



**SAN FRANCISCO STATE UNIVERSITY  
CORPORATION YARD  
CENTRAL PLANT UTILITY INFRASTRUCTURE**

Final Report

August 16, 1999

**California State University  
San Francisco State University  
CORPORATION YARD, CENTRAL PLANT,  
UTILITY INFRASTRUCTURE  
SF-476**

**GOAL**

The goal of KPMG, LLP's review of the San Francisco State University (SFSU) - Corporation Yard, Central Plant, Utility Infrastructure project was to evaluate the following areas of project delivery:

**CHANGE ORDERS  
PROJECT MANAGEMENT SERVICES  
CONTRACTOR BILLINGS  
CONTRACTING COMPLIANCE  
LIQUIDATED DAMAGES  
PROJECT ADMINISTRATION PROCESS COMPLIANCE  
VERIFICATION OF MAJOR EQUIPMENT AND COMPONENTS  
CLOSEOUT DOCUMENTS**

**INTRODUCTION**

The purpose of this review is to provide the Trustees of California State University with assurance that appropriate procedures and controls are applied to the construction process as identified in the contract documents issued for the Corporation Yard, Central Plant, Utility Infrastructure (Project) at the San Francisco campus. Based on our 1998 work on behalf of the University, the Office of the University Auditor revised the scope of the 1999 engagement to include, among other changes, submittal compliance verification for a sampling of major equipment items and building components.

KPMG's work was conducted by reviewing project construction documents during the period of January 10 through February 26, 1999. The review included:

Interviews with personnel from the Office of the Chancellor, Division of Capital Planning, Design and Construction (CPD&C), in Los Alamitos  
Discussions with members of the SFSU administrative staff  
Review of project files at CPD&C's office

Review of project files at S. J. Amoroso Construction Company, Inc. (Contractor) office in Foster City  
Sample auditing of documents for cost and process compliance

This review is based on the information contained within the project files at both the Owner's (for the purposes of this report, Owner shall mean both SFSU and CPD&C) and Contractor's office. Physical inspections and field verifications were not conducted as a part of this review and were specifically excluded from KPMG's work.

### **CONSTRUCTION PROJECT DESCRIPTION**

The project consisted of a new Corporation Yard building of approximately 50,000 SF, as well as a new yard for parking and storage, a new central plant, and utility infrastructure renewal. The 4.16 kilovolt electrical distribution system was converted to a 12 kilovolt system and new sewer and water lines were added.

Plans and specifications were prepared by Gerson-Overstreet and Brown & Caldwell (A/E Consultant). The pre-bid construction estimate was \$23,000,000. The Bid Proposal Form issued by California State University included requirements for seven Construction Bid Alternates.

The project bid date was originally scheduled for March 5, 1996, and subsequently revised to March 22, 1996. There were six bidders, with S. J. Amoroso Construction Company, Inc. being the low bidder with a \$26,350,000 base bid. A contract was executed with S. J. Amoroso (Contractor) on April 22, 1996, in the amount of \$26,670,000 (including the acceptance of Alternate No. 1 in the amount of \$320,000). Notice of Completion (Construction Mgmt. Form 702.02) was recorded on May 27, 1998, indicating a completion date of May 18, 1998.

### **CHANGE ORDERS**

#### *Findings:*

The original agreement entered into by the Owner and Contractor was based on a lump sum amount. KPMG's review included reconciling change orders issued by the Owner to the change orders issued to subcontractors by the Contractor. The Owner had methods to track requests for, causes of, associated costs, and final dispositions of change orders. At the time of this review, the Corporation Yard project had approved Change Orders through Number 106, which included approximately 261 Cost Proposal Estimates (CPE's), totaling \$1,177,804. This represents an additional 4.4% in project costs beyond the original construction contract amount of \$26,670,000.

CPD&C provided reports reflecting total change orders issued and approved. KPMG confirmed the accuracy of this report, and was able to verify that the Contractor's final pay request No. 25 accurately reflected the Owner's record of approved change orders.

In addition to the data provided by CPD&C, the Owner's project management firm, Consolidated Construction Management (CCM) provided a detailed Change Order Report that included a description of each Change Request. The report listed the originating document for the change, the Change Proposal Estimate (CPE) numbers, related Field Instructions, Cost Proposals, Owner's Change Order number, and the Final Change Order amount.

The last report dated October 28, 1997, was not conclusive. CCM's report reflected 64 change orders totaling \$880,209: \$297,595 less than the Owner's records. Change Orders 64 through 106 were not included in this report. KPMG was able to reconcile CCM's report to the Owner's record, and in the process found that four CPE's listed were inaccurately posted to the CCM report by a total of \$10,375. The Owner, Contractor and Project Manager change order reports should balance on an on-going basis.

The CCM report indicated the origin and cause of each CPE, but since the report was incomplete this information was unavailable for the last 42 change orders. KPMG was unable to locate a later report in the project files. The following is a recap of total changes based on the information available:

<u>Type of Change</u>	<u>C.O. Totals</u>	<u>% of CO</u>	<u>% of Contract</u>
4.1 Errors/Omissions from the Contract Documents	\$ 616,093	52.3%	2.3%
4.2 Unforeseeable job site conditions	474,241	40.3%	1.8%
4.3 Regulatory agency, bldg. code, safety, health	27,508	2.3%	0.1%
4.4 Originated by the University	970,568	82.4%	3.6%
4.5 Unavailability of specified materials	0	0%	0.0%
4.6 Other	- 1,208,201	-102.6%	- 4.5%
CO Amounts omitted on CCM Report	<u>297,595</u>	<u>25.3%</u>	<u>1.1%</u>
Total Change Orders	\$1,177,804	100.0%	4.4%
Original Contract Amount	\$26,670,000		

The "Other" category (4.6) above, was predominately due to a Value Engineering Change Order. Based on detail furnished by CPD&C, determination of the final Value Engineering totals covered a six month process beginning with discussions with S. J. Amoroso subsequent to the award of the construction contract. A credit in the amount of \$1,395,602 was originally proposed. Several issues relating to Title 24 design requirements, deletions of card readers rejected by SFSU, and offsets for additional work reduced the original proposal. The A/E Consultant issued the subject design revisions in July 1996. The final Value Engineering credit to the contract was issued in the amount of \$1,272,701. Based on Amoroso's records and detail reviewed at CPD&C, KPMG found that an appropriate process was implemented in obtaining fair pricing for this Change Order.

KPMG sampled approximately 21 additional Change Orders representing \$1,417,382 (57% of the total change orders, excluding the Value Engineering change discussed above). In our review

of the changes sampled, we found that the subcontract proposals were traceable to actual subcontract change orders with minor exceptions.

The Contractor's records cross-referenced the Owner's change order on each subcontract change order. Due to numerous deductive change orders issued on subcontracts, an additional 20 subcontract change orders totaling \$313,093 in credits were traced back to credits shown on Owner Change Orders. KPMG determined that in addition to the appropriate credits being returned to the Owner, the 6% Contractor's fee was also credited.

*Recommendations:*

1. We recommend the following:
  - a. The University require a standardized change order log or summary that includes a sequential, running total of changes issued to the construction contract. Alternatively, a running total of previously approved changes should be identified on the change order form. Both of these methods of change order tracking are standard industry practices utilized to provide information necessary to verify the accuracy of contractor's billings. Guidelines and standard forms should be developed for system-wide use wherever feasible.
  - b. Owner should develop standardized change order logs to be utilized by all project management firms wherever feasible. We have found that these essential management tools vary from project to project, depending on the consultants employed. Additionally, these reports should be updated/reconciled, either by the project management firm or the Owner, to reflect the final construction contract status.
  - c. Owner and Project Management records should be reconciled and kept in balance throughout project construction.

*Management's Response:*

- a. We agree to develop a standard form and guidelines for systemwide use. Form 703.04L, Change Order Log, was included in the Project Administrative Reference Manual, revised September, 1999.
- b. We agree. The duties of the Project Manager or Construction Administrator shall include reconciling change order logs and payment requests. These duties were added to the Project Administrative Reference Manual, revised September, 1999.
- c. We agree, as stated above in Item 1-b.

## PROJECT MANAGEMENT SERVICES

### *Findings:*

Five project management firms submitted fee proposals to CPD&C to provide construction management services for the SFSU Corporation Yard project. A service agreement was executed between Owner and Consolidated CM (CCM) on April 30, 1996.

Project Management services were to be provided from May 6, 1996, through June 30, 1998. The agreement included a Construction Manager (\$79/hr), General Inspector (\$53/hr), Mechanical Engineer (\$69/hr), and Clerical/Intern (\$13/hour) at a cost of \$517,120, or \$21,547 per month over a 24 month period. The agreement provided that office supplies and postage were not to exceed \$6,000. Amendment No. 1 was issued to cover additional staffing (no additional reimbursable expenses were requested) in the amount of \$21,822.74, revising the agreement to \$544,942.74.

KPMG performed an analysis of the invoices and found that CCM invoiced the Owner a total of \$544,558. Of this amount, \$529,642 had been billed for services and \$14,916 for reimbursable expenses. The total service fees invoiced on this project should have been \$528,561, a difference of \$1,081. The amount of \$1,081 was deducted from CCM Invoice No. 7 for time billed in error, but re-billed and paid on CCM Invoice No. 8.

CCM incurred \$1,624 in parking permit fees and \$504 for testing costs that are allowable as additional expenses. Expenses were overbilled in the amount of \$6,788 (\$14,916 as opposed to the contract expense limit of \$6,000, less allowed parking of \$1,624 and testing of \$504).

In summation, CCM is within the contract total, but when analyzed by fee and expenses, they have exceeded their fee by \$1,081 and their expenses by \$6,788, a total of \$7,869.

The total project management services (as contracted) were calculated to be approximately 2% of the original construction contract amount of \$26,670,000, and approximately 2% of the final construction contract amount of \$27,847,804. We found the cost for CCM services provided well within industry average (2.5% - 3.5%).

As noted in previous reports, CPD&C procedures include minimum desired qualifications for construction inspectors. These include certification by either ICBO (in general building, structural steel and concrete), or OSHPD, or DSA, or an equivalent level of certification. There was no reference in the service agreement requiring CCM to provide evidence of their personnel's certification, nor was their evidence of CCM's personnel's certification in the CPD&C file.

*Recommendations:*

2. We recommend:

- a. CPD&C develop Project Management cost guidelines for future projects.
- b. Standard language be included in Project Management Service Agreements requiring Inspectors of Record to be certified by ICBO, OSHPD, DSA, or to hold an equivalent certification. Additional language should be incorporated requiring that proof of certification for key personnel be filed with CPD&C upon execution of the service agreement.
- c. CPD&C should research the overage and recover the overpayment if the Amendment correctly reflected services only, and was not intended to increase the Project Manger's expense allowance.

*Management's Response:*

- a. We agree to develop project management and inspector cost guidelines for systemwide use. This will be done by December 31, 1999, and will be included in SUAM.
- b. We agree, but we have also successfully used engineers and architects as inspectors. Therefore, we would add to the credential requirements "... architect, engineer, or equivalent qualification." This clarification was included in the Project Administration Reference Manual, revised September, 1999. Requiring proof of certification to be included in service agreements will be done by December 31, 1999, and will be included in SUAM.
- c. The Construction Engineer has researched the billing, and is satisfied there was no overpayment. The expenses were reviewed and approved prior to payment authorization. The service agreement should have been amended to contractually increase reimbursables at no increase in total contract.

**CONTRACTOR BILLINGS**

*Findings:*

The A/E Consultant is required under the Contract General Conditions (Article 8.02 and 8.05) to review and approve each "Contractor's Pay Request." We found S. J. Amoroso's pay requests to be appropriately approved by the A/E Consultant, Inspector, and CPD&C.

*Recommendations:*

None

**CONTRACTING COMPLIANCE**

*Findings:*

KPMG sampled the most significant statutory compliance requirements identified in the contract specifications. The following requirements were tested:

**Bonding:** KPMG examined Contractor's Payment and Performance bonds in the amount of \$26,670,000 and found them to be in accordance with Owner's specifications.

**Bid Tabulation Procedures:** KPMG finds the bid process to be acceptable as outlined in the CSU Contract General Conditions (Article 2.00 Bidding). The Abstract of Bids (CSU Construction Management form 701.01) identified the six (6) bidders and pricing for the project. KPMG reviewed the original bids and found the Abstract of Bids included the certifications and signatures of the persons receiving and recorded the bids. Alternates for the 4<sup>th</sup> ranked bidder were incorrectly added, but this error had no impact on the low bid tabulation.

**Proposed Subcontractors:** Per Article 2.06.b of the CSU Contract General Conditions, each Contractor shall submit a list of each subcontractor which will perform work or labor or render services in excess of one-half of one percent of the Contractor's total bid. This information was submitted on CSU's Construction Management form 701.04, "List of Proposed Subcontractors".

**Expanded List of Subcontractors:** Per the same article of the Contract General Conditions, the low bidder was to resubmit the subcontractor list (CSU Construction Management form 701.04A) with detailed addresses, phone numbers and license numbers. This "Expanded List of Subcontractors" was correctly submitted by S.J. Amoroso and reflected the same subcontractors as proposed with the original bid.

We found the "Expanded List of Subcontractors" included 14 subcontractors that performed work. The substituted electrical subcontractor, which we confirmed with CPD&C, was done so in accordance with the Contract General Conditions Article 4.03.

*Recommendations:*

None

## LIQUIDATED DAMAGES

### *Findings:*

Liquidated damages in the amount of \$4,000 per calendar day were included in the Bid Proposal. The Project was completed within the project schedule. There was no cause for liquidated damages.

### *Recommendations:*

None

## PROJECT ADMINISTRATION PROCESS COMPLIANCE

### *Findings:*

KPMG selected various areas of review to determine if CPD&C provided adequate controls to assure that construction was in accordance with project specifications. As part of this review, KPMG examined procedures for both geotechnical and materials testing.

Per Article 2.16 of the General Conditions, the Owner, rather than the contractor, utilizes at least three proposals and arranges for outside testing laboratories through a service agreement. This practice is standard industry procedure and designed to assure that firms providing testing services remain independent of the project contractor. We found that the Contractor arranged for Project testing services. Although, testing firms are professional and independent organizations, we consider the practice of delegating testing services to the General Contractor inappropriate and in conflict with CSU General Conditions.

Amoroso contracted with Consolidated Engineering Laboratories (CEL) for materials testing services including testing and inspections for pre-engineered buildings, concrete, welds, structural steel and assembly, masonry, roofing, waterproofing, and fireproofing. CEL's subcontract with Amoroso, dated July 11, 1996, was in the amount of \$30,000. Subcontract Change Order No. 1 authorized x-raying the post tensioned floor slabs in the amount of \$5,734.

CPD&C contracted geotechnical observation services through David Jones Associates (DJA) in accordance with a Service Agreement dated June, 11, 1996, in the amount of \$12,690. The final amount expended against the agreement was \$10,920. DJA's key project tasks consisted of tie-back observation, grouting and consultation. DJA's proposal indicated that their staff consisted of Engineers and Geotechnical Inspectors. KPMG found the dual signature requirement for invoices (CPD&C and Construction Inspector) added control and certification for services billed. However, these invoices did not include field time tickets supporting DJA's billing.

*Recommendations:*

3. We recommend:

- a. CPD&C follow accepted standards, and CSU General Conditions, and remain the contracting agency for material testing services. Delegation of this responsibility to the General Contractor has the potential to compromise the integrity of the material testing process and could lead to a conflict of interest.
- b. Testing Laboratories should attach "time tickets" and/or testing logs to each invoice approved prior to submission to Owner for payment.

*Management's Response:*

- a. We agree.
- b. We agree to modify our systemwide guidelines to include this recommendation. This will be done by December 31, 1999, and will be included in SUAM.

**VERIFICATION OF MAJOR EQUIPMENT AND COMPONENTS**

*Findings:*

As part of our evaluation to verify whether equipment and construction components were provided in accordance with project specifications, KPMG reviewed the submittal procedures outlined under the General Conditions, Article 5.04. As is standard throughout the construction industry, the Contractor was responsible for submitting data and specifications for materials/equipment, along with shop drawings if required, to the A/E consultant. Article 3.11 of the CSU Project Administration Reference Manual states that the Project Manager/Construction Inspector shall assist in the submittal process.

KPMG obtained a submittal log from the Contractor's office, but were unable to locate a final log in the CCM reports. Although the Contractor's log did not reflect the final statuses of numerous submittals, we were provided with extensive backup data for completed submittal information which included documentation from CCM. There were 129 Submittals and Revisions included on Amoroso's log.

We reviewed the following submittals in detail:

**Submittal 6 - Pre-insulated Steam Piping 15256:** Submitted by Amoroso on June 14, 1996, and was returned to the subcontractor with instructions to "Amend and Resubmit" on June 20, 1996 due to non-conformance related to expansion controls. KPMG was unable to locate follow-up confirmation from the subcontractor, or from the manufacturer, that appropriate expansion

controls existed without the use of expansion loops as called for in the project specifications. On October 11, 1996, CCM rejected the neoprene gasket expansion joints, directing that they be removed. No documentation was found to substantiate that the expansion joints were removed, or that they were replaced with an appropriate product.

**Submittal 17 - Concrete Mix Designs 03300:** Submitted to Amoroso on June 28, 1996, and approved on July 17, 1996. The mix design for Radum gravel and sand met or exceeded CSU specifications. Additionally, support documentation was included that the subcontractor facilities had been inspected and met the requirements for cement production. This certification was stamped by a Registered Professional Engineer.

**Submittal 68 - 15 Ton Chiller 15840:** The HVAC subcontractor initially submitted a McQuay Chiller (Model ALR-016) which was rejected by the A/E consultant. On June 11, 1997, a Trane Air-cooled Liquid Chiller, Model No. CGA180B3COC, was submitted and approved with a notation regarding the need to coordinate the 460V 3-phase 20 Amp. Power Supply with the A/E Consultant.

**Submittal 87 - Steel Stairs at Building B 5510:** The original submittal for Steel Stairs was returned by CCM to Amoroso on October 28, 1996, advising that the subcontractor "Make Corrections Noted" and "Revise and Resubmit". On November 12, 1996, Amoroso again requested this information from the subcontractor regarding calculation revisions. On December 18, 1996, the Consulting A/E asked that calculations be resubmitted. Additional documentation verifying that the calculations were submitted and approved could not be determined from the project files.

**Submittal 105 - Boiler 15556:** Contractor submittal 105 revision 3, requesting a substitution for the specified Johnston Boiler (Model PFT A600-4LG125W) for a Kewanee (Model L3W-600-G02). The Consulting A/E would not approve the substitution and indicated strict adherence to Spec. Sec. 15556. Submittal 105.4 reflected the Johnston Boiler and was stamped approved September 22, 1997. Additionally, we reviewed Johnston Boiler Company's Sales Order No. 9650-01,02 confirming the specified model.

**Submittal 115 - Instrumentation (Flowmeters, Pressure transmitters, RTD's and thermowells and Temperature transmitters) 17000:** Submittal originated October 31, 1996, and was approved with the exception of Flowmeters. On January 10, 1997, five of the six concerns regarding the flowmeters were revised and approved. The remaining issue addressed the specification for ceramic lined electrodes. On January 10, 1997, CCM presented the Contractor with the option of substituting tefzel lined electrodes if a credit change order was presented. In the second revision regarding the electrodes, the A/E Consultant and CCM agreed to accept a spare converter in lieu of a credit for the substitution, contingent that the tefzel lined electrodes were equivalent to the specified material. The substitution was approved in Submittal 115.2 dated March 4, 1997. We reviewed the signed packing list confirming delivery of the spare converter to the project site.

In addition to reviews by the A/E Consultant, Owner's representative, Inspector of Record and regulatory inspectors, the CSU Construction Mgmt. Form 702.19 requires that the general contractor and subcontractors guarantee that materials/systems have been installed in accordance with the Plans and Specifications.

*Recommendations:*

4. We recommend:
  - a. CPD&C require that either the A&E firms or the project management firms submit a completed Submittal Log that reflects final dispositions for each submittal.
  - b. CPD&C certify that Submittal Nos. 6 and 87 are properly documented by the consulting Architect/Engineer and confirm contract conformance.

*Management's Response:*

- a. We agree to modify our systemwide guidelines to include this recommendation. This was included in the Project Administrative Reference Manual, revised September, 1999, and will be added to SUAM.
- b. Submittals 6 and 87 have been certified that they conform to the contract by the CSU-hired Project Manager.

**CLOSEOUT DOCUMENTS**

*Findings:*

CPD&C maintains a "Stop Notice Log" that identifies all claimants and amounts claimed. The log was found to be adequately maintained. At the time of our field investigations, we did not find a "Project Closeout Checklist" from Amoroso in the files at CPD&C. The Owner has subsequently provided confirmation that final closeout documentation was received.

*Recommendations:*

5. We recommend:
  - a. Owner ensure that Project Managers and Inspectors furnish signed documentation that verifies all required closeout documentation is turned over to a campus designee familiar with closeout requirements prior to release of final payment.

*Management's Response:*

- a. We agree to modify our systemwide guidelines to include this recommendation. The Project Closeout Checklist and the requirement to execute it was added to the Project Administrative Reference Manual, revised September, 1999.

**CONCLUSION**

Due to CPD&C's expansive project responsibilities, outside project management firms will continue to provide critical project oversight for the CSU construction program. As a general enhancement to this program, KPMG recommends that wherever feasible CSU should require all project management firms utilize a standardized set of project control documents, reporting information, and strict adherence to a timely reporting schedule.

Specific to the SFSU Corporation Yard project, KPMG found project documentation and processes to meet generally accepted standards within the construction industry with one notable exception. Delegation of contractual authority for materials testing services to the General Contractor is a highly unusual practice and presents the potential for conflict of interest. We would highly recommend that contractual responsibility for these services remain the responsibility of the Owner on all future projects.

# Memorandum

**To:** Mr. Larry Mandel  
University Auditor  
Office of University Auditor

**Date:** September 21, 1999  
**Updated:** October 25, 1999

**RECEIVED**  
University Auditor

NOV 02 1999

**From:** Richard P. West  
Executive Vice Chancellor and Chief Financial Officer  
Business and Finance Division

The California State  
University

**Subject:** **Audit Report**  
Corp Yard, Central Plant, Utility Infrastructure, Project No. SF-476  
San Francisco State University

I am pleased that the overall theme of the report is positive and found general compliance with established procedures. I have reviewed the report's findings with my Capital Planning, Design and Construction (CPDC) staff and our specific comments to the auditors' findings and recommendations follow.

### Change Orders

#### Recommendations:

- 1-a. We agree to develop a standard form and guidelines for systemwide use. Form 703.04L, Change Order Log, was included in the Project Administrative Reference Manual, revised September, 1999.
- 1-b. We agree. The duties of the Project Manager or Construction Administrator shall include reconciling change order logs and payment requests. These duties were added to the Project Administrative Reference Manual, revised September, 1999.
- 1-c. We agree, as stated above in Item 1-b.

### Project Management Services

#### Recommendations:

- 2-a. We agree to develop project management and inspector cost guidelines for systemwide use. This will be done by December 31, 1999, and will be included in SUAM.
- 2-b. We agree, but we have also successfully used engineers and architects as inspectors. Therefore, we would add to the credential requirements "...architect, engineer, or equivalent qualification." This clarification was included in the Project Administration Reference Manual, revised September, 1999. Requiring proof of certification to be included in

Memo to Mr. Mandel  
September 21, 1999, *Updated* October 25, 1999  
Page Two

service agreements will be done by December 31, 1999, and will be included in SUAM.

- 2-c. The Construction Engineer has researched the billing, and is satisfied there was no overpayment. The expenses were reviewed and approved prior to payment authorization. The service agreement should have been amended to contractually increase reimbursables at no increase in total contract.

*Project Administration Process Compliance*

*Recommendations:*

- 3-a. We agree.  
3-b. We agree to modify our systemwide guidelines to include this recommendation. This will be done by December 31, 1999, and will be included in SUAM.

*Verification of Major Equipment and Components*

*Recommendations:*

- 4-a. We agree to modify our systemwide guidelines to include this recommendation. This was included in the Project Administrative Reference Manual, revised September, 1999, and will be added to SUAM.  
4-b. Submittals 6 and 87 have been certified that they conform to the contract by the CSU-hired Project Manager.

*Closeout Documents*

*Recommendations:*

- 5-a. We agree to modify our systemwide guidelines to include this recommendation. The Project Closeout Checklist and the requirement to execute it was added to the Project Administrative Reference Manual, revised September, 1999.

JRC:bn

cc: Mr. J. Patrick Drohan  
Mr. W. Clifford Hahn



# THE CALIFORNIA STATE UNIVERSITY

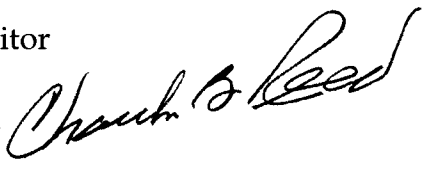
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CHARLES B. REED  
CHANCELLOR

December 14, 1999

## MEMORANDUM

**TO:** Larry Mandel  
University Auditor

**FROM:** Charles B. Reed   
Chancellor

**SUBJECT:** KPMG Peat Marwick Draft Final Report on the *Corporation Yard, Central Plant, Utility Infrastructure Project* at San Francisco State University

In response to your memorandum of December 13, 1999, I accept the response as submitted with the draft final report on Corporation Yard, Central Plant, Utility Infrastructure Project, San Francisco State University.

CBR/cw

Enclosure

cc: Richard P. West, Executive Vice Chancellor and Chief Financial Officer  
Business and Finance