

Draft 2/7/18

Citizens Bond Oversight Committee Annual Report 2015-16

INTRODUCTION

This report is intended to present activities and opinions of the Citizens' Bond Oversight Committee (CBOC) of the Solano Community College District (District) during the 2015-16 fiscal year. The CBOC is required to prepare and present to the District's Board of Trustees, in public session, an annual written report, which includes a summary of the CBOC's activities and a statement indicating whether the District is in compliance with requirements that the bond revenues have been used only for the purposes authorized by the bond measure.

While the CBOC's previous report covered the period July 2014 – December 2015 the Committee agrees to return to the fiscal year cycle, consistent with the annual independent financial audits and so has prepared this report for the period July 2015 – June 2016. We would like to express our regrets for the lateness of this report but the CBOC was unable to conduct business during the time this report normally would have been written due to a lack of quorums for the meetings.

During this period the CBOC met eight times to receive updates from District staff on the progress of Measure G and Measure Q projects and to write the last annual report. The District and its consultants were forthcoming in providing and presenting requested information and project status updates.

To the best of our knowledge all expenditures authorized by the school facility bonds have been consistently and transparently presented by District staff and consultants to the CBOC and it is our belief that the bond funds were spent only on school facility improvements authorized by the Bond Act and bond measures. The CBOC reports that to the best of its knowledge the District has complied with the requirements of state law in its accounting for and expending of bond funds. Information regarding the projects for both bond measures is provided in this report. Expenditures are cumulative through June 30, 2016.

The CBOC looks forward to the next year as the District makes the facility improvements promised in the bond measures. The CBOC would like to thank the community for its continued support of the Solano Community College and its students.

ABOUT THE SOLANO COMMUNITY COLLEGE DISTRICT

Solano Community College was established in 1945 as Vallejo Junior College, as Solano was part of the Vallejo City Unified School District until 1967 when the College became a countywide institution. The 192-acre Fairfield campus, centrally located just off Interstate 80, was completed in 1971 and opened with 5,000 students. Since then, facilities, programs, staff and services have expanded to meet the needs of a growing County.

The College's service area encompasses the communities of Benicia, Dixon, Fairfield, Suisun, Vacaville, Vallejo and Winters, as well as Travis Air Force Base. Many graduates of the area's fifteen public high schools and three private schools take advantage of the educational opportunities offered by Solano Community College.

The College currently serves about 14,000 students annually at facilities on the main Fairfield Campus, Vacaville Center properties, and Vallejo Center properties.

CITIZENS' BOND OVERSIGHT COMMITTEE

The Solano Community College District's Citizens' Bond Oversight Committee is comprised of nine members representing required constituent groups from throughout the District's service region.

The CBOC is responsible for the review of bond expenditures and preparation and presentation of an annual report. Solano Community College District's CBOC has oversight responsibilities for both Measure G and Measure Q. CBOC members serve a term of three (3) years, commencing as of the date of appointment by the Board. No member may serve more than two (2) consecutive terms. CBOC members are not compensated for their services.

Committee Members During 2015/2016 Fiscal Year:

Lyman Dennis, Senior Citizen Organization – Fairfield, Chair

Hermie R. Sunga, Member-At-Large, Business Organization – Vallejo, Vice Chair

Elisha Blue, Student Association (2016)

Robert Charboneau, Taxpayers' Association – Fairfield

Neil Ferguson, Construction Trade Organization - Vacaville

David Fleming, Solano Community College Foundation

Andre Stewart, Member-At-Large - Benicia (appointed 11/19/15)

Ward Stewart, Member-At-Large - Vallejo (appointed 9/2/15)

Angelo Cellini, Construction Trade Organization – Suisun City (term ended 2015)

Melvin Jordan, Member-At-Large (term ended 2015) Vacant, Construction and Building Trades

MEASURE G AND MEASURE Q BOND PROGRAM SUMMARY

The Solano Community College District has two bond authorizations: Measure G, approved by voters in 2002 (\$124.5 million) and Measure Q (\$348 million) approved by the voters in 2012. The proceeds from these bonds are to be used for site acquisition, facility renovation, construction of new facilities, and equipment procurement.

Both Measure G and Measure Q were passed under Proposition 39 provisions, which allow passage of school bond measures with 55% voter approval if certain conditions are met. Proposition 39 allows the District to use bond funds only for projects described in the bond measure language. The funds cannot be used for staff salaries or projects not described in the language of the bond measures. It also mandates the formation of a Citizens' Bond Oversight Committee ("CBOC").

SUMMARY OF CBOC ACTIVITIES FOR FISCAL YEAR 2015/2016

The CBOC conducted meetings on the following dates in Fiscal Year 2015/16: July 21, 2015; August 11, 2015; October 13, 2015; November 17, 2015; January 21, 2016; March 15, 2016; May 31, 2016; and June 21, 2016

The CBOC spent much of 2016 preparing an annual report for Fiscal Year 2014/2015, extending the period of the report coverage to be eighteen months, from July 2014 to December 2015. This report was presented to the Board of Trustees September 7, 2016. The District Superintendent President prepared a response to address some of the points in the report and discussion was held at the next CBOC meeting. Later in this report the CBOC provides a brief reaction to the District's response to the last report. The Board of Trustees amended the CBOC Bylaws on August 19, 2015.

Following is a brief summary of the highlights of each meeting.

July 21, 2015 Special Meeting: At the request of the CBOC, the District made a presentation that included the basics of bond finance, bond spending and implementation plan, bond spending

plan and project initiation forms, project delivery methods, program and project input and approvals process, and the role of the CBOC. The Grand Jury Report was discussed. The status of recruiting for two vacant CBOC positions was also discussed.

August 11, 2015 Special Meeting: Interim Superintendent President noted that the Board would be reviewing and perhaps revising the CBOC Bylaws and would take into account the report submitted by the CBOC Chair. There was discussion regarding proposed bylaw revisions. The CBOC requested documents and information from the College for review and discussion at the next meeting.

October 13, 2015 Regular Meeting: Welcomed new CBOC member, Dr. Ward Stewart. Introduction to College's Interim Executive Bonds Manager, Tom Beckett, and consultant Kitchell's new Program Manager, Pam Kinzie. The CBOC asked these attendees questions about the information the District had sent out in response to last meeting's requests. A goal was set to have the draft outline for the annual CBOC Report for next meeting.

November 17, 2015 Special Meeting Workshop: Welcomed new CBOC member, Elisha Blue, Associated Students of Solano College. Requested public attendee Jane Roberts speak about how another CBOC that she serves on operates. The CBOC requested to meet with the District's Auditor to be involved in the requirements for the audit and for the findings of the audit. The CBOC voted to pursue the following actions: participate in the bond audits, request Facility Manager and Bond Manager present project updates and be available for questions at the next CBOC meeting, work with the College to schedule a meeting with the auditor, request a report or presentation on the Nut Tree project (Aeronautics program).

January 21, 2016 Special Meeting Workshop: Discussion with Interim Director of Facilities, Jim Buchanan. The Program Manager gave a presentation on the Quarterly Progress Update Report (July – September), and activity since September. (The Report was sent to CBOC members November 18.) The Interim Executive Bonds Manager answered questions about the proposed Veterans Center and the Nut Tree project (new building for aeronautics program). Action items: Requested copy of Aeronautics PIF, requested CBOC subgroup meeting with Auditor, VP Business & Administration suggested Board member training by Bond Advisor, requested CBOC members' items for inclusion in CBOC annual report.

March 15, 2016 Special Meeting Workshop: Presentation by Auditor of Measures G and Q financial and performance audits. Both Measure G and Measure Q had clean financial audits, with no findings. Per the Auditor, the District properly accounted for the expenditures and bond

funds were spent on authorized projects. The Interim Executive Bonds Manager gave a presentation on construction cost estimates based on space type cost guidelines from the State Chancellor's Office. He provided and reviewed the Library/LRC Project estimate as an example. The Committee discussed topics and outline for the annual report.

May 31, 2016 Special Meeting Workshop: Discussion of the draft annual report. Discussion of the aeronautics project.

June 21, 2016 Special Meeting Workshop: Discussed the aeronautics project and developed a list of questions for the District. Discussed wording changes for annual report.

BOND PROJECTS AND FINANCIAL SUMMARY

Measure G bond program is coming to a close. Active projects this fiscal year included the following completion of B600 Administration renovation project and Small Capital Projects: B1300 countertops, fire alarm control panel upgrades, pool pump heat exchangers replacement, water line shut-off valves, and design services for softball replacement project.

Measure Q active projects this fiscal year included: Fairfield Campus: Performing Arts Building Renovation, Science Building, Horticulture – Phase 1, Exterior Lighting Upgrade, Substation #1 and #2 Replacement, Small Capital Projects: 21st Century Classroom Upgrade, B1600 Roofing, B1300 Kiln Structural Retrofit and Fence, Swing Space Portables, CDFS Window Blinds, B100 ASC & Tutoring Renovation, B200 Kitchen Renovation, FF&E Procurement, Hydronic Pump Replacement, Mechatronics Instructional Walls, B1400 Food Service Area Condition Assessment, , Pavement Assessment Project, B100 Lobby Tables, Measure Q Signs, and Asbestos Abatement B100 & B1900 .

Vacaville Center: Vacaville Classroom Building (Annex) Renovation, Biotechnology and Science Building, Vacaville Intersection Improvements, and Aeronautics and Workforce Development Building, Small Capital Projects: Vacaville HVAC Upgrade Design.

Vallejo Center: Autotechnology Building, Small Capital Projects: Vallejo HVAC Upgrade Design.

Districtwide: IT Infrastructure Project – Phase 1, and Solar Project, Security Camera System Planning.

FOLLOW-UP TO CONCERNS RAISED IN THE PREVIOUS CBOC REPORT (July 2014 to December 2015)

The following are concerns raised in the last report and the status of those issues:

Temporary Space for the Theatre. While the work was being done on the Fairfield theater, the District spent \$1.2 million on temporary changes to 360 Campus Lane to accommodate the theater during the renovations. It was our opinion that a less expensive alternative should have been considered but this issue was a done deal by the time we were aware of it.

LEED Certification. Several of the new and renovated buildings will have LEED certification. When a CBOC member initially asked about this, he was told that the certification cost \$50,000. Later, when the suggestion had been made by CBOC to document achievement of LEED level of performance without the certification, the CBOC was told that there was no cost for LEED certification. It turns out that there are costs associated with certification although what they all are is not straightforward. The Autotechnology Building and the Biotechnology and Science Building will have LEED certification. The proposed new Library/Learning Resource Center will not request LEED certification although a stipulation in part of its funding is that it should be 15% more efficient than is required by the building code.

Library project. The District has a large library with a great deal of volume (high ceilings). The plan of the District is to pair \$21.8 million of the Measure Q bond funds for refurbishing the library with \$19.6 million from a California bond measure anticipated on an upcoming ballot to replace the library. We would like to see a study comparing the more expensive approach against the potential of renovation of the existing facility. Since the report the CBOC received a presentation about the challenges associated with renovating the library especially the significant health hazards associated with infestations of bats. Members of the CBOC agree that renovation of the existing library should not be done. Also, the District received the anticipated grant of approximately \$20 million to build the new library. When the new grant is combined with the Measure Q allotment a total of \$40 million is available for construction of a new library facility. The CBOC would like proposals reviewed for the new library that require less than the full \$40 million.

Aeronautics program. The District used Measure Q funds to purchase 5.45 acres within the Nut Tree complex for development of an Aeronautics Center and expansion of the aeronautics program. The preliminary proposal was for the construction of a 40,000 square foot building to house the program. The budget for this project is \$15,000,000 of Measure Q funds. Funding for this project will be available in 2027 so there is time for the details to be confirmed. The Board has requested an update on possible alternatives for the Aeronautics Center and the CBOC will be interested to see them.

CBOC's Brief Reaction to the Solano Community College District's Response to the Citizens' Bond Oversight Committee (CBOC) Report for July 2014 to December 2015

A major point of contention raised in the District's Response is the definition of "independent". The CBOC acknowledges that its members are appointed by the District's Governing Board but beyond that, it is independent in the sense that its actions and opinions are its own acting within the constraints set forth in the Education Code. It appears that the number of times the CBOC met in a calendar year was viewed as a violation of the by-laws, however, these by-laws allow for any number of special meetings as long as a majority of the CBOC members favor it.

The following is quoted from the District's Response: "Oversight Opinion. The CBOC was advised by legal counsel of their responsibility, their scope and authority. Their request to meet with the Bond auditor before and during the audit is not within their right or authority per Ed. Code 15286." According to the document "Best Practices" published by the California League of Bond Oversight Committees (CalBOC), "the independent financial auditors meet with the oversight committee audit subcommittee and/or full committee at a regularly scheduled meeting." The CBOC was making a request for what is viewed as a 'best practice'.

Later in the District's response: "The CBOC made requests of the District to meet with auditors during the fall 2014 semester and was advised that the auditor was not available. In January 2015, the District scheduled a meeting for the CBOC to meet with the auditors to review their report. The CBOC declined the meeting. " The preceding statement is false; no meeting of which the CBOC members were aware was scheduled with the auditors.

In the Summary of the District's response: "The Board acknowledges that the Report presented to the Board at its September 7, 2016 meeting did not comply with the Ed. Code regarding the contents of an annual report and included factual errors and omissions." The District's response does not state specifically how the CBOC's Report is out of compliance with the Ed. Code nor does it point out factual errors or omissions.

A QUESTION ABOUT MEASURE G FUNDING

Measure G was approved as a \$124.5 million bond measure. We noticed in the chart that provides a quarterly update of Measure G spending (see below) that the total will be \$151,283,715 once all funds are expended. CBOC members asked for an explanation for the difference in these two figures. The District provided us with the following information: \$8.5M became available when the bond was refinanced; \$16.1M came from interest earned on the bond money; and approximately \$2.1M were student fees.

(insert the Measure G and Measure Q charts here)

The title of the Measure Q chart should be; SOLANO COMMUNITY COLLEGE DISTRICT MEASURE Q BOND QUARTERLY PROGRESS UPDATE (FINANCIALS AS OF 6/30/2016)

BOND AUDIT REPORTS FOR FISCAL YEAR 2015/2016

In accordance with Proposition 39, Measure G & Q contain strict financial safeguards, including a requirement that an independent audit be conducted annually to ensure bond funds are spent on classroom and facility improvements as identified in the ballot measure.

Both Measure G and Measure Q had clean financial audits, with no findings. The Auditor found that the District properly accounted for the expenditures and bond funds were spent on authorized projects.

The Financial and Performance Audit Reports for fiscal year 2015/2016 are available on the District website: www.solano.edu/measureq

CBOC COMPLIANCE STATEMENT

Bond expenditures and bond projects have been reviewed by the Citizens' Bond Oversight Committee to ensure the money is spent only on school facility improvements authorized by Measure G and Measure Q. Bond expenditures are audited annually by an independent audit firm retained by the District. The CBOC has reviewed the audit reports, District Quarterly Progress Update Reports, and other materials requested from the District, and believes the District is in compliance with the requirements of Article XIII A Section 1(b)(3) of the California Constitution.

Members of the CBOC

Dr. Ward Stewart, Vallejo, Chair

Mr. Hermie Sunga, Vallejo, Vice Chair (Term Expired)

Ms. Holly Brown, Trades

Mr. Neil Ferguson, Vacaville

Ms. Tina Lowden, Winters

Mr. Andre Stewart, Benicia

Dawn LeBar, Solano Community College Educational Foundation

Janet Roberts, Bona fide Taxpayer's Organization

Doriss Panduro, Business

Vacant, Student Association Member