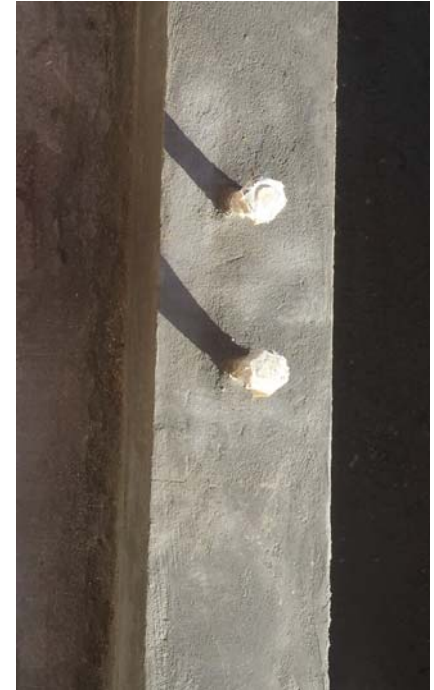
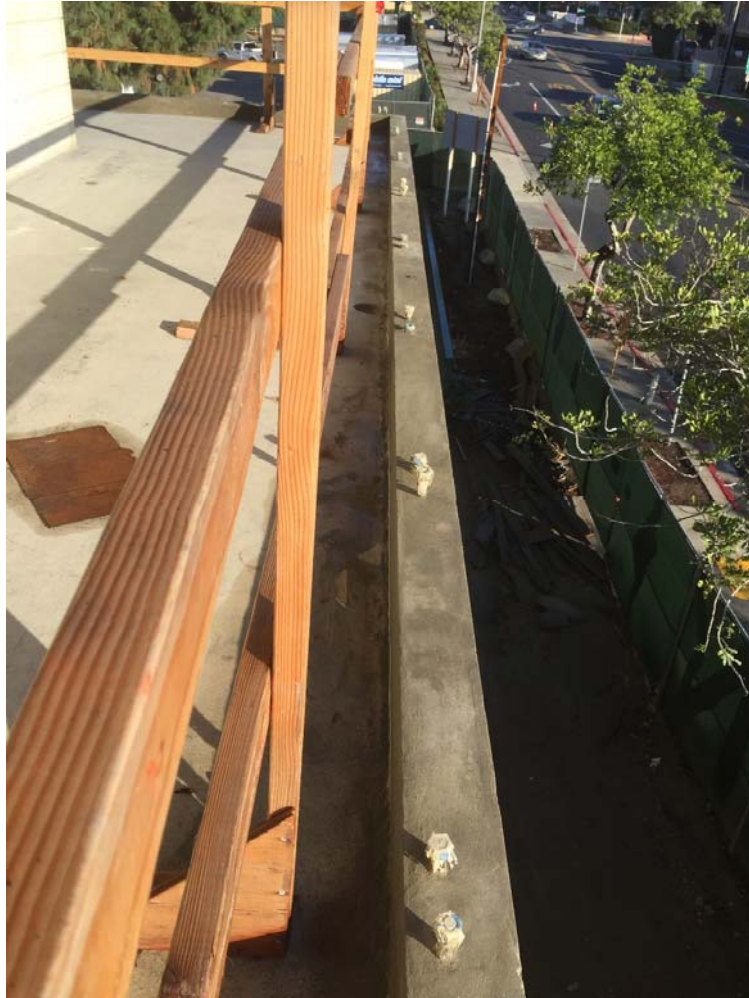
[Return to projects list](#)

# Blair HS

## School Modernization

Railing connectors  
already in place

Dec 20, 2017- Jan 17, 2018



[Return to projects list](#)

# John Muir HS

Auditorium  
Rough electrical @ E wall

Dec 20, 2017- Jan 17, 2018



[Return to projects list](#)



# John Muir HS

Auditorium  
Rough electrical @ E wall  
Framing @ 2<sup>nd</sup> level

Dec 20, 2017- Jan 17, 2018



[Return to projects list](#)

# John Muir HS

Auditorium  
Under seat mushroom  
vents been removed

Dec 20, 2017- Jan 17, 2018



[Return to projects list](#)

# John Muir HS

## Amphitheater

Retaining Wall #1 –  
stripped of formwork.

Dec 20, 2017- Jan 17, 2018





# John Muir HS

## Amphitheater

Back of Retaining Wall  
#1, with waterproofing  
coating

Dec 20, 2017- Jan 17, 2018



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# John Muir HS

Amphitheater  
E retaining wall  
Storm water inlet  
already installed

Dec 20, 2017- Jan 17, 2018





# John Muir HS

## Amphitheater

Formwork prep for  
concrete pour of  
Retaining Wall #2

Dec 20, 2017- Jan 17, 2018



[Return to projects list](#)

# John Muir HS

## Amphitheater Retaining Wall # 2 concrete pouring

Dec 20, 2017- Jan 17, 2018



[Return to projects list](#)



# John Muir HS

Excavating for fresh  
air intake on east side  
of Auditorium

Dec 20, 2017- Jan 17, 2018



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# John Muir HS Amphitheater panoramic view No.1



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# John Muir HS Amphitheater panoramic view No.2



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[Return to projects list](#)

# John Muir HS

## Amphitheater W side view

Dec 20, 2017- Jan 17, 2018



[Return to projects list](#)



# John Muir HS

Amphitheater  
Backfilling over  
back-of-wall drain  
system at Retaining  
Wall #2.

Dec 20, 2017- Jan 17, 2018



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# John Muir HS

## Amphitheater Excavation for Retaining Wall #3

Dec 20, 2017- Jan 17, 2018



[Return to projects list](#)



# John Muir HS

## Amphitheater Excavation for Retaining Wall #3

Dec 20, 2017- Jan 17, 2018



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[Return to projects list](#)

# John Muir HS

Amphitheater  
Form work and rebar  
installation for Retaining  
Wall #3

Dec 20, 2017- Jan 17, 2018



[Return to projects list](#)



# John Muir HS

Amphitheater  
Form work and rebar  
installation for Retaining  
Wall #3

Dec 20, 2017- Jan 17, 2018



[Return to projects list](#)

# John Muir HS

Steel support beams at underside of low roof behind stage.

Dec 20, 2017- Jan 17, 2018



[Return to projects list](#)

# John Muir HS

## Steel support for new HVAC unit

Dec 20, 2017- Jan 17, 2018



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[Return to projects list](#)



# John Muir HS

Steel support beams  
under floor deck at  
Dresssing rooms

Dec 20, 2017- Jan 17, 2018



[Return to projects list](#)

# John Muir HS

Old roofing, on west side  
(behind) of stage, removed  
leaving bare concrete deck.  
Curbs already laid out for  
new HVAC unit

Dec 20, 2017- Jan 17, 2018



[Return to projects list](#)



# Washington ES

## Classroom Building View from NW

Dec 20, 2017- Jan 17, 2018

**WASHINGTON** Elementary  
**STEM** Magnet  
**WASHINGTON ELEMENTARY STEM MAGNET**  
*Science, Technology, Engineering and Mathematics*



[Return to projects list](#)



# Washington ES

Classroom Building  
Concrete slab prep for  
pouring

Dec 20, 2017- Jan 17, 2018

**WASHINGTON** Elementary  
**STEM** Magnet  
**WASHINGTON ELEMENTARY STEM MAGNET**  
*Science, Technology, Engineering and Mathematics*



[Return to projects list](#)

# Washington ES

Classroom Building  
Concrete slab prep for  
pouring

Dec 20, 2017- Jan 17, 2018

**WASHINGTON** Elementary  
**STEM** Magnet **WASHINGTON ELEMENTARY STEM MAGNET**  
*Science, Technology, Engineering and Mathematics*



[Return to projects list](#)

# Washington ES

Classroom Building  
W stairway precast  
steps installation

Dec 20, 2017- Jan 17, 2018

**WASHINGTON** Elementary STEM Magnet  
**WASHINGTON ELEMENTARY STEM MAGNET**  
Science, Technology, Engineering and Mathematics



[Return to projects list](#)

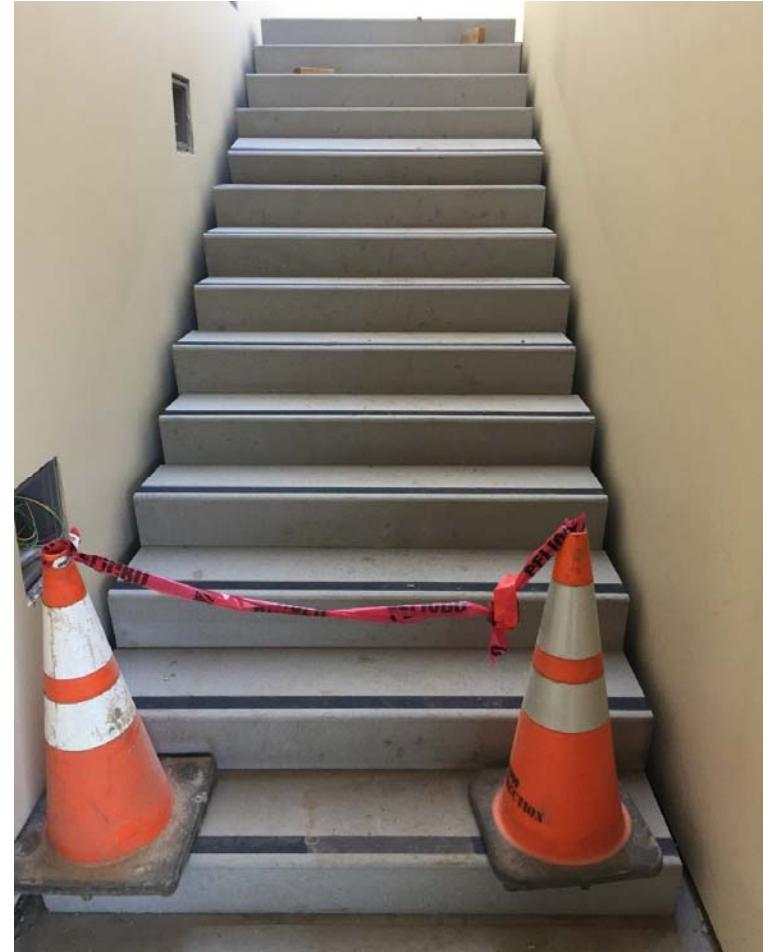


# Washington ES

Classroom Building  
N stairway precast steps  
installation

Dec 20, 2017- Jan 17, 2018

**WASHINGTON** Elementary STEM Magnet  
**WASHINGTON ELEMENTARY STEM MAGNET**  
Science, Technology, Engineering and Mathematics



[Return to projects list](#)

# Washington ES

Installation of  
sprinklers in green  
areas surrounding  
Classroom Building

Dec 20, 2017- Jan 17, 2018

**WASHINGTON** Elementary  
**STEM** Magnet **WASHINGTON ELEMENTARY STEM MAGNET**  
*Science, Technology, Engineering and Mathematics*



[Return to projects list](#)

# Washington ES

Installation of  
sprinklers in green  
areas surrounding  
Classroom Building

Dec 20, 2017- Jan 17, 2018

**WASHINGTON** Elementary  
**STEM** Magnet **WASHINGTON ELEMENTARY STEM MAGNET**  
Science, Technology, Engineering and Mathematics



[Return to projects list](#)



# Washington ES

Installation of  
sprinklers in green  
areas at NW corner of  
Classroom Building

Dec 20, 2017- Jan 17, 2018

**WASHINGTON** Elementary  
**STEM** Magnet  
**WASHINGTON ELEMENTARY STEM MAGNET**  
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[Return to projects list](#)

# Washington ES

Installation of  
sprinklers in green  
areas N of Multi  
Purpose Room

Dec 20, 2017- Jan 17, 2018

**WASHINGTON** Elementary  
**STEM** Magnet **WASHINGTON ELEMENTARY STEM MAGNET**  
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[Return to projects list](#)

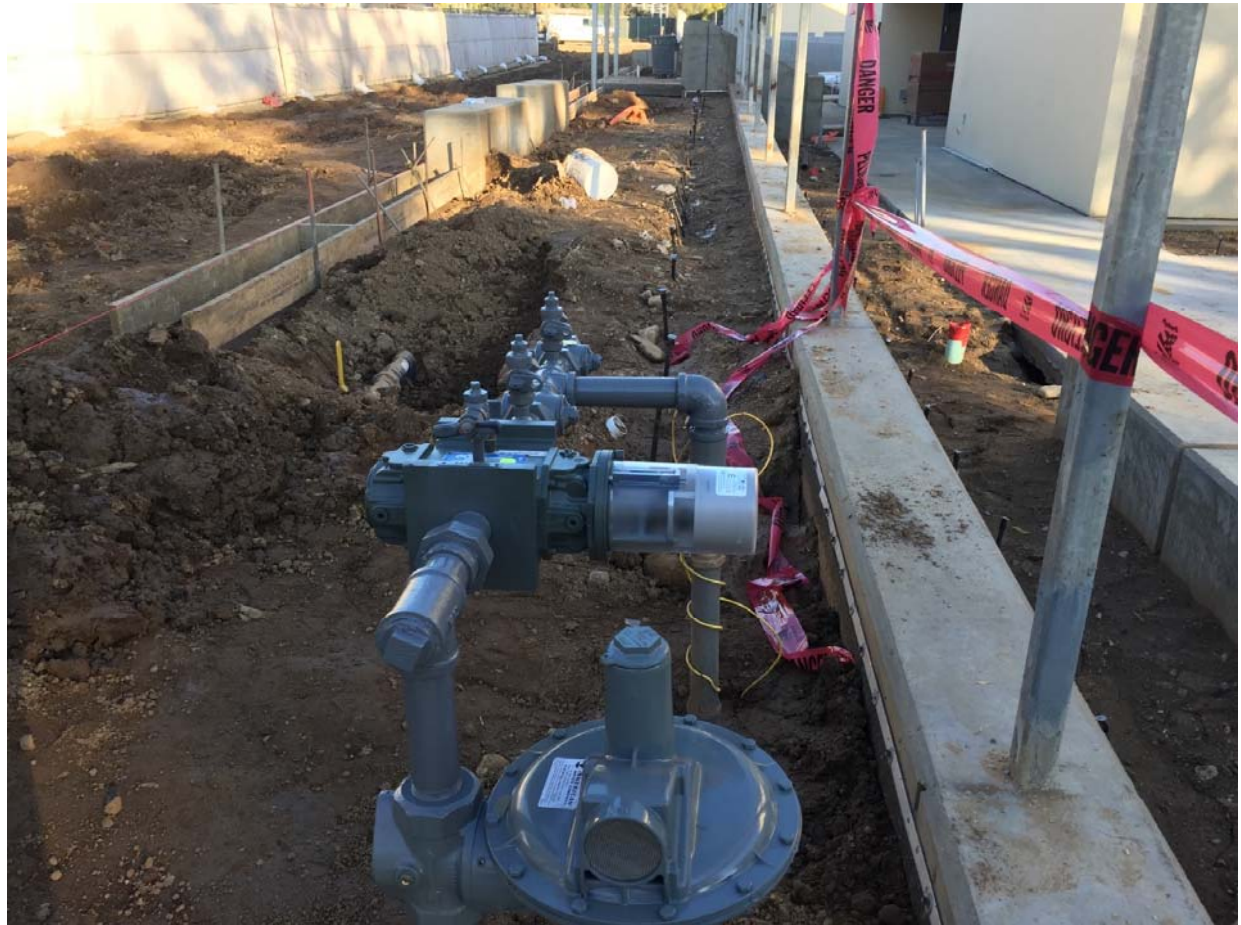


# Washington ES

Water main valves  
already installed

Dec 20, 2017- Jan 17, 2018

**WASHINGTON** Elementary STEM Magnet  
Science, Technology, Engineering and Mathematics



[Return to projects list](#)

# Washington ES

Side walk and fence  
poles along Howard  
St., looking east

Dec 20, 2017- Jan 17, 2018

**WASHINGTON** Elementary  
**STEM** Magnet **WASHINGTON ELEMENTARY STEM MAGNET**  
*Science, Technology, Engineering and Mathematics*



[Return to projects list](#)



# Washington ES

Side walk and fence  
poles along Howard St.,  
looking west

Dec 20, 2017- Jan 17, 2018

**WASHINGTON** Elementary  
**STEM** Magnet **WASHINGTON ELEMENTARY STEM MAGNET**  
*Science, Technology, Engineering and Mathematics*



[Return to projects list](#)

# Washington ES

Side walk prep for  
concrete pouring  
S side of campus

Dec 20, 2017- Jan 17, 2018

**WASHINGTON** Elementary  
**STEM** Magnet **WASHINGTON ELEMENTARY STEM MAGNET**  
Science, Technology, Engineering and Mathematics



[Return to projects list](#)



# Washington ES

Class Room Building  
Main entrance prep  
for concrete pouring

Dec 20, 2017- Jan 17, 2018

**WASHINGTON** Elementary  
**STEM** Magnet **WASHINGTON ELEMENTARY STEM MAGNET**  
Science, Technology, Engineering and Mathematics



[Return to projects list](#)

# Pasadena HS Modernization

HVAC units for all  
three buildings already  
on site

Nov 15 – Dec 20, 2017



**PASADENA HIGH SCHOOL**  
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# Pasadena HS Modernization

Girls Locker Room  
Locker pads pouring

Nov 15 – Dec 20, 2017



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# Pasadena HS Modernization

Girls Locker Room  
Framing - on going

Nov 15 – Dec 20, 2017



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# Pasadena HS Modernization

Girls Locker Room  
Framing & duct work  
straps- on going

Nov 15 – Dec 20, 2017



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# Pasadena HS Modernization

Girls Locker Room  
Rod anchor bolt testing

Nov 15 – Dec 20, 2017



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# Pasadena HS Modernization

Boys Locker room  
prior to concrete  
pouring

Nov 15 – Dec 20, 2017



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# Pasadena HS Modernization

Boys showers prior  
to concrete placement

Nov 15 – Dec 20, 2017



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[Return to projects list](#)

# Pasadena HS Modernization

Boys Locker room  
Concrete pouring

Nov 15 – Dec 20, 2017



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[Return to projects list](#)

# Pasadena HS Modernization

Boys Locker room  
Day after concrete  
placement

Nov 15 – Dec 20, 2017



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[Return to projects list](#)



# Pasadena HS Modernization

Boys Locker Room  
Curb forming - on  
going

Nov 15 – Dec 20, 2017



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[Return to projects list](#)



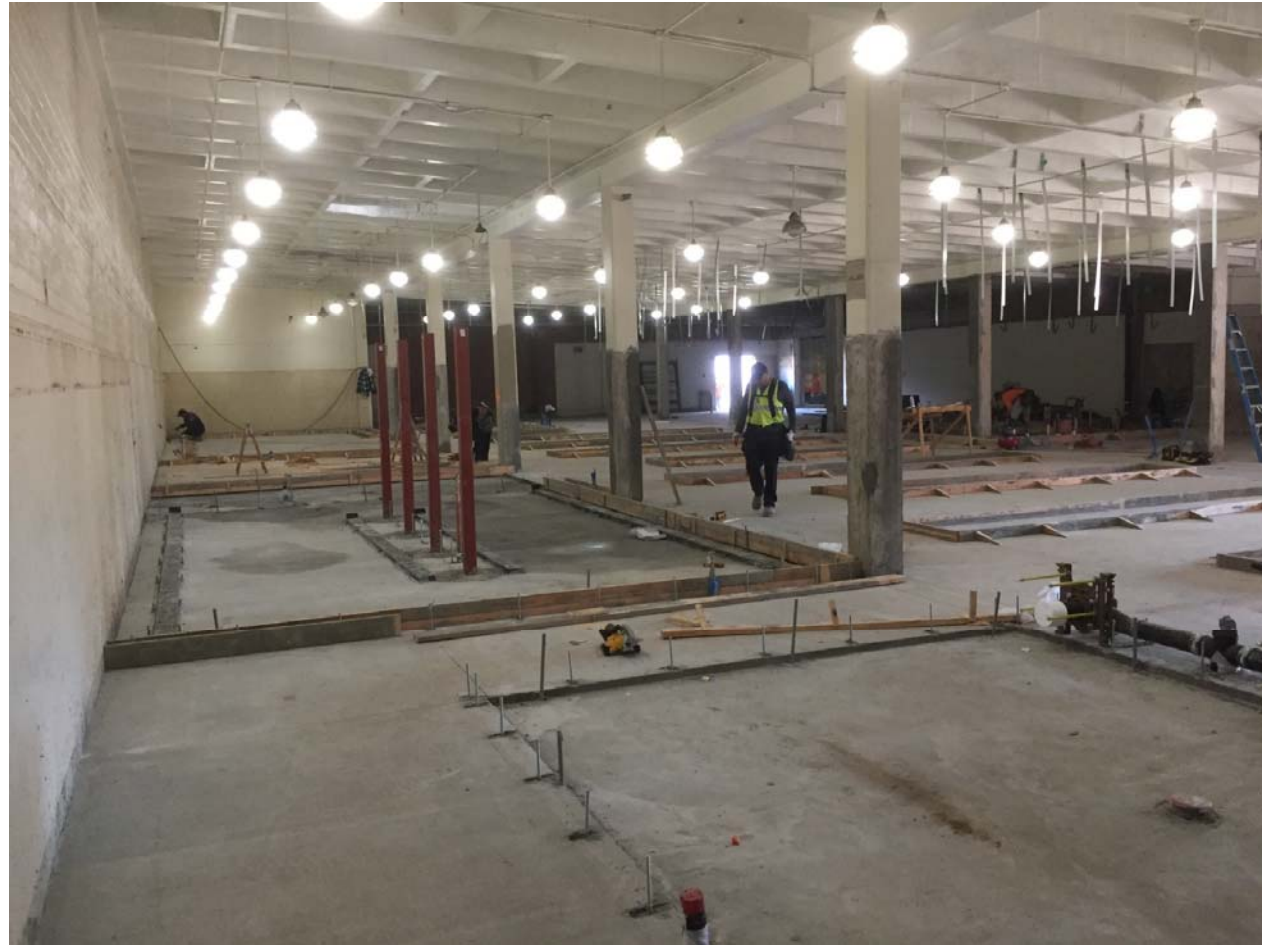
# Pasadena HS Modernization

Boys Locker Room  
Curb forming & duct  
work straps- on going

Nov 15 – Dec 20, 2017



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[Return to projects list](#)

# Pasadena HS Modernization

Boys Locker Room  
Forming of locker's  
pads

Nov 15 – Dec 20, 2017



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[Return to projects list](#)

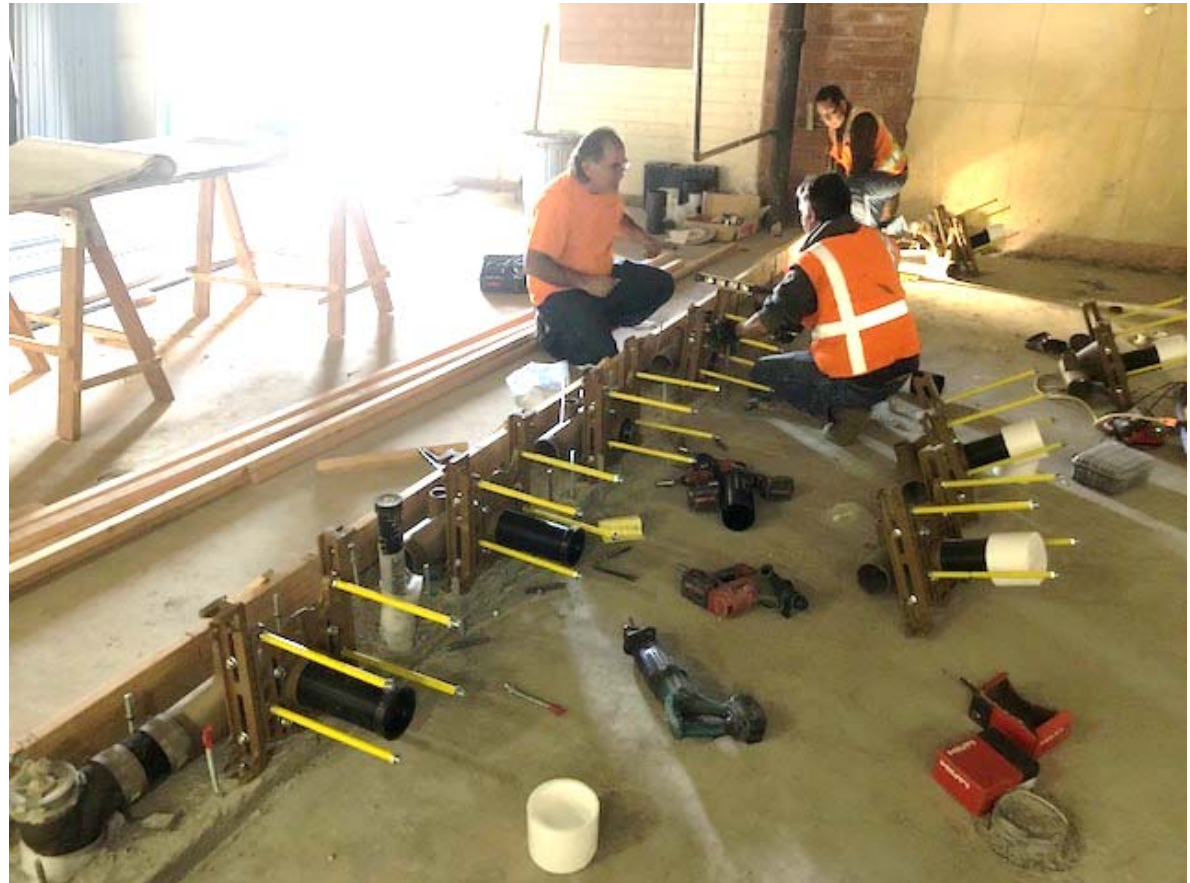
# Pasadena HS Modernization

Girls Locker Room  
Setting of toilet  
carrier units

Nov 15 – Dec 20, 2017



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[Return to projects list](#)



# Pasadena HS Modernization

## Performing Water piping pressure test

Nov 15 – Dec 20, 2017



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[Return to projects list](#)

# Pasadena HS Modernization

Excavation for new  
storm drain

Nov 15 – Dec 20, 2017



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[Return to projects list](#)



# Pasadena HS Modernization

Sewer water structure  
in front of gym

Nov 15 – Dec 20, 2017



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[Return to projects list](#)



# Pasadena HS Modernization

New gym lobby  
footing

Nov 15 – Dec 20, 2017



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[Return to projects list](#)

# Pasadena HS Modernization

New gym lobby  
footing already  
poured

Nov 15 – Dec 20, 2017



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[Return to projects list](#)



# Pasadena HS Modernization

Tectum sound  
absorbing ceiling  
panels installation

Nov 15 – Dec 20, 2017



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[Return to projects list](#)

# Pasadena HS Modernization

Fire sprinklers  
installation at gym

Nov 15 – Dec 20, 2017



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[Return to projects list](#)

# N Coombs ES Modernization

Admin Building  
with roof underlayment  
already in place



Dec 20, 2017- Jan 17, 2018



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# N Coombs ES Modernization

Classroom Building  
with roof underlayment  
already in place

Dec 20, 2017- Jan 17, 2018



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# N Coombs ES Modernization

HVAC ducts stored in  
Admin Building

Dec 20, 2017- Jan 17, 2018



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# N Coombs ES Modernization

Admin Building

HVAC ducts, ceiling  
hangers and electrical  
conduits partly installed

Dec 20, 2017- Jan 17, 2018



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# N Coombs ES Modernization

Admin Building

Exterior door frames  
partly installed

Dec 20, 2017- Jan 17, 2018



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# N Coombs ES Modernization

Admin Building

South Canopy already  
installed

Dec 20, 2017- Jan 17, 2018



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# N Coombs ES Modernization

Admin Building

South Canopy already  
installed

Dec 20, 2017- Jan 17, 2018



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# N Coombs ES Modernization

Chilled water  
installation - on going

Dec 20, 2017- Jan 17, 2018



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# N Coombs ES Modernization

SE view of Classroom  
Building

Dec 20, 2017- Jan 17, 2018



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# N Coombs ES Modernization

Classroom Building

East canopy already  
installed

Dec 20, 2017- Jan 17, 2018



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# N Coombs ES Modernization

Classroom Building

East canopy already  
installed

Dec 20, 2017- Jan 17, 2018



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# N Coombs ES Modernization

Classroom Building

Wall sheathing – on  
going

Dec 20, 2017- Jan 17, 2018



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# N Coombs ES Modernization

Classroom Building

Wall sheathing – on  
going

Dec 20, 2017- Jan 17, 2018



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# N Coombs ES Modernization

Classroom Building

Inside view

Dec 20, 2017- Jan 17, 2018



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