

SANTA CLARITA COMMUNITY COLLEGE DISTRICT
Measure “M” Citizen’ Oversight Committee

JANUARY 19, 2016

MINUTES

(Approved March 31, 2016)

**The Santa Clarita Community College District Measure “M” CITIZENS’ Oversight Committee
meeting was held on January 19, 2016
in Canyons Hall Room 211,
College of the Canyons, 26455 Rockwell Canyon Road, Santa Clarita, California 91355**

Members Present: Mr. Nicholas Lentini, Chair
Mr. Alan Difatta
Mr. Calvin Hedman (arrived late – didn’t vote on agenda or minutes)
Mr. Michael Hogan
Mr. Kevin Holmes
Mr. Don Kimball
Ms. Katherine Martinez
Ms. Jill Mellady

Members Absent: Ms. Barbara Sterns

Others Present: Ms. Sharlene Coleal, Asst. Superintendent/VP, Business Services
Mr. Jim Schrage, Asst. Superintendent/VP, Facilities Planning, Operations and Construction
Dr. Jerry Buckley, Asst. Superintendent/VP, Instruction
Mr. Eric Harnish, VP, Managing Director, Government Relations & Advocacy
Dr. Ryan Theule, VP, Canyon Country Campus and Grants Development
Ms. Cindy Grandgeorge, Associate Vice President, Business Services
Ms. Balbir Chandi, Director of Fiscal Services
Ms. Cynthia Fernando, Accounting Technician III

A quorum was declared and the meeting called to order at 4:05 p.m. by the Chair of the Oversight Committee, Mr. Lentini.

**Quorum
Established
(1.1)**

The Committee moved approval of meeting agenda.
Motion: Mr. Hogan Second: Ms. Mellady

Record of Vote: 7-0

**Approval of
Agenda
(1.2)**

All members and guests were asked to introduce themselves.

**Welcome Guests
(1.3)**

The Committee moved approval of the January 15, 2015 meeting minutes.

**Approval of
Minutes
(1.4)**

Motion: Mr. Holmes

Second: Mr. Difatta

Record of Vote: 7-0

Don Kimball and Katherine Martinez introduced themselves as new members of the committee.

**Intro of New
Members
(1.5)**

FACILITY UPDATE

(2.1)

Jim Schrage passed out a two page handout entitled “Construction Update-December 2015”

Although there are no major construction projects in process right now, we are in the planning stages for several new projects:

- New Science Building at Canyon Country Campus – Originally two buildings, but now combined as the Science Building and a shell of the Classroom Building on the back. We are done with preliminary plans and next will proceed with working drawings.
- Canyon Country Campus Parking Lot – This project will add 275 paved spaces that are now dirt parking. Will add paving, lights, and make the area ADA compliant.
- Modernization Projects for Valencia Campus -
 - Bonelli second floor has had several functions since 1992. Now it will be remodeled to provide a full floor for the Instructional Deans and Support Staff, and the Associate Vice President of Academic Affairs Audrey Green. This project will provide better access for students and faculty, as right now the Deans are spread throughout the campus.
 - Another modernization project at Valencia is the Boykin remodel. This is one of the original buildings from 1974. The project involves remodeling the bottom floor. Preliminary plans are being prepared, after meeting with faculty and staff a couple times.
- ADA updates –An ADA Transition Plan document has been prepared by an ADA specialist. The District will award a contract for the first phase next Monday at the Board of Trustees meeting for \$500,000 in architect’s fees. ADA compliance rules change every January - we will update to the new standards as of the permit date. This first phase will address doors and access, with restrooms, sidewalks, and parking addressed in future phases.
- The soccer field is being replaced with artificial turf. The project will also include lighting and bleachers. The City will use the field 20% of the time, and the improved facilities will allow the District to host State Tournaments and Championships. The City will be contributing \$300,000, and Castaic Lake Water Agency will be contributing \$200,000. These partnership payments will augment the District’s Measure M contribution of \$1,000,000.

REVIEW OF LIFE-TO-DATE EXPENSES

(3.1 & 3.2)

Review of Life-to Date Expenses by Project as of June 30, 2015 and September 30, 2015

Sharlene Coleal reviewed the June 30, 2015 Life-to-Date reports, noting that these reports match the audit that also reflects financial information as of June 30, 2015:

- Life-to-Date expenses total \$126,190,641
- Contractually Obligated/Encumbered/Budgeted total \$25,848,907

Sharlene reviewed the chart of expenditures as of June 30, 2015 on page 2. The Measure M voter authorization totaled \$160 million, with \$140 million issued to date in three issuances. The District uses premium bonds to cover costs of issuance, and is allowed to use the interest earned on project fund dollars for Measure M project costs. The first three issuances plus interest total \$152,039,548. There are also other sources of funding that assist with projects, such as State matching funding, Foundation Capital Campaigns, and contributions from Hart District and the City. The chart indicates total projects are estimated at \$241 million, using all sources of funding, illustrating how Measure M has been used to leverage other funding sources and the combined total will fund many more projects than the District could accomplish with just Measure M. Sharlene reviewed the attached Life-to-Date Summary and Detail Reports, pointing out that the categories number 1-11 listed are from the original bond authorization, and include Technology, New Buildings, and a small amount for project management (the one employee charged to the bond).

Mr. Kimball asked why we budgeted \$39 million in projects but we only spent \$13.7 million in 2014-15. Ms. Grandgeorge explained that we budget the entire fund balance for upcoming projects, but some projects are multi-year projects so the expenses will not all show in the 2014-15 fiscal year.

Mr. Hedman asked how much was left to issue, and Ms. Coleal confirmed \$20 million was left to issue and that the District schedules the issuances so the amount will be used within 3 years to comply with Arbitrage rules.

FINANCIAL and PERFORMANCE ANNUAL AUDIT

(3.3)

Acceptance of Measure M Audits for the year ending June 30, 2015. Sharlene reviewed the agenda item with the committee, indicating it provides an overview of the audit process and results - with \$140 million in Measure M bonds issued and \$20 million left to issue at June 30, 2015. There are two audits contained in the report, a Financial Audit and a Performance Audit.

Financial Audit: The auditors issued an unmodified opinion, the best rating possible. There were no adjustments, no questioned costs, and no audit findings. On page 4, the balance sheet shows \$25 million in ending fund balance which has been planned for the projects we have been talking about during the construction update.

Page 5 indicates the following transactions for the year being audited:

Interest Earned on Project Fund	\$ 177,620
Project Expenses	(\$12,541,816)
Proceeds of the Third Issuance	\$26,187,886
Costs of Issuance and Debt Svc. Fund	(\$ 1,187,886)
Beginning Fund Balance	<u>\$13,213,102</u>
Ending Fund Balance	<u>\$25,848,906</u>

Pages 6 – 10 include the Notes to Financial Statements. It was noted that on page 8 the detail regarding the LA County Office of Education (LACOE)/LA County Treasury fund is included in the audit. This fund is conservatively invested and yields approximately .7% interest.

Mr. Kimball asked where the District assets are recorded as he did not see them in the Measure M audit, and Ms. Grandgeorge replied that assets and their corresponding depreciation are reflected in the District Wide Financial Statements.

Mr. Hedman asked about the \$1,187,886 listed on page 5. Ms. Coleal and Ms. Grandgeorge indicated that premium bonds were issued in this amount and were used to cover costs of issuance and a deposit to the LA County Treasury for future debt service. Ms. Coleal added that the District used to benefit from premium bond proceeds, but now they must be used for costs of issuance or be deposited into the debt service fund.

Performance Audit: Ms. Coleal reviewed the Performance audit. The Auditor’s Report on Performance begins on page 1. Even though this audit does not receive a rating, it contains all positive outcomes. Page 2 describes the purpose of the issuance and the rules and requirements. We are always found in compliance, and Ms. Coleal acknowledged the work of Balbir Chandi, Director, Fiscal Services and Cynthia Fernando, Accounting Technician III, for their oversight and detailed work with the bond funds. Mr. Schrage added that contractors appreciate working for the District because Fiscal Services processes their payments quickly, taking only about 3 weeks where most other Districts take much longer.

Page 3 describes the procedures performed by the auditors.

- Procedure 1: Confirms the funds were accounted for separately as required.
- Procedure 2: Auditors found all expenditures tested to be in full compliance. The Auditors even asked for the District policy on change orders and found it to be acceptable.
- Procedure 3: The auditors verified that the employee charged to the bond was appropriate. Administration cannot be charged to GO Bond funds—and the auditors confirmed the District complied with this rule.
- Procedure 4: The auditors prepared a detailed schedule of all the projects with estimated costs. The chart shows the three issuances to date and the pending issuance for \$20 million. From the first three issuances, there is \$25 million outstanding to cover encumbrances/contracts/planned expenditures on projects as of June 30, 2015.

Mr. Holmes thanked Ms. Coleal for her detailed review of the audit, and summarized for the committee that there are really two reports being presented to the committee and two statements that the committee needs to be concerned about:

#1: Financial Audit: The financial statements are materially correct.

#2: Performance Audit: Bond funds were expended for the purpose intended by the voters.

The committee needs to have confidence that the auditors are capable. Mr. Holmes shared that the committee members have done their job if these items are addressed. Mr. Holmes works with the audit firm extensively in his role on the COC Foundation Board, and can attest that the auditors are one of a few firms in California that have the expertise to do GO Bond audits.

Ms. Coleal added that the audit firm that completes the Measure M Audit also completes the COC Foundation Audit and the District Audit. Mr. Lentini expressed confidence the bond funds were being appropriately managed based on the fact that the auditors did not identify any findings or questioned costs.

The Committee moved Acceptance of the Financial and Performance Audits.

**Approval of
Audits
(3.3)**

Motion: Mr. Kimball

Second: Mr. Hedman.

Record of Vote: 8-0

COMPLIANCE WITH PROPOSITION 39 – GO BOND OVERSIGHT COMMITTEE

Approval of Resolution 2015/16-01 Affirming the Santa Clarita Community College District’s Compliance with the Requirements as Stated in the Law (Section 15278-15282)

Motion: Mr. Hogan

Second: Ms. Mellady

Record of Vote: 8-0

**Approval of
Resolution
(3.4)**

SCCCD EDUCATIONAL AND FACILITIES MASTER PLAN

(4.1)

Mr. Schrage shared that the State requires a new master plan every 10 years. The District has completed 4 master plans in the last few years. The current Master Plan covers the period 2012-2017, and the new Master Plan in progress will cover the period 2016-2021.

The process for completing the new plan includes:

- Interviewing employees in every department
- Looking at data and trends, including financial trends
- Interviewing community members

The entire plan is driven by the Educational portion. Dr. Buckley provided an overview of the Educational plan, as facilities are not planned unless there is a demonstrated need. The Instruction Office just completed a 3 year visionary exercise. Enrollment is growing more than 3.5% per year.

The District is aware that parking is an issue. Also, Canyon Country is still in portable buildings. The plan was to use State dollars for permanent buildings but there has been 10 years of “dry” State funding. The original plan called for the Canyon Country Campus to be built out by 2018, assuming State Bonds would be available every 2 years.

With the District growing over 3% per year, there are numerous students on wait lists, with 700 students on Biology and Chemistry wait lists alone. This is why we are planning the Science Building at the Canyon Country Campus.

The District has developed 9 aligned pathways with Hart District that will lead to future employment. The District currently serves about 60% of Hart District students, and projects an increase in that number. The District has over 20 transfer degrees, and is working on over 20 pathways with UC’s. The District is also developing regional training programs, and these will impact growth on both campuses.

The non-credit program is also being developed, and the District will be advertising the program soon. Non-credit pathways will be another on-ramp to college. The non-credit program will include office training packages, and lowest level math and English, and splitting up math topics into short term sections such as mastering fractions.

Career Technical Education Programs are also being further developed, such as Auto Technology and Welding. With over 40,000 people in our valley with no skills, the growth of the non-credit program will greatly benefit the community. These new classes will not only be on-ground, but also on-line. Returning employee John Makevich is working on developing some of these courses in an on-line format, allowing incumbent workers to brush up on their skills either on-line or in person.

While other districts like Ventura are down 1,000 students, our District is growing under the leadership of Dr. Van Hook with 27 years in the system. Thanks to her leadership the District is well structured with many areas for growth.

Mr. Schrage commented that we are clearly not done with the Valencia Campus, with many of the buildings originally constructed in the 1970's. Dr. Buckley added that the 15 year old portable housing the Sheriff's Academy is in need of updating. He would like to see an "Institute of Public Safety" on campus with all our instructional programs and public safety agencies in one facility.

Mr. Lentini noted it is interesting to see that we are not done with the Valencia Campus and Measure M projects. Mr. Schrage summarized that we must change our space to fit current needs on the Valencia Campus, and the Canyon Country Campus needs more space as we are way behind in our building and adding of space.

Mr. Theule added that with the Canyon Country Campus the District has shown consistency and the Center has grown in spite of the lack of State budget dollars.

STATE BOND INITIATIVE

(4.2)

Mr. Harnish gave an update on a State Construction Bond in 2016. This will be the first bond in 10 years. Previously State bonds were issued on a 2 year cycle. When we passed Measure M we assumed the 2 year State bond cycle would continue, and this led to the aggressive Canyon Country buildout plan. But the schedule is off 10 years later, and now finally we are looking at a potential State Bond again.

The bond would be \$9 billion, with \$2 billion for CA Community Colleges. The bond was approved through the initiative process to get on the ballot, as the Governor would not support a bond. It is important to note that the Community College need is \$30 million!

We are confident we will be funded for the Science Building at Canyon Country Campus if this bond passes, but it is not likely that we will get dollars for additional facilities at Canyon Country Campus. There is also talk of a legislative bond option, but it is not clear yet how that would play out. In total the District hopes to get funding for 4 buildings at Canyon Country Campus, and the District is severely hindered by the lack of State matching funds.

Ms. Coleal commented that the Governor is not supporting a State Bond and has indicated school construction should be funded locally.

Dr. Buckley added that if funds were available, another potential project for the Valencia Campus would be a 2 story Tech Building to replace the current Towsley Hall. The District received a \$5.5 million grant to develop 4 pathways, but there is no room in Towsley Hall to teach Advanced Manufacturing. The District is looking at securing a building to serve these programs.

Mr. Harnish concluded by saying the District will be watching the bond closely and working with our legislative representatives to make sure they understand how important a State Bond is.

Mr. Lentini commended Mr. Schrage for completing much needed projects, including a Health Center project at Canyon Country Campus he received a lot of positive feedback on just today.

ADJOURNMENT

(5.1)

Mr. Lentini thanked the committee for their attendance and moved to adjourn the meeting at 5:10pm.