
GROSSMONT CUYAMACA COMMUNITY COLLEGE PROPOSITION R BOND PROGRAM

2009 PERFORMANCE REVIEW



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December 20, 2009

GCCCD PROP R PERFORMANCE REVIEW – DECEMBER 2009

EXECUTIVE SUMMARY

AF Consultants was retained by the Grossmont – Cuyamaca Community College District (GCCCD) to review the overall performance of the Proposition R Bond Program. This is the fourth year we have reviewed specific areas of interest for the District.

We began our engagement on September 15, 2009 by meeting with District staff and members of the CBOC Audit Sub-Committee to discuss areas of concern and the scope of work for this report. The topics selected for review at that meeting were:

- Update the program activities from the date of our prior report in January 2008 until the present.
- Conduct a complete change order and post performance review of the nine (9) major construction projects completed at each of the campuses.
- Update activities regarding the Labor Compliance Program (LCP) in place at the District and discuss how LCP issues can be prevented in the future.
- Discuss the Disabled Veteran Business Enterprise (DVBE) program in place at the District and ways to encourage more DVBE participation.

On November 1, 2009 we began our research by collecting information from District files and Gafcon, the Program Manager, and completed our draft report on December 20, 2009 at which time we discussed our findings with District staff. We meet with the CBOC Committee on January 11, 2010 and have scheduled a final presentation to the Governing Board.

The following summary highlights our findings and our corresponding recommendations found within this report:

Section 1: Update the Program

- We once again found the program to be well run and meeting the goals of the original bond program. There were no recommendations made for improvement.

Section 2: Post Performance & Change Order Review

In general the process of change order reviews were consistent with Board Policy and the scope of the change order costs, as well as overall soft costs, were well within the expected ranges based on historical construction practices. The following recommendations were identified related to change orders to improve the process:

- *We recommended that in the future the District diligently strive to keep the time from receipt of a Change Order Request (COR) to the processing of a final Change Order to within 30-45 days to reduce risk. It should be also noted that the District should urge their contractor's to submit proposed change order requests on a timely basis as*

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some of these delays were due to an untimely, inaccurate, and/or incomplete contractor submittals.

- *We recommended that in the future the District should be consistent and have the Construction Manager prepare a Change Order Request (COR) form which formally documents and begins the process of a change order review. This will be a record of the date on which the District begins its review of cost, negotiates the final sum, and approves or disapproves the change order.*
- *We recommended that on future projects that the District retain copies of all the change order documentation in one location.*
- *We recommended that in the future the District use more care in documenting the change orders by requiring detailed estimates rather than lump sum costs.*
- *We recommended that in the future a more detailed explanation of the change order be provided including considering why the change was necessary and if it improved the quality of the final product.*
- *We recommended that when specific customer request are made by the College that the College be required by the District to provide a written request, documenting the need for the change and benefit to the program.*

Section 3: Labor Compliance Program (LCP) Review

The LCP was found to be in full compliance. The education and outreach programs developed by the District for conformance to the requirements of the LCP has benefitted the program and assisted contractors to be compliant with the regulations. The following recommendations were identified to improve the Labor Compliance Program:

- *We encouraged GCCCD to follow the development of the forthcoming proposed changes in the law and rulemaking sessions, and when it becomes effective to consider whether it will abandon its LCP or continue certain projects under the new regulations.*
- *Even though the labor compliance responsibilities will shift to DIR on future projects, the District should continue to conduct pre-construction meetings, inform contractors of the prevailing wages requirements, and assist contractors where possible to achieve compliance.*

Section 4: Disabled Veteran Business Enterprise (DVBE) Program

The DVBE program was found to be in compliance with laws and regulations. Currently the District and Gafcon are providing training and assistance to contractors to help them comply. The following recommendation is intended to augment the current procedures:

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- *We recommended that the District update their web site with regard to DVBE participation and consider creating additional links to other agencies. They should prepare data bases of certified vendors, conduct pre-bid sessions with vendors, and generally improve communication and bidding opportunities for certified DVBE vendors.*

The details of our assessment follow this executive summary and identify more specific information regarding each subject area:

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SECTION 1: UPDATE THE PROGRAM

As part of our engagement, AF Consultants (AFC) was asked to briefly update the bond program activities during the period from our last review in January 2008 until the present. We therefore reviewed available Governing Board meetings minutes, CBOC meeting minutes, the CBOC annual report, progress reports, and other information posted on the District web site. This historical data was used to monitor the program milestones and ascertain whether the program was progressing within the stated schedule and budget.

As part of our research, we reviewed our past reports and prior documentation to determine, in general, if the program had met the stated goals as set forth in 2003/04 when the program began. We received the following information from the District to update our report:

- *CBOC Annual Report to the Community for 2008, dated March 2009*
- *Prop R Funding Increases Allocated by Site, dated December 4, 2009*
- *State Contribution Rate chart by campus and project, dated December 2009*
- *Update to Prop R Funding Plan by Campus for 2009/10, dated December 4, 2009*
- *Summary of Prop R Funds Available*

A. Overall Program and Progress to Date

This is the fourth report that AFC has made with regard to the program progress made with respect to the \$209.0 M Prop R Bond Program. Previous reports have indicated the organization and management of the program was outstanding and that the program was on schedule to complete on time and within budget. Many of the suggestions we made for improvement in our prior reports have been implemented and there was a great deal of transparency built into the program and philosophy of the District.

With respect to this report, we have had the opportunity to update the program from January 2008 through the close of the calendar year in 2009. Since our last report, **Grossmont College** - Completed the \$9.7 M Exercise Science & Wellness Complex (Building 400) project and the \$19.5 M Parking Structure and District Police & Parking Services. In addition, work began on the \$35.0 M Health/Physical Sciences Complex. Design continued on the Student Center/Services Buildings and conceptually on the future Performing Arts Building. **Cuyamaca College** - Completed the \$45.0 M Communication Arts Center and is now in the final stages of construction on the \$25.5 M Business & Technology Building. Design was also completed on the \$4.1 M Library Resources Center.

The final series of bonds, Series C, were sold during the summer of 2008 and the District is now on track to complete the major portions of the bond program by 2011/12 as originally planned.

Of interest to the overall program, in the early stages, the program was faced with an escalation of construction costs that, if it had continued, could have jeopardized the successful completion of the program. However, in late 2007 and early 2008, construction

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cost escalation completely reversed itself and several projects were actually bid under budget that provided an ultimate balance of overall costs in the program. The GC Parking Structure is an excellent example of a project which was budgeted at \$3.0 M more than the actual bids received and the additional savings were reallocated to fund to other projects. By the end of the project another approximate \$2.0 M was saved and redistributed. While the construction economy has softened recently, the area of most concern to school districts is the inability of the State of California to sell bonds which will provide the matching state funds necessary to complete bond programs. This has proven to be a continuing problem which can only be rectified with an improving state economy. GCCCD appears to have this element under control.

Exercise Science & Wellness (Bldg 400) and the Parking Structure projects were not reliant on State matching funds which allowed those projects to move forward quickly. Gafcon pre-qualified the GC's for the Parking Structure and received bids from reliable, seasoned professional contractors specializing and experienced in building parking structures. The contractor was very proactive and completed the expeditious schedule with minimal change orders. Due to the recent down turn in the construction industry Owners have benefited from the cost savings allowing them to reallocate the savings to starting and/or completing other projects. Presently the State has approved the funding of the final Prop R project at Cuyamaca College, the LRC expansion, and is waiting funding from the State for the Grossmont College Performing Arts Building.

B. State Funding Resources

Thus far, the GCCCD has received \$84,131,000 from State matching fund sources. Prop R has grown to \$227,245,516, increasing the total program to \$311,376,516. This has been allocated to projects completed as follows:

GCCCD - STATE CONTRIBUTION RATE				
Site	STATE FUNDS	PROP R FUNDS	TOTAL	STATE % OF TOTAL
Districtwide	\$0	\$19,322,965	\$19,322,965	0.00%
Grossmont	\$34,971,000	\$122,123,239	\$157,094,239	22.26%
Cuyamca	\$49,160,000	\$85,799,312	\$134,959,312	36.42%
Total Program	\$84,131,000	\$227,245,516	\$311,376,516	27.02%

From an overall program perspective 27.02% of the funds for projects were provided by the state. These funds were fairly apportioned to each campus. Much of the increase in Prop R funding is the result of interest earned and the refunding of Series A & B bonds during the period.

From an individual project basis we prepared the following chart:

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STATE FUNDED PROJECTS				
CAMPUS /BUILDING	STATE FUNDS	PROP R FUNDS	TOTAL	STATE % OF TOTAL
GC - Digital Arts	\$4,869,000	\$13,816,757	\$18,685,757	26.06%
GC - Science Building	\$12,977,000	\$6,573,006	\$19,550,006	66.38%
GC Health Physical Sciences	\$15,696,000	\$17,000,000	\$32,696,000	48.01%
GC Life Safety Road	\$1,429,000	\$1,621,481	\$3,050,481	46.85%
TOTAL GROSSMONT	\$34,971,000	\$39,011,244	\$73,982,244	47.27%
CC - Communication Arts	\$14,719,000	\$29,896,504	\$44,615,504	32.99%
CC - Science & Technology Center	\$19,454,000	\$5,541,323	\$24,995,323	77.83%
CC- Business & Technology	\$12,903,000	\$14,065,096	\$26,968,096	47.85%
CC - LRC Expansion/Remodel	\$2,084,000	\$2,083,000	\$4,167,000	50.01%
TOTAL CUYAMACA	\$49,160,000	\$51,585,923	\$100,745,923	48.80%

This chart shows the projects at each campus that were funded with state matching funds. The above projects were not all the projects we have reviewed in detail in other sections of the report, but only those which had received state funds.

Of the \$73,982,244 spent on these projects at the Grossmont campus, over 47.27% of the funds came from state funding to date. Of the \$100,745,923 spent on the state funded projects at the Cuyamaca campus, over 48.80% of the funds came from the state to date. Overall, the program spent \$174,728,167 at both campuses with \$84,131,000 or 48.15% coming from state sources. Additional state funding includes \$25,851,000 for the Grossmont College Performing Arts Building contingent upon funding resources.

C. Funding Plan

Because of interest earned and the refunding of Series A and B bonds, the District has been fortunate to be able to increase funding at both campuses, district wide, and to expand the funding plan originally envisioned in September 2004. Current funding increases have been made as follows:

Description	Districtwide	Cuyamaca College	Grossmont College	Total
Original Funding Plan	\$16,960,000	\$75,302,195	\$107,183,735	\$199,445,930
Interest Allocated	\$1,107,090	\$4,918,077	\$6,999,419	\$13,024,586
Refund A & B	\$1,255,875	\$5,579,040	\$7,940,085	\$14,775,000
Funding Plan 9/10	\$19,322,965	\$85,799,312	\$122,123,239	\$227,245,516
Funding Increase	\$2,362,965	\$10,497,117	\$14,939,504	\$27,799,586
Funding % Increase	13.9%	13.9%	13.9%	13.9%
Allocation of Total Funding	8.50%	37.76%	53.74%	100.00%

The District allocated similar amounts to each element of the original program. Each campus was treated equitably. The increase in funding allocations has allowed the District to both add, and adjust, project funding for each campus in preparation of a 2009/10 funding plan.

SECTION 2: POST PERFORMANCE & CHANGE ORDER REVIEW

As part of our review AFC was asked to select and categorize the change orders (CO) processed for the nine (9) major projects completed by GCCCD during the past four years and to review post performance cost worksheets. We had previously recommended that the District establish a streamlined level of authority for change order approvals and to track change orders according to a purpose or "reason" code. We were particularly interested if this recommendation had been implemented and how the District had performed with regard to change orders. We were also asked to answer questions regarding why particular changes were deemed necessary and if they were adequately justified.

In an attempt to answer these questions we expanded our review to sample change orders to determine if the appropriate signature authority had been followed, if the time to process change orders was reasonable (to eliminate risk), if the change orders were documented sufficiently, if there were excessive errors and omissions, and if there were numerous change orders associated with user or owner driven scope changes.

Typically, change orders associated with construction are a result of the following conditions:

- **Unforeseen site or other conditions**
- **Scope changes authorized by the Owner**
- **Unavailable materials or changes in specifications**
- **Errors and Omissions in the documents prepared by the Architect**
- **Changes caused by on-site field review by governing agencies, typically code interpretations by DSA**

Normally we find that change order rates are between 3-10% of the initial construction value. The average CO rate for new construction is generally 5% and for renovation work, a rate of no more than 10%. Renovation change order rates are usually higher because of project complexities, the incompleteness of as-built documents, and unknown conditions which may be present at the site. We believe that change order rates of 3% or less are admirable, thus we were interested in observing how the projects had performed. We evaluated five (5) projects at Grossmont College and four (4) at Cuyamaca College. Change order rates are typically higher as a percentage of construction on smaller projects than on larger projects.

Change order rates are typically at the higher end of the range with the traditional design-bid-build methodology, lower for a trade bid contract methodology (CM Multi-Prime), and technically non-existent for a design-build contract. Because GCCCD primarily chose to execute the bulk of the projects with a CM Multi-Prime methodology, where the final bid price becomes the sum of all trade bids plus the cost of the construction manager, we would expect the change order rate to be in the middle range. These ranges do not include any added scope of work that the Owner may elect to exercise to enhance the overall quality of the final product. We paid particular attention to Owner authorized changes to ascertain if there were any changes that could have been avoided had a decision been made at the

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Board or higher administrative level than was utilized. All change orders are presented to the Governing Board for discussion and ratification and members regularly ask for additional information pertaining to the specific change, as necessary. In general, we often find that certain types of projects have higher “user” generated change orders, that there was favoritism given with regard to certain academic disciplines or individual users, or that the changes were not necessary and not fully justified. **Based on the following review information we did not find this to be an issue at GCCCD.**

Review Approach

Of the nine (9) projects, six (6) were constructed using the CM-Multi Prime methodology, and three (3) were done using a design-bid-build (low bid) methodology. The design-bid-build projects were managed by Gafcon rather than hiring an independent construction manager.

The following table shows the projects, methodology of construction, total construction cost, the total cost of change orders by project, the number of change orders processed, the number of vendors involved in the change orders, and a list of the number of change orders sampled for our analysis:

CAMPUS	PROJECT	CONSTRUCTION	CONSTRUCTION	CHANGE ORDER	NUMBER	NUMBER	SAMPLE
		METHODOLOGY	COST (\$)	COST (\$)	OF CO'S	OF VENDORS	
GC	Digital Arts	CM Multi-Pr	14,934,507	607,502	265	22	10
GC	Exercise Science & Wellness (400 Bldg)	Design-Bid-Build	7,966,756	1,105,659	24	3	5
GC	Parking Structure	Design-Bid-Build	16,299,828	713,542	28	3	5
GC	Life Safety Road	Design-Bid-Build	2,315,710	206,968	36	2	5
GC	Science Building	CM Multi-Pr	16,268,022	480,121	102	21	10
CC	Science & Tech Mall	CM Multi-Pr	18,438,137	662,338	131	25	10
CC	Student Center	CM Multi-Pr	15,986,652	906,621	195	25	10
CC	Communication Arts	CM Multi-Pr	36,459,460	995,507	295	31	10
CC	Business & Technology	CM Multi-Pr	20,230,207	32,231	56	24	5
	TOTAL		148,899,279	5,710,489	1132	156	70

For the projects above, \$148,899,279 of construction value was put in place by the District. ***Of that sum \$5,710,489, or 3.83%, was attributable to change orders.*** For this work 1,132 change orders were processed with 156 different trade contractors.

Our detailed review involved extracting all information from a sample of five (5) to ten (10) change orders from each project in order to track cost, approval time, documentation, and reasons for the change.

Change Order Review Criteria Included:

- Signature Authority to approve change orders as approved by the Governing Board.
- Time to approve and process change orders as a function of managing risk.
- The adequacy of documentation used to justify change orders, estimating basis and costs, and the appropriate application of mark-up by contractors.

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- Tracking of “reason codes” applied to the change orders to document errors and omissions by architects, excessive scope changes, and unforeseen conditions which may have been prevented.

In most cases we used our sample of seventy (70) differing change orders as indicated in the chart above with the exception of reviewing the overall “reason codes” applied to each project.

Following are our observations and recommendations as they relate to the projects reviewed and the process in place at the GCCCD relating to change orders.

A. Signature Authority & Authority to Approve Change Orders:

With most community college districts the Governing Board is the final authority which is authorized to approve changes to project scope and budget. This normally occurs at a formal public meeting. Since board meetings are infrequent, we often recommend that the board delegate some day-to-day authority levels to administrative staff with various “levels of authority” given to each with a tiered approval structure. This action streamlines the approval process, prevents project delays, and minimizes cost increases caused by time delays.

Since the GCCCD adopted such a streamlined approach, we expected to find change order documents indicating this tiered level of approval limits and the appropriate signatures attached to the change orders.

On November 15, 2005, the Governing Board authorized a Delegation of Change Order Authority to District staff as follows:

For Public Works Contracts over \$1,000,000:

To the Senior Director of Facilities Planning:

- Individual change orders up to \$100,000 and aggregate change orders up to the greater of \$100,000 or 4% of the original contract sum

To the Vice Chancellor of Business Services:

- Individual change orders up to \$150,000 and aggregate change orders up to the greater of \$150,000 or 7% of the original contract sum

To the Chancellor:

- Individual change orders up to \$200,000 and aggregate change orders up to the greater of \$200,000 or 10% of the original contract sum

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For Public Works Contracts under \$1,000,000:

- Generally limited by the Governing Board to 10% of the aggregate contract sum by request at time of award. Staff may also request/recommend a maximum aggregate change order limit above 10%.

For Multi-Prime Contracts wherein the total of trade bids let:

To the Senior Director of Facilities Planning:

- Individual change order up to 10% or 4% of the aggregate trade bids

To the Vice Chancellor of Business Services;

- Individual change orders up to 10% or 7% of the aggregate trade bids

To the Chancellor:

- Individual change orders up to 10% or 10% of the aggregate trade bids

All other change orders above the Chancellor's limits of 10% will be approved by the Governing Board.

We sampled significant change orders for each project to determine if the tiered level of authority had been followed. Our sampling also included verification that all other approvals were obtained on change orders, including the architect, District inspector, construction manager, and contractor. For each project, we addressed signatory approval levels separate from required project team signatures.

Observations:

Of the change orders we sampled, we found that the District and Gafcon strictly followed the Delegation of Authority as approved by the Governing Board. Several of the change orders reviewed contained attached forms which actually calculated the level of approval required. We found only one (1) change order that had no signatures affixed to the change order documents, which was apparently an error. That change order was related to the Grossmont Life Safety Road project. Upon further review it was found that the change order was voided and the Rental Contract was amended and approved by the Governing Board as required. Several of the projects, principally the GC Life Safety Road and GC Exercise Science & Wellness (Building 400), had change orders which exceeded the Delegation of Authority granted to the Sr. Director of Facilities Planning. As the tiered authority level increased, these were properly reviewed and signed by the Vice Chancellor of Business Services or the Chancellor as appropriate. The GC Exercise Science & Wellness (Building 400) change orders exceeded the Chancellor's approval authority and led to seeking Governing Board approval of change orders.

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By reviewing the project team signatures we found that on two projects at Cuyamaca College; the Science & Tech Mall, and Communication Arts Building that the architect's signature was not on the change orders. When questioned, Gafcon staff explained that because the construction administrator from the architect's office was not authorized to sign change orders, the change orders were signed, on a monthly basis concurrent with payment application approvals, by a principal of the firm. This was consistent with a policy adopted by the architectural firm. These signatures were then put on file with other documents and submitted to DSA for review and the change orders have been approved by DSA as required.

In one (1) case we reviewed, we also noted that a signature for the Inspector of Record (IOR) was missing and in another, a signature for the campus representative. In both these cases signatures were not required since the changes were non-life safety issues. Both change orders have been approved by DSA.

Recommendation:

None

B. Time to Process and Approve Change Orders

The process for making changes to a project varies with each project team. The process described below is utilized when a Construction Manager (CM) is employed. Normally a request for a change is the result of the contractor or sub-contractor requesting clarification of an element of the work in the form of a Request for Information (RFI). The steps are:

1.0 The initial request is generated by utilizing the Contractors RFI Form that is forwarded to the CM.

2.0 The CM then generates an RFI on the District's Form, forwards it to the Architect of Record who responds to the RFI with a clarification and identifies any associated costs.

3.0 If the response to the RFI results in a cost change, the Program and Construction Manager (CM) issue a Request for Cost Proposal (RFCP) to the Contractor.

4.0 The Contractor prepares an estimate including any potential schedule impact and forwards it back to the CM, who generates a Change Order Request (COR)

5.0 .Turnaround time for the COR as dictated by the GCCCD Policy and Procedures Manual is fourteen (14) calendar days. Typically the COR is created and implemented much sooner than (14) days depending on the criticality of the issue.

6.0 The Change Order Request is then reviewed by the Architect, Program/Project Manager, Construction Manager, Inspector of Record and the Owner or his representative at the next weekly construction meeting. Subsequently, a final costing /negotiating meeting(s) are scheduled within five (5) days if possible depending on the complexity of the issue and time required to ascertain the appropriate information/documentation.

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7.0 When the terms are agreed upon, the COR is approved and signed by the Contractor, CM, and the Owners Representative. The Change Order is then generated by the CM. The time to complete the Change Order will depend on the complexity of the work to be completed at the time. In some cases a Change Order could be comprised of several COR's, potentially requiring additional time to resolve all COR's.

8.0 The Contractor then has ten (10) days to accept the cost of the change or dispute the disposition. Actual construction work on the change order should not commence until all the parties have agreed to the price and all the parties have signed the change order document (Architect, Program/Project Manager, Construction Manager, Architect, Inspector of Record, Owner Representative, and the Contractor). Upon obtaining the proper signatures the Change Order is then submitted to the Governing Board for ratification.

We often find that some construction work proceeds without the change order being executed or approved. Because the process of approving change orders is time consuming, the actual time it takes to process change orders is critical to the overall construction process. In cases where work must proceed immediately, we normally recommend that owners issue Field Orders (FO) to do the work with an agreed upon lump sum as a not-to-exceed cost. This field order work can then be incorporated as a change order at a later date. In most cases we believe that change order processing time should be between 30-45 days and certainly no more than 50-60 days after the change issue arises.

As part of good risk management, the timely processing of change orders can prevent a future contractor claim. Therefore, we look to see if change order processing time is beyond normal. The longer the change order remains outstanding, the more likely it is to become a claim.

Observations:

We sampled change orders for each of the nine (9) projects to address whether a timely approval process had been followed. AFC randomly selected 5 – 10 change orders for each project to measure the days for approval time from the time a COR was issued to the date of signature of the Change Order by the District. The following charts summarize our findings for each project:

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Contractor	CO #	Amount	Date	COR Date	No. of Days
CC SCIENCE TECH					
JJJ Floor Covering	C6224-1	5,500.00	08/26/05	08/16/05	10
Minshew Bros Steel Constructors, Inc	C6211-2	6,870.00	02/01/06	01/09/06	23
Moonlight Glass Company, Inc.	C6217-3	3,675.00	08/29/06	05/15/06	106
Peltzer Plumbing Inc.	C6203-1	2,251.00	08/26/06	07/15/06	42
Peltzer Plumbing Inc.	C6207-3	53,760.00	05/15/06	04/20/06	25
Raymond Interior	C6218-12	13,833.00	06/05/07	N/A	
Southland Electric, Inc.	C6202-12	8,523.00	11/17/06	08/29/06	80
Southland Electric, Inc.	C6202-20	18,372.00	02/04/07	11/20/06	76
Southland Electric, Inc.	C6202-4	16,579.00	04/19/06	01/31/06	78
University Mechanical	C6208-11	35,842.00	02/01/07	11/01/06	92
CC COMM ARTS					
Alcal Roofing Insulation	00002	-4,080.00	08/03/07	N/A	
Conundrum Construction, Inc.	00004	59,253.39	06/15/06	05/24/06	22
Hugo Alonso, Inc.dba Alonso Painting	00003	2,806.00	08/03/07	07/27/07	7
Johnson Barnes & Finch, Inc.	00005	3,215.00	01/26/07	01/17/07	9
Johnson Barnes & Finch, Inc.	C6458-06	5,379.00	12/11/06	12/04/06	7
New Dimension Masonry, Inc.	00002	14,097.00	06/01/06	05/26/06	6
Queen City Glass Company	00007	10,376.00	06/28/07	06/20/07	8
Saddle/Saddleback Waterproofing	00003	30,811.00	05/09/06	04/24/06	15
Southland Electric, Inc.	00023	1,191.00	04/02/07	03/21/07	12
Valley Crest Landscape Development	00013	6,350.00	01/10/08	12/07/07	34

Contractor	CO #	Amount	Date	COR Date	No. of Days
CC STUDENT CENTER					
Advanced Partitions Adv Systems	C6818-13	2,739.00	04/02/07	03/29/07	4
Brady Company / San Diego, Inc.	C6824-3	2,366.00	11/08/07	10/16/07	23
Edge Development, Inc.	C6808-13	17,612.00	12/20/07	11/12/07	38
Edge Development, Inc.	C6808-3	43,328.00	05/23/07	04/12/07	41
Edge Engineering & Equip, Inc.	C6803-3	18,073.00	06/13/06	05/10/06	34
Interpipe Contracting, Inc.	C6806-2	48,544.00	03/14/07	02/07/07	35
McMahon Steel Company, Inc.	C6810-8	5,494.00	11/08/07	10/27/07	12
Neal Electric Corp.	C6802-16	118,109.00	03/26/07	03/14/07	12
Neal Electric Corp.	C6802-9	19,238.00	11/08/06	10/12/06	27
Tower Glass, Inc.	C6816-4	7,215.00	08/27/07	08/14/07	13
CC BUS/TECH					
Clear Sign and Design, Inc.	00001	5,611.00	11/11/09	11/19/09	-8
Agave Landform, Inc.	00003	6,074.00	10/20/09	10/20/09	0
Eberhard Benton Roofing	00003	4,756.00	10/20/09	10/16/09	4
Underground Utilities, Inc.	00005	19,187.00	09/21/09	06/30/09	83
Underground Utilities, Inc.	00001	16,944.00	10/23/08	10/22/08	1

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Contractor	CO #	Amount	Date	COR Date	No. of Days
GC SCIENCE					
A.O. Reed and Company	00001	9,064.00	10/27/05	09/22/05	35
A.O. Reed and Company	00008	120,851.00	04/19/07	04/14/07	5
Artimex Iron Company, Inc.	00001	6,923.00	06/08/05	03/22/05	78
Centex Glazing, Inc.	00001	16,384.00	02/23/06	01/27/05	392
Dow Diversified, Inc.	00006	8,115.00	06/21/06	03/21/06	92
Jaynes		-63,179.00	01/19/07	03/13/07	-53
Merino Landscape, Inc.	00003	21,462.00	09/11/06	08/29/06	13
Peltzer Plumbing Inc.	00004	14,020.00	07/06/06	06/15/06	21
Standard Drywall, Inc.	00001	89,563.00	07/21/05	06/28/05	23
Steiny and Company, Inc.	00006	18,070.00	03/31/06	03/28/06	3
GC BUILDING 400					
Soltek Pacific Construction Co.	00007	48,100.00	03/24/08	02/11/08	42
Soltek Pacific Construction Co.	00008	166,568.00	03/24/08	02/11/08	42
Soltek Pacific Construction Co.	00014	42,707.00	05/30/08	04/16/08	44
Soltek Pacific Construction Co.	00015	6,671.00	05/30/08	05/29/08	1
Soltek Pacific Construction Co.	00017	32,821.00	06/24/08	05/29/08	26
GC LIFE SAFETY ROAD					
Hawthorne Contracting Co., Inc.	00001	2,297.51	02/03/05	02/28/05	-25
West Coast General Corp.	00004	11,401.27	08/23/05	08/05/05	18
West Coast General Corp.	00007	58,000.00	09/14/05	08/08/05	37
West Coast General Corp.	00026	5,814.40	01/30/06	10/26/05	96
West Coast General Corp.	00027	15,664.00	03/02/06	02/21/06	9

Contractor	CO #	Amount	Date	COR Date	No. of Days
GC DIGITAL ARTS					
Bergelectric Corporation	001	5,807.00	09/27/05	09/14/05	13
Bergelectric Corporation	019	21,879.00	01/01/07	11/07/06	55
Bergelectric Corporation	025	6,912.00	02/01/07	12/01/06	62
Conundrum Construction, Inc.	00002	9,688.00	06/21/06	04/19/06	63
Conundrum Construction, Inc.	00007	20,133.00	12/11/06	07/05/06	159
D.A. Whitacre Construction, Inc.	002	4,527.00	08/02/06	03/17/06	138
Modern Masonry	00001	22,490.00	11/29/06	12/01/06	-2
University Mechanical	00028	20,078.00	04/29/07	04/17/07	12
University Mechanical	00032	50,406.00	06/13/07	06/13/07	0
Western Rim Constructors, Inc.	002	7,435.00	12/30/05	10/21/05	70
GC PARKING STRUCTURE					
Bonita Pipeline, Inc.	00005	105,198.00	02/22/08	01/11/08	42
McCarthy Building Companies	00003	64,878.00	09/15/08	09/09/08	6
McCarthy Building Companies	00008	17,130.00	05/22/09	12/29/08	144
McCarthy Building Companies	00011	18,695.00	07/01/09	06/29/09	2
McCarthy Building Companies	00016	23,690.00	09/28/09	08/14/09	45

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We further calculated the average and median time to processing the sampled change orders as shown below:

<i>PROJECT</i>	<i>Average Days in Process</i>	<i>Median Days in Process</i>
CC SCIENCE TECH	59	76
CC COMM ARTS	13	9
CC STUDENT CENTER	24	25
CC BUS/TECH	16	1
GC SCIENCE	60	17
GC BUILDING 400	31	42
GC LIFE SAFETY ROAD	27	25
GC DIGITAL ARTS	57	58
GC PARKING STRUCTURE	48	42

As the above charts indicate, the average time it took to process change orders varied between 13 and 60 days. The median time was between 1 and 76 days. For five of the nine projects analyzed, the number of days was within the 30-45 days we recommend to reduce risk. Upon further discussion with Gafcon it was found that in several cases the extended time to approve the Change order was due to having multiple CORs and/or prime contractors involved with specific change.

Recommendation 2.1:

AFC recommends that in the future the District diligently strive to keep the time from receipt of a Change Order Request (COR) to the processing of a final Change Order to within 30-45 days to reduce risk. It should be also noted that the District should urge their contractor's to submit proposed change order requests on a timely basis as some of these delays were due to an untimely, inaccurate and/or incomplete contractor submittal.

In many cases final Change Orders can consist of numerous COR's, typically related. The time from the first signature on a COR until the last COR is signed will vary and have direct impact on the overall approval time of the final change order. Final change orders are not approved until all work COR work is completed. In addition, on Multi-prime projects a change order can involve numerous contractors and COR's that need to be separately negotiated. In some cases, one contractor's work will potentially impact the other contractor's ability to complete their work. When dealing with non-proactive contractors that continue to provide insufficient back up documentation there can easily be impacts to the overall CO approval time. Upon further review, Gafcon provided an example of a COR and Change Order tracking device that the CM was utilizing to track time between approvals for each case.

We also noted that not all of the change orders had a formal Change Order Request (COR) attached to the documentation. Many of our COR dates were established by looking at the date that an estimate was submitted by the contractor. In some cases a COR form was used, in others this form was omitted, and it appeared that a more diligent use of a COR form was

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applied by Project Managers on the Grossmont projects than on the Cuyamaca projects. Also, in some cases, we noted that change order request dates, or estimates, were dated after the change order was approved making it difficult to follow. In order to formally document the process we believe that a COR form should always be used consistent with the District's Policy and Procedures Manual. Upon further discussion with Gafon, it was found that some of this documentation was found to be filed in other locations or the A/E and/or the CM had retained copies.

Recommendation 2.2:

AFC recommends that in the future the District should be consistent and have the Construction Manager prepare a Change Order Request (COR) form which formally documents and begins the process of a change order review. This will be a record of the date on which the District begins its review of cost, negotiates the final sum, and approves or disapproves the change order.

C. Documentation, Estimating & Contractor Mark-up Allowances

Adequately documenting change orders is an area that can also be problematic. Documentation should include an explanation of what additional work is necessary and why. Often the change order will state what the work is, but fails to indicate why the work was necessary, or how the change improved the quality of the final product. We look to see that the documentation is adequate and justifies the change properly.

Estimating the cost of the change is another challenging area. Often language in the contract states that some basis for the estimated cost of the change shall be used. Cost estimating guidelines such as that published by R. S. Means is often the standard used. In the case of GCCCD the bid documents contain language that refers to the latest version of RS Means as the standard. If no standard exists, then the Owner is at the mercy of the contractor and sub-contractor's estimate and may need to prepare its own estimate to validate the cost of the work. GCCCD was fortunate to have, on most projects, a Construction Manager and a Program/Project Manager who could do cost estimating and validate the cost of change orders. Additionally, the District's Architect of Record was also held accountable to review change order pricing. Differences in estimates by one party or the other can often lead to protracted negotiations or potential claims. This appeared to not be the case at GCCCD.

We also look to see that the cost of the work is fair and reasonable. Occasionally we find that change order estimates are inflated with incidental charges such as engineering, sundries, and inappropriate labor cost and burden which can drive up the price and contractor mark-up allowances. Therefore, we look to see that change orders contain reasonable mark-ups and costs.

Observations:

From the sampled change orders we evaluated, we found the following:

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- Numerous change orders were priced as lump sum values with no, or limited back-up, estimates attached. Of those sampled, over 40.0% of the estimates were approved based on lump sum pricing.
- No estimating back up from the Owner's perspective was provided as an attachment either by the Program/Project Manager, Construction Manager or Architect. Based on the documentation available, it was impossible to tell if the contractor's estimates had been appropriately reviewed by all parties.
- In one change order, work executed on a time and material basis had no back-up or time tickets attached.
- One change order we reviewed contained charges for management, purchasing, engineering, and vehicle rental time which is commonly considered as a General Conditions cost not allowed by contract.
- In another change order, we found liability insurance and workman's compensation included as a separate line item charge when it was also included in the labor base rate as labor burden.

Upon further discussion with Gafcon, it was found that some of the change order documentation was filed in other locations, or the A/E and/or the CM had retained copies. It was agreed that the Owner needs a copy of this important documentation for their files as well.

Recommendation 2.3:

AFC recommends that on future projects that the District retain copies of all the change order documentation in one location.

Since this work has been completed and the contracts closed, we do not recommend attempting to research these issues further, since the potential sums, if found in fact to be applicable, would be minimal in comparison to the work effort involved.

Recommendation 2.4:

AFC recommends that in the future the District use more care in documenting the change order by requiring detailed estimates rather than lump sum costs.

As is the case with most change orders, the sample lacked some degree of specificity as to why the work was necessary or how it improved the quality of the final product. Over 50.0% of the change orders we reviewed had inadequate explanations regarding the change. Most change orders were simply a documentation of fact rather than an explanation of why the change was necessary or how it may have improved the quality of the final product. When reviewing the change orders, we often found that the RFI and/or the COR may have had a more detailed description for the reason for the change than the actual final change order itself.

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Upon further discussion it was noted that additional information is typically provided to the College, District and Governing Board representatives upon submission of the Change Order for ratification. It was agreed that a copy of the ratification form would be filed with the change order information in the future.

Recommendation 2.5:

AFC recommends that in the future a more detailed explanation of the change order be provided including considering why the change was necessary and if it improved the quality of the final product.

D. Tracking Reason Codes – Errors & Omissions

We typically recommend that Owners codify and track the purpose or reason for each change order. This can assist in quantifying the cost and number of Owner initiated scope changes, unforeseen site conditions that may be avoided on future projects, the cost of agency initiated changes as a result of code interpretations, and principally to track errors and omissions on the part of the design professional. If we find numerous change orders attributable to errors and omissions caused by the architect's drawings, we would be concerned that the quality of the design documents was poor.

The construction industry suggest that the "standard of care" for change orders attributable to errors and omissions should be no more than 3% of the construction cost. It is purely a judgment call made by the Owner and liability only attaches when the Architect acts below the standard of applicable care. The standard can be described as part of the contract documents and is at the discretion of the Owner. In order to determine if the standard of care has been compromised, we calculate 100% of the error related change orders and only 20% of the omission related change orders. If contractual working drawings omit design details, it is presumed that related costs were never included in the original construction contract to cover these omissions. However, it is industry standard that suggests that change orders inherently are 20% higher than if the work was originally included in the construction contract as bid work. We further recommend that the Owner, or his representative, codify all change order reason codes, rather than rely on contractor codification.

Rather than adopt the standard reason codes we normally find in the construction industry, the District adopted the following reason codes which expanded the areas of justification:

- ***Administrative (no cost)***
- ***Customer Requested (District)***
- ***Customer Requested (User)***
- ***Errors and Omissions (Value Added)***
- ***Errors and Omissions (No Value Added)***
- ***Field Conditions (Unforeseen conditions)***
- ***Back charges***

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In the case of the GCCCD projects analyzed, not all reason codes were utilized when the District codified the changes and we disagreed with several of the classifications used based on the documentation presented in the change orders sampled. Only three (3) Administrative changes were logged at “no cost” on one project. This was typically used when a change order was required where there was no cost impact. Fortunately this was not required on all projects. We also found that some change orders classified as “Customer Requested” may have actually been Errors and Omissions; however, the District used the classification that was the most prevalent for the bulk of the changes to identify them. Field Conditions and unforeseen conditions were also given separate classifications when in reality they were either unforeseen conditions or could have been categorized under other classifications. Also, our interpretation of the category for “value added” Errors and Omissions is that these were actually omissions and that “no value added” Errors & Omissions were actually errors on the part of the architect or professional.

The following tables show reason codes assigned to change orders as provided to AFC by the District:

CC Science & Tech	CO Total	CO %	% of Contract
AGENCY REQUEST	261,834.00	39.53%	1.67%
CUSTOMER REQUEST (OWNER)	12,326.00	1.86%	0.08%
ERRORS & OMISSIONS (VALUE)	333,012.00	50.28%	2.13%
ERRORS & OMISSIONS (NO VALUE)	14,783.00	2.23%	0.09%
FIELD CONDITIONS		0.00%	0.00%
UNFORESEEN	6,179.00	0.93%	0.04%
BACKCHARGES	34,204.00	5.16%	0.22%
	662,338.00	100.00%	4.23%

CC Student Center	CO Total	CO %	% of Contract
AGENCY REQUEST	197,206.00	21.75%	1.47%
CUSTOMER REQUEST (OWNER)	415,454.00	45.82%	3.10%
ERRORS & OMISSIONS (VALUE)	211,610.00	23.34%	1.58%
ERRORS & OMISSIONS (NO VALUE)	56,525.00	6.23%	0.42%
FIELD CONDITIONS	17,234.00	1.90%	0.13%
UNFORESEEN	44,849.00	4.95%	0.33%
BACKCHARGES	(36,257.00)	-4.00%	-0.27%
	906,621.00	100.00%	6.76%

CC Comm Arts	CO Total	CO %	% of Contract
AGENCY REQUEST	(133,052.07)	-13.37%	-0.42%
CUSTOMER REQUEST (OWNER)	305,624.35	30.70%	0.96%
ERRORS & OMISSIONS (VALUE)	56,398.61	5.67%	0.18%
ERRORS & OMISSIONS (NO VALUE)	499,800.84	50.21%	1.57%
FIELD CONDITIONS	2,211.00	0.22%	0.01%
UNFORESEEN	272,336.94	27.36%	0.85%
BACKCHARGES	(7,813.14)	-0.78%	-0.02%
	995,506.53	100.00%	3.13%

CC Bus & Tech	CO Total	CO %	% of Contract
AGENCY REQUEST	0.00	0.00%	0.00%
CUSTOMER REQUEST (OWNER)	13,875.00	43.05%	0.08%
ERRORS & OMISSIONS (VALUE)	4,756.00	14.76%	0.03%
ERRORS & OMISSIONS (NO VALUE)	0.00	0.00%	0.00%
FIELD CONDITIONS	(5,867.00)	-18.20%	-0.03%
UNFORESEEN	46,167.52	143.24%	0.27%
BACKCHARGES	(26,701.00)	-82.84%	-0.16%
	32,230.52	100.00%	0.19%

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GC Science Building	CO Total	CO %	% of Contract
AGENCY REQUEST	0.00	0.00%	0.00%
CUSTOMER REQUEST (OWNER)	365,126.25	76.05%	2.55%
ERRORS & OMISSIONS (VALUE)	96,218.00	20.04%	0.67%
ERRORS & OMISSIONS (NO VALUE)	0.00	0.00%	0.00%
FIELD CONDITIONS	0.00	0.00%	0.00%
UNFORESEEN	21,020.00	4.38%	0.15%
BACKCHARGES	(2,243.00)	-0.47%	-0.02%
	480,121.25	100.00%	3.35%

GC Life Safety Road	CO Total	CO %	% of Contract
AGENCY REQUEST	0.00	0.00%	0.00%
CUSTOMER REQUEST (OWNER)	147,836.58	71.43%	7.04%
ERRORS & OMISSIONS (VALUE)	7,743.43	3.74%	0.37%
ERRORS & OMISSIONS (NO VALUE)	8,035.72	3.88%	0.38%
FIELD CONDITIONS	0.00	0.00%	0.00%
UNFORESEEN	43,352.86	20.95%	2.06%
BACKCHARGES	(1.00)	0.00%	0.00%
	206,967.59	100.00%	9.85%

GC Digital Arts	CO Total	CO %	% of Contract
AGENCY REQUEST	0.00	0.00%	0.00%
CUSTOMER REQUEST (OWNER)	75,237.00	12.38%	0.60%
ERRORS & OMISSIONS (VALUE)	256,686.00	42.25%	2.06%
ERRORS & OMISSIONS (NO VALUE)	0.00	0.00%	0.00%
FIELD CONDITIONS	0.00	0.00%	0.00%
UNFORESEEN	260,578.29	42.89%	2.09%
BACKCHARGERS	15,001.00	2.47%	0.12%
	607,502.29	100.00%	4.88%

GC Exer/Sci/Wellness (400 Bldg)	CO Total	CO %	% of Contract
AGENCY REQUEST	0.00	0.00%	0.00%
CUSTOMER REQUEST (OWNER)	256,617.00	23.21%	4.12%
ERRORS & OMISSIONS (VALUE)	183,028.00	16.55%	2.94%
ERRORS & OMISSIONS (NO VALUE)	0.00	0.00%	0.00%
FIELD CONDITIONS	112,941.00	10.21%	1.81%
UNFORESEEN	584,837.00	52.89%	9.39%
BACKCHARGES	(31,763.42)	-2.87%	-0.51%
	1,105,659.58	100.00%	17.75%

GC Parking Structure	CO Total	CO %	% of Contract
AGENCY REQUEST	42,833.00	6.00%	0.27%
CUSTOMER REQUEST (OWNER)	42,664.42	5.98%	0.27%
ERRORS & OMISSIONS (VALUE)	121,025.00	16.96%	0.78%
ERRORS & OMISSIONS (NO VALUE)	0.00	0.00%	0.00%
FIELD CONDITIONS	247,605.41	34.70%	1.59%
UNFORESEEN	268,666.00	37.65%	1.72%
BACKCHARGES	(9,251.00)	-1.30%	-0.06%
	713,542.83	100.00%	4.58%

Observations:

Since the Owner is the entity making the judgment call as to which changes are the result of Errors and Omissions and the ultimate keeper of the records, it is imperative that they be the judge of the category where all changes be classified.

For each project reviewed, the above tables reflect overall change orders as a percentage of final construction cost. Actual change order rates were found to be between 0.19% and 17.75% of construction cost. Most of the projects fell within the 5.0% we would anticipate for new construction. Three of the projects should be noted as follows:

- Grossmont Life Safety Road had a 9.85% change order rate. This was largely attributed to Owner requested changes which were 71.43% of the total change order costs. Upon inspection of the change order documents, we found that additional work was authorized to re-stripe parking lots, create parking lot entry points, and make roadway improvements not originally in the scope of the project. These changes seemed reasonable given that roadways and parking lots are in continuous use by the campus and can be problematic to manage while construction is occurring. Errors and Omissions rates at 0.75% were well within the ranges we anticipated for largely civil engineering work which in itself contains numerous unknown conditions.
- Grossmont Exercise Science & Wellness (Bldg 400) had a 17.75% change order rate. Since this project was a renovation and constructed as a design-bid-build project we would expect change orders to be closer to 10.0%. Of the changes, 9.39% were attributable to Unforeseen Conditions and 4.12% attributable to Owner Requested.

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This high Unforeseen Conditions rate seems to indicate that there was inadequate investigation of pre-existing conditions at the site and in the building. We understand that asbestos abatement became the major cause of unforeseen change orders and triggered several Owner Requested changes. The Error and Omission rate at 2.94% was also close to 3.0%, but within acceptable industry standards. Errors and Omissions were primarily attributed to poor mechanical, electrical, and plumbing design, cost recovery of which has been pursued by the District.

- Cuyamaca Student Center had a 6.76% change order rate. As a new building we would have anticipated less than a 5.0% rate. While not a concerning variance, it is clear that Customer Requested used up 3.10% of the change order funds. The bulk of these owner requests were in the form of tenant improvement build-outs which are not unusual for this building type. Not knowing the final location of kitchen equipment and other tenant needs can cause the change order rate to be higher. We understand that there were numerous unknowns in this regard when the project was initially bid which could not be resolved until the project was under construction. There was approximately \$369,474 that was utilized as Tenant Improvement for the food service area. This was a customer change that was required since the food vendor would not provide the TI. If this work were to be deducted from the overall Change Order amount of \$906,621 the CO rate would be 3.76%.

Change orders attributable to overall Errors and Omissions fell between 0.09% and 2.94% of construction. As previously stated the error and omission rate should be less than 3.0% on each project. This range shows that there were reasonably developed design documents and few errors and omissions on most projects. As a whole the Error & Omission rate averaged 1.5%. This demonstrates excellent program results.

Continuing our analysis, we attempted to determine if there were excessive customer requested changes on projects which could be better controlled. We prepared two charts; 1) shows the number of change orders attributable to each category, and 2.) Shows the cumulative expenditures by category of change. The charts are as follows:

CAMPUS	PROJECT	NUMBER OF CHANGE ORDERS BY CATEGORY							BACKCHARGE
		ADMIN.	AGENCY	OWNER	E&O	E&O	FIELD	UNFORSEEN	
		REQUEST	REQUEST	REQUEST	VALUE	NO VALUE	CONDITIONS	CONDITION	
GC	Digital Arts			73	61			48	84
GC	Exercise Science & Wellness (400 Bldg)			6	7		3	6	2
GC	Parking Structure		3	5	6		7	4	2
GC	Life Safety Road			17	2	3		13	1
GC	Science Building			63	30			8	1
CC	Science & Tech Mall		41	55	26	3		4	2
CC	Student Center		39	55	43	5	12	3	38
CC	Communication Arts	3	93	81	37	32	2	40	7
CC	Business & Technology			6	1		32	8	9
	TOTAL	3	176	361	213	43	56	134	146

The above chart indicates that of the 1,132 change orders issued on the nine projects, there were 361 as a result of owner requested changes. This is 31.9% of the overall number of

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change orders. Value added Errors & Omissions also comprised 18.8% of the change orders processed.

The cumulative expenditures by category of change are as follows:

CATEGORY OF CHANGE	NO OF CHANGES	COST OF CHANGES	% OF TOTAL COST
Administrative Changes	3	\$0.00	0.00%
Agency Requested	176	\$368,821.00	6.45%
Customer Requested	361	\$1,634,759.00	28.62%
Errors & Omissions (Value)	213	\$1,270,476.00	22.24%
Errors & Omissions (No Value)	43	\$579,143.00	10.14%
Field Conditions	56	\$374,124.00	6.55%
Unforeseen Conditions	134	\$1,547,984.00	27.10%
Backcharges	146	-\$64,818.00	-1.10%
TOTAL	1132	\$5,710,489.00	100.00%

The above chart indicates that \$1,634,759 or 28.62% of the overall change order amount was spent on the Owner (customer) requested changes. These, along with Unforeseen Conditions, account for the bulk of the project changes. Considering that the Owner changes for the food service would not have normally been anticipated the overall Owner % would be reduced to 22%.

While we did not do an exhaustive review of the owner requested change orders, we did examine enough of them to ascertain that there was no undue pressure from user groups to encourage specific customer requested changes to their projects. All users were treated fairly and changes were made for the betterment of projects by the District.

One possible way to curtail the extent of Owner generated change order requests would be to have a more detailed review of change orders when customer requests are made. We therefore make the following recommendation:

Recommendation 2.6:

AFC recommends that when specific customer request are made by the College that the College will be required by the District to provide a written request, documenting the need for the change and benefit to the program.

E. Post Performance Reviews

We reviewed all the post performance reports prepared by Gafcon on the completed nine (9) projects and found them to adequately describe the costs for overall construction activity.

The following charts are condensed versions of complete post performance reports prepared by Gafcon for each completed project highlighting areas of interest:

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GROSSMONT PROJECT >>>>>>>	GC - SCIENCE BUILDING		GC - PARKING STRUCTURE		GC - DIGITAL ARTS		GC - LIFE SAFETY ROAD		GC - BUILDING 400	
	COST (\$)	% OF Hard Costs	COST (\$)	% OF Hard Costs	COST (\$)	% OF Hard Costs	COST (\$)	% OF Hard Costs	COST (\$)	% OF Hard Costs
HARD CONSTRUCTION COSTS:										
Construction Costs	14,885,967		16,296,804		13,062,759		2,307,351		7,334,974	
CM Fees	1,302,023	8.75%	<i>incl in const</i>		1,673,771	12.81%	<i>incl in const</i>		<i>incl in const</i>	
Other Construction	80,032		3,025		197,977		8,359		631,782	
Sub-total Hard Construction	16,268,022		16,299,829		14,934,507		2,315,710		7,966,756	
SOFT COSTS:										
Architect/Engineering	848,990	5.22%	1,010,229	6.20%	708,280	4.74%	296,237	12.79%	459,670	5.77%
Labor Compliance	80,269	0.49%	59,822	0.37%	74,257	0.50%	18,585	0.80%	49,491	0.62%
Program/Project Management	900,745	5.54%	1,048,548	6.43%	924,727	6.19%	248,110	10.71%	646,035	8.11%
Testing	144,423	0.89%	214,029	1.31%	179,905	1.20%	23,282	1.01%	16,693	0.21%
Inspector of Record	192,192	1.18%	234,192	1.44%	226,380	1.52%	68,985	2.98%	184,148	2.31%
Other Soft Costs	251,545	1.55%	699,461	4.29%	677,366	4.54%	105,621	4.56%	468,004	5.87%
Sub-total Soft costs	2,418,164	14.86%	3,266,281	20.04%	2,790,915	18.69%	760,820	32.85%	1,824,041	22.90%
EQUIPMENT COSTS	842,540	5.18%	1,064	0.01%	940,485	6.30%	0	0.00%	0	0.00%
TOTAL PROJECT COSTS	19,528,726		19,567,174		18,665,907		3,076,530		9,790,797	
HARD COSTS % OF PROJECT	83.30%		83.30%		80.01%		75.27%		81.37%	
SOFT COSTS % OF PROJECT	12.38%		16.69%		14.95%		24.73%		18.63%	
EQUIPMENT COSTS % OF PROJECT	4.31%		0.01%		5.04%		0.00%		0.00%	
	100.00%		100.00%		100.00%		100.00%		100.00%	

SECTION 3: LABOR COMPLIANCE PROGRAM (LCP) REVIEW

Because labor compliance fines have occasionally been levied against District vendors, AFC was asked to review the historical labor compliance activities of the District and determine if labor compliance fines have been excessive, have held up the final Division of State Architect (DSA) final Notice of Completion for projects, or have presented any problematic issues in any regard. We were asked to address questions such as; can the District prevent labor compliance violations? Can the District do anything further to assist vendors in complying with Prevailing Wage requirements and the law?

As part of this section of our report we will discuss labor compliance in general, the cross-cutting issues present by the CA Legislative Analyst's Office (LAO) with their 2007/08 Budget Analysis, the view of the Department of Industrial Relations (DIR), the recent developments with SB 9 (SBX2-9), and the opinion of the District's Labor Compliance consultant, Gafcon Inc., with regard to compliance within the GCCCD. We will compare the Grossmont-Cuyamaca Community College District (GCCCD) LCP with other labor compliance programs, discuss how they have treated vendors, compare labor compliance costs with other districts, and compare costs as a percentage of total project construction costs.

A. Overview of Labor Compliance

Assembly Bill 1506, enacted in 2002, requires any awarding body that chooses to use funds derived from either the Kindergarten-University Public Education Facilities Bond Act of 2002 or the Bond Act of 2004 for a public works project utilizing those funds, to initiate and enforce, or contract with a third party, to initiate and enforce, a labor compliance program as described in subdivision (b) of Section 1711.5 of the Labor Code, with respect to any public works project. This section applies to any public works project that commenced on or after April 1, 2003. For the purposes of this subdivision, work performed during the design and preconstruction phase of construction, including, but not limited to, inspection and land surveying work, does not constitute commencement of a public work.

GCCCD, as a state agency, established a Labor Compliance Program (LCP) in early 2003 to respond to the mandated requirements of this bill. The LCP was established by the District, but Gafcon, Inc. has been performing Labor Compliance duties as an approved third party consultant since the inception of the Bond Program. Prior to this legislative enactment, enforcement of Prevailing Wage requirements were conducted by the Division of Labor Standards Enforcement and individual agencies had no detailed requirements to fulfill the mandates of the Labor Code, even though Prevailing Wage requirements were well known and had been in existence for 75 years. While the establishment of LCP's had been around since 1989, with the passage of AB 1506 the number of LCP's went from 12 to over 400.

B. The Role of the Department of Industrial Relations (DIR)

The view of the DIR is that Labor Code section 1771.5 authorized the establishment of LCPs to enforce Prevailing Wage requirements on public works projects. LCPs enforce prevailing

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wage laws on behalf of public agencies that award public works contracts (known as “awarding bodies”) and serve as an alternative to the traditional enforcement role of the Division of Labor Standards Enforcement (DLSE).

LCPs are required, among other things, to inform contractors about their prevailing wage obligations, to monitor compliance by obtaining and reviewing certified payroll reports, to investigate complaints and other suspected violations, and to take appropriate enforcement action when violations are found. LCP’s must be approved, may have their approval revoked, and must follow specific reporting and performance standards in accordance with regulations adopted by the Director of the DIR at Title 8, CA Code of Regulations, section 16421-16439.

The LCP, then in effect, becomes a state enforcement officer for DIR, not just a contract administrator for the District and the District cannot influence, veto, or compel any enforcement decisions.

The DIR clearly believes that the fundamental role and purpose of LCP’s in general is primarily to enforce prevailing wage law, rather than educate and assist contractors on methods to comply with the law. They also believe that both the awarding body and the contractor may have strong financial incentives not to comply with the prevailing wage law. Since there has been a poor track record of enforcement by a majority of LCP’s since 2003, they believe that a significant factor contributing to this poor track record has been the unwillingness of some programs to use enforcement tools because they are trying to please school district clients or because they perceive their role as primarily educational. DIR further believes that there are many experienced public works contractors familiar with the wage requirements and that when there is no enforcement and no penalty for violations beyond the obligation to repay what was due in the first place; unscrupulous contractors have no disincentive against underpaying workers. Therefore, DIR feels that, in general, LCP’s have not been working in their favor. This clearly is not the case at GCCCD.

C. California Legislative Analyst’s Report

The California Legislative Analyst’s Office (LAO) conducts an independent review of the Governor’s Budget annually and specifically addresses the capital outlay budget for the various segments of higher education. During the 2007/08 analysis of the capital outlay budget bill the LAO made specific comments regarding the Labor Compliance Programs (LCPs) that were of interest.

The LAO’s report (LAO Analysis of the 2007/08 Budget Bill, Capital Outlay Chapter, February 21, 2007, pp. G-30-31) suggested that the reporting of labor compliance appeared weak. They stated that the DIR is the primary entity responsible for enforcing the law with regard to Prevailing Wage, however the Legislature with the passage of AB 1506 allowed for the formation of LCP’s to supplement the work of DIR with a portion of proceeds from the bond acts. LCP’s are supposed to educate contractors and subcontractors about wage laws and review and audit payroll records to verify compliance. About 80% the LCP’s are operated by school districts.

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Their review of reports filed with DIR suggested that the amount of wages recovered for workers by the LCP's, as well as penalties imposed for violations of wages laws, was minor given the volume of public works contracts that they monitored. Between 2003 and March 2006 over \$8.3 billion of public works was put in place, primarily educational work, with only \$3-4 million of wages, penalties, and forfeitures recovered. They stated that the LCP's spent about \$70.0 million for compliance programs during this same period and that it cost anywhere from \$18-\$23 dollars to recover each \$1 of wages.

The LAO further suggested in their analysis that the \$70.0 million spent would have funded 200 new classrooms and made suggestions that there should be; 1.) Either a stronger oversight of LCP's by DIR with a sunset date for independent LCP's, or 2.) An increase in the DIR enforcement staff to handle the workload.

This LAO analysis led directly to the eventual passage of Senate Bill 9 (SBX2-9) enacted by the Governor on February 20, 2009.

D. Senate Bill 9 (SBX2-9)

Senate Bill 9 (SBX2-9) enacted on February 20, 2009, amended several laws with regard to labor compliance. The legislation requires that agencies, such as GCCCD, pay DIR a fee for enhanced labor compliance monitoring and enforcement in lieu of maintaining their own LCP. Once the bill becomes effective, most statutes that allowed for an LCP to exist will require a fee be paid instead of allowing for districts to hire an independent third party LCP consultant. This will essentially do away with the option of contracting out labor compliance and for those wishing to continue operating an LCP; will still obligate them to pay DIR a fee. After a public information process and clarification of the rules and regulations, DIR will start their enforcement in early 2010. There are currently rulemaking public hearings being scheduled for early January 2010 and indications are that by June 2010, the provisions will be in place. Until then, current law will govern compliance and any contract let prior to the effective date of regulation may continue under current law. The charge to public agencies such as GCCCD for labor compliance will be 0.025% of bond funds. Existing LCP's (public entities only) may petition to eliminate the charge but are required to implement the LCP without a third party consultant.

The intent of the legislation was to save public funds and clear up a "failed enforcement scheme" and put the enforcement responsibility back in the hands of DIR. Clearly the bill suggests that the current program at GCCCD will change.

E. Labor Compliance at GCCCD

An LCP was established at GCCCD in 2003 and Gafcon was hired to assist the District in meeting the needs of the labor compliance program, conduct on-site interviews, conduct pre-construction meetings, review payroll records, apprenticeship documentation, and prepare the annual reports as required by DIR. In our November 2006 report, AFC reviewed labor compliance practices being employed by the District and found them to be compliant.

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Gafcon's view, as with other consultants we have interviewed, has been that they were "primarily prevailing wage consultants and not the LCP police." An important role they fulfilled as part of their charge was to educate contractors regarding the law and assist them in complying with the requirements of the law. They found that pre-construction meetings, early education, dissemination of information, and assistance seemed to help in bringing most contractors into compliance. This view is shared by GCCCD.

Based on our review of a Gafcon provided summary of underpayments of prevailing wages found during the period from 2006 through 2009, the trend indicated that underpayments had gone down significantly. This was primarily attributed to the outreach and training components of the LCP, the fact that many contractors had been employed on multiple GCCCD projects or had prior experience with the District, and the fact that they had a better understanding of the rules and regulations. This may also have been attributable to more stringent enforcement and contractor's awareness that DIR was levying more fines.

During 2008, DIR became more active at revoking LCP programs, reviewing annual reports, and sought more fines and forfeitures. Subsequently additional penalties have been assessed and minor amounts recovered. Assessed fines that contractors have disputed are sent to and reviewed by DIR. The final forfeiture amount is determined by DIR, which historically has been less than the original assessed amount. The time for DIR to review and determine the final fine can potentially impact the time for filing the Notice of Completion.

Gafcon now predicts that there will be a rise in underpayments collected during the next few years primarily because economic changes have caused contractors to enter this bidding environment who have previously never done public works. In addition, contractors bids will tend to be based on very tight profit margins, thereby the number of underpayments and other violations tend to rise in an effort to save costs. To minimize the number of violations Gafcon will need to continue to be proactive in educating, assisting, and reviewing payroll requests.

F. Labor Compliance Costs at GCCCD

AFC prepared a chart to show how the amounts for underpayment of wages and fines assessed at GCCCD balanced against the amounts expended on Labor Compliance costs for each project completed. The chart is as follows:

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PROJECT	CAMPUS	**COST OF LCP	UNDERPAYMENTS & FINES ASSESSED	COST PER \$1 TO RECOVER
Life Safety Road	Grossmont	\$18,584.70	\$2,284.04	\$8.14
Science Building	Grossmont	\$80,269.06	\$5,895.79	\$13.61
Digital/Sculptural Arts	Grossmont	\$74,256.55	\$4,106.87	\$18.08
Exercise Science & Wellness	Grossmont	\$49,490.75	\$1,909.91	\$25.91
Parking Structure	Grossmont	\$59,822.00	\$1,966.64	\$30.42
Science & Tech Mall	Cuyamaca	\$116,357.07	\$19,306.50	\$6.03
Student Center	Cuyamaca	\$114,163.86	\$2,685.52	\$42.51
Communication Arts	Cuyamaca	\$156,959.08	\$7,057.48	\$22.24
*Business & Technology	Cuyamaca	\$64,836.00	INCOMPLETE	
TOTAL		\$734,739.07	\$45,212.75	\$16.25

* Business & Technology is currently still in progress

** Cost does not include any District costs to administer the program

As the chart indicates, the assumptions of the LAO with regard to LCP's were correct. GCCCD spent anywhere from \$6.03 to \$42.51 to recover one dollar of wages and averaged \$16.25.

As a further indication of labor compliance costs, AFC attempted to compare the performance of GCCCD with another community college district and a K-12 district based on the cost of labor compliance as a percentage of construction costs. We created the following comparative chart:

Project/Program	Construction Cost	LC Costs	% of Construction	Construction Method
Grossmont - Digital/Sculptural Arts	14,934,507	74,257	0.50%	CM Multi-Pr
Grossmont - Science Building	16,268,022	80,269	0.49%	CM Multi-Pr
Grossmont - Parking Structure	16,299,828	59,822	0.37%	GC
Grossmont - Exercise Science & Wellness (400)	7,966,756	49,491	0.62%	GC
Grossmont - Life Safety Road	2,315,710	18,585	0.80%	GC
Cuyamaca - Science & Tech Mall	18,438,137	116,357	0.63%	CM Multi-Pr
Cuyamaca - Student Center	15,986,652	114,164	0.71%	CM Multi-Pr
Cuyamaca - Communication Arts	36,459,460	156,959	0.43%	CM Multi-Pr
Cuyamaca - Buisness & Technology	20,230,207	64,836	0.34%	CM Multi-Pr
Program Total GCCCD	148,899,279	734,739	0.49%	
District A - High School	\$22,030,000	95,402	0.43%	LLB
District A - Elementary School Renovation	\$1,832,000	16,278	0.89%	GC
District A - Elementary School Renovation	\$2,326,000	14,658	0.63%	GC
District A - Elementary School Renovation	\$2,634,700	11,854	0.45%	GC
Program Total District A	\$28,822,700	138,192	0.48%	
CC District B - Visual & Performing Arts	\$14,000,000	\$47,000	0.34%	GC
CC District B - Campus Student Center	\$65,000,000	\$143,000	0.22%	LLB
CC District B - Fieldhouse	\$3,600,000	\$21,600	0.60%	GC
Program Total District B	\$82,600,000	\$211,600	0.26%	

Typically labor compliance costs are governed by cost guidelines published by the State Allocation Board. These costs range from 0.40% to 1.60% of construction cost and are established on a sliding scale based on construction cost. The methodology of construction is

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not factored into the formula; however we have indicated this construction delivery model in our chart to see if that was a factor to be considered. As the chart indicates Gafcon is charging GCCCD comparable fees to those of other districts who have established an LCP and construction methodology seemed to have no impact on the cost. The actual cost of labor compliance is less than 0.50% overall. Paying a 0.25% fee to DIR will certainly be less expensive than the current costs; however the actual impact on good will and vendor relations may be offset by increased enforcement by DIR. The DIR has suggested during their rulemaking sessions that there will be minimal other budget impacts on districts.

G. What can GCCCD do to prevent labor compliance issues? What can GCCCD do to further assist vendors in complying with prevailing wage law?

AFC believes that the District and Gafcon are doing an excellent job of educating contractors with regard to labor compliance and are enforcing their LCP with regard to the rules and regulations of DIR. They are providing pre-construction assistance and working with non-compliant contractors on a regular basis. No further assistance is necessary in this regard. While there are opposing views between LCP third party consultants and the DIR as to the goals of any LCP, it is also clear that the cost of enforcement is not reaping enormous returns and the third party consultants are not fulfilling the mission of DIR as they view it.

We believe the DIR has a clear cut responsibility to the work force to ensure that the overall purpose of wage laws is to benefit and protect employees on public work projects. With the passage of SB 9 (SBX2-9) and the new rules and regulations currently being developed, we believe that the enforcement responsibility will return to the appropriate state agency. Abandonment of independent LCP consultants is likely to be in the future. Because the DIR will be charging the bond programs a fee, they will also be able to cover their costs and, while mandated as a fee, the cost will certainly be less than the cost of independent enforcement. The DIR's fee is currently based only on the amount funded directly by the state on each project. It is yet to be determined if that will be the case or, if they will be able to assess their fee on the entire construction cost of a project as is currently the practice with 3rd part LCP's.

Even though the responsibility for enforcement will change, the District and Gafcon can continue to assist vendors in complying with the law by working with the vendors in an educational role to ensure compliance during, and at the end of completion of the GCCCD projects. There is no guarantee that labor compliance enforcement by DIR will not result in further fines for vendors. The fines currently recovered are a mere fraction of the overall cost of construction and in the GCCCD case, the fines were less than 0.003% of construction. Fines to be assessed and collected by the DIR could possibly increase. It is too early in the process to tell how DIR's direct involvement may impact a project during and/or at the time of close-out.

We understand that GCCCD will be bidding a major project in April of 2010. It would be prudent for Gafcon to continue monitoring this project under the current law. If the DIR

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rulemaking sessions currently underway conclude before bids are received and contracts awarded that may not be possible.

We therefore make two recommendations for the future:

Recommendation 3.1:

We encourage GCCCD to follow the development of the forthcoming proposed changes in the law and rulemaking sessions, and when it becomes effective to consider whether it will abandon its LCP or continue certain projects under the new regulations.

Recommendation 3.2:

Even though the labor compliance responsibilities will shift to DIR on future projects, the District should continue to conduct pre-construction meetings, inform contractors of the prevailing wages requirements, and assist contractors where possible to achieve compliance.

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SECTION 4: DISABLED VETERAN BUSINESS ENTERPRISE (DVBE) PROGRAM

AFC was asked to comment briefly on the Disabled Veteran Business Enterprise (DVBE) Program as it affects GCCCD in general, and specifically as it has been applied at GCCCD. We began by reviewing the current DVBE compliance program in place at GCCCD, followed by a review of other community college and university programs, and researched available information regarding DVBE compliance programs from other sources.

A. GCCCD's Program for DVBE

California state law requires that the District make an effort to achieve a 3.0% DVBE participation rate on state funded projects allocated by the State Allocation Board pursuant to the Leroy F. Green School Facilities Act of 1998 for new construction or modernization expended each year by the District. DVBE goals are applicable to supplies, materials and equipment provided for projects as well as subcontractors. Even prime contractors that self-perform work are required to comply with the DVBE requirements.

GCCCD acknowledges that this effort is to recognize California's disabled veterans for their service and sacrifice, and to provide California veterans with a greater opportunity to compete for state awarded construction and commodity contracts awarded annually. According to a report published in June 2009 by two professors at CSU Sacramento entitled, "The Economic Impact of the Small Business and DVBE Programs on the State of California," over \$9.4 billion of state agency contracts were awarded in 2006/07 with \$186.0 million (less than 2.0%) going to DVBE's through the award of 23,341 contracts. The report goes further to state that there were 965 registered DVBE's in the state and of that sum, 78.0% were also registered as Small Business (SB) Enterprises. **It is important to note that of those firms registered, only 257 were in directly related construction businesses.** Most DVBE's have tried to obtain contracts with state agencies but they felt they either did not know of bid opportunities or they felt their products or services did not match the State's needs. Overall, 79.0% said they would like more information regarding bid opportunities. While these statistics may have changed in the past several years, GCCCD captures but a small portion of this statewide sum and the state as a whole awards less than the stated goals of DVBE.

At GCCCD, bidders of projects achieve compliance by being a certified DVBE vendor and self performing 3.0% of the work, or by complying in one of the two following ways:

Option A: Either they contract with subcontractors with certified DVBE's for at least 3.0% of the value of the contract, or;

Option B: They complete and document a "good faith effort" to meet the goal and provide proof that they did so to the District.

All DVBE documentation is required with bid submissions. Failure to comply with the DVBE requirements may cause a bid to be deemed nonresponsive and ineligible for award of the contract.

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Option A requires submitting a series of DVBE forms (Form 840 & 840A), a designation of DVBE Subcontractors Form 00230, and a Certification of Compliance.

Option B, the Good Faith Effort, requires that five steps be performed as follows:

Step 1: Contact the District DVBE Coordinator (on most projects Gafcon personnel act as the point of contact. An individual coordinator is assigned at each campus and the bid documents specifically contain information regarding who to contact.)

Step 2: Contact other state and federal government agencies and local DVBE organizations to identify DVBE firms (numerous state and national organizational web sites and publications are available)

Step 3: Advertise in DVBE focused trade papers (as an example, the AGC-San Diego Chapter maintains the Daily Construction Reporter (DCR) as a state approved focus paper). There are only 20-25 focus papers in the state that are approved by the Department of General Services. The bid documents provided by GCCCD contain agency contact information such that AGC can assist contractors in advertising in the appropriate publications.

Step 4: Send a solicitation to potential DVBE subcontractors and suppliers

Step 5: Evaluate DVBE's response for possible participation

Option B requires that, as part of the documentation of the Good Faith Effort, contractors must submit; forms 840 & 840A, potential DVBE contact information obtained from a Step 2 agency, copy of all advertisements, copies of all written solicitations including delivery confirmation (certified mail receipts), documentation of all follow-up correspondence, and a certification of compliance.

In most cases, because of the lack of certified subcontractors available in the San Diego market to meet the 3.0% goal of the contract under Option A, Option B is more commonly submitted. Gafcon, as Program Manager, has been charged with the responsibility of the District's Contractor Outreach Program since the beginning of the bond program. Gafcon conducts pre-bid assistance and workshops for bidders on DVBE requirements.

While complying with DVBE requirements has been an onerous obligation to general contractors, GCCCD has noticed that several bids have been rejected and found nonresponsive because of common mistakes made on submissions. These mistakes are common to all bids received and not specifically related to the DVBE requirement. These mistakes have included: corporate seal missing, notarized forms not included, errors in addition of contract sums, addenda not acknowledged, documents missing all required signatures, number of reference required was inadequate (5 required), and the designation of subcontractors not complete or submitted. Occasionally bids have been rejected because they did not properly comply with the Good Faith Effort requirements and the District had to

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make the award to the next highest qualified bidder. This would suggest that more pre-bid DVBE training is necessary.

Prior to the bidding of the Cuyamaca Business & Technology and Grossmont Health/Physical Sciences Complex the District had never experienced any issues regarding disqualifications due to DVBE issues. At the time these projects were bidding during the summer of 2008 the construction market was in a down turn. More contractors that previously had never worked on school projects became bidders and were potentially unfamiliar with DSA requirements, prevailing wage requirements, and DVBE good faith effort. Recognizing this issue, Gafcon and the District became more active at providing more assistance and dissemination of information during the bidding phase to assist contractors. Since this was put into place the District has not experienced the same issue.

B. Recent Developments Regarding DVBE

Each year California spends billions of dollars for the procurement of goods and services. In 1989, the Disabled Veteran Business Enterprise (DVBE) Participation Program was established to acknowledge California disabled veterans for their sacrifice and service to the State. The goal was to insure that DVBE's receive 3.0% of all state funds expended for goods and services, primarily in construction, materials, and IT services. Periodically, increased incentives have been legislated since this law was enacted to encourage more DVBE participation.

All agencies of the state are required to report annually to the legislature regarding their efforts at meeting DVBE requirements and to take steps to increase their annual goals. Our research indicates that even the Department of General Services (DGS) has failed to meet the 3.0% goal. Another agency similar to GCCCD, the California State University, reported in 2007/08 that it had contracted for \$1.3 billion in goods and services but had only awarded \$13.8 million, or 1.1%, to DVBE vendors. It also had a Small Business (SB) goal of 25.0% but had awarded less than 13.2%. As part of that report they demonstrated that they had increased their awards from less than 0.47% in 2004/05 to 1.1% in 2007/08 showing that they were achieving increased participation.

Recently, on July 28, 2009, Assembly Bill AB4X-21 was enacted abolishing the Good Faith Effort. Consequently, bidders responding to state agency solicitations that include DVBE program participation requirements must meet minimum DVBE participation requirements identified in the bid, rather than the option of showing a good faith effort. State departments are authorized to waive DVBE program requirements for specific contracts when it is deemed appropriate, but must continue meeting overall 3.0% program goals annually. This legislation has increased the difficulty for contractors to comply with DVBE requirements.

GCCCD has determined that it is exempt from this legislation and continues to apply the Good Faith Effort requirements on state funded projects.

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C. What can GCCCD do to encourage more participation?

AFC believes that most agencies are continuing to have difficulty reaching the DVBE goals and have instituted outreach plans and other educational seminars and programs to increase participation. A Contractor Outreach Program was established by GCCCD on May 21, 2003, at the inception of the bond program. The outreach was not specifically directed at DVBE participation and has not been updated since it was posted on the Prop R web site.

Most outreach plans encompass local, small and emerging businesses, and disabled veterans enterprises. Typically a district assigns a Program Manager, or individual department, to manage the program, monitor progress toward achieving goals, and to report progress to the Governing Board. Major elements of most plans are workshops and seminars for contractors, targeted advertising or direct mail to vendors, and direct contact with trade associations and professional organizations whose membership includes substantial participation of the DVBE's. Technical assistance to local and regional training agencies and minority and small business development centers can also be helpful. Some other things that may assist are:

- A. Conduct vendor fairs & community forums
- B. Create web page links with other government agencies
- C. Improve the District web pages to attract DVBE participation
- D. Create a telephone and information hot line
- E. Create public service announcements in local media
- F. Contact churches, community centers, and social/public assistance centers about opportunities with the District

We researched several web sites for other community college districts and universities to see how easy it was to track DVBE opportunities, see if there was information concerning web links to other sites, and if there were training programs available to DVBE's and small business enterprises. In our research we discovered that some large districts, LA Community College District for instance, conduct specific training seminars and classes for DVBE's and Small Business to educate them about possible opportunities and the bid process. While this district is large and has a bond program valued at over \$1.3 billion it demonstrates a possible avenue of approach that the GCCCD might entertain. Since the volume of work at GCCCD is not great enough to warrant such extensive training opportunities, it may be practical to explore doing it in conjunction with other local community colleges, universities, and agencies as a consortium wherein GCCCD could become the local training site. Such a program might meet the mission of community colleges and create a positive outreach presence for GCCCD.

Many of the other agency web sites we explored give minimal information to DVBE's and small business other than that required by law. However, we noted that many maintain web links to other sites and data bases of certified DVBE vendors. GCCCD has not updated its web site since 2003 and we believe have not directed enough information and training to DVBE firms. We therefore make the following recommendation:

Recommendation 4.1:

AFC recommends that the District update their web site with regard to DVBE participation and consider creating additional links to other agencies. They should prepare data bases of certified vendors, conduct pre-bid sessions with vendors, and generally improve communication and bidding opportunities for certified DVBE vendors.

Outreach has and continues to be important to the District. They are especially concerned with having East County, local, and San Diego based vendors participate in bidding on GCCCD projects and hopefully be awarded work. Over 30% of the work has been awarded to East County contractors. To date they have not tracked specifically how many of them may have been DVBE qualified. During the present market the issue is not obtaining enough bidder participation but rather a concern of making sure there is sufficient number of qualified bidders. On all of the District's projects outreach continues via emails, advertisement and phone calls.