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LOS RIOS COMMUNITY COLLEGE DISTRICT  
**Citizens' Bond Oversight Committee**  
March 25, 2010  
**Folsom Lake College, Aspen Hall FL1-08**  
12:00 p.m.

*Minutes*  
(Approved 7/22/10)

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**Members Present:** Jerry Bernau, Bob Blymyer, Marcia Fritz, Rick Maya, Heather Paris, Chris Reeg, Margaret Solie, Jane Vargas

**Members Absent:** Dan Lawrence, Matt Mahood

**District**

**Representatives:** Jon Sharpe, Deputy Chancellor  
Theresa Matista, Associate Vice Chancellor, Finance  
Pablo Manzo, Associate Vice Chancellor, Facilities Management  
Kim Sayles, Supervisor, Grants & Contracts  
Van T. Tran, Accountant, Grants & Contracts  
Jennifer Delucchi, Deputy Chancellor's Executive Assistant

**Guests:** Dustin Johnson, Board Member, LRCCD Board of Trustees  
Thelma Scott-Skillman, President, Folsom Lake College  
Kathleen Kirklin, Vice President, Administration, Folsom Lake College

**INTRODUCTIONS**

Chair Bob Blymyer called the meeting to order at 12:10 p.m. All present members and guests introduced themselves.

Jon thanked Trustee Dustin Johnson for attending the meeting. He also thanked Thelma Scott-Skillman and Kathleen Kirklin for attending on behalf of Folsom Lake College. President Scott-Skillman expressed her appreciation of the Citizens' Bond Oversight Committee's support of the colleges. She shared that since Folsom Lake College broke ground in October 1999, the campus has only been without construction for one three-month stretch. She updated the Committee on the Regional Visual and Performing Arts Center, a nearly \$50 million and 80,000 square foot facility that will not only make a huge difference for the college, but will also serve as a regional arts center for the greater community and region. She said that all Citizens' Bond Oversight Committee members will be invited to attend the grand opening event next year.

**PUBLIC COMMENTS**

Jane Vargas congratulated Folsom Lake College for their growth and progress. She shared that her niece was in the College's first graduating class. Bob commented that it was impressive to walk through the FLC library and see a project that was funded in part by the bond.

## **APPROVAL OF MINUTES**

The July 23, 2009 meeting minutes were considered for the Committee's approval. A motion was made by Jerry Bernau, and seconded by Rick Maya for approval of the July minutes. *Motion carried, 8:0*

The December 3, 2009 meeting minutes were considered for the Committee's approval. A motion was made by Margaret Solie, and seconded by Chris Reeg for approval of the December minutes. *Motion carried, 8:0*

## **RECOGNITION**

Jon shared Committee Member Martin Kennison's obituary with the committee, as well as the program from the celebration of his life.

Jon recognized the members that will term out after this meeting. Five of the Committee's current members have reached the end of their term. He thanked Jerry Bernau, Margaret Solie, Chris Reeg, Matt Mahood, and Dan Lawrence for their service. Jon noted that he believes Los Rios has become better at administering our construction program and that our bond programs are more accountable thanks to the members of this committee. He presented paperweights as a token of appreciation to each of the three present members.

Jon shared an article that Bob wrote about Bond Oversight Committees in the Sacramento County Tax Payers' League Monthly Newsletter. Bob announced the Tax Payers' League Annual Dinner on May 5<sup>th</sup>, at which Mayor Kevin Johnson will be the keynote speaker.

Jon provided a brief report on the Sacramento Regional Transit breakfast he attended. Matt Mahood, Bob Blymyer, and Jerry Bernau were all also in attendance. The Folsom Mayor and Jerry were presented an award for their revitalization project in Folsom.

## **REPORTS**

### **Budget Update**

A handout titled *Overview of the Community College Proposed State Budget for 2010-11* was distributed to the Committee. It was a highlighted summary of the Governor's January budget proposal. Jon pointed out that the Governor is recommending Enrollment Growth of 2.21% and a negative COLA of -0.38%. In addition, State general fund support is increased to offset a decline in property tax revenues is included in the proposal. The proposal for categorical programs continues the reductions from 2009-10. Jon spoke to the District's three-year budget plan which has recently been updated. The plan assumes that revenues will continue at the reduced level through 2012-13. The adjustments include changes to the projected increase in medical premiums, additional one-time funds to reflect the receipt of federal ARRA funds in 2009-10, and savings generated from additional instructional section reductions. Jon added that growth funding is not expected to be included in the final budget and therefore is not included as a resource. The District is currently serving literally thousands of unfunded students. Although capping enrollment is not in line with the District's mission, we just have more demand than we have seats for students. Los Rios recognizes given the severity of the State's budget crisis, the community colleges must share in the burden of reductions. The District has not had to implement layoffs of regular staff, but we've had to reduce our course sections by 5.5% in 2010-11. We've maintained our core programs. The Board is focusing on quality indicators. Margaret asked if the District looks at peripheral programs when determining what courses to cut. Jon

responded that parameters were set by the Legislature and Governor that the reductions be minimized as much as possible in the areas of Career & Technical Education, Basic Skills, and core Transfer. Each college is at a different state of evolution and there are workload committees on each campus that are reviewing this.

The next handout Jon discussed with the Committee was from the Community College Facility Coalition (CCFC). Because there was not a statewide bond measure in 2008, not all community college facilities projects are being funded by the State. There may be a statewide bond measure on the November 2010 ballot. Los Rios has six projects that have been identified for funding. If a statewide bond measure is not approved, some of the District's projects will be delayed and we'll have to adjust the project schedules.

## **Review of Expenditures**

### Measure A

Theresa presented a summary of the Measure A Bond expenditures through February 15, 2010 and provided an update on bids awarded since the last meeting. To date, four series of bonds have been issued totaling \$217.5 million. One more series will be issued from Measure A, in order to fully expend the \$265 million authorization. It was reported that \$238 million in Measure A funds has been appropriated (this includes a portion of interest income and Series E) for projects and \$175.4 million has been expended. Encumbrances to date amount to \$13.4 million. The total change in expenditures and encumbrances since the December meeting is \$8.4M. Theresa also presented a summary of the financial activity by college location, and reported that the appropriations to date amount to 90% of the total Measure A authorization. The expenditures and encumbrances are at 71%. Series A, B, and C have all been fully expended. The total financial activity for all capital project funds, which include bond, State and other funding sources, was also presented to the Committee. The total appropriations for all funds as of February 15, 2010 are \$392.4 million. Total expenditures to date are \$280 million and encumbrances are \$28.5 million. A list of changes to existing project budgets was presented to the Committee. There was a total savings of \$411,221 from the project budgets that can be re-appropriated to other projects. Theresa reported that thirty-seven projects have been completed and seven are under construction. An updated list of completed projects and new projects planned to bid through July 2010 was provided.

Margaret asked about the CRC parking structure being contingent on federal funding. Jon responded that, the federal government has certain financial requirements that an entity must meet in order to qualify for funding. Because of Regional Transit's current fiscal situation, it could not meet all the requirements. However, Regional Transit indicates that they have about \$10 million in capital funds if a 'letter of no-prejudice' is approved, which could allow the start of the project until Federal funding is approved. This project will be a topic at the upcoming Cap-to-Cap trip in Washington D.C. They originally expected the project to cost \$60 million. Los Rios believes it could most likely be constructed for \$31.5 million. We currently have bids at \$28.6 million, but they'll expire in the next few months. Marcia Fritz asked how the structure ties in with regional transit. Jon said in addition to providing parking for students, the structure will serve as a park and ride lot for regional transit riders. Rick Maya asked if there is a process to ensure that the construction companies are more solvent. Jon answered yes, there are pre-qualifications and they need to be bonded. We also have access to their financial statements. Jon noted that the District has utilized the design build and lease-leaseback funding methods in the

past, and we're using a design competition at the CRC architecture building. Theresa added that each college has a facilities master plan that is linked to the districtwide master plan.

### Measure M

Following the Measure A presentation, Theresa presented a summary of the Measure M Bond expenditures through February 15, 2010. As was reported at the last meeting, the District is currently using its own Capital Outlay funds to advance funds to six Measure M fast-track projects. The first issuance is planned for fall 2010. It was reported that \$120.9 million in Measure M funds has been appropriated for the first six projects, \$3.6 million has been encumbered, and \$1.7 million has been expended (utilizing District Capital Outlay cash funding pending bond proceeds). A list of Measure M projects appropriated as of February 15, 2010 was included in the presentation materials.

### Change Orders

Theresa presented the summary of change orders for projects for completed construction projects. Two projects were reported: CRC Transportation, Access & Parking and SCC West Sacramento Phase 1. Bob asked for clarification on what is meant by "error" as listed on the schedule. Pablo replied that an error refers to something the architect or consultant portrayed incorrectly in the documents. He added that an omission refers to when the architect left something off that was not included in the bid documents. We would have had to pay for it anyway, but we pay a premium rate because it was not included in the bid price. Bob asked if the architect is liable for that. Pablo said yes/potentially and he has seen it handled in different ways, depending on the situation. Jon said that because of the complexity of projects that the architect is not necessarily held to every dollar adjustment, but to a reasonable threshold that is really quite low.

As Theresa concluded her presentation, Jon noted that the District is on track to complete every project that was included in Measure A. He talked about the fluctuation in the market and how at one time the price of materials and labor was a concern. He shared a handout from the Wall Street Journal titled *Steelmakers Eye Big Increase in Raw-Materials Costs*. Prices are expected to increase significantly again this year. Dustin asked how long it takes to see the difference in the project budgets. Pablo said it's almost instant. He compared it to fluctuating gas prices.

Jon provided an update on the Measure A refinancing. He said rates are back down. We have not moved forward yet, but our underwriters are analyzing it. The District still intends to hold to the \$1 million savings threshold.

### **SMSR Review**

Pablo reported that the District has a fair amount of SMSR (Scheduled Maintenance and Special Repairs) money in the pipeline, but there is no new funding proposed for SMSR. The report reflected \$1.1 million in total available resources. The expenditure plans by category were also included in the report. The District's facilities are currently in a relatively good position as far as maintenance. That is somewhat attributable to the State's funding up through 2009-10 but also due to the bond funds supporting modernization of facilities. However, the system as a whole cannot go without SMSR funding for too long. We'll be fine for a few years, but there is concern about long term support. Marcia asked how to tell the difference between SMSR versus an upgrade. Pablo said that SMSR is typically more focused on existing systems already in place, so it's different from capital projects. She also asked if this \$1.1 million is low. Jon said yes, it has been as high as \$4 million in a given year. A historical summary will be provided at a future

meeting. Pablo said we've gotten better at refining what we want when the new buildings are constructed. We're constantly trying to improve this process with new, greener, more sustainable products available on the market. Kim Sayles shared that the District recently received a \$5 million grant that will help our utility systems in the long run. She also added that SMSR projects are limited in scope to a maximum of \$400,000.

Jerry Bernau asked if the District constructs LEED Certified buildings. Pablo said that although only two of the District's upcoming projects (UC Davis Center and CRC Architecture and Construction) will be LEED Certified, we do incorporate many of the LEED features, such as energy management systems for example, in all of our new buildings. Pablo explained that there is a cost to receiving the certification that is difficult to justify on all projects, even when we do meet the criteria.

Heather added that there are many students who would be interested in participating in the process of developing green buildings. Pablo said that the students had input on the design of the CRC Architecture and Construction Building project, and we're hopeful to include students in the design and construction as well.

### **Project Updates**

Pablo presented an update on all the active bond funded projects and provided color photos of each project in its current phase of construction. He also shared a list of projects that are bidding or starting construction soon.

### **Other Comments**

Jane asked how much is left in Measure M. Theresa said \$120 million has been appropriated. Jon said it is planned to take us through 2019.

Dustin asked when the ARC Library will open. Pablo said it is scheduled to open this summer.

### **FUTURE MEETINGS**

The next meeting will be on Thursday, July 22, 2010 at Sacramento City College. The December meeting will be at Cosumnes River College, and Jon reminded the Committee that the District's external auditors will be at the December meeting.

Jane asked if the new members will be at the July meeting. Jon replied that we hope to present new members for the Board's approval at the May or June Board meeting. If that is the case, then yes, the new members will be at the July meeting. Jon noted that, per the Committee's bylaws, there is an outside chance that one or two members terming out could be asked to come back for one meeting if positions are not filled.

Jon thanked the members again for everything they've done to serve the committee. The members each provided comments of appreciation.

### **ADJOURNMENT**

The meeting adjourned at 1:35 p.m.

*jd*

cc: Board of Trustees  
Executive Staff