



MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

Monday, August 5, 2013
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, Chair
Mr. Stewart Fuller
Mr. Rick Heuer
Mr. Birt Johnson, Jr., Vice Chair
Mr. Bob Mulford
Mr. Niels Reimers
Mr. Maury Vasquez

ABSENT: Mr. James Panetta

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. Michael Carson, Kitchell
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 3:03 PM by Chair Fagan.

2. Public Comment

There were no public comments.

3. Introduction of New Student Member

Dr. Tribley welcomed Mr. Maury Vasquez, current student trustee and new member of the committee, representing the Associated Students of MPC.

4. Approval of June 17, 2013 Minutes

As follow-up to a question on the bills and warrants report recorded in the minutes regarding the wind turbine repair by Eco Tech, a handout was distributed and reviewed. Mr. Demko added the lift rented for Eco Tech will remain at the Marina Education Center for the next year to be used to perform maintenance on the wind turbine.

Motion made by Mr. Mulford, seconded by Mr. Cruzan, to approve the minutes of June 17, 2013 with the clarification noted. Motion carried unanimously.

5. Update on Dolinka Group Expense

At the June meeting, the committee raised concerns about the District using bond funds to pay Dolinka Group for analysis and securing of redevelopment agency payments to augment funding for bond projects. Mr. Ma reported he consulted with David Casnocha, District bond counsel. Mr. Casnocha concluded the Dolinka Group expense was an inappropriate use of bond funds because the expense was not tied to a project. If the District had known about the discrepant payments back in 2002, the work could have been linked to projects listed in the bond measure. Mr. Ma stated staff will reverse charges made to date of approximately \$50,000, to be paid from the general fund.

6. Accept Bills and Warrants Report

Chair Fagan recommended committee members go through the report and submit their questions by page. There were no questions on pages 1-2.

Regarding page 3, Mr. Heuer indicated his question also applies to pages 4-5. He noted there were several small equipment purchases such as pipettes and petri dish inserts. While technically legal, he expressed concern about using 30 year bond funds for these purchases. Mr. Carson said the inserts allow reuse of the petri dishes and are needed for the upgraded microscopes. Mr. Ma added he has clarified to faculty and department chairs that consumables should not be purchased. The items being questioned are small, but all are reusable and needed for the instructional programs. He said many of the former items were in use for forty years.

Chair Fagan recalled clarification was provided to the committee at an earlier meeting that the District was permitted to use a certain percentage of bond funds for non-capital items. Mr. Ma concurred, adding that 5% of bond funds or \$7 million could be used. To date, the District has spent \$150,000 on non-capital items. There was discussion that while long-term bond funds may not be the best source of funding, the District has no other way to provide.

On page 5, Chair Fagan noted the purchase of six televisions from CDW Government Inc. and asked about price considerations. Mr. Ma responded the District's purchasing agent looks for the best price.

On page 7, Vice Chair Johnson asked about the timeliness of a payment to A-Z Rental for the rental of bleachers in December 2012. Mr. Carson explained the District did not receive the invoice earlier. Chair Fagan asked if the expense would be posted for this year. Ms. Barrios confirmed all of the expenditures on the report are for the 2012-13 fiscal year. Mr. Mulford questioned why the bleacher rental was a 30 year bond expense. Mr. Ma responded the dance program needed swing space for its performances while the theater was under renovation. The dance building was used and the bleachers were needed to provide seating.

On page 8, Mr. Cruzan inquired about the moving expense for two pianos to Last Chance. Mr. Ma clarified the purchasing agent reviewed the condition of the pianos with the Division Chair. Due to the poor condition, the pianos were removed to Last Chance Mercantile.

On page 10, a question was asked about the status of new expenditures under the Infrastructure Phase III/Miscellaneous project category with the budget 99% expended. Mr. Demko explained that due to the committee discussion at the June meeting, the District has created a separate miscellaneous category. As of July 1, no new expenses will be charged to infrastructure; projects will be charged instead.

On page 13, Chair Fagan asked for clarification of a Scudder Roofing expense that described two pipes being cancelled. Mr. Carson explained the roof had already been replaced; the repair was limited to the flat area. There were two existing pipes that went through the roof and were no longer needed.

It was moved by Mr. Mulford and seconded by Vice Chair Johnson to accept the June 30, 2013 bills and warrants report. Motion carried, 8-1 (Heuer opposed).

Chair Fagan and Mr. Mulford noted the changes and improvements made to the report and expressed appreciation to staff.

7. Bond Expenditure Status Report

The June 30, 2013 bond expenditure status report was reviewed with the committee. Mr. Demko stated the bond funds for the projects balance to \$149 million, with additional funding provided from the state. A contingency budget has been established to supplement projects as needed. He indicated three major projects were recently bid and awarded, the Arts Complex, Student Center, and Pool/Tennis Courts Renovation. The determination of the contract amounts for these projects would enable the District to balance the budgets. He noted there were enough funds to award the pool project, but the tennis courts renovation was bid as an alternate and would likely not be done. Two projects, the Music facilities renovation and Public Safety Training Center – Phase II, remain to be completed.

Chair Fagan requested the tennis courts project be moved to a separate category and listed as a future project. However, Mr. Heuer noted the tennis court design had been funded. To inform the public, Chair Fagan suggested clarification be added that the tennis courts renovation is no longer part of the project. Mr. Demko stated he could add a note that the bid award is for the pool renovation only. Mr. Reimers asked if the high cost of the tennis courts renovation was due to the underlying shale at the site. Mr. Demko agreed.

Mr. Reimers commented the construction schedule completion is behind the bond cost for a few project categories, such as furniture and equipment. Mr. Carson said the basis for the construction schedule is the amount of work to be done. He said there may not be enough funds to complete some projects, citing the infrastructure phase III project as an example. This project is 94% complete; however, the project cannot be finished with the remaining \$35,000. Mr. Demko added the construction schedule approach does not work well for the furniture and infrastructure categories.

The July cost control report was reviewed. Mr. Demko said the pool/tennis courts renovation would be added to future reports as construction begins. He indicated he would make a note on this report regarding the tennis courts not being included in the bid award. Chair Fagan agreed this report would be more appropriate for the notation.

8. 2015-19 Five Year Construction Plan

Ms. Nakamura reported on the District's 2015-19 Five-Year Construction Plan, which was approved by the Governing Board in June. She provided a recap of the state capital outlay funding process. She stated the District's five year plan continued to reflect the revised facilities construction plan from December 2009 which reduced reliance on state funding through scope modifications and lower project cost estimates. As a result, the plan shows 4 of 8 projects having a state funding match. Due to state fund being unavailable until 2015 at the earliest, one of the four projects, the Arts Complex, will proceed with local funds only at a reduced scope.

In addition to the five year plan, the District also submitted a Final Project Proposal (FPP) for the renovation of the music facilities, phase I. She reviewed the project components and budget. The music hall and music classroom wing will be renovated and the choral building will be demolished. A future phase will construct a music recital hall, if local funds become available.

Chair Fagan suggested a possible partnership with the City of Monterey to use the movie theater as a recital hall rather than building new space which may be underutilized. Mr. Ma said the appropriate size of the recital space was discussed with the music facilities planning committee. Students cannot use the existing space due to the size and acoustics. He added Monterey Jazz festival representatives were on the planning committee and the current facilities were also inadequate for their use.

9. Update on Facilities Projects, Timelines, and Schedules

Mr. Demko provided a status report on the projects.

Humanities – Mr. Demko reported the second phase, renovation of the Humanities building, is ahead of schedule. Landscaping was just completed and furniture will arrive next week. The third phase, demolition of the Business-Humanities building, will begin in October after Humanities faculty have moved in. Additional parking will be provided at the vacated site once demolition is completed.

Life Science/Physical Science – Mr. Demko said the Physical Science building renovation was completed. Math classes were offered in the building during the summer.

Swing Space – Mr. Demko described the swing space being provided for the current projects. The swing space solutions for the student services housed in the student center include mobile kitchen and food preparation trailers, a trailer to serve as a dining area, and trailers for campus security and the bookstore. Swing space needed by the arts programs has been challenging. An example are the kilns needed for the ceramics program which has been relocated to the International Center building.

Pool – Mr. Demko said the construction contract was awarded. The pool building has been demolished along with the fences. He estimated the pool will be completed by the end of winter.

Arts Complex – Mr. Demko reported the arts programs would move when summer session was finished. This project is slated for completion in summer 2014.

Student Center – The student center has been vacated and asbestos abatement will begin. Mr. Demko said the renovation will be completed by summer 2014.

Mr. Demko concluded his review, noting the bid climate was beginning to turn as subcontractors are busy and prices are increasing.

10. Meeting Schedule

The next meeting of the committee, the annual organizational meeting, is scheduled for Monday, November 4, 2013.

11. Suggestions for Future Agenda Topics and Announcements

Mr. Heuer provided information about Ed-Tech Bonds, an approach Pacific Grove Unified School District is using to fund technology upgrades at a fraction of the normal cost of general obligation bonds. If approved by the voters, a series of 3 year bonds over an 18 year period may be issued, providing a total of \$27.8 million at an interest cost of \$1.2 million. Mr. Heuer stated this type of bond measure solves the issue of purchasing technology equipment with 30 year bonds.

12. Adjournment

Chair Fagan adjourned the meeting at 4:10 PM.

/vn