



**Citizens Bond Oversight Committee Meeting  
October 24, 2023  
Berry Elementary School  
1800 Joyce Street  
Arlington, Texas 76010  
5:00 PM – 7:00 PM**

1. Facility Tour – Berry Elementary School  
(Jaime Garcia – Senior Project Manager, AISD Facility Planning & Construction)
2. CBOC Meeting Introduction  
(Charles Finicum – CBOC Chairman)
  - a. Welcome
  - b. New SLAB members
  - c. Dinner
3. Committee Work Session  
(Michael Parkos – AISD Director of Facility Planning & Construction and Tim Edwards – AISD Chief Internal Auditor)
  - a. 2019 Bond Program Project Audit Review (Mike)
  - b. How Projects are Selected for Audit (Mike)
  - c. Project Audit Process Example (Tim)
  - d. Project Audit Results to Date (Tim)
4. New Business  
(Michael Parkos)
  - a. Review 2019 Bond Program Update
5. CBOC Closing  
(Charles Finicum)
  - a. Next Meeting – January 23, 2024
  - b. Location – Arlington HS
  - c. Topic – Project Bid Evaluation Process (Mr. Mike Parkos, AISD Director of Facility Planning and Construction)



# Bond Program Audits

- AISD has been auditing projects utilizing a 3<sup>rd</sup> Party, external auditor throughout the 2014 and 2019 Bond Programs
- Multiple 3<sup>rd</sup> Party external auditors have been used
- Use of a 3<sup>rd</sup> Party external auditor helps to validate findings and authenticate to the contractor the reason for adjusting final payments
- 3<sup>rd</sup> Party external auditing is overseen by AISD Internal Auditing Department
- Not all projects are audited by a 3<sup>rd</sup> Party external auditor



# How are Projects Selected for 3<sup>rd</sup> Party Auditing?

- All Construction Manager-at-Risk (CMAR) projects are audited using a 3<sup>rd</sup> Party external auditor
- Random Competitive Sealed Proposal (CSP) projects are audited using a 3<sup>rd</sup> Party external auditor
- All projects that include a Change Order (CMAR or CSP) seeking additional funding are audited using a 3<sup>rd</sup> Party external auditor

# Final Construction Audit Report

Arlington ISD – 2019 Bond

Cost Plus a Fee with a Guaranteed Maximum Price  
Pogue Construction Co., LP

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**PH1BP1 – GMP #2 Building Package  
Gunn Academy Fine Arts and Dual Language Academy**



**Arlington**  
INDEPENDENT SCHOOL DISTRICT

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**Construction Audit Report Submitted By:**

**R. L. Townsend & Associates, LLC**

**WO# 272131**

**May 22, 2023**

*The contents of this report are based on our understanding of documents and other information provided to us as of the date of this report. If anyone has any questions regarding the contents of this report, please contact our office for clarification.  
A revised report will be issued with a revised date if any material representation needs to be corrected.*

**AISD – Draft Construction Audit Report**

Gunn Academy – GMP #2

May 22, 2023

**EXECUTIVE SUMMARY****Audit Background**

As a part of an overall program of controlling construction costs, Arlington ISD (AISD) engaged R. L. Townsend & Associates to perform a review of the contract and billing records associated with the Gunn Academy Fine Arts and Dual Language Academy. Pogue Construction (Pogue) served as the construction manager at risk. The project consisted of additions and renovations to Gunn Jr. High School to convert the school into a fine arts/dual language junior high academy. The project consisted of GMP #1 - Civil Package (previous audit report dated December 9, 2021) and GMP #2 - Building Package. This report addresses GMP #2 – Building Package.

The objective of the audit was to ensure the project was billed in accordance with the contract terms.

The procedures used during the audit were in accordance with the Proposal submitted March 30, 2020, and included a review of labor, materials, equipment, subcontracts, and job cost accounting records.

**Summary of Final GMP and Billing as of May 17, 2023**

Document	General Conditions	General Requirements	COW	Financials	Owner Contingency	CM Contingency	Fee	Total Construction
GMP #2 - Building Package	\$ 1,644,876	\$ 869,384	\$51,005,524	\$1,665,739	\$ 1,166,731	\$ 1,166,731	\$862,785	\$ 58,381,770
CO #1								\$ (409,679)
<b>Total Contract Value</b>								<b>\$ 57,972,091</b>
Total Billed as of								
PA 29 Retainage								\$ 57,972,091
Difference								\$ -

The payment for preconstruction phase services was \$50,000.

**Conclusions**

- A final deductive change order was issued for \$409,679 to reflect project savings and audit adjustments. The deductive change order was processed in Payment Application #28.
- As a result of the audit, AISD realized a total savings of \$350,857.
- As a result of the audit and AISD project management, \$238,449 in project cost was avoided.
- SDI was estimated in the GMP at 1.75% of the contract subtotal. 1.00% - 1.25% is a more standard SDI rate for educational facilities, and AISD may want to consider this range for future projects. The percentage should be calculated on enrolled subcontracts only and not on the cost of work or the contract total.

**AUDIT DISCUSSION ITEMS**

The following chart summarizes questioned costs identified during the audit.

Item #	Description	Status	Audit Credit
1	SDI Reconciliation	Closed	\$ 101,304
2	Pogue - Payroll	Closed	\$ 17,791
3	Project Requirements	Closed	\$ 1,643
4	COW Reconciliation	Closed	\$ 42,552
5	Furniture Moving Allowance	Closed	\$ 15,424
6	Back Charge Recompliation	Closed	\$ 11,148
7	Pogue - Self-Performed Work	Closed	\$ 88,709
8	J&E Masonry - OH&P	Closed	\$ 2,579
9	KMP - Non-reimbursable Costs	Closed	\$ 6,250
10	Texas Fire & Sound - Non-reimbursable Costs	Closed	\$ 4,284
11	Sportscon - Voided Subcontract	Closed	\$ 14,738
12	Sports Imports - Duplicate Invoice	Closed	\$ 17,960
13	Invoice Adjustments	Closed	\$ 26,475
	<b>Total Audit Credit</b>		<b>\$ 350,857</b>
14	<b>Total Cost Avoidance</b>		<b>\$ 238,449</b>
	<b>Total Audit Savings</b>		<b>\$ 589,306</b>

The detailed notes are discussed on the following pages of the report.

**AUDIT NOTES****1. *SDI Reconciliation***

SDI was originally estimated on the GMP contract subtotal that included General Conditions, General Requirements, and Contingencies. The actual cost for SDI should be calculated on the subcontracted cost of work as shown in the chart below:

Description	Amount
PA 27 - Subcontractor Cost	\$ 50,064,440
SDI Rate	1.75%
SDI Final Cost	\$ 876,128

PA 27 – Billed SDI at GMP Estimate	\$ 977,432
Audit Adjustment	\$ (101,304)
SDI Final Cost	\$ 876,128

**Status:** Issue closed. Pogue provided a credit of \$101,304 that was included in Payment Application #27.

**2. *Pogue General Conditions Payroll***

Pogue provided job cost documentation to support General Conditions Payroll, shown as Field and Staff on the payment application. Upon reconciling the job cost to the payment application, the billing was found to include bonuses, an hourly employee and costs not associated with payroll totaling \$17,791.

**Status:** Issue closed. Payment Application #27 included a credit for Field and Staff costs of \$17,791.

**3. *Project Requirements***

Project Requirements included \$125 for sales tax on dumpsters and an additional \$1,518 that was billed in error, as the cost was associated with a different project.

**Status:** Issue closed. Pogue credited the project \$1,643 in Payment Application #27.

**4. COW Reconciliation**

When reconciling CAEAs to subcontractor billings, the below discrepancies were found. In each case Pogue provided credit for the lesser billing.

Funding Source	Subcontractor	CAEA	PCI	Amount	Subcontractor Billing	Difference
CM Contingency	KMP	62	193	\$31,656	\$ 35,656	\$ 4,000
CM Contingency	Walker Drywall	47	151	\$31,841	\$ -	\$ 31,841
Moisture Mitigation Allowance	RMS Roofing	6	159	\$ 2,600	\$5,200	\$ 2,600
Moisture Mitigation Allowance	Liberty Demolition	7	162	\$ 4,111	\$ -	\$ 4,111
					<b>Total</b>	<b>\$ 42,552</b>

**Status:** Issue closed. Pogue provided credit of \$42,552 that was included in Payment Application #27.

**5. Furniture Moving Cost - Allowance Reconciliation**

Through Payment Application #26R, \$12,212 of cost was billed to both the Furniture Moving Cost Allowance and to the related subcontractors. This duplicated billing was corrected in the payment application by only billing to the subcontractor and not carried in the allowance. Additionally, \$3,212 in invoices were billed in error, as they were related to a different project.

**Status:** Issue closed. Pogue corrected the duplicate billings and removed the erroneous billing for a total payment application adjustment of \$15,424 that was included in Payment Application #27.

**6. Back Charge Reconciliation**

A selection of subcontractor change orders was questioned to be possible back charges. Upon review by AI SD and Pogue, the below change orders were determined to be back charges:

Subcontractor	Scope	Description	SCO	Amount
Liberty Demolition	Demolition	demo slab to install plumbing for missed restroom RFI 164	11	\$ 5,871
Liberty Demolition	Demolition	relocate old lockers to provide school with temps	28	\$ 3,101
Staley Steel	Metals	replace stolen lintels	8	\$ 2,176
			<b>Total</b>	<b>\$ 11,148</b>

**Status:** Issue closed. Pogue credited \$11,148 to reconcile the back charges included in Payment Application #27.



**7. Pogue General Trades – Self-Performed Work**

A line-item review of Pogue's self-performed work determined various scopes of work were duplicated with subcontractors. Pogue agreed to reduce self-performed work by \$88,709.

**Status:** Issue closed. In Payment Application #27, Pogue credited \$88,709 to self-performed work.

**8. J&E Masonry – OH&P**

J&E Masonry billed Overhead (10%) on top of Profit (5%) in change orders. 15% OH&P should be applied to the subtotal of the change order. The misapplied OH&P resulted in an overbilling of \$2,579.

**Status:** Issue closed. In Payment Application #27, Pogue credited \$2,579.

**9. Kennedale Mansfield Plumbing – Non-reimbursable Costs**

Kennedale Mansfield Plumbing (KMP) included costs in change orders that, per the contract, were included in OH&P: Supervision, Consumables and Small Tools. The overbilling was agreed to and adjusted for in GMP #1; AISD allowed for consumables in GMP #2. KMP also calculated 5% Profit on top of 10% Overhead that resulted in an additional overbilling. The total credit due was \$6,250.

**Status:** Issue closed. In Payment Application #27, Pogue credited \$6,250.

**10. Texas Fire & Sound – Non-reimbursable Costs**

Texas Fire and Sound included PM/Administration costs in change orders that are considered to be covered by OH&P, per the contract. The total overbilling was \$4,284.

**Status:** Issue closed. In Payment Application #27, Pogue credited \$4,284.

**11. Sportscon – Gym Equipment Subcontract**

Payment Application #26R1, billed the original Sportscon subcontract amount of \$14,738 that had been previously voided. The double billing was corrected via a payment application adjustment.

**Status:** Issue closed. In Payment Application #27, Pogue credited \$14,738.

**12. Sports Imports – Duplicate Invoice**

Payment Application #26R1, billed a duplicate Sports Imports invoice for \$17,960 that had been previously billed in an earlier payment application.

**Status:** Issue closed. In Payment Application #27, Pogue credited 17,960.

**13. Invoice Payment Application Adjustments**

Pogue submitted various outstanding cost of work invoices in an effort to determine the final project cost. Upon review of the submitted invoices and based on agreed to cost, Pogue agreed to make the below invoice adjustments:

Vendor	Invoice	Original Amount	Final Cost	Pay App Adjustment
J&E Masonry	4142	\$ 29,950	\$ 14,975	\$ 14,975
American Landscape	12182	\$ 27,571	\$ 16,071	\$ 11,500
			<b>Total</b>	<b>\$ 26,475</b>

**Status:** Issue closed. In Payment Application #27, Pogue provided a net billing of the agreed final invoice cost which resulted in credit of \$26,475.

**14. Invoice - Cost Avoidance**

Pogue submitted various outstanding cost of work invoices to determine the final project cost. Audit review along with AISD feedback determined \$238,449 of the submitted invoices were duplicated and/or a part of Pogue’s Self-Performed Work.

**Status:** Issue closed. Pogue worked with Audit and AISD to review each invoice and agreed to not bill the invoices in question totaling \$238,449.

# Project Audit Results to Date

199.41.6212.00.732.99.0.00		Internal Audit Construction Contracts			
PO #	Project	Contract \$	Actual cost	Recovery/savings	ROI
214990	Peach	16,600.00	16,600.00	493,000.00	2970%
219404	McNutt	16,540.00	16,540.00	788,000.00	4764%
219406	MAC's	44,990.00	23,105.00	751,530.00	3253%
219401	CTC	30,850.00	22,091.25	135,821.00	615%
250137	Martin, Miller, Little	22,850.00	11,473.75	3,086.00	27%
250137	Nichols, Sherrod, TP	22,800.00	10,680.00	32,802.00	307%
250137	Ellis	10,780.00	10,780.00	25,000.00	232%
269234	Sam Houston	30,300.00	26,690.00	116,811.00	438%
265773	Juan Seguin	14,000.00	12,002.00	316,379.00	2636%
272131	Gunn (total)	45,425.00	61,125.00	693,753.00	1135%
	ph i-civil			104,447.00	
	ph ii-construction			589,306.00	
312456	Arlington HS	48,000.00	----- in progress -----		
<b>Totals</b>		<b>255,135.00</b>	<b>211,087.00</b>	<b>3,356,182.00</b>	<b>1590%</b>



# 2019 Bond Program Update

November 2, 2023



# Bond 2019 Package Areas



Facilities	\$852,726,335
Fine Arts	\$6,955,752
Safety, Security and Technology	\$90,829,000
Transportation	\$15,488,913
<b>Total</b>	<b>\$966,000,000</b>

# Bond Program Financial Summary

## (Phases I-IV)

	Budget	Encumbered	Expended	Available
Facilities	\$709,997,624	\$175,758,387	\$284,030,022	\$250,209,215
Fine Arts	\$5,480,078	\$34,996	\$3,768,902	\$1,676,180
Technology	\$75,945,141	\$3,832,830	\$53,875,834	\$18,236,477
Transportation	<u>\$11,038,457</u>	<u>\$101,225</u>	<u>\$5,121,182</u>	<u>\$5,816,050</u>
<b>Totals</b>	<b>\$802,461,300</b>	<b>\$179,727,438</b>	<b>\$346,795,940</b>	<b>\$275,937,922</b>
			Bond Issuance Costs	-\$4,045,247
			Interest and Additonal Proceeds	<u>\$25,033,936</u>
			<b>Total Available Funds</b>	<b>\$296,926,612</b>

*Note: Totals may not add due to rounding*



# Facilities

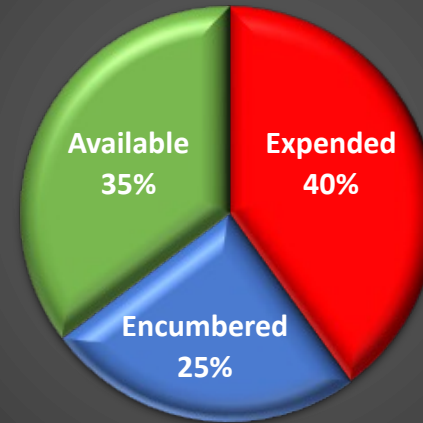
## PHASES I-IV

Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Total
\$283,061,922	\$168,469,609	\$175,241,953	\$83,224,140	\$142,728,711	\$852,726,335

**Expended** \$284,030,022  
**Encumbered** \$175,758,387  
**Available** \$250,209,215



Facilities Phases I-IV





# Active Projects – by Phase

*(Bond Phases I – IV)*

Phase	Number Of Projects
Planning	19
Design	7
Bid	7
Construction	13
Closeout	7
<b>Total Projects</b>	<b>53</b>





# Facilities

## PHASE I PROJECTS

Construction	Closeout	Completed
Glaspie Field	Berry ES	Playgrounds – Phase I
Martin HS	Thornton ES	Gunn JHS / FADL
	Jones FADL Academy	Crow Leadership Academy
	Shackelford JHS	Food and Nutrition Service Ctr.
	Webb ES	Administration Building



# Facilities – *Berry Elementary Dedication*





# Facilities – Thornton Elementary Dedication







# Facilities – *Glaspie Field Groundbreaking*







# Facilities – *Glaspie Field Rendering*





# Facilities

## PHASE II PROJECTS

Bidding	Construction	Closeout
Atherton ES	Arlington HS	Playground Replacements
Foster ES	Arlington HS FADL	
Johns ES	Bailey JHS	
Wilemon Field	Sam Houston HS	
	Adams ES	
	Hale ES	
	Duff ES	
	So. Davis ES	





# Facilities – *Arlington High School Fine Arts & Dual Language Academy*







# Facilities – Playgrounds – Phase 2 – Butler Elementary School







# Facilities – Bailey Junior High





# Facilities

## PHASE III PROJECTS

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Design	Bidding	Construction	Closeout
Lamar HS	Key ES	Playground Replacements	Anderson ES
Cravens Field	Pope ES	Short ES	
Amos ES	Speer ES	Carter JHS	
Goodman ES			
Little ES			
Miller ES			





# Facilities – *Carter Junior High Groundbreaking*







# Facilities – *Carter Junior High Rendering*





# Facilities

## PHASE IV PROJECTS

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Planning		Design
Bowie HS	Farrell ES	Service Center – Security / Transportation
Dipert CTC	Fitzgerald ES	
Burgin ES	Blanton ES	
Morton ES	Butler ES	
Wimbish WLA	Sherrod ES	
Rankin ES	Turning Point Secondary School	
Ditto ES	Hill ES	
Dunn ES	Swift ES	
Kooken EC	Young JHS	
Workman JHS		



# Facilities

## PHASE V PROJECTS

Pending		
Seguin HS	Annex IV and V	Pearcy STEM Academy
Ousley JHS	Hilldale Annex	Barnett JHS
Ferguson EC	Brown Blvd. Warehouse	Bryant ES
Starrett ES	Food Service Warehouse	West ES
Williams ES	Ag Science Center	Boles JHS
PDC	Larson ES	Moore ES
600 New York	Remyanse ES	Nichols JHS
Corey FADL Academy	Crouch ES	Peach ES
Wood ES	Patrick ES	Ellis ES
Anderson ES	Ashworth ES	



# HUB Participation

## PHASES I-IV

Project Description	Budget	Tier II HUB Participation Commitment %	Tier II HUB Participation Amount	Expenses To Date	Tier II % HUB Participation Achieved To Date	Tier II HUB Participation Amount To Date
<b>2019 BOND HUB TOTALS</b>	<b>\$ 411,265,271</b>	<b>24.37%</b>	<b>\$ 100,230,365</b>	<b>\$ 234,979,359</b>	<b>27.36%</b>	<b>\$ 64,286,840</b>

***Note: Totals above are excerpted from the 10/15/2023 HUB report***

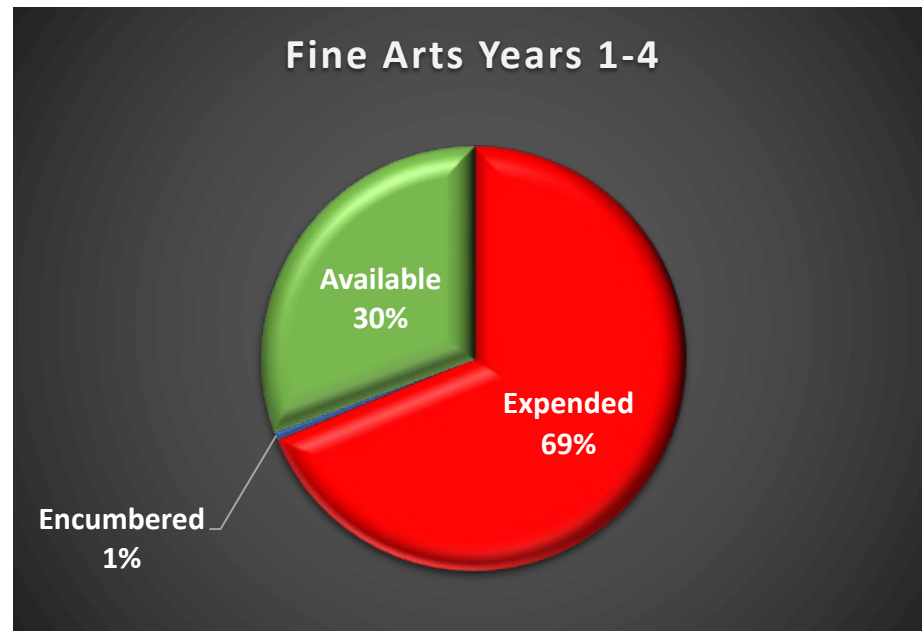


# Fine Arts Budgets

## Years 1 - 4

Year 1	Year 2	Year 3	Year 4	Year 5	Total
\$1,318,948	\$1,290,497	\$1,371,770	\$1,498,863	\$1,475,674	\$6,955,752

**Expended**                      **\$3,768,902**  
**Encumbered**                      **\$34,996**  
**Available**                      **\$1,676,180**







# Safety, Security & Technology

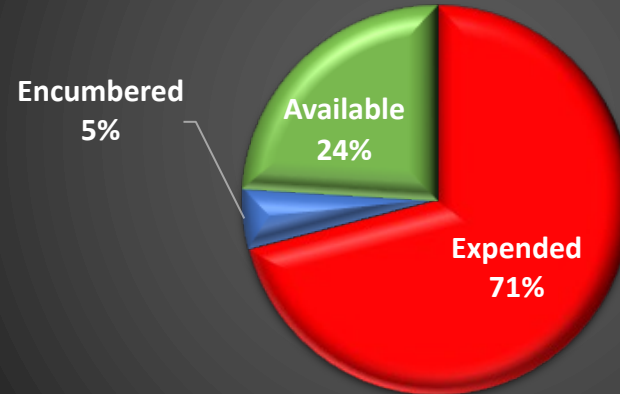
## Years 1 - 4

Year 1	Year 2	Year 3	Year 4	Year 5	Total
\$23,173,967	\$22,571,317	\$18,131,867	\$12,067,990	\$14,883,859	\$90,829,000

**Expended** \$53,875,834  
**Encumbered** \$3,832,830  
**Available** \$18,236,477



### Safety, Security & Technology Years 1-4



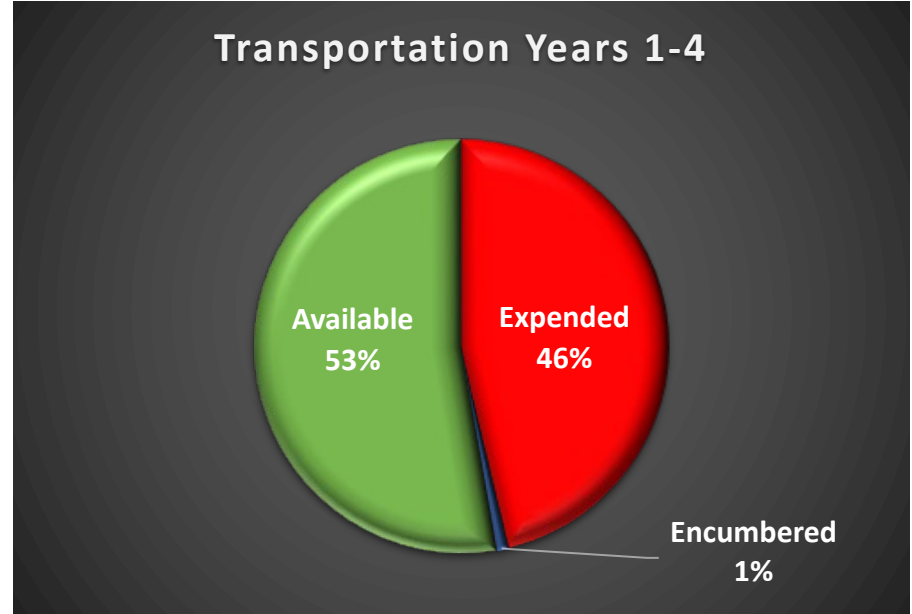


# Transportation

## Years 1 - 4

Year 1	Year 2	Year 3	Year 4	Year 5	Total
\$3,549,174	\$2,082,738	\$2,197,538	\$3,209,007	\$4,450,456	\$15,488,913

**Expended**                      \$5,121,182  
**Encumbered**                    \$101,225  
**Available**                        \$5,816,050





# *Questions?*

