Regular Meeting No. 4

The Citizens Oversight Committee met for Regular Meeting No. 4 on Thursday, September 22, 2005, in Conference Room B-204 of the Hayden Library at Citrus College, 1000 West Foothill Boulevard, Glendora, California 91741-1899.

Members Present
Alejandro Hernandez
David “Dean” Kays
Sharon Lewis
Bobbie Wenrick
John Serpa
Phyllis Fritz

Support Staff
Carol Horton
Judy Rojas
Michael J. Viera

Members Absent
Bill Bird

Guests
Bob Bradshaw
Mike Fehrs
Paula Green
Ariane Lehew

I. CALL TO ORDER
Mrs. Lewis called the meeting to order at 3:30 p.m.

II. INTRODUCTIONS
Mrs. Lewis called the roll of the committee members. She noted that Bill Bird notified her that he would not be able to attend. Mrs. Lewis acknowledged and welcomed the new student representative to the committee, Mr. Alejandro Hernandez. Dr. Viera informed the committee that Alejandro is a sophomore at Citrus College. He is a history major with a 3.2 GPA. He is an ASCC member and the Commissioner of Athletics. He hopes to transfer to the Claremont Colleges after graduating.
III. APPROVAL OF MINUTES OF May 12, 2005 MEETING
Mrs. Lewis asked if everyone had been able to review the May 12, 2005 minutes and if there were any changes or questions. Ms. Wenrick noted that her name was misspelled in section IX. Mr. Kays made a motion that the minutes from the May 12, 2005 meeting be approved with changes. The motion was seconded by Ms. Wenrick and the minutes were unanimously approved with the noted change.

IV. PUBLIC COMMENT
No public comments were presented.

V. IMPLEMENTATION PLAN UPDATE
Mrs. Lewis introduced Mr. Bob Bradshaw and asked him to give the Implementation Plan Update. Mr. Bradshaw provided the committee with an implementation plan update report.

Mr. Bradshaw reported that comments were received from DSA on the Center for Innovation project at the beginning of September. The architect is currently addressing the comments and we expect a back check with the plan reviewers no later than mid October. Once we receive DSA approval we can begin to advertise for bids. We are hoping to start construction at the first of the year.

The Stadium Lighting project is 99% complete. There are a couple of punch list items remaining to be corrected. One item is the night testing of the lights.

The Stadium Field is being used for Citrus football team practice only at this time. We have not opened it up for other events due to the continuing adjacent construction. The project is due to be completed on time in December.

We have completed the initial pre-planning of the existing Gym and we are in the design development phase of the Field House at this time. We have entered into a contract with the Architects. The Concession buildings will be programmed together with the Field House using the same architect.

Design development has begun on the Central Plant that will include a thermal energy storage tank that will increase the budget slightly. We are pursuing reimbursement from Edison that will assist with design, construction and equipment.

We have identified campus standards and sent them out to all the design teams that are working on campus.
Mr. Bradshaw is actively seeking cost savings with Southern California Edison including “Savings by Design”, “Incentive” and “Peak Management” programs and expects to be successful with either direct payments or reduced utilization costs. Mr. Kays questioned if the designers are working with Southern California Edison also. Mr. Bradshaw assured Mr. Kays and the committee that they are on board with the energy plans for the buildings. Mr. Serpa wondered if there was any attempt to lock in material cost for the Field House/Concession and Central Plant projects due to the high cost of materials. Mr. Bradshaw stated that we are not in a position to due that. Mr. Serpa asked when we would go out to bid on those projects. Mr. Bradshaw stated that we hoped to go out to bid on the Central Plant in spring 2006 and the Field House/Concession in the fall of 2006. These items are in the budget with a 6% inflation factor. Mr. Kays noted that if we have to trim a project out due to cost escalation we need to do it early for minimal impact. Mr. Bradshaw noted that during programming and design development we know the budget allotment and functionality is considered first. Mrs. Horton noted that we have a lot of flexibility in the bond budget because both the Math/Science and Vocational Technology buildings were budgeted into the bond and are being 100% funded by the state. This will absorb some of the escalating costs. The first real test will come when we bid the Center for Innovation this fall. Both the Stadium and Lighting project bids have come in on budget and there was a lot of concrete involved in those two projects. Mr. Serpa questioned whether DSA has to go through each of these and the time it takes them to review a project. Mr. Bradshaw stated that currently it is running four to six months and they are currently sending them to outside consultants for review because of their back log. Mrs. Horton informed the committee that she has been involved in a project with the Assistant Chancellor for the state of California who introduced legislation to get community colleges out from under DSA because of an ongoing issue with time and other factors. DSA is a state agency that is under staffed. Mrs. Horton reported that she is on a committee that met last spring that has identified many alternatives to DSA. There are colleges that have lost funding because they cannot get their projects out of DSA. Mr. Serpa asked if their services were charged to the bond. Mrs. Horton responded that yes they are.

VI. BOND REPORT – REVENUE AND EXPENDITURES
Carol Horton presented her report of revenue and expenditures as of August 31, 2005. Mrs. Horton also noted that we will probably not issue another series of bonds for at least 18 months. The next big expenditure will be the ERP Project. The college has selected SCT Banner/Sunguard as the vendor and is currently in contract negotiations. Mr. Kays had a question on the way the consultants were listed on the first page of the report. Mrs. Horton noted that the project is noted after each consultant’s name. Mr. Kays asked why S & K Engineers was on the list for the Center for Innovation as he understood that that project design was complete. Mr. Bradshaw answered that this amount related to relocating utilities related to the Center for Innovation. Mr. Kays was concerned that the committee had to relate the costs on the report to something that is visible to the committee.
so that it can certify that the bond money will be spent on appropriate projects. He noted that the audit report and the expense report were different dates and that they could not tie them together. Ariane Lehew referred to Exhibit B, (The Full Text Ballot Proposition) a legal document and to David Casnocha the bond counsel who is the legal authority in terms of the requirements for proposition 39 as it relates to the bond project list and the legal parameters that a community college district can utilize so that you are meeting requirements. She noted that the committee must keep in mind that the funds will be spent over an eight to ten year period and must allow for some flexibility. There is a reference to the master plan which can be amended from time to time, but has not been amended. The expenditures that we are reporting at this time are still clearly reflected in the master plan before the bond was passed. Mrs. Horton stated that she can provide a report as of June 30, 2005 so that the committee can relate it to the audit reports. Mrs. Horton stated that the auditor’s job is to match invoices and contracts and to insure that they are attributable to the bond projects. Mr. Serpa asked exactly what would the committee have in their hands to insure that funds are spent only on the bond projects. If it is the audit reports we must have the expenditure reports with an end date to match the audits. Mrs. Fritz concurred and also asked for a report by project. Mr. Serpa asked if there was any state money involved in this report. Mrs. Horton explained that this is a report of a separate bond fund and it is not commingled with state funds. Mrs. Horton will amend the reports and send them out to the committee. Mrs. Horton explained the role of the independent auditors is first to perform the financial audit to make sure that all contracts are in place, all invoices are there and that everything is paid according to government accounting principles. Their second function is to prepare the performance audit. The committee’s responsibility is to review the performance audit to verify that the district has followed the bond language and that the district has only spent money on the projects that the bond has authorized. Mrs. Horton offered to have the auditors attend the next meeting to give an overview of the audit and be available for questions. The committee did not feel that it was necessary. Dr. Viera noted a college in Los Angeles County that used bond funds for general fund operations and as a result the auditors reported the findings. Mrs. Wenrick noted that she is accustomed to looking at reports in this format because of her familiarity with school district accounting.

Mrs. Horton then reviewed the performance audit which is from the beginning of the bond proceeds through the end of the fiscal year. From here on they will be done annually at the end of each fiscal year. The detail of the audit includes the report, the objectives of the audit, the scope of the audit, background information, the procedures performed and their conclusion.

Mrs. Horton outlined the financial audit. Mrs. Horton noted that the auditors report stated that the District is following the Governmental Accounting Standards. The bond assets are held in the County Treasury as are all district funds. Interest earnings are reported separately. The district is on an accrual system of
accounting so there are accounts receivable and payable. The salaries listed on the report are those of the supervisor on the construction projects, the project manager and the DSA inspector and their benefits, which are allowed per the bond language. The item listed as other expenses is for the consultants that were listed on the bond income and expense reports. Examples of the consultants that were used were Hodge and Associates for the CEQA report and a complete survey of the campus which are all in preparation for the projects as they come along. Capital outlay is actual construction. Mr. Kays questioned the variance column of the report listed on page 4 of the financial audit report. Mrs. Horton explained that the difference is government code accounting and that the district has to establish a budget for each project to determine how much we are going to spend each year. The difference in the budgeted amount and the actual expenditures is the variance. For our own purposes we budget a whole project in the first year of construction so that we can see what the entire project will cost. What will happen is that we will spend part of the budgeted amounts because a project may be multiple years. What will occur is that the variance in the first year of what was budgeted and what was spent will be favorable. For our purposes in project management and tracking we need to see the entire amount budgeted for the project in the first year. Mrs. Horton explained that the auditors are also looking to see that the district is in compliance with accounting principles and with bond projects. The key to the audit is that there were no findings or questioned costs with the financial audit.

VII. CITIZENS’ OVERSIGHT COMMITTEE WEBSITE UPDATE

Mrs. Lehew stated that as required by law the Citizens’ Oversight Committee must have a website which can be linked through the district website. The committee’s website has been up and running since the inception of this committee. It can be accessed by going to www.citruscollege.edu and clicking on the Bond Committee link. The minutes from the meetings as well as the agendas are posted there as required by law on a regular basis. Mrs. Lehew noted that we need to update the website with Alejandro’s photo and biography.

Mrs. Lehew reported that about 2 months ago she and Carol Horton had received telephone calls from a staff member at BART (Bay Area Rapid Transit) stating that they had recently passed a $990 million bond measure and needed to establish a citizen’s oversight committee and website. After doing research on several websites she felt that the Citrus website was the most informative and easy to navigate. The BART representative asked the district for direction in setting up their committee member requirements, bylaws, website and other committee practices based on her research.

Mrs. Lehew also informed the committee that information regarding the Citrus College bond measure and items related to the Citizen’s Oversight Committee were submitted to the Community College Facility Coalition which is a statewide organization representing community colleges and their facility issues. The
CCFC has selected Citrus College to do a presentation at their annual conference to assist other colleges in setting up their oversight committees.

VIII. ANNUAL REPORT

Mrs. Lehew informed the committee of the information that is required to be in the annual report as well as additional proposed information. The annual report must include the identification of the members by name as well as to assure the residents that we are meeting legal requirements by having individuals on the committee that fulfill legally specified designated positions. A statement of purpose and responsibilities of the committee also is required as well as the years covered by the report. A statement of findings is the most significant section of the annual report based on the COC’s review of the independent auditors financial and performance report that no bond proceeds have been expended any way other than presented to the voters as part of Measure G. The annual report will be drafted by staff, but this portion must be accepted by the committee. For the Board of Trustees presentation this will include a signed statement indicating the District’s compliance with Article XIIIa, Section 1(b)(3) of the California Constitution. Carol Horton noted that she would prefer to have the auditors at the meeting on December 8, 2005 to review the financial and performance audit reports. Mr. Kays asked if the committee has received a copy of Article XIIIa, Section 1(b)(3) of the California Constitution. Mrs. Lehew noted that if it was not received with the original information provided to the committee it would now be provided.

Mrs. Lehew commented that as a broader communications tool we would like to have the annual report contain a letter from Mrs. Lewis, the history of Measure G, bond expenditure and progress report, photos, disclaimer, awards or kudos and a facts-at-a-glance section.

Mr. Serpa commented that he liked the annual reports that were fairly simple and easy to follow. Mrs. Lehew agreed and in terms of the preparation of the annual report we are looking to Paula Green the Director of Communications and to Mike Fehrs the Executive Director of Development and External Relations. Mr. Fehrs reported that for a number of years the college has published a joint annual report from the general campus update and the foundation. This year the annual bond report will be included with this annual report. It comes at a time when we are upgrading our publications. Paula Green will be managing the project. Presenting a combined report will represent a unified campus community, talking about the foundation, scholarships programs and reporting our successes and our capital projects. Paula Green expressed her hopes in taking the information from this committee and Mrs. Lehew and making it a seamless part of the existing annual report. Mrs. Green stated that her creative process is just beginning. Mrs. Green stated that her objective is to create a product that the public will be able to see the building progress and the work of this committee as something important and vital to this campus. She envisions a timeline of what has happened on campus this year as well as the ongoing work.
of the foundation and this committee. Mrs. Green noted that combining the reports will reduce printing and postage costs as well as providing the public with one document rather than several that will get thrown away. Mrs. Horton mentioned that since this report is familiar to the public and is a substantial document, rather than a flyer, our information will have a better chance of getting read. Incorporating it with the annual report will insure that it is sent to foundation members, alumni, current students and the community. Mrs. Green reported that the number of reports mailed last year was approximately 84,000 deliverable households. Mrs. Lehew stated that it would have been very hard for us to produce and mail that quantity as a stand alone document. Dr. Viera indicated that he would like this document to be one that we can not only mail out but use throughout the year until the next one is produced and is a full array of the events and activities that are going on at the college that we want to show to our communities. Mrs. Lehew stated that the report should be mailed out in early February. Mr. Fehrs reported that the graphics and photography to be included are outstanding. Mrs. Lehew also noted that the information will also be on the website. Carol Horton expressed to Mrs. Green that she would like to have a draft of the committee’s portion of the report at the December 8th meeting for the committee’s review. Mrs. Horton stated that what she would like to see in the report is emphasizing the work on the stadium through graphics particularly and talk about what is next, what bids are out, and what projects are in design and some time frames. Mrs. Lewis noted that those are the things that will interest the community. Mr. Fehrs recommended that we have a description of each project with graphics. Phyllis Fritz summarized that the expectation is that there will be a completed draft provided at the December 8, 2005 meeting of the annual report for the committee’s approval. If the committee has any concerns we should contact Mrs. Lehew within the next couple of weeks. Mrs. Lehew agreed and mentioned that the auditors will be at that meeting also. Mrs. Fritz stated that she is comfortable with the report as is and appreciates the offer of the audit visit but would like to know if it is really necessary. Mrs. Horton stated that it is the decision of the committee if they would like the auditors attend. The committee unanimously agreed that the auditors do not need to attend the December 8th meeting. The committee agreed that the new expenditure report as of June 30, 2005 will be sufficient.

IX. QUESTIONS AND ANSWERS
None at this time.

X. REQUESTS OF STAFF/ITEMS FOR FUTURE MEETINGS
The next meeting is scheduled for December 8, 2005 at 3:30pm in the Hayden Library, Conference Room B-204. Mrs. Lehew noted that the January 17, 2006 meeting is a Board of Trustees Meeting only and not a Citizens’ Oversight Committee Meeting. At that meeting the annual report will be presented to the Board of Trustees and we hope that you will able to attend. The March meeting will include a campus tour.
XI. ADJOURNMENT

Mrs. Lewis thanked the committee and the staff for their reports and involvement and the meeting was adjourned at 5:20pm.

Respectfully submitted,

Judy Rojas
Administrative Assistant
Office of the Vice President of Finance and Administrative Services