

El Rancho Unified School District
“How a CBOC Member
Made a Difference!”

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October 14, 2023

El Rancho Unified School District (ERUSD)

- **ERUSD – 18 campuses: 2 High Schools, 3 Middle Schools, 8 Elementary Schools**
- **Bonds: A - \$49M, 2003; EE - \$52M, 2010; ER - \$200M, 2016**
- **Leadership: Since 2016 - Four (4) Superintendents, Seven (7) Chief Business Officer (CBO) including two interim.**
- **School Board – 5 Members. Since 2016 – Four boards served but only one member has served more than 8 years. Most members served 1 term = 4 years**
- **Facilities Project Manager (FPM) – first hired in 2020 resigned 6 mo. later, second FPM hired –resigned 12 months later. Position vacant for 18 months in 3 three year period.**
- **Contracted Bond Manager hired 2014, terminated in 2018, rehired 2019 and resigned 2019**
- **Current Enrollment 6,600**

CBOC • Why This Presentation?

- **As CBOC members you can assure bond projects are not mismanaged, waste is prevented and the public gets what they wanted for their school district.**
- **There are several examples that most CBOC members will not experience, but you can learn what to keep your eyes on.**
- **This is a jig-saw puzzle that occurred over a three year period. Historical information was collected, reviews on proposals against actuals and some thoughts on what went wrong.**
- **The end result – irregularities on several fronts were identified to justify a FCMAT Audit. Mismanagement and waste was found.**

Innovation Labs Bond Measures A & EE

Valencia Elementary School - \$681.4 K (\$757/ Sq.Ft.)



Scope of Work: Ceiling exposed; grids in place, **did not add baffles**, New Floors, New glass roll up door and windows. New white boards and interior doors, sink and TV. New furniture. Add virtual reality glasses (?)

No change to Air Conditioning, No change to lights



Renovation estimated at \$550K/lab ended at \$681K/lab - Why?
Did anyone challenge the original cost estimate?

Location	Project	Original Project Budget	Project Cost Revised 11/7/17	Area Upgraded (Sq.ft)	Original Project Cost/ Sq ft	Revised Project Cost/ Sq ft	DGS State Architects Project Cost (Construction Closed)	Final Construction Cost/Sq Ft.
High School								
El Rancho (1952)								
Salazar Hill	Science Lab	\$550,000	\$631,620	950	\$579	\$665	\$432,867	\$456
Middle School								
North Park	Band Bldg						\$2,518,092	
North Park	Science Lab	\$550,000	\$612,296	1500	\$367	\$408	\$415,667	\$277
Rivera (1952)	Science Lab	\$550,000	\$643,368	1500	\$367	\$429	\$432,866	\$289
Steam Academy @Burke (1960) (SA@B)	Science Lab	\$555,000	\$639,075	1500	\$370	\$426	\$478,115	\$319
			\$2,526,359					
Elementary School								
Birney (1952)	Innovation	\$526,500	\$531,541	900	\$585	\$591	\$338,470	\$376
Durfee (1952)	Innovation	\$526,500	\$652,215	900	\$585	\$725	\$432,867	\$481
Magee (1952)	Innovation	\$526,500	\$503,312	900	\$585	\$559	\$329,280	\$366
North Rancho	Innovation	\$526,500	\$484,998	900	\$585	\$539	\$331,870	\$369
Rio Vista	Innovation	\$526,500	\$462,870	900	\$585	\$514	\$328,380	\$365
Rivera (1952)	Innovation	\$526,500	\$629,881	900	\$585	\$700	\$415,666	\$462
South Rancho	Innovation	\$526,500	\$657,741	900	\$585	\$731	\$438,600	\$487
Valencia (1952)	Innovation	\$526,500	\$681,442	900	\$585	\$757	\$432,867	\$481
Traffic Mitigation		\$4,212,000	\$4,604,000				\$609,141	
		\$10,629,000	\$14,260,718	12,650			\$7,934,747	

Contracted Bond Manager

- **Bond Manager**
 - Hired in 2014 to develop that Districts Facilities Master plan
 - Awarded contract to built the Innovation Labs and Band Building
 - When the ER Bond was approved in Nov 2016, continued to obtain contracts for the “Rebuilt of El Rancho High School”
 - After terminated as Bond Manager, awarded contract as Construction Manager, resigned
- **Irregularities**
 - RFP Process for Facilities Master Plan – selection team included the superintendent and school board member
 - No RFP for Bond Projects – just grandfathered
 - Challenged contract award for a Contracted Bond Manager - firm did not have a contractors license.
- **Went from Watchdog to Hound Dog**
 - Looks at contract details – pay/fees
 - What were the deliverables?
 - Who was approving invoices and over seeing the bond managers work?
 - What was the quality of the work?
 - Started to question the recommendations and work performed by the Contracted Bond Manager
- **Keep in Mind – Work was being performed, Reports were provided but is was unclear who was providing oversight to The Bond Manager.**
 - Review of work and recommendations led to irregularities.

ERUSD Facilities Master Plan



Excerpts from the Facilities Master Plan

What's wrong?

Missing the Facilities Condition Assessment

- No listing of building equipment
- nor condition

All Buildings to be replaced?

The factors used

- irrelevant - What does color and adjacencies count?

The decision:

Replace the High School

Accepted the recommendation Without understanding the data and challenging the conclusions

Building Condition
Items assessed included the following:

1. Windows
2. Ceiling
3. Flooring
4. Doors
5. HVAC
6. Electrical Infrastructure
7. Interior and Exterior Finishes

Facilities Condition Index (FCI) Per Building

Building Name	Facilities Assessment Score	Gross Building Area	% Deficient to achieve Target Score	Cost of Assessed Deficiencies per SqFt	Costs of associated site improvements, code compliance and educational efficiency costs	Total Cost of Assessed Deficiencies per SqFt	Current Needs (2014)	Current Replacement Value (2014)	Current FCI (2014)	Recommendation per FCI [* denotes recommendation for program enhancement]
1 A1	54	14,364	40%	\$ 181	\$ 45	\$ 226	\$ 3,248,060	\$ 6,463,800	50%	Replace*
2 A2	48	14,364	46%	\$ 206	\$ 52	\$ 258	\$ 3,700,526	\$ 6,463,800	57%	Replace*
3 B1	32	8,750	62%	\$ 280	\$ 70	\$ 350	\$ 3,061,406	\$ 3,937,500	78%	Replace
4 B2	28	8,750	66%	\$ 297	\$ 74	\$ 371	\$ 3,248,438	\$ 3,937,500	83%	Replace
5 C	46	5,481	48%	\$ 216	\$ 54	\$ 270	\$ 1,479,870	\$ 2,466,450	60%	Replace
6 E	39	15,260	55%	\$ 248	\$ 62	\$ 311	\$ 4,738,230	\$ 6,867,000	69%	Replace
7 G	46	6,140	48%	\$ 217	\$ 54	\$ 271	\$ 1,664,708	\$ 2,763,000	60%	Replace
8 H	53	6,152	41%	\$ 183	\$ 46	\$ 228	\$ 1,404,963	\$ 2,768,400	51%	Replace*
9 I	48	6,131	46%	\$ 208	\$ 52	\$ 260	\$ 1,593,294	\$ 2,758,950	58%	Replace*
10 J	45	6,131	49%	\$ 221	\$ 55	\$ 277	\$ 1,696,754	\$ 2,758,950	62%	Replace
11 M	36	6,582	58%	\$ 260	\$ 65	\$ 325	\$ 2,139,973	\$ 2,961,900	72%	Replace
12 L - CR	42	6,112	52%	\$ 232	\$ 58	\$ 290	\$ 1,774,008	\$ 2,750,400	65%	Replace
13 L - LB	46	15,122	48%	\$ 217	\$ 54	\$ 271	\$ 4,099,952	\$ 6,804,900	60%	Replace
14 K1	29	3,860	65%	\$ 294	\$ 74	\$ 368	\$ 1,419,998	\$ 1,737,000	82%	Replace
15 K2	36	3,860	58%	\$ 260	\$ 65	\$ 325	\$ 1,254,983	\$ 1,737,000	72%	Replace
16 N	35	6,348	59%	\$ 267	\$ 67	\$ 334	\$ 2,121,026	\$ 2,856,600	74%	Replace
17 O	34	6,537	60%	\$ 269	\$ 67	\$ 336	\$ 2,198,883	\$ 2,941,650	75%	Replace
18 R	39	7,258	55%	\$ 247	\$ 62	\$ 308	\$ 2,237,279	\$ 3,266,100	69%	Replace
19 Y	43	7,265	51%	\$ 228	\$ 57	\$ 285	\$ 2,067,801	\$ 3,269,250	63%	Replace
20 T	39	20,016	55%	\$ 247	\$ 62	\$ 308	\$ 6,169,932	\$ 9,007,200	69%	Replace
21 Z	45	9,066	49%	\$ 221	\$ 55	\$ 276	\$ 2,498,816	\$ 4,079,700	61%	Replace
22 S	39	5,400	55%	\$ 249	\$ 62	\$ 312	\$ 1,682,775	\$ 2,430,000	69%	Replace
23 X	35	13,344	59%	\$ 267	\$ 67	\$ 334	\$ 4,458,564	\$ 6,004,800	74%	Replace
24 ROTC	45	1,433	49%	\$ 221	\$ 55	\$ 277	\$ 396,583	\$ 644,850	62%	Replace
25 W	31	2,780	63%	\$ 282	\$ 70	\$ 352	\$ 978,908	\$ 1,251,000	78%	Replace
26 Q	58	6,353	36%	\$ 163	\$ 41	\$ 204	\$ 1,293,630	\$ 2,858,850	45%	Replace*
27 Aux Gym	64	15,741	30%	\$ 136	\$ 34	\$ 170	\$ 2,674,002	\$ 7,083,450	38%	Modernize
28 P	46	6,922	48%	\$ 217	\$ 54	\$ 271	\$ 1,876,727	\$ 3,114,900	60%	Replace
Total							\$ 67,180,085	\$ 105,984,900	63%	

Building Functionality
Items assessed included the following:

1. Technology
2. Special Utilities
3. Zone Size
4. Furnishings
5. General Storage
6. Electrical Outlets
7. Water
8. Activity Zones
9. Equipment
10. Staff Storage

Site Functionality
Items assessed included the following:

1. Parking Spaces
2. Drop Off
3. Bikes and Walkability
4. Adjacencies
5. Identified and Controlled Front Entrance
6. Hidden Spaces
7. Outdoor Seating
8. Grass Fields
9. Equipment
10. Hardcourt
11. Track
12. Bleachers

Building Key Performance Indicators
Items assessed included the following:

1. Indoor Air Quality
2. Ventilation
3. Temperature Control
4. Daylighting
5. Lighting
6. Views
7. Furniture
8. Color Appearance
9. Collaborative Spaces
10. Professional Work Spaces
11. Acoustics

Site Condition
Items assessed included the following:

1. Walkways
2. Pavement
3. Landscape
4. Irrigation

Rebuilding the “Ranch”

- The project – undefined
 - Architectural firm hired to define scope – RFP was the Facilities Master Plan
 - Bond Manager recommends LEEDS, WELLS certification
 - Public/Social Media Personnel hired
- Phase 1 and 2 defined; Phase 3 missing
 - Capacity: Less than existing. Proposed learning suites, not classrooms
 - Emphasis on football stadium – enlarged – taking away athletic fields
- Lease-Lease back construction methods used: asking for \$50M upfront
- Project halted due to pandemic and later cancelled
- As a power play – school board majority directed the demolition of 2 buildings to make space for football stadium
- School Board Recall initiated and occurred



What Did the District Lose?

School Board Majority directed the demolition of two buildings

- There was no...
 - Approved plan for new buildings/structures
 - No completed design
 - No opportunity to reallocate furnishings
 - No permit – not required for demo
- No intervention from State Dept. of Ed, County offices, District Attorney, and School District management
- Did not have resources to obtain an injunction to stop



Invoicing Irregularities

- Bond Manager – managed subcontractors, submitted invoices for payment: approved
- Several services initiated – design services for furnishing selection
- Consultants hired for environmental services
- Work performed prior to PO issuance
- Invoicing inconsistencies
- Work was performed but invoicing was a concern

CONSULTANT SERVICES AGREEMENT
(Hazardous Material Assessment/Abatement Consulting Services)

Work performed before contract agreement was made.

This AGREEMENT is made and entered into this 15th day of December in the year 2015 ("EFFECTIVE DATE"), between the El Rancho Unified School District hereinafter referred to as ("DISTRICT"), and CF Environmental, Inc. (hereinafter referred to as "CONSULTANT"). The DISTRICT and the CONSULTANT are sometimes referred to herein as a "PARTY" and collectively as the "PARTIES". This AGREEMENT is made with reference to the following facts:

Item	Quantity	Rate	Total
NORTH PARK MS - BUILDINGS 1a, 1b, 2 Demolition Inspection Note: Site Inspection work at North Park MS required multiple visits due to on site staff schedule shortened work days.			
Principal Project Manager at \$85.00/hr-Historical Document Review 11/4/15	2	85.00	170.00
Principal Project Manager at \$85.00/hr-Site Inspection	5	85.00	425.00
Site Inspection CAC at \$75.00/hr	5	75.00	375.00
Bulk Samples (3 Days)	28	15.00	420.00
Roofing materials requiring ashing at an added cost per sample	15	25.00	375.00
Mileage at 90 miles per day-2 Vehicles/2 Sites	90	0.605	45.45
LBP Project Survey at \$75.00/hr	1	300.00	300.00
Mileage at 90 miles per day/2 Sites 11/8/15	45	0.505	22.73
Principal Project Manager at \$85.00/hr	5	85.00	425.00
Site Inspection CAC at \$75.00/hr	5	75.00	375.00
Bulk Samples (3 Days)	31	15.00	465.00
Roofing materials requiring ashing at an added cost per sample	17	25.00	425.00
Mileage at 90 miles per day-2 Vehicles/2 Sites	90	0.605	45.45
LBP Project Survey	1	200.00	200.00
Mileage at 90 miles per day/2 Sites 11/10/15	45	0.505	22.73
Principal Project Manager at \$85.00/hr	2	85.00	170.00
Site Inspection CAC at \$75.00/hr	2	75.00	150.00
Bulk Samples (3 Days)	11	15.00	165.00

CF ENVIRONMENTAL, INC.
4017 Above Avenue
Studio City, CA 91604

Site Inspection Services Invoiced 2/15/2016

INVOICE

TO: Mr. Jaime Ortiz
HPLE
El Rancho Unified School District
8910 East Stevenson Blvd.
Pico Rivera, CA 90660

FROM: Mr. Jaime Ortiz
HPLE Project Manager
El Rancho Unified School District
8910 East Stevenson Ave.
Pico Rivera, CA 90660

Agreement / Purchase Order	Project	Project Manager	Department
For Proposal	Science and Innovation Project	JAIME ORTIZ	Science/Innovation

Invoice indicates that services were at the request of Mr. Jaime Ortiz, a representative for the ERUSD. No reference to a contract no. or purchase order

Who is accountable for correct processing of invoices? Where are the sign-off sheets from ERUSD Staff to validate the work was performed?

CF ENVIRONMENTAL, INC.
4017 Above Avenue
Studio City, CA 91604

Abatement specifications Invoiced 6/9/2016

INVOICE

TO: Mr. Jaime Ortiz
HPLE
El Rancho Unified School District
8910 East Stevenson Blvd.
Pico Rivera, CA 90660

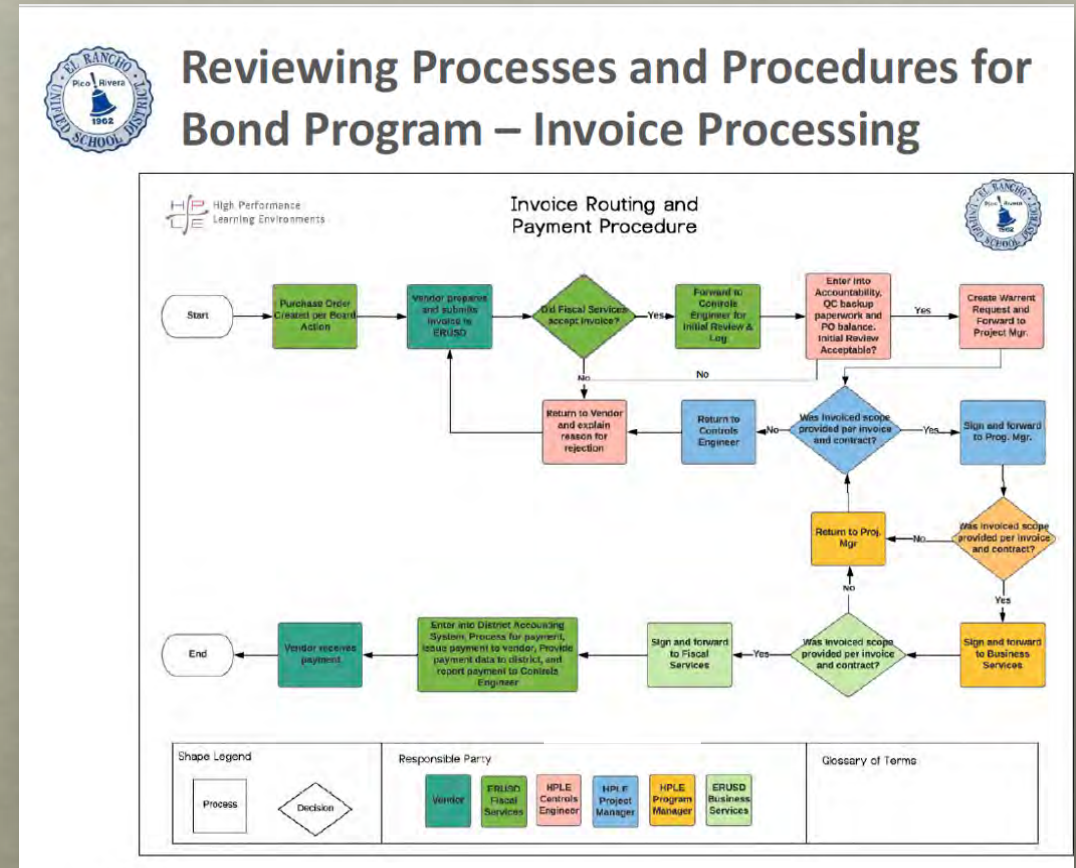
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Agreement / Purchase Order	Project	Project Manager	Department
For Proposal	Science and Innovation Project	JAIME ORTIZ	Science/Innovation

Invoice numbering from CF Environmental may indicate that site assessments performed first and specifications later. Can only be confirmed by receiving documentation.

Bond Manager Invoice Process

- Bond Manager controlled the process as shown – presented at school board meeting Aug 2018
- Appears that original invoice from subcontractor changed so that bond manager submitted a revised a revised invoice for payment



Timesheets

- Bond Manager submitted timesheets for himself and personnel working on the project. Only information included date and hours. No description of work performed. There was no verification that work hours charged was performed
- Questioned the hours charged to the bond for Public Relations work. Essentially no one, including the law firm, said it was an illegal charge
- Once contract was issued for ER Project, saw monthly warrants exceeding \$70K. Red flag, cannot recruit and start projects that quickly
- The only charges reviewed were those charged to the school district
- Later, discovered that another school district was using the services of the same Contracted Bond Manager

Duplicate Billing

- With the assistance of CALBOC – connection to another school district and discovered double billing. This was reported

	1 School District						2 Unified School District							
	Employee 1		Employee 2		Employee 3		Employee 1		Employee 2		Employee 3		Employee 4	
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total
Feb-17	33	\$ 5,610.00			85	\$ 2,125.00	89	\$ 13,750.50						
Mar-17	36	\$ 6,120.00			39	\$ 3,315.00	147	\$ 22,711.50	34	\$ 3,740.00	30	\$ 2,626.50		
Apr-17	42	\$ 7,140.00			36	\$ 3,060.00	112	\$ 17,304.00	160	\$ 17,600.00	93	\$ 8,142.15		
May-17	47	\$ 7,990.00	10	\$ 1,350.00	16	\$ 1,360.00	130	\$ 20,085.00	176	\$ 19,360.00	97	\$ 8,492.35		
Jun-17	55	\$ 9,350.00					114	\$ 17,613.00	176	\$ 19,360.00	87	\$ 7,616.85		
Jul-17	115	\$ 19,550.00	120	\$16,200.00	40	\$ 3,400.00	119	\$ 18,386.00	160	\$ 17,600.00	56	\$ 4,902.80		
Aug-17	73	\$ 12,410.00	57	\$ 7,695.00	32	\$ 2,720.00	143	\$ 21,939.00	160	\$ 18,480.00	64	\$ 6,303.60		
Sep-17	73	\$ 12,410.00	80	\$10,800.00	32	\$ 2,720.00	142	\$ 21,939.00	160	\$ 17,600.00	80	\$ 7,004.00	80	\$ 7,004.00
Oct-17	65	\$ 11,480.00					123	\$ 19,003.50	128	\$ 19,360.00	120	\$ 10,506.00	120	\$ 10,506.00
Nov-17	38	\$ 6,716.60	10.5	\$ 1,544.00			124	\$ 19,158.00	117	\$ 12,870.00	128	\$ 11,206.40	128	\$ 11,206.40
Dec-17	23	\$ 4,066.40	9	\$ 1,263.60			74	\$ 14,523.00	141	\$ 15,510.00	160	\$ 14,008.00	160	\$ 14,008.00
Jan-18	14	\$ 2,475.30	52	\$ 7,300.80	10	\$ 884.00	130	\$ 21,630.00	139	\$ 14,300.00	139	\$ 12,169.45	139	\$ 12,169.45
Feb-18	16	\$ 2,838.60	30	\$ 6,012.00	30	\$ 2,683.80	149	\$ 23,020.50	130	\$ 14,300.00	130	\$ 11,381.50	130	\$ 11,381.50
Mar-18	14	\$ 2,475.30	52	\$ 7,300.80	10	\$ 884.00	148	\$ 22,866.00	144	\$ 15,840.00	134	\$ 11,731.70	134	\$ 11,731.70
Apr-18	40.5	\$ 7,160.00	17	\$ 2,686.80	20	\$ 1,768.00								
Double Billing Total	684.5	\$ 117,792.20	437.5	\$62,153.00	350	\$24,919.80	1744	\$273,929.00	1825	\$ 205,920.00	1318	\$ 116,091.30	891	\$ 78,007.05

What Else Did We Find?

- **Political Action Committee (PAC)**
 - First PAC solicited funds to pay for the Bond Campaign. Several contractors working with the A, EE and ER bonds contributed to the campaign. The irregularity was that campaign consultants were fake and received payment for their work.
 - Second PAC solicited funds to contribute to school board member campaigns. Irregularities was that “sitting” school board member approved a public relations contract – can be considered Quid Pro Quo.
- **Education Foundation**
 - Established a non-profit education foundation for the School District. The president of the foundation was the bond manager and other board members includes some school board member. Later found that not all paperwork was submitted and education foundation was not valid.

Where is ERUSD Now?

- It's been a journey – but several changes were made
- New
 - Superintendent (July 2022)
 - Bond Financial Manager
 - While no Facilities Master Plan has been completed, a district wide Facilities Condition Assessment Report has been completed. Used to help with decision making and upgrading the facilities
 - Drive to meet public commitments
 - New Aquatic Center to replace inoperable pool
 - Upgraded Football Stadium
 - Athletic fields for baseball, soccer, track
 - The cost ~\$70M, groundbreaking July 2023 with estimated completion 2025
 - Upgraded elementary cafeterias
 - Upgraded middle school locker rooms

Bond Projects at El Rancho High School: Swimming Pool, Football Stadium & Athletic Fields



Lessons Learned

- Data – it's all in the information. Don't just accuse, provide data
- Review and understand the deliverables
 - Does it make sense? Are the Costs reasonable?
- Not all contractors are equal
 - Ensure that the district has hired experienced honest contractors
 - Everyone wants a great facilities project completed for the students
- FCMAT Audits
 - Audits are designed to improve the organizational processes
 - While fraud and waste may be found, it is not always prosecuted

In Closing

Reflections –

- The District did experience mismanagement and waste
- Mismanagement by not providing proper oversight of the Bond Manager activities – too much trust
- ER CBOC – Didn't know what to review, trained by the law firm
- Too much turnover of the leadership team – superintendent and chief business officer
- No experience in dealing with Bond Management
- No facilities personnel in place
- For Success:
 - Have resources in place – facilities personnel, construction management
 - Conduct bond training
 - Have an independent CBOC in place – become more than just the watchdog but the hound dog to ask the right questions and report to the public

Acknowledgment

- **Getting a FCMAT audit – takes a village**
 - **Help from Esther Mejia, Lilia Carreon, Tony Hernandez,**
 - **Dr. Teresa Merino and Nick Marinovich**

- **Community Advocates and local political representatives**
 - **Senator Bob Archuleta, Dr. Hector Chacon, Cesar Luna,**
 - **Esther Celiz, Ken Cook, Brent Tercero,**