
LOS RIOS COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

December 1, 2005
Los Rios District Office
Main Conference Room
12:00 p.m.

Minutes
(Approved 3/17/06)

Members Present: Bernard Carlson, Don Haase, Joe Debbs, Joe Gagliardi, Lorraine Darrington, Sharon Margetts, Suzie Chock-Hunt, Robert Trigg

Members Absent: Thomas Gagen

District

Representatives: Jon Sharpe, Deputy Chancellor
Pablo Manzo, Associate Vice Chancellor, Facilities Management
Theresa Matista, Associate Vice Chancellor, Finance
Isolina San Juan, Accountant, Grants & Contracts
Jennifer Delucchi, Administrative Assistant, Finance & Administration

Guests: Carrie Bray, Director, Accounting Services
Bryce Gibbs, Matson & Isom
Gerard Falla, Student

Introductions

Robert Trigg called the meeting to order at 12:10 p.m. All attendees introduced themselves.

Approval of Minutes

The July 21, 2005 meeting minutes were approved by consensus and will be posted to the website.

Announcements

- Jon announced that Gerard Falla's membership as student representative on the Committee will be presented to the Board of Trustees next week for consideration.
- Jon shared articles from the Community College League, Sierra West Group and The Business Journal regarding the sky-rocketing construction costs. He noted the importance of keeping the Committee informed of things that are impacting the industry and District.
- An Open House Invitation was distributed for the CRC Learning Resources Building.

REPORTS

Final 2004-05 Annual Report

A final copy of the Citizens' Bond Oversight 2004-05 Annual Report was mailed to the Committee prior to the meeting. This report was presented to the Board of Trustees in September. Joe Debbs asked why Hughes Stadium was not in the annual report. Jon informed the Committee that, as discussed in March, the Hughes Stadium project was pulled from the Bond funded projects list and will be funded from other sources. Joe stressed that he wants to ensure it does not get neglected. Jon said we will report back periodically on this project.

Budget Update

Jon informed the Committee that the District revised its budget document this year to a more user-friendly format. He distributed the Executive Summary and went through it with the Committee. He pointed out that Proposition 98 funding resulted in \$439 million to the Community College system. COLA was funded at 4.23%, which provided the District with \$7.8 million. Growth was funded at \$142 million for a 3% systemwide growth in enrollment; this funding is uncertain until enrollment is achieved. Although the District will not reach its original goal of 7% this year, we are growing compared to many other districts in the state that are not. Jon also talked about the District's Education Initiative, a strategy to retain students by addressing student success, retention, and teaching and learning effectiveness. The Education Initiative is targeted to 18-20 year old first time students to come to our District. Joe Debbs asked if the District evaluates and analyzes the enrollment trends. Jon said each campus has a research staff in addition to the district office research department. Joe asked if the Committee could look at some of the data analyzing who is being affected by the slow growth. Jon said yes, we have a lot of data from our research department, so we can present that at a future meeting. The Committee also discussed meeting the community's needs and matching labor markets, noting that flexibility and responsiveness to the needs of the market are crucial. Jon added that the ARC-Natomas Center received its Center Status sooner than anticipated thanks to the data provided by the research staff to the Chancellor's office and Department of Finance. The District also has the Economic Workforce Development Center, the Training Source, and other resources looking at the trends from many different perspectives.

Review of Expenditures

Theresa Matista presented a summary of the Measure A bond expenditures through October 15, 2005 and provided an update on bids awarded since the last meeting. To date, a total of \$132.2 million in bond funds has been appropriated and \$47.1 million has been expended. Encumbrances amount to approximately \$22.8 million. The total change since the July meeting is \$10.7 million (including expenditures and encumbrances). Theresa pointed out that the appropriations to date amount to 49% of the total Measure A authorization (\$265 million). The expenditures and encumbrances amount to 26%. Series A (\$27.5 million) was fully expended as of May 2005. Theresa also presented the total financial activity for all funds, which include bond, state and other funding sources. The total appropriations as of October 15th are \$225.6 million. Expenditures amount to \$77.0 million and encumbrances are at \$33.9 million. As of October 15th, eleven projects have been completed, ten are under construction, and the District has acquired four sites (Natomas, Facilities Management, West Sacramento and Elk Grove). The projects scheduled to bid in 2006 will be presented at the next meeting.

The Committee discussed the FLC Fine and Performing Arts Center – the signature building for the campus. This will serve as a community theater with 800 seats, which is larger than standard. Jon said the FPP was approved four years ago; however, construction costs have obviously increased since then. The District has elected to move forward with the project, despite the increase in cost. We're currently looking at strategies to compensate for the extra costs. The funding method options include interest income, the capital campaign, and other district resources. In addition, in analyzing the most appropriate project delivery system, the administration is recommending utilizing the construction management/multiple prime process to the Board at the upcoming meeting. This delivery system will allow early involvement by the construction manager, with building experience, to assist the architect in the most cost effective design of the facility. In addition, utilizing multiple prime contracts will avoid the additional overhead cost that is typically applied by the general contractor. In essence, the construction manager becomes the general contractor and manages the estimated 10-15 multiple prime contracts that are segregated by the various trades. Construction management/multiple prime has been used successfully on other K-14 projects, including visual/performing arts facilities. The FLC Fine and Performing Arts Center is scheduled to begin construction in Summer 2007. Had the District decided to go back to the State for more funding, the project could have been delayed by up to two more years. Don Haase asked about the process of selecting of the construction manager. Pablo said the district went through an RFP process and interviewed four prospects. The fee proposals were reviewed after the interviews and rankings. The selection committee included the campuses, facilities, general services, purchasing, and the architects. The firm Kitchell, Inc. was ultimately selected. Don asked if it was a fixed fee. Pablo said the fee was derived as a percentage of the total project budget, and is a fixed fee.

Joe Debbs inquired about interest income. Jon explained that when you sell a bond, you earn interest (up to a point) on funds until expenditures are made, and there is a schedule of what the interest income will be. The District can determine the projects that need funding from this interest income. He added that hopefully in 2006 a systemwide Megabond will pass, which will help alleviate these funding challenges. Bernard Carlson asked about where the District invests its interest. Jon said the District has an investment policy.

Bob indicated he's delighted that the District chose to go forward with building the theater. Pablo added that one goal for the FLC Fine Arts project is LEED Certification. Pablo will provide more information and feedback on this at the next meeting.

Jon informed the committee about proposed legislation that the District and California Community College System are sponsoring that would allow a community college district to use bond funds to move into other spaces that may not be fully utilized (i.e. elementary schools).

Project Updates

Pablo Manzo updated the committee on the project activity since the July meeting. The ARC-Natomas project is complete and occupied. The ARC Allied Health project is also complete and occupied. This project replaces old portable buildings with a new permanent 9,000 GSF building. The ARC Learning Resources Center Expansion is approximately 75% complete. The project is scheduled for completion in February 2006. The construction contract for the ARC Fine Arts Modernization project has just been awarded. Construction is scheduled to begin this month, and complete in December 2006. The CRC Instructional and Library Building is complete and occupied. The CRC Bookstore Expansion is complete and awaiting equipment installation. The

EDC Instructional and Library Building is 99% complete. The first classes are scheduled for January 2006. The FLC Bookstore and Cafeteria Building is approximately 93% complete. Planned occupancy is December 30th. FLC's Instructional Buildings Phase 1B is complete (awaiting commissioning completion) and occupied. These buildings provide approximately 98,000 GSF of instructional, LRC, and office space. The FLC Phase 1C Instructional Buildings are about 50% complete and are scheduled for completion in September 2006. Construction is 95% complete on the SCC Technology Modernization, and about 40% complete on the Cosmetology Modernization. The Technology building is scheduled for occupancy in December 2005 and the Cosmetology building is scheduled for occupancy in April 2006. The SCC TAP Project is in progress. The Garage is scheduled for completion in December 2006 and the construction contract for the 4-way intersection has just been awarded; completion is scheduled in Fall 2006. The DO Board Room Modernization started construction in November and is scheduled for completion in March 2006.

SMSR Update

Pablo presented an update on the 2005-06 Scheduled Maintenance and Special Repairs (SMSR) projects. The District's Budget Committee has once again agreed to split the block grant funding fifty-fifty between physical plant projects and institutional equipment. This year the allowance, including the District's matching funds (1:1) provides for a total of \$1,098,860 for SMSR projects. A handout was provided that listed the projects to be funded in 2005-06. Since 2002, \$6,065,839 has been spent on SMSR projects (50% state funds, 50% district match).

Audit Review

Bryce Gibbs from Matson & Isom attended the meeting to provide an overview of the Measure A Bond Fund Financial Statements, which were mailed to the Committee prior to the meeting. Jon announced that once again there were no material findings in the District's general audit, which will be presented to the Board next week. He commended district staff. Bryce said that this is also the third year in a row that there were no findings in the Measure A Financial Statements. The audit process overall has gone very smoothly. Carrie added that the tax assessments have been well within what was projected to the citizens in the bond tax statement.

Future Meetings

- March 16, 2006 (at CRC)
- July 20, 2006

Future Agenda Items

- LEEDS
- Capital Campaign Update

The meeting was adjourned at 1:50 p.m.

jd

cc: Board of Trustees
Executive Staff