

Los Angeles Unified School District
Office of the Inspector General

**Incurred Cost Audit
Clark Construction Group –
California, LP**
Contract No. 4400009160

CA 24-1438
November 27, 2024

Sue Stengel
Inspector General





Los Angeles Unified School District Office of the Inspector General

Jackie Goldberg, President
Dr. George J. McKenna III
Dr. Rocio Rivas
Scott M. Schmerelson
Nick Melvoin
Kelly Gonez
Tanya Ortiz Franklin
Members of the Board

Alberto M. Carvalho
Superintendent

Sue Stengel
Inspector General

November 27, 2024

Mr. Matthew Friedman, Chief Procurement Officer
Procurement Services Division
Los Angeles Unified School District
333 S. Beaudry Avenue, 28th Floor
Los Angeles, CA 90017

RE: Clark Construction Group – California, LP – Contract No. 4400009160

Dear Mr. Friedman:

Enclosed is the final report on our audit of Contract No. 4400009160 awarded to Clark Construction Group – California, LP.

Please contact our office if you have any questions.

Sincerely,

Mark H. Pearson, CPA, CFE, CIGA
Assistant Inspector General, Audits

Sue Stengel, Esq., CIG
Inspector General

c. Jorge Ballardo, Cheri Thomas, Ivory King, Dana Greer, Lisette Pacheco, Lubna Kidess, Eugene Harry

Attachment

TABLE OF CONTENTS

Executive Summary	1
Introduction	3
Scope and Objectives	3
Methodology	4
Results of Audit	5
Audit Team	18
Independent Auditor's Report	19
Attachment I - Responses from Clark	20
Attachment II - Responses from PSD	23
Exhibit A – Credit Change Order for Overbilled Bond Costs	25
Exhibit B – Credit Change Order for Overbilled Allowance	26
Exhibit C – Photos from Site Visit – Gymnasium Building G	27
Exhibit D – Photos from Site Visit – Classroom Building C	28

Audit of Clark Construction Group – California, LP

Contract No. 4400009160

EXECUTIVE SUMMARY

The Office of the Inspector General (OIG) audited Contract No. 4400009160¹ (Contract) awarded to Clark Construction Group – California, LP (Clark) to construct new buildings and modernize existing facilities at North Hollywood High School.

We conducted the audit pursuant to our 2023-2024 work plan to ensure transparency, compliance, and accountability in executing the Los Angeles Unified School District's (District) North Hollywood High School Comprehensive Modernization Project.² The conclusions and recommendations from our audit are detailed below.

Audit Findings

- For the performance period from March 1, 2021, through September 30, 2023, Clark submitted, and the District paid Clark 32 invoices totaling \$128,258,130 for the percentage of completed construction work as outlined in the Contract's Schedule of Values (SOV).³ The total amount billed to date was properly authorized and adequately supported in all material respects.
- Clark overbilled for bond costs by \$24,116 because they used a bond rate of .97% instead of the actual bond rate of .824% for change orders⁴ under the Contract. Clark concurred with this finding and issued a credit change order for the overbilled amount.
- Clark billed \$11,436 for disallowed costs (overhead, markups, bonds, sales tax, and gross receipts tax) as allowance⁵ disbursements. Clark concurred with this finding and issued a credit change order for the questioned amount.
- A total of 680 change orders totaling \$11,629,794 were initiated and authorized for the audit period. Our testing of 31 sampled change orders found that the District's Facilities Services Division (FSD) complied with Change Order Procedures 14.16⁶ in executing the change orders.
- Clark completed the required scope of work for Phase One. However, the occupancy dates were extended multiple times due to delays. Although the District approved the revised timeline, actual occupancy of Gymnasium Building G and Classroom Building C was further delayed beyond the

¹ Contract No. 4400009160 https://www.lausd.org/cms/lib/CA01000043/Centricity/domain/184/audit_files/NOA_2010066_PKG_NORTH_HOLLYWOOD_HS_1.pdf

² Comprehensive Modernization projects are designed to address the most critical physical needs of the campus's buildings and grounds through building replacement, renovation, modernization, and reconfiguration.

³ The Schedule of Values (SOV) is a comprehensive document listing every billable item or task in a construction project and its corresponding dollar value.

⁴ A change order is a written instrument confirming a change or adjustment to the contract amount, milestones, and/or contract time, and/or an addition, deletion, or revision in the work.

⁵ An allowance is a specified amount set aside in the construction contract to cover the cost of certain items that have not been finalized or selected at the time of the contract signing.

⁶ Change Order Procedures 14.16 https://www.lausd.org/cms/lib/CA01000043/Centricity/domain/184/audit_files/14_16_CO_Procedures_2.16_16_Final_002-fcc_rev_0217-chris_06-16-17_-_Copy.pdf

Audit of Clark Construction Group – California, LP
Contract No. 4400009160

authorized dates by 18 and 62 days, respectively.

Recommendations

Recommendation No. 1 – Clark should refund the District \$24,116 for the overbilled bond costs. Clark implemented this recommendation by issuing a credit change order for the overbilled amount, and the finding is closed.

Recommendation No. 2 – Clark should use the actual bond rate of .824% to determine the actual bond costs for change orders executed under this Contract. Clark is implementing this recommendation for all change orders initiated and authorized subsequent to our fieldwork, and we determined that this finding is closed.

Recommendation No. 3 – Clark should refund the District \$11,436 in disallowed costs invoiced for disbursements against the construction allowance. Clark implemented this recommendation by issuing a credit change order for the overbilled allowance disbursements, and the finding is closed.

Recommendation No. 4 – Clark should comply with the Contract’s general conditions and allowance provisions to ensure that the amounts invoiced as allowance disbursements are for actual costs incurred and exclude disallowed and/or duplicated costs such as overhead and markups. Clark did not take exception to the recommendation and stated that they would continue reviewing disbursement requests to comply with contract provisions.

Recommendation No. 5 – The Owner Authorized Representative (OAR) and project team should thoroughly examine the proposed costs for allowance disbursements before granting approval to ensure that the claimed amounts comply with the relevant contract provisions. PSD stated that the OAR would review change orders to ensure appropriate costs are allowed and that they align with the work being performed.

Recommendation No. 6 – To avoid the delays and time extensions experienced in Phase One, we recommend that FSD and Clark perform a time impact assessment and establish a realistic timeline for completing the remaining scope of work in Phase Two. Clark stated that they are working with FSD to identify turnover dates in Phase Two and meet regularly with FSD to discuss a realistic project completion timeline. PSD stated that FSD would work with Clark to perform a time impact assessment and regularly update the project schedule.

**Audit of Clark Construction Group – California, LP
Contract No. 4400009160**

INTRODUCTION

On January 20, 2021, the District awarded Clark the best value⁷ Contract No. 4400009160 (Contract) for the North Hollywood High School Comprehensive Modernization Project—Phases One and Two.⁸ The Contract was for a fixed amount of \$199,523,100 and a project duration of 1,702 calendar days. Phase One and Phase Two were bid as one contract, and Table 1 shows a breakdown of the base bid amount and the required scope of work for each phase.

**Table 1
Scope of Work by Project Phase**

Phase No.	Scope of Work	Contract Amount
1	Construction of a two-story Classroom Building C, two-story Gymnasium Building G, and associated site work.	\$ 101,004,656
2	Construction of an auditorium; alterations to buildings F, K, and L including new elevators and a walkway bridge; new playfields/courts and parking lots; and associated site work.	98,518,444
Total		\$ 199,523,100

From the Contract’s inception through September 30, 2023, FSD executed 680 change orders totaling \$11,629,794 against the Contract. This increased the base bid contract value by 5.83%, from \$199,523,100 to \$211,152,894.

SCOPE AND OBJECTIVES

Our examination covered payments made by the District to Clark under the Contract for the performance period from March 1, 2021, through September 30, 2023.

The objectives of our examination were to determine whether:

1. The amounts billed were adequately supported and allowable in accordance with the Contract’s terms and conditions.
2. The change orders were executed according to FSD’s Change Order Procedures 14.16.
3. The scope of work for Phase One was completed as required by the Contract.

⁷ Best-Value is a procurement method that considers factors other than price when selecting a contractor. The goal is to select the most advantageous offer that provides the best value for the money.

⁸ The contract and related documents interchangeably refer to the project as Phase One and Phase Two or Package One and Package Two. We will refer to the project and scope of work as either Phase One or Phase Two.

Audit of Clark Construction Group – California, LP
Contract No. 4400009160

METHODOLOGY

To accomplish our objectives, we performed the following procedures:

- Reviewed the contract and relevant documents to understand the required scope of work and contract terms and conditions.
- Interviewed the Senior Project Manager and Owner Authorized Representative (OAR)⁹ to understand the FSD Project Execution Branch's¹⁰ internal controls over payment processing and change order policies and procedures.
- Obtained an understanding of Clark's internal controls and business operations pertaining to the Contract.
- Reviewed the latest Payment Application¹¹ (Pay App) and supporting documents to validate the authorized total amount invoiced and paid to date.
- Reviewed proposed and invoiced amounts of the change orders to validate that they were justified, supported, and authorized.
- Reviewed documents to validate that the amounts claimed as allowance disbursements were in accordance with the Contract's general conditions and allowance provisions.
- Reviewed change order packages for completeness and to ensure that the executed change orders complied with District policies and procedures.
- Reviewed the Phase One timeline, occupancy notices, inspection records, and outstanding punch lists to verify the project's status.
- Inquired with the District's project team to confirm whether Phase One was completed in accordance with the required scope of work.
- Conducted a site visit to view the Phase One completed work at North Hollywood High School.

⁹ Owner Authorized Representative (OAR) is the designated authorized representative of the owner who administers the contract.

¹⁰ FSD Project Execution Branch is responsible for the construction of new schools and the repair and modernization of existing schools as part of a multi-year bond-funded capital improvement program. Project Execution is dedicated to ensuring that existing campuses are modernized and repaired to support the education and safety of our students utilizing cost-efficient and sustainable materials.

¹¹ A Payment Application or Pay App is a written request for payment submitted by Clark Construction to the District. It includes a detailed breakdown of the work completed, the percentage of work done, and the amount due for payment.

Audit of Clark Construction Group – California, LP
Contract No. 4400009160

RESULTS OF AUDIT

The amounts invoiced and billed to date were authorized and adequately supported in all material respects.

The project's original construction cost was \$198,513,100, which included a construction allowance of \$1,010,000 for a total contract value of \$199,523,100. As of September 30, 2023, 680 change orders totaling \$11,629,794 were initiated and authorized, increasing the contract value by 5.83% to \$211,152,894. The authorized contract amount to date is presented in Table 2.

Table 2
Authorized Contract Amount to Date

Description	Contract Amount
Construction Costs	\$ 198,513,100
Allowance	1,010,000
Contract Amount Awarded	199,523,100
Change Orders	11,629,794
Contract Amount to Date	\$ 211,152,894

As of the latest Pay App (No. 32), Clark has invoiced the District \$135,008,558, representing 63.94% of the total contract amount for work performed through September 30, 2023. This total was based on the claimed work completed for each construction line item on the SOV. As of November 30, 2023, the District paid \$128,258,130 of this total, with the remaining \$6,750,428 withheld as retainage.¹² Table 3 summarizes the total payment and retained amount to date as reported on Pay App No. 32 and approved by the District on October 17, 2023; correspondingly, Figure 1 shows the breakdown of the total percentage and amount paid, retained, and remaining balance to complete.

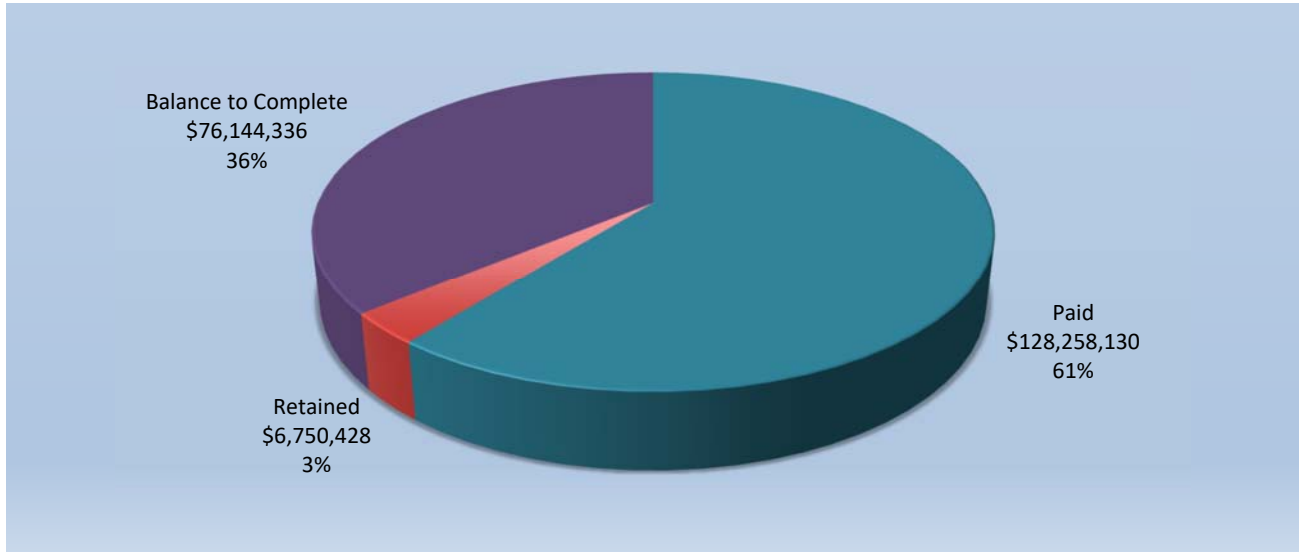
Table 3
Total Payment and Retainage

Description	Authorized Contract Amount	Invoiced Amount	Percentage Completed	Amount Paid	Amount Retained
Construction Cost	\$198,513,100	\$124,094,343	62.51%	\$117,889,626	\$6,204,717
Change Orders	11,629,794	10,624,147	91.35%	10,092,940	531,207
Allowance Disbursements	1,010,000	290,068	28.72%	275,564	14,504
Total	\$211,152,894	\$135,008,558	63.94%	\$128,258,130	\$6,750,428

¹² Also known as retention, retainage is a common practice in the construction industry where the project owner withholds a certain percentage of the contract amount from payments to the contractor until the project is substantially complete and has passed any required inspections or tests. This withheld amount serves as security to ensure that the contractor completes all necessary work satisfactorily, addresses any deficiencies or punch-list items, and fulfills all contractual obligations.

**Audit of Clark Construction Group – California, LP
Contract No. 4400009160**

**Figure 1
Breakdown of Authorized Contract Amount to Date**



We tested the total amounts invoiced, paid, and retained to date per Pay App No. 32 by performing the following audit procedures:

- Reviewed the contract documents to understand the contract terms and conditions, and the required scope of work for Phase One and Phase Two of the project.
- Interviewed the Senior Project Manager and OAR to understand the FSD Project Execution Branch’s payment review and approval process.
- Obtained an understanding of Clark’s policies, procedures, and internal controls over the requirements related to the Contract.
- Reviewed the completed percentage of work by line item for each division per the SOV for reasonableness.
- Validated that the billed construction and allowance costs to date were authorized and did not exceed the original authorized contract value.
- Compared the billed amount of each change order against the amount per the District’s Consolidated On-Line Information Nexus or COLIN Change Management system¹³ to validate that the change order amount was authorized and approved.

¹³ The Consolidated On-Line Information Nexus, or COLIN Change Management system, is the District’s software application utilized by the Facilities Services Division to store and track construction project information.

Audit of Clark Construction Group – California, LP
Contract No. 4400009160

- Verified that Pay App No. 32 was properly reviewed and approved by the OAR, Construction Manager, and the Facilities Procurement and Payment Services Unit before payment.

Based on the procedures performed, we determined that the amounts invoiced, paid, and retained for the completed work to date, as reflected on Pay App No. 32, were adequately supported and allowable in accordance with the terms and conditions of the Contract.

Finding No. 1 – Clark overbilled for bond costs by \$24,116 and issued a credit change order for the overbilled amount.

For the audit period, we identified 16 out of 680 change orders (initiated and authorized) with an amount exceeding \$100,000 each and totaling \$3,440,182. This amount represented 30% of the total change order amount of \$11,629,794, resulting from owner-initiated changes, design deficiencies, unforeseen conditions, and other administrative changes. Table 4 lists the scope of work and amount for each of the 16 change orders. Accordingly, Figure 2 shows a breakdown of the justifications for the change orders by total amounts and percentages.

Table 4
Justification for Change Order over \$100,000

Change Order No.	Description of Work	Reason for Change	Change Order Amount
T-661	The district requested the installation of an F4 “Facility Explorer Controller in lieu of the M4 “Metasys” Controller – Phase 1, Classroom Building C and Gymnasium Building G.	Owner Initiated Change	\$ 487,002
T-871	The district requested the installation of an F4 “Facility Explorer Controller in lieu of the M4 “Metasys” Controller – Phase 2, Building K.	Owner Initiated Change	430,661
T-1016	Changes in the HVAC system required alterations to the Kennedy Hall building so that the air handling units could fit within the existing room space.	Design Deficiency	271,226
T-524	Soil generated in the gym area must be taken to Waste Management because no other LAUSD sites could accept additional generated soil from the sampling.	Unforeseen Condition	244,727
T-883	Changes were made to the barrier system design in order for the auditorium to comply with specifications and prevent air and water intrusion.	Design Deficiency	236,289
T-533	Impacted soil totaling 5,637 tons needed to be exported to an appropriate landfill based on OEHS’ Soil Certification Report.	Unforeseen Condition	226,170

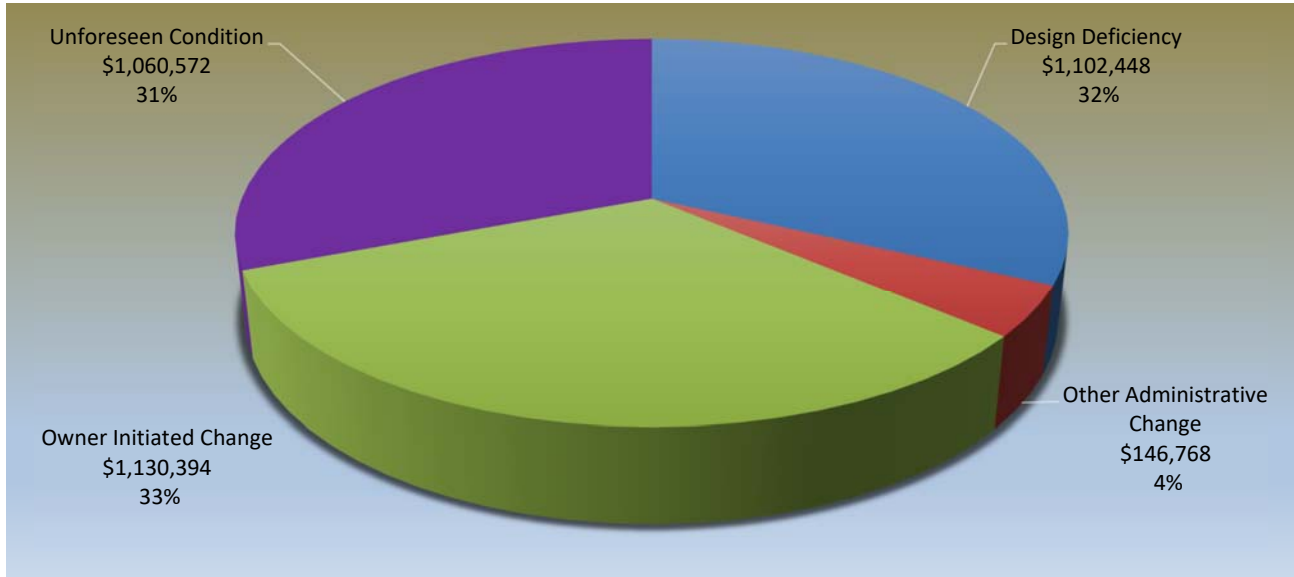
Audit of Clark Construction Group – California, LP
Contract No. 4400009160

Table 4
Justification for Change Order over \$100,000

Change Order No.	Description of Work	Reason for Change	Change Order Amount
T-870	The district requested the installation of an F4 “Facility Explorer Controller in lieu of the M4 “Metasys” Controller – Phase 2, Buildings A, F, and L.	Owner Initiated Change	212,731
T-638	Install additional wireless access points, speakers, cameras, data outlets, and pathways at various sites not originally included in the contract documents.	Design Deficiency	191,048
T-593	Routing changes for LADWP services because the contract documents and approved LADWP design showed opposing directions of incoming services.	Unforeseen Condition	181,635
T-504	The cost of exporting impacted soil to Waste Management has increased, and the actual ton of impacted soil was more than originally estimated.	Unforeseen Condition	168,396
T-851	The original project specification did not account for the demolition of the entire existing gymnasium, which would require an additional abatement of 7,176 square feet at the gym building compared to the estimated project specifications.	Design Deficiency	151,771
T-501	Payment to LADWP to de-energize the existing boys’ gym to facilitate work by the committed date and avoid additional delays.	Other Administrative Change	146,768
T-502	An additional breaker for the boys’ gym was installed because no power poles are nearby to run temporary power.	Unforeseen Condition	130,918
T-1021	A theatrical lighting design layout was omitted at the time of the bid, and the District issued a directive to furnish and install the required lighting in the Video Production Studio Room.	Design Deficiency	129,640
T-651	The contract documents were non-conforming per LAUSD standards since the air handler unit within the gymnasium requires a freestanding variable refrigerant air-cooled condensing unit.	Design Deficiency	122,474
T-1033	The cost to properly dispose of non-hazardous soil from the new gymnasium and classroom building sites was initially classified as general soil in the original document specifications.	Unforeseen Condition	108,726
Total			\$ 3,440,182

**Audit of Clark Construction Group – California, LP
Contract No. 4400009160**

**Figure 2
Justifications for Change Orders Over \$100K**



Of the 680 change orders, we judgmentally selected the top 31 highest-dollar change orders totaling \$4,090,949 with the following attributes for detailed testing:

**Table 5
Types of Change Orders Selected for Testing**

Type of Change Order	No. of Change Orders	Total Amount of Change Orders
Lump-sum change orders	9	\$ 2,378,729
Time and materials change orders	20	1,796,366
Lump-sum credit change order	1	(65,877)
Time and materials credit change order	1	(18,269)
Total Selected for Testing	31	\$ 4,090,949
Total Change Orders Authorized	680	\$ 11,629,794
% of Total Change Orders Authorized	5%	35%

Audit of Clark Construction Group – California, LP Contract No. 4400009160

The detailed testing of each sampled change order comprised of the following audit procedures:

- Reviewed the change order package and the following documents to substantiate the authorized and approved change order amount:
 - Contract’s general conditions pertaining to changes in the work
 - Record of Negotiation¹⁴
 - Justification for Contract Modification¹⁵
 - Fair Cost Estimate¹⁶
 - Change Order Proposal¹⁷
 - Other documents to support the proposed change order amount

- Verified the subcontracted costs by reviewing the following documents:
 - Subcontractors’ change order proposals, cost break-downs, and other third-party quotes, estimates, and invoices.
 - Subcontractors’ Applications and Certificates for Payment¹⁸

- Recalculated Clark’s proposed cost of work for the change order, inclusive of the following components:
 - Mark-ups for self-performed and subcontracted work, and equipment rental
 - Applicable sales and gross receipts taxes
 - Bond costs

Our testing of the initial 31 change order samples found that Clark applied the incorrect rate in billing for bond costs. Per our review of the bond premium invoice dated January 29, 2021, Clark paid \$1,644,335 for performance bond coverage. Based on the original construction contract amount of \$199,523,100, we calculated an actual bond rate of .824% ($\$1,644,335 \text{ bond premium} / \$199,523,100 \text{ contract amount}$), but Clark billed the District at a rate of .97%. We communicated with Clark regarding the .146% discrepancy between the actual and billed bond rates. Clark concurred with our preliminary finding and recalculated the bond costs using the actual rate of .824% for 1,008 change orders totaling \$17,135,390 that had been initiated and approved at the time of the audit fieldwork. The OIG reviewed and agreed with Clark’s recalculations, which revealed that the District had been overbilled by \$24,116 in net bond costs.

¹⁴ Record of Negotiation documents the discussions and negotiations of the cost and schedule impacts of the change order to the existing contract.

¹⁵ Justification for Contract Modification documents and explains the reasons for the change.

¹⁶ Fair Cost Estimate is the probable cost of the Work independently determined by quantifying the labor, materials, and equipment required to perform the work and applying unit costs to arrive at a value for the change order work. The Fair Cost Estimate can serve as the basis for the cost of negotiations and issuing an expedited change order.

¹⁷ Change Order Proposal is a written instrument prepared and submitted by the Contractor setting forth proposed adjustments to the Contract Work, Amount, Milestones, and Time, in response to a directed and/or proposed addition, deletion or revision in Work scope or project conditions as perceived by the Contractor.

¹⁸ Subcontractors’ Applications and Certificates for Payment is a document submitted by the subcontractor certifying the work covered for the period has been completed in accordance with the contract documents and that all amounts have been paid by the contractor for work which previous certificates for payments were issued and payments received.

Audit of Clark Construction Group – California, LP
Contract No. 4400009160

Recommendation No. 1 – Clark should refund the District for the overbilled bond costs.

Clark’s Response

On August 16, 2024, Clark initiated Change Order No. T-1656 (COT-1656) with a credit amount of \$24,116 to refund the District due to the overstated bond rate (Exhibit A). The OAR and Senior Project Manager approved the credit change order as of August 26, 2024, and it was Board-approved on September 20, 2024, via delegated authority to Facilities Contracts. Based on our review of COT-1656, we determined that the recommendation has been implemented, and the finding is closed.

Recommendation No. 2 – Clark should use the correct bond rate of .824% to reflect the actual bond costs for new change orders executed under this Contract.

Clark’s Response

Clark concurred with our recommendation and stated that going forward, they would apply the actual bond rate to account for the actual bond costs incurred for all applicable change orders under this Contract. Our review of the new change orders executed after December 23, 2023, found that Clark has implemented this recommendation and is using the actual rate of .824% to calculate the bond costs.

Observation No. 1 – Clark applied the incorrect rate when calculating the gross receipts tax.

Our testing of the change orders also found that Clark billed for gross receipts tax at a rate of .11% of the change order subtotal amount. Per our inquiry with the California Franchise Tax Board and the City of Los Angeles, we confirmed that gross receipts taxes imposed on change orders were allowable. In accordance with the City of Los Angeles’ Business Tax Rate Table 2018-Present,¹⁹ the effective gross receipts tax rate for contractors is .10%, resulting in a variance of .01% between the actual and billed gross receipts tax rates. Our testing of the .01% rate difference found that the actual gross receipts tax amounts compared to the billed gross receipts tax amounts were immaterial overall, and we passed on further review. However, we communicated with Clark and recommended that they use the actual rate of .10% in calculating the gross receipts tax due for change orders going forward.

Clark agreed with our observation and recommendation. A review of the new change orders initiated as of December 23, 2023, showed that Clark had implemented our recommendation and utilized the rate of .10% in calculating the gross receipts tax amount.

¹⁹ City of Los Angeles’ Business Tax Rate Table 2018-Present: [SKM_C360i23041912591 \(acsitfactory.com\)](https://www.skm.com/CA/CA360i23041912591)

Audit of Clark Construction Group – California, LP
Contract No. 4400009160

Finding No. 2 – Clark billed for disallowed construction allowance disbursements totaling \$11,436. Clark issued a credit change order for the questioned amount.

The base bid contract amount included \$1,010,000 in construction allowance. Addendum No. 15²⁰ outlined the authorized scope of work and the respective amount that would qualify as allowance disbursements, as summarized in Table 6 below:

Table 6
Schedule of Allowances

Item No.	Scope of Work	Authorized Amount
N/A	Unidentified scope of work for adapting Randolph Hall Building to be used as an Interim Administration space during Phase 2 of construction.	\$ 200,000
01 3591	Salvation of historic components in coordination with school administration.	150,000
01 5000	Interim Student Store in Phase 1.	150,000
01 5000	Interim Food Service in Phase 2A.	150,000
01 5000	Interim Library in Phase 2A.	150,000
01 5000	Interim Fire and Life Safety system and IT for the new Gym.	150,000
01 5000.3.11	Office supplies.	60,000
Total Allowance		\$ 1,010,000

For the audit period, eight Allowance Disbursement Authorizations²¹ (ADAs), totaling \$298,999 were processed for disbursements against the total allowance amount. We tested the amounts invoiced for all eight ADAs to determine if the incurred costs were associated with the scope of work covered by the allowance. Our audit procedures included (a) reviewing the Contract’s general conditions and allowance provisions; (b) tracing the amounts billed for labor and materials to time & material sheets and tickets, third-party invoices and receipts, and other supporting documentation; (c) validating the subcontracted costs to the subcontractors’ change order proposals and requests, and; (d) determining if the overhead fees and markups, sales and gross receipts taxes, and bond costs were allowable. Our testing determined that Clark overbilled \$11,436 against the construction allowance disbursements on five ADAs. The findings from our allowance testing are summarized in Table 7.

²⁰ Addendum No. 15 “Allowances” of the Contract specifies administrative and procedural requirements governing allowances and the types of approved allowance disbursements that may be charged against the respective allowance amount.

²¹ Allowance Disbursement Authorization documents the descriptions and costs for labor, materials, and other related expenses that were incurred and qualified as allowance disbursements to be reimbursed.

Audit of Clark Construction Group – California, LP
Contract No. 4400009160

Table 7
Disallowed Costs Identified Within Allowance Disbursements

Description of Disallowed Costs	Questioned Amount
Contractor and subcontractors' overhead and markup fees claimed under allowance disbursements are disallowed per Contract Section 01.2100, Allowances 1.04.	\$ 9,086
Payroll costs and other compensations for engineers and project managers are disallowed per General Condition Section 11.9	1,788
Duplication of sales tax amounts, gross receipt tax amounts, and bond costs already accounted for.	562
Total Disallowed Costs	\$ 11,436

Recommendation No. 3 – Clark should refund the District \$11,436 in disallowed costs invoiced for disbursements against the construction allowance.

Clark's Response

On August 16, 2024, Clark initiated credit Change Order No. T-1653 (COT-1653) in the amount of \$11,436 to refund the District (Exhibit B). We reviewed COT-1653 and verified that it was approved by the OAR and Senior Project Manager as of August 26, 2024. COT-1653 was Board-approved on September 20, 2024, via delegated authority to Facilities Contracts. Therefore, we determined that this recommendation has been implemented, and the finding is closed.

Recommendation No. 4 – Clark should comply with the Contract's general conditions and allowance provisions to ensure that the amounts invoiced for allowance disbursement are for actual costs incurred and exclude disallowed and/or duplicated costs such as overhead and markups.

Clark's Response

Clark took no exception to Recommendation No. 4.

Recommendation No. 5 – The OAR and project team should thoroughly examine the proposed costs for allowance disbursements before approving to ensure that the claimed amounts comply with the relevant contract provisions.

PSD's Response

PSD stated that the OAR would review change orders to ensure appropriate costs are allowed and that they align with the work being performed.

Clark's Response

Audit of Clark Construction Group – California, LP
Contract No. 4400009160

Clark agreed to review disbursements to comply with contract provisions.

The change orders were executed according to FSD’s Change Order Procedures.

The District’s FSD Change Order Procedures 14.16 outlined the policies and procedures for preparing and processing change orders.

We performed compliance testing for the 31 sampled change orders, and based on our review of the sampled change order packages, we concluded that FSD adhered to change order policies and procedures in executing the change orders under this Contract. The results from our review are as follows:

- Clark completed and submitted a change order proposal with all estimates, breakdowns, and other applicable information for each change order.²²
- An independent analysis of the cost and time impact or fair cost estimate was prepared or obtained for each change order that exceeded \$25,000.²³
- The Record of Negotiation was completed for each change order and documented key discussion points and other pertinent information, such as changes in the cost proposal, the revised substantial completion date, any adjustment in the contract time, and the final negotiated price.²⁴
- The Justification for Contract Modification was completed for each change order, and any change in contract amount and the reason/justification for the change were properly documented.²⁵
- The necessary signatures were obtained from the OAR, senior project manager, regional construction director, and/or deputy director based on the change order threshold amount.²⁶
- The change order package was complete and Board-approved by authority delegated to the District’s Facilities Contracts Branch.²⁷

²² Change Order Procedures 14.16 https://www.lausd.org/cms/lib/CA01000043/Centricity/domain/184/audit_files/14_16_CO_Procedures_2.16.16_Final_002-fcc_rev_0217-chris_06-16-17_-_Copy.pdf, Section 7.0, p. 4.

²³ Ibid, Section 7.0, pp. 5-6.

²⁴ Ibid, Section 7.0, pp. 6-7.

²⁵ Ibid, Section 3.0, pp. 2-4.

²⁶ Ibid, Section 9, pp. 8-9.

²⁷ Ibid, Section 10, p.9.

Audit of Clark Construction Group – California, LP
Contract No. 4400009160

Finding No. 3 – Clark completed the required work for Phase One. Although the occupancy dates were extended, the actual occupancy was delayed beyond the revised timeline.

For Phase One of the project, Clark was tasked with constructing a two-story Gymnasium Building G and a two-story Classroom Building C, along with related site work. The scope of work for Gymnasium Building G and Classroom Building C was to be completed within 500 and 730 calendar days, respectively, from the Notice-to-Proceed²⁸ (NTP) date. Due to various setbacks resulting from change orders, the District extended the occupancy dates to 318 days from the NTP for Gymnasium Building G and 118 calendar days for Classroom Building C. Despite these revised occupancy dates, the actual occupancy was further delayed by an additional 18 days for Gymnasium Building G and 62 days for Classroom Building C. The time extensions, the actual occupancy dates, and the number of days delayed are outlined in Table 8.

Table 8
Building Occupancy Timeline

Milestone	Description	Gymnasium Building G	Classroom Building C
No. 1	Notice-to-Proceed (NTP) date	2/2/2021	2/2/2021
No. 14, 23	Building occupancy after the NTP date	500 calendar days	730 calendar days
No. 14	Occupancy was revised from 500 to 596 calendar days – an extension of 96 days from the NTP date.	596 calendar days	N/A
No. 14, 23	Occupancy was revised from 596 to 774 calendar days – an extension of 274 days from the NTP date.	774 calendar days	N/A
	Occupancy was revised from 730 to 788 calendar days – an extension of 58 days from the NTP date.	N/A	788 calendar days
No. 14, 23	Occupancy was revised from 774 to 818 calendar days – an extension of 318 days from the NTP date.	818 calendar days	N/A
	Occupancy was revised from 788 to 848 calendar days – an extension of 118 days from the NTP date.	N/A	848 calendar days
Revised Occupancy Date		5/1/2023	5/31/2023
Actual Occupancy Date		5/19/2023	8/1/2023
Number of Days Delayed		18 Days	62 Days

²⁸ Notice to Proceed (NTP) – Written notice issued by the owner to the contractor establishing the date of commencement of the contract time and authorizing the contractor to proceed with the work.

Audit of Clark Construction Group – California, LP Contract No. 4400009160

Per discussions with Clark and a review of the Time Impact Analysis (TIA)²⁹ documents, the extensions of the project timeline were attributed (but not limited to) the following constraints and challenges encountered during construction, which ultimately impacted the actual occupancy dates.

- The plaster installation at Classroom Building C and Gymnasium Building G was on hold until a resolution was reached to make the plaster system water-tight and tested at the offsite mock-up. Furthermore, the installed plastic sheet air barrier and plaster trims had to be removed and/or modified before installation occurred.
- The late turnovers of the District network and IP address assignments, final cabling and installation of data equipment, and network downtime delayed the transfer of IP address information to Clark and impacted the commissioning³⁰ schedule and tasks to be completed before occupancy.
- The corrections to address certain ADA³¹ path of travel deficiencies, which included: (a) the slopes in numerous parking lot areas were greater than 2% of the maximum percentage allowed in all directions; (b) the walkway near the north side of Building G had a slope greater than the 2% of the maximum percentage allowed; (c) the contrasting stripes were missing on the front of the cast-in-place concrete exterior stair treads, and; (d) the electrical vaults within the path of travel have openings greater than the allowable 1/2 inch at the south and east side of the gymnasium.
- The power line for the existing boys' gym needed to be decommissioned and demolished, and re-routing of temporary power was necessary to complete the work.
- During the demolition of the existing boys' gym, the discovery of a duct bank was determined to be an asbestos-cement pipe; therefore, additional time was needed to obtain approval for a permit to abate the duct bank to continue the work.

Despite the time extensions and delayed occupancy, we determined that the Phase One scope of work was completed based on the following procedures that were performed:

- Reviewed the Notices of Partial Use or Occupancy signed by the District and Clark, which confirmed that the District began beneficial occupancy³² of Gymnasium Building G on May 19, 2023, and Classroom Building C on August 1, 2023. The OAR also confirmed that Phase

²⁹ Time Impact Analysis (TIA) is a scheduling technique used to analyze the effects of delays on a construction project's schedule. It involves identifying the causes of delays, quantifying their impact, and assessing how they affect the project timeline.

³⁰ Commissioning is a quality assurance process that verifies and ensures that buildings and building systems are designed, installed, functionally tested, and capable of being operated and maintained before occupancy.

³¹ The Americans with Disabilities Act, or ADA, is legislation that provides civil rights protection to individuals with physical and mental disabilities and guarantees them equal opportunity in public accommodations, employment, transportation, state and local government services, and telecommunications.

³² Beneficial occupancy means that the District has assumed physical occupancy and use of all or such portion of the work.

Audit of Clark Construction Group – California, LP Contract No. 4400009160

One was completed and that the District issued beneficial occupancy of both buildings subsequent to the inspector’s sign-off and approval.

- Reviewed the District Office of Environmental Health and Safety’s Essential Safety Checklist and Certificate of Occupancy documents certifying that the essential safety requirements within these categories were met for Gymnasium Building G and Classroom Building C: (a) access and egress, (b) building and room conditions, (c) fire alarm and suppression systems, and (d) clearance for occupancy.
- Reviewed the Certificates of School Readiness signed by the OAR, Senior Project Manager, and Regional Director, certifying that Gymnasium Building G and Classroom Building C were functionally complete and ready for occupancy by students and school administrators.
- Reviewed the Non-Conformance Items List³³ of open items as of February 27, 2024. The OAR explained that the remaining open items were minor and did not affect the buildings' occupancy. The OAR also stated that Clark is continually progressing with work to address, complete, and close the outstanding punch list items.
- Conducted a site visit to view the Phase One completed scope of work and verified that Gymnasium Building G (Exhibit C) and Classroom Building C (Exhibit D) were occupied at the time of our visit.

Recommendation No. 6 – Phase Two of the construction project was in progress at the time of our audit. To avoid the significant delays and time extensions experienced in Phase One, we recommend that FSD and Clark perform a time impact assessment and establish a realistic timeline for completing the remaining scope of work in Phase Two.

Clark’s Response

Clark stated that they are working with FSD to identify turnover dates in Phase Two and meet regularly with FSD to discuss a realistic project completion timeline. The target date to implement is ongoing. Clark took exception to the finding regarding the number of days delayed and explained that they viewed those days as compensable and excusable in accordance with the TIA documents and related change orders. Clark added that discussions with FSD are ongoing to find a resolution regarding those delays.

PSD’s Response

PSD stated that FSD would work with Clark to perform a time impact assessment and regularly update the project schedule.

³³ Non-Conformance Items List (NCIL) is a list generated by Project Inspectors during construction before substantial completion to record all items that are not in conformance with the approved plans and specifications.

Audit of Clark Construction Group – California, LP
Contract No. 4400009160

AUDIT TEAM

This audit was performed by the following auditors:

Maria Thomas, Audit Manager
Joanna Vuong, Principal Auditor
Liqing Lin, Senior Auditor



**Los Angeles Unified School District
Office of the Inspector General**

Jackie Goldberg, President
Dr. George J. McKenna III
Dr. Rocio Rivas
Scott M. Schmerelson
Nick Melvoin
Kelly Gonez
Tanya Ortiz Franklin
Members of the Board

Alberto M. Carvalho
Superintendent

Sue Stengel
Inspector General

INDEPENDENT AUDITOR'S REPORT

We have examined the amounts billed by Clark Construction Group – California, LP (Clark) under Contract Number 4400009160 (Contract) for the period from March 1, 2021, through September 30, 2023, and Clark's compliance with the terms and conditions of the Contract. Clark's management is responsible for the amounts billed and for complying with the terms and conditions of the Contract. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Accordingly, it included examining, on a test basis, evidence supporting Clark's compliance with the contract requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of Clark's compliance with the specified requirements.

In our opinion, for the period from March 1, 2021, through September 30, 2023, the amounts billed by Clark were adequately supported and allowable in accordance with the Contract's terms and conditions in all material respects; the change orders were executed according to FSD's Change Order Procedures 14.16, and; the scope of work for Phase One was completed as required by the Contract.

Our examination identified questioned costs totaling \$35,552, which Clark agreed to and subsequently issued credit change orders to refund the District. Our examination also found that although Phase One of the project was complete, the actual occupancy of Gymnasium Building G and Classroom Building C was delayed by 18 and 62 days, respectively. The findings and recommendations are detailed in the audit report.

Mark H. Pearson
Digitally signed by Mark H. Pearson
DN: cn=Mark H. Pearson, o=OIG,
email=mark.pearson1@lausd.net, c=US
Date: 2024.10.10 11:53:37 -0700

Mark Pearson, CPA, CFE, CIGA
Assistant Inspector General, Audits

September 5, 2024

Clark Construction Group – California, LP
Contract No. 4400009160

Page 19 of 29

CA 24-1438

**ATTACHMENT I
RESPONSES FROM CLARK**



515 S. FIGUEROA STREET
SUITE 2000
LOS ANGELES, CA 90071

November 11, 2024

EMAIL

Los Angeles Unified School District (The District)
Office of the Inspector General
Attention: Ambition Padi and Maria Cortes
333 S. Beaudry Ave., 12th Floor
Los Angeles, CA 90017

Contract Number: Clark Construction Group – CA, LP (4400009160)
Project Name: NORTH HOLLYWOOD HIGH SCHOOL (SCOPE ID 191592 & 192593)

Reference: Phase One Draft Audit Report dated October 10, 2024
(Clark Construction Response)

Dear Ms. Padi and Ms. Cortes:

We are in receipt of the Office of the Inspector General's draft report for Clark Construction Group – California, LP regarding Phase One of the North Hollywood High School project dated October 10, 2024.

Please reference below our formal response:

Recommendation No. 1 – Clark should refund the District \$24,116 for the overbilled bond costs. Clark implemented this recommendation by issuing a credit change order for the overbilled amount, and the finding is closed.

Clark response to Recommendation No. 1

- (i) Clark takes no exception to Finding No. 1 and Recommendation No. 1.
- (ii) Clark issued deductive change order (811342) in the amount of (\$24,116) to the District where Change Order T-1656 was issued.
- (iii) Clark agrees this item is closed.

Recommendation No. 2 – Clark should use the actual bond rate of .824% to determine the actual bond costs for change orders executed under this Contract. Clark is implementing this recommendation for all change orders initiated and authorized subsequent to our fieldwork, and we determined that this finding is closed.

Clark response to Recommendation No. 2

- (i) Clark takes no exception to Recommendation No. 2.

**ATTACHMENT I
RESPONSES FROM CLARK (Continued)**

November 11, 2024

Page 2

- (ii) Clark implemented utilization of the correct bond rate on all change orders in December 2023.
- (iii) Clark agrees this item is closed.

Recommendation No. 3 – Clark should refund the District \$11,436 in disallowed costs invoiced for disbursements against the construction allowance. Clark implemented this recommendation by issuing a credit change order for the overbilled allowance disbursement, and the finding is closed.

Clark response to Recommendation No. 3

- (i) Clark takes no exception to Finding No. 2 and Recommendation No. 3.
- (ii) Clark issued deductive change order (811343) in the amount of (\$11,436) to the District where Change Order T-1653 was issued.
- (iii) Clark agrees this item is closed.

Recommendation No. 4 – Clark should comply with the Contract's general conditions and allowance provisions to ensure that the amounts invoiced as allowance disbursements are for actual costs incurred and exclude disallowed and/or duplicated costs such as overhead and markups.

Clark response to Recommendation No. 4

- (i) Clark takes no exception to Recommendation No. 4.
- (ii) Clark will continue to review disbursement requests for compliance with contract provisions.
- (iii) Clark considers this item is closed.

Recommendation No. 5 – The OAR and project team should thoroughly examine the proposed costs for allowance disbursements before granting approval to ensure that the claimed amounts comply with the relevant contract provisions.

Clark response to Recommendation No. 5

- (i) Clark takes no exception to Recommendation No. 5.
- (ii) Clark will continue to review disbursement requests for compliance with contract provisions.
- (iii) Clark considers this item is closed.

Recommendation No. 6 – To avoid the delays and time extensions experienced in Phase One, we recommend that FSD and Clark perform a time impact assessment and establish a realistic timeline for completing the remaining scope of work in Phase Two.

Clark response to Recommendation No. 6

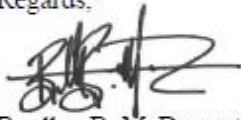
**ATTACHMENT I
RESPONSES FROM CLARK (Continued)**

November 11, 2024

Page 3

- (i) Clark takes exception to the "Number of Days Delayed" stated in Finding No. 3 in Table 8 for Milestone No. 14 (Gymnasium Occupancy) and Milestone No. 23 (New Classroom Building Occupancy) and view these days as compensable and excusable in accordance with our Time Impact Analysis documents (TIA 001, TIA 002, and TIA 003) and according to Change Order T-805 and T-924. FSD and Clark continue ongoing discussions to find a resolution to this delay.
- (ii) Clark is working with FSD to identify turnover dates in Phase Two for Milestone No. 35 (Kennedy Hall, Frasher Hall & Library Occupancy) and Milestone No. 42 (Auditorium Occupancy); and, where FSD deems necessary, premiums for overtime are funded by the District to advance the progress of the schedule to mitigate the overall delay.
- (iii) Clark and FSD meet regularly to discuss a realistic timeline for completing the Project. The target date to implement is ongoing.

Regards,



Bradley B. McDermott
Project Executive

CLARK CONSTRUCTION GROUP – CALIFORNIA, LP

Contractor License #839892

515 S. Figueroa Street, Suite 2000

Los Angeles, CA 90071

m. (202) 369-3679

brad.mcdermott@clarkconstruction.com

cc: Carlos Gonzalez, Clark
Marc Kersey, Clark
Mike Runza, Clark
Howard Parrington, Clark

Attachment: LAUSD Office of the Inspector General Draft Audit Report dated 10/10/24

**ATTACHMENT II
RESPONSES FROM PSD**

DocuSign Envelope ID: DF4F8450-ADD4-4EEC-A470-AC2629CB3BE0



**LOS ANGELES UNIFIED SCHOOL DISTRICT
Procurement Services Division**

DATE: November 12, 2024

TO: Mark Pearson, CPA, CFE, CIGA
Office of the Inspector General

FROM: Jorge Ballardo, Deputy Chief Procurement Officer
Procurement Service Division

SUBJECT: **Incurring Cost Audit of Clark Construction Group California, LP**
Contract No.: 4400009160

DocuSigned by
Jorge Ballardo
C0F031CC8533494

Procurement Services Division (PSD) is in receipt of the above-referenced draft incurring cost audit report dated October 10, 2024. Below, please find the responses provided by the Facilities Services Division (FSD).

Finding No. 1 - Clark overbilled for bond costs by \$24,116 due to using a bond rate of .97% instead of the actual bond rate of .824% for change orders under the Contract. Clark concurred with this finding and issued a credit change order for the overbilled amount.

Recommendation No. 1 – Clark should refund the District \$24,116 for the overbilled bond costs. Clark implemented this recommendation by issuing a credit change order for the overbilled amount, and the finding is closed.

Response to Recommendation No. 1 – Clark issued a credit change order (T-1656) which addressed this recommendation.

Recommendation No. 2 – Clark should use the actual bond rate of .824% to determine the actual bond costs for change orders executed under this Contract. Clark is implementing this recommendation for all change orders initiated and authorized subsequent to our fieldwork, and we determined that this finding is closed.

Response to Recommendation No. 2 – Clark concurred with the recommendation and will make correction to future change orders which will need to be confirmed by the Owner Authorized Representative (OAR).

Finding No. 2 - Clark billed \$11,436 for certain disallowed costs (overhead, markups, bonds, sales tax, and gross receipts tax) as allowance disbursements. Clark concurred with this finding and issued a credit change order for the questioned amount. (An allowance is a specified amount set aside in the construction contract to cover the cost of certain items that have not been finalized or selected at the time of the contract signing.)

**ATTACHMENT II
RESPONSES FROM PSD (Continued)**

DocuSign Envelope ID: DF4F8450-ADD4-4EEC-A470-AC2629CB3BE0

Recommendation No. 3 – Clark should refund the District \$11,436 in disallowed costs invoiced for disbursements against the construction allowance. Clark implemented this recommendation by issuing a credit change order for the overbilled allowance disbursements, and the finding is closed.

Response to Recommendation No. 3 – Clark issued a credit change order (T-1653) which addressed the recommendation.

Recommendation No. 4 – Clark should comply with the Contract's general conditions and allowance provisions to ensure that the amounts invoiced as allowance disbursements are for actual costs incurred and exclude disallowed and/or duplicated costs such as overhead and markups.

Recommendation No. 5 – The OAR and project team should thoroughly examine the proposed costs for allowance disbursements before granting approval to ensure that the claimed amounts comply with the relevant contract provisions.

Response to Recommendation No. 4 and No. 5 – OAR will review change orders to make sure appropriate costs are allowed and aligned with the work being performed. Additionally, change orders were executed according to FSD's change order policies and procedures.

Finding No. 3 - Clark completed the required scope of work for Phase One. However, the occupancy dates were extended multiple times due to delays. Although the District approved the revised timeline, actual occupancy of Gymnasium Building G and Classroom Building C was further delayed beyond the authorized dates by 18 and 62 days, respectively.

Recommendation No. 6 – To avoid the delays and time extensions experienced in Phase One, we recommend that FSD and Clark perform a time impact assessment and establish a realistic timeline for completing the remaining scope of work in Phase Two.

Response to Recommendation No. 6 – FSD will work with Clark to perform a time impact assessment and regularly update the project schedule.

EXHIBIT A CREDIT CHANGE ORDER FOR OVERBILLED BOND COSTS



Los Angeles Unified School District
Facilities Services Division

CHANGE ORDER

School Name : North Hollywood HS
 Project Name: North Hollywood HS - Comprehensive Modernization
 To (Contractor): CLARK CONSTRUCTION GROUP-CA,LP
 From (LAUSD): Project Execution / North Region

CO Number: T-1656
 Contract No.: 2010066 (4400009160)
 COLIN ID: 10366799
 Scope ID: 191592
 CO Initiate Date: 08/16/2024
 DSA File #: 19-H16
 DSA Appl #: 03-120044

		Total Contract Amount	% to Original Contract
A	Original Contract Amount	\$ 199,523,100.00	
B	Amount of this CO	\$ -24,116.00	-0.01%
<small>FSD Contracts Use Only</small>			<small>% Total COs to Original Contract</small>
C	Total Approved Change Orders to Date (including this CO)	\$ 19,131,573.18	
D	Revised Contract Amount (A + C)	\$ 218,654,673.18	9.59%

Brief CO Title/Summary Description: Administrative Credit Change Order for Overstated Bond
 Contractor is hereby directed to make the following change(s) in the Contract.
Description of Work:
 Provide credit for additional bond payment made via executed Phase 1 Change Orders with overstated bond percentage of 0.97% to actual cost of 0.824%.

Electronically Signed by Alexander Korter on 08/19/2024
Architect/Engineer in General Responsible Charge (if Appropriate) Date

By signing this Change Order, the parties (i) certify that the Work directed by this Change Order will be or has been performed PRIOR to Substantial Completion and (ii) agree that the undisputed adjustments to the Contract shown herein are full and final; however, the parties do not waive any rights or defenses regarding disputed amounts of money or time listed on this document. Refer to the dispute resolution provisions of the Contract for further action.

Remaining disputed portion of the Change Order Proposal
 Contractor believes that the value for the work described herein is: \$ 0.00
 and 0 day(s) in excess of Contract adjustments in this document.
 Per General Conditions Articles 10 and 16, Contractor is required to file a claim for this disputed amount by: 08/26/2024 (10 days from date this document is issued)
 Contractor must sign and return this Change Order by: 08/26/2024
(10 days from the date this document is issued to the Contractor; per General Conditions, Article 10.20)

Contract Amount due to this Change Order is DECREASED by: -\$24,116.00
 The Contract Time is NOT CHANGED. 0
 The contract Substantial Completion date effective this CO is: 08/01/2025
 Milestone(s) in the Contract have been changed as per the attached Schedule
 WBS Element: F308244-03-401-95

Should the Contractor fail to sign and return as required, Owner reserves right to process document without Contractor's signature.

**Board Approved on 09/20/2024 by
Delegated Authority to Facilities Contracts**

Electronically Signed by Brad McDermott on 08/22/2024
 Contractor Signature Date

For LAUSD Board Approval Stamp Only

EXHIBIT B CREDIT CHANGE ORDER FOR OVERBILLED ALLOWANCE



Los Angeles Unified School District
Facilities Services Division

CHANGE ORDER

School Name : North Hollywood HS
 Project Name: North Hollywood HS - Comprehensive Modernization
 To (Contractor): CLARK CONSTRUCTION GROUP-CA,LP
 From (LAUSD): Project Execution / North Region

CO Number: T-1653
 Contract No.: 2010066 (4400009160)
 COLIN ID: 10366799
 Scope ID: 191592
 CO Initiate Date: 08/16/2024
 DSA File #: 19-H16
 DSA Appl #: 03-120044

		Total Contract Amount	% to Original Contract
A	Original Contract Amount	\$ 199,523,100.00	
B	Amount of this CO	\$ -11,436.00	-0.01%
<small>FSD Contracts Use Only</small>			<small>% Total COs to Original Contract</small>
	<small>Date:</small>	<small>Project CO#:</small>	<small>Contract CO#:</small>
C	Total Approved Change Orders to Date (including this CO)	\$ 19,144,253.18	
D	Revised Contract Amount (A + C)	\$ 218,667,353.18	9.6%

Brief CO Title/Summary Description: Phase 1 Allowance Reconciliation
 Contractor is hereby directed to make the following change(s) in the Contract.
Description of Work:
 Provide credit for additional Contractor fee, prime fee on Subcontractor work, sales tax, gross receipts tax, and bond payments made via executed phase 1 allowances.

Electronically Signed by Alexander Korter on 08/19/2024

Architect/Engineer In General Responsible Charge (if Appropriate) Date

By signing this Change Order, the parties (i) certify that the Work directed by this Change Order will be or has been performed PRIOR to Substantial Completion and (ii) agree that the undisputed adjustments to the Contract shown herein are full and final; however, the parties do not waive any rights or defenses regarding disputed amounts of money or time listed on this document. Refer to the dispute resolution provisions of the Contract for further action.

Remaining disputed portion of the Change Order Proposal
 Contractor believes that the value for the work described herein is: \$0.00
 and 0 day(s) in excess of Contract adjustments in this document.

Contract Amount due to this Change Order is DECREASED by: -\$11,436.00
 The Contract Time is NOT CHANGED. 0
 The contract Substantial Completion date effective this CO is: 08/01/2025

Per General Conditions Articles 10 and 16, Contractor is required to file a claim for this disputed amount by: 08/26/2024 (10 days from date this document is issued)
 Contractor must sign and return this Change Order by: 08/26/2024
(10 days from the date this document is issued to the Contractor, per General Conditions, Article 10.20)

Milestone(s) in the Contract have been changed as per the attached Schedule
 WBS Element: F306244-03-401-99

Should the Contractor fail to sign and return as required, Owner reserves right to process document without Contractor's signature.

Board Approved on 09/20/2024 by
Delegated Authority to Facilities Contracts

Electronically Signed by Brad McDermott on 08/22/2024

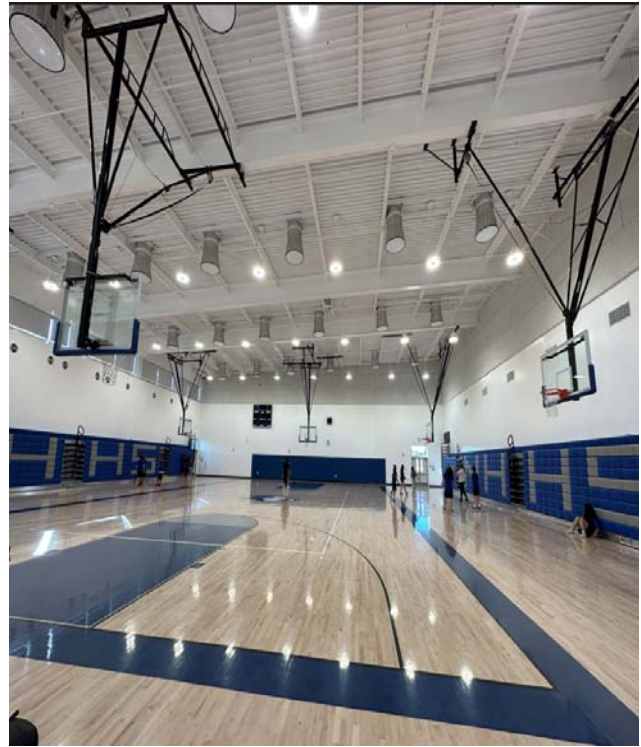
Contractor Signature Date

For LAUSD Board Approval Stamp Only

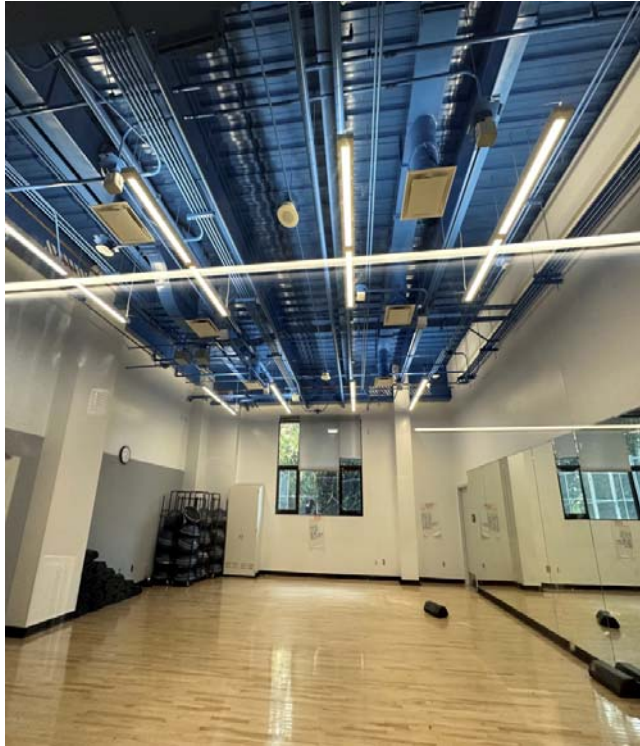
**EXHIBIT C
PHOTOS FROM SITE VISIT – GYMNASIUM BUILDING G**



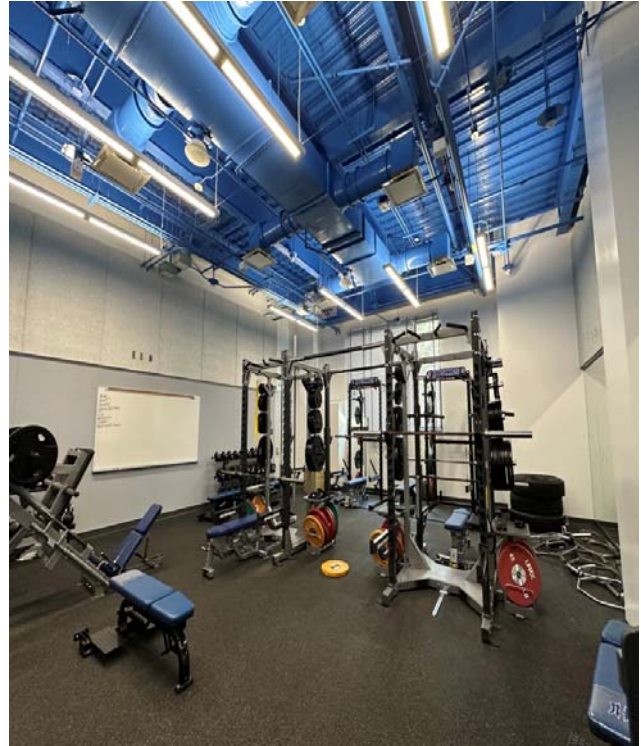
Gymnasium Building G - Exterior



Gymnasium Building G – Interior



Gymnasium Building G – Interior



Gymnasium Building G – Interior

EXHIBIT D
PHOTOS FROM SITE VISIT – CLASSROOM BUILDING C



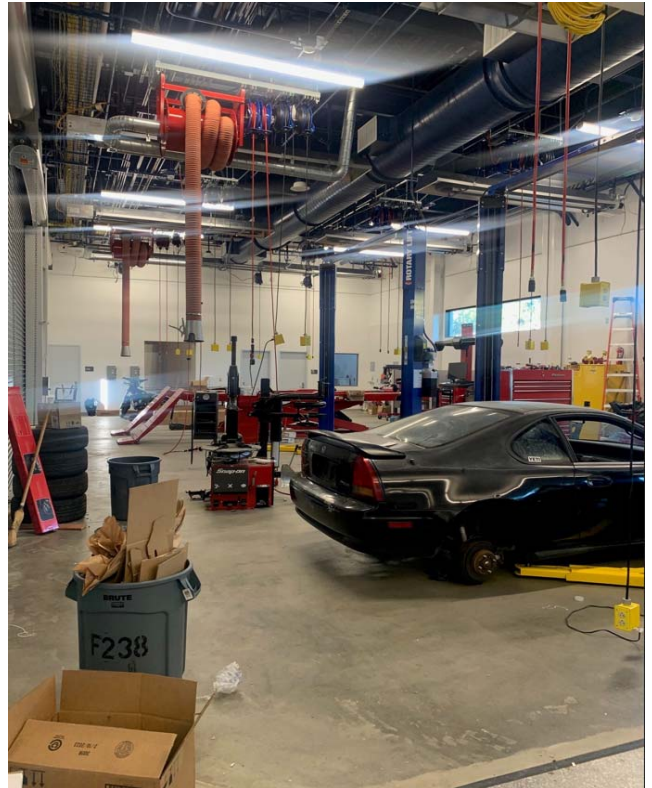
Classroom Building C - Exterior



Classroom Building C – Street View



Classroom Building C - Hallway

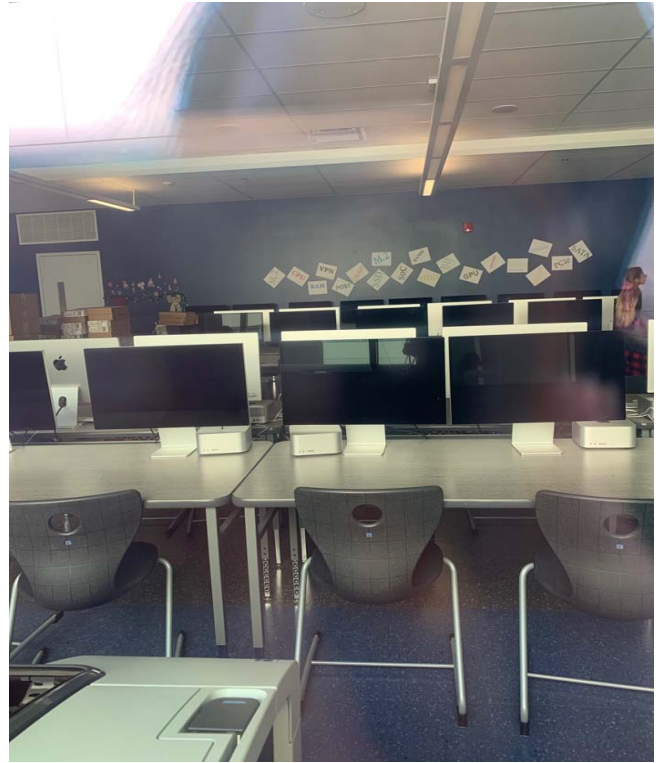


Classroom Building C – Auto Shop

**EXHIBIT D
PHOTOS FROM SITE VISIT – CLASSROOM BUILDING C (Continued)**



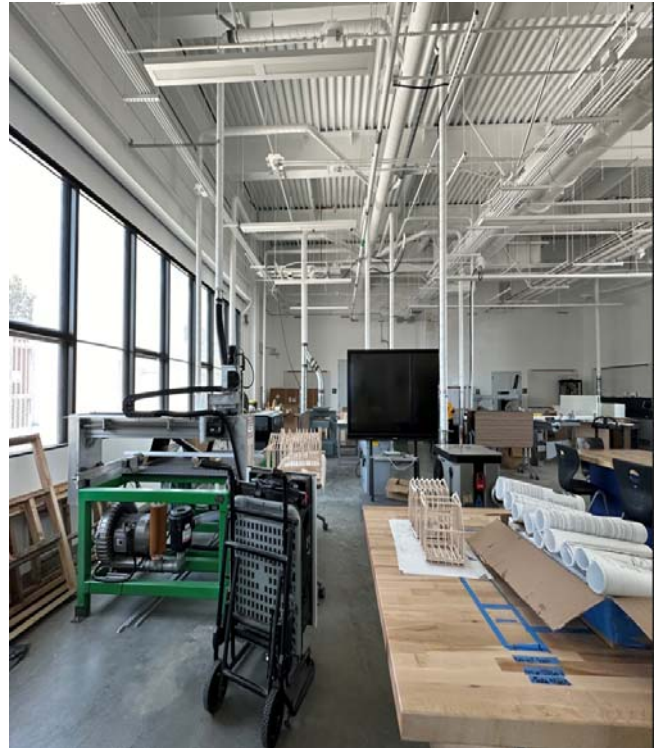
Classroom Building C – Doors & Windows



Classroom Building C – Computer Lab



**Classroom Building C – Video Production
Room**



Classroom Building C – Wood Shop

Know about fraud, waste, or abuse?

Tell us about it.

Maybe you are a school District employee, a parent, or just a concerned citizen. Regardless, you can make a difference!

Maybe you know something about fraud, waste, or some other type of abuse in the school district.

The Office of the Inspector General has a hotline for you to call. You can also email or write to us.

If you wish, we will keep your identity confidential. You can remain anonymous if you prefer. And you are protected by law from reprisal by your employer.

Whistleblower Protection

The Board approved the Whistleblower Protection Policy on February 12, 2002. This policy protects LAUSD employees who make allegations of improper governmental activity from retaliation or reprisal. To ensure the reporting of any activity that threatens the efficient administration of the LAUSD reports that disclose improper governmental activities shall be kept confidential.

General Contact Information

Office of the Inspector General
333 S. Beaudry Avenue, 12th Floor
Los Angeles, CA 90017
Phone: (213) 241-7700
Fax: (213) 241-6826
<https://achieve.lausd.net/oig>

Fraud, Waste, and Abuse Hotline
(866) 528-7364 or (213) 241-7778
inspector.general@lausd.net