
LOS RIOS COMMUNITY COLLEGE DISTRICT
Citizens' Oversight Committee

November 18, 2004
Los Rios District Office
Main Conference Room
12:00 p.m.

Minutes (Pending Approval)

Members Present: Bernard Carlson, Joe Debbs, Joe Gagliardi, Sharon Margetts, Robert Trigg, Lorraine Darrington, Thomas Gagen, Donald Haase, Emily Pappalardo

Members Absent: Daniel DiMundo

District

Representatives: Jon Sharpe, Deputy Chancellor
Dave Clinchy, Director, Facilities Planning & Construction
Paul Dahms, Director, Facilities Maintenance
Theresa Matista, Associate Vice Chancellor, Finance
Isolina San Juan, Accountant, Grants & Contracts
Kim Sayles, Supervisor, Grants & Contracts
Carrie Bray, Director, Accounting Services
Jennifer Delucchi, Administrative Assistant, Finance & Administration

Guests: Bryce Gibbs, Matson & Isom
Jennifer Cullen, ASG President, American River College

Introductions

Robert Trigg called the meeting to order. All attendees introduced themselves. Jon thanked Emily Pappalardo for joining the Committee as the new student representative. He also thanked Jennifer Cullen for attending as a student guest.

Approval of Minutes

The July 15, 2004 meeting minutes were approved, 8:0.

REPORTS

2003-05 Performance Audit

Jon introduced Carrie Bray and Bryce Gibbs who presented the Performance Audit Report to the Committee. Audit reports were distributed to the Committee members. Bryce said that during the last year it was determined that an independent performance audit should be conducted on the Proposition 39 and Measure A General Obligation Bonds; therefore, the format has changed. Other than some potential language changes, this is the type of report the Committee can expect to see in the future. Bryce went through the report with the Committee and noted that the District

incurred total expenditures of \$9,714,785 through June 30, 2004. A list of the 23 projects funded was included in the report. Bryce concluded that the District complied with all requirements for the year ended June 30, 2004. Sharon Margetts complimented the organization for such a clean audit report and encouraged Jon to add it to the general reports that are presented to the Board of Trustees.

Measure A Tax Rate

Jon informed the Committee that since the District issued its second series of bonds (\$65 million) on April 1, 2004, taxpayers will have an adjustment on their property tax bills, which were mailed out last month. The rate increase is well within the peak and average that was communicated to the voters when the bonds were initially authorized.

Budget Update

Jon distributed a draft of the proposed 2004-05 SMSR (Scheduled Maintenance Special Repairs) projects to the Committee. The 2004-05 State budget provided a block grant for physical plant support and institutional equipment. The block grant allows districts to determine how to allocate the resources. Last month District staff presented to the District Budget Committee an option to split the block grant funding 50/50 with 50% going to SMSR projects and 50% to instructional equipment under the guidelines of the State Instructional Equipment Fund (SIEF) program. This allocation is consistent with past practice. The Budget Committee unanimously approved spending half of the block grant allocation on the maintenance of District facilities. The District is required to match SMSR projects dollar for dollar so the total allocation for 2004-05 SMSR is approximately \$2.1 million for 19 projects. Paul Dahms added that consideration is given to ensuring that priorities at each college are funded.

Jon also noted that January 10, 2005 is the next important date for the District as far as the State budget is concerned. That is the date the Governor's Proposed Budget for 2005-06 will be released. He mentioned that the California Community College system has submitted their requests and is looking into changing the funding mechanism since currently there is competition with the K-12 system for Proposition 98 funding.

Review of Expenditures

Theresa Matista presented a summary of the Measure A bond expenditures through October 15, 2004 and provided an update on bids awarded since the last meeting. To date, a total of \$99.3 million in bond funds has been appropriated (this includes \$6.8 million advanced from the future Series C issue) and \$18.6 million has been expended. Encumbrances amount to approximately \$20.1 million. The total change since the July meeting is \$12 million. As of October 15, 2004, eight bond funded projects are under construction and two sites have been acquired. Sharon asked when the District will issue Series C. Jon responded it will be in spring of 2006. Jon also answered specific questions pertaining to individual projects.

Market Update

At the July meeting the Committee discussed factors affecting current construction costs. Since then, a presentation was given at an ACBO event that helps quantify the impact on the industry. Jon distributed copies of this presentation to the Committee to provide additional explanation of today's market and the effect it will have on construction projects. The presentation indicated that in December 2003, the industry began to see the most dramatic price increases since the 1970's.

Project Updates

Dave Clinchy distributed a progress report of all active projects, as well as color photos of several of the projects in their current phase of construction. The Committee commented that they appreciated the photographs.

State Funding Revisions

At the July meeting, the State augmentation process for projects that are bid over budget was explained to the Committee. Since that time the State has changed their approach because of a shortage in funds. Dave Clinchy attended a State Chancellor's Office Facilities Task Force meeting regarding this. At the meeting, the Task Force was given the choice between having funding for future projects pulled in order to augment existing projects or to no longer fund augmentation requests. Several Los Rios projects were at risk of losing funding, including FLC 1C. The Task Force agreed they'd rather relinquish State augmentation than give up future projects. Since funding augmentations from the State will no longer be a near-term option for the District, all construction projects must be on budget, which is difficult in today's market, or find other resources for augmentations.

Future Meetings, etc.

A tour of the campus projects is scheduled for March 17, 2005. The Committee will convene for an approximate one-hour business meeting at 12:00 p.m. at the District Office, and then board a bus for a three-hour tour of the facilities, returning at approximately 4:00 p.m. Jon requested that those who cannot attend the full day's activities at least plan to attend the business meeting in order to have a quorum.

Mr. Trigg adjourned the meeting at 1:30 p.m.

jd

cc: Board of Trustees
Exec Group