
LOS RIOS COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee
July 23, 2009
Cosumnes River College, Orchard Room
12:00 p.m.

Minutes
(Approved 3/25/10)

Members Present: Jerry Bernau, Bob Blymyer, Marcia Fritz, Martin Kennison,
Dan Lawrence, Matt Mahood, Rick Maya, Heather Paris, Chris Reeg,
Margaret Solie, Jane Vargas

Members Absent: None

District

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

Guests: Dr. Deborah Travis, President, Cosumnes River College
Don Wallace, Vice President of Administration, Cosumnes River College

INTRODUCTIONS

Chair Bob Blymyer called the meeting to order. Jon Sharpe introduced Dr. Deborah Travis, Cosumnes River College President, who welcomed the Committee to the College.

APPROVAL OF MINUTES

The March 26, 2009 meeting minutes were considered for the Committee's approval. A motion was made by Jerry Bernau, and seconded by Margaret Solie for approval of the March minutes. *Motion carried, 10:0 (M. Fritz was not present for the vote).*

REPORTS

Budget Update

Jon provided an update on the State Budget. He said that the enacted budget is expected to be close to what the Conference Committee has approved for 2009-10. In addition to cuts in General Apportionment, the proposed budget includes an increase in enrollment fees to \$26 per unit. The total impact to Los Rios' budget is \$30 million when cost increases for 2009-10 are included. The District will be making reductions to the colleges' discretionary allocations, and we'll be forced to reduce the number of course sections offered by approximately 4% annually. Jon noted that having to cut sections is against the District's philosophy and mission of access, but we'll still be educating a number of students above our funded level. In addition, the District had to pass the 2009-10 increase in medical premiums onto employees. The District plans to use

its reserves to backfill the funding shortfalls. Jon shared that the Obama Administration is recommending \$12 billion in stimulus funding for community colleges. \$2.5 billion would be for facilities (\$625 million for California's community colleges). Jon informed the Committee that the Board of Trustees approved a tentative districtwide budget at its June meeting. Adjustments will be made to the adopted budget, which will be presented to the Board in September. Finally, Jon reminded the Committee that at the March meeting it was reported that the District was planning on issuing Series D in the summer.

Series D/Bond Rating Update

Jon reported that last month the District received an upgrade of its Standard & Poor's uninsured rating to AA-, which will result in a savings of \$4.5 million to taxpayers for repayment of Series D. Jon noted that the District was fortunate to receive this rating upgrade, given the current state of the economy as well as the State's budget issues. The County of Sacramento has recently been downgraded, as well as a number of other colleges. Jon said that the Chancellor, Board Members, and staff had an excellent meeting with Standard & Poor's, and the analysts were very well informed. Jon discussed some of the factors that may have helped LRCCD achieve this upgrade, including the Bond Oversight Committee's support of Measure M, the funding of OPEB (Retiree benefits), and the fact that the District has a three-year budget plan to address the budget reductions. Jon also reported that we had a very successful negotiated sale of Series D. The interest rate (TIC) started above the average of 5%, but was lowered. The sale is scheduled to close on August 4th. With the issuance of series D for \$55 million, we likely have one more issue under Measure A, Series E, which will occur in the next few years. The last tax rate was \$7.40/\$100,000. With the issuance of Series D, the rate will go up. We do not know the rate at this time, but it will not approach the highest projected rate of \$16.25. Rick Maya asked about how Los Rios compares to other districts in the state as far as finances. Jon responded that, depending on what factors you consider, Los Rios is near the top. Finally, Jon discussed the difference between an insured rating versus an uninsured rating.

Measure M

Jon provided an update on Measure M. He reported that the official approval came in at 57.94% passage. As was shared at the last meeting, the District will attempt to stimulate our own region and take advantage of the current bidding climate by fast-tracking six of the Measure M projects. The first series of Measure M will not be issued until 2010 and that will appear on the 2011-12 tax bills.

Review of Expenditures

Theresa presented a summary of the Measure A Bond expenditures through May 31, 2009 and provided an update on bids awarded since the last meeting. It was reported that \$234.1 million in bond funds has been appropriated (this includes a portion of interest income) for projects and \$155.5 million has been expended. Encumbrances to date amount to \$18.5 million. The total change since the March meeting is \$3.9 million (in expenditures and encumbrances). Theresa also presented a summary of the financial activity by college location, and reported that the appropriations to date amount to 88% of the total Measure A authorization. The expenditures and encumbrances are at 66%. Approximately \$58.9 million of the \$70 million Series C issuance has been expended as of May 31, 2009, and will be fully expended by September. 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 May 31, 2009 are \$375.9 million. Total expenditures to date are \$291.8 million and encumbrances are \$56.6 million. A detailed list of changes to existing projects and the addition of new projects was

presented to the Committee. Theresa reported that thirty-five projects have been completed and six are under construction. A list of completed projects and new projects planned to bid through July 2009 was provided.

Jane Vargas asked if bidders are local. Jon said primarily, but we're seeing more bidders in general, and more that are coming from outside the area. Bob Blymyer asked about the increase in the price per parking space from the SCC garage to the CRC garage. Jon said that RT is applying for federal funds for the garage portion of this joint project. The price difference is due to the fact that it is essentially five to six years later and costs have increased. At SCC, we had a guaranteed maximum pricing with the lease/lease back. Finally, the CRC garage will have components that the SCC garage did not, such as the photovoltaic elements, an extra elevator, and more brick facing on the outside.

Theresa presented the summary of change orders. There was one change order since the last meeting, and it was for a 9.6% increase to the CRC Community Athletic Center, Phase 2 project. Jane Vargas asked if this is typical. Theresa said it is on the high side. Jon said that the limit is 10%, and he pointed out that the project has a low-dollar amount budget (\$1.2M). He noted that remodel projects are typically higher as far as change orders than construction projects. Jerry said that he really appreciated this information.

Jon shared an article from the *Sacramento Business Journal*, dated April 3, 2009, titled: "Los Rios gets jump on \$114M in projects." He said that Measure A is estimated to create approximately 3,700 jobs and Measure M is estimated to create about 6,600 jobs.

Project Updates

Vincent Montoya 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.

Centers Update

Jon explained the Educational Centers concept to the Committee. Being a rather large district – 2,400 square miles – centers are a very efficient, economic way to reach the community. The majority of students attend a community college within 5 miles of their home. Jon went through several documents with the Committee, including the District's Centers Development Guidelines, a brochure titled *A Plan for Educating a Region*, a projected timeline for each of the Centers' approval and construction status, and a summarized status report for all the Centers. Jon pointed out that the Centers are developed near mass transit in order to maximize access. The goal of the Educational Centers is to meet the needs of the community.

Annual Report – Jon

A draft of the 2008-09 Annual Report was mailed to the Committee prior to the meeting for their review. Jon reminded the Committee that Proposition 39 and committee bylaws require the Committee to produce an annual report for the Board of Trustees. Jon asked the Committee to let staff know of any suggestions or revisions to the report by August 14th. The Committee discussed the possibility of distributing the report to the community to publicize what the District is doing with the bond funds. Committee members made a few suggestions to improve the report, and requested that a table that summarizes the projects per college, total expenditures to date, number of projects completed, square footage, and the increase in the number of students served, etc. be added to provide a visual snapshot of Measure A's progress to date. These

changes will be made by staff and a revised report will be presented to the District's Board of Trustees at their September meeting.

FUTURE MEETINGS

The next Citizens' Bond Oversight Committee meeting will be on December 3, 2009 at American River College.

ADJOURNMENT

Bob adjourned the meeting at 1:37 p.m.

jd

cc: Board of Trustees
Executive Staff