

ANNUAL REPORT

THE CITIZENS' BOND OVERSIGHT COMMITTEE



LETTER FROM THE CHAIR



“It is gratifying to see how diligently the college district is striving to fulfill voters' expectations for high quality classrooms and laboratories.”

My route to work takes me past Santiago Canyon College, so it was exciting to watch the new student services building rise from the ground last year. Today, students who voted to support Measure E are actually

able to use the facility they voted for. What power we wield when we vote.

The bond oversight committee for Rancho Santiago Community College District's general obligation bond is pleased to report on its activities for 2004. Charged with reviewing how the college district expends locally-approved bond revenues, its members meet several times a year for a project status report. These include both capital and infrastructure renovation projects at various stages of design or construction.

After just two years, there is strong evidence of the college district's rapid deployment of bond revenues. A new student services building is in use and construction is underway on a library at Santiago Canyon College. Meanwhile, Santa Ana College's library received its first phase of renovation, property to expand the college footprint was acquired, and new buildings are on the drawing boards.

Most of all, it is gratifying to see how diligently the college district is striving to fulfill voters' expectations for high quality classrooms and laboratories. With facilities that are conducive to learning, students gain the most from their educational experience. In turn, our community receives a workforce that is fully prepared to contribute to the region's economic vitality.

Thank you for your continued confidence in Rancho Santiago Community College District as it follows through on its promise to you, the local taxpayer.

DARIN WOINAROWICZ, CHAIR

ABOUT A PROPOSITION 39 BOND MEASURE

Measure E was presented to the electorate under the provision of Proposition 39, stipulating that at least 55 percent of voters approve a measure for its passage. As a requirement of this type of ballot measure, an independent citizens oversight committee must be appointed within 60 days of election results certification. By statute, the committee must include a member of the business community, an active member of a senior citizens organization, an enrolled student active in a community college group, a member of the college's foundation or other support organization, and two members representing each college from the community at large. All committee members serve in an uncompensated capacity for terms of two years, and not exceeding two consecutive terms. No committee members may be college district employees or officials, or vendors, contractors or consultants to the college district.

BOND ISSUANCE AND EXPENDITURES

The college district’s bonds were rated in March 2003, receiving an insured AAA rating to which a low interest rate was pegged, thus saving public funds as the loan is repaid. With considerable advanced planning, the college district was poised to quickly begin projects once Measure E was approved. After the initial offering which yielded \$96.125 million, the district will issue bonds in subsequent phases, the last issuance scheduled for 2013.

GENERAL OBLIGATION BOND ISSUANCE SCHEDULE

2003	\$ 96,125,000
2005	119,999,867
2008 (est.)	70,000,000 (est.)
2011 (est.)	40,000,000 (est.)
2013 (est.)	10,875,133 (est.)
Total	\$337,000,000

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PROJECT PERFORMANCE

Bond funded projects that were in progress through 2004 are listed below. Local contractors have been selected to perform most project work, subject to vendor qualifications and pricing.

PROJECTS UNDERWAY IN 2004

Amount Expended*

SANTA ANA COLLEGE

Renovation of 14 buildings	\$ 73,400
Library renovation	\$ 336,558
Campus infrastructure	\$ 212,486
Athletic fields improvements	\$ 40,160
Acquire adjacent properties along College Avenue	\$ 6,181,635
Women’s locker room	\$ 40,395
Design public safety institute	\$ 905,702
Design & begin digital media center construction	\$ 120,247
Design parking structure	\$ 195,974

Santa Ana College Total \$ 8,106,557

SANTIAGO CANYON COLLEGE

Infrastructure improvements	\$ 422,447
Acquire site and build Orange Education Center	\$ 19,622,914
Library/learning resource center	\$ 33,595
Construct student services & classrooms building	\$ 4,357,607
Construct parking lot	\$ 439,505

Santiago Canyon College Total \$ 24,876,068

DISTRICT

Telephone/computer system upgrades	\$ 1,449,551
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All Sites Total \$ 34,432,176

* Expenditures do not reflect the total cost of each project, but only what was spent on a particular project in the calendar year.

MEASURE E PROJECT UPDATES

The major projects that were underway in 2004 include the following

MASTER PLANS

To address long-term educational needs, each college's master plan was updated allowing them to plot major new facilities and campus infrastructure systems such as water, electricity, sewers and transit areas.

SANTIAGO CANYON COLLEGE

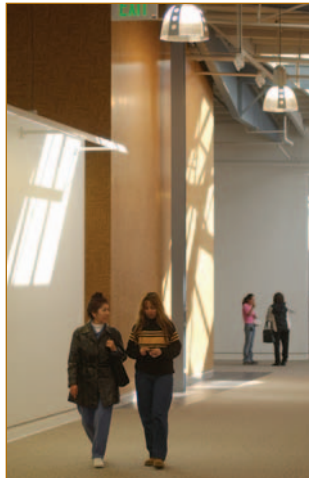
Orange Education Center

A 91,000 square-foot former microchip plant was purchased in April 2004 and was extensively remodeled to become a state-of-the-art continuing education center. It contains 21 classrooms, two computer labs, an instructional learning center, three large meeting rooms, a bookstore, and a child development center.

Student Services and Classroom Building

The college's Student Services and Classroom Building was completed in time for fall semester. Constructed by The Richardson Group, the 30,000 square-foot building is the first new facility on the campus in over a decade. Ten classrooms are located in the building as well as offices for faculty and student services such as admissions and records, and financial aid.

“To address long-term educational needs, each college's master plan was updated.”



In transforming a microchip plant into its Orange Education Center, the college district created spaces that foster learning. Today, more than 10,000 students are enrolled in courses that lead to better employment opportunities as well as to college credit programs.



Opened just before fall semester 2004, the Student Services and Classroom Building is the first new building on Santiago Canyon College's campus in a decade. Among the support services students access in the new building are admissions and records, financial aid, the cashier, and a testing center.

SANTA ANA COLLEGE

Repair, Renovation and Refurbishment

Completed work at Santa Ana College consisted of painting and replacing floor coverings in classrooms, and athletic fields revitalization.

Property Acquisition

Four apartment buildings located along College Avenue between Washington and 17th Streets were purchased. In addition, demolition began on a portion of the former First Christian Church once all tenants had been accommodated elsewhere.

Library Renovation

In May, the college celebrated Nealley Library's first phase of renovation which involved new carpeting, paint and furnishings.

Digital Media Center

A December groundbreaking was held for this project which is a set of three integrated digital media-related programs. Offering entrepreneurs that produce or use digital media technologies a home to grow successful businesses, the Digital Media Center will also house Santa Ana College educational space, a media production and television studio, and conference rooms.

Public Safety Institute

Architectural plans for the public safety institute, also known as the sheriffs training academy, were developed in collaboration with the Orange County Sheriffs Department.



Properties located along College Avenue between 17th and Washington Streets were purchased with local bond revenues for campus expansion.



With high use, the college's Nealley Library received a much-needed renovation that included new carpeting, paint and furniture.



Designed to stimulate entrepreneurial technology ventures, the digital media center was started at the corner of Wilshire and S. Bristol in Santa Ana.



The planned Sheriffs Training Academy will be located on 15 acres the college district owns at the former Marine Corps Air Station in Tustin.

“ In May, the college celebrated Nealley Library's first phase of renovation... ”

EXAMINATION OF EXPENDITURES

To ensure Measure E bond revenues are spent as authorized and not for prohibited purposes, the college district regularly provides the bond oversight committee with comprehensive financial and project updates. Project timelines, vendor lists and cross-referenced spreadsheets are available so that expenditures can be tracked and categorized easily.

INDEPENDENT FINANCIAL AND PERFORMANCE AUDITS

Macias, Gini & Company, independent accounting firm, conducted a financial audit of bond expenditures and activities for the period July 1, 2003, through June 30, 2004. The firm found the college district in compliance in all material respects with requirements: that funds were properly expended for the specified projects on the published bond list, and that funds were used to finance acquisition, construction and modernization of property and facilities in the college district. No exceptions were reported.

Macias, Gini & Company recorded that the college district spent \$22,432,343 for Measure E bond projects at Santa Ana College, Santiago Canyon College and for the college district during the fiscal year ended July 30, 2004, the second audit period.

At the end of December 2004, the second year the district had access to Measure E bond revenues, it expended \$73,894,076 of the bond funds and had expenses and encumbrances totaling \$84,791,835.

COST-SAVING MEASURES

One of the college district's most ambitious projects undertaken in 2004, the Orange Education Center, was started and finished in less than a year. To fast-track its completion and to retain complete control over the workforce on the job, it was built under a model known as multi-prime. Acting as general contractor, the college district bid each trade component such as plumbing, electrical, drywall, concrete and landscaping. Though not conclusive, indications are that this expediting process likely saved costs, too.

ISSUES

Throughout 2004 and in the immediate future, one of the greatest challenges presenting the college district is substantial, unprecedented increases in construction costs. Though appearing to stabilize in 2005, costs have not decreased. Project costs currently range from 20 to 40 percent more than in 2003. Such escalations have a dramatic impact on how many projects will be constructed with the fixed bond revenue of \$337 million. This nationwide trend is affecting construction costs in every sector.

Another project development issue encountered has been significant delays in obtaining review and approval of construction projects. With the state's rising tide of local publicly-funded construction projects, the Division of State Architect has been deluged with plans it is required to check and approve. This agency's approval process is at least six months owing to the increased volume of projects statewide, which require its approval rather than through local municipal planning departments.

CONCLUSIONS

The bond oversight committee finds that Rancho Santiago Community College District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution in accounting for and expending public bond funds. It has exercised fiscal prudence in selecting best practices designed to expedite projects through meticulous planning and contract management.

“Throughout 2004 and in the immediate future, one of the greatest challenges presenting the college district is substantial, unprecedented increases in construction costs.”



COMMITTEE MEETINGS

The bond oversight committee meets three times a year. Its next public meetings will be on April 28, July 28 and November 17 at 6:00 p.m. in the district operations center board room, 2323 N. Broadway, Santa Ana, California 92706.

For online access to bond oversight committee information, go to:

www.rscsd.org/mE/oversight.htm

For questions or comments about the bond oversight committee and its activities, please call the college district's vice chancellor of business operations/fiscal services, Dr. Mark J. Zacovic, at 714-480-7340.

PUBLIC ATTENDANCE

All bond oversight committee meetings are open to the public.

BOND OVERSIGHT COMMITTEE FOR 2004

- Darin Woinarowicz
Chair, Vice President of Planning and Security, Orange County Teachers Federal Credit Union
- Barbara deBoom
Vice Chair, President/Chief Executive Officer of the Orange Chamber of Commerce
- Jim Adams
Council Representative, Los Angeles/Orange Counties Building & Construction Trades Council
- Tien Tat Chu
Anchor, Saigon Broadcasting Network
- Russell Langenbeck, D.D.S.
Santiago Canyon College Foundation
- Larry L. Means
Santa Ana College Foundation
- Cristina Montero
President, Santiago Canyon College Associated Student Body
- Robert Odle
Orange County Taxpayers Association
- Edith Ortiz
President, Santa Ana College Associated Student Government
- Pearl S. Raya
Southwest Senior Center, Santa Ana
- Chongge Vang
Hmong and Laotian Communities in Orange County
- Patricia Garcia-Velasquez
Vice Chair, Santa Ana College Foundation & President, LUPAT Corporation, DBA Advance Realty & Continental Financial Services
- Michael Weisman
President, Santiago Canyon College Foundation



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