

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT**  
2323 N. BROADWAY  
SANTA ANA, CA 92706

**MEASURE Q CITIZENS' BOND OVERSIGHT COMMITTEE**  
TUESDAY, FEBRUARY 20, 2018, MEETING 6:30 P.M.  
District Office, Board Room 107

**AGENDA**

- |   |                           |
|---|---------------------------|
| 1. Call to Order and Introductions – Hossfeld   | <b>Information</b>        |
| <p><u>Public Comment/Presentations</u><br/>At this time, members of the public have the opportunity to address the Measure Q Citizens' Bond Oversight Committee on any item within the subject matter jurisdiction of the committee. Members of the community and/or employees wishing to address the committee are asked to complete a "Public Comment" form and submit it to the committee's staff <u>prior</u> to the start of the meeting. Completion of the information on the form is voluntary. Each speaker may speak up to three minutes; however, the chair of the committee may, in the exercise of discretion, extend additional time to a speaker if warranted, or expand or limit the number of individuals to be recognized for discussion on a particular matter. If a translator for the speaker is needed, please contact the Assistant to the Vice Chancellor at 2323 N. Broadway, Suite 401-B, Santa Ana, California, 714-480-7430, on the Monday prior to the meeting so appropriate accommodations may be made.</p> <p>Please note that the committee cannot take action on any items not on the agenda, with certain exceptions as outlined in the <u>Brown Act</u>. Matters brought before the committee which are not on the agenda may, at the committee's discretion, be referred to staff or placed on the next agenda for committee consideration.</p> |                           |
| 2. Annual Organizational Meeting  | <b>Action</b>             |
| <ul style="list-style-type: none"><li>• Election of Committee Officers (Chair and Vice Chair)</li><li>• Adoption of schedule of meeting dates and times for 2018/19<ul style="list-style-type: none"><li>May 24, 2018</li><li>September 20, 2018</li><li>January 17, 2019 (annual organizational)</li></ul></li><li>• Affirmation of the Citizens' Bond Oversight Committee Ethics Policy Statement</li><li>• Affirmation of Citizens' Bond Oversight Committee Bylaws</li></ul>  |                           |
| 3. Approval of Meeting Minutes – September 21, 2017   | <b>Action</b>             |
| 4. District Update - Rodriguez  | <b>Information</b>        |
| 5. Proposition 39 General Obligation Bonds Measure Q Financial and Performance Audits for the fiscal year ended June 30, 2017   | <b>Receive and Accept</b> |
| 6. Bond Sale - Series B \$70,000,000 - Hardash  | <b>Information</b>        |
| 7. Measure Q Projects Update – Matsumoto  | <b>Information</b>        |
| 8. Measure Q Financial Report – O'Connor  | <b>Information</b>        |
| <ul style="list-style-type: none"><li>• David Robydek, CliftonLarsonAllen LLP</li></ul>   |                           |
| 9. Santa Ana College Update - Rose  | <b>Information</b>        |
| 10. Committee Comments  | <b>Information</b>        |
| 11. Adjournment   | <b>Action</b>             |

**The mission of the Rancho Santiago Community College District is to provide quality educational programs and services that address the needs of our diverse students and communities.**

**CITIZENS' BOND OVERSIGHT COMMITTEE  
ETHICS POLICY STATEMENT**

This Ethics Policy Statement provides general guidelines for Committee members in carrying out their responsibilities. Not all ethical issues that Committee members face are covered in this Statement. However, this Statement captures some of the critical areas that help define ethical and professional conduct for Committee members. The provisions of this Statement were developed from existing laws, rules, policies and procedures as well as from concepts that define generally accepted good business practices. Committee members are expected to strictly adhere to the provisions of this Ethics Policy.

**POLICY**

- **CONFLICT OF INTEREST.** A Committee member shall not make or influence a District decision related to: (1) any contract funded by bond proceeds, or (2) any construction project which will benefit the Committee member's outside employment, business, or a personal finance or benefit an immediate family member, such as a spouse, child or parent.

- **OUTSIDE EMPLOYMENT.** A Committee member shall not use his or her authority over a particular matter to negotiate future employment with any person or organization that relates to: (1) any contract funded by bond proceeds, or (2) any construction project. A Committee member shall not make or influence a District decision related to any construction project involving the interest of a person with whom the member has an agreement concerning current or future employment, or remuneration of any kind. For a period of two (2) years after leaving the Committee, a former Committee member may not represent any person or organization for compensation in connection with any matter pending before the District that, as a Committee member, he or she participated in personally and substantially. Specifically, for a period of two (2) years after leaving the Committee, a former Committee member and the companies and businesses for which the member works shall be prohibited from contracting with the District with respect to: (1) bidding on projects funded by the bond proceeds; and (2) any construction project.

- **COMMITMENT TO UPHOLD LAW.** A Committee member shall uphold the federal and California Constitutions, the laws and regulations of the United States and the State of California (particularly the Education Code) and all other applicable government entities, and the policies, procedures, rules and regulations of the Rancho Santiago Community College District.

- **COMMITMENT TO DISTRICT.** A Committee member shall place the interests of the District above any personal or business interest of the member.

## **CITIZENS' BOND OVERSIGHT COMMITTEE BYLAWS**

**Section 1. Committee Established.** The Rancho Santiago Community College District (the "District") School Facilities Improvement No. 1 ("Improvement District") was successful at the election conducted on November 6, 2012 (the "Bond Election") in obtaining authorization from the Improvement District's voters to issue up to \$198,000,000 aggregate principal amount of the District's general obligation bonds ("Measure Q"). The election was conducted under Proposition 39, being chaptered as the Strict Accountability in Local School Construction Bonds Act of 2000, at Section 15264 *et seq.* of the Education Code of the State ("Prop 39"). Pursuant to Section 15278 of the Education Code, the District is now obligated to establish the Committee in order to satisfy the accountability requirements of Prop 39. The Board of Trustees of the Rancho Santiago Community College District (the "Board") hereby establishes the Citizens' Bond Oversight Committee (the "Committee") which shall have the duties and rights set forth in these Bylaws. The Committee does not have legal capacity independent from the District.

**Section 2. Purposes.** The purposes of the Committee are set forth in Prop 39, and these Bylaws are specifically made subject to the applicable provisions of Prop 39 as to the duties and rights of the Committee. The Committee shall be deemed to be subject to the *Ralph M. Brown Public Meetings Act* of the State of California and shall conduct its meetings in accordance with the provisions thereof. The District shall provide necessary administrative support to the Committee as shall be consistent with the Committee's purposes, as set forth in Prop 39.

The proceeds of general obligation bonds issued pursuant to the Election are hereinafter referred to as "bond proceeds." The Committee shall confine itself specifically to bond proceeds generated under Measure Q. Regular and deferred maintenance projects and all monies generated under other sources shall fall outside the scope of the Committee's review.

**Section 3. Duties.** To carry out its stated purposes, the Committee shall perform only the following duties:

3.1 **Inform the Public.** The Committee shall inform the public concerning the District's expenditure of bond proceeds. In fulfilling this duty, all official communications to either the Board or the public shall come from the Chair acting on behalf of the Committee. The Chair shall only release information that reflects the majority view of the Committee.

3.2 **Review Expenditures.** The Committee shall review expenditure reports produced by the District to ensure that (a) bond proceeds were expended only for the purposes set forth in the Measure Q; and (b) no bond proceeds were used for teacher or administrative salaries or other operating expenses in compliance with Attorney General Opinion 04-110, issued on November 9, 2004.

3.3 **Annual Report.** The Committee shall present to the Board, in public session, an annual written report which shall include the following:

(a) A statement indicating whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; and

(b) A summary of the Committee's proceedings and activities for the preceding year.

3.4 Duties of the Board/Chancellor. Either the Board or the Chancellor, as the Board shall determine, shall have the following powers reserved to it, and the Committee shall have no jurisdiction over the following types of activities:

- (i) Approval of Measure Q projects to get funded;
- (ii) Approval of contracts;
- (iii) Approval of change orders;
- (iv) Expenditures of bond funds;
- (v) Handling of all legal matters;
- (vi) Approval of project plans and schedules;
- (vii) Approval of all deferred maintenance plans; and
- (viii) Approval of the sale of bonds.

3.5 Measure Q Projects Only. In recognition of the fact that the Committee is charged with overseeing the expenditure of bond proceeds, the Board has not charged the Committee with responsibility for:

(a) Projects financed through the State of California, developer fees, redevelopment tax increment, certificates of participation, lease/revenue bonds, the general fund or the sale of surplus property without bond proceeds shall be outside the authority of the Committee.

(b) The establishment of priorities and order of construction for the bond projects, which shall be made by the Board in its sole discretion.

(c) The selection of architects, engineers, soils engineers, construction managers, project managers, CEQA consultants and such other professional service firms as are required to complete the project based on District criteria established by the Board in its sole discretion.

(d) The approval of the design for each project including exterior materials, paint color, interior finishes, site plan and construction methods (modular vs. permanent) which shall be determined by the Board in its sole discretion.

(e) The selection of independent audit firm(s), performance audit consultants and such other consultants as are necessary to support the activities of the Committee.

(f) The approval of an annual budget for the Committee that is sufficient to carry out its activities.

(g) The appointment or reappointment of qualified applicants to serve on the Committee, subject to legal limitations, and based on criteria adopted in the Board's sole discretion as part of carrying out its function under Prop 39.

**Section 4. Authorized Activities.**

4.1 In order to perform the duties set forth in Section 3.0, the Committee may engage in the following authorized activities:

(a) Receive and review copies of the District's annual independent performance audit and annual independent financial audit, required by Article XIII A of the California Constitution.

(b) Inspect school facilities and grounds for which bond proceeds have been or will be expended, in accordance with any access procedure established by the District's Vice Chancellor, Business Operations/Fiscal Services.

(c) Review copies of scheduled maintenance plans developed by the District.

(d) Review efforts by the District to maximize bond proceeds by implementing various cost-saving measures.

**Section 5. Membership.**

5.1 Number.

The Board of Trustees have determined that the Committee shall consist of at least seven (11) members appointed by the Board of Trustees from a list of candidates submitting written applications and through the online application process, and based on criteria established by Prop 39, to wit:

- One (1) student enrolled and active in a community college support group, such as student government.
- One (1) member active in a business organization representing the business community located in the District.
- One (1) member active in a senior citizens' organization.
- One (1) member active in a bona-fide taxpayers association.
- One (1) member active in a support organization for Santa Ana College, such as a foundation.
- Six (6) members of the community at-large.

5.2 Qualification Standards.

(a) To be a qualified person, he or she must be at least 18 years of age.

(b) The Committee may not include any employee, official of the District or any vendor, contractor or consultant of the District.

5.3 Ethics: Conflicts of Interest. Members of the Committee are not subject to Articles 4 (commencing with Section 1090) and 4.7 (commencing with Section 1125) of Division 4 of Title 1 of the Government Code and the Political Reform Act (Gov. Code §§ 81000 *et seq.*), and are not required to complete the Form 700. However, each member shall comply with the Committee Ethics Policy attached as "Attachment A" to these Bylaws.

5.4 Term. Except as otherwise provided herein, each member shall serve a term of two (2) years, commencing on the date of the first meeting of the Committee. No member may serve more than three (3) consecutive terms. At the Committee's first meeting, members will draw lots, or otherwise select a minimum majority (6) for an initial two (2) year term and the remaining members for an initial one (1) year term.

5.5 Appointment. Members of the Committee shall be appointed by the Board through the following process: (a) the District will advertise in the local newspapers, on its website and in other customary forums as well as solicit appropriate local groups for applications; (b) the Chancellor will review the applications; and (c) the Chancellor will make recommendations to the Board.

5.6 Removal; Vacancy. The Board may remove any Committee member for any reason, including failure to attend two consecutive Committee meetings without reasonable excuse or for failure to comply with the Committee Ethics Policy. Upon a member's removal, his or her seat shall be declared vacant. The Board, in accordance with the established appointment process shall fill any vacancies on the Committee. The Board shall seek to fill vacancies within 90 days of the date of occurrence of a vacancy. Members whose terms have expired may continue to serve on the Committee until their successor has been appointed.

5.7 Compensation. The Committee members shall not be compensated for their services.

5.8 Authority of Members. (a) Committee members shall not have the authority to direct staff of the District; (b) individual members of the Committee retain the right to address the Board as an individual; (c) the Committee shall not establish sub-committees for any purpose; and (d) the Committee shall have the right to request and receive copies of any public records relating to Measure Q funded projects.

## **Section 6. Meetings of the Committee.**

6.1 Regular Meetings. The Committee shall meet at least once a year, but no more frequently than quarterly.

6.2 Location. All meetings shall be held within the Improvement District, located in Orange County, California.

6.3 Procedures. All meetings shall be open to the public in accordance with the *Ralph M. Brown Act*, Government Code Section 54950 *et seq.* Meetings shall be conducted according to such additional procedural rules as the Committee may adopt. A majority of the number of Committee members shall constitute a quorum, a minimum of six out of the eleven (11) membership categories, for the transaction of any business.

**Section 7. District Support.**

7.1 The District shall provide to the Committee necessary technical and administrative assistance as follows:

(a) preparation of and posting of public notices as required by the *Brown Act*, ensuring that all notices to the public are provided in the same manner as notices regarding meetings of the District Board;

(b) provision of a meeting room, including any necessary audio/visual equipment;

(c) preparation and copies of any documentary meeting materials, such as agendas and reports; and

(d) retention of all Committee records, and providing public access to such records on an Internet website maintained by the District.

7.2 District staff and/or District consultants shall attend Committee proceedings in order to report on the status of projects and the expenditure of bond proceeds.

**Section 8. Reports.** In addition to the Annual Report required in Section 3.2, the Committee may report to the Board from time to time in order to advise the Board on the activities of the Committee. Such report shall be in writing and shall summarize the proceedings and activities conducted by the Committee.

**Section 9. Officers.** The Chancellor shall appoint the initial Chair. Thereafter, the Committee shall elect a Chair and a Vice-Chair who shall act as Chair only when the Chair is absent. The Chair and Vice-Chair shall serve in such capacities for a term of one year and may be re-elected by vote of a majority of the members of the Committee.

**Section 10. Amendment of Bylaws.** Any amendment to these Bylaws shall be approved by a majority vote of the Board of Trustees of the District.

**Section 11. Termination.** The Committee shall automatically terminate and disband concurrently with the Committee's submission of the final Annual Report which reflects the final accounting of the expenditure of all Measure Q monies.

# Measure Q Citizens' Bond Oversight Committee

District Board Room – District Office

6:30 p.m. – 8:00 p.m.

## Meeting Minutes for September 21, 2017

**Members Present:** Jim Hossfeld, Bruce Bauer, David Brant, Alberta Christy, Irma Avila Macias, Kenneth Nguyen, Manuel Peña and Erik Peterson

**District Staff Present:** Peter Hardash, Carri Matsumoto, Adam O'Connor and Dr. Linda Rose.

1. Call to Order: Mr. Hossfeld called the meeting at 6:31 p.m.
2. Approval of Minutes – May 18, 2017  
Mr. Hossfeld called for a motion to approve the Measure Q Citizens' Bond Oversight Committee Minutes of the May 18, 2017 meeting. A motion was made by Ms. Christy, seconded by Mr. Peterson and approved unanimously
3. Draft Measure Q Annual Report to the Community – Mr. Hardash  
A draft report was presented in a tri-fold format. Financial information is included indicates a clean audit. The Board of Trustees will receive the audit report in December. As of June 30, 2017, \$61 million has been spent. Approximately \$71 million was issued in Series A bonds and is expected to be spent by February 2018.

The draft report uses a banner from last year celebrating Santa Ana College's 100<sup>th</sup> anniversary. It was suggested that this be changed and updated. An error stating this was the 2<sup>nd</sup> annual report instead of the 3<sup>rd</sup> annual report will be corrected. Additionally, dates of service for Trustee Hernandez's and Dr. Rose's name will be added to the back page. The report will primarily be sent electronically with limited hard copies printed.

Mr. Hossfeld called for a motion to approve the Annual Report. A motion was made by Mr. Peterson to approve the draft with the amended corrections, seconded by Ms. Macias and unanimously approved.

4. Measure Q Projects Update – Ms. Matsumoto  
Central Plant Project:  
This project is currently in construction and is roughly 80% complete. The project is still on target for completion on time as delays have been mitigated. The project is expected to be closed out in Spring 2018. The last phase of underground utility work is underway. Several building have been connected to the new Edison electrical supply and 75% of the building have been connected to new domestic water.

The new fountain has been poured, with landscape to follow after flatwork is complete. The Centennial Circle tree is scheduled to be installed in mid-October with brick installation to begin after. The opening celebration is planned for February 2018.

Dunlap and Chavez buildings have been connected to the chilled water loop and testing is ongoing. Continued testing will take place as more building are connected.

#### Johnson Demolition:

This project is currently out to bid. It is a two-phase project: phase one includes the building demolition and phase two includes subsurface demolition. Bids are due September 28, 2017 and phase one is desired to begin in October and continue through Spring. Phase two will go out to bid in Fall 2018.

#### Johnson Student Center:

This project is currently in the last phase of design, with 100% CDs. It is anticipated to be submitted for review in December 2017. The center is planned to be opening in Spring 2021. The budget is slightly deficient.

#### Science Center:

This project is currently out to bid, with bids due October 4, 2017. The district is using a lease-leaseback delivery method for this project. Prequalification is complete for contractors and 11 C licenses. Target start of construction is December 2017 with opening in June 2020.

#### Parking Lot at 17<sup>th</sup> and Bristol:

This project is currently on hold. The lot will be used for overflow parking for contractors during construction projects.

Ms. Matsumoto also discussed the impacts of escalation with the committee. Current observations suggest approximately 4-6% increases in cost on projects. There have been struggles with bidder for some projects. To help mitigate these issues, projects are budgeted on a project-to-project basis and inflation costs are factored in to project budgets.

#### 5. Measure Q Financial Report – Mr. O'Connor

Not much has changed since the last meeting. Approximately \$30 million has been spent this far. Most of the spending has been that of previously encumbered funds. The information provided was prior to year-end closing and interest will be added after closing. Aside from escalation, it is on budget.

#### 6. Measure Q Series B Sale Timeline – Mr. Hardash

There was \$71 million from the Series A bonds, and Series B is estimated at \$70 million. A resolution will be taken to the Board of Trustees on November 13, 2017 to approve the sale of the bonds. Pre-pricing is planned for January 9, 2018. The cash deposit for the sale of the bonds is expected around February 1, 2018. The bonds are tax exempt, but the status must be verified before sale.

#### 7. Santa Ana College Update – Dr. Rose

Dr. Rose informed the committee that the Athletic teams were off to a good start for the 2017/2018 school year. She discussed the new Phlebotomy course offered, both sections of which were full and waitlisted. Santa Ana College was the only community college in the US to receive an Upward Bound Veteran's Grant, which will provide \$1.3 million over five years. Dr. Rose also discussed the kick off of the new free bus pass program for students of Santa Ana College and Continuing Education students on both campuses. The program appears to be well received, and there will be a nominal fee for students to receive the bus pass for the second year. Additionally, the campus is focusing on encouraging enrollment in hopes to restore enrollment levels.

The Board of Governors visited Santa Ana College and Dr. Rose was given positive feedback on the visit. The event spanned two days and was livestreamed, giving some publicity to the campus.

The Remington Center is now open and houses mixed use space with Santa Ana Unified. There will be adult education and advanced high school programs at this location. There have also been some renovations and changes to furniture around campus to make spaces more inviting to students. Students seem to be tolerating the ongoing construction well.

Ms. Christy brought to the attention of the committee a program being developed between Santa Ana College and St. Joseph Health Services for fixing medical equipment. It will be the only program in the area and guarantees a job to students that complete the program.

8. Committee Comments

Several committee members near the end of their terms were asked if they would like to serve an additional term. Those who would like to extend will be recommended to the Board of Trustees.

The committee members shared brief comments.

9. Adjournment

Mr. Hossfeld called for a motion to adjourn the meeting. A motion was made by Ms. Macias, seconded by Mr. Peña, and approved unanimously. The meeting was adjourned at 7:40 p.m.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT**

**PROPOSITION 39 GENERAL OBLIGATION BONDS**

**MEASURE Q**

**FINANCIAL AND PERFORMANCE AUDITS**

**June 30, 2017**

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT**

**TABLE OF CONTENTS**

**June 30, 2017**

**Financial Audit of Measure Q Revenue Bond Construction Fund** ..... 1

    Independent Auditor’s Report..... 2

    Balance Sheet – Measure Q Revenue Bond Construction Fund..... 4

    Statement of Revenues, Expenditures, and Changes in Fund Balances –  
    Measure Q Revenue Bond Construction Fund ..... 5

    Notes to the Financial Statements ..... 6

    Independent Auditor's Report on Internal Control Over Financial Reporting and  
    on Compliance and Other Matters Based on an Audit of Financial Statements  
    Performed in Accordance with *Government Auditing Standards*..... 9

    Schedule of Findings and Responses ..... 11

**Performance Audit of Measure Q** ..... 12

    Independent Auditor’s Report on Proposition 39 Compliance Requirements..... 13

    Background Information ..... 14

    Objectives ..... 14

    Scope of the Audit ..... 14

    Procedures Performed ..... 15

    Conclusion ..... 15

**FINANCIAL AUDIT OF MEASURE Q  
REVENUE BOND CONSTRUCTION FUND**



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## **INDEPENDENT AUDITOR'S REPORT**

District Board of Trustees  
Rancho Santiago Community College District  
Santa Ana, California

### **Report on the Financial Statements**

We have audited the accompanying Measure Q Revenue Bond Construction Fund financial statements of the Rancho Santiago Community College District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's Measure Q Revenue Bond Construction Fund financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## INDEPENDENT AUDITOR'S REPORT

District Board of Trustees  
Rancho Santiago Community College District  
Santa Ana, California

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure Q Revenue Bond Construction Fund of the District as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Measure Q Revenue Bond Construction Fund specific to Measure Q, and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the fund financial statements. Such missing information, although not a part of the fund financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the fund financial statements is not affected by this missing information.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2017 on our consideration of the District's internal control over the Measure Q Revenue Bond Construction Fund financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over the Measure Q Revenue Bond Construction Fund financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over the Measure Q Revenue Bond Construction Fund financial reporting and compliance.



**CliftonLarsonAllen LLP**  
Glendora, California  
November 20, 2017

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT  
MEASURE Q REVENUE BOND CONSTRUCTION FUND**

**BALANCE SHEET  
June 30, 2017**

**Assets**

Cash in county treasury	\$ 9,650,701
Prepaid expenditures	<u>224,573</u>
<b>Total Assets</b>	<b><u>\$ 9,875,274</u></b>

**Liabilities and Fund Balance**

**Liabilities**

Accounts payable	<u>\$ 449,260</u>
<b>Total Liabilities</b>	<b><u>449,260</u></b>

**Fund Balance**

Restricted	<u>9,426,014</u>
<b>Total Fund Balance</b>	<b><u>9,426,014</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 9,875,274</u></b>

See the accompanying notes to the financial statement.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT  
MEASURE Q REVENUE BOND CONSTRUCTION FUND**

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
For the Fiscal Year Ended June 30, 2017**

<b>Revenues</b>	
Interest and investment income	\$ 238,272
<b>Total Revenues</b>	<u>238,272</u>
<b>Expenditures</b>	
Other services	21,396
Capital outlay	<u>32,476,107</u>
<b>Total Expenditures</b>	<u>32,497,503</u>
Net change in fund balance	(32,259,231)
<b>Fund Balance at Beginning of Year</b>	<u>41,685,245</u>
<b>Fund Balance at End of Year</b>	<u>\$ 9,426,014</u>

See the accompanying notes to the financial statement.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT  
MEASURE Q REVENUE BOND CONSTRUCTION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Accounting Policies**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants.

**Financial Reporting**

The audited financial statements include only the Measure Q Revenue Bond Construction Fund (Fund) of Rancho Santiago Community College District (the District). This Fund was established to account for the receipt of the proceeds of general obligation bond issuances and the expenditures of the proceeds under the General Obligation Bond Election of November 6, 2012.

**Fund Structure**

The Statement of Revenues, Expenditures and Change in Fund Balance is a statement of financial activities of the Measure Q Revenue Bond Construction Fund related to the current reporting period. Fund expenditures frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization.

**Basis of Accounting**

The Measure Q Revenue Bond Construction Fund is maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, which is to say, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

Cash in the county treasury is recorded at cost, which approximates fair value.

**Budget**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenues

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT  
MEASURE Q REVENUE BOND CONSTRUCTION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

and expenditures primarily resulting from events unknown at the time of the budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object accounts.

**Fund Balance Classification**

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation are considered restricted. The fund balance of the Measure Q Revenue Bond Construction Fund is therefore classified as restricted.

**Capital Assets and Long-Term Debt**

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Measure Q Revenue Bond Construction Fund are determined by its measurement focus. The Measure Q Revenue Bond Construction Fund is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Measure Q Revenue Bond Construction Fund are accounted for in the basic financial statements of the District.

**Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 2: DEPOSITS AND INVESTMENTS**

**Cash in County**

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Orange County Treasury as part of the common investment pool. These pooled funds are carried at amortized cost which approximates fair value.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT  
MEASURE Q REVENUE BOND CONSTRUCTION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

**NOTE 2: DEPOSITS AND INVESTMENTS**

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. Any investment losses are proportionately shared by all funds in the pool.

**NOTE 3: COMMITMENTS AND CONTINGENCIES**

**Litigation**

The District is involved in various claims and legal actions related to various construction projects. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's Measure Q General Obligation Bond Funds financial statements.

**Purchase Commitments**

As of June 30, 2017, the District was committed under various capital expenditure purchase agreements for Measure Q Revenue Bond Construction Fund projects totaling approximately \$22.7 million to be funded through future General Obligation Bond issues.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

District Board of Trustees  
Rancho Santiago Community College District  
Santa Ana., California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Measure Q Revenue Bond Construction Fund financial statements of the Rancho Santiago Community College District (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's Measure Q Revenue Bond Construction Fund financial statements, and have issued our report thereon dated November 20, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Glendora, California

November 20, 2017

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT  
MEASURE Q REVENUE BOND CONSTRUCTION FUND**

**SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2017**

There were no findings related to the financial audit of the Measure Q Revenue Bond Construction Fund for the year ended June 30, 2017.

In addition, there were no findings related to the financial audit of the Measure Q Revenue Bond Construction Fund for the year ended June 30, 2016.

**PERFORMANCE AUDIT OF MEASURE Q  
REVENUE BOND CONSTRUCTION FUND**



CliftonLarsonAllen LLP  
CLAconnect.com

## INDEPENDENT AUDITOR'S REPORT

District Board of Trustees  
Rancho Santiago Community College District  
Santa Ana, California

We have conducted a performance audit of the Rancho Santiago Community College District (the District) Measure Q General Obligation Bond funds for the year ended June 30, 2017.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 14 of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 Measure Q bond funds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution. Management is responsible for the District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal control of the District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution. Accordingly, we do not express any assurance on internal control.

The results of our tests indicated that, in all significant respects, the District expended Measure Q General Obligation Bond funds for the fiscal year ended June 30, 2017, only for the specific projects developed by the District's Board of Trustees, and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

A handwritten signature in black ink that reads 'CliftonLarsonAllen LLP'.

**CliftonLarsonAllen LLP**  
Glendora, California  
November 20, 2017

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT  
PERFORMANCE AUDIT OF MEASURE Q**

**June 30, 2017**

**BACKGROUND INFORMATION**

In November 2000, the voters of the State of California approved Proposition 39 authorizing the issuance of general obligation bonds by California public school districts and community colleges under certain circumstances and subject to certain conditions.

On November 6, 2012, a general obligation bond proposition (Measure Q) of the District was approved by the voters of that District. Measure Q authorized the District to issue up to \$198,000,000 of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions.

Pursuant to the requirements of Proposition 39, and related state legislation, the Board of Trustees of the District established a Citizens' Oversight Committee and appointed its members. The principal purpose of the Citizens' Oversight Committee, as set out in state law, is to inform the public as to the expenditures of the proceeds of the bonds issued pursuant to the Measure Q bond authorization. The Citizens' Oversight Committee is required to issue at least one report annually as to its activities and findings.

Section 1(b)(3)(C) of Article XIII A of the California Constitution requires the District to conduct an annual independent performance audit to ensure that the proceeds of the bonds deposited into the Measure Q Revenue Bond Construction Fund have been expended only for the authorized bond projects.

**OBJECTIVES**

The objectives of our performance audit were to:

- Determine the expenditures charged to the District Measure Q Revenue Bond Construction Fund.
- Determine whether expenditures charged to the Measure Q Revenue Bond Construction Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure Q in November 2012.

**SCOPE OF THE AUDIT**

The scope of our performance audit covered the fiscal period from July 1, 2016 to June 30, 2017. The sample of expenditures tested included object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other state or local funding sources, other than the proceeds of the bonds, were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2017, were not reviewed or included within the scope of our audit or in this report.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT  
PERFORMANCE AUDIT OF MEASURE Q**

**June 30, 2017**

**PROCEDURES PERFORMED**

- We identified the expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
- We selected a judgmental sample of expenditures considering all object codes and projects for the year ended June 30, 2017. Our sample included 72 transactions totaling \$19,629,838. This represents 60.4% of total expenditures of \$32,497,503.
- We reviewed the actual invoices and supporting documentation to determine that expenditures charged to projects were:
  - Supported by invoices with evidence of proper approval and documentation of receipt of goods or services;
  - Supported by proper bid documentation, as applicable;
  - Properly expended on the authorized bond projects as listed on the voter-approved bond project list;

**CONCLUSION**

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures of the funds held in the Measure Q Revenue Bond Construction Fund and that such expenditures were made on authorized bond projects.

**SANTA ANA COLLEGE IMPROVEMENT DISTRICT NO. 1 OF  
RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT  
(Orange County, California)  
Election of 2012 General Obligation Bonds, 2017 Series B**

**RECEIPT OF FUNDS AND APPLICATION CERTIFICATION**

IT IS HEREBY CERTIFIED by the County of Orange, a county and political subdivision of the State of California (the "County"), as follows:

1. Shari L. Freidenrich is the duly elected and qualified Treasurer-Tax Collector of the County, and as such, is familiar with the facts and is authorized and qualified to certify the application of funds.
2. There has been received from Piper Jaffray & Co., as Underwriter, a total of \$75,567,980.05, consisting of the net purchase price of the \$70,600,000.00 aggregate principal amount plus the net original issue premium of \$5,179,680.05, and less all costs of issuance of \$600,000.00 of the Santa Ana College Improvement District No. 1 of Rancho Santiago Community College District Election of 2012, General Obligation Bonds, 2017 Series B, which the undersigned has been advised was calculated as follows:

Aggregate Principal Amount .....	\$70,600,000.00
Net Original Issue Premium .....	<u>\$5,179,680.05</u>
 Total Sources of Bond Proceeds.....	 \$75,779,680.05
 Cost of Issuance:	
Underwriter's Discount .....	(\$388,300.00)
Portion of Bond Proceeds deposited with the Paying Agent for payment of certain Costs of Issuance as permitted by Education Code 15146(h)...	<u>(\$211,700.00)</u>
 Total Uses of Bond Proceeds.....	 (\$600,000.00)
 <b>Total Amount Received by the County of Orange on December 28, 2017</b>	 <b><u>\$75,179,680.05</u></b>

3. The proceeds of the sale of the Bonds received as described in paragraph 2 above, have been applied as follows :
  - a. \$70,000,000.00 into the Building Fund of the District; and
  - b. \$5,179,680.05 into the Debt Service Fund of the District

IN WITNESS WHEREOF, this certificate has been executed as of this 28th day of December, 2017.

COUNTY OF ORANGE

By:   
 Shari L. Freidenrich, CPA  
 Treasurer-Tax Collector

## COST OF ISSUANCE

Santa Ana College Improvement District No. 1 of  
Rancho Santiago Community College District  
(Orange County, California)  
General Obligation Bonds, Election of 2012  
2017 Series B  
Final Numbers

Cost of Issuance	\$/1000	Amount
Bond/Disclosure Counsel	0.99150	70,000.00
Financial Advisor	0.63739	45,000.00
Moody's Investors Service	0.56657	40,000.00
Standard & Poor's	0.49575	35,000.00
Paying Agent	0.07082	5,000.00
Printer	0.04958	3,500.00
CalMuni	0.03931	2,775.00
Contingency	0.14766	10,425.00
	2.99858	211,700.00



**CITIZENS' BOND OVERSIGHT COMMITTEE MEETING  
PROJECT UPDATES  
JANUARY 18, 2018**



**SANTA ANA  
COLLEGE**



## PROJECTS

- ▶ Dunlap Hall Renovation - Completed
- ▶ Central Plant & Infrastructure
- ▶ Johnson Student Center
- ▶ Johnson Demolition
- ▶ Science Center & Building J Demolition
- ▶ 17<sup>th</sup> & Bristol Street Parking Lot



# PROJECT UPDATE SANTA ANA COLLEGE CENTRAL PLANT AND INFRASTRUCTURE

## Project Summary:

- ▶ Construction of a new 18,000 square foot two-story central plant building, a new electrical building and replacement of all underground utilities (domestic water, sewer, fire water, storm drain, gas, electric and data).
- ▶ Mechanical Upgrades to seven (7) buildings connecting them to the new central plant building.
- ▶ Improvement to the aesthetic character of the campus by major improvement of the landscaping incorporating drought tolerant design features, construction of an amphitheater between the Dunlap building and library, and replacement of concrete paving along pedestrian walkways with new concrete and pavers throughout the campus.
- ▶ Central Plant facts:
  - ▶ Reduces electrical loads during peak demand periods.
  - ▶ Includes a new Energy Management System (EMS) to be able to control building temperatures and monitor system remotely.
  - ▶ Building is designed to meet LEED Silver certification.

## Budget:

- ▶ \$68.17 million



New Central Plant



# PROJECT UPDATE SANTA ANA COLLEGE CENTRAL PLANT AND INFRASTRUCTURE

## Infrastructure/Utilities:

- ▶ Utilities connected to existing buildings:
  - ▶ Sewer, storm drain, chilled water & fire water.
  - ▶ 100% of buildings are connected to new domestic water.
  - ▶ Gas systems connected week of September 25, 2017.
  - ▶ Campus switched over to the new Edison System power supply on August 26, 2017.
- ▶ Final phase of underground utility work between W, H & T is complete.
- ▶ All underground utility loops are complete - domestic water, fire water, chilled water, storm drain, gas, electrical.
- ▶ Punch lists/final corrections ongoing.

## Landscape/Hardscape:

- ▶ Finishing trellis and fountain area.
- ▶ Completing hardscape south west of Building U.
- ▶ Bike racks were installed south of the library.
- ▶ Completion of flatwork of fire lane and pedestrian walkway.
- ▶ Continue installation of irrigation and landscape throughout the quad area.
- ▶ Guardrails are being installed at the Amphitheater and finishing concrete at the stairs is ongoing. – Hardscape complete, Landscape at the Amphitheater ongoing.
- ▶ Installation of site lighting at the fountain area and amphitheater area is ongoing.
- ▶ The tree for Centennial Circle was installed on October 10, 2017.
- ▶ Punch lists/final corrections ongoing.



# PROJECT UPDATE SANTA ANA COLLEGE CENTRAL PLANT AND INFRASTRUCTURE

## New Electrical Building:

- ▶ Switch gear and power is installed and ALL campus power is being fed from new power supply.
- ▶ Low voltage switches have been installed with fire alarm testing completed on 9/15/17.
- ▶ Anti-graffiti coating and block sealer applied.
- ▶ The construction fence has been removed.
- ▶ Southern California Edison (SCE) removed the electrical equipment from Building J due to demolition work.

## New Central Utility Plant:

- ▶ All mechanical, electrical and plumbing equipment installed.
- ▶ Final commissioning of new chilled water and glycol systems are ongoing.
- ▶ HVAC in all 7 Buildings have been tested and are now connected to the Central Plant. Functional performance testing on-going.
- ▶ Block sealer and anti-graffiti applied.
- ▶ Steel entry gate construction and new hardscape around the tennis court is underway.
- ▶ Installation of entry gate posts, concrete flatwork at the entrance of the building is complete.
- ▶ Furniture installation, re-keying of doors and coordination of occupant move in ongoing.
- ▶ Punch lists/final corrections ongoing.



# PROJECT UPDATE SANTA ANA COLLEGE CENTRAL PLANT AND INFRASTRUCTURE

## Mechanical/HVAC Building Upgrades:

- ▶ All 7 Buildings (A, C, D, F, N, P, S) are now connected to the CUP.
- ▶ Punch lists/final corrections ongoing.

## Current Status:

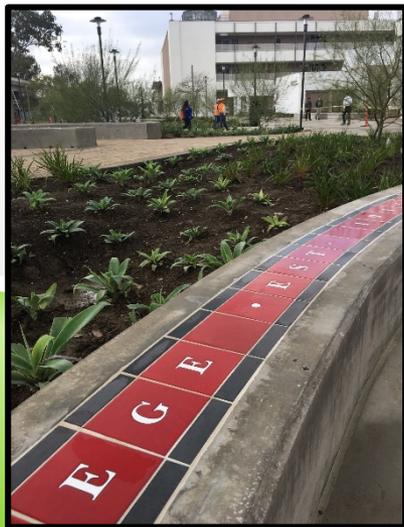
- ▶ The project is 98% complete.

## Target Occupancy/Completion

- ▶ January 2018 – Contractor requested Substantial Completion on January 5, 2018.
- ▶ Project Close-Out ongoing.
- ▶ Grand opening of the central mall is being planned by the College for March 23, 2018.



# PROJECT UPDATE SANTA ANA COLLEGE CENTRAL PLANT AND INFRASTRUCTURE





# PROJECT UPDATE SANTA ANA COLLEGE JOHNSON DEMOLITION

## Project Summary:

- ▶ Demolition of existing Johnson Student Center (Phase I).

## Current Status:

- ▶ Decommissioning activities for the demolition began in summer 2016.
- ▶ The Board of Trustees approved a rejection of all bids at the October 23, 2017 Board meeting.
- ▶ Due to the bid rejection, the District evaluated and revised the lease-leaseback construction delivery method to include two phases of construction for the new Johnson Student Center project. The first phase would now include demolition of the building and the second phase would continue with construction of the new building.
- ▶ At the next Board of Trustees meeting on January 22, 2018, a resolution is being recommended for approval which outlines the procedures for the lease-leaseback delivery of construction for the demolition and construction of the Johnson Student Center, including a competitive selection process to prequalify general contractors and subcontractors.
- ▶ Phase I work includes building demolition and site work preparation (DSA Increment I).
  - ▶ Increment I work requires DSA approval anticipated in late May or early June.
  - ▶ The Phase I demolition work is anticipated to start in August 2018 through May 2019.



## Budget:

- ▶ \$2.5 million





# PROJECT UPDATE SANTA ANA COLLEGE JOHNSON STUDENT CENTER

## Project Summary:

- ▶ Construction of a 63,642 square foot new Johnson Student Center.
- ▶ Building Programs Include: Campus Store, Grab-n-Go/Coffee & Juice, DSPS, EOPS/CARE & CalWORKS, Student Financial Services, SSSP/Upward Bound, Warehouse, Reprographics, Conference Center, Financial Aid, Student Placement, Health & Wellness Center, DSPS, Office of Student Life, ASG, The Spot.
- ▶ Site improvements include new hardscape, landscape and shade shelter around the Johnson Center as well as renovations to the “West Plaza” including new landscape, hardscape, a shade structure, and a lunch serving kiosk for Middle College High School (MCHS).

## Current Status:

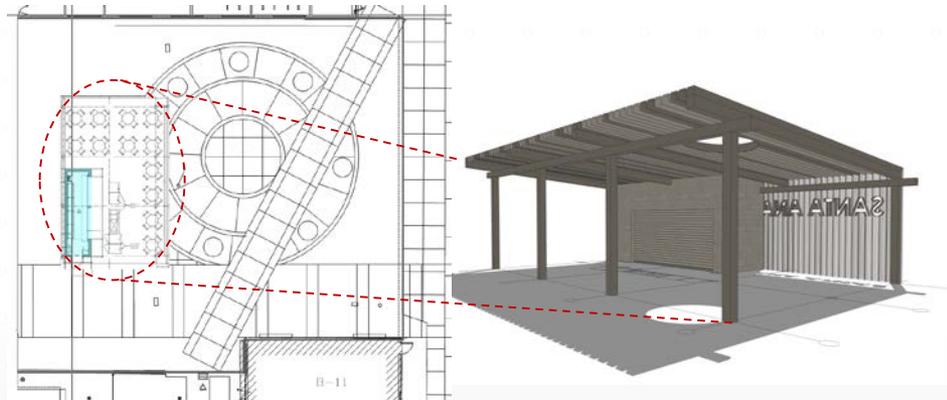
- ▶ District/Consultant review of revised 100% Construction Document documents ongoing.
- ▶ New DSA submittal anticipated February 15, 2018.
- ▶ DSA approval anticipated November 2018.
- ▶ Target construction start late Spring 2019 following demolition.
- ▶ Target occupancy late Spring 2021.
- ▶ The construction of the new building will be Phase 2 and is anticipated to continue following the lease-leaseback construction delivery as previously noted for Phase 1 demolition.

## Budget:

- ▶ \$40.7 million (Note: There have been final scope changes, value engineering and current estimates of cost for the project and the Budget is under review.)

\$39.45 million funded by Measure Q

Note: Budget is currently deficient by \$1.25 million and a new Budget update is pending.



West Plaza





# PROJECT UPDATE SANTA ANA COLLEGE SCIENCE CENTER & BUILDING J DEMOLITION

## Project Summary:

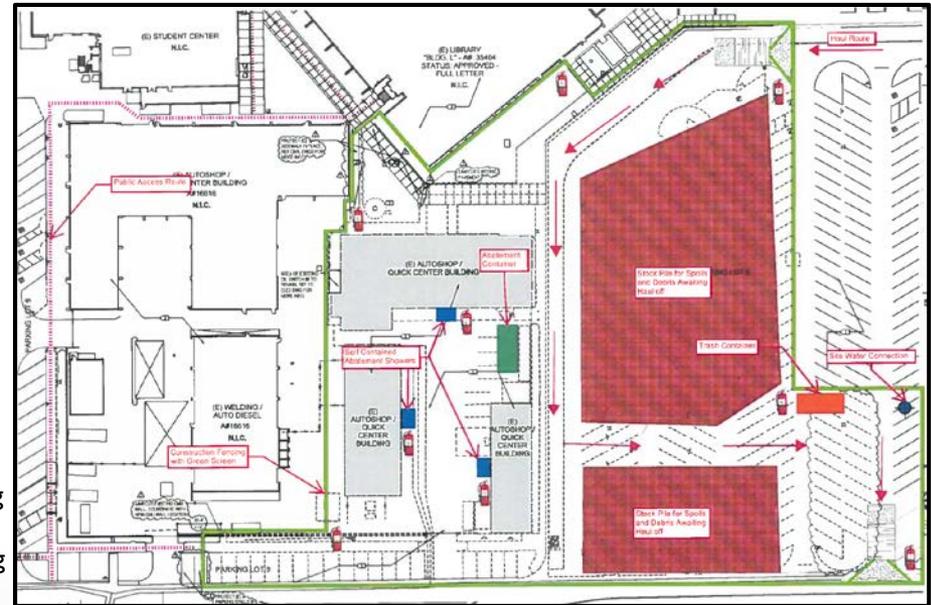
- ▶ Construction of a new three-story, 64,785 square foot science center and 880 square foot greenhouse.
- ▶ Programs Include: Division Office, Faculty Offices, (2) Standard Classrooms, (1) Large Classroom, (1) Large Divisible Classroom, (1) Computer Lab, (1) Engineering Lab & Support Space, (6) Biology Labs & Support Space, (2) Geology Labs & Support Space, (5) Chemistry Labs & Support Space, (1) Physics Lab & Support Space, Student Collaboration Areas.
- ▶ Project includes demolition of (3) J Buildings.

## Current Status:

- ▶ Board of Trustees contract approvals:
  - ▶ October 23, 2017, project inspector – Knowland Construction Services.
  - ▶ November 13, 2017, lease-leaseback contractor – McCarthy Building Companies, Inc.
  - ▶ December 4, 2017, material testing and special inspections – Twining Laboratories, Inc.
  - ▶ December 4, 2017, geotechnical construction oversight – MTGL, Inc.
- ▶ Issued Notice to Proceed to McCarthy on November 17, 2017.
- ▶ Construction Activities:
  - ▶ Construction fencing around the entire project perimeter has been installed
  - ▶ Building abatement completed
  - ▶ Building and site demolition underway

**Target Occupancy/Completion:** April 2020 and Close-Out August 2020

**Budget:** \$73.38 million





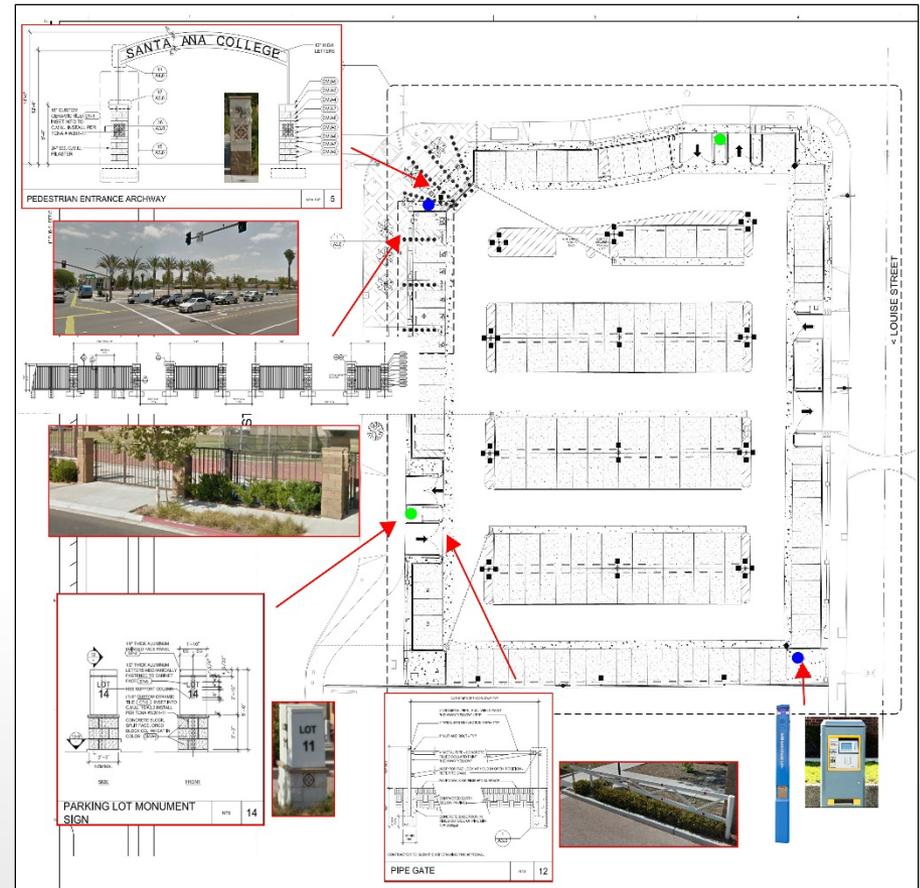
# PROJECT UPDATE SANTA ANA COLLEGE PARKING LOT AT 17<sup>TH</sup>/BRISTOL ST.

## Project Summary:

- ▶ New surface parking lot.

## Current Status:

- ▶ Project is on hold.
- ▶ To be used as overflow parking for contractors for the Science Center and Johnson Student Center.





# MASTER PROGRAM BUDGET

<b><u>PROJECT</u></b>	<b><u>ESTIMATED TOTAL BUDGET</u></b>	<b><u>STATUS</u></b>
❖ Dunlap Hall Renovation	\$12.63 M	Completed
❖ 17 <sup>th</sup> & Bristol Parking Lot	\$ 2.50 M	On Hold
❖ Central Plant	\$68.17 M	In Construction
❖ Science Center	\$73.38 M	In Construction
❖ Demolition (Johnson)	\$ 2.50 M	DSA Approval (pending)
❖ Johnson Student Center	\$40.70 M *	DSA Submittal (pending)
<b>TOTAL</b>	<b>\$198.63M *</b>	

\* Budget is deficient by \$1.25 million

**Note:** These budgets exclude costs beyond typical construction contingencies.



# PROJECT BUDGET HISTORY

MEASURE Q BUDGET HISTORY			
PROJECT	INITIAL START-UP PLANNING TOTAL PROJECT BUDGET (February 2014)	CURRENT ESTIMATED TOTAL PROJECT BUDGET (December 2017)	BUDGET MODIFICATION NOTES
Dunlap Hall Renovation	\$14.2M	12.63M	<ol style="list-style-type: none"> <li>1) Prior to 2014, the project budget was initially set-up in Measure E. Certain softs costs are still expensed to Measure E.</li> <li>2) In 2014, a new project budget was set-up in Measure Q to cover construction costs.</li> <li>3) In November 2014, increase in budget due to expense transfers from Measure E.</li> <li>4) In November 2014, increase in costs associated with an extension of time due to unforeseen conditions on the roof.</li> <li>5) In April 2016, decrease budget by \$2.6 million expense transfers to Measure E.</li> <li>6) In August 2016, decrease budget by \$1.2 million expense transfers to Measure E.</li> </ol>
17th & Bristol St Parking Lot	\$1.7M	\$2.50M	<ol style="list-style-type: none"> <li>1) The acquisition of the property was paid out of Measure E in April 2014.</li> <li>2) In 2014, a new budget was needed for the development of property into a surface parking lot.</li> <li>3) In 2015, adjusted costs for construction of parking lot based on estimator's review of construction documents.</li> </ol>
Central Plant	\$68.17M	\$68.17M	<ol style="list-style-type: none"> <li>1) In February 2014, adjustment made to conceptual budget of \$40 million, due to a final scope of work, a new target construction budget, and a new construction schedule.</li> </ol>
Johnson Center	\$16.7M	\$40.70M	<ol style="list-style-type: none"> <li>1) In 2014, an initial conceptual budget of \$16.7 million was established based on a renovation project.</li> <li>2) In October 2014, budget increased to \$28.49 million due to a change in scope from a renovation project to a replacement project.</li> <li>3) In November 2015, budget increased to \$40.70 million based on College's selection of Option 7 which included additional programs and an increase in square footage.</li> <li>4) In April 2016, re-allocated \$2.7 million from Dunlap budget to increase budget to cover deficiency. The budget was deficient by \$5.64 million and is now deficient by \$2.9 million.</li> <li>5) In August 2016, re-allocated \$1.2 million from Dunlap budget to increase budget to cover deficiency. The budget was deficient by \$2.9 million and is now deficient by \$1.7 million.</li> <li>6) In October 2017, re-allocated \$492,134 from bond interest to increase budget to cover deficiency. The budget was deficient by \$1.74 million and is now deficient by \$1.25 million.</li> </ol>
Johnson Demolition	\$1.8M	\$2.5M	<ol style="list-style-type: none"> <li>1) In 2015, a new budget was needed due to a change in scope from a renovation to a replacement project.</li> <li>2) In April 2016, increased budget by \$700,000 due to estimated increase in demolition costs from \$1.8 million to \$2.5 million.</li> </ol>
Science Center	\$66M	\$73.38M	<ol style="list-style-type: none"> <li>1) In 2014, an initial conceptual budget of \$66 million was established.</li> <li>2) In October 2014, a new planning total budget was established of \$62.94 million based on a more defined scope.</li> <li>3) In July 2015, budget increased to \$73.38 million based on College's selection of Option A3 which outlined the final program including additional labs and an increase in square footage. The new program changed from STEM to Science Center.</li> </ol>

# POTENTIAL FUTURE INCREASES TO CONSTRUCTION COSTS

- ▶ Escalation (Current Budgets at 4 – 6%)
- ▶ Impact of Hurricane(s) and Restoration Work Efforts
  - ▶ Latent Escalation (Future, Unpredictable 8 – 10%+)
- ▶ Local Impacts to Construction Market
  - ▶ Material, Labor, Supply Shortages
  - ▶ Lower Bid Turnout, Less Available Contractors
  - ▶ Higher Construction Costs than Typical
  - ▶ Schedule Delays
  - ▶ Planning and Preparing for Impact
    - ▶ Project Phasing
    - ▶ Contingencies
    - ▶ Alternates or Deducts



# QUESTIONS



RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

MEASURE Q

Projects Cost Summary  
12/31/17 on 01/08/18

Special Project Numbers	Description	Project Allocation	Total PY Expenditures	FY 2017-2018		Cumulative Exp & Enc	Project Balance	% Spent
				Expenditures	Encumbrances			
<b>ACTIVE PROJECTS</b>								
<b>SANTA ANA COLLEGE</b>								
3032	Dunlap Hall Renovation	12,634,041	12,620,659	-	13,382	12,634,041	0	100%
	Agency Cost		559	-		559		
	Professional Services		1,139,116	-	13,382	1,152,498		
	Construction Services		11,480,984	-	-	11,480,984		
	Furniture and Equipment		-	-	-	-		
3035	Johnson Student Center	39,449,764	1,839,798	708,616	3,177,542	5,725,956	33,723,808	15%
	Agency Cost		5,019	359,039	968	365,026		
	Professional Services		1,834,779	349,577	3,176,574	5,360,930		
	Construction Services		-	-	-	-		
	Furniture and Equipment		-	-	-	-		
3042	Central Plant Infrastructure	68,170,000	42,835,552	5,173,564	9,270,753	57,279,869	10,890,131	84%
	Agency Cost		315,395	146	1,833	317,374		
	Professional Services		7,845,853	1,001,329	2,941,075	11,788,256		
	Construction Services		34,674,304	4,152,191	6,309,795	45,136,291		
	Furniture and Equipment		-	19,898	18,050	37,948		
3043	17th & Bristol Street Parking Lot	2,500,000	198,141	-	639	198,780	2,301,220	8%
	Agency Cost		16,151	-	139	16,290		
	Professional Services		128,994	-	500	129,494		
	Construction Services		52,996	-	-	52,996		
	Furniture and Equipment		-	-	-	-		
3049	Science Center & Building J Demolition	73,380,861	3,711,723	1,629,101	52,083,736	57,424,560	15,956,301	78%
	Agency Cost		389,194	15,060	1,574	405,827		
	Professional Services		3,322,529	521,381	4,753,921	8,597,832		
	Construction Services		-	1,092,660	47,328,241	48,420,901		
	Furniture and Equipment		-	-	-	-		
3056	Johnson Demolition	2,500,000	2,780	1,866	-	4,646	2,495,354	0%
	Agency Cost		120	1,866	-	1,986		
	Professional Services		485	-	-	485		
	Construction Services		2,175	-	-	2,175		
	Furniture and Equipment		-	-	-	-		
<b>TOTAL</b>		<b>198,634,666</b>	<b>61,208,652</b>	<b>7,513,147</b>	<b>64,546,052</b>	<b>133,267,851</b>	<b>65,366,815</b>	<b>67%</b>
<b>ACTIVE PROJECTS</b>								
<b>ACTIVE PROJECTS</b>		<b>198,634,666</b>	<b>61,208,652</b>	<b>7,513,147</b>	<b>64,546,052</b>	<b>133,267,851</b>	<b>65,366,815</b>	<b>67%</b>
<b>SOURCE OF FUNDS</b>								
ORIGINAL Bond Proceeds		198,000,000						
Interest Earned		634,666						
<b>Totals</b>		<b>198,634,666</b>						