Yosemite Community College District

Measure E Citizens’ Bond Oversight Committee Meeting Minutes
YCCD Board Room
January 6, 2010, 6:00 p.m.

Members Present: Verle Bartels, James Cherry, Gary McKinsey, James West, Frank “Del” Hodges, Patrick Sweeney, Billie Taylor, Nick Cretan

Members Absent: Tammy Firch, Terry Plett

Others Present: Teresa Scott, Matt Kennedy, Tim Nesmith, Mark Newton, Michael Perez, Gary Whitfield, Mégane Quéromès, Nick Stavrianoudakis, Graciela Molina (recorder)

1. Call to Order
   Citizens’ Bond Oversight Committee (CBOC) Meeting was called to order by James West at 6:02 p.m. in the YCCD Board Room.

2. Approval of Minutes of October 7, 2009 Meeting
   CBOC member James Cherry requested that approval of minutes be postponed to later in the meeting.

3. Comments from the Public
   No Comments

4. Membership Update
   Nick Stavrianoudakis reviewed the CBOC Membership History. The document previously was provided to CBOC members. He reported that on March 14, 2010, two At-Large members, Patrick Sweeney and Nick Cretan, will conclude their second term on CBOC. In response to an inquiry if the District is actively recruiting, Nick Stavrianoudakis stated that YCCD has been recruiting to fill the current student vacancies and will inquire if YCCD Board of Trustees recommend that CBOC fill the two At-Large member positions that will become vacant in March.

5. Election of Chair and Vice Chair
   Chair James West called for nominations for the CBOC Chair. A motion to nominate Terry Plett to assume the Chair position was made by James Cherry and seconded by Patrick Sweeney; no objections were expressed, the motioned passed. Chair James West then called for nominations for the Vice Chair position; a motion to elect Frank “Del” Hodges for Vice Chair was made by James Cherry and seconded by Patrick Sweeney, the motion carried with no objections.

6. Measure E Audit Report
   Teresa Scott introduced Brice Gibbs, representative from Matson and Isom, to CBOC Members. Mr. Brice Gibbs provided members with an overview of the Measure E Audit Reports which were previously provided to CBOC members. He reviewed the Report to the Board of Trustees that outlines the audit process. He reported that there were no recommendations for changes to the transactions made by YCCD, the transactions were adhered to in preparation of financial statements, and that auditors encountered no significant difficulties in dealing with management in performing or completing the audit. He stated that when looking at the quarterly expense reports, there were no suggested changes made in accordance with governmental accounting principles. In response to an inquiry made by James Cherry, Mr. Brice Gibbs reported that questions about changes to project budgets would be best addressed by District management. CBOC requested an explanation of “accounting estimates” and it was stated that accounting estimates deal with depreciation...
expense as an account entry for future identification; estimates are not just a tax issue, depreciation is also used in financial audits.

Mr. Brice Gibbs proceeded to review the **Financial Statements**. He reviewed the Statement of Net Assets which includes: assets, liabilities (current and noncurrent), and net assets; he also reviewed the Statement of Revenues, Expenses, and Changes in Net Assets which includes: operating expenses and non-operating revenues (expenses). Several inquiries were made requesting further explanation of various line items which Mr. Brice Gibbs responded to. It was reported that in the governmental arena, financials have to be prepared like a business using full accrual practices; no comments or deficiencies were reported.

Mr. Brice Gibbs reviewed the **Performance Audit Report**. The report reviews the budget of Measure E funds, amounts approved by voters per project, to ensure the District does not spend over budget. Specifically he reviewed the procedures performed; in overview he stated a review of the Facilities Master Plan was conducted; verified that the District created a debt service fund and capital outlay fund to account for bond proceeds and expenditures; verified proceeds from the sale of bonds were deposited in appropriate funds; determined that citizen’s oversight committee is fulfilling duties as outlined in bylaws; selected and reviewed a sample of expenditures in the fiscal year ensuring funds were properly expended as outlined within projects; compared total project expenditures to budgets to determine if there were any expenditures in excess of appropriation; and finally verified Measure E funds were not used for salaries of school administrators or other operating expenses of the District.

YCCD Board approves all changes to the bond projects; the last budget change was made in 2007 and one is being prepared to go to the Board. Teresa Scott reported that the Board reviews bond project budgets frequently.

7. **Bond Update**

Mark Newton reviewed the Bond update report. **Modesto Junior College: Allied Health:** The work includes underground utilities, grading and foundation work. **Infrastructure/ MJC West Roads Project:** Both projects bid under budget last month and authorized to move to construction. **Softball Complex:** The construction activities include work on the dug-outs. **Agricultural Multi Use Pavilion:** The project is in construction. **Science Community Center & GVM** has moved to bid phase. **Student Services:** The project is in DSA for review and approval. **High Tech Center** is in the design development drawing phase. **Founders Hall** will move to DSA. **Columbia College: Child Development Center:** The project has begun interior finishes for most buildings, completion projected April 2010. **Science and Natural Resources:** The contractor is in construction, working to winterize the site. **Educational Outreach Facilities:** **Calaveras** is in property acquisition; performing due diligence for CEQA; identified areas of concern and further investigation is taking place. **Oakdale and Turlock** are in property search. **West Side** property is DSA Review.

8. **Project Status Report**

Mark Newton provided two presentations to CBOC members the Prequalification of Contractors and MJC’s West Campus Infrastructure project. **The Prequalification of Contractors:** Mark Newton provided an overview of the existing evaluation score sheet and reviewed the existing and proposed changes made by Trustees which pertained to previous experience, safety record, no violations of regulations or laws, and the financial strength formula moved from a requirement to a point value system; Contractor’s license has been reduced from 10 years to 5 years; easing the prequalification requirement; accepting a rating of A- or better for current limits and a letter of insurability to required limits. It was also proposed that a scored criteria category was added to help contractors prequalify, even if they
are not perfect in the following sections: Previous experience, previous DSA experience, safety record, violations of regulations or laws, and financial strength. Lastly, a change to the prequalification financial formula to determine contractor’s financial strength, a more streamline/simplified formula which provides flexibility in criteria, but opportunity for coverage.

James Cherry inquired if the District provides a preference to local contractors; in response, Teresa Scott stated that that YCCD Board of Trustees discussed the matter but did not provide additional points on the prequalification score sheet; she added that a copy of the resolution adopting the prequalification package would be forwarded to CBOC members following the meeting for their information. The West Campus Infrastructure: This project is divided into three parts: Infrastructure, Central Plant and Plaza Design. The Infrastructure project scope includes electrical upgrades, sewer system upgrades, extending sewer, gas, and water service; expanding capacity to storm drain to support Measure E projects, undergrounding phone and data lines and extending service to new bond projects. The project underbid for $2,099,000 plus MID costs and was awarded to Applegate Johnson. Central Plant is located on the outfield of the softball field, will hold a cooling tower yard; the bid was awarded to DPR Construction for about $3.5 million. Plaza Design project will identify the landscaping for the plaza in front of the new Science Center and the Allied Health Building. The request for native plants that are indigenous (prior to settlement) that could also be used for teaching.

9. Bond Quarterly Expenditure/Revenue Report
The Quarterly Expenditure/Revenue Report was provided to CBOC members prior to the meeting for review.

10. Comments from Committee Members
James Cherry expressed several concerns with the Ag Housing Project. He stated that Kitchell, upon his request and follow-up, provided budget information related to the Ag Housing Project; he had difficulty interpreting the budget reports and was unable to conclude how the final cost of the project was calculated. He also expressed concern with the cost per housing unit and inquired how it was determined to proceed with pre-manufactured verses stick frames. In response, Mark Newton provided history regarding the project; he informed CBOC members of the site rebidding that took place due to DTSC rejection; the first bid was to manufacture the houses for $1.4 million; the second bid was for foundation, site preparation, and power to modular housing. He informed CBOC members of the process by which the District decided upon pre-manufactured building verses a stick frame, and the cost differential.

Mark Newton, in response to the cost per unit, provided history regarding the Department of State Architect (DSA) and Department of Toxic Substances Control (DTSC) and noted that agency processing fees create additional expenses that are not seen in general construction projects; he reported that the Field Act created DSA, a group that oversees construction for public buildings and stated that there is an initiative pending addressing the fees associated with building projects reviewed and approved by DSA and DTSC. Mr. Brice Gibbs stated that the fees made mention by Mark Newton were standard in construction for public bond projects. CBOC member Patrick Sweeney provided insight with construction costs associated with the construction of public buildings at his school district.

Mark Newton stated Kitchell performs its due diligence to identify and present the various cost-effective options to the YCCD Board for their final approval. The amount of $3.3 million was set aside for the Ag Housing Project and the board approved the final budget of $2.288 million.

James Cherry asked for an average cost of DTSC approval. Columbia College Vice President Michael Perez stated that the margin for DSA projects is probably 300% above general
construction projects. James Cherry objected to the costs public agencies have to incur beyond those for non-public buildings. Frank “Del” Hodges expressed concern with the costs associated with furnishing and fixtures for each unit. It was reported that there is a purchasing process established that each project adheres.

The following item was discussed out of order:

Approval of Minutes of October 7, 2009 Meeting
Following comments from Committee Members CBOC Chair James West called for approval of the meeting minutes of October 7, 2009. Nick Cretan made a motion to approve the minutes of the October 7, 2009 meeting and was seconded by Billie Taylor. The motion carried with a vote of 7 to 1, with James Cherry voting against the motion.

11. Adjournment
Chair James West adjourned the meeting at 7:50 p.m.

The next meeting of the Citizens’ Bond Oversight Committee will be held on Wednesday, April 7, 2010, at 6:00 p.m., in the YCCD Board Room, Yosemite Community College District, 2201 Blue Gum Avenue, Modesto, CA 95365