

**Manhattan Beach Unified School District (“MBUSD”)**  
**Measure BB Citizen’s Bond Oversight Committee Report Dated December 31, 2014**  
**This report covers the period from July 1, 2014 through December 31, 2014**

## **I. Purpose of the Report**

In conjunction with the passing of Measure BB that provides for new and upgraded Mira Costa High School buildings and retirement of certain prior bonded indebtedness, the MBUSD Board of Trustees (“the Board”) appointed a Citizens Bond Oversight Committee (“the Committee”) to ensure the MBUSD’s compliance with Proposition 39 (as discussed below).

For more recent background information regarding Measure BB, please refer to the Committee’s report as of June 30, 2014. The Committee’s prior reports can be found on the MBUSD Bond Oversight Committee website at:

[http://www.mbusd.org/apps/pages/index.jsp?uREC\\_ID=138392&type=d](http://www.mbusd.org/apps/pages/index.jsp?uREC_ID=138392&type=d)

The purpose of this report is to provide a summary of the Committee’s findings and generally provide greater transparency to the public regarding the expenditure of bond proceeds raised in connection with Measure BB (the “Bond Proceeds”), and compliance with Proposition 39 and the MBUSD Measure BB Bylaws (the “Bylaws”). This report covers the period from July 1, 2014 to December 31, 2014.

## **II. Purpose and Responsibility of the Committee**

As required by AB 1908 (please refer to prior Committee reports for additional background regarding AB 1908), the Committee is tasked with providing the general public with a written report. Such report is to be provided not less than annually detailing its review of the expenditure of the Bond Proceeds. In carrying out this purpose the Committee will:

- a. Actively review and report on the expenditure of the Bond Proceeds.
- b. Advise the public as to whether MBUSD is in compliance with the requirements of Article XIII A, Section 1(b) (3) of the California Constitution.

The Board has further requested that the Committee’s objectives include the following purpose and goals:

**Purpose:** To ensure that General obligation Bond funds are used in accordance with the intention of the voters and with the highest possible level of efficiency so that Mira Costa High School is renovated and improved to better serve the educational needs of the students in our community.

**Goals:** To validate to the community and to the Board of Trustees that all funds are expended as stated in the bond proposal and as approved by voters on

November 4, 2008. To provide progress reports to the Board of Trustees, MBUSD staff, parents, and members of the community.

The MBUSD Board also established Committee Bylaws, which identified additional duties and responsibilities. In addition to the responsibilities required by Proposition 39, the following mission and reporting are highlights from those Bylaws:

**Mission:** Is to independently review and authenticate the planning and execution of the MBUSD Measure BB bond program and inform the public and Board concerning the expenditure of bond proceeds and to ensure that such bond proceeds are expended in accordance with the intention of the voters and state law.

**Reporting:** Proposition 39 requires a report on an annual basis. Committee Bylaws however, require that a report be issued on a semi-annual basis.

As approved by the voters, Measure BB includes a list of proposed projects (see attached “**Exhibit A**”) and an initial spending estimate. MBUSD’s intent was to allocate spending based on a preliminary construction plan for the high school. MBUSD is not required to complete all projects on the initially adopted project list, but Measure BB funds cannot be used for work outside of the project list. In addition, the Measure BB funds cannot be used for any teacher or administrative salaries or other school operating expenses. Based on information provided by District staff, the Committee is required to report on whether the project expenditures are consistent with Measure BB.

### **III. Committee Conclusion**

Based on the information provided to this Committee, it is the opinion of this Committee only three months from project completion that:

- It appears that the project will be completed by March 31, 2015 per the revised schedule and the cost of the contractor’s (Bernards) portion of the project will be delivered at or under the Guaranteed Maximum Price (GMP), plus approved Contract Change Orders. The contingency fund reserve provided for in the GMP contract will be fully utilized by approved Contingency Disbursement Authorizations (CDAs), which add back some value engineered items to fulfill the planned educational and facility requirements for the project. Soft costs, furniture and equipment purchases which are not included in the contractor’s GMP contract, will exceed budget but are covered by available appropriate District funds (non-Measure BB funds).
- The projected budget for Measure BB appears to be in compliance with Proposition 39 and with the Measure BB as approved by the Manhattan Beach community voters on November 4, 2008.
- The project is currently on schedule for educational needs and is projected to cost approximately 2.7% over the overall project budget primarily due to state mandated architectural and inspection fees in excess of what was originally planned. As explained previously in this report, the District has identified funds separate from Measure BB to cover this added expense. The Phase 1 (Math and Science (M&S)

building) is complete and occupied, Phase 2 (refurbishment of 13 buildings including the “finger” buildings) is complete and occupied and Phase 3 is nearing completion and on the revised schedule. 97% of budgeted funds have been expended as planned through December 31, 2014.

- Measure BB spending incurred as of December 31, 2014 appears to be consistent with Measure BB as the measure was approved by the voters.
- It appears the District is in compliance with requirements of paragraph (3) of subdivision (b) of Section 1 of Article XII of the California Constitution.
- The Committee and the Committee members have thus far met the requirements as set forth in Proposition 39 and the Bylaws.
- The Board, MBUSD management and Bernards Brothers (the contractor, Bernards) have been cooperative with the Committee’s requests for information and have been attentive and responsive to the Committee’s recommendations.

**Note:** The Committee has reached this conclusion with the material reliance on information submitted by the District and Bernards including progress reports and verbal representations plus physical inspections of construction and audits. The Committee is not charged with approving any contracts, approving any payments or Measure BB fund expenditures or any other matters as listed in Section VI of Committee Bylaws. The committee is not empowered to make any technical or legal judgments regarding any contracts or construction work.

Respectively submitted by Measure BB Oversight Committee Members:

Chris Bremer:	Manhattan Beach citizen
Austin Garrison:	Parent of MBUSD student and PTA member
Paul Gross:	Manhattan Beach citizen and member of senior citizen’s organization
Steven Nicholson:	Manhattan Beach citizen
Kathleen Paralusz:	Manhattan Beach citizen
Anthony Craig Underwood:	Parent of MBUSD student
Greg Vena:	Parent of MBUSD student and member of Manhattan Beach business organization
Carlos Vigon:	Manhattan Beach citizen
Jacqueline Zuanich-Ferrell:	Taxpayers’ organization member

#### **IV. Building Project Summary**

With 97% of the total project budget spent, the overall project is currently on schedule to meet educational and facility needs. To the best of our knowledge, the project spending will be approximately 2.7% over budget primarily due to architectural and inspection fees in excess of budget. This opinion is based on: Phase 1 (M&S building) complete and

occupied, Phase 2 (refurbishment of 13 buildings) complete and occupied and Phase 3 buildings and landscaping nearing completion, reports provided by Bernards, physical progress reports, District financial reports, financial audits and project inspections by the Committee.

**Phase 1** — The all new M&S building, with a \$25.8 million budget and representing 48% of total project budget, has been completed and was occupied by Mira Costa students and teachers beginning August 27, 2013. There are no outstanding items to finish or correct. \$25.8 million or 100% of budgeted cost has been spent for Phase 1 as of December 31, 2014. Most of the contingency funds were left unspent in this Phase.

**Phase 2** — The modernization of 13 buildings with a \$6.8 million budget and representing 13% of total project budget, started on schedule in June 2013 and was completed by January 31, 2014 and was occupied by students for the spring 2014 semester. \$6.8 million or 100% of the budgeted cost has been spent as of December 31, 2014. Repaving the walkways for the 13 buildings was completed in summer 2014 during Phase 3. There are no other outstanding items to finish or correct for Phase 2. As with Phase 1, most of the contingency funds were left unspent in this Phase.

**Phase 3** — The demolition of four older buildings, construction of three new buildings, refurbishment of three buildings and development of a large outdoor central quad with a \$13.2 million budget represents 25% of the total project budget. This was started on time in late 2013 and is expected to be completed by March 2015 based the most current revised schedule prepared by Bernards. Only finish work and inspections remain for the new buildings and only final landscaping and inspections remain for the Quad area. Two refurbished buildings were finished and occupied ahead of schedule. \$11.9 million or 91% of the budgeted cost has been spent on Phase 3 through December 31, 2014.

**Other Costs**, including architect, inspection, insurance fees, furniture and equipment plus numerous other fees and expenses with a \$7.8 million budget represents 15% of the total project budget. \$8.0 million or 109% of the budgeted non-construction soft costs have been spent through December 31, 2014. Spending for “Other Costs” is expected to exceed budget by \$1.3 million, primarily due to architect and inspection fees for state required changes, beyond what was planned, and continues to be closely monitored by the Committee and District. As mentioned previously in this report, the District has identified other resources, including interest earned by Measure BB funds, to cover the overruns in this area.

**More detail** is provided by a new format one page financial summary on the attached “**Exhibit B**”, which now shows an estimate at completion plus the attached “**Exhibit C**” a one page overall schedule. A full report follows with more complete descriptions and status in Sections V and VI. More comprehensive detail is available at [www.mbusd.org](http://www.mbusd.org) by clicking on the “Mira Costa Construction Project” box.

## **V. Project Description and Status – Physical and Financial**

### **Physical Project**

**Overview** — The main activity of the project, funded by the Measure BB bonds, is construction of new buildings, demolition of obsolete buildings, the upgrade of certain

existing buildings, and development of a central outdoor area at Mira Costa High School. The project has three phases described herein. The District is committed to completing the required project objectives as set forth by Measure BB. The project's third phase includes recently approved optional tasks that allow the District to adjust the project scope to use all contingency funds so that Measure BB funds are utilized fully and efficiently, within the BB formal scope.

**Build and Teach** — Most of the construction work, performed over a 3½-year period occurred while students and teachers at Mira Costa are doing normal school work. This required a complex orchestration to move classrooms and administration, conducted by the joint planning effort of the Contractor and the District. This is the primary reason for three distinct phases with some overlapping schedules. Credibility for minimal educational disruption was increased by on time on budget completion of both Phase 1 M&S building and Phase 2 refurbishment of 13 existing buildings by January 2014. Both Phase 1 and Phase 2 buildings were fully utilized for education during the spring 2014 semester. Due to a temporary excess of classroom and administrative facilities resulting from the timely completion of Phase 1 and 2 there was flexibility for the Phase 3 schedule. Accordingly, the Phase 3 schedule was extended three months to March 2015 with little impact to the education environment.

**Video** — An animated video of the three construction phases and how this greatly improves the whole Mira Costa campus is available on YouTube at <http://www.youtube.com/watch?v=vtipbfcEA80&feature=youtu.be>

**On Schedule** —The project is currently on schedule and solidly supports educational goals as described herein with Phase 1 and 2 complete on time and on budget. This is a result of a number of small changes on the timing and method of construction including the early completion of some Phase 2 and 3 tasks. These adjustments have resulted in only minor overall cost changes to the Contractor's efforts and have been completed well within the contingency budget. Only a few minor improvements of this type will be required to complete the project within the next three months with the District continuing to work with the Contractor. A proposal to extend final completion of Phase 3 and the overall project by three months to March 2015 was made and was approved by the Board. The schedule was so modified while still meeting the District's cost and educational objectives for reasons described above. A one page summary schedule of the entire building project is found on "**Exhibit C**". This summary shows how all three phases described below fit together to the modified schedule. A much more detailed schedule is available at [www.mbusd.org](http://www.mbusd.org) as part of the latest Contractor's report.

**Phase 1** — This phase is by far the largest/ longest and involves building what amounts to two buildings under one roof that is the M&S building. This phase is complete and fully occupied. The southern math building consists of three stories and the northern science building consists of two stories. It was built on an old parking area with a new parking area north of the M&S building as part of this phase. A total of \$25.8 million is budgeted for this phase or 48% of the construction project. Construction was started in late 2011 and was virtually 100% complete in August 2013 in time for full use by fall classes. Minor finishing and corrections were made while school was not in session during the fall of 2013 by the same work force that built the building and was on campus for Phase 2. There are no construction related corrections or costs remaining as of December 31, 2014.

The District held an Open House for the new M&S building on October 15, 2013. This allowed community members and parents guided access to the new facility after it was in full educational use by students and teachers.

\$25.8 million or 100% of Phase 1 budget has been spent as of December 31, 2014. The Guaranteed Maximum Price (GMP) for Phase 1 was not exceeded, and the substantial unused Phase 1 contingency funds were added into Phase 2 and 3 budgets. Emptying some older existing buildings in late June 2013 allowed for a slightly early start on Phase 2 construction.

**Phase 2** — This phase is the smallest and shortest and is devoted to refurbishing and upgrading 13 existing buildings, including the eight “finger” buildings plus some administrative buildings. All building construction was completed in time for full educational use in the spring 2014 semester. Repaving the walkways for the 13 buildings was moved from Phase 2 to Phase 3 and was completed in summer 2014 without disrupting education. There are no remaining corrections or costs as of December 31, 2014. The GMP for Phase 2 is \$6.8 million, which is 13% of the total building estimate. \$6.8 million or 100% of the Phase 2 budget has been spent by December 31, 2014. The GMP for Phase 2 was not exceeded and substantial contingency funds were again advanced to Phase 3.

Some of the finished Phase 2 buildings were filled by moving teaching and administration out of buildings that were demolished or refurbished in Phase 3. This allowed the major work of Phase 3 to start in late 2013.

**Phase 3** — This phase contains a variety of tasks that wrap up the project to meet overall Measure BB requirements. These include demolition of four old buildings, construction of three new buildings, refurbishment of sound older buildings and major landscaping for a student outdoor area. The new buildings include: 1) multipurpose / theater, 2) band and orchestra rehearsal rooms, and 3) satellite café building. Most of the refurbishing is for other performing arts buildings. The landscaping will provide a new sizable central quad area for students that will significantly change the look and feel of the entire campus.

As of December 31, 2014, all aspects of Phase 3 construction and renovation are nearing completion, are on schedule and on budget for full educational use in April 2015. All new buildings are complete except for final finishing and inspections. Two of the three renovated buildings were completed well ahead of schedule and are in use for education. All earthmoving for the quad area is complete and most of the concrete seats and planters are complete. For the most part, only final landscaping and planting remains to finish the Quad. The final configuration and elevation is clearly visible and makes a dramatic improvement to the entire campus. The final configuration of the new fire access road is the only part of Phase 3 that will not be complete by March 2015 and this is by mutual agreement by the District and Contractor to save costs while completing the adjoining new athletic field that is not part of BB. This has no effect on education or overall project BB costs.

All construction except final finishing on the Phase 3 new buildings was completed by December 31, 2014, leaving only minor finishing plus extensive inspections and minor corrections to be performed in early 2015. The extensive landscaping of the Quad area

and the area surrounding the new buildings will also be completed in early 2015, with the entire project being completed by March 2015. The GMP for Phase 3 is \$13.1 million, which represents 25% of the total GMP estimate. \$11.9 million or 91% of the Phase 3 budget has been expended by December 31, 2014 and is expected to be finished within the GMP total cost, as adjusted by approved Construction Change Orders.

**Contingency Funds** – The District and the Contractor have resolved the cost and schedule issues caused by unforeseen remediation and construction issues encountered in Phase 1 and 2. This resulted in Phase 3 and the entire project being completed three months late extending into March 2015. This has had no impact on education but resulted in the use of a small portion of contingency funds. Virtually all other contingency funds have been allocated to a few specific improvements, most of which had been valued engineered out of the project before construction began. The early \$9.6 million of value engineering allowed all high priority District educational objectives to be achieved. Only a small portion of the value engineering items were added back to the project with the limited contingency funds available.

**Other Costs** — This category represents costs for services, furniture and equipment directly related to the construction project that are not assigned to the individual phases above and are not part of the Contractor’s GMP contract. These activities were estimated to cost \$7.8 million, which is 15% of the total building estimate. The largest expenditure within this category is architect fees, with engineering, inspection, testing, legal, consulting and insurance fees much smaller. Furniture and equipment as well as several smaller miscellaneous costs are also included. These costs are paid as services or deliveries are rendered. A substantial portion of these activities were completed very early in the project, as planned, so that \$7.7 million or 99% of the budget had been spent as of June 30, 2014. By December 31, 2014 \$8.0 million or 109% of budget had been spent and the estimate at completion is \$8.6 million or 118% of budget. This is a \$1.3 million budget overage for “Other Costs” and is also expected to be the budget overage for the entire project. The District has identified specific appropriate funds to cover these costs outside of Measure BB funds, including interest earned from some of the idle BB bond funds plus monies from other District capital funds. The Committee and the District continue to closely monitor this category.

## **Financial Project**

**Lease-Leaseback** — A “Lease-Leaseback” (LLB) agreement / contract with the Contractor governs how monthly payments are made and locks in the fixed Guaranteed Maximum Price (GMP) for the District’s carefully defined work scope. An LLB is authorized under Ed. Code 17406 by the State. LLBs have become widely used and are well tested statewide.

**LLB Advantages** — At the beginning of the project, an LLB allowed the District to select the winning contractor based upon overall qualifications and eliminated the requirement to select only the lowest bidder. Nevertheless, price competition drove down the GMP to an attractive level for the District, allowing increased scope. During the project, an LLB simplifies monthly payments to the Contractor to costs incurred less a 10% of costs lease payment holdback that is paid as Phases are completed. The Contractor provides monthly detailed financial / spending reports on how money was spent to standard construction categories such as “concrete, equipment, electrical, etc.”.

At the end of the project, the LLB keeps the total funds paid to complete the project to the fixed GMP as long as the scope has not changed.

**LLB Requirements** — The three most important requirements to make the LLB work well for the District are: one, an accurate and sufficiently detailed set of architectural plans that describe the scope of the project; two, discipline by the District not to change the scope so as to increase the GMP; and three, hiring a contractor that has the ability to deliver the project within the GMP. After 38 months (of 41) of construction both the architectural plans and the District's discipline have been up to the challenge of staying within the GMP. As of this report date, the Contractor appears to be meeting its contractual obligations and cooperatively interacting with the District.

**Contract Changes** — The contract provides for Contract Change Orders (CCO) that change the scope and cost of the original GMP. There have been three CCOs, all approved since June 2014, that have increased the GMP from \$45,800,224 to \$46,262,115. It is the District's intent that there will be no additional CCOs. The contract also provides for Construction Change Directives (CCD) that only changes how construction is performed without changing the contract cost. Through December 31, 2014, there have been 52 CCDs. CDAs (Contingency Disbursement Authorizations) document authorized increases and decreases to the contingency fund reserve within the GMP contract. CCOs, CCDs and CDAs are all formal written contract documents with detailed information. The 28<sup>th</sup> CCD changes the Phase 3 and project end dates as previously noted.

As of December 31, 2014 there have been 49 CDAs that have utilized almost all of contingency funds as is appropriate for this late in the project. The largest part of contingency funds was used to add back three highest priority value engineered tasks that were removed before construction started. As reported previously, restoring a few high priority value engineered tasks has always been the District's objective.

**Contingency Funds** — The GMP contract included contingency funds budgeted at \$563,000 for the Contractor's construction effort. As of December 31, 2014, only \$101,359 of the contingency funds are not spent or committed as very little if any risk of construction surprises remain. The Contractor agreed to allow unused contingency funds at the end of the project to revert to the District, which has happened.

**Spending Status** — Due to the nature of the LLB monthly and cumulative payments, spending provides, at best, only a general idea of how much work is completed. It is not practical or useful to give too much meaning to spending in relation to the amount of physical project completed. This result is not different from other contract forms. Total construction spending to date is \$51.4 million, which is 96% of the total \$53.6 million construction budget. This is detailed in the table below and is further detailed in the one page "**Exhibit B**". The Contractor provides a much more detailed monthly spending report which can be viewed at [www.mbusd.org](http://www.mbusd.org).



Overall BB Bond budget and spending in millions through 12/31/2014:

Spending Category	Current Budget	% of Build	Spent Through 12/31/14	% Spent	To Be Spent
Phase 1	\$ 25.8	48%	\$ 25.7	100%	\$0.1
Phase 2	\$ 6.8	13%	\$ 6.8	100%	\$0.0
Phase 3	\$ 13.1	24%	\$ 11.9	91%	\$1.2
Contract Change Orders	.5	1%	\$ .3	64%	\$0.2
Lease Credit*	--	--	-\$ 1.3		\$1.3
Sub Total Bernards LLB***	\$ 46.2	86%	\$ 43.4	95%	\$2.8
Other Construction**	\$ 7.4	14%	\$ 8.0	108%	-\$0.6
Total Building	\$ 53.6	100%	\$ 51.4	96%	\$2.2
Debt Service	\$ 12.7	--	\$ 13.5	106%	-\$0.8
Insurance & Underwriters Discount	\$ 1.2	--	\$ .9	74%	\$0.3
Total Budget / BB Bond	\$ 67.5	--	\$ 65.8	97%	\$1.8

- \* Lease credit is a lease / holdback that is paid as Phases are completed.
- \*\* Expected to be over budget and covered with accrued BB interest and District capital funds.
- \*\*\* Includes \$294,656 for 3 CCOs that restore some value engineered items.

Anticipated spending through project completion is subject to annual audits by an independent auditor as required by State law (refer to the following page for additional explanation). The Bond Oversight Committee believes that the physical and financial results at completion are proceeding as planned with the exception of soft cost, equipment and furniture overruns that are controlled and covered with available funds as stated previously in this report.

## VI. Measure BB Project Scope, Budget and Spending Summary

The Measure BB *initial* project scope and budget, totaling \$67,480,000, included: (1) \$13,500,000 for the payoff of existing debt and (2) \$54,907,250 for new construction and enhancements. The “**Exhibit B**” outlines the Measure BB budget with a November 2014 revision of format showing some reallocation, use of contingency funds and for the first time, an estimate at completion explained above. In addition, the estimate at completion as of December 31, 2014 is compared to the budget on “**Exhibit B**”.

Expenses incurred through June 30, 2013 were audited by the firm of Vavrinek, Trine, Day, & Co., LLP, with the audit report being issued in March 2014. It should be noted that as of this report date, the June 30, 2014 financial audit had not been completed and all amounts reported as of July 1, 2013 through December 31, 2014 are unaudited.

**Existing Debt:** a total of \$13.5 million from Measure BB funds was used to retire the existing debt (incurred during previous MBUSD projects) since the inception of Measure BB. \$7.6 million was paid during 2012, most of which was paid ahead of schedule. The Board made the decision in early 2012 to pay off all the debt in advance in order to avoid

higher interest costs in the future. Although a total of \$12.7 million was initially budgeted for in Measure BB, the total debt retired was \$13.5 million. The Board has indicated that the additional debt paid down can be funded or supplemented by investment income or non-Measure BB funds. It should be noted that these payments were made in compliance with the Measure BB guidelines.

**Bond Issuance Costs and Interest Earnings:** \$887,755 has been paid for costs related to the issuance of bonds. Interest funds of \$633,061 have accumulated and will be used to partially fund the overrun in “Other Soft Costs” as noted elsewhere.

**Construction and Related Expenses:** \$51,412,085 has been spent on Measure BB construction related activities through December 31, 2014. Expenditures to date include the following, which are all within the expected spending levels except soft costs, furniture and equipment as noted previously in this report:

<b>Inception through December 31, 2014 (Unaudited)</b>	
	<b>Amount</b>
<b>Construction:</b>	
Phase I	\$ 25,703,682
Phase II	6,837,404
Phase III	11,888,276
Contract Change Orders	294,656
Gross Construction Spending	44,724,018
Lease Payment Credit	(1,277,009)
<b>Net Construction Spending</b>	<b>43,447,009</b>
<b>Furniture, Fixtures and Equipment</b>	<b>482,251</b>
<b>Soft Costs:</b>	
Architectural Fees	3,509,381
Engineering Fees	826,912
Building Inspections	930,289
Legal Fees and Department of State Architects Costs	412,354
Pre LLB Construction Costs	456,669
Insurance	1,145,005
All Other	202,215
<b>Total Soft Costs</b>	<b>7,965,076</b>
<b>Grand Total Construction Related Spending</b>	<b>\$ 51,412,085</b>

## **VII. Recent Committee Activities and Measure BB Highlights this Reporting Period**

The following activities have been conducted and milestones achieved during the period from July 1, 2014 through December 31, 2014 by the Committee.

1. The Committee held six meetings during the six-month period.
2. The Committee business during this period was primarily related to review of construction progress, expenses incurred, obtaining a meaningful projection of total

costs at completion, preparing the semi-annual report for period July 1, 2014 through December 31, 2014 and reviewing the legally required independent audit reports. Many members of the Committee participated in three tours of the construction site on August 18, October 23 and December 8, 2014.

3. The Contractor's monthly status reports provided to the Board have also been provided to the Committee. The reports include project status, photographs of work in progress, financial data, and detailed schedules and all CCOs, CCAs and CDAs. They are posted on the MBUSD, Measure BB website in the Reports, Documents and Resources folder.

## **VIII. Committee Appointment and Membership**

Pursuant to Proposition 39 and the MBUSD Bylaws, the Committee shall consist of at least seven members (and may be larger) to serve for a term of two years, without compensation, and for no more than two consecutive terms. The Committee may not include any employer or official of the school district or any vendor, contractor, or consultant of the school district. The Committee must include all of the following:

- a. One member who is active in a business organization representing the business community located within the school district;
- b. One member active in a senior citizen's organization
- c. One member active in a bona fide taxpayer association;
- d. One member shall be the parent or guardian of a child enrolled in the district.
- e. One member shall be both a parent (or guardian) of a child enrolled in the district and active in a parent-teacher organization, such as the Parent Teacher Association or school site council.

As of the date of this report, there are nine Committee members, and all of the above committee member requirements have been met.

## **EXHIBIT A**

### **PROJECT LIST**

The District intends to use the proceeds of the Bonds to finance or refinance some or all of the below-listed projects, upon voter approval, at tax rates not exceeding \$37.00 per \$100,000 of assessed value:

#### **MIRA COSTA HIGH SCHOOL**

##### **NEW MATH/SCIENCE INSTRUCTIONAL BUILDING**

- Replace deteriorated, outdated classrooms with new math/science classrooms
- Replace 58-year-old obsolete science labs with new science labs aligned to current science curriculum standards and graduation requirements
- Construct 3 science/math teacher preparation rooms
- Replace deteriorated restrooms, plumbing and water/sewer systems with new facilities
- Replace all deteriorated electrical, mechanical, heating, cooling, ventilation and utility systems and
- improve energy efficiency to meet new construction high efficiency standards

##### **NEW ACADEMIC INSTRUCTIONAL BUILDING**

- Replace aging classrooms with new academic classrooms
- Construct a multi-purpose lecture classroom for large group instruction/events
- Replace deteriorated restrooms, plumbing and water/sewer systems with new facilities
- Replace all deteriorated electrical, mechanical, heating, cooling, ventilation and utility systems and
- improve energy efficiency to meet new construction, high efficiency standards

**TECHNOLOGY UPGRADES:** Improve educational technology infrastructure throughout campus, including upgrading outdated cable, fiber-optics, hardware, technology and telecommunications infrastructure

**CAREER/TECHNICAL SKILLS CENTER:** Repair and renovate large multi-purpose classroom facilities for high-tech job training (Career Technical Education), including, but not limited to, auto diagnostics, computer aided design (CAD), sheet metal fabrication, etc.

**ARTS INSTRUCTIONAL FACILITIES:** Repair/renovate/reconfigure deteriorated 58-year old classrooms, studios, art labs, practice rooms, etc. in this building

**SAFETY:** Upgrade fire safety, emergency communications systems indoor/outdoor lighting, walkways, hardscape, fencing and security systems for improved safety/security

**STUDENT SUPPORT:** Relocate/reconstruct/reconfigure school spaces/facilities to improve one-stop access for student support services—e.g. counseling, administration, special education, speech therapy,

occupational therapy, health services, Independent Study, food services, etc.

**HIGH SCHOOL MAINTENANCE BUILDING:** reconstruct facility to replace 58-year old deteriorated, inadequate maintenance/grounds building.

### **DISTRICT-WIDE**

- Pay or prepay the District's remaining Certificates of Participation, Series A of 2001 and the District's Certificates of Participation (2002 Capital Improvement Project), in the total outstanding principal amount of \$12,195,000.

### **AT LOCATIONS WHERE RENOVATION. MAJOR REPAIRS AND/OR NEW CONSTRUCTION IS UNDERTAKEN**

- Remove hazardous materials (asbestos, lead, mold, mildew, etc.) where necessary
- Address unforeseen conditions revealed by construction/modernization (e.g. plumbing, or gas line
- breaks, dry rot, seismic structural, etc.)
- Improve schools as required to comply with existing building codes, including the Field Act, and
- access requirements of the Americans with Disabilities Act
- Provide adequate furniture and equipment for all classrooms, and spaces to be newly constructed or
- reconstructed, including classroom technology, computer and science equipment, and book storage,
- and replacement of worn/broken/out-of-date furniture and equipment
- Demolition of existing buildings to be replaced
- Acquisition of any of the facilities on the Project List through temporary lease or lease-purchase
- arrangements, or execution of purchase options under a lease for any of these authorized facilities
- Necessary site preparation/restoration in connection with new construction, renovation or
- remodeling, including ingress and egress, removing, replacing, or installing irrigation, utility
- lines, trees and landscaping, relocating fire access roads, and acquiring any necessary
- easements, licenses, or rights of way to property
- Replacement construction if Board of Trustees determines that replacement is more
- economical than rehabilitation/renovation of existing classrooms
- Provide temporary (interim) classrooms and other school facilities as needed to
- accommodate students and school functions displaced during construction

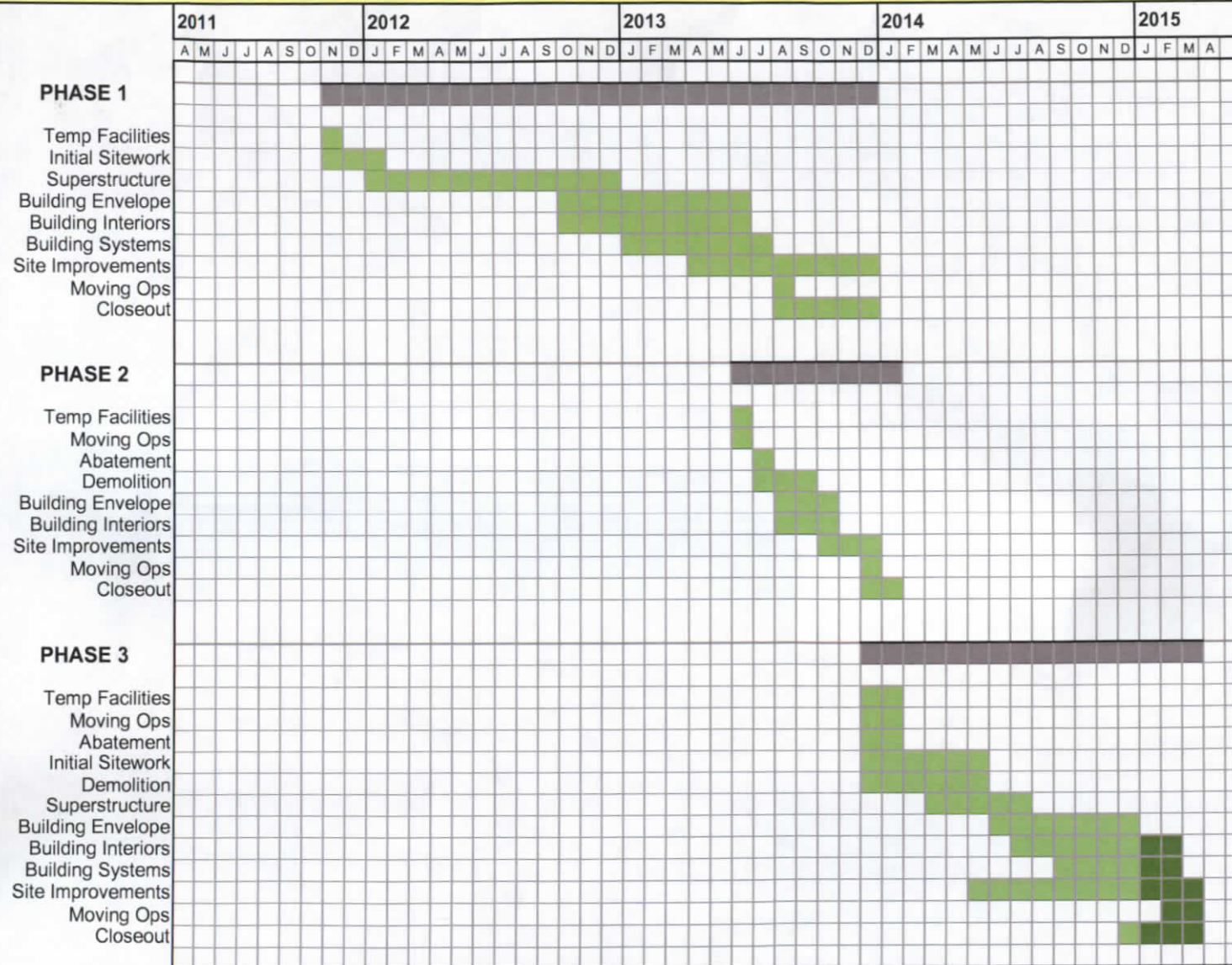
Exhibit B

Manhattan Beach Unified School District

Measure BB Bond Spending

		Bernard's Estimate as of 12/31/11 (rev. 7/14)	Expenditures					Remaining Balance Available
			Inception through 6/30/14	Curent Fiscal Year Jul-Dec 2014	All as of 12/31/14 (subtotal)	Projected through completion	Total through completion	
Phase 1								
1	General Requirements	\$ 2,679,678	\$ 2,679,678	\$ -	\$ 2,679,678	\$ -	\$ 2,679,678	\$ -
2	Site Construction	\$ 2,362,451	\$ 2,339,920	\$ 33,533	\$ 2,373,453	\$ (11,002)	\$ 2,362,451	\$ -
3	Concrete	\$ 2,361,903	\$ 2,361,903	\$ -	\$ 2,361,903	\$ -	\$ 2,361,903	\$ -
5	Metals	\$ 4,068,315	\$ 4,068,315	\$ -	\$ 4,068,315	\$ -	\$ 4,068,315	\$ -
6	Wood and Plastics	\$ 147,944	\$ 147,944	\$ -	\$ 147,944	\$ -	\$ 147,944	\$ -
7	Therm and Moisture Protection	\$ 1,045,655	\$ 1,045,655	\$ -	\$ 1,045,655	\$ -	\$ 1,045,655	\$ -
8	Doors and Windows	\$ 1,984,159	\$ 1,984,159	\$ -	\$ 1,984,159	\$ -	\$ 1,984,159	\$ -
9	Finishes	\$ 2,051,542	\$ 2,051,542	\$ -	\$ 2,051,542	\$ -	\$ 2,051,542	\$ -
10	Specialities	\$ 419,115	\$ 419,115	\$ -	\$ 419,115	\$ -	\$ 419,115	\$ -
11	Equipment	\$ 459,860	\$ 459,860	\$ -	\$ 459,860	\$ -	\$ 459,860	\$ -
12	Furnishings	\$ 848,315	\$ 848,315	\$ -	\$ 848,315	\$ -	\$ 848,315	\$ -
13	Special Construction	\$ 121,877	\$ 121,877	\$ -	\$ 121,877	\$ -	\$ 121,877	\$ -
14	Conveying Systems	\$ 119,306	\$ 119,306	\$ -	\$ 119,306	\$ -	\$ 119,306	\$ -
15	Mechanical	\$ 3,859,452	\$ 3,859,452	\$ -	\$ 3,859,452	\$ -	\$ 3,859,452	\$ -
16	Electrical	\$ 2,717,696	\$ 2,717,696	\$ -	\$ 2,717,696	\$ -	\$ 2,717,696	\$ -
17	Contingency (MOVED)							
Total Phase 1 (Including Contingency)		\$ 25,810,250	\$ 25,589,018	\$ 114,664	\$ 25,703,682	\$ 106,568	\$ 25,810,250	\$ -
Phase 2								
1	General Requirements	\$ 380,385	\$ 380,385	\$ -	\$ 380,385	\$ -	\$ 380,385	\$ -
2	Site Construction	\$ 652,870	\$ 618,835	\$ 34,035	\$ 652,870	\$ -	\$ 652,870	\$ -
3	Concrete	\$ 16,442	\$ 16,442	\$ -	\$ 16,442	\$ -	\$ 16,442	\$ -
4	Masonry	\$ 34,969	\$ 34,969	\$ -	\$ 34,969	\$ -	\$ 34,969	\$ -
5	Metals	\$ 44,226	\$ 44,226	\$ -	\$ 44,226	\$ -	\$ 44,226	\$ -
6	Wood and Plastics	\$ 356,478	\$ 356,478	\$ -	\$ 356,478	\$ -	\$ 356,478	\$ -
7	Therm and Moisture Protection	\$ 538,892	\$ 538,892	\$ -	\$ 538,892	\$ -	\$ 538,892	\$ -
8	Doors and Windows	\$ 1,143,036	\$ 1,143,036	\$ -	\$ 1,143,036	\$ -	\$ 1,143,036	\$ -
9	Finishes	\$ 912,810	\$ 902,525	\$ -	\$ 902,525	\$ 10,285	\$ 912,810	\$ -
10	Specialities	\$ 158,113	\$ 158,113	\$ -	\$ 158,113	\$ -	\$ 158,113	\$ -
11	Equipment	\$ 345,324	\$ 345,324	\$ -	\$ 345,324	\$ -	\$ 345,324	\$ -
15	Mechanical	\$ 910,741	\$ 910,741	\$ -	\$ 910,741	\$ -	\$ 910,741	\$ -
16	Electrical	\$ 1,353,403	\$ 1,353,403	\$ -	\$ 1,353,403	\$ -	\$ 1,353,403	\$ -
Total Phase 2		\$ 6,847,689	\$ 6,803,369	\$ 34,035	\$ 6,837,404	\$ 10,285	\$ 6,847,689	\$ -
Phase 3								
1	General Requirements	\$ 1,141,154	\$ 456,462	\$ 456,461	\$ 912,923	\$ 228,231	\$ 1,141,154	\$ -
2	Site Construction	\$ 2,719,702	\$ 1,435,043	\$ 914,159	\$ 2,349,202	\$ 370,500	\$ 2,719,702	\$ -
3	Concrete	\$ 563,166	\$ 364,690	\$ 198,477	\$ 563,167	\$ (1)	\$ 563,166	\$ -
4	Masonry	\$ 720,392	\$ 720,392	\$ -	\$ 720,392	\$ -	\$ 720,392	\$ -
5	Metals	\$ 1,197,327	\$ 616,717	\$ 557,058	\$ 1,173,775	\$ 23,552	\$ 1,197,327	\$ -
6	Wood and Plastics	\$ 334,147	\$ 117,745	\$ 177,826	\$ 295,571	\$ 38,576	\$ 334,147	\$ -
7	Therm and Moisture Protection	\$ 306,320	\$ 16,393	\$ 283,284	\$ 299,677	\$ 6,643	\$ 306,320	\$ -
8	Doors and Windows	\$ 475,599	\$ 136,081	\$ 267,181	\$ 403,262	\$ 72,337	\$ 475,599	\$ -
9	Finishes	\$ 1,160,134	\$ 222,343	\$ 888,209	\$ 1,110,552	\$ 49,582	\$ 1,160,134	\$ -
10	Specialities	\$ 41,695	\$ 10,232	\$ 12,509	\$ 22,741	\$ 18,954	\$ 41,695	\$ -
11	Equipment	\$ 1,086,724	\$ 356,385	\$ 638,703	\$ 995,088	\$ 91,636	\$ 1,086,724	\$ -
12	Furnishings	\$ 228,798	\$ 6,795	\$ 70,844	\$ 77,639	\$ 151,159	\$ 228,798	\$ -
13	Special Construction	\$ 121,877	\$ 61,710	\$ 57,596	\$ 119,306	\$ 2,571	\$ 121,877	\$ -
14	Conveying Systems	\$ 91,183	\$ -	\$ 86,624	\$ 86,624	\$ 4,559	\$ 91,183	\$ -
15	Mechanical	\$ 1,251,174	\$ 173,155	\$ 990,095	\$ 1,163,250	\$ 87,924	\$ 1,251,174	\$ -
16	Electrical	\$ 1,702,893	\$ 800,071	\$ 795,036	\$ 1,595,107	\$ 107,786	\$ 1,702,893	\$ -
Total Phase 3		\$ 13,142,285	\$ 5,494,214	\$ 6,394,062	\$ 11,888,276	\$ 1,254,009	\$ 13,142,285	\$ -
Prime Contract Change Orders								
	FF&E - Wenger, Fixed Seating & Drama Lighting	\$ 216,352		\$ 123,362	\$ 123,362	\$ 92,990	\$ 216,352	\$ -
	Accoustical Finishes	\$ 236,840		\$ 171,294	\$ 171,294	\$ 65,546	\$ 236,840	\$ -
	FF&E - Computer Items & Music Library	\$ 8,699		\$ -	\$ -	\$ 8,699	\$ 8,699	\$ -
		\$ 461,891	\$ -	\$ 294,656	\$ 294,656	\$ 167,235	\$ 461,891	\$ -
Contingency (Balance as of 12/30/14 is \$101,359)		\$ 562,982	\$ 364,281	\$ 81,131	\$ 445,412	\$ 117,570	\$ 562,982	\$ -
Lease Payment Credit		\$ -	\$ (608,708)	\$ (668,301)	\$ (1,277,009)	\$ 1,277,009		
Total for All Phases (Phases 1 through 3)		\$ 46,262,115	\$ 37,277,893	\$ 6,169,116	\$ 43,447,009	\$ 2,815,106	\$ 46,262,115	\$ -
Furniture, Fixtures and Equipment		\$ 850,000	\$ 482,251		\$ 482,251		\$ 482,251	\$ 367,749
Transferred to Prime contract		\$ (461,891)						\$ (461,891)
Non-Construction (Soft Costs)							\$ -	
	Repairs and Non-Capitalized Improvements	\$ 20,000	\$ 19,045		\$ 19,045		\$ 19,045	\$ 955
	Advertising	\$ 9,776	\$ 7,480		\$ 7,480		\$ 7,480	\$ 2,296
	Conference and Travel	\$ 5,000	\$ 442		\$ 442		\$ 442	\$ 4,558
	Professional Consulting Services	\$ 125,000	\$ 108,402	\$ 16,397	\$ 124,799	\$ 22,953	\$ 147,752	\$ (22,752)
	Technology Improvement to Site	\$ 75,000	\$ 50,449		\$ 50,449		\$ 50,449	\$ 24,551
	Architect Fees	\$ 3,375,000	\$ 3,407,209	\$ 102,172	\$ 3,509,381	\$ 294,926	\$ 3,804,307	\$ (429,307)
	Other Costs - Division of State Architects	\$ 350,000	\$ 296,579		\$ 296,579		\$ 296,579	\$ 53,421
	Other Costs - Insurance (ASCIP)	\$ 850,000	\$ 1,145,005		\$ 1,145,005		\$ 1,145,005	\$ (295,005)
	Other Costs - Legal	\$ 130,000	\$ 112,555	\$ 3,220	\$ 115,775		\$ 115,775	\$ 14,225
	Building Construction - Pre GMP	\$ 485,000	\$ 456,669		\$ 456,669		\$ 456,669	\$ 28,331
	Tests on Buildings and Improvements	\$ 700,000	\$ 757,164	\$ 69,748	\$ 826,912	\$ 181,632	\$ 1,008,544	\$ (308,544)
	Building Inspections	\$ 800,000	\$ 821,767	\$ 108,522	\$ 930,289	\$ 182,765	\$ 1,113,054	\$ (313,054)
Indirect and Soft Costs		\$ 7,312,885	\$ 7,665,017	\$ 300,059	\$ 7,965,076	\$ 682,275	\$ 8,647,352	\$ (1,334,467)
Total Construction Spending		\$ 53,575,000	\$ 44,942,910	\$ 6,469,175	\$ 51,412,085	\$ 3,497,381	\$ 54,909,467	\$ (1,334,467)
Debt Service		\$ 12,705,000	\$ 13,500,597		\$ 13,500,597	\$ -	\$ 13,500,597	\$ (795,597)
Costs of Issuance/ Underwriter's Discount		\$ 1,200,000	\$ 887,755		\$ 887,755	\$ -	\$ 887,755	\$ 312,245
Total Measure BB		\$ 67,480,000	\$ 59,331,262	\$ 6,469,175	\$ 65,800,437	\$ 3,497,381	\$ 69,297,818	\$ (1,817,818)

# Schedule Summary Snapshot



MBUSD MEASURE BB CAMPUS IMPROVEMENTS

EXHIBIT C