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LOS RIOS COMMUNITY COLLEGE DISTRICT  
**Citizens' Bond Oversight Committee**  
March 27, 2008  
**American River College**  
**ITC Training Room**  
12:00 p.m.

*Minutes*  
(Approved 10/15/08)

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**Members Present:** Joe Debbs, Suzie Chock Hunt, Jerry Bernau, Bob Blymyer, Marcia Fritz, Dan Lawrence, Matt Mahood, Janet Myles, Chris Reeg, Margaret Solie

**Members Absent:** Martin Kennison

**District**

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

**Guests:** David Viar, President, American River College  
Robert Allegre, Vice President Administration, American River College

**INTRODUCTIONS**

Chair Joe Debbs called the meeting to order at 12:00 p.m. and all attendees introduced themselves. President David Viar personally welcomed the Citizens' Bond Oversight Committee to the American River College. He shared that ARC has an enrollment of 37,000 students, 400 full-time faculty members, 600 adjunct faculty members, and over 300 classified employees. Joe Debbs asked about the new Performing Arts Theater. David said that the faculty and students are enjoying it very much.

**APPROVAL OF MINUTES**

The November 29, 2007 minutes were considered for approval. A motion for approval was carried by Dan Lawrence and seconded by Margaret Solie. Motion carried: 10:0.

**REPORTS**

**Budget Update**

Jon updated the Committee on the State Budget relative to community college funding. He provided a handout from the Community College League, which listed the highlights of the Governor's 2008-09 Proposed Budget. At this time, a \$484 million reduction is proposed for community colleges. There is also a proposed special mid-year reduction for 2007-08. It was originally \$40 million, but it actually turned out to be \$31.1 million because K-12 was able to identify more that would have reverted, reducing the CCC share. Unfortunately, since then a

property tax deficit has been identified for the community college system. From current projections, it appears that will represent about a \$3.9 million reduction in this current year for Los Rios. It is three-fourths of the way into the year, so this is technically not a mid-year cut. The systemwide shortfall is estimated at \$84 million. Jon said the District will not lay off any employees, but employees will feel the effect on salary improvements, and potentially the number of new hires. Enrollment fees remain at \$20 per unit, and the system is hoping that they stay at that level through the May Revise and at budget adoption. There is no Cost of Living Adjustment in the budget (0%), versus approximately 5% originally anticipated. In addition, categorical programs and SMSR were significantly reduced. The reduction of actual funding per FTES will be about \$65.

Jon referred to another handout regarding proposed Los Rios State Bond projects. He said that another State bond measure will be needed in order to fund three of the projects. Matt Mahood asked when the District would go for another bond. Jon said the District has begun preliminary discussions regarding another bond, as Measure A is nearly 50% expended. Joe Debbs inquired about the failure of Prop 92 and whether or not there is discussion of trying again. Jon responded that timing is everything and the poor State economy undoubtedly affected the outcome. He does not foresee it going on the ballot again in the near future. Matt asked about how the State budget cuts are determined. Jon said it is prescribed by the State. Sometimes it comes down to what is easier to “sell” such as COLA vs. Growth (which does not cut student access). Jon also shared that there has been talk of suspending Proposition 98 funding. If that were to happen, when reinstated, Districts start back at the higher threshold, but never make up those dollars lost during the period of suspension. The Committee discussed the various budgetary issues and concerns that the community college system is facing.

### **Review of Expenditures**

Theresa presented a summary of the Measure A Bond expenditures through February 15, 2008 and provided an update on bids awarded since the last meeting. It was reported that \$203.8 million in bond funds has been appropriated (this includes a portion of interest income) for projects and \$113.2 million has been expended. Encumbrances amount to \$14.8 million. The total change since the November meeting is \$4.6 million (in expenditures and encumbrances). Theresa also presented a summary of the financial activity by college location.

The appropriations to date amount to 77% of the total Measure A authorization. The expenditures and encumbrances are at 48%. Approximately \$17 million of the \$70 million Series C issuance has been expended as of February 15, 2008. Theresa said that Series C should be fully expended by July 2009. The next authorization will probably be late in the 2008-09 fiscal year.

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, 2008 are \$355.5 million. A detailed list of changes to existing projects and the addition of new projects was presented to the Committee. Theresa reported that twenty-eight projects have been completed and four are under construction. A list of completed projects and new projects planned to bid through May 2008 was provided. Suzie asked Jon if the District has identified a permanent site in Rancho Cordova. Jon provided an update of the status of a property on Folsom Boulevard, indicating that the District is undertaking an in-depth due diligence review. Jon hopes that by the July meeting he'll have more confirmed information. Jon said that the next few months are really critical for the District since at almost every campus there is a large project that is going to be bid. Dan Lawrence asked about a project that appears to be over

budget. Theresa said the project is two phases that were consolidated into one. She explained that it's not over budget. When it was initially presented, it was just the first phase and when the second phase was added it was shown as an increase. Margaret Solie asked why the Rancho Cordova property appeared as being paid for. Theresa clarified that it is just the due diligence costs of the acquisition and a refundable deposit for the purchase of the property, not the actual price of the property or facility.

### **SMSR Review**

Vincent Montoya, Director of Facilities Management, provided a brief history of the Scheduled Maintenance Special Repair (SMSR) program, which was initiated by the State in 1981. The program was designed to protect the State's investment in facilities. Most recently, the match has been a 1:1 (State:local) ratio. Los Rios has identified 30 projects, valued at \$3.1 million, for this year's SMSR list. Vincent informed the Committee that a great deal of dialog occurs with the college operations and area supervisors regarding the priority of projects. Margaret asked who has the final decision making power to determine which colleges get the funding. Vincent said the process starts with Facilities Management, who reviews the needs and knows where the system failures are. Facilities Management then communicates with the colleges. Jon added that Vincent and his staff work from a five year plan that is continuously reviewed and updated. Jon also shared that we have a districtwide budget committee that typically splits the available funds 50/50 between SMSR and SIEF&LM annually.

### **Projects Update**

Pablo Manzo presented an update on all the active bond funded projects and provided color photos of each project in its current phase of construction. The Committee discussed the current status of many of the projects. The master plan of the West Sacramento Center will be presented to the Committee at the next meeting.

Jon talked to the Committee about a new delivery method the District is utilizing for the FLC Visual Performing Arts Project known as Multiple Prime Contracting. He explained that the project is broken up into multiple packages, 15 in this case, and a project manager is hired to manage the 15 contractors. Therefore, the District does not pay the additional markup costs that a general contractor might incur. We will get the low bid on all 15 trades, so we're expecting good savings on this project. The firm that was selected as the project manager is Kitchell. They are very experienced and are well known throughout the community college system. Jerry Bernau asked if we always have to take the low-bidder or if we have qualifications. Pablo said we are required to follow the public contract code, which requires award to the lowest responsible and responsive bidder.

### **FUTURE MEETINGS**

The next Citizens' Bond Oversight Committee meeting will be on July 24<sup>th</sup> at Folsom Lake College.

### **ADJOURNMENT**

The meeting adjourned at approximately 1:40 p.m.

jd

cc: Board of Trustees  
Executive Staff