

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

Citizens Oversight Committee

ANNUAL REPORT

October 2005

Members

2004-2005: Randy Churchill, Jack Dickenson, Don Facciano, Gerald L. Gooss, Mary Howard, Bob Huber, Lee Ingraham, Hank Lacayo, Rex Laird, Theodore Martens, Mary Anne McCabe, Jere Robings, Sandra Rosales, Jane Rozanski, Richard Taylor, Connie Tushla, Michael Wesner, Kay Wilson-Bolton

2005-2006: Michael Wesner, Connie Tushla, Hank Lacayo, Kay Wilson-Bolton, Don Facciano, Evan Hess, Debra Dettenmayer, Viviana Hernandez, James Stueck, Manuel Lopez

Description of Measure S

In December 2001, the Ventura County Community College District's Board of Trustees approved a resolution for the placement of a bond initiative on the March 2002 Ventura County election ballot as Measure S. At the March 5, 2002, election, the citizens of Ventura County approved the issuance of bonds totaling \$356.3 million for construction and rehabilitation of facilities on the three community college campuses and the Camarillo site.

As provided in Education Code Section 15278, a Citizens Oversight Committee was formed by the Community College District's Board of Trustees. The role of the committee is to inform the public concerning the District's expenditure of revenues received from the sale of bonds authorized by the voters in the March 2002 general election. In particular, the committee will provide oversight ensuring that:

1. bond revenues are expended only for the construction, reconstruction, rehabilitation or replacement of college facilities, including the furnishing and equipping of college facilities or the acquisition or lease of real property for college facilities; and
2. no bond revenues are expended for any teacher or administrative salaries or other college operating expenses.

To carry out its role, the Citizens Oversight Committee may:

1. receive and review copies of the annual independent performance audit conducted to ensure that the bond revenue has been expended only on the specific projects listed in the bond proposition;

2. receive and review copies of the annual independent financial audit of the bond revenue;
3. inspect college facilities and grounds to ensure that the bond revenue is expended in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution;
4. receive and review copies of deferred maintenance proposals or plans developed by the district; and
5. review efforts by the district to maximize bond revenues by implementing various cost saving measures.

At its meeting of June 2004, the Committee discussed in detail the constituency of the Committee. The result of this discussion was to recommend to the District Board of Trustees a reduction in the membership of the Committee from its initial 23 members to 11, the rationale being that the committee had not experienced a quorum at its meetings for over a year thereby hampering the Committee's ability to process any recommendations it might have to the Board of Trustees.

At its June 13, 2005, meeting, the Board of Trustees responded to the Committee's request and approved a reduction in the membership of the committee to a number established by State statute: seven members, including a student representative.

The Committee subsequently established a lottery system to identify one- and two-year committee seats in order to establish a continuum in membership. Of the seven positions, four were identified as one-year positions, ending September 30, 2005.

At its October 11, 2005, meeting, the Board of Trustees appointed four new members to fill these vacant positions.

Meetings

Meetings of the Citizens Oversight Committee have continued to be held on a regularly scheduled quarterly basis. The revision in the number of seats has proved effective in creating a quorum of members and the Committee has been able to perform its function as intended under the statute. The Board of Trustees has continued its interest in the work of the Committee and individual Board members have visited the committee on various occasions during the year

Distribution of Measure S Funds

The Series A bond issue in August of 2002 represents the first series under the \$356.3 million authorization. Of these funds, Moorpark College was allocated \$104.2 million, Oxnard College \$111million, and Ventura College, \$117million. The Camarillo site was allocated \$24 million to construct the Fire and Sheriff's Academy.

Understanding that this bond issue is funded by Ventura County residents, the Trustees have elected to undertake a series of bond sales spread over a period of years. In doing so, the Trustees will ensure that funds will not be accessed until needed for the program and, thus, supporting tax rates which will be consistent and appropriate.

In August of 2002, the first of these issuances, Series A, was undertaken. The issuance was to a total of \$85 million of which \$9.8 million has been used to decrease the 1998 Certificates of Participation outstanding balances leaving \$75.2 million for construction of campus facilities as outlined in the bond language.

Future bond issuances are planned as the need arises to undertake the program with the next issuance, Series B, which is planned for late 2005.

Management of Bond Program

The Measure S bond program is being centrally managed as a total District responsibility. Supporting the Board of Trustees and the District Chancellor in the administration of this program at the District level is the JCM Group with assistance from J. Handel Evans, FAIA, who is responsible to the Chancellor and the Board for the overall program. As in all professional appointments within the bond program, the JCM Group was selected after open competitive interviews. At its meeting of August 2005, the Board of Trustees renewed the contract for consulting services with J. Handel Evans, FAIA (HE Consulting, Inc.) and at the meeting of September 2005, the renewal of the JCM contract took place.

The Measure S bond program has a value of \$356 million, approved by the voters to "be expended only for the construction, reconstruction, rehabilitation or replacement of college facilities, including the furnishing and equipping of college facilities or the acquisition or lease of real property for college facilities." As such, the Trustees are cognizant of the need to keep administrative costs to a minimum while ensuring that the program operates at the maximum efficiency.

The management of the Measure S bond program equally accepts this responsibility and the general public should know of these costs. To date, program costs have been constant and are expected to continue at the following levels. For management of the total Measure S bond program, including legal and miscellaneous costs, such as project advertising, etc., the experience has been at the 3.72% level. Management at the campus level is estimated to be at 2.46% and at the individual project level, at 1.81% of project costs. In addition to management costs, individual project costs follow State guidelines for professional services, i.e. architects, engineers, specialized consultants, testing, etc., and add approximately 11%. These costs are well within normally acceptable industry standards and compare well with similar educational bond programs.

Master Planning and EIR Work

The District continues to be mindful of its responsibilities under the California Environmental Quality Act. As referenced in the 2004 report, the Ventura and Oxnard Campus sites have successfully submitted both Environmental Impact reports (EIRs) and Campus Master plans to the Board of Trustees. Moorpark College is in the final stages of submitting its EIR and when approved, the Campus Facility Master Plan will also be submitted for approval.

The California Environmental Quality Act governs the construction of facilities on each college campus. Historically, each campus has responded to questions of environmental quality on an individual project basis; however, with the passage of Measure S, the District has recognized the need to evaluate such impacts on the basis of the total construction program anticipated by each campus. To that end and after competitive evaluation, the Ventura-based firm of Rincon Consultants was retained to assist with the preparation of environmental impact reports for the three campuses and the Camarillo Airport site for the proposed Fire/Sheriff's Academy. To date, Oxnard College and Ventura College have completed such EIR reviews and the Board of Trustees has accepted their findings, together with appropriate mitigation measures.

Audit Results

In October of 2005, the Board of Trustees accepted the Financial Audit and the Performance Audit of the Measure S bond program for the fiscal year ending June 30, 2005. Copies of the audit reports are available on the District web site. Both audits were supportive of the program and its management.

In its conclusion of the performance audit, the report states, "Based upon our procedures performed, we found that for the items tested, the Ventura County Community College District has properly accounted for the expenditures of the funds held in the Bond Construction Fund and that such expenditures were made on authorized bond projects. Further, it was noted that the funds held in the Bond Construction Fund and expended by the District were not expended for salaries of school administrators or other operating expenditures."

For the financial audit, "There were no findings and questioned costs related to the financial audit of the Bond Construction Fund for the fiscal year ended June 30, 2005.

Projects Completed, Underway or Planned by the Colleges

Recent events within the construction industry have had a deleterious effect upon the District's plans with regard to Measure S. Increase in construction costs across the United States, but particularly in Southern California, have seriously reduced the "buying power" of the Measure S bond proceeds. Informal estimates suggest that around 30% of the original buying power of the bond has been lost to such increases to

date. In addition, the significant increase in construction needs within the State and in educational facilities has placed significant demands upon an industry already plagued by a lack of competent and interested construction companies. In order to alleviate this situation within the District, the Board of Trustees, at their April 12, 2005, meeting, approved a series of "priority clusters" designed to identify those projects of "first need" at the individual campus locations. These clusters formed the basis for the management of the Measure S program. It is of concern that the market forces described above appear not to have abated, particularly since the catastrophic storms in the Southern United States, and it would appear that the District will have to accommodate more changes to its program as these forces manifest themselves.

To date, the original plan of action approved by the Board is in place and has produced the Board's anticipated results. Essentially, the projects completed to date or in final construction respond to the initial approved plan. The District, in addition, has retired its existing certificate of participation for capital financing, completed both Environmental Impact Reports and approved formal Campus Master Plans for Oxnard and Ventura Colleges and completed construction of parking facilities at all three campus locations.

In addition to the above, the construction of Learning Resource Facilities at the Ventura and Moorpark locations has been completed with the aid of subsidies from the Measure S program.

A significant "special repairs" program is underway at all three college locations. These programs have and will repair and replace basic infrastructure needs and respond directly to the intent on the Measure S bond language.