
LOS RIOS COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee
March 31, 2011
Sacramento City College – Rodda North 158
12:00 p.m.

Minutes
(Approved 7/28/11)

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

Members Absent: Nicholas Schroeder

District

Representatives: Jon Sharpe, Deputy Chancellor
Theresa Matista, Associate Vice Chancellor, Finance
David Clinchy, Director, Facilities Management
Tatyana Zabegalin, Accountant, Grants & Contracts
Jennifer Delucchi, Deputy Chancellor's Executive Assistant

Guests: Dr. Kathryn Jeffrey, President, Sacramento City College
Robert Martinelli, Vice President Administration, Sacramento City College

1. INTRODUCTIONS

All members introduced themselves and shared what their respective representation on the committee is. Jon Sharpe welcomed Richard SooHoo and Bill Heinicke as new members to the Committee. He also welcomed Sharon Margetts and Joe Debbs back, who are each returning to the Committee after a break in service.

2. PUBLIC COMMENTS

There were no public comments.

3. ELECTION OF OFFICERS

Vice Chair Jane Vargas opened it up to the Committee for volunteers or nominations for officers. Jennifer Quinn nominated Basim Elkarra to serve as Chair. Joe Debbs seconded.

Motion carried, 12:0

Jane Vargas will remain Vice Chair of the Committee.

4. APPROVAL OF MINUTES

The December 2, 2010 meeting minutes were considered for the Committee's approval. A motion was made by Jane Vargas for approval of the December minutes. One typographical

error was noted for correction. The Committee approved the minutes unanimously with three members, Marcia Fritz, Bill Heinicke and Richard SooHoo abstaining from the vote.

Motion carried, 9:0 (three abstentions)

5. REPORTS

Budget Update

Jon shared a copy of a letter the Chancellor recently sent out to local business leaders providing an update on the State budget and its impact on Los Rios. Jon said that the State budget deficit is approximately \$26.5-27 billion. The legislature has approved \$12 billion in cuts. How the remaining deficit will be addressed remains unclear. The Governor is proposing the extension of temporary tax increases and has asked the legislature to place an initiative on a June ballot authorizing an extension. Without an extension of the taxes, the Governor has stated the only option is even deeper cuts in the State budget, or what is referred to as an 'all cuts budget'. Community college fees have been increased from \$26 to \$36. Los Rios' share of the enacted cuts is \$13.2 million of the \$290 million for the Community College System. The District is reducing course sections by an additional 2.5% bringing the total reduction to 8% since 2008-09 as one of several actions necessary as a result of the funding cut.

Jon explained the three scenarios the District has developed based upon three possible revenue reductions. The plans have been shared with the Board and constituent groups throughout the District. Based upon the severity of the reduction, the District may need to enact further reductions in areas including: instructional and support programs, salary rollbacks and passing on increases in healthcare premiums to employees. He also noted that, even with all the cutbacks over the past few years, we continue to educate 10-11,000 students without funding. He said this is a testament to the District, faculty, and support staff. The District's mission is to serve students. However, there are many students who will be precluded from accessing our colleges in the coming years. Jon answered questions from the Committee on the State budget and how districts receive funding. He concluded by saying that we all think, in the long term, our future may be stronger than ever because of the recognized ability of community colleges to respond quickly to education and workforce needs, as well as the tuition increases at the UC and CSU levels generating more interest in community colleges for transfer programs. He also mentioned that whenever possible we try to access State funding for our facilities projects. But without new State bonds, those resources are not available. He did indicate one indirect benefit of the down economy is the value that we're getting for our purchases right now is very good, but due to limited state funding we can't overbuild.

Review of Expenditures

Theresa presented the financial activity of Measure A and Measure M as of February 15, 2011. Hard copies of a PowerPoint presentation were provided to the Committee.

Measure A

Theresa first presented a summary of the Measure A Bond expenditures through February 15, 2011. She reported that to date \$234.4 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 \$193.8 million has been expended. Encumbrances (construction contracts and purchase orders) currently total \$8.6 million. The total change in expenditures and encumbrances since the July meeting is \$2.6 million. Theresa also presented a summary of the financial activity for each college and the

district office. She reported that appropriations to date amount to 88% of the total Measure A authorization and expenditures and encumbrances are at 77%. 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 funding sources as of February 15, 2011 are \$383.2 million. Total expenditures to date are \$317.7 million with encumbrances at \$20.5 million. A list of changes to existing project budgets was presented to the Committee. Theresa reported that 43 projects have been completed and five are under construction. An updated list of completed projects and new projects planned to bid through July 2011 was provided.

Measure M

Following the Measure A presentation, Theresa provided a summary of the Measure M Bond expenditures through February 15, 2011. Series A was issued on October 19, 2010 in the amount of \$130 million. It was reported that six projects have been appropriated, totaling \$125.2 million. As of February 15th, \$3 million is encumbered and \$4 million has been expended. The list of Measure M projects appropriated as of February 15, 2011 was included in the presentation materials.

Summary of Change Orders

As standard, the summarization of change orders for completed projects was presented to the committee. The FLC Visual and Performing Arts (VAPA) project had a 3.3% change from the original contract. That was the only project completed since the last meeting. Jon noted that the maximum allowed without obtaining additional authorizations is 10%. Jon answered Committee questions regarding change order tracking and vendor errors.

Project Updates

Dave Clinchy presented an update on all the active bond funded projects and provided color photos of each project in its current phase of construction.

Sharon Margetts asked if ribbon cutting ceremonies are held when the projects open. Jon said yes, and the Oversight Committee is welcome to attend these. Members have not been invited to every single one since there are so many, and the District doesn't want them to ever feel obligated to attend, but for the larger projects we will be more diligent in ensuring they're aware of these events. Sharon noted that it's good for the Chamber and community members to see these finished projects.

LACCD Bond Articles

Articles from the Los Angeles Times regarding the Los Angeles Community Colleges District's bond program expose were previously mailed to the Committee. Jon discussed some of the issues alleged and identified within the Los Angeles District's bond program, and noted differences in the way Los Rios manages its bond funds and expenditures. He discussed the autonomy of each college in developing its facilities master plan. Each of the colleges in Los Rios develops its facilities master plan in a collaborative effort districtwide. He also discussed the checks and balances and internal controls within Los Rios' organizational structure, and talked about sustainability and the cost effectiveness/payback of these efforts. We are fortunate to live in the SMUD District and have reasonable utility rates. Jon acknowledged that no system is perfect, but we do not have the same systemic problems alleged in the LA Times article. Richard SooHoo asked about internal auditing since the Gilbert audit is a different scope. Jon

said the District has two internal auditors that review a myriad of things, and we would certainly utilize them for any issue related to our bond program that we thought necessary.

Education Centers

Jon referred the Committee to the Measure M Brochure in their agenda materials that describes the District's regional plan. The District's Education Centers are (or will be) located in Rancho Cordova, West Sacramento, Natomas, Elk Grove, and Davis. Jon discussed the criteria utilized for achieving Center status and State capital outlay funds and operational funds. He noted that 85% of our students attend a facility that is within five miles of their home. Our centers have been located to meet the needs of the outlying areas of our community. A project status update and plan development updates for each Center were also provided in the Committee's agenda packet.

6. FUTURE MEETINGS

The next Citizens' Bond Oversight Committee meeting will be Thursday, July 28, 2011 at American River College. Agenda materials will be sent out well in advance.

Sacramento City College President, Dr. Jeffery, thanked the Committee for their service to the District and shared some comments about enrollment growth. She commented that what we're doing now will serve the community for years to come.

Vice President of Administration for the College, Bob Martinelli, provided a brief update on the plans for current and future construction projects on the SCC campus. He offered a hard-hat tour of the Performing Arts project, currently under construction, to anyone interested after the meeting.

Jon recognized Marcia Fritz for her service, as this was her last meeting.

7. ADJOURNMENT

A motion was made by Sharon Margetts to adjourn the meeting. The meeting was adjourned by consensus at 1:38 p.m.

jd

cc: Board of Trustees
Executive Staff