

Minutes
DCOC
Friday, December 18, 2009

Elliot Axelband, West Los Angeles College, Harvey Berg, Los Angeles Valley College; Marla Bleavins, Taxpayer Representative; Nancy Carson, Los Angeles Harbor College; Philip Cohen, East Los Angeles College; Bob Courtney, Foundation Representative; Isa Meksin, Senior Representative; Henry Porter, Los Angeles Southwest College; Donna Slamon, Pierce College, Kurt Tennyson, Los Angeles City College; Reginald Byron Jones Sawyer, At Large Representative; Dr. Adriana Barrera, Deputy Chancellor LACCD; Larry Eisenberg, Executive Director Facilities Planning and Development, LACCD; Camille Goulet, General Counsel, LACCD; Tom Hall, Director of Facilities, LACCD; Coby King, MWW; Todd Cozolino, BuildLACCD; Lynn Winter Gross, Sustainability Coordinator, LACCD

Welcome and Introductions

Meeting called to order 12:15, by Reginald Byron Jones Sawyer
Minutes from May 15, 2009 and September 11, 2009 were approved.

Public Speakers;

Mickey Jackson, from the Van de Kamp Coalition, addressed the committee about concerns of the site: the “abuse of bond funds,” ie the use of building has been changed from the original intent; fewer community college courses are offered than promised; the building is now a charter school, ie a “tenant based facility,” which is “improper” use of bond funds.

Laura Gutierrez, also of the Coalition, said the Coalition was established 10 years ago to save the historical Van de Kamp Bakery. With the aid of Senator Richard Polanco, the project was brought to the LACCD. The Coalition has filed numerous public record requests with the LACCD to find out how much money the LACCD has already invested and the long term plan for the site.

Dr. Adriana Barrera responded that the project was originally scheduled to be operated by Los Angeles City College but due to the college’s budgetary issues, the LACCD took it over. The District couldn’t incur operating deficits so it looked for a partner and approved a contract with the Alliance Charter School, which was planning to operate in the general vicinity. The Board of Trustees approved a 5- year lease to begin operations in the fall of 2009 with 120 students. The intent is that once the second building opens next spring, there will be concurrent college courses offered for the high school students in a dual enrollment capacity.

The bakery building will become a One Source Center in partnership with the City of Los Angeles. A variety of workforce development courses will be offered, including an allied health training program in partnership with the SEIU. Currently, vocational ESL classes are offered on site. A third building to be opened next spring, will become a child care center.

General Counsel Camille Goulet responded that the District has used bond funds for this facility in appropriate ways. Bond funds were allocated for Certificates of Participation to acquire and develop the property. There is no legal reason that the property can not be leased out. The LACCD has received numerous public records requests from multiple sources and is working to respond to all of them in a timely manner.

A request for a special meeting to discuss this issue was put forward. (added 2/22/10) Committee members requested this item be put on the agenda for the next meeting with appropriate descriptive material sent in advance.

Election of officers:

By acclamation, the committee approved Reginald Byron Jones Sawyer as Chair and Nancy Carson as Vice Chair.

DCOC individual member's liability:

Camille Goulet discussed the attached bylaws which provide for defense and indemnity.

Program Status Update: Todd Cozolino, BuildLACCD

The dashboard report, updated online twice a month, includes an overall district construction report plus individual college reports.

The bond has 63% of the total budget remaining; with a large ramp-up in construction activity and a spike in expenditures in '08 and '09.

For four years, the LACCD has been partnering with Division of State Architects (DSA,) the state agency which approves construction plans according to state building codes.

To speed up the approval process, the District and the DSA developed a Memo of Understanding (MOU). However, in response to the state budget crisis, the Governor furloughed 20% of the DSA employees, making it impossible for the agency to meet the terms of the MOU and adhere to predictable timelines. The Governor has also frozen the possibility of outsourcing this work. This has hindered the progress of construction.

The District has submitted a letter to the Governor asking him to consider removing the furloughs, an action that was previously taken in 2009. The LACCD has also submitted legislation proposing modification to the low bid model from its current 10% change mechanism.

Review of Annual Audit: Moss-Adams LLP

Proposition 39 requires an independent audit of the bond program. The District conducts two audits: a financial audit that evaluates expenditures and a performance audit for the quality of the program administration. Moss-Adams LLP has been awarded the contract.

The performance audit tests the use of the bond funds to verify that they are used for bond purposes only. They sampled 195 transactions which represent 33% of total expenditures for the year.

Good practices include commissioning, to determine if all mechanical systems are operating as intended, retro-commissioning, to address commissioning issues from prior years; a comparison of safety related claims; contract enforcement actions; the implementation of a new scheduling model; an expanded qualifications pool for Design-Build, and an initiative to hold architects accountable.

Opportunities for improvement include avoiding duplicate accruals; control processes for payment of honorariums, the understaffing of maintenance departments; and expenditure and payment timelines for the construction project managers (CPMs.)

Moss-Adams agrees that the District has complied with Proposition 39, is spending bond money only on bond programs, including the Van de Kamp site, and has good track record of implementing audit recommendations.

Larry Eisenberg explained that when bonds are sold to match cash flow requirements, they are put in county investment funds, currently paying 1 ½ %. The LACCD still has \$3 billion that has been authorized by the voters but not yet cashed.

Invoice processing

Good practices include new document management and data base systems which provide the CPMs with improved visibility on status of contracts; distribution of invoice and accounting manuals, invoice accounting procedure training; and Design-Build bench contracts standardization. Yang Management was designated as the new CPM at Los Angeles Valley College, providing independent oversight and review of invoices. 45 items were included in the sample. There were no exceptions to these practices.

Opportunities for improvement include avoiding duplicate payments, invoice tracking process controls; monitoring outstanding invoices and establishing processing performance standards. Vasquez and Associates, part of the financial audit review process, will review monthly invoices and comment on the expenditures.

The DCOC members requested that they receive financial reports prior to the meetings and be labeled so they can be more easily understood. (addition 2/22/10.) They were also informed by counsel that if a majority of this committee requests a special audit, it will be conducted.

Los Angeles Times update: Stu Silverstein

Two reporters from the Times have been looking at various aspects of the bond program. They are focusing on use of consultants and their pay; the quality of planning and construction; aspects of the renewal energy program, including technologies and financing, and the Van de Kamp site. The District has been complying with hundreds of

public records requests and interviews and anticipating that within a month, several stories will run.

Upcoming events:

February 20, 2010: Los Angeles Mission College: Health and PE Complex dedication

Early March 2010: Grand Opening at Los Angeles Trade Tech South Campus:

Early March, 2010: West Los Angeles College Math and Science Building dedication

Next meetings: 2/19/10; 5/14/10

Meeting adjourned 2:05. p.m.