

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
Bond Oversight Committee Minutes
February 2, 2012
SMCCCD District Office Board Room

Members Present:

- ✓ Steve Dworetzky, active in group supporting the District (Foundation); term limit 11/2014
- ✓ Paige Kupperberg, student member, term limit 6/2012
- ✓ Sylvia Merkadeau, representative of seniors; term limit 11/2014
- ✓ Gus Petropoulos, active in organization in support of District (retirees) 11/2014
- ✓ Alan Talansky, representative of business; term limit 11/2014
- ✓ Victor Torreano, community member; term limit 11/2014
- ✓ Adrienne Zanini, representative of bona-fide taxpayers association; term limit 2/2015

Members Absent:

- ✓ Maritess Lagandaon, community member; term limit 11/2014

District Staff Present: Barbara Christensen, Kathy Blackwood, José Nuñez, Sue Harrison

Guests Present: None

Call to order

Chairman Talansky called the meeting to order at 3:05PM

Approval of minutes from meeting of November 3, 2011 meeting

Discussion: None

	Dworetzky	Kupperberg	Lagandaon	Merkadeau	Petropoulos	Talansky	Torreano	Zanini
Motion							X	
Second					X			

Ayes	6 (Merkadeau not present at this time)
Noes	0
Abstain	0

Motion Passed

Review/Accept cumulative report on expenditures through December 31, 2011 for Measure A expenditures (Blackwood)

Discussion: Executive Vice Chancellor Blackwood discussed the expenditures for Measure A. She noted that Measure C expenses are included in the report for clarity and transparency but that the funding has been completely expended. She pointed out that Measure A funding is nearly expended with a remainder of \$25M out of \$468M. She said that line items in the column titled “Expenditure as of 12/31/2011” that are highlighted indicate the numbers that have

changed since the last report. Mr. Dworetzky noted that some of these highlighted items appear not to have changed when compared to the column titled “budget”. Noting that there was some confusion about the meaning of the highlighted information, Director Christensen and Vice Chancellor Nuñez said that they would clarify this with staff before the next meeting. Director Christensen said that some of the project completion dates should also be updated because a few of them will end later in 2012 or in 2013.

Mr. Petropoulos asked for clarification about the unallocated funding. EVC Blackwood reiterated that about \$25M of the funds are unallocated, As funds are allocated, staff will add new line items to the report. VC Nuñez indicated that largest of the upcoming projects are the North Gateway and Edison Lot projects. North Gateway is a \$10M half bond-/half state-funded project consisting of the demolition of buildings 21-29 at the north end of the CSM campus and includes a plaza, lighting, landscaping and parking. Edison Lot is a \$2.5M project which will include the demolition of Building 20, the greenhouse and the lathe house and includes landscaping and additional parking. Both projects will run through August 2013. He also explained that any unexpended funds will be consolidated and used as appropriate in the absence of the passage of another bond.

Mr. Torreano asked if local fire departments could use the buildings that are scheduled for demolition for training. Director Christensen and VC Nuñez said that local fire departments will probably conduct training in these buildings as they did when buildings 10, 11 and 13 were demolished. They said that FEMA conducted a two-day training at that time which included many regional emergency services agencies. Mr. Petropoulos asked if recent bids for construction projects have been lower or higher than engineering estimates. VC Nuñez said that bids have been lower. Ms. Merkadeau asked if material prices had increased and VC Nuñez indicated that they are steady at the moment but may rise over the spring and summer. He said that there has not been a shortage of bidders on projects.

	Dworetzky	Kupperberg	Lagandaon	Merkadeau	Petropoulos	Talansky	Torreano	Zanini
Motion							X	
Second	X							

Ayes	7
Noes	0
Abstain	0

Motion Passed

Review/Accept the financial and performance audits

Discussion: Xiupin Guillaume from Vavrinek, Trine, Day and Co., LLP, the District’s audit firm, discussed the bond financial and performance audits for Measures A and C and said there were no findings on either report. Director Christensen asked Ms. Guillaume to explain the purpose of a performance audit. Ms. Guillaume said that the performance audit ensures that expenditures are being spent only on projects that were part of the ballot language. Chairman Talansky noted that this information is exactly what the Bond Oversight Committee needs to be aware of. Ms. Guillaume said that for Measure A the auditors reviewed about \$43.8M of expenditures out of \$86M representing about 51% of the total expenditures. For Measure C, the

firm looked at about 79% of total expenditures. Mr. Petropoulos asked why the percentage of expenditures for Measure C was higher than that of Measure A. EVC Blackwood clarified that the auditor picks about 25% of transactions to audit and that the amounts of those transactions that are selected determine the percentages of expenditures that are audited.

	Dworetzky	Kupperberg	Lagandaon	Merkadeau	Petropoulos	Talansky	Torreano	Zanini
Motion	X							
Second				X				

Ayes	7
Noes	0
Abstain	0

Motion passed.

Consideration/Approval of the 2011 Report to the Community

Director Christensen noted that the report is a compilation of financial reports and project descriptions that have previously been presented to the committee. Mr. Dworetzky asked how the report is distributed. Director Christensen said that the committee is required to post the report on the committee’s website and that it is also distributed via email to all district employees and to the media. Ms. Merkadeau thought the report provided a good summary of activities.

Mr. Petropoulos asked if a repayment rate had been determined for bond funds lost as a result of the Lehman Brothers collapse. Director Christensen said that it will probably be about 20 cents on the dollar. Mr. Torreano asked if the issue has changed the way the District approaches investing. EVC Blackwood indicated that the county treasurer confirmed that funds not initially invested in the County Treasury can be directed elsewhere. However, when these bonds were issued, the County asked the District to include language in the bond disclosures that indicated the District would invest the funds in the County Treasury. EVC Blackwood said that the District pays the county to manage the funds and pointed out that it is not feasible to manage large amounts such as these in-house. She said the District would consider outside management should the need arise again. Director Christensen also noted that there are limits as to what the District is allowed to invest in.

	Dworetzky	Kupperberg	Lagandaon	Merkadeau	Petropoulos	Talansky	Torreano	Zanini
Motion	X							
Second							X	

Ayes	7
Noes	0
Abstain	0

Motion Passed.

Update on construction projects; discussion of District Master Plan and Measure H (Nuñez)

VC Nuñez reviewed recently completed, bond-funded projects. The projects at Cañada College included replacement of bleachers, remodeling of former Swinerton space into a second animation lab, and replacement of electrical infrastructure. Director Christensen said that during

the electrical infrastructure project the campus was closed for several days and there was no electricity. Although Cañada Vista faculty and staff housing did have electricity, due to the campus closure a great deal of coordination was needed with fire, police, the post office, FedEx and the like to accommodate the residents' needs during that time. Mr. Petropoulos asked if there have been energy savings associated with these and other projects. VC Nuñez said that the district is saving approximately \$1.7M per year and also has received about \$1M in one-time rebates. Mr. Torreano asked where the rebate dollars go and VC Nuñez indicated that they are placed in the District's general fund. EVC Blackwood said that this is because the District utilities are paid out of the general fund.

VC Nuñez said a major project at Skyline College was the load center. It was built with state funding, however it finalizes a bond-funded project that was completed last year. He noted that this particular center was originally underground which was problematic due to the low water table at Skyline and the potential of water damage and power outages. He also talked about the addition of the "World Cup" coffee shop at Skyline. He pointed out that this project was funded with student funds. Director Christensen noted that there are coffee shops at each of the campuses. EVC Blackwood said that these coffee facilities are expected to generate approximately \$1M over the next year. VC Nuñez also talked about the revamp of the T-com lab as well as the refurbishing of the One-Stop Center at building 2. Ms. Kupperberg asked if the center in building 2 is equivalent to the space in building 10 at CSM. VC Nuñez said that it is the same space as the admissions and records area on the third floor at CSM's building 10.

VC Nuñez then talked about districtwide projects that have been completed including the upgrade of several boilers to meet Bay Area Quality Management District regulations. Half of this project has been completed with the remainder of the project to be completed by June. Mr. Torreano asked about the purpose of the boilers and VC Nuñez explained that they are used to produce heat at the campuses. He said that the boiler upgrades included replacement of tubing and new digital control technology. He said that buildings districtwide have been repainted and that lettering on the buildings has been replaced.

Update on B20 and trees litigation

Director Christensen reminded the committee that the garden lawsuit was brought by citizens, some faculty members and some students who were unhappy that the horticulture program had been discontinued. In the college's original master plan, building 20, which housed the horticulture program, was to have been renovated. However, state funding for that project was not received as anticipated and budget issues and other factors led to the discontinuance of the horticulture program and the decision to demolish the building, the greenhouse and the lathe house. The district filed an addendum to its CEQA Initial Study reflecting the change from renovation to demolition of building 20. However, those who were in opposition to closing the horticulture program said that the addendum was not adequate and sued. The District Board rescinded the addendum and filed another addendum addressing all of the inadequacies the opponents had cited. Initially, the group dropped the lawsuit and the District settled with the law firm for \$20,000. However, the opponents filed another lawsuit and the District will be going to court at the beginning of March. Director Christensen said that the only outcome that is possible should the opponents win the suit is that the District would be required to produce a new initial

study. Ms. Kupperberg asked if the District had considered making horticulture a Community Education program. Director Christensen said that there are Community Education programs but that the building is not needed for them. She also noted that horticulture programs in general are not high enrollment programs and Community Education has had to cancel horticulture classes because there was not enough attendance to generate the revenue needed to hold the class.

Regarding the tree lawsuit, Director Christensen reminded the group that the District had undertaken a campus wide tree trimming and maintenance program in conjunction with the San Mateo fire marshal. Dead and dying trees were cleaned up and removed. Some nearby Hillsborough neighbors are upset because now they can see parts of the campus and have sued the District. Director Christensen said that the District has attempted to settle this and should know by next Wednesday if that effort is successful. Mr. Torreano and Ms. Merkadeau asked about what the neighbors' grievance is and what they want as a result of the suit. Director Christensen said that according to CEQA there is a "right to views from public places" that favors the District but the individual member of the public does not have the same right. She said that the only outcome of a lawsuit would be that the District would have to redo the environmental work. Chairman Talansky said that in his opinion CEQA has been misused and if someone disagrees with a project, they will sue on a technicality to improve their position. He said that there have been discussions at the state about making CEQA more reasonable and more cost effective and stopping the nuisance lawsuits that come out of the law. Ms. Merkadeau asked for clarification about what exactly the group wants. Director Christensen said they want 200 large redwood trees planted around the perimeter. She also noted that the attorney that is representing the garden group is also representing the tree group.

Committee members' comments/requests for future agenda items

Chairman Talansky asked if there had been any discussion about future bonds. EVC Blackwood said that no decision had been made and discussions are ongoing about budget and capital needs, parcel taxes vs. bonds, timing and the like. Chairman Talansky asked about how close the November bond measure vote was. EVC Blackwood said that the measure was defeated by a few hundred votes. Mr. Petropoulos asked if the lawsuits had a negative impact on the election results and Director Christensen said she thought that they did. Mr. Torreano asked if all of the campaign money had been spent. Director Christensen said it had not. Ms. Merkadeau indicated that she had received 3 double sided mailers on the same day and had a negative reaction personally and also heard negative feedback from others who had also received multiple mailers on the same day.

Referring to VC Nuñez' presentation, Mr. Petropoulos noted that he appreciates the ongoing efforts to come up with the resources to revitalize the campuses.

Mr. Torreano requested that his meeting materials Binder could be left behind and updated for the next meeting.

Mr. Dworetzky noted that his email address is incorrect and should be changed to "zkybum". He also asked about the location of the "Public Comments" section of the agenda and said that it should be closer to the beginning of the meeting. Chairman Talansky agreed and noted that this

item is provided so that members of the public can comment about non-agenda items. He said that members of the public also can comment on any of the agenda items during the meeting. Director Christensen said that the District Board agenda is structured with public comments at the beginning of the agenda and she will move the item on this agenda. Ms. Kupperberg asked if public comments should be listed both at the beginning and end of the meeting. Director Christensen said that the agenda spells out the committee’s policy regarding public comment on the agenda.

Schedule of future meetings: May 3, 2012, August 2, 2012 (1st Thursday, every 3 months)

No discussion

Motion to Adjourn

Discussion: None

	Dworetzky	Kupperberg	Lagandaon	Merkadeau	Petropoulos	Talansky	Torreano	Zanini
Motion	X							
Second							X	

Ayes	7
Noes	0
Abstain	0

Motion Passed.

Meeting adjourned at 4:25 p.m.