



Long Beach Community College District

**Citizens Oversight Committee
Annual Report for Year Ending
December 2007
to the Board of Trustees**

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January 22, 2008

Citizens Oversight Committee 2007 Annual Report to the Board of Trustees

January 22, 2008

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 (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tech computer labs, upgrade restrooms, renovate heating and ventilation system, install fire safety equipment, replace outdated classrooms and libraries and establish a Citizens Oversight Committee, shall the Long Beach Community College District issue \$176 million in bonds, at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.

Citizens Oversight Committee Charge

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.) Review the Bond expenditures and ensure that Bond proceeds are spent in accordance with the ballot measure and not on administrator or teacher salaries or other operating expenses; 2.) Prepare an annual report to the Board of Trustees; 3.) Receive and review the annual independent performance audit and the annual independent financial audit as it relates to Bond funds; 4.) Inspect college facilities and grounds where Bond proceeds are being spent; and 5.) Receive and review deferred maintenance plans.

Long Beach Community College District's Projects List

The Board of Trustees approved the following list of projects for which bonds issued under Proposition 39 would be expended:

Accomplishments

Child Development Center at PCC – Complete
Automotive and Aviation Complex (Tech 2) at PCC – Complete
Large Gym Façade and Renovations at LAC - Complete
Small Gym Renovations at LAC – Complete
Language Arts Building Renovation at LAC - Complete
District Facilities and Warehouse Complex - Complete
Utility Infrastructure throughout LAC & PCC – Complete

Underway

Construct new classroom building(s) to accommodate student growth & future program demands at LAC (South Quad Complex) – Expected Summer 2008
Industrial Technology Center (Tech 1) at PCC – Expected Completion Winter 2008
Library/Learning Resource Centers at LAC & PCC – Expected Completion 1st Qtr. 2009
Central Plants at LAC & PCC – Expected Completion Summer 2008

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 2006-07 fiscal year to meet its obligations:

Receive and Review the Annual Independent Performance Audit

The Citizens Oversight Committee (COC) received and reviewed the annual independent Performance Audit as it relates to the Measure E Bond funds.

The performance audit firm of Moss Adams was selected to conduct the Performance Audit for Fiscal Year Ended June 30, 2006. The performance audit team evaluated the Long Beach Community College District's (District) Measure E Bond Program compliance, and controls established to assure efficiency and effectiveness of the construction Program. The audit team evaluated whether an appropriate control structure has been developed for implementation of the Measure E Construction Bond Program. The audit team also tested expenditures during the period July 1, 2005 through June 30, 2006 for compliance with Bond Program objectives.

The audit team validated construction program expenditures against Bond Program requirements, contract terms and conditions, and analyzed program level controls. The team conducted over 20 in-depth interviews and reviewed key program documentation including a draft copy of the Facilities Master Plan, District Measure E Bond Program Policies and Procedures, the Program Management Plan, and evaluated policies and procedures as put in practice by both the District and the Bond Management Team. A sampling of other Bond Program documents reviewed included:

- Voter materials and bond documents
- Facilities planning documentation
- Procurement bid and award documentation
- Contracts
- Payment applications and invoices
- Relevant financial records and transaction support
- Board of Trustees and Citizen Oversight Committee reports
- Staff plans

Good practices and improvement opportunities, as identified at the time of report issuance, were identified in the Performance Audit Report. In summary, the performance audit report reflected procedural changes and actions taken through June 30, 2006 by the District and the Bond Management Team (BMT) since the last performance audit. In summary, key good practices included: 1) a file checklist and an in-process checklist are used to ensure completeness of contracts files; 2) the District is using an independent third party to provide review of Cordoba's Bond Management Team invoices; 3) staff for the Bond Management Team is dynamic, and is responsive to needs as determined by the construction schedule; and 4) user approvals and sign-off on design may prevent late changes and, thus, high-cost impacts to the Bond Program. The audit team identified opportunities for improvement in which the District and the BMT will respond to during the course of the year.

The audit team conducted its audit in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants. The audit team reported that the District has implemented and continues to improve controls for use of school construction bond proceeds to comply with Measure E requirements and are recorded on the District's books and records. Total Bond Program fund expenditures were \$23,248,749 from July 1, 2005 through June 30, 2006. The audit team evaluated expenditures for that period totaling \$11,835,353 (51%) and found no exceptions with the use of Bond Program funds for approved Measure E purposes.

Moss Adams presented its performance audit findings to the COC at its meeting of January 11, 2007. The Performance Audit for Fiscal Year Ended June 30, 2006 was received by the COC unanimously.

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

The Citizens Oversight Committee (COC) received and reviewed the annual independent Financial Audit as it relates to the Measure E Bond funds.

The financial audit firm of Vicenti Lloyd Stutzman conducted the Financial Audit for Proposition 39, General Obligation Bonds, Measure E Bond for the Year Ended June 30, 2006. The financial audit team conducted its audit of the Bond Construction Fund in accordance with auditing standards generally accepted and the standards applicable to financial audits contained in Governmental Auditing Standards.

The financial audit team planned and performed its audit to obtain reasonable assurance that the financial statements for the Bond Construction Fund are free of material misstatement. The audit included examining, on a test basis, evidence supporting the amounts and disclosures in the Bond Construction Fund financial statements. It also included assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The audit team attests that its audit provided a reasonable basis for its opinion.

It is the opinion of the financial audit team that the financial statements present fairly, in all material respects, the financial position and results of operations for the Bond Construction Fund of the Long Beach Community College District as of June 30, 2006, in conformity with accounting principles generally accepted.

Vicenti Lloyd Stutzman presented its financial audit findings to the COC at its January 11, 2007 meeting. The Financial Audit for Proposition 39, General Obligation Bonds and Measure E Bond for the Year Ended June 30, 2006 was received by the COC unanimously.

Review Bond Expenditures and Ensure that Bond Proceeds are Spent in Accordance with the Ballot Measure

The Citizens Oversight Committee (COC) reviewed Measure E Bond fund expenditures in order to ensure that Measure E Bond funds proceeds were spent in accordance with the ballot measure and not on administrator or teacher salaries or other operating expenses.

The Bond Management Team (BMT) presented the Quarterly Expenditure Reports and the Quarterly Summary Reports to the COC at its January, 2007, April 2007, July 2007, and November 2007 meetings. The Quarterly Expenditure Reports itemized expenditures for all construction, modernization, and renovation projects stipulated in the March 2002 ballot language for the Measure E Bond funds. The reports summarized budget modifications that occurred during each quarter. A statement of verification accompanied the Quarterly Expenditure Reports and attested that all expenditures were spent appropriately.

As of June 30, 2007, \$72,076,715 has been spent on bond projects. Of this amount, \$31,442,126 was spent during fiscal year 2006-07.

Inspection of College Facilities and Grounds Where Bond Proceeds Are Being Spent

The Citizens Oversight Committee (COC) inspected the Long Beach Community College District's facilities and grounds where Measure E Bond proceeds were spent.

Construction, modernization, and renovation projects that the Long Beach Community College District residents voted for in the Measure E Bond funds ballot came to life in 2007 and are as follows:

Tour of Automotive and Aviation Complex (Tech 2) at PCC with the COC

August 16, 2007



On August 16, 2007 Farley Herzek, Dean of School of Trades and Industrial Technologies, proudly lead a tour of the new Tech 2 Automotive and Aviation Complex at PCC for COC members.

COC Members in Attendance:

William Marmion
Sherri Ortman
Debra Williamson

Ribbon Cutting Ceremony for the Automotive and Aviation Complex (Tech 2) at PCC

October 9, 2007



From left: Gary Scott, Jan Kehoe, Roberto Uranga, Mark Bowen, Doug Otto, Eloy Oakley, Farley Herzek, Jeffrey Kellogg

The ribbon cutting ceremony for the center was held October 9, 2007 with local, District and Bond Team dignitaries in attendance. The District was not only happy that the complex was successfully completed on schedule, but also elated that the building received Federal Aviation Administration (FAA) certification. The certification is necessary to conduct approved FAA classes in aviation air frame and power plan mechanics.

COC Members in Attendance:

Sherri Ortman
William Marmion
Debra Williamson

Tour of the South Quad Complex at LAC with the COC

November 1, 2007



On November 1, 2007 Mike Soto of the Bond Management Team lead a tour of the new South Quad complex for COC members and other district staff.

COC Members in Attendance:

J. C. Squires
Patricia Lofland
William Marmion
Sherri Ortman
Ken Velten
Gary Westling

2007 Accomplishments & Underway

Accomplishments



District Facilities & Warehouse – LAC



Tech II – PCC



Child Development Center - PCC



Large Gym Façade – LAC



Small Gym Renovation - LAC



Language Arts Bldg. Renovation – LAC

Underway



Central Plant - LAC



Learning Resources Center – LAC



Learning Resources Center – PCC



South Quad – LAC



Tech I – PCC



Central Plant – PCC

2007 Meeting Schedule

January 11, 2007



April 9, 2007



July 9, 2007



November 1, 2007



2007 Citizens Oversight Committee Members

Committee Member

J. C. Squires, Chairperson
Ken Velten, Vice-Chairperson
Angel J. Perea, Secretary
Patricia L. Lofland
William H. Marmion
Sherri Ortman
Debra A. Williamson
W. Gary Westling
Tom Chek

Representing

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

**Respectfully Submitted to the
Board of Trustees on January 22, 2008 by
J. C. Squires, Chairperson**

