

Rancho Santiago Community College District

Citizens' Bond Oversight Committee

First Report to the Community

Measure E Bond Revenues

MARCH TO DECEMBER 2003



LETTER FROM THE COMMITTEE CHAIR

This is the bond oversight committee's first report to the community on the status of the college district's facilities improvements, funded with local bond revenues. In November 2002, nearly 65 percent of voters in the college district approved a \$337 million general obligation bond request known as Measure E. These revenues were to be allocated for new and improved classroom and laboratories, land acquisitions, and repair and renovation of buildings and infrastructure systems.

Shortly after voters said yes to the college district's request for local capital improvements funding, its Board of Trustees appointed the 12-member bond oversight committee. Since then, the committee met periodically during 2003 to:

- Review and report on bond expenditures for construction and renovation.
- Assure that the district is in compliance with the law, assuring that funds aren't spent on administrators' salaries or other operating costs.
- Review the performance and financial audits.
- Inspect the colleges' facilities and grounds.
- Review deferred maintenance proposals or plans.
- Review the district's efforts to maximize bond revenues by cost-saving measures.

With this report, the bond oversight committee members assure voters that expenditures of Measure E bond proceeds have been properly made, and only for projects identified in the

bond measure, as delineated in California Education Code 15278. Further, the committee reviewed the independent financial and performance audit for the year ended June 30, 2003. In its advisory and review capacity, the bond oversight committee continues working with the college district, monitoring bond-related projects it undertakes.

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.

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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 2014. Bonds with a 30-year maturity were sold in March 2003 in \$5,000 increments with proceeds accessible to the district in April 2003.

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 time-lines, vendor lists and cross-referenced spreadsheets so that each expenditure can be tracked and categorized easily are available.

PROJECT PERFORMANCE

Bond funded projects that were in progress as of December 31, 2003, are listed below. With sufficient and representative numbers of project contractors from which to select, the college district has obtained highly competitive bids. Local contractors have been selected to perform most project work, subject to vendor qualifications and pricing.

PROJECTS COMMENCED IN 2003

AMOUNT EXPENDED

SANTA ANA COLLEGE

Renovation of 14 buildings	111,150
Campus infrastructure	24,492
Athletic fields renovation	17,448
Acquire adjacent properties along College Avenue	8,870,771
Women's locker room	225,113
Design public safety institute	360,123
Design digital media center	114,940

SANTIAGO CANYON COLLEGE

Infrastructure improvements	29,376
Acquire adjacent 18.77 acres	24,791,777
Construct student services and classrooms building	3,549,174
Construct parking lot	395,493
Library/learning resource center	21,418
Orange Continuing Education Center	180,372

DISTRICT

Purchase telephone/information system	770,253
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TOTAL

39,461,900

INDEPENDENT FINANCIAL AND PERFORMANCE AUDITS


Macias, Gini & Company, independent accounting firm, conducted a financial audit of bond expenditures and activities for the initial period of March 31, 2003 to June 30, 2003. 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 \$34,317,347 for Measure E bond projects at Santa Ana College, Santiago Canyon College and for the college district by June 30, 2003, the first audit period. At the end of 2003, the first year the district had access to Measure E bond revenues, it expended \$39,461,900 of the bond funds and had a total of expenses and encumbrances of \$56,076,797.

COST-SAVING MEASURES

One of 13 college districts around the state that successfully passed local bond measures in November 2002, the college district was the first to initiate the bond rating and selling process. Consequently, the college district benefited from early access to bond revenues without delays, thus saving time and financial resources.

The college district participates in purchasing consortiums which reduce equipment and other capital material costs. Through the California Multiple Awards Schedule and the



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California Community Colleges Foundation, the college district can equip Measure E-funded facilities at substantially less cost to the public.

Partnering with other organizations and combining funding sources extend the college district’s capacity to develop classrooms, labs and other student support facilities cost effectively. For example, The Irvine Company’s donation of property at Santiago Canyon College represents a substantial savings that would otherwise have been needed for property acquisition. In addition, the college district is combining a federal grant with Measure E bond revenues to develop the digital media center in Santa Ana.

ISSUES

The citizen’s bond oversight committee is required by law to receive and review copies of the annual independent financial and performance audits. As noted elsewhere in this report, the first financial reporting period encompassed the second quarter of 2003. The first full year’s financial audit will not be conducted until after June 2004.

Several proposed construction and renovation projects entail combining local bond revenues and funding from other sources. The bond oversight committee requests continued vigilance in tracking expenditures and planning for these projects to clearly account for Measure E revenue allocations.

Recognizing the gap between project estimates stated in the 2002 bond measure and escalating property acquisition, renovation and construction costs, the college district must prioritize its needs. In its advisory capacity, the bond oversight committee offers the college district a forum in which to deliberate these difficult choices.

It must be acknowledged that Measure E-funded projects are subject to the same state approval processes as those funded through other sources. Depending upon state agencies before projects may proceed removes the college district from absolute control over established timelines for their development. To the degree that projects are backlogged outside the college district’s domain, timelines to completion may be extended.

CONCLUSIONS

The bond oversight committee finds that Rancho Santiago Community College District has complied with the spirit and requirements of state law 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.

COMMITTEE MEETINGS

The bond oversight committee meets three times a year. Its next public meetings will be on July 21 and November 17 at 6:00 p.m. in the district operations center board room, 2323 N. Broadway, Santa Ana, California 92706.

Meeting dates are posted on the college district’s website at

<http://www.rscsd.org/mE/oversight.htm>.

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

<http://www.rscsd.org/mE/oversight.htm>

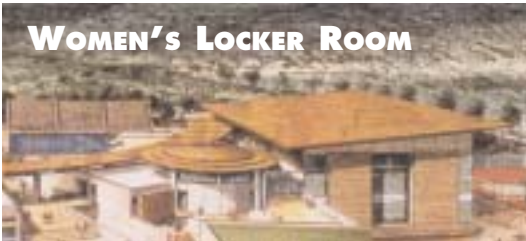
For questions or comments about the bond oversight committee and its activities, please call 714-480-7340.

PUBLIC ATTENDANCE

All bond oversight committee meetings are open to the public.



PUBLIC SAFETY INSTITUTE



WOMEN'S LOCKER ROOM



MATH & SCIENCE BUILDING



DIGITAL MEDIA CENTER



STUDENT SERVICES BUILDING

BOND OVERSIGHT COMMITTEE FOR 2003

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- **Barbara deBoom**, Vice Chair, President/Chief Executive Officer of the Orange Chamber of Commerce
- **Salvador Sarmiento**, Vice Chair, Orange County Superior Court Commissioner
- **Jim Adams**, Council Representative, Los Angeles/Orange Counties Building & Construction Trades Council
- **Tien Tat Chu**, Anchor, Saigon Broadcasting Network
- **Rita Kallas**, Santiago Canyon College Student
- **Russell Langenbeck**, D.D.S., Santiago Canyon College Foundation
- **Larry L. Means**, Santa Ana College Foundation
- **Robert Odle**, Orange County Taxpayers Association
- **Jason Strickland**, President, Santa Ana College Associated Student Government
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