
LOS RIOS COMMUNITY COLLEGE DISTRICT
Citizens' Oversight Committee
November 20, 2003
Cosumnes River College
Orchard Room
3:30 p.m.

Minutes

Members Present: Bernard Carlson, Daniel DiMundo, Don Haase, Kenneth Humphreys, Sharon Margetts, Robert Trigg

Members Absent: Guy Anderson, Lorraine Darrington, Thomas Gagen, Joe Gagliardi, Virgil King, Douglas McCauley

District

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

Guests: Bryce Gibbs, Matson and Isom
Chris Brown, Vice President, Administration, CRC
Lisa Marchand, President, Academic Senate, CRC
Bob Martinelli, Director, Administrative Services, SCC

Introductions

The meeting started shortly after 3:30 p.m. All present introduced themselves. Jon Sharpe updated the committee on the presentation to the District Board made by Bob Trigg at the September 3, 2003 Board Meeting.

Jon spoke briefly to the District's centers concept. Behind the scenes the District is looking for sites for the centers. Our Board is contemplating an exchange for a site in Elk Grove that will follow the site selection criteria. More information will be provided at the next meeting.

Approval of Minutes – July 23, 2003

The minutes were deferred in anticipation of more members arriving.

REPORTS

SMSR Budget Update

Jon mentioned the final State Budget and the change in SMSR funding. LRCCD will split its share 50:50 between SMSR and SIEFLM. Paul Dahms shared a schedule that shows the projects to be funded from the SMSR funds and the District's match. Paul said the total need is \$5-\$6M. Jon shared how normally the District receives a higher percent of SMSR relative to the District's size. Jon talked about the Budget Committee's recommendation to split the funds and the

LosRios understanding of the importance of maintenance. Future funding is uncertain.

Financial Update

Theresa Matista presented a summary of the financial activity through October 31, 2003. Changes and Additions were first reviewed. Additional projects have been moved forward to the initial planning stage. These projects are scheduled to be funded from the Series B proceeds. The total additional encumbrances and expenditures from Measure A bond funds since the last meeting is over \$3.1M. Bernard Carlson and Sharon Margetts requested that the statements be modified to indicate the percentage completion for the projects as well as more information regarding budget to actual. Staff will refine the schedules to help provide the project status and the financial activity together.

Project Status Update

Dave distributed the active projects summary. He explained the checkbox indicates that it is a bond-funded project. Using the ARC Allied Health building modernization as an example, he showed how to read the report. Dave covered other projects which have the plans at DSA or are just coming out of DSA. Jon took the Status report and the Financial Statements and explained how to link the information between the project summary and the expenditures. The architect fees were used as an example.

Natomas Phase I Update

Jon discussed that Phase I is entirely District funded because we do not have center status at this point. The project was re-bid and the bids came in over budget. The District evaluated its options with a goal to still open the center in January 2005, and decided to use CM at Risk. CM at Risk utilizes a multiple trade contracting approach. CM at Risk can provide some economies because you do not have the mark-up of the general contractor and guarantees a maximum project cost. There is a better incentive in terms of project completion. Yesterday, the District opened 26 bids for the trades. We are still evaluating the bids at this time to determine whether we can award. The high school project at the same location is on track and we could use those facilities if our project should have to be rebid. The District is looking at alternatives for construction of projects, and this is the first of those alternatives.

SCC TAP Update

Jon distributed the Powerpoint presentation of the SCC TAP plan. This plan is in the conceptual stage and has been presented to community groups in the SCC neighborhood. Recent improvements were covered (last six years) as well as future plans. Jon spoke to alternative #9 which has been selected. This alternative includes circulation improvements as well as an on campus parking structure.

Jon said the total cost for the project is estimated at \$25M, and Measure A funds provide about \$15M. We are exploring other funding sources and anticipate increasing parking revenues. Lease/Lease Back is one option being considered.

Annual Audit of Funds

Carrie Bray, Director of Accounting Services for the District, and Bryce Gibbs, partner with the accounting firm of Matson and Isom, presented the annual audit of the Bond Measure Proceeds. A brief explanation of the GASB requirements and the difference between the cash and accrual accounting methods was given as the committee's financial statements are presented on a cash basis and the audited financials will use full accrual. Also, the expenditures are shown as assets in the GASB statements. Carrie explained the total assets and the detail of the investment

income. The District reported \$2.5M in property tax collections for the 2002-03 fiscal year. Bryce then explained the move to the Business Type Activities model (GASB 35) in order to provide comparability across public agencies. Los Rios implemented the new GASB requirements in 2001-02. Bryce explained the opinion page and the difference between compliance in terms of compliance for Financial Statements versus compliance requirements with all legal requirements, because some may not affect the financial statements. Negative assurance is what Bryce noted is the term used. Auditors tested what is specifically required in Proposition 39 because the performance audit was not well-defined in the proposition language. The report is intended only for the users of the report as they are familiar with the requirements. The auditors sampled 25 transactions representing 10% of the 250 total transactions for the fiscal year. As volume increases, then the number of transactions tested will increase. Bryce explained how the entire testing process of the districts transactions was actually much larger, and the bond transactions are part of the District's regular processes.

Bryce indicated that the District is in compliance with Prop 39 requirements. Robert Trigg thanked Bryce.

Series B

Jon Sharpe gave a short update about Series B anticipated to be issued next Spring, and indicated the District is currently in the \$70M range for that issue. Staff will be evaluating further in the coming weeks and expect to have the amount by the next meeting. Ken asked about the ratings process and whether it is easier with a second issue. Jon said yes, that it is essentially a confirmation of the existing rating unless things change materially. Also, we recently issued a TRANS and received the highest bond rating possible for a TRANS.

SCC Cafeteria

Grand Re-Opening is January 15, 2004 at 8:00 a.m. Everyone is invited.

Future Meetings

March 18, 2004 *(agreed)*

July 15, 2004 *(reports will be presented as of May 31st)*

Location for both: Main Conference Room at the District Office

Discussion occurred whether there was a quorum present. The By-Laws need to be reviewed. The decision was made to approve the July 23, 2003 minutes by a vote of members present and additional members will be contacted if needed. Minutes moved, seconded and approved by all members present. *(Consistent with Bylaws Section 6.3 requiring a majority of members for a quorum, this item will be placed on the March agenda for reconsideration.)*

CRC Master Plan

Chris Brown, Vice President of Administration for Cosumnes River College presented the CRC Master Plan.

The meeting adjourned at 5:20 p.m.

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cc: Board of Trustees
Exec Group