



MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

Monday, March 3, 2014
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. Wayne Cruzan
Dr. Sophal Ear
Mr. J. Fagan
Mr. Stewart Fuller
Mr. Rick Heuer
Mr. Birt Johnson, Jr., Chair
Mr. Bob Mulford, Vice Chair
Mr. James Panetta
Mr. Maury Vasquez

ABSENT: Mr. Niels Reimers

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

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 Johnson.

2. Introductions

Dr. Tribley introduced Mr. Earl Davis, MPC's new Interim Vice President for Administrative Services.

3. Public Comment

There were no public comments.

4. Approval of November 4, 2013 Minutes

A handout providing follow-up to questions recorded in the minutes of the November 4 meeting regarding the bills and warrants report was distributed and reviewed. Mr. Fagan asked why the second re-keying of locks in the physical science building was not covered by the vendor. Mr. Demko explained he discussed with the contractor and re-keying was an inaccurate explanation. The locks on certain doors needed to be re-pinned to limit access as an alternative to issuing new keys.

Motion made by Vice Chair Mulford, seconded by Mr. Fagan, to approve the minutes of November 4, 2013. Motion carried unanimously.

AYES:	9 MEMBERS:	Cruzan, Ear, Fagan, Fuller, Heuer, Johnson, Mulford, Panetta, Vasquez
NOES:	0 MEMBERS:	None
ABSENT:	1 MEMBERS:	Reimers
ABSTAIN:	0 MEMBERS:	None

5. Annual Report Follow-Up

The adjustments made to interest earnings in the financial section of the Annual Report were reviewed with the committee.

6. Accept Bills and Warrants Report

Chair Johnson advised the report would be reviewed by page and invited questions from the committee. There were no questions on page 1.

Regarding page 2, Vice Chair Mulford requested clarification on PlanWell retrieval fees. Mr. Demko responded this item is for electronic retrieval of blueprints.

Mr. Heuer and others questioned the expense for repair of a leak in the training room listed under the pool/tennis courts renovation project. Mr. Demko said the pool project contractor, Ausonio, was on site and paid to repair the leak rather than bringing in another firm. Mr. Heuer asked why this repair was considered a bond expense, and if the leak was due to construction. Mr. Demko said the floor leak was not in the contractor's scope of work. Mr. Davis added if the leak was known, it would have been included in the renovation. Chair Johnson and Mr. Fagan commented the leak appeared to be a general maintenance item. Mr. Fagan noted the leak was not in the scope of work and the expense was also charged against the pool/tennis court renovation. Mr. Davis said the expense would be transferred. Mr. Heuer expressed his concern that bond funds be used for rehabilitation rather than for ongoing maintenance. Mr. Fagan said if the leak is on a previous project, the expense needs to be put in a different category.

On page 4, Mr. Panetta noted two items for Hobart Sales for freezer service in the mobile trailer. Mr. Demko said there is more than one type of equipment being used in the trailer. He will research and provide more detail. Chair Johnson asked about the gas line repair and whether the line was owned by the campus or PG&E. Mr. Demko responded MPC owns the line. Mr. Fagan followed with a question regarding why the gas line repair and striping in Parking Lot C were listed in the swing space category rather than under infrastructure. Mr. Demko explained the work was associated with the mobile kitchen trailer being used as swing space while the Student Center was undergoing renovation.

Chair Johnson asked if there was a typo in the November date on page 5 for the first William Scotsman entry. Staff will research and report back.

Mr. Heuer referred to the entry for CS & Associates for labor compliance review on page 6. He asked for an explanation. Mr. Demko explained the project was 50% state funded and there is a state requirement for a review of payroll. Mr. Heuer stated he did not recall a similar expense for other state funded projects such as the Child Development Center. Chair Johnson noted the second entry for CS & Associates for a labor compliance review in April 2013. He asked if there was a requirement for submitting bills in a timely manner since an earlier report had a June 2013 invoice.

On page 7, Mr. Panetta asked about commissioning services for the Humanities project. Mr. Demko said commissioning services are performed when new systems such as heating and ventilation are installed in a building. These services provide an independent check and calibration of the systems to verify the contractor's work. Dr. Ear noted the expense from Media Systems for the installation of projectors and air vents. He questioned if air vents were installed. Mr. Demko said there may have been a miswording; the vents might be a part of the equipment. Staff will follow-up and report back.

There were no questions on page 8.

On page 9, Vice Chair Mulford asked why the theater was not included in the Closed Projects list. Mr. Demko indicated the theater project has not been closed out yet. The college is waiting for the Division of the State Architect to complete their work and billing.

There were no further questions on the report. It was moved by Mr. Fagan and seconded by Vice Chair Mulford to accept the December 31, 2013 bills and warrants report. Motion carried unanimously.

AYES:	9	MEMBERS:	Cruzan, Ear, Fagan, Fuller, Heuer, Johnson, Mulford, Panetta, Vasquez
NOES:	0	MEMBERS:	None
ABSENT:	1	MEMBERS:	Reimers
ABSTAIN:	0	MEMBERS:	None

7. Bond Expenditure Status Report and Cost Control Report

Mr. Davis asked the committee if there were questions on the December 31, 2013 bond expenditure status report. Mr. Fagan inquired if there were any remaining general contingency funds. Mr. Demko explained contingency funds were used to adjust project budgets to realign totals with bid amounts. The Governing Board approved these budget adjustments in December.

Regarding the cost control report, Mr. Heuer noted there were no variances listed on any of the projects. Mr. Davis said the budgets have been adjusted to the actual costs.

Mr. Fagan referred to the pool and tennis court project. He noted the budget indicated in the cost control report does not include the tennis courts. Mr. Fagan asked if the tennis courts were approved by the Board as a future project. Mr. Demko explained the tennis courts were included in the project design and identified as an alternate in the bidding process to determine the specific cost. There were not enough funds to complete the tennis courts.

Mr. Demko said the bond expenditure report will be adjusted to delete the tennis courts from the pool renovation project listing.

8. Bond Auditors' Reports for 2012-13

Mr. Davis stated two audit reports were included, one regarding the district's bond funds and the other a performance audit. He reported the auditor examined 98% of bond expenditures for compliance with Proposition 39 requirements and no adjustments were made. Mr. Davis said the Governing Board was pleased with the results and he thanked the committee for their effective oversight.

Mr. Fagan indicated that 98% of expenditures (approximately \$50 million) being reviewed represented more than a sample. He asked if there was a reason for this level of examination. Mr. Davis stated he would contact the auditor and provide follow-up for the committee. He noted from his past experience of having seen 85% of expenditures reviewed.

Mr. Mulford and Mr. Heuer asked for further information regarding \$24.00 in salaries and benefits listed on page 4 of the financial audit. Mr. Davis said he would get a response from the auditor.

9. Monterey County Treasurer's Investment Report

The December 31, 2013 investment report was shared with the committee for information. There were no comments or questions.

10. Facilities Master Budget Update

Mr. Demko stated the total bond budget of \$149 million remains the same. He reported the general contingency was used to balance or adjust project budgets to reflect construction bids received and work completed. The Governing Board has approved these modifications. Mr. Demko said there are two projects remaining to be completed, the public safety training facilities in the Parker Flats area and the music project.

Mr. Mulford noted the theater project has not been closed out, but was completed under budget. Mr. Demko said the college is waiting final Division of State Architect review and there may be savings.

Mr. Fagan commented the tennis courts were not mentioned in the Board report, indicating the project has been deleted and there are no plans for any renovation in the future. He advised the public should be informed of this outcome. Mr. Fagan added he was impressed with how well the budgets have been managed. The Chair concurred.

11. Update on Facilities Projects, Timelines, and Schedules

Mr. Demko stated projects are all on track. He provided additional information for a few of the projects.

Business Humanities – The parking lot portion was finished ahead of schedule with 66 additional parking spaces provided. This project was 50% state funded and is complete. The college is waiting for Division of State Architect review.

Pool – The renovation has been completed and classes are being offered. Light fixtures still need to be installed; delivery of the equipment is in process.

Student Center – The changes being made, including the café with glass front and an outdoor fireplace, will change the look and feel of the facility. There has been a lot of hazardous material abatement in this project.

Arts Complex – Mr. Demko said this project will be completed this summer. He reported change orders are under control and that \$900,000 remains in the budget for HVAC and electrical work in the Art Dimensional building.

Chair Johnson asked about remaining infrastructure work and how oversight would continue as the bond program winds down. Mr. Demko said there are sidewalks that need to be upgraded. The approach has been to complete construction first and if there are funds available, to do this work at the end, if the Board approves.

Mr. Fagan asked if the committee continues as long as bond funds were being expended. The response was yes.

12. Meeting Schedule

Chair Johnson reviewed future meeting dates of:

Monday, June 16, 2014

Monday, August 4, 2014

Monday, November 3, 2014 (Annual Organizational Meeting)

The June meeting will include a tour of the pool and Humanities building projects. At the August meeting there will be a tour of the Student Center and the Arts buildings.

13. Suggestions for Future Agenda Topics and Announcements

There were no suggestions for additional agenda topics.

Dr. Tribley read a letter to the committee from the Board of Trustees, recognizing the committee members' work and commitment. Chair Johnson thanked the committee and expressed his appreciation.

14. Adjournment

Chair Johnson adjourned the meeting at 4:12 PM.

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Follow-up Items from March 3, 2014 CBOC Meeting

Per the meeting minutes:

Item #6 - Bills and Warrants Report

1. On page 4, Mr. Panetta noted two items for Hobart Sales for freezer service in the mobile trailer. Mr. Demko said there is more than one type of equipment being used in the trailer. He will research and provide more detail.

The payment to Hobart for \$199.50 was a basic service call charge to come out to MPC and review the problem with the freezer to determine what work needed to be completed to have the freezer working properly.

The payment to Hobart for \$467.51 was for service on the freezer which consisted of: service to replace nitrogen, capillary tube, filter drier, torch service and labor.

2. Chair Johnson asked if there was a typo in the November date on page 5 for the first William Scotsman entry. Staff will research and report back.

There was a typo, the date in the description should read 10/29/13-11/28/13.

3. [On page 7], Dr. Ear noted the expense from Media Systems for the installation of projectors and air vents. He questioned if air vents were installed. Mr. Demko said there may have been a miswording; the vents might be a part of the equipment. Staff will follow-up and report back.

The air vents were installed in the cabinet because the cabinet had no internal fan.

Item #8 - Bond Auditors' Reports for 2012-13

1. Mr. Fagan indicated that 98% of expenditures (approximately \$50 million) being reviewed represented more than a sample. He asked if there was a reason for this level of examination. Mr. Davis stated he would contact the auditor and provide follow-up for the committee. He noted from his past experience of having seen 85% of expenditures reviewed.

MPC external auditors selected 40 large dollar invoices, ranging from \$400K to \$2M. This sampling was done because MPC recently went through a refunding of the bonds and the auditors wanted to be sure that controls were in place. The reason the percentage is 98% is due to the high dollar amount of the invoices. It is the dollar amount of the invoices that drove the percentage.

2. Mr. Mulford and Mr. Heuer asked for further information regarding \$24.00 in salaries and benefits listed on page 4 of the financial audit. Mr. Davis said he would get a response from the auditor.

A correction will be made to remove the \$24.00 in salaries and benefits from the bond expenditures.