



**CALIFORNIA STATE UNIVERSITY, LONG BEACH
UNIVERSITY STUDENT UNION
IMPROVEMENT PROJECT**

Final Report

August 16, 1999



**California State University
Long Beach, California
UNIVERSITY STUDENT UNION
IMPROVEMENT PROJECT
LB-610**

GOAL

The goal of KPMG, LLP's review of the California State University - Long Beach (CSULB) - University Student Union Improvement 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 University Student Union Improvement Project at the Long Beach campus. Based on our 1998 work on the University's behalf, 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.

In addition to the modified scope of KPMG's review, this project represents an initiative on the part of the Cal State System to delegate project management authority to the level of the individual campuses. This represents a departure from previous projects, in which essentially all project management functions were handled by staff from the Office of the Chancellor, Division of Capital Planning, Design and Construction (CPD&C), in Los Alamitos. In light of these changes, KPMG has addressed those areas that are most critical to the maintenance of consistency and standardization of controls for campus managed construction projects.

KPMG's work was conducted by reviewing project construction documents between January 10 and 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 Long Beach campus facility management (CFM)
- Reviews of project files at CPD&C's office
- Reviews of project files at S. J. Amoroso Construction Company, Inc.'s (Contractor) offices in Foster City and Costa Mesa, California
- 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 CSULB and CPD&C) and Contractor's offices. 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 included additions to, and retrofit of, CSULB's existing thirty-year-old Student Union. These improvements included:

- Construction of a new Entry Pavilion at the West Campus Turn Around
- Alterations to the existing University Student Union
- Construction of new Commuter Students Services' Center
- Conversion of the existing Terrace Level to new meeting rooms
- Construction of storage and pantry areas, as well as a small food line serving the South Terrace
- Modifications and additions to the existing HVAC systems and associated controls
- Replacement of existing incandescent lighting with energy efficient, zone based lighting with micro-processor controls
- Performing seismic upgrades to the existing structure via the additional caissons, concrete shear walls, and ties.

The project was divided into six (6) phases with each phase having its own period for completion and associated liquidated damages.

Plans and specifications were prepared by Killingsworth, Stricker, Lindgren, Wilson & Associates Architects (A/E Consultant). The pre-bid construction estimate was \$10,368,000. The Bid Proposal Form issued by California State University included requirements for a total of four Construction Bid Alternates.

A Memorandum of Understanding was executed on July 8, 1996, which set forth parameters between CSULB and the Office of the Chancellor regarding the financing, bidding and

construction of the University Student Union Improvement Project. The administrative processes for the project were delegated to the campus with oversight to be provided by CPD&C.

The project bid date was originally scheduled for August 8, 1996. This date was revised to September 5, 1996, per Addendum No. Five. There were six bidders, with S. J. Amoroso Construction Company, Inc. being the low bidder at \$8,424,000, including Alternates One through Four. S. J. Amoroso (Contractor) was awarded the project and a Contract for Construction was executed on September 25, 1996. Notice of Completion (Construction Mgmt. Form 702.02) was recorded on July 24, 1998, indicating a completion date of July 17, 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 University Student Improvement project had approved Change Orders through Number 127 totaling \$2,227,263. This represents an additional 26.4% in project costs beyond the original construction contract amount of \$8,428,000.

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. 19 was adjusted to accurately reflect the Owner's record of approved change orders.

In addition to the data provided by CPD&C, the Owner's project management firm, KDG Development (KDG) provided a detailed Change Order Report (dated May 15, 1998) that included descriptions of each Change Request. The report included a listing of the originating document for each Change Order, the Change Request/Estimate Numbers, Owner's Change Order Number and the Final Change Order Amount.

359 change requests were incorporated into a total of 127 Change Orders. KDG's report reflected \$2,241,440 in changes, representing a discrepancy of \$14,177 with the Owner's records. Through a reconciliation to the Owner's record, KPMG discovered that Change Order 105 was overstated in the KDG report by \$15,055, and Change Order 121 was understated by \$878. KPMG additionally discovered that eight change requests, totaling \$104,526, were allocated to incorrect change order numbers.

Although KPMG was able to reconcile the Owner and KDG reports, these reports should balance on an on-going basis. After reviewing the reports with CPD&C, it was determined that Change Order 105 was approved in the amount of \$146,542, yet the detailed charges reflected a total of \$161,597, accounting for the \$15,055 difference. It appeared that the Change Order was

approved without including this additional amount. Change Order 121 was correctly approved in the amount of \$32,909, but KDG had neglected to include one of the line item charges (CPE053A) on their last report of May 15, 1998.

KDG's May 15, 1998, report did not categorize each change request by reason for the change. KPMG reviewed an April 23, 1998, report which sorted each change request by the reason for the change but did not include the last four (4) Owner changes. 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	\$ 501,909	22.5%	6.0%
4.2 Unforeseeable job site conditions	738,618	33.2%	8.8%
4.3 Regulatory agency, bldg. code, safety, health	92,469	4.2%	1.1%
4.4 Originated by the University	761,014	34.2%	9.0%
4.5 Unavailability of specified materials	0	0%	0.0%
4.6 Other	54,454	2.4%	.6%
CO Amounts omitted on the KDG Report	78,799	3.5%	.9%
Total Change Orders	\$2,227,263	100.0%	26.4%
Original Contract Amount	\$8,424,000		

KPMG sampled approximately 38 Change Proposal Estimates (CPE's) representing \$664,886 (30% of total change orders). In our review of the CPE's sampled, we found that the subcontract proposals were traceable to actual subcontract change orders without any significant deviations. The Contractor's records cross-referenced the Owner's change order on each subcontract change order. KPMG found the Contractor's records to be in adequate order.

Recommendations:

1. We recommend the following:
 - a. A standardized change order log or summary be prepared by Owner which 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 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 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. The 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:

Three project management firms were interviewed on October 14, 1996 by campus facilities management. Each firm presented a fee proposal and described their project management methodology and approach for the University Student Union Improvement Project. As a result of these interviews, KDG Development Construction Consulting (KDG) was selected to provide project management services. A service agreement formalizing this decision was executed on October 21, 1996.

Project Management services were to be provided from October 24, 1996, through June 1, 1998. The agreement included two part-time Project Oversights (\$131 and \$110/hr), Construction Manager (\$95/hr), Project Controls (\$60/hr), Inspector of Record (\$55/hour), Asst. Inspector (\$50/hr) and Clerical Assistance (\$41.25/hour) at a total cost of \$680,000 or \$35,789 per month over a 19-month period. The agreement provided that office supplies and postage were included in the base fee. No contract amendments were issued during the course of the project.

The total project management services represent 8.1% of the original construction contract amount of \$8,424,000, and 6.4% of the final construction contract amount of \$10,651,263 (through Change Order No. 127). Although this project involved the phased renovation of an occupied building, and while there was ample documentation that KDG provided the Owner with valuable project management assistance and tools, the cost for the services provided is significantly higher than industry averages (2.5% - 3.5%).

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 KDP to provide evidence of their personnel's certification.

Recommendations:

2. We recommend:

- a. CPD&C develop Project Management cost guidelines for future delegated 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.

Management's Response:

- a. We agree to develop project management and inspection 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.

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, CFM 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 \$8,424,000 and found them to be in accordance with Owner's specifications.
- Bid Tabulation Procedures: KPMG found 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 bidders and pricing for the project. KPMG reviewed the original bids and found the Abstract of Bids was completed correctly and included the certification and signature of the person receiving and recording the bids.
- 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". We found that this list of proposed subcontractors corresponded to the actual subcontracts executed by S. J. Amoroso for the project.
- Expanded List of Subcontractors: Per Article 2.06.b 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 not in compliance with CSU requirements. It is expected that the expanded list would include the proposed subcontractors. Eight (8) major subcontractors were changed from those originally submitted and four (4) major subcontractors were not included in the "Expanded List". We confirmed the subcontractors included on the proposed list and found the "Expanded List" was incorrectly submitted. Additionally, there were no phone numbers included for any subcontractor and due to the changes/deletions of the 12 subcontractors identified above, CSU did not receive appropriate license numbers.

Recommendations:

3. We recommend:
 - a. Owner should require Contractor to confirm that contractors submitted on the "Expanded List of Subcontractors" are issued subcontracts by the Contractor for work on the project. If deviations exist, Owner shall make certain that any substitutions comply with the Subletting and Subcontracting Fair Practices Act (Public Contract Code Section 4100 *et seq.*).

Management's Response:

- a. We agree. We will develop a procedure for systemwide use for policing use of subcontractors. This will be done by December 31, 1999, and will be included in SUAM.

LIQUIDATED DAMAGES

Findings:

Liquidated damages in the amount of \$2,000 per calendar day were included in the Bid Proposal Form for each of the six (6) phases of the project. These phases were identified as I, IIA, IIB, IIC, III and IV. Three Owner change orders were issued to address closeout settlements on four of these phases. Each change order included language which stated that S. J. Amoroso had been fully compensated for all impacts and Owner delays and appropriately, that the Owner agreed not to pursue liquidated damages.

Upon confirmation with CFM, Phases IIB and IIC did not have cause for delays or damages. Additionally, Change Order No. 125 included a confirmation that all RFI's (Requests for Information) submitted through project completion would not generate any additional change requests and would not result in charges for additional project time. KPMG found diligent efforts were made by both the Contractor and the Owner to avoid any and all delay claims.

Recommendations:

4. We recommend:
 - a. As noted previously in our review of the Long Beach - Central Plant project (LB-438), any negotiated waiver of liquidated damages as part of project closeout settlements should be accurately documented as such.

Management's Response:

- a. We agree. We will develop a recommended procedure for systemwide use in documenting claim and delay settlements. This will be done by December 31, 1999, and will be included in SUAM.

PROJECT ADMINISTRATION PROCESS COMPLIANCE

Findings:

KPMG selected various areas of review to determine if Owner 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.

Twining Laboratories was awarded the materials testing service agreement that included testing and inspection services for concrete, welds, structural steel and assembly, masonry, roofing, waterproofing, and fireproofing. Twining Laboratories is a reputable testing firm that is approved by the California Division of the State Architect and an approved inspection agency for structural inspection and certification. Twining's original agreement, dated October 21, 1996, was in the amount of \$49,669 and covered services through June 1, 1998. Due to project complexities and the need for additional inspections, two amendments increased the total contract amount to \$80,380. Twining submitted comprehensive testing reports for review by the A/E Consultant, CFM, CPD&C, Contractor and Construction Inspector. Additionally, a review of the firm's invoices determined that individual invoices were approved by both the Construction Inspector and CPD&C. KPMG sampled laboratory invoices and found that tests and pricing were in accordance with the service agreement. Based on a random review of specific tests, we found that the testing specifications and requirements of Volume 2 of the Project Manual were generally met or exceeded.

Geotechnical services were provided by G. A. Nicoll and Associates, Inc. A service agreement was executed October 10, 1996, in the amount of \$6,850. Due to delays in construction operations, an amendment was issued which increased the total agreement to \$17,350. Nicoll and Associates' key project tasks consisted of caisson and foundation excavation inspection and field-testing. KPMG found the qualifications of this firm consistent with project requirements for the work performed. According to Nicoll's proposal, their staff consisted of Registered Engineers, Engineering Geologists, Soil Technicians and Certified Deputy Inspectors. Additionally, Nicoll carried \$1 million in professional liability insurance. Nicoll issued a final grading report upon completion of their services. KPMG found the dual signature requirement for invoices (CPD&C and Construction Inspector) added control and certification for services billed.

Recommendations:

5. We recommend:
 - a. Campus delegated projects continue to utilize CPD&C's existing proposal procedures in securing quality testing firms and obtaining competitive pricing.

Management's Response:

- a. We agree.

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 and 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 found that KDG (Project Manager) included a submittal log in their monthly reports to CPD&C. There were 191 Submittals and Revisions, approximately 109 submittals were approved upon initial submission. An additional 41 submittals, representing eighteen equipment/material items, were not approved upon initial submission and required revisions due to A/E notations.

While in S. J. Amoroso's office, we were provided all submittal detail and sampled a number of the approved submittals and found that all included appropriate evidence of conformance with CSU specifications.

Submittal 027 - Lighting Fixtures 16510: Original submittal was dated December 4, 1996. The submittal was noted "Approved as Noted, Revise and Resubmit". On April 7, 1997, the A/E Consultant noted that Revision 2 should be "Revised and Resubmitted". This revision took exception to lighting fixtures (Type C-2, C-3, C-4, H and L). KPMG was unable to verify the re-submittal that addressed these exceptions. S. J. Amoroso responded in a Field Memorandum dated March 11, 1999, that the lighting fixtures were submitted as Lithonia, but the electrical contractor installed Prudential fixtures. We verified the lighting as-built drawings and confirmed that Prudential fixtures were installed and appeared to meet CSU specifications. KPMG further supplemented the findings of this process with electrical subcontractor documentation evidencing actual materials purchased and installed and found Prudential documentation supportive of CSU specified requirements.

Submittal 060 - Controls Instrumentation 15950: Submittal was reviewed and approved December 13, 1996, in accordance with the provisions of the contract as evidenced on the "Submittal Action Sheet". Per Section 15950 of the specifications, Staefa or Andover Control Systems were listed as "acceptable". Staefa controls were submitted.

Submittal 077 - Controls 15950: Submittal was reviewed and approved January 8, 1997, in accordance with the provisions of the contract as evidenced on the "Submittal Action Sheet". Per Section 15950 of the specifications, Staefa or Andover Control Systems were listed as "acceptable". Staefa controls were submitted.

Submittal 085 - Skylights 07820: Original submittal from Contractor on January 30, 1997. Advised Contractor to "Revise and Resubmit" on February 8, 1997. S. J. Amoroso resubmitted on March 12, 1997. The A/E Consultant accepted but included minor corrections.

Submittal 160 - Air Balance 15993: Original submittal November 14, 1997. Rejected by the Engineer (consultant to A/E Consultant) on December 2, 1997, and by A/E Consultant on December 3, 1997. The Engineer submitted a Shop Drawing Review prepared by Penn Air Control that discussed 25 non-conformance issues relating to VAV (Variable Air Volume) boxes. Resubmitted on January 6, 1998. Advised to "Revise and Resubmit" on February 19, 1998. The submittal was revised as requested and appropriately re-submitted on November 11, 1998.

In addition to reviews by the A/E Consultant, KDG, 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:

None. Current procedures are in accordance with industry standards and provide multiple levels of control to ensure that the materials called for within the project specifications are utilized by the Contractor in the construction process.

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. The contractor had completed a "Project Closeout Checklist" which indicated the dates that closeout documents were forwarded to the Owner. We found this checklist to be an excellent tool for monitoring the closeout process.

Review of this document revealed that there were some items outstanding from this report. S. J. Amoroso was unable to produce documentation to confirm that all closeout documents had been forwarded to the Owner. KPMG contacted the campus and was informed that required equipment training for campus maintenance personnel had not been completed by the Contractor. As a result, the campus felt it appropriate to withhold \$10,000 from final payment to the Contractor. At the time of our review, verification with CPD&C indicated that an escrow

Certificate of Deposit was being withheld from Amoroso in the amount of \$34,192.85 (the smallest CD amount available for withholding). Subsequent to our review, we have confirmed, with CPD&C and campus personnel, that all monies have been released to the Contractor and all contractual obligations have been met.

Recommendations:

None

CONCLUSION

During a post-construction meeting with campus facilities management personnel, KPMG found a high level of involvement from campus administration. CPD&C closely monitored the project as well. KPMG found that the day-to-day oversight and administrative duties by the campus more closely managed the project schedule than centrally managed projects. From a procedural and managerial standpoint, Long Beach facilities management personnel performed creditably. Additionally, CPD&C expertise clearly added project value and was welcomed by campus administration.

Change Orders for this project represent 26.4% of total project costs. While this amount is very high, 1/3 of the Change Order costs were due to Owner initiated change requests and another 1/3 were due to hidden or unforeseen conditions. Given that this project involved the renovation of an existing facility that inherently involves unknowns, these amounts do not seem excessive. On the other hand, Errors & Omissions on the part of the A&E firm accounted for approximately 6% of project costs. KPMG found this percentage to be higher than average for projects of this type.

KPMG found that the Project Management Fee for this project is higher than expected for projects of this scope. Furthermore, KPMG notes that while the overall construction cost of the project increased by a total of 26%, there was no corresponding increase in PM Fees. As stated in the body of this report, KPMG strongly recommends that standardized fee guidelines and formula be developed to assist in the determination of PM fees on future CSU construction 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**
Student Union Improvements, Project No. LB-610
California State University, Long Beach

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 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. The 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 inspection 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.

Contracting Compliance

Recommendations:

3-a. We agree. We will develop a procedure for systemwide use for policing use of subcontractors. This will be done by December 31, 1999, and will be included in SUAM.

Liquidated Damages

Recommendations:

4-a. We agree. We will develop a recommended procedure for systemwide use in documenting claim and delay settlements. This will be done by December 31, 1999, and will be included in SUAM.

Project Administration Process Compliance

Recommendations:

5-a. We agree.

JRC:bn

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



THE CALIFORNIA STATE UNIVERSITY

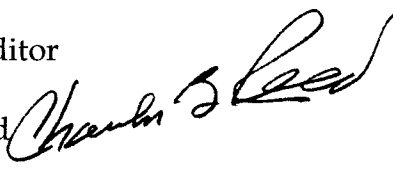
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CHARLES B. REED
CHANCELLOR

December 14, 1999

MEMORANDUM

TO: Larry Mandel
University Auditor

FROM: Charles B. Reed 
Chancellor

SUBJECT: KPMG Peat Marwick Draft Final Report on the *Student Union Improvements Project* at California State University, Long Beach

In response to your memorandum of December 13, 1999, I accept the response as submitted with the draft final report on the Student Union Improvements Project at California State University, Long Beach.

CBR/cw

Enclosure

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