



**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT**  
Citizens' Bond Oversight Committee

Monday, March 12, 2012  
3:00 PM – Regular Meeting  
Sam Karas Room, Library and Technology Center  
Monterey Peninsula College

Meeting Minutes

MEMBERS PRESENT: Mr. Daniel Cervantes  
Dr. Sophal Ear  
Mr. Stewart Fuller  
Mr. Rick Heuer  
Mr. Birt Johnson, Jr.  
Mr. Bob Mulford, Chair  
Mr. James Panetta  
Mr. Niels Reimers  
Ms. Patty Rossi

ABSENT: Mr. Wayne Cruzan  
Mr. J. Fagan, Vice Chair

STAFF PRESENT: Ms. Rosemary Barrios, Controller  
Dr. Douglas Garrison, Superintendent/President  
Mr. Stephen Ma, Vice President for Administrative Services  
Ms. Vicki Nakamura, Assistant to the President  
Mr. Bruce Wilder, Instructional Technology Specialist

OTHERS PRESENT: Mr. Joe Demko, Kitchell

**1. Call to Order**

The regular meeting of the Citizens' Bond Oversight Committee of Monterey Peninsula College was called to order at 3:00 PM by Chair Mulford.

**2. Introductions**

Dr. Garrison introduced the newest member, Daniel Cervantes, who was appointed by the Board of Trustees to represent the Associated Students of Monterey Peninsula College. Dr. Garrison also welcomed incoming members Sophal Ear, Rick Heuer, Birt Johnson, Jimmy Panetta, and Patty Rossi. Self-introductions were made by the committee.

**3. Public Comment**

There were no public comments.

**4. Purposes, Duties and Authorized Activities of the Citizens' Bond Oversight Committee/Review of Ethics Policy Statement**

Mr. David Casnocha, the district's municipal bond counsel, provided an orientation for the new members regarding the role of the committee. Mr. Casnocha stated the college's bond, Measure I, was approved under Proposition 39 requirements. He noted Proposition 39 lowered the threshold for voter approval of general obligation bonds to 55% and required the establishment of an oversight committee. In addition to acquisition and renovation of real property, Proposition 39 allowed bond proceeds to be used for acquisition of furniture and equipment. Proposition 39 also required more specificity regarding projects and an annual independent financial and performance audit. He advised the committee to review the project list included with Measure I to determine projects the bond funds were intended to fund.

Mr. Casnocha then reviewed the committee's Bylaws. He noted Section 3 describes the key functions of the committee, with the primary purpose being to review expenditure reports to ensure bond funds are spent only for authorized purposes and not on administrator or teacher salaries. Mr. Casnocha said the state attorney general subsequently issued an opinion that the law permits salary expenditures related to administrative oversight of bond projects.

The project list, Exhibit B, of the district's bond resolution, provides the types of projects approved by the voters for bond expenditure. A project may not be expressly mentioned in Exhibit B; however, if it corresponds with the types of projects listed, then the project is recognized as authorized. Mr. Casnocha explained the legislature realized that district needs change over time.

A second key function of the committee is to inform the public of the committee's activities and District expenditure of bond funds. Mr. Casnocha provided examples of how information could be provided, such as through a written annual report, a summary published in the college newsletter, the committee website, or through a presentation by the committee chair to the Board of Trustees. The annual report must be submitted each year and must include an affirmative conclusion that the District is in compliance with legal requirements regarding bond expenditures.

Mr. Casnocha reviewed the authorized committee activities listed in Section 4. For the committee to perform the duties of reviewing expenditures, informing the public, and preparing a written annual report, the committee may review the annual financial audit and performance reports. In addition, the committee may inspect college grounds and facilities through a tour. The committee is also authorized to review copies of deferred maintenance and other facilities plans to determine how the district intends to maintain buildings constructed or renovated with bond funds.

The committee may also review the efforts of the District to maximize bond funds. He cited several examples, such as use of bids, minimizing change orders, applying for state matching funds, using "green" building strategies, and promoting sustainability to save dollars.

Mr. Casnocha discussed Section 5 which covers committee membership. He noted members are not subject to state conflict of interest regulations as specified in Section 5.3 because the committee's purpose is to provide oversight rather than be a decision-making body. This section will be revised to remove the requirement to complete the state conflict of interest form. Under Section 5.4, the Bylaws provide for continuity of

membership through the staggering of terms and specify committee members are limited to two consecutive terms.

Mr. Casnocha concluded his review of the Bylaws with Section 11 regarding termination of the committee. He stated the committee will need to remain in existence through submission of the last annual report following the issuance of the final financial audit and performance audit reports. Since the last bond series was issued in 2008, the District expected to expend \$96 million in bond funds in five years, by 2013. He added that another \$9 million of taxable bonds were issued, with no timeframe for expenditure.

**5. Review of the Ralph M. Brown Public Meetings Act**

Mr. Casnocha included his review of the Brown Act as part of his presentation on the committee's role.

He stated the committee's activities are subject to the Brown Act; all business of the committee must be conducted in public. There should be no need for closed sessions which are reserved for personnel matters or litigation. Only items appearing on the meeting agenda may be discussed. He cautioned against participating in serial meetings or engaging in discussion of committee business outside of the regular meetings. Using e-mail to discuss committee matters is also a violation of the Brown Act.

**6. Approval of November 7, 2011 Minutes**

Mr. Ma reviewed the handout regarding follow-up items from the bills and warrants report recorded in the minutes of the November 7 meeting. Mr. Demko provided further information regarding the payment to Dilbeck & Sons on the Education Center at Marina project beyond 100% completion. He said there were other items that had to be addressed after beneficial occupancy. In the future, these expenses will be described in a clearer way.

Mr. Demko also provided clarification concerning several payments to HGHB Architects. He indicated HGHB has performed a significant amount of work on several projects and he assured the committee that invoices and contracts are reconciled to ensure there is no over compensation occurring.

Motion to approve the minutes of November 7, 2011 with the clarifications provided was made by Ms. Rossi and seconded by Mr. Fuller. Motion carried unanimously.

**7. Accept Bills and Warrants Report**

Mr. Ma presented the quarterly bills and warrants report. He said the expenses are broken down by project and represent payments made since the September 30 quarterly report. To date, \$105.2 million of bond funds have been spent by the district. He asked for questions or comments on the report.

Mr. Heuer questioned the use of bond funds for items such as wastepaper baskets (page 3) and lab supplies for life science (pages 4 and 6), when the bonds would be paid for 10-20 years. He noted lab supplies would be consumables and asked if the supplies were actually equipment. Mr. Ma responded staff will check and clarification provided at the next meeting.

Mr. Heuer stated he noticed a number of rental payments for Williams Scotsman and asked for further information. Mr. Ma explained the rental expense was for relocatables to provide swing space.

Mr. Heuer also asked about the expense for the portable air conditioning system at the Education Center and whether a permanent system was installed. Mr. Ma confirmed the permanent system is in place and air conditioning was required for the Thin Client system. Mr. Heuer followed with a question regarding removal of a Trex deck at the Child Development Center, listed on page 10. Mr. Ma said the new Center had been completed with state and bond funding. He explained a defect was found in the deck and the remedy was being funded by the bond.

Dr. Ear noted the payment application for Dilbeck & Sons under the Education Center project on page 3 was for a large dollar amount. Mr. Demko responded the payment represented the general contractor expense. As the project extends for 14-16 months, the contract amount is significant. Dr. Ear also asked about program management expense listed on page 8 for Kitchell CEM. Mr. Ma explained the cost is for managing the bond program. Mr. Demko added the contract with Kitchell CEM was approved by the Governing Board.

It was moved by Mr. Heuer and seconded by Mr. Johnson to accept the December 31, 2011 bills and warrants report. Motion carried unanimously.

**8. Bond Expenditure Status Report and Cost Control Report**

Mr. Ma reviewed the December 31, 2012 bond expenditure status report. He commented the college has been successful in augmenting bond funds with state funding to provide a total of \$181 million for projects, with the bond providing \$149 million. He explained Column A represents the working budget for projects and when the expense is less than the budgeted amount for a particular project, the excess will be freed up for other projects.

Mr. Reimer asked about the project, PSTC Parker Flats. Dr. Garrison responded PSTC is the acronym for the college's Public Safety Training Center at the former Fort Ord. The first phase of the PSTC was the facilities renovation at the Colonel Road location. The second phase consists of construction of a fire training tower and driving course at Parker Flats and firing ranges at the MOUT (Military Operations on Urbanized Terrain) facility. The Parker Flats and MOUT properties have not yet been conveyed to the college.

Mr. Demko reviewed the cost control report. He stated the report is submitted to the Governing Board each month and provides a forecast of how the active facilities projects are proceeding. He indicated there are four major projects underway. The Life Science and Physical Science buildings renovation was budgeted at \$14.5 million and the construction bid was \$2 million under, so savings are anticipated. The Theater project was bid twice and the bids came in over budget. Mr. Demko projected the Education Center project will also have a savings. Dr. Garrison added the savings will go into a contingency fund that will be used for future projects.

Ms. Rossi asked where swing space is located in the report. Mr. Demko answered swing space is treated as one project and is budgeted at \$4.6 million. He added that moving costs are included under swing space. Dr. Garrison described the importance of

swing space in maintaining the integrity of the instructional program and minimizing disruption to students.

**9. Bond Auditors' Reports for 2010-11**

Mr. Ma reported two independent audit reports have been prepared, the first is a financial audit and the second is a performance audit. These audit reports are required to be prepared annually. He reviewed the audits and indicated there were no findings or recommendations on either report.

**10. State Capital Outlay Funding Process**

Ms. Nakamura noted that one of the challenges in planning the use of bond funds was that district needs were far greater than the amount of bond funds available. Since 2002, the district has sought to leverage local bond funds with other funding, the primary source being state funding. She provided an overview of the process to obtain state funding for District facility projects, including the annual five year construction plan that must be prepared and submitted to the Chancellor's Office. In addition, each project must have an initial project proposal (IPP) and final project proposal (FPP) prepared and approved by the Chancellor's Office to be eligible for funding.

She reported the District has been successful in obtaining state funding for the Child Development Center, the renovation of the former library to provide a new administration building, and the Humanities, Business Humanities and Student Services project. Phase 2 of the Public Safety Training Center Project at the former Fort Ord has also been approved as eligible for state funding; however, currently, there are no state capital outlay funds available. Ms. Nakamura explained community college facilities projects are funded by state capital outlay bond measures that are placed on the ballot every two years. However, the last state bond measure was in 2006. Bond measures slated for 2008 and 2010 were deferred due to the recession and the state's poor economy. It is likely there will again be no bond measure in 2012. This delay in state funding caused the District to revise its facilities plan to downsize some projects (previously approved for state funds) in order to go forward without the state funding match.

**11. Facilities Construction Plan Overview**

Mr. Ma provided an overview of the district's facilities master plan, approved by the Governing Board. He referred to two future projects on the Monterey campus, the Arts Complex and the Student Center. The college's architects have completed plans for both of these projects.

**12. Update on Facilities Projects, Timelines and Schedules**

Mr. Demko highlighted four major projects that were undertaken this year as a priority.

Theater – Mr. Demko reported the concrete work has been completed and there have been minimum change orders. The project is ahead of schedule.

Life Science/Physical Science – Mr. Demko said this project would be completed in two phases. He reported good progress has been made. In June the Life Science Division will move back into the newly renovated building. The General Classroom building will then be renovated to meet Physical Science needs during renovation of the Physical Science building.

Gym, First Floor – Mr. Demko reported a lot of plumbing and underground work has been completed on this project. The project is ahead of schedule despite some change orders.

Humanities/Former Student Services/Business Humanities – Mr. Demko said the renovation of the former student services building has been completed. In future phases, the humanities building will be remodeled and the business humanities building will be demolished.

Mr. Demko concluded his report, stating that schedules and costs are good. Chair Mulford asked what percentage was allowed for change orders. Mr. Demko responded that generally, 6-8% are expected on new projects and 10% allowed for renovations.

**13. Meeting Schedule**

The next meeting on June 11 will include a tour of facilities projects on the Monterey campus. Mr. Heuer indicated he would not be able to attend the meeting.

**14. Suggestions for Future Agenda Topics and Announcements**

There were no suggestions for future agenda topics.

Bruce Wilder requested the committee's support to purchase equipment for general classrooms from the bond funds. Chair Mulford responded this matter was not in the committee's purview.

**15. Adjournment**

Chair Mulford adjourned the meeting at 4:34 PM.

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