



Long Beach Community College District

**Citizens Oversight Committee
2005 Annual Report
to the Board of Trustees
January 24, 2006**

Board of Trustees

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Citizens Oversight Committee

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Background

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. In conjunction with the passage of Proposition 39, the Legislature passed a series of bills both restricting and mandating actions of local governing boards under Proposition 39. Proposition 39 went into effect on November 8, 2000 and the statutory measures went into effect January 1, 2001. On December 4, 2001, The Board of Trustees of the Long Beach Community College District (the District) called for a general obligation bond election. The ballot language for the Measure E Bond funds reads, "In order to renovate, repair, and replace aging educational facilities, including replacement of electrical, plumbing and sewer systems, add classrooms, acquire equipment, construct job training facilities and high tech computer labs, upgrade restrooms, renovate heating and ventilation system, install fire safety equipment, replace outdated classrooms and libraries and establish a Citizens Oversight Committee, shall the Long Beach Community College District issue \$176 million in bonds, at interest rates within the legal limit?" On March 5, 2002, the District's resident voters passed the general obligation bond, Measure E.

It is the charge of the Citizens Oversight Committee (COC) to monitor the expenditures of the Measure E Bond funds and report to the public on the District's compliance with Proposition 39. It is the committee's role to: 1.) Receive and review the annual independent performance audit; 2.) Receive and review the annual independent financial audit as it relates to Bond funds; 3.) Review the Bond expenditures and ensure that Bond proceeds are spent on qualified projects and not on administrator or teacher salaries; 4.) Inspect college facilities and grounds where Bond proceeds are being spent; 5.) Receive and review deferred maintenance plans; 6.) Review district efforts to implement cost efficiency; and 7.) Prepare an annual report to the Board of Trustees. The Board of Trustees approved the following as the list of projects for which bonds issued under Proposition 39 would be expended:

General Improvements

At both the Liberal Arts Campus (LAC) and Pacific Coast Campus (PCC), the District intends to use bond proceeds to reimburse the District for State or other District funds that may be used to provide for any project on the list below, and to: make improvements to internal walkways, access roads and parking lots; install new and safer exterior lighting, signage, and security systems; landscape and install sprinklers in open areas, between buildings, and at physical education facilities; install modern

infrastructure and utilities, including water, sewer, heating, ventilation, and air conditioning systems; install or upgrade fiber-optic cables and related technological equipment/systems; improve access ways in compliance with the Americans with Disabilities Act; remove and replace hazardous building materials; and purchase and install furnishings and equipment at all facilities being constructed, renovated, improved or remodeled with the proceeds of bonds.

Project List

The project listing does not suggest any particular priority for construction amongst the proposed projects, which remains a province of the Board of Trustees.

Liberal Arts Campus (LAC) Improvements: The District intends to undertake the following specific projects at LAC, each of which involves major renovations, remodeling and improvements, and some of which involve removing old hazardous building materials and making, where required, seismic safety improvements:

- Administration Building (Building A)
- Technical Building (Building B)
- Nursing, Health and Technology Building (Building C)
- Math/Science Building (Building D)
- College Center (Building E)
- Family Consumer Studies Building (Building F)
- Music Building (Building G)
- Theater Arts Building (Building H)
- Auditorium (Building J)
- Library/Learning Center (Building L)
- Business, Computer, Social Sciences Building (Building M)
- Administrative Services Building (Building N)
- Language Arts Building (Building P)
- Physical Education Building
- Small Gymnasium (Building Q)
- Large Gymnasium (Building R)
- Aero-Pilot Building (Building T)
- Grounds Department (Building U)
- Construct new Bookstore/Student Services Building
- Replace and construct new Child Development Center
- Construct new classroom building or buildings to accommodate student growth and future program demands

Pacific Coast Campus (PCC): The District intends to undertake the following specific capital improvement projects at PCC, each of which involves major renovations, remodeling and improvements, and some of which involve repairing fire damage, removing old hazardous building materials, and making, where required, seismic safety improvements:

- General/Administration Building (Building AA)
- Humanities/English as a Second Language Building (Building BB)
- Fitness Center (Building CC)
- Social Science Building (Building DD)
- Student Center/Bookstore (Building EE)
- Fine Arts/Senior Center (Building FF)
- Library/Learning Resource Center (Building GG)
- Construction Trades Building (Building MM)
- Machine Shop (Building UU)
- Welding Shop (Building VV)
- Parent Education Building (Building OO)
- Replace and construct new Diesel Shop, Automotive Shop, Aeronautics Shop and Auto Body Shop (Buildings, RR, SS, TT, and QQ)
- Replace and construct Child Development Center
- Construct new classroom building or buildings to accommodate student growth and future program demands

Proposition 39 Mandate

The following is a summary of reports made to and actions made by the COC during the 2005 calendar year to meet its obligations.

Receive and Review the Annual Independent Performance Audit

The performance audit firm of Moss Adams was selected to conduct the 2004/2005 Performance Audit Report. Following the 2003/2004 Performance Audit report to the Citizens Oversight Committee (COC) in December 2004, the committee requested that Moss Adams conduct a mid-year Interim Performance Audit Report. The District, in collaboration with the BMT and other Bond Program consultants, drafted an action plan to address Moss Adams' recommendations coming out of the 2003/2004 Performance Audit. Over 90% of the recommendations were addressed within the first three months of receiving the 2003/2004 Performance Audit. Moss Adams reported back to the committee and presented the six-month Interim Performance Audit Report for the period July 1, 2004 through December 31, 2004. The Interim Performance Audit was

presented to the committee at its July 11, 2005 meeting. Moss Adams reported to the COC and concluded that the District had successfully responded to and implemented its recommendations and the District had made great improvements. In summary, Moss Adams found no exceptions with the use of Bond Program funds for the approved purposes for expenditures between July 1, 2004 and December 31, 2004.

The District and BMT continued their work on addressing Moss Adams' recommendations and they reported on further actions taken in response to the recommendations to the committee at its meeting of October 10, 2005.

Moss Adams conducted the 2004/2005 Performance Audit for the period of July 1, 2004 through June 30, 2005 and presented its report to the COC at its January 23, 2006 meeting. Moss Adams evaluated Bond Program financial records and expenditure cost support to verify that funds were used for approved Bond Program purposes as set forth in the Ballot Measure and Bond Documents. Moss Adams concluded that the District implemented controls for the use of school construction bond proceeds to comply with Measure E requirements, and found no exceptions with the use of Bond Program funds for approved Measure E purposes.

Receive and Review the Annual Independent Financial Audit as it Relates to the Bond Funds

The financial audit firm of Vavrinek, Trine, Day & Co., LLP (VTD) conducted the District's 2003/2004 Fiscal Year Financial Report that included the Measure E Bond Program. A report on the findings of the 2003/2004 Fiscal Year Financial Report; a letter dated November 5, 2004 from VTD stating its official audit findings; the Balance Sheet as of June 30, 2004; and the Statement of Revenues, Expenditures and Changes in Fund Balance for the Year Ended June 30, 2004 were received by the committee at its January 10, 2005 meeting, and a full copy of the report was presented to the Vice Chairperson for his review. The final report was presented to and approved by the Board of Trustees at its January 25, 2005 meeting. The Financial Audit Report concluded that the District is in compliance in its overall financial and business operation. The audit is inclusive of the overall financial operation of the District and the Measure E Bond Fund Program. The Financial Audit Report and Performance Audit Report totals were in agreement.

The firm of Vicenti, Lloyd & Stutzman LLP (VLS) was selected to conduct the 2004/2005 Fiscal Year Financial Audit Report. VLS presented its findings to the COC at its January 23, 2006 meeting. VLS conducted their audit of the Bond Construction Fund, in accordance with auditing standards, in order to obtain reasonable assurance that financial statements for the Bond Construction Fund are free of material misstatement. VLS concluded that the financial statements present fairly, in all material respects, the

financial position and results in conformity with accounting principles generally accepted. VLS noted no matters involving the internal control over financial reporting and its operation that they consider to be material weaknesses.

Review Bond Expenditures and Ensure that Bond Proceeds are Spent on Qualified Projects and not on Administrator or Teacher Salaries

The COC received a report of itemized expenditures for all projects as part of the Quarterly Expenditure Report. The BMT reformatted the Quarterly Expenditure Reports in order to provide all-inclusive and concise expenditure information for all projects. The newly formatted version of the Quarterly Expenditure Report (for expenditures reported as of June 30, 2005) was presented to the COC at its July 11, 2005 meeting. To date, all Quarterly Expenditure Reports received by the COC do not suggest inappropriate expenditures were made. At the request of the COC, the BMT submitted to the committee a statement of verification (to be accompanied with each forthcoming Quarterly Expenditure Report) that all expenditures have been spent appropriately.

Inspect College Facilities and Grounds Where Bond Proceeds are Being Spent

Members of the COC received a tour of two Bond Program projects, one at the Liberal Arts Campus (LAC) and one at the Pacific Coast Campus (PCC). On October 7, 2005, the members received a tour of the Child Development Center (PCC) project site. On December 8, 2005, the committee received a tour of the Interim Facilities-Vet's Stadium project site. The BMT headed the tours and conducted a question and answer session following each tour.

In addition to the project site tours, the BMT held an Open House of the Bond Management Program Offices for all faculty, staff, students, and COC members on December 8, 2005. The purpose of the Open House was to invite the District to see where the planning and construction management for the District's future facilities takes place.

Child Development Center (PCC) Project Site Tour October 7, 2005

COC Members in Attendance

Patricia L. Lofland
Sherri Ortman
Ken Velten
Debra A. Williamson



Photographed by Tom Ross (Bovis)

Top back row, from left: Bill Adams (Bovis), an unidentified member of the construction crew, Bill Hahn (Bovis), Farley Herzek (LBCCD), Barry Willett (Bovis)

Second row, from left: Sherri Ortman (COC Member), Pat L. Lofland (COC Member), Dianne Theil McNinch (Board Member), Ken Velten (COC Member)

Front row, from left: Lorraine Martinez (RMA), Debra A. Williamson (COC Member), Leilani Nunez (Bovis), Jeff Wheeler (Facilities Planning Committee Co-Chair), Joe Bahan (Bovis)

Interim Facilities-Vet's Stadium Project Site Tour December 8, 2005

COC Members in Attendance

Patricia L. Lofland
Dr. William H. Marmion
Sherri Ortman
Ken Velten
Debra A. Williamson



Foreground, from left: Roberto Uranga (Board Member), Dr. E. Jan Kehoe (President-Superintendent), Dianne Theil McNinch (Board Member)
Background, from left: Jeri Carter (FPC Member), Helene Ansel (LBCCD), Jackie Hann (LBCCD), Steve Medley (LBCCD), Gene Farrell (Bovis), Eloy Oakley (Assistant Superintendent & Executive Vice President)

Photographed by Ray Rodriguez (RMA)



From left: Jeffrey A. Kellogg (Board Member), Eloy Oakley (Assistant Superintendent & Executive Vice-President) Gene Farrell (Bovis), Steve Medley (LBCCD)

Photographed by Ray Rodriguez (RMA)



From left: Ken Velten (COC Member),
Dr. William H. Marmion (COC Member),
Dr. Thomas J. Clark (Board Member)

Photographed by Ray Rodriguez (RMA)

Comments from COC Members

“The facilities tour was a great success. Participants were reminded that we were seeing ‘a working site’ and that helmets and ID vests were required. It was heartening to see the results of years of planning to meet the future needs of LBCC. Congratulations to all who have made it a reality.” *Dr. William Marmion*

“The tour of this facility [Child Development Center (PCC)] showed what a unique and useful structure it will be. It is a very good design and will encourage students with children to utilize the facility while they are in class. This will allow the students to obtain important educational benefits.” *Ken Velten.*

“The [Interim] Facilities-Vet’s Stadium tour showed the status of construction and the planned use of the building as an alternate classroom facility for the automotive and aviation schools while their building is being constructed. This will allow these programs to continue during construction. Obviously, it will make a fine warehouse in the future. The design is not as innovative as the Child Development Center.” *Ken Velten.*

Receive and Review Deferred Maintenance Plans

Due to the lack of Deferred Maintenance funding from the State, for 2004/2005 Fiscal Year no Deferred Maintenance Plans were submitted to the COC.

Review District Efforts to Implement Cost Efficiency

1. The District's Measure E Bond Management Team reported its completion of the Program Management Plan/Procedures Manual for the purposes of ensuring that policies and procedures are established in managing the Measure E Bond Program projects, and the District is in accordance with the Performance and Financial Audits mandates. The Program Management Plan/Procedures Manual ensures that practical and efficient policies and practices are administered, and appropriate controls are developed and applied.
2. At the request of the COC, the BMT presented itemized expenditures for all projects as part the Quarterly Expenditure Report. Itemizing quarterly expenditures allows the COC to review expenditures with more clarity and understanding.
3. The region experienced heavy rains during the past season. The BMT put forth extraordinary efforts to keep the Child Development Center (PCC) and the Site Lighting project (PCC) on schedule while experiencing a heavy rainy season. There were no cost overruns incurred due to the rains or due to the up swing of work to keep the projects on schedule.
4. The BMT continues to negotiate contract prices with Architects for the best price for the project. The BMT re-negotiated a contract price with the Architect for the Landscape and Signage Project (PCC) and was successful in reducing the contract price for an \$18,000 savings.
5. The BMT has made improvements in its cost schedule and budgetary management reporting. The BMT instituted the application of the Expedition Professional software program, by Primavera systems. Expedition is a tool whereby the BMT can manage project costs, track contract changes, document a project's history, manage field administration, track project changes, and note specific issues for each of the Bond Program projects. Expedition also interacts with the District's PeopleSoft system that the District uses in its management of contracts and accounting records system. Expedition also collects data and comments a project's history so that in the case of litigation or in negotiating a change, the history of that project is easily accessible. The BMT can produce reports as simple or detailed as is necessary to review and manage project costs and budget. Expedition is also an excellent tool for auditing all project transactions and activities.

6. The BMT continued its efforts, established in 2004, and finalized the Contractors Pre-Qualification Program. The Contractors Pre-Qualification Program is a program that is being conducted by most large public agencies in order to be able to attract quality contractors and ensure that contractors who bid on projects and enter into an agreement do work reasonably. The Contractors Pre-Qualification Program stipulates that a Pre-Qualification Application must be completed by contractors bidding on a contract exceeding \$3.5M. The Pre-Qualification Application requests contractors to disclose information in the following areas: experience; quality and timeliness of past performance; reliability and responsibility; compliance with equal employment requirements; compliance with wage, hours, and other fair labor standards; integrity and business ethics of the firm and its key personnel; gifts given or contributions made to members or alternate members or employees of the District; and financial and operation capability. The program also encompasses conducting community outreach to the District's local contractors in order to attract qualified contractors within the District's community. The program assures that the District will get more results for its Bond fund dollars. And, the program assures that litigation is reduced by placing high standards on contractors.
7. The Board authorized the District to issue Series B general obligation bonds in the amount of \$65M to begin the second phase of planning, programming and construction, and meet its cost projections over the next three years. The District obtained a good rating for the Series B Bonds. The Board also authorized the District to issue Series C refunding bonds (refinancing Series A bonds) in the amount of \$28.2M. Refinancing and shortening the payment period of the Series A bonds (Series C refunding bonds) equates to a \$5.5M savings to the resident tax payers.
8. In spite of continued concern expressed from the campus community and District residents that parking structures be built as the Bond Program projects are planned, the District holds steadfast with its initial plan to strategically locate parking lots in close proximity of instructional facilities. The Master Plan proposes a plan to build a parking structure when the student population reaches a certain level. All options will be looked into before the District builds a parking structure.
9. The BMT continues to encourage its team to look for innovative ways that would provide cost savings to the Bond Program. One of the BMT team members located a vendor that dismantled and hauled away the abandoned fuselage that was housed at PCC. The agreement included the vendor reimbursing the District for monies collected on the recycled scrap metal. The vendor issued a check to the District in the amount of \$7,153.05.
10. The Bond Management Program Offices have been organized and will bring together all members of the Bond Management Team and the majority of District staff involved with the Bond Construction Program. This will aid in smoother operations and added cohesion between the entities.

11. The Relocation of Major Water Lines for the South Quad Complex (LAC) (Bid Package No. 2) was combined with the piping package of the Infrastructure Site Improvements and New Central Plant projects at LAC, and these projects were bid as one project. This plan provided a cost savings to the Bond Program.
12. The District's procurement committee continues to meet regularly to discuss procurement issues and establish District-wide standards for furnishings. Establishing District-wide standards streamlines the purchasing process and enables the District to contract the best price for district-wide furnishings.
13. Two re-locatable buildings were purchased for the Southeast Interim Bungalow Project (PCC). Purchasing the re-locatable buildings was the better cost savings option over entering into a lease agreement.
14. The District actively pursues other funding sources to mitigate costs to the Bond Program. The Men's gym façade suffered significant damage due to the rains. The District is pursuing FEMA funding to repair the Men's gym façade to mitigate the unexpected costs.
15. The BMT continues to make every effort to instill safe practices on both the LBCCD Campus and the various construction project sites at both LAC and PCC. These efforts include bi-monthly safety training sessions, close project review and coordination with the Solis Group, and weekly and monthly site safety reviews. This effort continues to provide a safe working environment, reduce time lost on projects, and meet construction schedules. This effort has provided a continuous safe working environment for the labor force, staff members, students, and the community. Through December 2005, there have been over 473,353 man hours worked with no lost-time injuries on the projects.
16. Design specification standards. The District and BMT finalized the District's design specification standards. The design specification standards have been incorporated into project design work and will enable the District to standardize maintenance procedures and to simplify the stocking of repair parts, lights, and supplies. Additionally, costs savings will be realized through the extended lifecycle of the fixtures specified in the new design standards. With respect to the construction activity, the District will be better able to estimate the true cost of construction across multiple projects as it will using the same products, processes, and finishes.
17. The BMT reported on measures it has taken to mitigate escalating construction costs. The BMT reported that as part of its mitigation measures, Saylor Consulting has been contracted to provide independent estimates on all Architects' estimates during the design process as well as to monitor escalating construction costs in the market place. Saylor Consulting conducted post-bid interviews with both general contractors and major subcontractors that submitted bids on District projects, and a number of other Southern California-based construction companies to examine first hand the factors that most affect their bids. Previous reports by the University of California Irvine were analyzed and used to advise the District on budget adjustments as well. The BMT is aggressively submitting for State funding,

- and conducting pre-value engineering. The BMT continues to work with the Architects and the Master Programmer to identify scope and cost cutting measures.
18. The Facilities Planning Manual has been delivered and approved by the District. The Facilities Planning Manual ensures that all planning, design, construction activities, and deliverables continue with a heightened level of efficiency and control as well as it ensures consistent applications of good construction practices.
 19. The BMT continues to instill construction safety practices and broadcasting District-wide construction alerts. Addressing construction safety is vital in providing a safe environment as well as preventing costly legal claims against the District. Each contractor is required to submit an Incident and Injury Prevention Plan, and the contractors are required to submit a project specific logistics plan. This plan addresses issues relevant to public safety around each site and the procedures to be followed for working in and around the District community. Communications to administration, faculty, staff, and students continues with issuance of District wide e-mail Construction Alerts. This has proven to be an effective tool in alerting the District of shutdowns, parking lot closures, and potentially hazardous areas to avoid. The BMT implemented the Bond Program website as a communication venue to the community at-large. The website provides regular updates on the progress of construction/modernization projects while mitigating costs on community-wide newsletter mailings. Students are now included in all District wide e-mails for Construction Alerts and notification with a link to the newsletter (Bovis Builder). In addition, alerts and pedestrian pathways will be posted strategically to inform students and staff of the construction areas.
 20. At each milestone of the design phase, including the project kick-off, the District (and Master Programmer as deemed necessary) reviews the building design submittal for concurrence with the Facilities Master Plan. A formal notice to proceed is not issued until all parties sign off on the current design.
 21. BMT and the District communicate regularly with the Division of the State Architect's to prioritize District projects. The District has met with the California Department of General Services to keep aware of issues that may affect the plan approval process. As a result, the plan check process has been streamlined.
 22. The BMT implemented and tested the Expedition, PeopleSoft, and Simpson and Simpson database software systems for efficient operation of cost, schedule, and budgetary management. BMT also worked with the District and prepared accounting and reporting policies and procedures. The database management tool allows estimated and actual costs to be tracked by project, type, funding, and campus. Additionally, it has the capability to provide periodic cash flow reports. This custom built application was tested on a single project and the reports from the test were provided to the COC at its meeting of April 11, 2005.

23. The BMT developed and implemented the Budget Modification Procedure whereby all changes must first be reviewed and authorized by the District before payment can be made. The Budget Modification Procedure enables the District to closely monitor the Master Budget.
24. There have been important improvements in the administrative organization of contract documents and in the keeping of complete documentation for all contracts, files, certificates of insurance for general liability, auto liability, and workers compensation. The BMT has the ability to track insurance through Expedition (its project management tool). The District has been given rights to utilize the insurance component of Expedition.
25. The District and the BMT have improved its procurement process, procurement controls, and the advertising and solicitation process for procurement of professional services. A cohesive process between the District and BMT has been implemented.
26. The BMT implemented a Change Management Procedure to conduct construction risk analysis as a contractor cost control measure. And, a mitigation plan has been implemented as part of the Bond Program Change Management Plan.
27. The Budget Modification Procedure was developed after approval of the final Bond Program budget. Budget modifications require that any changes made to the baseline budget go through the Budget Modification Procedure. All budget modifications require final authorization by the District. The Budget Modification Procedure ensures close monitoring of the Bond Program budget.
28. Careful review of consultant invoices has been instituted with respect to contract terms (especially hourly rates and reimbursable expenses). Consultant invoices are scrutinized and undergo a review and authorization process prior to funds being released. A checklist is used to verify compliance with contractual requirements. Contract consultants and contractors (not construction contractors) are required to secure prior written approval for all reimbursable expenses. The District improved its applications in its payment process, and document control of records of distributions between funds.
29. The District has ensured that systems training for end users of the facilities are included in the formal close out process. Formal training is included in the Contract Documents for each project. Furthermore, close-out procedures are in place.
30. The District is pursuing ways to augment staffing for current facilities construction staffing levels in order to address construction program costs, project schedules, and scope management requirements. The District is also pursuing ways to augment District management level staffing to oversee program management personnel and to respond to bond program needs.

Note Worthy News: Community Outreach

At the request of the COC, the BMT has made efforts to institute a communication link between the community and the District in order that the District is responsive to the District's residents' inquiries regarding the Measure E Bond Program. The BMT has successfully implemented the Bond Program website and provided a link whereby residents can access the Contact Us and/or FAQ's web pages. District residents can use the Contact Us webpage to leave a question via the Bond Program General e-mail address. Also, the webpage provides the General Information message center telephone number where residents can call and leave a voice message. The FAQ's webpage answers frequently asked questions. The BMT received and responded to a total of ten inquiries by e-mail, correspondence, or personal return telephone call.

Prepare an Annual Report to the Board Of Trustees

The COC herewith submits its 2005 Annual Report to the Board of Trustees. The COC is pleased to report that to date the Long Beach Community College District is in compliance with Proposition 39.

2005 Meeting Schedule

January 10, 2005

April 11, 2005

July 11, 2005

October 10, 2005

2005 Citizens Oversight Committee Members

Committee Member

W. Gary Westling, Chairperson
J. C. Squires, Vice-Chairperson
Angel J. Perea, Secretary
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Representing

Additional Recommended Member
Community At Large
Community At Large
Associated Student Body
Senior Citizens Organization
Support Organization for the College
Additional Recommended Member
Bona-Fide Tax Payers Association
Additional Recommended Member
Additional Recommended Member
Local Business Community

***Respectfully Submitted to the
Board of Trustees on January 24, 2006 by
W. Gary Westling, Chairperson***