



MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

Monday, June 17, 2013
2:00 PM – Committee Tour of College Facilities Projects
3:00 PM – Regular Meeting
Sam Karas Room, Library and Technology Center
Monterey Peninsula College

Meeting Minutes

MEMBERS PRESENT: Mr. Daniel Cervantes
Mr. Wayne Cruzan
Mr. Stewart Fuller
Mr. Rick Heuer
Mr. Birt Johnson, Jr., Vice Chair
Mr. Bob Mulford
Mr. James Panetta
Mr. Niels Reimers

ABSENT: Dr. Sophal Ear
Mr. J. Fagan, Chair

STAFF PRESENT: Ms. Rosemary Barrios, Controller
Mr. Stephen Ma, Vice President for Administrative Services
Ms. Vicki Nakamura, Assistant to the President
Dr. Walter Tribley, Superintendent/President

OTHERS PRESENT: Mr. Joe Demko, Kitchell

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 Citizens' Bond Oversight Committee of Monterey Peninsula College was called to order at 3:05 PM by Vice Chair Johnson.
- 2. Public Comment**
There were no public comments.
- 3. Approval of March 4, 2013 Minutes**
A handout providing follow-up to questions on the bills and warrants report recorded in the minutes of the March 4 meeting was distributed and reviewed. Mr. Demko provided additional information regarding item #2 that equipment installed in concrete, such as

light fixtures, is pre-ordered and provided to the contractor to prevent construction delays; these items are "owner furnished, contractor installed."

Mr. Mulford noted he was incorrectly listed as Chair in the minutes.

Motion made by Mr. Mulford, seconded by Mr. Cruzan, to approve the minutes of March 4, 2013 with the clarifications and amendments noted. Motion carried unanimously. Mr. Heuer abstained from the vote due to his absence at the March 4 meeting.

4. Accept Bills and Warrants Report

Vice Chair Johnson advised the committee to proceed with their questions on the quarterly bills and warrants report by page. There were no questions on pages 1-2.

Mr. Heuer questioned the rental of dimmer lights for a dance performance under the swing space category on page 3. Mr. Demko explained the expense was necessary to make the swing space similar to meet program needs. Vice Chair Johnson asked about the electricity expense for the theater swing space. Mr. Demko said the expense was for swing space located in Sand City.

Mr. Reimers made an overall comment that the report is through March 31; however, many of the invoices are for expenses in November through January. Ms. Barrios explained invoices are received from the vendors at different times and are paid as soon as received.

On page 4, Mr. Heuer asked why asbestos removal in the Business-Humanities building was listed under the swing space category. Mr. Demko responded the Business-Humanities building was adapted for swing space. Mr. Heuer followed with a question regarding the purchase of the mobile kitchen and the long-term intent. Mr. Ma explained the kitchen trailer was purchased to provide food service space while the Student Center is being renovated. As there is no food service available currently at the Marina Education Center, the trailer may be used to provide services there or sold to another college.

Mr. Mulford asked about the 3 portable classroom trailers placed on the tennis courts. Mr. Demko said the trailers were converted from physical education use to accommodate space needs of the humanities program.

Moving to page 5, Mr. Heuer noted an expense for "miscellaneous purchases for Kitchell's general condition." He requested an explanation of "general condition." Mr. Demko indicated Kitchell has never charged for reimbursables and stated the expense is for items not covered under contract, such as drawings. Mr. Ma elaborated that "general condition" means the set up of the field office and operations, including the purchase of supplies.

Mr. Mulford asked about several entries for special testing and inspection. Mr. Demko stated the Division of the State Architect requires additional testing by a special inspector who is called for specific items. Mr. Ma explained the general inspector of record is not licensed to do the special testing.

On page 6, regarding the rental of a lift for Eco Tech to troubleshoot the wind turbine at the Marina Education Center, it was asked if the problem was resolved and what the

cost was. Mr. Demko said the company was no longer in business. He will research the cost and report back to the committee.

Mr. Reimers asked about the infrastructure category and what determines whether an expense is listed under infrastructure or allocated to a building project. Mr. Demko said the infrastructure category includes items on the perimeter of the building, such as a walkway, that are not part of the building itself.

Mr. Heuer asked why the Child Development Center expense for the shade structure was listed under infrastructure. Mr. Ma explained the Child Development Center project was completed and closed out. The shade structure was subsequently funded by a grant and the related installation costs were assigned to the infrastructure category. Mr. Demko added the Child Development Center was a state funded project, and closed out to meet construction and expenditure reimbursement timeline requirements.

In reviewing the infrastructure phase III/miscellaneous category, Mr. Heuer inquired how expenditures are prioritized, what controls which project gets extra funding and which project or item does not get funded. Mr. Ma answered small projects such as the Child Development Center shade structure are prioritized and brought to the Facilities Committee for review. In the case of the shade structure which was funded by a \$25,000 grant, covering the installation costs was a reasonable expense.

Mr. Mulford asked about using the contingency budget to cover these miscellaneous expenses. Mr. Heuer indicated his concern with rolling both infrastructure and miscellaneous expenses together is that infrastructure included identified projects and a corresponding budget allocation. If miscellaneous expenses are included, then the budget allocation is not being spent on infrastructure projects. Mr. Heuer noted it is unclear what infrastructure funds are covering, that the infrastructure/miscellaneous category has become a catch-all. He concluded miscellaneous items should be covered under the contingency budget. Mr. Demko said the contingency budget was created for projects and there could be a miscellaneous category within the contingency budget. Mr. Heuer stated it would be clearer to either have a separate category or a category within the contingency budget to handle miscellaneous expenses. He observed as the District gets to the end of the bond program, there may be insufficient funds available to complete infrastructure projects. If there is infrastructure funding remaining, the excess could be rolled over to the contingency fund.

Mr. Reimers noted the infrastructure phase III budget was 99% spent. Mr. Heuer asked if there was infrastructure work left to do. Mr. Demko said there were a few projects remaining, including sidewalk work. Vice Chair Johnson commented this discussion was important, given that the infrastructure phase III budget was 99% completed on cost and 99% completed on schedule. He advised that going forward, identifying infrastructure and miscellaneous items separately would also allow costs to be identified.

Regarding page 7, Mr. Heuer commented that expenses for the new Student Services building were also included under the miscellaneous category. He then asked for further information on the entries for professional consulting services provided by Dolinka Group and why they were listed under the infrastructure category. Mr. Ma responded the expense was considered a miscellaneous item. He explained city and county redevelopment agencies were recently dissolved by the Governor and redevelopment agencies in the District owed school districts and MPC funding for facilities. He and Ms. Nakamura both sit on various oversight boards for the former redevelopment agencies

and the agencies have disputed the claims for funding. The Monterey County Office of Education retained Dolinka Group to assist school districts in auditing the redevelopment agency payments, and MPC has joined in this effort. Payments received will supplement bond program funding.

Mr. Heuer asked why the Dolinka Group expense was considered a bond cost. Mr. Ma stated bond dollars would be augmented as a result. Mr. Heuer stressed the expense had no relationship to the bond. If additional funding for facilities is received from the former redevelopment agencies, there was no guarantee the funds would be used on bond projects. Mr. Ma explained the funds would pay for Division of State Architect fees or costs associated with processing facilities projects with the state to leverage bond funds. Mr. Heuer stated if there was no bond, the District would still seek recovery of these funds and the facilities processing work would have been necessary to determine the projects.

Mr. Mulford stated he saw a correlation with the bond. He asked if this was the first time the Dolinka Group entries had appeared in the report. Mr. Ma responded no, there have been previous expenses for Dolinka Group. Ms. Barrios added the auditor has reviewed and made no comment about including these expenses.

Dr. Tribley said supporting the college's effort would also support the bond program. Staff could provide information to show how bond projects are supported. Mr. Demko asked if earmarking the funds for bond projects would help.

Mr. Heuer reiterated his belief the recovery of redevelopment agency payments would not help the bond, indebtedness would not be reduced. He said this effort and expense had no relationship to the bond. Vice Chair Johnson recommended holding these 2 items aside, pending further explanation.

On page 8 of the report, Mr. Mulford asked if David Foord is a special inspector. Mr. Demko responded no, he is the inspector of record.

To address the committee's concern, Vice Chair Johnson requested staff to break out the infrastructure, miscellaneous, and contingency funding categories, going forward with new purchase orders from July 1. He called for a motion to approve the report, with the two Dolinka Group entries excluded.

It was moved by Mr. Mulford and seconded by Mr. Reimers to accept the March 31, 2013 bills and warrants report, excluding the two Dolinka Group entries. Motion carried unanimously.

5. Construction Management Report

Mr. Demko reviewed his report on construction management fees. Page 2 shows a typical project and how the various fees for design, construction, testing, and contingency, are determined. The format matches what the state uses.

He provided background on the approach being used to calculate construction management fees. The former Vice President for Administrative Services, Joe Bissell, preferred a fixed fee for construction management and it was agreed to use 5% of the construction contract to determine the fee. Mr. Demko stated for large projects, 5% is more than adequate while for small projects, 5% may not cover all of the costs. He said

Mr. Bissell's philosophy was the overall cost would even out between the large and small projects.

6. Bond Expenditure Status Report and Cost Control Report

Mr. Ma reported two projects, the Marina Education Center and the Student Services building, were moved to the completed section of the report. Construction bids will soon be received on three projects, the Arts Complex, the Student Center renovation, and the pool/tennis court renovation. As these projects get underway, project cost figures will begin to reflect construction activity.

7. Update on Bond Refunding

Mr. Ma informed the committee that the District's bond refunding was just completed, with the issuance of \$19.2 million of tax-exempt bonds and \$14.5 million of taxable bonds. The initial projection of savings to the taxpayers as a result of the refunding was estimated at \$600,000 to \$800,000. However, timing and good interest rates generated final savings that exceeded this projection at \$1.38 million. The interest rate for the tax-exempt bonds was 1.52% and the taxable bonds, 2.02%. The average interest rate of the bonds prior to the refunding was 4%. Mr. Heuer expressed appreciation for the savings to the taxpayers.

8. Monterey County Treasurer's Investment Report

Mr. Ma reviewed the report. Vice Chair Johnson shared with the committee that the County's Treasury Oversight Committee currently consists of Mary Zeeb, County Treasurer, Dewayne Woods, County Administrative Officer designee, Gary Bousum, Monterey County Superintendent of Schools designee, Rick Blanckmeister, Chief Business Official of Carmel Unified School District (school districts representative), Suha Kilic, Pebble Beach Community Services District (special districts representative), and a public member, currently vacant.

9. Update on Facilities Projects, Timelines and Schedules

Mr. Demko reviewed the status of projects.

Humanities – Mr. Demko reported construction on the Humanities building is ahead of schedule. The goal is to demolish the Business-Humanities building before the rainy season arrives. More parking will be provided at the site once the demolition is completed.

Life Science/Physical Science – Mr. Demko said the Physical Science building renovation will be completed this summer, allowing Physical Science staff to move back into the building.

Swing Space – Mr. Demko spoke about the special needs of the programs affected by the Arts Complex project as well as the specific swing space needs of student center operations, such as the food service and security.

Pool/Tennis Courts – Mr. Demko said this will be the last project to bid this year. There may be insufficient funds to complete both the renovation of the pool and tennis courts.

Arts Complex – The construction bid came in under budget. Ausonio Incorporated, a local contractor, was the low bidder. Ausonio also completed the gym renovation.

Student Center – Mr. Demko said there were a variety of structural recommendations made by the Division of the State Architect for the building. The renovation is projected to be over budget by \$950,000. As the Arts Complex project will be \$1 million under budget, a recommendation will be made to use the savings to offset the Student Center budget overage, with the remaining allocated to contingency funds.

Mr. Demko stated the remaining projects are the Music facilities at \$1.2 million and the Public Safety Training Center Phase II at \$6 million.

10. Membership Update

Dr. Tribley recognized student representative, Mr. Cervantes, for his service on the committee. Mr. Cervantes graduated in June with four A.A. degrees. He was presented with a certificate of appreciation from the Governing Board. Maury Vasquez, new student trustee, will be appointed at the June Board meeting to replace Mr. Cervantes.

Dr. Tribley also informed the committee that Patricia Rossi, who represented the community at large, has been unable to participate and is no longer a member.

11. Meeting Schedule

The meeting schedule was reviewed; future meetings are scheduled for:
Monday, August 5, 2013
Monday, November 4, 2013 (Annual Organizational Meeting)

12. Suggestions for Future Agenda Topics and Announcements

There were none.

13. Adjournment

Vice Chair Johnson adjourned the meeting at 4:25 PM.

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MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
CITIZENS' BOND OVERSIGHT COMMITTEE
Monday, August 5, 2013

Follow-up Item from June 17, 2013 CBOC Meeting

Per the Meeting Minutes, #4 Accept Bills and Warrants Report:

Bills and Warrants Report

On page 6, regarding the rental of a lift for Eco Tech to troubleshoot the wind turbine at the Marina Education Center, it was asked if the problem was resolved and what the cost was. Mr. Demko said the company was no longer in business. He will research the cost and report back to the committee.

Per Kitchell staff

The wind turbine is operational. The original manufacturer of the turbine, Helix Wind, is no longer in business. We hired Eco Tech to troubleshoot and perform the operational maintenance. We arranged the lift rental to save overhead and profit costs the contractor would have charged to provide the lift. (Mr. Demko will provide cost information at the meeting).