

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

CITIZENS' BOND OVERSIGHT COMMITTEE

Meeting Minutes

March 1, 2004

MEMBERS PRESENT: Howard Gustafson, Jr.
Rick Heuer
Jay Hudson
Rick Johnson
Ashley Jones
Melvin Kline
David Lewis
Steven Vagnini

ABSENT: Barbara Canter
Christine Ferguson
Ken White

STAFF PRESENT: Dr. Kirk Avery, Superintendent/President
Ms. Rosemary Barrios, Controller
Mr. Joe Bissell, Vice President for Administrative Services
Dr. Carole Bogue-Feinour, Vice President of Academic Affairs
Mr. Pete Buechel, Purchasing Agent
Mr. Paul Emenhiser, Director of Information Systems
Mr. Steve Morgan, Director of Facilities
Ms. Vicki Nakamura, Assistant to the President

GUESTS PRESENT: Dr. Michael Maas, Maas Companies

1. Call to Order

The regular meeting of the Citizen's Bond Oversight Committee of Monterey Peninsula College was called to order at 3:05 PM.

2. Introduction of New Committee Members

Ashley Jones, representing the Associated Students of Monterey Peninsula College, was introduced.

3. Public Comment

None.

4. Approval of Minutes

It was moved by Howard Gustafson, Jr. and seconded by Rick Johnson to approve the minutes of the November 11, 2003 meeting. Motion unanimously carried.

5. By-Laws Change

It was reported that the Board of Trustees amended the Bylaws of the Committee to designate November 1 for the beginning of the membership term and to designate November for the committee's annual organizational meeting. A copy of the revised Bylaws was distributed.

6. District's Educational/Facilities Master Plan Presentation

Michael Maas, of Maas and Associates, gave a presentation on the district's Educational/Facilities Master Plan which was recently completed by his firm. He noted that the planning process began in June 2003, and the Board of Trustees approved the plan at their February 24 meeting.

Dr. Maas explained that the bond program is for \$145 million, but the projects within the facilities master plan equal \$212 million. Additional funding of \$67 million will be needed to complete all of the projects. The college plans to leverage bond dollars by acquiring funds from federal, state, and private sources. To ensure eligibility for state funding, campus facilities will conform with state standards.

He summarized key findings of the plan:

- Within the college's service area, population growth is lagging. The annual rate of growth is projected at 1.2%. He said that 1.1% is considered no growth. Growth will occur in the northern part of the district.
- Limited growth in enrollment is also projected; however, the college's weekly student contact hours (WSCH) are projected to outpace the enrollment growth rate. To meet enrollment projections, the college will need to increase student participation rates. Also, because the college is funded based on WSCH, the college's instructional program will need to be efficient in terms of class size.
- The campus is showing its age. Infrastructure and utility systems need to be revitalized.
- No parking structure is being recommended in the plan. The campus will never be able to totally solve its parking problem. The state standard is 5 students per parking space, but students are not on campus all of the time. A comprehensive traffic plan needs to be developed.
- The volume of existing space on campus is adequate to meet current needs; however the quality of the space is not good. Consequently, facility renovation is a funding priority.
- The terrain of the campus is challenging. The ravine in the middle of the campus acts as a physical barrier, separates one side of the campus from the other, and creates circulation problems.

Dr. Maas indicated that the plan also addresses future program and space needs of the campus out to 2020. He noted there will be opportunities in public safety training, needs in the science area, and growth in community-based programs in physical education and the arts.

He explained that WSCH drives square footage projections for community colleges. In 2002, the college had an excess of 56,062 assignable square feet, but by 2020, the college will need 49,750 additional assignable square feet.

Dr. Maas also noted the Fort Ord properties that will be conveyed to the college. He stated these parcels represent a tremendous opportunity, noting they are positioned strategically in the northern part of the college's district where growth is projected to occur and where the population is also underserved. The college will have two different sites at the former Fort Ord, one for an educational center and the other for a public safety officer training facility. Dr. Maas commented the Fort Ord building projects constitute 22.6% of the facilities master plan expense while 23% of the college's enrollment is projected to occur at these sites, demonstrating good correspondence between investment and return from these properties.

Dr. Maas explained the projects are laid out in four phases over 10-12 years, to correspond with the four bond issuances totaling \$145 million. This phasing will also allow leveraging of bond funds with other sources of funding. At this stage of planning, budgets are inviolate. It is necessary to stay within the project budget allocations to ensure that all projects will be funded.

Jay Hudson asked about estimation of project costs. Dr. Maas responded that the initial budgets considered inflation and include built-in contingency amounts. Some adjustment will be needed, but these are the best estimates at this time.

Dr. Maas concluded that the Educational/Facilities Master Plan provides a good road map. The phasing and sequencing of projects will ensure that the instructional program will not be disrupted and result in a negative impact on the college's operating budget. It is not feasible for the college to implement 5-6 projects at one time.

Melvin Kline noted that the college's mission included instructional programs for elders, such as Gentrain. He asked if these needs were included in the plan. Dr. Maas replied yes, that community-based programs and general education were considered.

7. Status of "Early Start" Bond Projects

Joe Bissell reported that several projects were identified and approved by the Board of Trustees for action before completion of the Educational/Facilities Master Plan. Best estimates were used to develop the allocation of funds. He reviewed the February 17, 2004 progress report which reflected purchase orders, requisitions, etc. Some transfers are being made between project categories, but the college is staying within the Board approved allocation of \$3,945,000.

Stephen Vagnini asked if purchase of vehicles were an appropriate expenditure of bond funds. Mr. Bissell responded yes, that the vehicles were properly listed in Exhibit B of the college's ballot measure.

8. Accept Bills and Warrants Report

Mr. Bissell reviewed the list of payments from bond funds expended through January 31, 2004. He reported that \$36,550,000 remained uncommitted from the first series of bonds issued, with \$3,945,000 allocated for the early start projects. Payments of \$1.8 million have been made to date.

Dr. Kline asked if any of the projects had been completed. Mr. Bissell responded that the vehicles had been purchased. Dr. Kline requested that the projects list also indicate the percent of completion.

Mr. Hudson asked if the expenditures for the early start projects would be held to \$3,945,000 and what would happen if the amount were exceeded. Mr. Bissell explained that the budget could be exceeded if careful monitoring of projects did not occur. Problems may arise and it may be necessary to shuffle funds, using the landscaping project in front of the Library & Technology Center as an example. He stated the overall project budget would balance.

Mr. Hudson also asked if the committee should accept or approve the bills and warrants report. Mr. Bissell clarified that the committee was being asked to accept, rather than approve the bills and warrants report. He encouraged the committee to ask questions and bring forward any concerns.

David Lewis asked for further information on how the early start projects list was developed. (At this point in the meeting, Rick Heuer arrived.) Mr. Bissell explained how projects were identified and the approval process.

Mr. Heuer asked why bond funds were being used for maintenance agreements. Mr. Bissell explained these were start up costs to get systems into operation. Mr. Heuer asked how second and third year maintenance agreements were being paid. Mr. Bissell responded that the general fund would cover these expenses.

Mr. Heuer also inquired about the process for choosing vendors for the telephone equipment purchase, if bidding or sole source was used. Paul Emenhiser, Director of Information Systems, explained that a third option was used. The college utilized a state purchasing contract to acquire the phone system.

It was moved by Dr. Kline and seconded by Mr. Gustafson to accept the bills and warrants report. Mr. Heuer proposed amending the motion to remove the training (page 2 of report) and maintenance (page 3 of report) expenditures and to vote upon them separately. It was moved by Mr. Heuer and seconded by Mr. Gustafson to amend the motion and the motion failed to carry. The motion to accept the bills and warrants report was then approved with one no vote cast (Mr. Heuer).

Dr. Kline asked if the training was initial or long-term. Mr. Emenhiser answered that the training was one-time to set up the hardware; it would not be on-going. Mr. Bissell added that college staff installed the equipment.

Mr. Heuer reiterated that he did not support spending bond money for a one-year maintenance agreement. The year will end, but the bond will continue to fund the expenditure for 20 years. He preferred bond money being used to build and renovate facilities.

Mr. Hudson asked if the college could check if it was appropriate for maintenance to be funded by the bond. Mr. Bissell stated he would check with bond counsel for a legal opinion on this issue.

9. District's Audited Financial Statements

Mr. Bissell reviewed the District's Audited Financial Statements, for the fiscal year ended June 30, 2003. He reported the college received an unqualified opinion with no adverse findings. There were no exceptions nor material weaknesses identified.

Dr. Kline asked if the audit included any specific reference to the bond. Mr. Bissell replied the audit showed the college received bond funds in the amount of \$40 million. This amount was shown as both an asset and a liability, even though the college is not responsible for paying off the bonds.

10. Schedule Next Meeting

Meeting dates were set for June 7, 2004, September 13, 2004, and November 1, 2004. The November meeting will be the annual organizational meeting.

11. Suggestions for Future Agenda Topics

None were suggested. Kirk. Avery invited members to contact him if they later identified topics of interest.

12. Adjournment

The meeting was adjourned at 4:10 pm.