

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

CITIZEN'S BOND OVERSIGHT COMMITTEE

Monday, June 7, 2010

2:00 PM – Committee Tour of College Facilities Projects

3:00 PM – Regular Meeting

Sam Karas Room, Library and Technology Center

Monterey Peninsula College

980 Fremont Street, Monterey, California

Meeting Minutes

- MEMBERS PRESENT: Mr. Peter Baird
Mr. Steve Emerson
Ms. Daphne Hodgson, Chair
Mr. Ron Pasquinelli
Mr. Gary Ray, Vice Chair
Ms. Sondra Rees
- ABSENT: Mr. David Collyer
Mr. Scott Coté
Ms. Mary Ann Kane
Ms. Elinor Laiolo
- STAFF PRESENT: Ms. Suzanne Ammons, Administrative Assistant to VP for
Administrative Services
Ms. Rosemary Barrios, Controller
Mr. Joe Bissell, Vice President for Administrative Services
Dr. Douglas Garrison, Superintendent/President
Mr. Steve Morgan, Director, Facilities
Ms. Vicki Nakamura, Assistant to the President
- OTHERS PRESENT: Mr. Joe Demko, Kitchell
Mr. Orion Moore
Mr. Ronan O'Mahony

The Committee convened at 2:00 PM for a tour of college bond projects at the Monterey campus.

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 by Chair Hodgson.

2. Public Comment

There were no public comments.

3. Approval of March 1, 2010 Minutes

Chair Hodgson asked Mr. Bissell to provide follow-up on the Lehman Brothers and Washington Mutual bankruptcy write off item identified in the minutes. Mr. Bissell reported different write-off amounts for school districts were identified and the District has not yet

received payment from the Monterey County Office of Education (MCOE). He said this issue would need to be resolved by the June 30 closing and he would provide a complete report at the August meeting. Chair Hodgson clarified the County auditor applied the write-off proportionately to all investment pool participants and MCOE had not yet allocated to the school districts. Ms. Rees asked if the previously noted payment amount of \$450,000 was firm. Mr. Bissell responded he could not confirm the amount and it was likely the final amount would be different.

Motion to approve the minutes of the March 1, 2010 meeting was made by Mr. Emerson and seconded by Ms. Rees. Motion carried unanimously.

4. Accept Bills and Warrants Report

A revised report with added clarifications was distributed to the committee. Mr. Bissell asked for questions or comments regarding the report.

Mr. Baird asked if the first Kleinfelder entry on page 1 should be for the period "ending" December 6, 2009. Mr. Bissell said he would verify. Mr. Baird had a similar question for the Kleinfelder entries under the Automotive Technology Building renovation on page 2. He also noted the Kleinfelder entry under the Infrastructure – Phase III project on page 10 was missing a date for the service period. (The date of December 6, 2009 was included on the report, but the line did not print out due to a formatting error.)

Mr. Baird followed with a question regarding two entries on page 7 for the installation of carpeting by Casa de Floors in the former Administration Building. He asked if one entry was a duplicate. Mr. Bissell responded the total expense of the two entries was \$30,000, a reasonable sum as the building is 6500 sq. ft. in size.

Mr. Emerson noted a duplicate payment for \$28,475 for Swinerton Builders listed on page 1 under the new Student Services Building project. He expressed concern about the size of the payment.

Chair Hodgson commented the explanations were clearer on this quarter's report, thus she had fewer questions. She observed there were several payments to Kitchell listed on page 9 for program management services, ranging from \$62,000 to \$81,000. She asked how the billing amount was determined. Mr. Demko explained the difference was due to billing for a five week month versus a four week month. The \$81,000 payment represents a five week month which consists of 200 hours per month. In comparison, a four week month is 160 hours. Mr. Bissell added the District is paying Kitchell on an hourly basis; there may be additional services being provided during the month.

Chair Hodgson also inquired about entries under the Infrastructure – Phase III project on page 11 for Don Chapin Co. for concrete removal and replacement in front of the Social Science and former Administration buildings. Mr. Bissell explained the concrete around a building is not replaced until all of the construction work is completed.

Motion to accept the bills and warrants report was made by Vice Chair Ray and seconded by Mr. Emerson. Motion carried unanimously.

5. Bond Expenditure Status Report

Mr. Bissell stated the March 31 bond expenditure report showed more in-process projects while the future projects category is getting smaller. The total amount expended to date is \$77,660,688.

Mr. Pasquinelli indicated the Public Safety Training Center renovation is listed as 100% complete in construction, but only 83% expended. Mr. Bissell responded the report does not reflect payments after March 31 nor does it account for projects being under budget. Mr. Demko added the columns showing percent bond cost and percent construction schedule do not relate to each other. He explained 75% of funds are expended in the last years of construction. Mr. Demko also noted design costs, which are incurred a year ahead of construction, are not considered in the construction schedule column.

Mr. Pasquinelli noticed the total bond budget for all projects was \$153 million; however, the bond issuance total was \$145 million. He asked if the difference was due to extra interest being earned. Mr. Bissell explained the District's refinancing of the bond at the end of 2005 resulted in additional funds of \$4.5 million. Then the District issued the remaining series of bonds and invested the funds in the Monterey County investment pool. However, due to the Lehman Brothers and Washington Mutual bankruptcies and the current low interest rates, it is unlikely the District will earn enough interest to reach the projected total of \$153 million. Mr. Bissell related Monterey County Treasurer Lou Solton's suggestion that with interest rates so low, the District should keep funds liquid rather than investing in a 5-year Treasury bond. This strategy will allow the District to take advantage of possible increased rates that may occur in the next 18 months. Mr. Bissell concluded the \$153 million will need to be adjusted down. He said projects are being reviewed to meet both programmatic needs and budgets.

Mr. Baird asked if any state funding was anticipated. Mr. Bissell replied the Humanities/Business-Humanities/Student Services project is 50% state funded. The funds for this project are included in the 2010-11 state budget; when the budget is approved, the funds will be released to the District. Mr. Baird inquired about the possibility of the funds being pulled. Mr. Bissell said the funds are from a school construction bond, so the state cannot use the money for another purpose.

Dr. Garrison mentioned the other project slated for state funding is the Public Safety Training Center facilities at Parker Flats at the former Fort Ord. He said other funding sources may be needed if state bond measures continue to be deferred. Mr. Bissell stated savings from projects completed under budget may be able to provide the additional funding required for the public safety training facilities project.

Mr. Bissell then reviewed the cost control report which shows the expenditure status of large individual bond projects. Chair Hodgson commented the variance column is usually blank and asked if it would be useful to see actual expenditures. Mr. Bissell responded that most of the figures listed are for contractual amounts so it is unlikely there would be any further information. He indicated the "Other" category is used for unforeseen items and more variances would be identified if this category was not in use.

Mr. Baird noted there was no construction management fee listed for the Infrastructure – Phase II project. Mr. Demko said the fee is taken out of general bond management rather than from a separate construction management contract because the projects are mostly small.

6. Update on Facilities Projects, Timelines and Schedules

Mr. Demko, the college's bond program manager, reviewed the status of current facility projects.

Education Center at Marina Permanent Facilities - Mr. Demko reported the District was working with PG&E and AT&T to reduce costs of providing power and telecommunication services to the site. The underground work was completed within budget.

Infrastructure - Mr. Demko indicated parking lot B would be renovated when the TRIO program's portable trailers are moved. He said more parking would become available at the Monterey campus as projects are completed.

New Student Services Building - Mr. Demko reported the roof has been installed.

Auto Technology Building - The addition is essentially done. The restrooms will be demolished and converted into storage rooms.

Old Administration Building/Swing Space - Mr. Demko reviewed the different swing space components on campus. He noted the challenge in providing swing space to meet the needs for laboratories for Life and Physical Sciences courses. Mr. Demko reported five portable trailers will be located near the Theater and Social Science buildings. He mentioned the Business-Humanities building will be demolished as part of the Humanities/Old Student Services/Business Humanities project and replaced with a parking lot. Mr. Demko expected the state would cover the site work for the parking lot as part of the overall project.

Facilities Committee - The committee continues to meet.

Business-Computer Science Building – Mr. Demko reported construction would begin on June 14. The project is due for completion in February to enable the departments to move in over spring break.

Humanities/Old Student Services/Business Humanities - Mr. Demko said he and Steve Morgan, Director of Facilities, met with Chancellor's Office staff to request more funding for equipment.

Theater – The building design has been changed to relocate the elevator to the inside of the building.

Life Science/Physical Science Buildings – Mr. Demko said cost estimates for the project look good. The architect is fine-tuning the design to meet programmatic needs.

Music Building – Alternatives are being evaluated.

Gym First Floor/Pool/Tennis Courts – Mr. Demko reported there are sequencing and structural issues involved in this project. He mentioned today's locker rooms are smaller than when the Gymnasium Building was originally constructed.

Student Center – The next step is to meet with students and the vendors for the bookstore and cafeteria operations to review options.

Outside Lockers Adjacent to the Art Buildings – Mr. Demko said this project would be completed as time permits.

Mr. Pasquinelli questioned if projects could be moved up to take advantage of the current good bid environment and since interest rates on the bond fund investments are low. Mr. Bissell replied the District has already done so, but there are several limiting factors. A major consideration is to avoid severe impacts on campus operations. In addition, swing space must be provided when a building is being renovated. Mr. Bissell noted there is also an impact on parking when too many projects are under construction at one time. He said the District is considering a strategy where projects are done on a piecemeal basis rather

than completing an entire project. Dr. Garrison commented that next summer, eight projects will be underway on campus.

7. Monterey County Treasurer's Investment Report

Mr. Bissell indicated the report was self-explanatory. There was no further discussion.

8. Meeting Schedule

The remaining meetings for the year are scheduled for:

Monday, August 30, 2010 – Chair Hodgson indicated she would be out of town and unable to attend this meeting. Ms. Nakamura will contact the committee members to confirm their availability. Dr. Garrison noted a tour of the Education Center at Marina project and the completed Seaside Public Safety Training Center renovation has been planned prior to the meeting (which will be held at the Seaside facility).

Monday, November 1, 2010 (Annual Organizational Meeting)

9. Suggestions for Future Agenda Topics and Announcements

It was noted the August 30 meeting would be Mr. Bissell's last, before his retirement. Dr. Garrison indicated the search for his replacement would be concluding soon. Mr. Baird thanked District staff, including Mr. Bissell, for making the committee's job easier and addressing the committee's concerns. Chair Hodgson concurred with Mr. Baird's comments.

10. Adjournment

Chair Hodgson adjourned the meeting at 4:12 p.m.

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