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LOS RIOS COMMUNITY COLLEGE DISTRICT  
**Citizens' Bond Oversight Committee**

July 28, 2011  
American River College  
12:00 p.m.

*Minutes*  
*(Approved 12/1/11)*

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**Members Present:** Joe Debbs, Basim Elkarra, Bill Heinicke, Sharon Margetts, John Orr, John Pappas, Nicholas Schroeder, Richard SooHoo, Heather Slater

**Members Absent:** Robert Holderness, Diane Schacterle, Jane Vargas, Jennifer Quinn

**District**

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

**Guests:** David Viar, President, American River College  
Ray Di Guilio, Vice President Administration, American River College

**1. INTRODUCTIONS**

In the absence of Chair Elkarra (who arrived late) and Vice Chair Vargas, Jon Sharpe called the meeting to order at 12:10 p.m. and the attendees introduced themselves.

**2. PUBLIC COMMENTS**

John Pappas thanked the committee for welcoming him and said he looks forward to serving.

**3. APPROVAL OF MINUTES**

The March 31, 2011 meeting minutes were considered for the Committee's approval. A motion was made by Sharon Margetts and seconded by John Orr for approval of the March minutes. Nick Schroeder abstained since he did not attend the March meeting.

*Motion carried, 8:0*

**4. REPORTS**

**Budget Update**

Jon provided an update on the State budget. The enacted budget includes a \$400 million cut to base apportionments for community colleges and an enrollment fee increase from \$26 to \$36

per unit, which will offset the reduction by \$110 million. The net reduction at this time is \$290 million system wide. Jon explained that the State identified three tiers of funding dependent on where revenues come in. The community colleges may see further cuts contingent on the State's projected revenue for the year when the Department of Finance and LAO issue their revenue forecasts on December 15<sup>th</sup>. If there are additional cuts, they will be officially implemented January 1<sup>st</sup>. The next tier of cuts would increase student fees to \$46 per unit, which given the timing could create receivables for student enrollment fees. There is discussion occurring to delay the additional fee increase until the summer 2012 term if revenue forecasts do in fact fall short of projections. To do so will mean the system would incur the \$30 million cut, but this approach would allow adequate time to implement the increase before registration starts. Jon also explained the District's three-year budget planning process. He said we expect Tier 1 level cuts, which equates to almost \$18M for Los Rios. He also noted that although there was no change to categorical programs, they were previously cut by 50%. Additionally, there is still no Growth or COLA funding.

Jon discussed the reduction of courses that was necessary due to the budget cuts. Prior to 2011-12 the District cut 5.5% of its course offerings. For this year, an additional 10% cut in sections was the worst case scenario and reductions of around 7% were initially scheduled. With the enacted budget, we are restoring sections to our fall term and should only need to cut about 4% for the year. If we end up with the Tier 2 reductions, then we will have reduced over 9% of our sections since 2008-09. Still, the Los Rios Colleges will be educating 10,000 students over our funding cap. Jon added that no regular employee has had their workload reduced or been laid off, although some medical premium increases normally covered by the District have been passed on to employees.

### **SMSR Review**

Jon reminded the Committee that staff is required to present the Scheduled Maintenance Special Repair (SMSR) appropriations annually. Theresa reported that the District did not receive any funding in 2009-10 or 2010-11 and has fully expended funds from the 2008-09 year. However, both bond programs have modernization and provided infrastructure project funds which will alleviate the need for near-term SMSR as we repair and or replace aging systems or facilities. Jon added that our Facilities Management department has 84 employees who maintain our facilities including electricians, plumbers, etc. The District also has 92 custodians. At some point we may need to make some district funded allocations for scheduled maintenance and special repairs but right now we are able to maintain our facilities.

### **Review of Expenditures**

Theresa presented the financial activity of Measure A and Measure M as of May 31, 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 May 31, 2011. She reported that to date \$234.6 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 \$198.4 million has been expended. Encumbrances (construction contracts and purchase orders) currently total \$7.2 million. The total change in expenditures and encumbrances since the

March meeting is \$3.2 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 89% of the total Measure A authorization and expenditures and encumbrances are at 78%. 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 May 31, 2011 are \$381.5 million. Total expenditures to date are \$326.1 million with encumbrances at \$20.1 million. A list of changes to existing project budgets was presented to the Committee. Theresa reported that 44 projects have been completed and five are under construction. Five sites have been acquired as well. 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 May 31, 2011. Series A was issued on October 19, 2010 in the amount of \$130 million. It was reported that eight projects have been appropriated, totaling \$124.3 million. As of May 31st, \$62.5 million has been encumbered and \$6.1 million has been expended. The list of Measure M projects appropriated as of May 31<sup>st</sup> was included in the presentation materials.

Jon shared that the District is looking into refinancing Measure A, Series B. Analysis is currently being done to determine the savings to taxpayers, which is anticipated to be approximately \$1 million.

### Summary of Change Orders

There were no change orders to report.

### **Project Updates**

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. Joe Debbs inquired about the bidding process and the diversity of firms that bid on the District's projects. Jon and Pablo explained the prescriptive guidelines of the bidding process. Bidders must be responsive (meaning they have answered all the questions and have submitted all the appropriate paperwork) in addition to being responsible. In nearly all cases the project will be awarded to the lowest bidder.

### **Annual Report Draft**

Per the requirements of Proposition 39 and the bylaws, the Committee is required to produce an Annual Report. A draft of the 2010-11 Annual Report was mailed to the Committee for review prior to the meeting. Jon asked that if members have any additional feedback, to please let his office know by August 15<sup>th</sup>.

## **5. FUTURE MEETINGS**

The next Citizens' Bond Oversight Committee meeting will be Thursday, December 1, 2011 at Folsom Lake College.

## **6. ADJOURNMENT**

A motion was made by John Orr and seconded by Sharon Margetts to adjourn the meeting. The meeting was adjourned by consensus at 1:22 p.m.

*jd*

cc: Board of Trustees  
Executive Staff