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February 5, 2019

Dr. Francisco Rodriguez
Los Angeles Community College District
Chancellor
770 Wilshire Blvd. 9th Floor
Los Angeles, CA 90017

Dear Chancellor Rodriguez,

Thank you for the productive meeting yesterday. We appreciate the opportunity to discuss the KPMG performance audit recommendations. As I reiterated to you yesterday you have my commitment to achieving our contract performance requirements and to the overall success of the BuildLACCD bond program.

I do want to clarify one statement related to the Jacobs performance requirement that was made at the Board of Trustees Facilities Master Planning & Oversight Committee (FMPOC) meeting on January 23, 2019. This statement also appeared in the LA Times article published yesterday.

Our contract includes a performance requirement. The five year program management fees are established as the *lesser* of 3.5 percent of the total dollar amount of the contracts that are awarded during the five year term of the agreement, or \$81,000,000. The calculation or "true up" will occur at the end of year four (4) of the contract term. A performance calculation by the District after the first year of the contract resulted in a statement at FMPOC and to the LA Times that "The manager of the bond program, Jacobs Project Management Co., has overspent its first year budget by \$1.8 million."

I agree that if the calculation is performed after year one versus the end of year four pursuant to the contract terms, this calculation is accurate. However, the statement alone does not provide the complete picture of the success of our first year. Jacobs is required to present to the District for approval staffing plans every 90 days. Based on the approved staffing plans contained in our contract and subsequently approved throughout the first year of service, Jacobs has invoiced less than the approved staffing plans by \$2.9 million. The District approved staffing plans for year 1 totaled approximately \$16.4 million. The amount Jacobs invoiced was approximately \$13.5 million. We are proud of this efficiency delivered to LACCD and it represents an 18% savings to the District. The statement to FMPOC and the LA Times could have also been made that Jacobs "underspent" its first year budget by \$2.9 million.

As it relates to the five year performance target of \$2.3 billion awarded in contracts, we knew going in that our District approved staffing plans for year 1 would exceed the 3.5% performance target. This is the very reason that the true up calculation was negotiated to occur after year 4 of the contract. Our plan for year 1 was that we would achieve \$300 million in awarded contracts. Our actual performance resulted in \$334 million in contracts awarded in our first year.

Another savings to LACCD is that during the transition from Jacobs as a MATOC College Project Team service provider at East Los Angeles College and Pierce College, to the Program Manager role; Jacobs had five staff members that continued to be assigned to College Project Teams. These five individuals did not transition to their new program management roles until various dates between December 2017 and June 2018. The reason for the delay in transition is that new MATOC CPT personnel needed to be procured through task orders solicitations. Since these Jacobs team members invoiced their time during this period through our PMO contract and not through the MATOC College Project Team budgets, this resulted in an additional savings to LACCD during our first year of approximately \$400,000.

I want to personally reiterate our team's commitment to LACCD, its faculty, staff and students. We look forward to our continued contribution to LACCD's commitment to provide world class educational facilities to the students of the greater Los Angeles area.

Sincerely,

A handwritten signature in blue ink that reads "Lewis P. Cornell". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Lewis P. Cornell
Senior Vice-President, BIA West
Jacobs

Copy to: David Salazar, CFE