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

November 29, 2007

**Facilities Management**

**Training Room**

12:00 p.m.

*Minutes*

*(Approved 3/27/08)*

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**Members Present:** Jerry Bernau, Marcia Fritz, Joe Debbs, Suzie Chock Hunt, Martin Kennison, Dan Lawrence, Janet Myles, Margaret Solie

**Members Absent:** Bob Blymyer, Matt Mahood, Chris Reeg

**District**

**Representatives:** Jon Sharpe, Deputy Chancellor  
Theresa Matista, Associate Vice Chancellor, Finance  
Pablo Manzo, Associate Vice Chancellor, Facilities Management  
Dave Clinchy, Director, Facilities Planning & Construction  
Vincent Montoya, Director, Facilities Maintenance  
Carrie Bray, Director, Accounting Services

**Guests:**

Rob Ely, Matson & Isom  
Dan McKechnie, Facilities Projects Supervisor  
Joe Bardon, Facilities Planning & Engineering Specialist  
Ron Friend, Lead Facilities Planning & Engineering Specialist  
Glenn Kaneyuki, Facilities Planning & Engineering Specialist  
Trevor Jilbert, Facilities Planning & Engineering Specialist  
Shari Fink, Confidential Administrative Assistant

**INTRODUCTIONS**

Chair Joe Debbs called the meeting to order at 12:11 p.m. and all attendees introduced themselves.

**APPROVAL OF MINUTES**

The July 19, 2007 minutes were considered for approval. A motion was carried by Martin Kennison and seconded by Jerry Bernau to approve the July 19, 2007 minutes. Motion carried, 8:0.

**REPORTS**

**Budget Update**

Jon Sharpe provided a brief overview of the budget. Jon noted that the Governor's budget is due in January and is expected to be conservative.

A handout from the McCallum Group, Inc. titled "Fiscal Outlook" was shared with the committee. Jon noted that the State is facing a significant deficit.

Joe Debbs and Suzie Chock Hunt asked for information regarding Proposition 92 and Proposition 98. Jon briefly explained the workings of both propositions. Joe Debbs asked Jon to explain the background on the transfer rates and how this report is going to impact the budget. Jon explained that one of the District's goals is to continue to improve transfer rates. Programs in place include an education initiative aimed at increasing the success of first-time full-time students by providing them with additional student and instructional support services. Jon explained that if Proposition 92 should pass it would lower student fees from \$20 to \$15 per unit.

Marcia Fritz asked if the District's growth exceeds the average and it needs to build facilities, will the District receive extra funding. Jon explained that K-12 enrollment growth is guaranteed, but Community College growth is not. However, growth funds are generally provided in the budget and we manage our offerings according to the level of growth funds available. It was asked if bond repayments are funded under Proposition 98. Jon stated no, property taxes are the source.

An article from the Sacramento Business Journal titled "Neighborhood Colleges," on Los Rios' Centers concept, was shared with the Committee. The article is quite favorable. Jon encouraged committee members to review it at their leisure along with a companion article titled "Launching Satellites." Jon noted that by the next meeting the District hopes to have secured a permanent site in Rancho Cordova.

Jon followed up on previous questions relating to the McClellan Center. Public conveyance of the property to Los Rios has not been completed. Therefore the parking lot improvements will be funded from another source (not from Measure A bond funds).

Two more articles were distributed to the committee. One was from the Sacramento County Taxpayers League and was written by current Oversight Committee Bob Blymyer. The second article from the Sacramento Central Labor Council, AFL-CIO covered former Oversight Committee member Lorraine Darrington being honored with a lifetime achievement award.

### **Review of Expenditures**

Theresa presented a summary of the Measure A Bond expenditures through October 15, 2007 and provided an update on bids awarded since the last meeting. It was reported that \$178.1 million in bond funds have been appropriated (this includes \$8.4 million of interest income) for projects and \$110.3 million has been expended. Encumbrances amount to \$13.1 million. The total change since the July meeting is \$3.6 million (in expenditures and encumbrances). Theresa also presented a summary of the financial activity by college location.

The appropriations to date amount to 67% of the total Measure A authorization. The expenditures and encumbrances are at 47%. Series A (\$27.5 million) was fully expended as of May 2007 and Series B (\$65 million) was fully expended as of February 2007. Approximately \$14 million of Series C has been expended as of October 2007.

Jerry Bernau asked a question on the arbitrage rate. Theresa answered that the District forecasts the amount of funds we will need and each bond series is sized to be fully expended within three

years of issuance. Arbitrage rules are complex, but our first two series were not subject to any arbitrage payments to the IRS.

The total financial activity for all capital project funds, which include bond, state and other funding sources, was presented to the Committee. The total appropriations for all funds as of October 15th are \$329.8 million. A detailed list of changes to existing projects and the addition of new projects was presented to the Committee. Theresa reported that twenty eight projects have been completed and four are under construction. A list of completed projects and projects planned to bid in June 2007 through May 2008 was provided. Margaret Solie asked if these projects are all part of Series C. Theresa responded yes. Theresa then mentioned a request from Jerry Bernau following the last committee meeting regarding information on tracking budget changes from the original budget through the current amount. Staff is working on a schedule and hopes to present it at a future meeting.

It was noted that several recent project bids have been lower than expected. Pablo Manzo noted that we've had good participation by bidders and that it is expected to continue through winter. Jon noted that the District has made an effort to increase our outreach efforts with contractors. He noted that we've had a lot of feedback and it has broadened our base and encouraged bidding on projects. Jon noted there are several large projects coming up, i.e. the FLC Visual and Performing Arts Center, the West Sacramento Center, and the ARC swimming pool expansion, and that the next four to five months are critical to us.

Dan Lawrence asked about budget for projects that are appropriated for Series D even though that series has not been issued. Theresa answered that these are projects in the preliminary planning stages and will not require significant cash outlays for some time. That Series will be issued to meet the cash requirements for these projects next year.

### **Projects Update**

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. The Committee discussed the current status of many of the projects. Jerry Bernau asked if the District has been impacted by new codes and structural requirements. Pablo explained that structural requirements have not affected the District, but that new codes requirements will. The Committee asked for clarification on page seven of the Projects Under Construction Report, specifically what does the acronym NTP's stand for. Pablo explained that this is the Notice To Proceed given to the most responsive bidder, once Board approval is granted and the contractor has provided all necessary paperwork, bonds, insurance, etc.

### **FM Organization Chart**

Pablo Manzo shared the FM Organization Chart with the Committee. Pablo explained the two divisions, Construction & Planning and Maintenance. Joe Debbs asked if each planner handles projects by specific campus. Pablo explained that the planners may be assigned a particular campus they are most familiar with, but they may be assigned projects at various campuses. Dave Clinchy does an analysis of the types of projects and balances the load. Jon Sharpe added that we are fortunate to have such great staff working with the campuses. Joe Debbs noted it feels good to see projects coming in on time and in many cases under budget. Martin Kennison asked for clarification of what "Graveyard" represents on the FM organizational chart. Pablo explained that FM has a maintenance crew of four individuals with multi-trade experience that work from a self-contained trailer that does small projects at night. Marcia Fritz asked if the

vacancy of the planner position would cause delays. Pablo explained it would not cause delays and that the department staff steps up to carry the load. He also noted that the position is being advertised and should be filled soon.

### **Audit Review**

Rob Ely from Matson & Isom and Carrie Bray, Director of Accounting Services for Los Rios Community College District attended the meeting to present the Measure A Bond Fund Financial Statements, which were mailed to the Committee prior to the meeting. The Audit Report will be presented to the Board of Trustees on December 12, 2007. The Committee was informed that there were no findings and the funds were expended in conformance with Proposition 39. Jerry Bernau complimented Carrie Bray and her staff on the quality work done on the Audit Report. Joe Debbs added his appreciation on an excellent job and noted he feels well informed. Discussion took place regarding the sub-prime market and investing of funds by the County Treasurer. While investments are limited by the Government Code, the District will double check with the County regarding any exposure of these funds.

### **FUTURE MEETINGS**

The next meeting will be on March 27, 2008 at 12:00 p.m. at American River College.

### **ADJOURNMENT**

Dan Lawrence moved to adjourn the meeting. The motion was seconded by Jerry Bernau. Motion carried, 8:0. The meeting adjourned at 1:36 p.m.

sf

cc: Board of Trustees  
Executive Staff