Minutes

Members Present: Bernard Carlson, Kenneth Humphreys, Sharon Margetts, Robert Trigg, Lorraine Darrington, Thomas Gagen

Members Absent: Guy Anderson, Joe Gagliardi, Daniel DiMundo, Douglas McCauley

District Representatives: Jon Sharpe, Vice Chancellor, Finance & Administration
Dave Clinchy, Director, Facilities Planning & Construction
Paul Dahms, Director, Facilities Maintenance
Theresa Matista, Director of Fiscal Services
Isolina San Juan, Accountant, Grants & Contracts
Kim Sayles, Supervisor, Grants & Contracts

Introductions
The meeting started shortly after 3:30 p.m. All present introduced themselves. Thomas indicated that he needed to leave at 4:20 p.m.

Approval of Minutes

Reports

Budget Update
Jon distributed a handout from the Community College League of California regarding the status of the budget for California Community Colleges. Jon indicated that last year at this time the Governor proposed $530 million in cuts to community college funding; however, we were fortunate to receive less than $100 million in cuts in the finalized budget. In the Governor’s proposed budget for this year, it appears that funding to community colleges will be augmented by nearly $300 million system-wide. There are three components that will benefit Los Rios. First, the proposed budget will provide a Cost of Living Adjustment (COLA) for Community Colleges (1.84%). Second, the system-wide growth rate is projected to be at 3% (the projected growth rate for Los Rios is 3.57%). If we achieve our full growth, we should generate about $4 million in revenue. The third benefit is equalization to be funded over several years up to a level of 90% of the statewide FTES. For Los Rios, that means a total of $13 million. If the 2004-05 budget is approved as proposed, the District would receive approximately $3.4 million (adjusted
COLA component) in 2004-05. The downside to the proposed budget is that the Governor is recommending a significant increase in tuition fees. Last year fees were increased from $11/unit to $18/unit. The proposed increase for this year is from $18/unit to $26/unit. In addition, students with bachelor’s degrees would pay $50/unit. This is obviously a deterrent for those seeking retraining for employment. At the next Citizen’s Oversight Committee meeting in July, there will be a budget update for the committee. The District is pleased at this stage.

Centers Update
Jon provided an update of district-wide acquisition and development projects currently in progress. He provided a brochure, which explained the plans for Center Facilities around the region, and sources of funding. There will be five new LRCCD centers, six total including El Dorado, serving the greater Sacramento area.

North Natomas Education Center
Jon presented a map of the Natomas area and a rendering of Phase 1 of the project. He told the committee that American River College will serve as the college campus for the North Natomas Center. This is a joint use project. In addition to the adjacent high school, there are plans for a Sacramento City library on the site. The size of Phase 1 is approximately 20,000 assignable square feet and will accommodate approximately 5,000 students at full build-out. The project has been out to bid a couple times, but the bids came in over budget. Classrooms at our Ethan Way facility and the new Natomas High School facilities will be available to our students until the Center’s opening. The project is scheduled to bid again shortly, with anticipation for an award at the June Board Meeting.

West Sacramento Education Center
Jon said the District has been working with a developer and the City of West Sacramento to locate a property for its future center, which will be affiliated with Sacramento City College. The District is currently looking in the Civic Center area, which is a good location for a variety of reasons including: geographic center of the city, socioeconomic demographics, and light rail access.

Elk Grove/Laguna Education Center
The District recently approved a property exchange with a developer to obtain land in Elk Grove for the future center, which will be associated with Cosumnes River College. The District owns 150 acres in Natomas in an area that is being proposed to be designated for open space. Since the District is restricted in its ability to sell property, when a developer who had property in Elk Grove (in a desirable location for the center) was interested in a portion of our Natomas property, it was decided an exchange of properties would be beneficial. The District exchanged 50 acres in Natomas (valued at $30,000/acre) for 20 acres in Elk Grove (valued at less than $150,000/acre). The Elk Grove property was secured at a price below surrounding values. The northern third portion of the Natomas property will be sold, and we will still have access on the San Juan side. The developer is required to make nonrefundable deposits for 18 months. He has the option to cancel early if needed. In addition, the District has full purchase rights on the Elk Grove property at the fixed price if the Natomas property should fall through.

Davis Education Center
The District has designated a proposed center site in Davis, which will be linked to Sacramento City College. The property is currently an open agricultural area. The University of California,
Davis is currently completing an Environmental Impact Report for the project. The proposed Phase 1 project would be 20,000 assignable square feet and 60-80,000 total square feet at build-out. Los Rios already provides remedial education for many UC Davis students. The goal is to develop Phase 1 of this center by 2007.

Rancho Cordova Education Center
The District is in the process of submitting a center application to the State of California for center designation in Rancho Cordova, which is affiliated with Folsom Lake College. This application process takes approximately three years. The District is currently seeking an urban area (similar to the West Sacramento property) so there will be convenient light rail access. An ideal location would be near Folsom Blvd. between Bradshaw and Mather. The District has had several meetings with the City of Rancho Cordova.

Facilities Management
Jon also updated the committee on the acquisition of a new facility for the District’s Facilities Management department (FM). FM intends to consolidate all its departments together (rather than be spread across several campuses). The building they are currently in is under lease, is old and has many issues. The new facility is in Rancho Cordova, which has easy freeway access and is a convenient location for the campuses. This project will be completed under budget.

Review of Expenditures
Theresa Matista provided an expenditure report to the committee members and gave a PowerPoint presentation that summarized the changes and additions to the Bond funded construction projects. As of February 15, 2004, the expenditures to date are $6.9 million. The encumbrances to date are $11.4 million. The total change since the November committee meeting is $6.5 million. Most of the fund activity is still in the acquisition and planning phases. The report provides a detailed description of the budget and expenditures for each construction project. Each of the detailed project pages also contains a graphic display of the percentage of work completed for each project phase and the expenditures to budget for the phases.

Proposition 55 Update
Dave Clinchy provided an update on Proposition 55, a statewide proposition that passed on March 2nd and will provide facilities funding for K-12 and Higher Education. For 2004-05, the District has three projects that will receive funding from Proposition 55. In 2005-06, there will be three more projects funded by Proposition 55. The total cost of these projects is $41.73 million; the State’s cost is $22.76 million.

Upcoming Projects
Dave informed the committee of the projects bidding in 2004:

American River College
Allied Health building modernization
Swing space portables
North Natomas Center

Cosumnes River College
Bookstore expansion
New entry and parking on south side of campus
Science building modernization  
Folsom Lake College  
New instructional/library building 1 (EDC)  
New bookstore and cafeteria  
New instructional buildings Phase 1C

Sacramento City College  
Technology building modernization  
Pedestrian walkway around Hughes stadium  
Cosmetology/Graphics building modernization

In the next few months, the District will see a tremendous amount of work coming out of Series A and B funding.

Dave then presented a graphic showing the tremendous increase in the price of steel in recent months. This increase in metal and steel costs is adversely affecting construction costs at this time. This rapid increase in cost has had an affect on almost every trade in the construction industry, causing an escalation in the prices. Bernard asked what the District does when there is a surplus (such as with the FM project which is estimated below the original bond estimate). Jon responded that all the savings are accumulated at the end of the project schedules, then allocated for new projects or those that may, for a variety of reasons, go over budget.

Report Timelines  
Theresa distributed a timeline for financial reporting periods. The committee agreed that the cutoff dates were fine.

Series ’B’ Bond Status  
Jon distributed the results of the Series B sale of $65 million in bonds. The following eight bidders responded:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stone &amp; Youngberg, LLC</td>
<td>4.059507%</td>
</tr>
<tr>
<td>Merrill Lynch &amp; Company</td>
<td>4.071477%</td>
</tr>
<tr>
<td>US Bancorp Piper Jaffray, Inc.</td>
<td>4.100502%</td>
</tr>
<tr>
<td>Goldman Sachs &amp; Company</td>
<td>4.100839%</td>
</tr>
<tr>
<td>Banc One Capital Markets, Inc.</td>
<td>4.110397%</td>
</tr>
<tr>
<td>Bear, Stearns &amp; Company</td>
<td>4.112417%</td>
</tr>
<tr>
<td>Banc of America Securities, LLC</td>
<td>4.118317%</td>
</tr>
<tr>
<td>Commerce Capital Markets</td>
<td>4.152338%</td>
</tr>
</tbody>
</table>

The awarded bid to Stone & Youngberg, LLC is a very favorable rate, which is a result of the District’s relatively high bond rating. Our tax rate will be well below what was projected to the community because of our significant assessed valuation growth.

By Laws  
Quorum (6.3)  
Jon informed the committee that the bylaws require that a majority of the committee members
must be present in order to approve the minutes. It will be necessary, therefore, to re-agenda approval of the minutes at the next meeting since a majority were not in attendance. In the meantime, the minutes will be posted on the District’s website and will be listed as pending.

**FUTURE MEETINGS**
The following dates were scheduled for the next Citizen’s Oversight Committee Meetings:

- Thursday, July 15, 2004 – (tentatively 12:00 p.m.)
- Thursday, November 18, 2004 – (tentatively 12:00 p.m.)

Mr. Trigg adjourned the meeting at 4:50 p.m.

jd

cc: Board of Trustees
    Exec Group