
LOS RIOS COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

March 29, 2012

Cosumnes River College, Orchard Room

12:00 p.m.

Minutes

Approved 8/2/12

Members Present: Joe Debbs, Bill Heinicke, Robert Holderness, Sharon Margetts, John Orr, John Pappas, Jennifer Quinn, Diane Schachterle, Heather Slater, Jane Vargas, Basim Elkarra, Nicholas Schroeder, Richard SooHoo

Members Absent:

District

Representatives: Jon Sharpe, Deputy Chancellor
Theresa Matista, Associate Vice Chancellor, Finance
Pablo Manzo, Associate Vice Chancellor, Facilities Management
Tatyana Zabegalin, Accountant, Grants & Contracts
Laura Machado, Deputy Chancellor's Executive Assistant

Guests: Dr. Debbie Travis, President, Cosumnes River College
Don Wallace, Vice President Administration, Cosumnes River College
Brice Harris, Chancellor, Los Rios Community College District

1. INTRODUCTIONS

Jon Sharpe called the meeting to order at 12:05pm. Jon introduced the college representatives, Don Wallace, VP of Administration and Dr. Debbie Travis, President, Cosumnes River College. Dr. Travis welcomed the Committee to Cosumnes River College and discussed several exciting projects that have recently finished or are under construction. She also mentioned several notable events that have taken place on campus, including the California National Geographic Bee finals. Jon mentioned a van tour of the campus would be available after the meeting for anyone interested.

2. PUBLIC COMMENTS

There were no public comments.

3. APPROVAL OF MINUTES

The December 1, 2011 meeting minutes were considered for the Committee's approval and approved by consensus.

4. REPORTS

Jon invited everyone to the Sacramento City College Performing Arts Center Dedication on May 8, 2012. Jon also provided copies of the spring edition of *The Venture* which featured Cosumnes River College's new parking structure, Winn Center, and Elk Grove Center. Jon highlighted the positive article about Chancellor Harris, which also described Los Rios's history over the last 16 years and what lies ahead for the future.

Chancellor Harris announced this would be the last meeting for Heather Slater and Jane Vargas, as they have both completed their terms and presented them with a token of appreciation for their service on the Citizens' Oversight Board. Heather and Jane thanked everyone for the opportunity to serve on the Board the past four years.

Budget Update

Chancellor Harris described the proposed budget scenarios for the upcoming year developed in response to the Governor's January budget proposal. He mentioned forums will be held at each campus to discuss the budget situation and garner as much input as possible. The scenarios will be updated and presented to the Board in May for inclusion in the Tentative Budget for 2012-13 to be considered for adoption by the Board in June.

Best Case (Z) – The Governor's tax initiative passes in November and the legislature allocates an additional \$218 million in funding to California community colleges in 2012-2013. This is estimated to provide \$7.6 million in additional funding for Los Rios.

Mid-Range (Y) – The tax initiative passes in November but the additional money for community colleges is used instead to re-pay funding deferrals from recent years (the Governor's proposal). This would provide no additional money for Los Rios.

Worst Case (X) – The tax initiative is unsuccessful and the California community colleges sustain an additional budget reduction of \$264 million. This would result in a \$12.2 million loss in funding for Los Rios.

In the best case scenario, the District's fiscal situation would begin improving in 2013-2014 allowing the District to begin adding back classes and restoring positions. In the mid-range scenario the District would still need to make further section reductions, however it should bottom-out in that same year. In the worst case scenario even greater section reductions totaling 15% less than were offered in 2008-2009 would be required and would impact thousands more students. Also, employees would need to pay a greater share of health-care costs beginning in July of this year, salaries would be reduced beginning in February of 2013 by 6%, and half of the available District reserves would be expended. This would mark the first time in District history the "trombone clause," which allows compensation for all employees to be reduced, would be implemented. Even with these significant funding cuts we still do not anticipate any layoffs of regular employees.

Jennifer Quinn asked if Los Rios will still be cutting class sections even in best case scenario and Brice replied "yes." Jon thanked Chancellor Harris for sharing the budget scenarios with the Committee and expressed appreciation for the leadership he has given throughout the years. Jon relayed the District anticipates having an interim Chancellor beginning at the end of August through December 2013. The recruitment process for the next Chancellor will be a 6-12 month process.

Facility Planners—Bond Changes

Due to budget challenges, LRCCD will charge 2.5 (FTE) Facility Planner salary positions to bond funds. Bond funds can legally be used to pay staffing costs related to projects, but Los Rios has never charged Bond funds in this way in the past. This action is not considered a permanent change, but a way to ease some of the budget issues the District is facing.

Review of Expenditures

Theresa presented the Measure A and Measure M financial activity of as of February 15, 2012. Hard-copies of the PowerPoint presentation were provided to the Committee.

Measure A

To date, \$249.5 million in Measure A funds have been appropriated (this includes interest income as well as the proceeds from the future Series E) for projects and \$204.9 million has been expended. Encumbrances (construction contracts and purchase orders) total \$25.1 million. The total change in expenditures and encumbrances since the July meeting is \$22.8 million. Theresa also presented a summary of the financial activity by college location, and reported the appropriations to date amount to 94% of the total Measure A authorization. Expenditures and encumbrances are at 86.8%. Series A, B, and C have all been fully expended. The total financial activity for all capital project funds supporting Measure A projects, which include bond, State and other funding sources, was also presented to the Committee. The total appropriations for all funds as of February 15, 2012 are \$397 million. Total expenditures to date are \$341.9 million and encumbrances are \$34.4 million. A list of changes to existing project budgets was presented to the Committee. Savings of \$424,629 from projects either completed or with construction bids below budget has been identified and can be used for future projects. Theresa reported 46 projects have been completed and five are under construction from Measure A.

Measure M

Series A of Measure M was issued on October 19, 2010 in the amount of \$130 million. It was reported that 21 projects have been appropriated, totaling \$145.3 million. To date, \$74.3 million has been encumbered and \$22.8 million has been expended. Theresa summarized the financial activity by college location and presented the changes and additions since the December meeting. The total changes and additions since the December report is \$11 million. The list of projects planned to bid through July 2012 was reviewed.

Jon explained that Los Rios had identified a facility across from Cal Expo to replace Ethan Way, but had since reconsidered due to the size of the building. Another facility is currently under consideration and would cost well under the \$13 million budget, including renovation costs.

Regarding the property under consideration in Rancho Cordova, discussions are continuing with the City of Rancho Cordova (successor agency for the redevelopment agency) and the District hopes for closure on the issue by the August meeting.

Summary of Change Orders

There was one project completed since the last meeting; the SCC Davis Center Phase 1 & TAP. The change orders for the project totaled 3.6% of the original contract amount.

Project Updates

Pablo presented an update on all active bond funded projects, including photos of each project in its current phase of construction. Pablo also described the Winn Center handout he added to his packet.

Jon mentioned we wouldn't normally see tennis courts as part of this project, but the tennis courts needed to be relocated in order to build the new parking structure at ARC. He also acknowledged the renderings at the front of the room and explained the WINN Center will be a learning, living laboratory. All District buildings are designed with LEED standards in mind, though not all receive certification due to the cost of the application. The WINN Center, because of the nature of the building, will, however, actually go through LEED application and certification. Jon also stated Los Rios has a good partnership with Elk Grove Unified School District which contributed \$1.5 million dollars towards the field turf surface in exchange for use of the facility.

There was a question as to why we are adding new buildings if we can't serve as many students. Jon first explained that much of the Measure M bond is for modernizations to old and outdated buildings and infrastructure. In addition, our capacity load calculations show our square footage is currently inadequate, causing us to over-utilize our facilities per state standards. The Elk Grove center will ease some of the scheduling issues at CRC as well as provide classes closer to where students live. The West Sacramento and Davis Centers were renting facilities and needed permanent homes, so we aren't really growing that much – just accommodating our existing enrollment with permanent facilities.

Robert Holderness announced LRCCD has received an award for Agency of the Year from Regional Transit.

Bond Refinancing- Measure A (Series B&C)

Jon referenced the purple handouts from Moody's and S&P. Due to low interest rates, the District recently refinanced two bonds - Measure A, series C and part of series B. This action will save taxpayers over \$3 million dollars (\$2.7 million in net present value savings). SP and Moody's were very complimentary about the District's finances and support our course of action.

5. FUTURE MEETINGS

The next meeting is scheduled for August 2, 2012 at Sacramento City College. Jon will forward a survey to ensure this date works for everyone.

6. ADJOURNMENT

The meeting adjourned at 1:40 p.m.

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cc: Board of Trustees
Executive Staff