
LOS RIOS COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee
December 1, 2011
Folsom Lake College, Aspen Hall, Room FL1-8
12:00 p.m.

Minutes
(Approved 3/29/12)

Members Present: Joe Debbs, Bill Heinicke, Robert Holderness, Sharon Margetts, John Orr, John Pappas, Jennifer Quinn, Diane Schachterle, Heather Slater, Jane Vargas

Members Absent: Basim Elkarra, Nicholas Schroeder, Richard SooHoo

District

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

Guests: Dr. Thelma Scott-Skillman, President, Folsom Lake College
Kathleen Kirklin, Vice President Administration, Folsom Lake College
Thom Gilbert, Gilbert Associates, Inc.

1. INTRODUCTIONS

Vice Chair Jane Vargas called the meeting to order at 12:10 p.m. and everyone introduced themselves. President Scott-Skillman welcomed the Committee to Folsom Lake College and talked about several exciting projects that have recently finished or are beginning construction.

2. PUBLIC COMMENTS

There were no public comments.

3. APPROVAL OF MINUTES

The July 28, 2011 meeting minutes were considered for the Committee's approval. A motion was made by Sharon Margetts and seconded by Bill Heinicke for approval of the July minutes.

Motion carried, 10:0

4. REPORTS

Budget Update

Jon provided an updated on the State budget. Handouts from School Services of California were provided to the Committee. The Controller's Office says revenues are behind estimates by \$1.5 billion and expenditures are over projections by \$1.7 billion.

Jon reminded the Committee that the enacted State budget included triggers (reductions) that would be implemented if revenues did not come in as projected. Revenue collections through October indicate that the State will likely be short. It looks like it will be the worst case, Trigger 2. This will mean an additional \$102 million cut to California Community Colleges, which is \$4.8 million to Los Rios. Jon said the District has planned for this scenario. Our "X" Budget was based on Trigger 2 so we are prepared to handle the cuts in this year, and have also developed a 3-year budget forecast. Looking ahead to 2012-13, Jon explained how Proposition 98 does provide some protection against overly severe reductions to K-14. The community colleges share of Proposition 98 is around 11%. We'll know more in January when the Governor's 2012-13 budget proposal comes out. Jon answered questions from the Committee related to the budget situation. He said the District is prepared with long term and short term plans to weather the budget crisis. We believe that the contribution of the community college system is understood in terms of helping prepare our workforce so that the State can rebound.

Review of Expenditures

Theresa presented the financial activity of Measure A and Measure M as of October 15, 2011. Hard copies of a PowerPoint presentation were provided to the Committee.

Measure A

To date, \$249.9 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 \$201.3 million has been expended. Encumbrances (construction contracts and purchase orders) total \$5.9 million. The total change in expenditures and encumbrances since the July meeting is \$1.6 million. Theresa also presented a summary of the financial activity by college location, and reported that the appropriations to date amount to 94% of the total Measure A authorization. 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 supporting Measure A projects, which include bond, State and other funding sources, was also presented to the Committee. The total appropriations for all funds as of October 15, 2011 are \$397 million. Total expenditures to date are \$333.9 million and encumbrances are \$19.3 million. A list of changes to existing project budgets was presented to the Committee. Savings of \$636,778 from projects either completed or with construction bids below budget has been identified and can be used for future projects and the Folsom Lake College Gymnasium project has been added to the project list.

Jon gave a brief update on the Rancho Cordova Center. As has been reported in the news, the City of Rancho Cordova is attempting to acquire a property through eminent domain. The City's Redevelopment Agency had an interest in redeveloping the Folsom Boulevard corridor, and the District was going to purchase a portion of the 10-acre parcel. Jon shared that in a jury trial the property was valued at the owner's appraisal estimate. The City is now faced with the decision of whether they should acquire the parcel at that price.

Theresa reported that 45 projects have been completed and six are under construction from Measure A. Jon noted that the bid climate continues to be very favorable. It is not unusual to get 10-20 bids on one project. He reminded the Committee that this was part of the reason the District fast-tracked the initial Measure M projects, to help stimulate the local economy and also take advantage of the bidding climate. Jon answered Committee questions regarding bidding practices, as well as how savings from lower bids that come in below budget are handled.

He then said there is no statewide higher-education bond on the horizon. Some of the projects were developed with the possibility of State Capital Outlay funds to support almost half the cost. Without a higher education bond, the District needs to postpone some of those projects. In response to a question from Joe Debbs regarding utilizing minority companies, Jon shared that Proposition 209 precludes us from requiring identification and to avoid conflict with Proposition 209, we do not track that information. Jon did indicate that the District reaches out to small and minority owned businesses in a variety of ways to try to encourage their participation in District bids.

Measure M

Series A of Measure M was issued on October 19, 2010 in the amount of \$130 million. It was reported that 17 projects have been appropriated, totaling \$134.3 million. To date, \$80.6 million has been encumbered and \$13.6 million has been expended. Theresa went through the financial activity by college location and presented the changes and additions since the July meeting. The total changes and additions since the July report was \$9.9 million. A list of projects planned to bid through July 2012 was provided.

Theresa briefly discussed the refinancing of Measure A, Series B, which occurred in October. Jon said that as long as the economic climate allows us to refinance the bonds and save the taxpayers money, we will continue to analyze this.

Summary of Change Orders

The report was for one project completed since the last meeting, the CRC-Bookstore and Cafeteria Addition 2 and 3. The change orders for the project totaled 7.8% of the original contract amount.

Project Updates

Pablo presented an update on all the active bond funded projects and provided color photos of each project in its current phase of construction. Jon mentioned the Davis Center Dedication coming up on January 9th at 10:00 a.m. Invitations will be mailed to committee members.

2010-11 Annual Report

A draft of the report was shared with the Committee in July. Jon said the final report was presented to the Board of Trustees at the September meeting. Chair Elkarra was at that meeting to present the report on behalf of the Committee. Copies of the report were shared with the Committee.

Audit Review

Carrie Bray introduced Thom Gilbert of Gilbert Associates. Mr. Gilbert presented the results of their external audit of the Measure A and Measure M General Obligation Bonds. He noted that the Financial Audit and the Performance Audit are two separate reports the committee is required

to review under Proposition 39. There were no findings for 2010-11. The audit reports will be received by the District's Board at the December meeting.

5. FUTURE MEETINGS

Proposed 2012 meeting dates and locations were distributed. The next meeting will be on March 29, 2012 at Cosumnes River College.

6. ADJOURNMENT

A motion was made by Sharon Margetts and seconded by Diane Schachterle to adjourn the meeting. The meeting adjourned at 1:35 p.m.

jd

cc: Board of Trustees
Executive Staff